

NAVTEQ CORP  
Form S-4/A  
January 23, 2007

As filed with the Securities and Exchange Commission on January 23, 2007

Registration No. 333-139536

## SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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Amendment No. 1 to

### FORM S-4

REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

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## NAVTEQ CORPORATION

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**7372**  
(Primary standard industrial  
classification code number)

**77-0170321**  
(I.R.S. Employer  
Identification No.)

**222 Merchandise Mart, Suite 900**  
**Chicago, Illinois 60654**  
**(312) 894-7000**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Lawrence M. Kaplan, Esq.**  
**Senior Vice President and General Counsel**  
**NAVTEQ Corporation**  
**222 Merchandise Mart, Suite 900**  
**Chicago, Illinois 60654**  
**(312) 894-7000**

(Address, including zip code, and telephone number, including area code, of agent for service)

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**Approximate date of commencement of proposed sale to the public:** As soon as practicable after this Registration Statement is declared effective and all other conditions to the merger described herein have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

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If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act Registration Statement number of the earlier effective Registration Statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act Registration Statement number of the earlier effective Registration Statement for the same offering.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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Subject to completion, dated January 23, 2007

The information in this proxy statement/prospectus is not complete and may be changed. NAVTEQ may not sell these securities until the registration statement filed with the Securities and Exchange Commission, of which this document is a part, is declared effective. This proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer, solicitation or sale is not permitted or would be unlawful. Any representation to the contrary is a criminal offense.

**TRAFFIC.COM, INC.**  
851 Duportail Road  
Wayne, Pennsylvania 19087

, 2007

Dear Stockholder:

You are cordially invited to attend a special meeting of the stockholders of Traffic.com, Inc. ( Traffic.com ) to be held on , 2007, at a.m., Eastern Time. The special meeting will be held at the Valley Forge Suites, 888 Chesterbrook Blvd., Wayne, Pennsylvania 19087.

As described in the enclosed proxy statement/prospectus, at the special meeting, you will be asked to consider and vote upon a proposal to adopt an Agreement and Plan of Merger that Traffic.com entered into as of November 5, 2006 with NAVTEQ Corporation, NAVTEQ Holdings B.V. and NAVTEQ Holdings Delaware, Inc., pursuant to which Traffic.com will merge with and into NAVTEQ Holdings Delaware, Inc. If holders of record of a majority of the outstanding shares of Traffic.com common stock as of 2007 and entitled to vote in person or by proxy at the special meeting vote to adopt the Agreement and Plan of Merger and the other conditions in the Agreement and Plan of Merger are satisfied or waived, Traffic.com will be merged with and into NAVTEQ Holdings Delaware, Inc. and NAVTEQ Holdings Delaware, Inc. will continue as the surviving corporation. NAVTEQ Holdings Delaware, Inc. is a wholly-owned subsidiary of NAVTEQ Holdings B.V., which is a wholly-owned subsidiary of NAVTEQ Corporation.

As further described in this proxy statement/prospectus, each Traffic.com stockholder will receive per share outstanding of Traffic.com common stock, at the election of the stockholder thereof: either (i) \$8.00 in cash, without interest, or (ii) 0.235 shares of NAVTEQ common stock. Note that your election of cash or stock will be subject to certain conditions and limitations, including a limit on total cash consideration of \$49 million (minus the cash value of dissenting shares) and a limit on the total number of NAVTEQ shares issued of 4.3 million (less the shares of NAVTEQ common stock issued to holders of warrants to purchase Traffic.com stock that are exchanged for NAVTEQ common stock). It is likely, therefore, that if you elect to receive cash for your shares of Traffic.com common stock, you will receive a combination of NAVTEQ common stock and cash in proportions that will depend on the elections made by other Traffic.com stockholders. Similarly, if you elect to receive shares of NAVTEQ common stock, you are likely to receive a combination of NAVTEQ common stock and cash in proportions that will depend on the elections by other Traffic.com stockholders. These conditions and limitations are described in greater detail in the proxy statement/prospectus.

As further described in this proxy statement/prospectus, certain affiliated stockholders of Traffic.com owning outstanding shares of Traffic.com common stock as of the record date, have agreed pursuant to a voting agreement to elect to receive their merger consideration entirely in shares of NAVTEQ common stock.

NAVTEQ common stock is listed on the New York Stock Exchange under the trading symbol NVT. On January 19, 2007, the closing sale price of NAVTEQ common stock was \$31.63.

**Traffic.com's board of directors investigated, considered and evaluated the terms and conditions of the Agreement and Plan of Merger. Based on its review, Traffic.com's board of directors has unanimously determined that the merger is advisable, fair to, and in the best interests of Traffic.com and its stockholders and recommends that you vote FOR the adoption of the Agreement and Plan of Merger.**

Your vote is very important, regardless of the number of shares you own. Traffic.com cannot complete the merger unless the Agreement and Plan of Merger is adopted and the merger is approved by the affirmative vote of the holders of a majority of the outstanding shares of Traffic.com common stock entitled to vote at the special meeting. **Whether or not you plan to attend the special meeting, please promptly complete, sign and return the enclosed proxy card in the envelope provided.** Your shares then will be represented at the special meeting. Note that a failure to vote your shares has the same effect as a vote against the adoption of the Agreement and Plan of Merger. If a written proxy card is signed by a stockholder of Traffic.com and returned without instructions, the shares represented by the proxy will be voted FOR the adoption of the Agreement and Plan of Merger. If you attend the special meeting, you may, by following the procedures discussed in the accompanying documents, withdraw your proxy and vote in person.

The accompanying notice of special meeting, proxy statement/prospectus and proxy card explain the proposed merger and provide specific information concerning the special meeting. Please read these materials carefully. **In particular, please see the section entitled Risk Factors beginning on page 26 of this proxy statement/prospectus.**

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On behalf of the board of directors, I would like to express our appreciation for your continued interest in Traffic.com. We look forward to seeing you at the special meeting.

Sincerely,

Mark J. DeNino  
Chairman of the Board

Wayne, Pennsylvania

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger described in this proxy statement/prospectus, passed upon the fairness or merits of this transaction, or passed upon the accuracy or adequacy of the disclosure in this document. Any representation to the contrary is a criminal offense.**

This proxy statement/prospectus is dated \_\_\_\_\_, 2007, and is first being mailed to Traffic.com stockholders

beginning on or about \_\_\_\_\_, 2007.

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TRAFFIC.COM, INC.  
851 Duportail Road  
Wayne, Pennsylvania 19087

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

To Be Held On \_\_\_\_\_, 2007

**TO THE STOCKHOLDERS:**

NOTICE IS HEREBY GIVEN that a special meeting of stockholders of Traffic.com, Inc. ( Traffic.com ) will be held on \_\_\_\_\_, 2007, at \_\_\_\_\_ a.m., Eastern Time, at Valley Forge Suites, 888 Chesterbrook Blvd., Wayne, Pennsylvania 19087 (the Special Meeting ), for the following purposes:

1. To vote on a proposal to adopt the Agreement and Plan of Merger (the Merger Agreement ), dated as of November 5, 2006, by and among Traffic.com, NAVTEQ Corporation, NAVTEQ Holdings B.V. and NAVTEQ Holdings Delaware, Inc., pursuant to which Traffic.com will merge with and into NAVTEQ Holdings Delaware, Inc., at which time the corporate existence of Traffic.com will cease and NAVTEQ Holdings Delaware, Inc. will continue as the surviving corporation, and to approve the merger; and
2. To transact any other business as may properly come before the Special Meeting or any adjournments or postponements of the Special Meeting.

The merger proposal is more fully described in the accompanying proxy statement/prospectus, which you should read carefully in its entirety before voting. The Merger Agreement is included as *Annex A* to the proxy statement/prospectus. The accompanying proxy statement/prospectus is first being furnished to the stockholders of Traffic.com on or about \_\_\_\_\_, 2007.

The board of directors has fixed the close of business on \_\_\_\_\_, 2007 as the record date for determining the stockholders entitled to receive notice of and to vote at, either in person or by proxy, the Special Meeting and at any adjournments or postponements thereof. As of the record date, there were \_\_\_\_\_ shares of common stock outstanding and entitled to vote. **If a written proxy card is signed by a stockholder of Traffic.com and returned without instructions, the shares represented by the proxy will be voted FOR the adoption of the Merger Agreement.**

**THE BOARD OF DIRECTORS AND THE SPECIAL COMMITTEE HAVE DETERMINED THAT THE MERGER IS IN THE BEST INTERESTS OF TRAFFIC.COM AND ITS STOCKHOLDERS AND UNANIMOUSLY RECOMMEND THAT YOU VOTE FOR THE ADOPTION OF THE MERGER AGREEMENT.**

A majority of shares of Traffic.com common stock outstanding on the record date and entitled to vote must be voted in favor of the merger proposal in order for the Merger Agreement to be adopted. Your failure to vote your shares will have the same effect as voting against the merger proposal.

In connection with the proposed merger, you may exercise appraisal rights as provided in the Delaware General Corporation Law. The procedure for exercising appraisal rights is summarized under the heading Appraisal Rights in the accompanying proxy statement/prospectus and a copy of Section 262 of the Delaware General Corporation Law, which includes the specific procedures for exercising appraisal rights, is included as *Annex D* to the proxy statement/prospectus.

**It is important for your shares to be represented at the special meeting. Please promptly mark, sign, date and return the enclosed proxy even if you plan to attend the special meeting. You should not send any certificates representing Traffic.com common stock with your proxy.**

We look forward to seeing you at the special meeting.

By Order of the Board of Directors,

Brian J. Sisko  
Senior Vice President,  
Secretary and General Counsel

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**PROXY STATEMENT/PROSPECTUS**

Traffic.com, Inc. is providing this proxy statement/prospectus and accompanying proxy card to you in connection with the solicitation by its board of directors of proxies to be voted at a special meeting of stockholders and at any adjournment of the special meeting. This proxy statement/prospectus also constitutes a prospectus of NAVTEQ Corporation with respect to the shares of common stock of NAVTEQ Corporation that will be issued to stockholders of Traffic.com, Inc. pursuant to the merger described herein.

**ADDITIONAL INFORMATION**

This proxy statement/prospectus incorporates by reference important business and financial information about NAVTEQ Corporation, which we refer to herein as NAVTEQ, from documents that are not included in or delivered with this proxy statement/prospectus. For a more detailed description of the information incorporated by reference into this proxy statement/prospectus and how you may obtain it, see "Where You Can Find More Information" on page 182 of this proxy statement/prospectus.

You can obtain any of the documents incorporated by reference into this proxy statement/prospectus from NAVTEQ through the "Financial Information - SEC Filings" link located on the Investor Relations page of NAVTEQ's website at [www.navteq.com](http://www.navteq.com) or from the Securities and Exchange Commission, which is referred to herein as the SEC, through the SEC's website at [www.sec.gov](http://www.sec.gov). Documents incorporated by reference are also available from NAVTEQ without charge, excluding any exhibits to those documents, unless the exhibit is specifically incorporated by reference as an exhibit in this proxy statement/prospectus. Traffic.com stockholders may request a copy of such documents by contacting NAVTEQ at:

NAVTEQ Corporation  
222 Merchandise Mart, Suite 900  
Chicago, Illinois 60654  
Attn: Investor Relations  
Telephone: (312) 894-7000

You may obtain copies of information relating to Traffic.com, without charge, by contacting Traffic.com at:

Traffic.com, Inc.  
851 Duportail Road  
Wayne, PA 19087  
Attn: General Counsel  
Telephone: (610) 725-9700

We are not incorporating the contents of the websites of the SEC, NAVTEQ, Traffic.com or any other person into this document. We are only providing the information about how you can obtain certain documents that are specifically incorporated by reference into this proxy statement/prospectus at these websites for your convenience.

**In order for you to receive timely delivery of the NAVTEQ documents incorporated by reference into this proxy statement/prospectus in advance of the Traffic.com special meeting, NAVTEQ should receive your request no later than [redacted], 2007, which is five business days prior to the special meeting.**

## TABLE OF CONTENTS

	Page
<u>CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS</u>	1
<u>QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING</u>	3
<u>SUMMARY</u>	9
<u>The Companies</u>	9
<u>The Merger</u>	9
<u>Ownership of NAVTEQ After the Merger</u>	11
<u>Risk Factors</u>	11
<u>Traffic.com Stockholders Entitled to Vote; Vote Required</u>	11
<u>Recommendation of the Traffic.com Board of Directors</u>	11
<u>Opinion of Financial Advisor to Traffic.com's Board of Directors, Allen &amp; Company LLC, and Opinion of Financial</u>	
<u>Advisor to the Special Committee of Traffic.com's Board of Directors, Susquehanna Financial Group, LLLP</u>	12
<u>Share Ownership and Voting Agreements of Traffic.com Directors and Executive Officers</u>	12
<u>Interests of Traffic.com Directors and Executive Officers in the Merger</u>	13
<u>Listing of NAVTEQ Common Stock and Delisting and Deregistration of Traffic.com Common Stock</u>	13
<u>Appraisal Rights</u>	14
<u>Conditions to Completion of the Merger</u>	14
<u>Regulatory Matters</u>	14
<u>Agreement to Complete the Merger</u>	15
<u>Traffic.com is Generally Prohibited from Soliciting Other Offers</u>	15
<u>Termination of the Merger Agreement</u>	15
<u>Termination Fee</u>	16
<u>Material United States Federal Income Tax Consequences of the Merger</u>	16
<u>Accounting Treatment</u>	16
<u>Differences in Rights of NAVTEQ Stockholders and Traffic.com Stockholders</u>	16
<u>NAVTEQ SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA</u>	17
<u>TRAFFIC.COM SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA</u>	20
<u>COMPARATIVE HISTORICAL AND PRO FORMA PER SHARE DATA</u>	22
<u>COMPARATIVE PER SHARE MARKET PRICE DATA</u>	24
<u>RISK FACTORS</u>	26
<u>Risk Factors Relating to the Merger</u>	26
<u>Risks Related to NAVTEQ's Business</u>	33
<u>THE SPECIAL MEETING OF TRAFFIC.COM STOCKHOLDERS</u>	48
<u>Date, Time and Place of Special Meeting</u>	48
<u>Purpose of the Special Meeting</u>	48
<u>Record Date for the Special Meeting</u>	48
<u>Vote of Traffic.com Stockholders Required for Adoption of the Merger</u>	48
<u>Adjournment or Postponement</u>	49
<u>Voting and Voting of Proxies</u>	49
<u>Revocability of Proxies</u>	50
<u>Solicitation of Proxies</u>	50
<u>Householding of Special Meeting Materials</u>	50



<u>THE MERGER</u>	51
<u>General</u>	51
<u>Background of the Merger</u>	51
<u>Traffic.com's Reasons for the Merger; Recommendation of the Merger by the Board of Directors</u>	57
<u>Opinion of Allen &amp; Company LLC to the Traffic.com Board of Directors</u>	60
<u>Opinion of Susquehanna Financial Group, LLLP to the Special Committee of Traffic.com's Board of Directors</u>	72
<u>NAVTEQ's Reasons for the Merger</u>	81
<u>Interests of Traffic.com's Directors and Executive Officers in the Merger</u>	83
<u>Material United States Federal Income Tax Consequences of the Merger</u>	85
<u>Regulatory Matters</u>	88
<u>Accounting Treatment of the Merger</u>	88
<u>Appraisal Rights</u>	89
<u>Listing of NAVTEQ Common Stock</u>	91
<u>Delisting and Deregistration of Traffic.com Common Stock after the Merger</u>	91
<u>Restrictions on Sales of Shares of NAVTEQ Common Stock Received in the Merger</u>	91
<u>THE MERGER AGREEMENT</u>	92
<u>The Merger</u>	92
<u>Closing and Effective Time of the Merger</u>	92
<u>Treatment of Securities</u>	92
<u>Fractional Shares</u>	94
<u>Stockholder Elections; Allocation; Proration Procedures</u>	94
<u>Dissenting Shares</u>	99
<u>Representations and Warranties</u>	99
<u>Conduct of Business Prior to the Effective Time of the Merger</u>	102
<u>Restriction on NAVTEQ Purchasing Traffic.com Shares</u>	105
<u>Traffic.com Prohibited from Soliciting Other Offers</u>	105
<u>Obligations of Traffic.com's Board of Directors with Respect to its Recommendation and Holding a Meeting of its Stockholders</u>	107
<u>Confidentiality and Access to Information</u>	108
<u>Public Disclosure</u>	109
<u>Regulatory Filings</u>	109
<u>State Anti-Takeover Law</u>	110
<u>Third Party Consents</u>	110
<u>Indemnification and Insurance</u>	110
<u>Termination of Certain Agreements and Plans</u>	111
<u>Conditions to Obligations to Complete the Merger</u>	111
<u>Material Adverse Effect</u>	114
<u>Amendment and Waiver</u>	115
<u>Termination; Termination Fee and Expenses</u>	115
<u>THE VOTING AGREEMENTS</u>	119
<u>Agreement to Vote and Irrevocable Proxy</u>	119
<u>Stock Election</u>	120
<u>Transfer Restrictions</u>	120
<u>Termination</u>	121

<u>INFORMATION ABOUT NAVTEQ</u>	122
<u>Overview</u>	122
<u>Corporate Information</u>	123
<u>Additional Information</u>	123
<u>INFORMATION ABOUT TRAFFIC.COM</u>	124
<u>Overview</u>	124
<u>Traffic.com's Response to Significant Trends</u>	124
<u>Traffic.com's Solution</u>	126
<u>Delivery Applications and Services</u>	128
<u>Traffic.com's Strategy</u>	131
<u>Customers</u>	132
<u>Sales and Marketing</u>	135
<u>Competition</u>	136
<u>Government Contracts</u>	137
<u>Intellectual Property</u>	138
<u>Employees</u>	139
<u>Corporate Information</u>	139
<u>Properties</u>	139
<u>Legal Proceedings</u>	140
<u>Equity Compensation Plan Information</u>	140
<u>Comparison of Total Stockholder Return</u>	141
<u>Security Ownership of Certain Beneficial Owners and Management</u>	142
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	145
<u>Overview</u>	145
<u>Traffic.com's Revenue Profile and Business Trends</u>	145
<u>Traffic.com's Sources of Revenue</u>	147
<u>Traffic.com's Cost of Revenue</u>	149
<u>Traffic.com's Operating Expenses</u>	150
<u>Traffic.com's Results of Operations</u>	150
<u>Seasonality</u>	158
<u>Liquidity and Capital Resources</u>	158
<u>Indebtedness</u>	160
<u>Inflation</u>	160
<u>Off-Balance Sheet Arrangements</u>	161
<u>Recent Accounting Pronouncements</u>	161
<u>Quantitative and Qualitative Disclosures About Market Risk</u>	161
<u>Contractual Obligations</u>	161
<u>Critical Accounting Policies and Estimates</u>	162
<u>Stock-Based Compensation</u>	162
<u>Long-Lived Assets</u>	163
<u>Income Taxes</u>	164
<u>Traffic.com's Revenue Recognition Pursuant to the U.S. DOT Contract</u>	164
<u>NAVTEQ UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS</u>	165
<u>NOTES TO NAVTEQ UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS</u>	170
<u>COMPARISON OF STOCKHOLDER RIGHTS AND CORPORATE GOVERNANCE MATTERS</u>	172

<u>Authorized Capital Stock</u>	172
<u>Number of Directors</u>	172
<u>Election of Directors</u>	172
<u>Cumulative Voting for Directors</u>	173
<u>Removal of Directors</u>	173
<u>Liabilities of Directors; Directors' Fiduciary Duties</u>	173
<u>Indemnification of Corporate Agents</u>	174
<u>Appraisal Rights</u>	175
<u>Issuance of Additional Stock</u>	176
<u>Stockholder Voting on Mergers and Certain Other Transactions</u>	176
<u>Business Combinations with Interested Stockholders</u>	177
<u>Stockholder Rights Plan</u>	177
<u>Special Meetings</u>	177
<u>Action by Stockholders Without a Meeting</u>	178
<u>Charter and Bylaws Amendments</u>	178
<u>ADDITIONAL INFORMATION</u>	180
<u>Stockholder Proposals</u>	180
<u>Legal Matters</u>	181
<u>Experts</u>	181
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	182
<u>INDEX TO CONSOLIDATED FINANCIAL STATEMENTS OF TRAFFIC.COM, INC.</u>	F-1

## **ANNEXES**

<u>Annex A</u>	<u>Agreement and Plan of Merger</u>
<u>Annex B-1</u>	<u>Voting Agreement, dated as of November 5, 2006, by and among NAVTEQ Corporation and each of Robert N. Verratti, David L. Jannetta, The Jannetta Family Trust, Mark J. DeNino, and Christopher M. Rothey</u>
<u>Annex B-2</u>	<u>Voting Agreement, dated as of November 5, 2006, by and among NAVTEQ Corporation and each of TL Ventures III L.P., TL Ventures III Offshore L.P., TL Ventures III Interfund L.P., TL Ventures IV L.P. and TL Ventures IV Interfund L.P.</u>
<u>Annex C-1</u>	<u>Opinion of Financial Advisor to Traffic.com's Board of Directors, Allen &amp; Company LLC</u>
<u>Annex C-2</u>	<u>Opinion of Financial Advisor to the Special Committee of Traffic.com's Board of Directors, Susquehanna Financial Group, LLLP</u>
<u>Annex D</u>	<u>Section 262 of the Delaware General Corporation Law</u>

## CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus and the other documents incorporated by reference into this proxy statement/prospectus contain or may contain forward looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These statements can be identified by the fact that they do not relate strictly to historical or current facts. We have based these forward-looking statements on our current expectations about future events. Further, statements that include words such as may, will, project, might, expect, believe, anticipate, intend, could, would, estimate, continue or pursue, or the negative of these words or other expressions of similar meaning may identify forward-looking statements. These forward-looking statements are found at various places throughout this proxy statement/prospectus and the other documents incorporated by reference into this proxy statement/prospectus. These forward-looking statements, including, without limitation, those relating to future actions, new projects, strategies, future performance, the outcome of contingencies such as legal proceedings and future financial results, in each case relating to NAVTEQ or Traffic.com, respectively, wherever they occur in this proxy statement/prospectus or the other documents incorporated by reference into this proxy statement/prospectus, are necessarily estimates reflecting the judgment of the respective managements of NAVTEQ and Traffic.com and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. These forward-looking statements should, therefore, be considered in light of various important factors, including those set forth in this proxy statement/prospectus under Risk Factors and elsewhere and in those documents incorporated by reference into this proxy statement/prospectus. In addition to the risk factors identified elsewhere, important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include, without limitation:

- the effects of local and national economic, credit and capital market conditions on the economy in general, and on the automotive, consumer mobile device and advertising (including television, radio and Internet) industries or any segment of any such industries in particular, and the effects of foreign exchange rates and interest rates;
  - the ability to obtain the approval of Traffic.com's stockholders, to obtain or meet the closing conditions in the merger agreement, including applicable regulatory and tax requirements, and to otherwise complete the merger in a timely manner;
  - the ability to integrate the operations of Traffic.com into NAVTEQ in a timely and cost-effective manner;
  - the ability of NAVTEQ to integrate other companies acquired by NAVTEQ with the operations of NAVTEQ and Traffic.com;
  - the actual operating results, earnings per share dilution and revenue and cost synergies after the merger;
  - the growth rates for advertising revenue related to licensing and distribution of traffic data, mix of revenue among customers and sales channels and share of business after the merger;
  - the ability of NAVTEQ or the combined company to attract and retain key customers and forecast customer demand patterns in future periods;
  - the effects of competition on pricing, revenues and earnings;
  - the ability to retain key personnel both before and after the merger;
  - the ability of each company to successfully execute its business strategies before and after the merger;
-

- the extent and timing of market acceptance of new products or product services;
- the ability of each company to procure, maintain, enforce and defend its patents and proprietary rights;
- changes in third party relations and approvals;
- changes in laws, including increased tax rates, regulations or accounting standards and decisions of courts, regulators and governmental bodies;
- the ability to recoup costs of capital investments through higher revenues; and
- the occurrence of acts of war or terrorist incidents.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this proxy statement/prospectus or, in the case of documents incorporated by reference, as of the date of those documents. Neither NAVTEQ nor Traffic.com undertakes any obligation to publicly update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this proxy statement/prospectus or to reflect the occurrence of unanticipated events, except as required by law.

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**QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING**

*The following are some questions that you, as a stockholder of Traffic.com, may have regarding the merger and the other matters being considered at the special meeting of Traffic.com stockholders and brief answers to those questions. You are urged to read carefully the remainder of this proxy statement/prospectus because the information in this section may not provide all the information that might be important to you with respect to the merger and the other matters being considered at the special meeting. Additional important information is also contained in the annexes to, and the documents incorporated by reference in, this proxy statement/prospectus.*

**Q:** Why am I, as a Traffic.com stockholder, receiving this proxy statement/prospectus?

**A:** NAVTEQ and Traffic.com have agreed to the acquisition of Traffic.com by NAVTEQ under the terms of a merger agreement that is described in this proxy statement/prospectus. Please see **The Merger Agreement** beginning on page 92 of this proxy statement/prospectus. A copy of the merger agreement is attached to this proxy statement/prospectus as *Annex A*.

In order to complete the merger, Traffic.com stockholders must adopt the merger agreement. Traffic.com will hold a special meeting of its stockholders to obtain this approval.

This proxy statement/prospectus contains important information about the merger, the merger agreement and the special meeting of the stockholders of Traffic.com, which you should read carefully. The enclosed voting materials allow you to vote your shares without attending the special meeting.

Your vote is very important. We encourage you to vote as soon as possible. For more specific information on how to vote, please see the questions and answers for the Traffic.com stockholders below.

**Q:** Why are NAVTEQ and Traffic.com proposing the merger?

**A:** NAVTEQ and Traffic.com each believe that combining the strengths of the two companies is in the best interests of each company and its stockholders. The acquisition of Traffic.com will provide NAVTEQ with proprietary traffic content, as well as the technology and expertise to deliver that content to a wide variety of customers across multiple industries. Combined, the two companies have the potential to create and deliver advanced dynamic content that will fuel the next generation of location-enabled applications. Both Traffic.com and NAVTEQ believe that the combination will create a stronger and more competitive company that will be capable of creating more stockholder value than Traffic.com or NAVTEQ could as separate companies. In addition, Traffic.com is also proposing the merger to provide its stockholders with both the opportunity to receive a premium for their shares to the trading price of Traffic.com's common stock immediately prior to the announcement of the merger agreement and to participate in the potential growth of the combined company. To review the reasons for the merger in greater detail, see **The Merger - Traffic.com's Reasons for the Merger; Recommendation of the Merger by the Board of Directors** on page 57 and **The Merger - NAVTEQ's Reasons for the Merger** on page 81 of this proxy statement/prospectus.

**Q:** What will happen in the merger?

**A:** Pursuant to the terms of the merger agreement, Traffic.com will merge with and into NAVTEQ Holdings Delaware, Inc., a newly formed, wholly-owned subsidiary of NAVTEQ Holdings B.V., which is a wholly-owned subsidiary of NAVTEQ. Upon the consummation of the merger, NAVTEQ Holdings Delaware, Inc. will survive the merger as a direct wholly-owned subsidiary of NAVTEQ Holdings B.V. and the separate existence of Traffic.com will cease.

**Q:** What consideration will Traffic.com stockholders receive in the merger?

**A:** Under the merger agreement, at the effective time of the merger, each outstanding share of Traffic.com common stock will be converted into the right to receive, at the election of each Traffic.com stockholder (subject to certain conditions, including those pertaining to pro-ration): (i) \$8.00 in cash, without interest or (ii) 0.235 shares of NAVTEQ common stock. The election of cash or stock will be subject to a limit on total cash consideration of \$49 million (minus the cash value of dissenting shares) and a limit on total stock consideration equal to 4.3 million shares of NAVTEQ common stock (less the shares of NAVTEQ common stock issued to holders of warrants to purchase Traffic.com stock that are exchanged for NAVTEQ common stock). As further described in the section entitled "The Voting Agreements" beginning on page 119 of this proxy statement/prospectus, certain affiliated stockholders of Traffic.com owning outstanding shares of Traffic.com common stock as of the record date have agreed pursuant to a voting agreement to elect to receive their merger consideration entirely in shares of NAVTEQ common stock.

**Q:** What must Traffic.com stockholders do to elect to receive cash or NAVTEQ common stock?

**A:** To elect to receive cash or NAVTEQ common stock for your shares of Traffic.com common stock, you must indicate in the place provided on the election form, which you will receive in a separate mailing, the number of shares of Traffic.com common stock that you own and whether you prefer to receive cash, stock or you do not have a preference. You cannot elect to receive both cash and stock and your election will cover all of the shares of Traffic.com stock that you own. You must then sign the form and return it in the separate envelope that will be provided to you along with the election form so that it is received prior to the election deadline, which is 5:00 p.m. Eastern time on the date that is ten business days following the effective date of the merger. If the merger occurs, NAVTEQ will promptly make a public announcement of this fact.

**Q:** Can I revoke or change my election after I mail my form of election?

**A:** Yes. You may revoke or change your election at any time before the election deadline. You can do this by sending a written notice of such revocation or change in your election to the exchange agent at the address contained on the election form.

If you revoke your election form and then do not re-submit an election form that is timely, you will be deemed to have indicated that you are making no election with respect to your shares of Traffic.com common stock.

**Q:** Are Traffic.com stockholders guaranteed to receive the amount of cash or NAVTEQ common stock that they request on their election form?

**A:** No. The election of cash or stock will be subject to a limit on total cash consideration of \$49 million (minus the cash value of dissenting shares) and a limit on the total number of NAVTEQ shares issued of 4.3 million (less the shares of NAVTEQ common stock issued to holders of warrants to purchase Traffic.com stock that are exchanged for NAVTEQ common stock). It is likely, therefore, that if you elect to receive cash for your shares of Traffic.com common stock, you will receive a combination of NAVTEQ common stock and cash in proportions that will depend on the elections made by other Traffic.com stockholders. Similarly, if you elect to receive shares of NAVTEQ common stock, you are likely to receive a combination of NAVTEQ common stock and cash in proportions that will depend on the elections by other Traffic.com stockholders.

**Q:** If I make an election to receive cash, under what circumstances will my election be re-allocated so that I receive a mix of cash and NAVTEQ common stock?

**A:** Your election will be re-allocated if the total cash elections exceed \$49 million (minus the cash value of dissenting shares). In that circumstance, you will receive a combination of cash and NAVTEQ common stock following a pro rata adjustment of all elections for cash in order to stay within the cash limitation of \$49 million (minus the cash value of dissenting shares).

**Q:** If I make an election to receive NAVTEQ common stock, under what circumstances will my election be re-allocated so that I receive a mix of cash and NAVTEQ common stock?

**A:** Your election may be re-allocated if the total stock elections exceed 4.3 million shares of NAVTEQ common stock (less the shares of NAVTEQ common stock issued to holders of warrants to purchase Traffic.com stock that are exchanged for NAVTEQ common stock). In that circumstance, you will receive a combination of cash and NAVTEQ common stock following a pro rata adjustment of all elections for NAVTEQ common stock in order to stay within the share limitation of 4.3 million NAVTEQ shares (less the shares of NAVTEQ common stock issued to holders of warrants to purchase Traffic.com stock that are exchanged for NAVTEQ common stock).

**Q:** What happens if I do not make an election or my election form is not timely received?

**A:** If the total cash elections made by all Traffic.com stockholders exceed \$49 million (minus the cash value of dissenting shares), you will receive shares of NAVTEQ common stock. If the total stock elections made by all Traffic.com stockholders exceed 4.3 million shares (less the shares of NAVTEQ common stock issued to holders of warrants to purchase Traffic.com stock that are exchanged for NAVTEQ common stock), you will receive cash.

In any other event, you will receive a combination of NAVTEQ common stock and cash based on the amount of each such type of consideration remaining after allocations are made to the holders of shares of Traffic.com common stock who have made an election.

**Q:** How will I receive my shares of NAVTEQ common stock or cash?

**A:** After receiving the proper documentation from you and determining the proper allocations of cash and NAVTEQ common stock to be paid to all Traffic.com stockholders, the exchange agent will forward to you the cash and/or shares of NAVTEQ common stock to which you are entitled. More information on the documentation you are required to deliver to the exchange agent may be found under the caption **The Merger Agreement – Stockholder Elections; Allocations; Proration Procedures – Surrender and Payment** beginning on page 97 of this proxy statement/prospectus.

Stockholders will not receive any fractional shares of NAVTEQ common stock. Instead, they will receive cash, without interest, for any fractional share of NAVTEQ common stock that they might otherwise have been entitled to receive upon surrender of their Traffic.com common stock.



**Q:** When do NAVTEQ and Traffic.com expect the merger to be completed?

**A:** NAVTEQ and Traffic.com are working to complete the merger as quickly as practicable and currently expect that the merger will be completed in the first quarter of 2007. However, we cannot predict the exact timing of the completion of the merger because it is subject to certain regulatory approvals and other conditions.

**Q:** What are the United States federal income tax consequences of the merger?

**A:** NAVTEQ and Traffic.com each expect the merger to qualify as a reorganization pursuant to Section 368(a) of the Internal Revenue Code. The U.S. federal income tax consequences of a reorganization to an exchanging Traffic.com stockholder will depend on the relative mix of cash and NAVTEQ common stock received by such Traffic.com stockholder.

**Traffic.com stockholders should carefully review the information under the caption Material United States Federal Income Tax Consequences of the Merger beginning on page 85 of this proxy statement/prospectus for a description of the material U.S. federal income tax consequences of the merger to them. Each stockholder's tax consequences will depend on such stockholder's own situation. Traffic.com stockholders should consult their tax advisors for a full understanding of the tax consequences of the merger to them.**

**Q:** What are Traffic.com stockholders voting on?

**A:** Traffic.com stockholders are voting on a proposal to adopt the merger agreement.

**Q:** What vote of Traffic.com stockholders is required to adopt the merger agreement?

**A:** Approval of the proposal to adopt the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Traffic.com common stock entitled to vote at the Traffic.com special meeting.

**Q:** Who can attend and vote at the special meeting?

**A:** All holders of record of Traffic.com common stock outstanding at the close of business on \_\_\_\_\_, 2007, the record date, are entitled to notice of and to vote at the special meeting. As of the record date, there were \_\_\_\_\_ shares of Traffic.com common stock outstanding and entitled to vote at the special meeting, held by \_\_\_\_\_ holders of record.

**Q:** How does the Traffic.com board of directors recommend that Traffic.com stockholders vote?

**A:** The Traffic.com board of directors unanimously recommends that Traffic.com stockholders vote **FOR** the proposal to adopt the merger agreement. The Traffic.com board of directors and the special committee have determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable and fair to and in the best interests of Traffic.com and its stockholders. Accordingly, the Traffic.com board of directors has approved the merger agreement and the transactions contemplated by the merger agreement, including the merger. For a more complete description of the recommendation of the Traffic.com board of directors, see The Merger Traffic.com's Reasons for the Merger, Recommendation of the Merger by the Board of Directors beginning on page 57 of this proxy statement/prospectus.

**Q:** When and where will the special meeting of Traffic.com stockholders be held?

**A:** The Traffic.com special meeting will take place at the Valley Forge Suites, 888 Chesterbrook Blvd., Wayne, Pennsylvania 19087, on \_\_\_\_\_, 2007, at \_\_\_\_\_ a.m., Eastern Time.

**Q:** Are there any risks related to the merger or any risks relating to owning NAVTEQ common stock?

**A:** Yes. You should carefully review the section entitled *Risk Factors* beginning on page 26 of this proxy statement/prospectus. In addition, we encourage you to read NAVTEQ's publicly filed documents incorporated by reference into this proxy statement/prospectus.

**Q:** Are there any stockholders already committed to vote in favor of the adoption of the merger agreement?

**A:** Yes. Pursuant to voting agreements entered into with NAVTEQ, certain directors and executive officers of Traffic.com—namely, Robert N. Verratti, Mark J. DeNino, David L. Jannetta and Christopher M. Rothey—and certain other stockholders of Traffic.com have agreed to vote shares of Traffic.com common stock in favor of the adoption of the merger agreement at the special meeting. The shares held by such directors, officers and other stockholders collectively represented approximately \_\_\_\_\_% of the outstanding shares of Traffic.com common stock as of the record date entitled to vote at the special meeting. For a more complete description of the voting agreements, see *The Voting Agreements* beginning on page 119 of this proxy statement/prospectus. The voting agreements are also attached to this proxy statement/prospectus as *Annex B-1 and Annex B-2*, respectively.

**Q:** Am I entitled to appraisal or dissenters' rights?

**A:** Yes. Traffic.com stockholders are entitled to appraisal rights. Under Delaware law, Traffic.com stockholders have the right to dissent from the merger and, in lieu of receiving the merger consideration, obtain payment in cash of the fair value of their shares of Traffic.com common stock as determined by the Delaware Chancery Court. To exercise appraisal rights, a stockholder must strictly follow the procedures prescribed by Section 262 of the Delaware General Corporation Law. See *The Merger Appraisal Rights* beginning on page \_\_\_\_\_ of this proxy statement/prospectus. In addition, the full text of the applicable provisions of Delaware law is included as *Annex D* to this proxy statement/prospectus.

**Q:** What should I do now in order to vote on the proposals being considered at the Traffic.com special meeting?

**A:** Stockholders of record of Traffic.com as of the record date of the Traffic.com special meeting may vote now by proxy by completing, signing, dating and returning the enclosed proxy card in the accompanying pre-addressed, postage paid envelope by following the instructions on the enclosed proxy card. If you hold Traffic.com common stock in *street name*, which means your shares are held of record by a broker, bank or nominee, you must provide the record holder of your shares with instructions on how to vote your shares. Please refer to the voting instruction card used by your broker, bank or nominee to see if you may submit voting instructions using the Internet or telephone.

Additionally, you may also vote in person by attending the Traffic.com special meeting. If you plan to attend the special meeting and wish to vote in person, you will be given a ballot at the special meeting. Please note, however, that if your shares are held in *street name*, and you wish to vote at the special meeting, you must bring a proxy from the record holder of the shares



authorizing you to vote at the special meeting. Whether or not you plan to attend the special meeting, you should submit your proxy as described in this proxy statement/prospectus.

**Q:** Should I send in my Traffic.com share certificates now?

**A:** No. You should not send in your Traffic.com stock certificates now. Following the merger, a letter of transmittal will be sent to you informing you of where to deliver your Traffic.com stock certificates in order to receive the cash consideration and/or shares of NAVTEQ common stock (plus any cash in lieu of a fractional share of NAVTEQ common stock) to which you are entitled. You should not send in your Traffic.com stock certificates prior to receiving the letter of transmittal.

**Q:** What will happen if I abstain from voting or fail to vote?

**A:** An abstention occurs when a stockholder attends a meeting, either in person or by proxy, but indicates an abstention from voting. If you abstain, it will have the same effect as voting against the proposal to adopt the merger agreement. If no instructions are indicated on a properly executed proxy or voting instruction card, the shares will be voted **FOR** the adoption of the proposal to adopt the merger agreement. If you fail to vote or if your shares are held in street name and you fail to instruct your broker how to vote your shares, it will have the same effect as voting against the proposal to adopt the merger agreement.

**Q:** Can I change my vote after I have delivered my proxy?

**A:** Yes. If you are a holder of record, you can change your vote at any time before your proxy is voted at the special meeting by:

- delivering a signed written notice of revocation to the Secretary of Traffic.com at:

Traffic.com, Inc.  
851 Duportail Road  
Wayne, Pennsylvania 19087

- signing and delivering a new, valid proxy bearing a later date; or
- attending the special meeting and voting in person, although your attendance alone will not revoke your proxy.

If your shares are held in a street name you must contact your broker, bank or other nominee to change your vote.

**Q:** What should I do if I receive more than one set of voting materials for the special meeting?

**A:** You may receive more than one set of voting materials for the special meeting, including multiple copies of this proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a holder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive.

## SUMMARY

*The following is a summary that highlights selected information contained in this proxy statement/prospectus. This summary may not contain all of the information that may be important to you. For a more complete description of the merger agreement and the transactions contemplated by the merger agreement, including the merger, we encourage you to read carefully this entire proxy statement/prospectus, including the attached annexes. In addition, you should read the information regarding NAVTEQ incorporated by reference into this proxy statement/prospectus, which includes important business and financial information about NAVTEQ that has been filed with the SEC. You may obtain the information incorporated by reference into this proxy statement/prospectus without charge by following the instructions in the section entitled "Where You Can Find More Information" beginning on page 182 of this proxy statement/prospectus.*

### The Companies

#### NAVTEQ

NAVTEQ Corporation  
222 Merchandise Mart, Suite 900  
Chicago, Illinois 60654  
(312) 894-7000

NAVTEQ is a leading provider of digital map information and related software and services used in a wide range of navigation, mapping and geographic-related applications, including products and services that provide maps, driving directions, turn-by-turn route guidance, fleet management and tracking and geographic information systems. NAVTEQ originally incorporated in the State of California in August 1985 as Karlin & Collins, Inc., and reincorporated in the State of Delaware in September 1987 as Navigation Technologies Corporation. In February 2004, NAVTEQ changed its name to NAVTEQ Corporation. NAVTEQ maintains a web site at [www.navteq.com](http://www.navteq.com). Information contained on, or that may be accessed through, NAVTEQ's web site is not part of this proxy statement/prospectus.

#### Traffic.com

Traffic.com, Inc.  
851 Duportail Road  
Wayne, Pennsylvania 19087  
(610) 725-9700

Traffic.com is a leading provider of traffic information in the United States, which can be formatted to meet the personal or unique needs of its customers and delivered across multiple platforms, including radio, television, the Internet, wireless devices, and in-vehicle navigation systems. Traffic.com was incorporated in the State of Delaware on October 23, 1998 under the name Argus Networks, Inc. Traffic.com changed its name to Traffic.com, Inc. in October 1999, then to Mobility Technologies, Inc. in May 2001 and then back to Traffic.com, Inc. in March 2005. Traffic.com maintains a web site at [www.traffic.com](http://www.traffic.com). Information contained on, or that may be accessed through, Traffic.com's web site is not part of this proxy statement/prospectus.

### The Merger (see page 92)

NAVTEQ and Traffic.com have agreed to the acquisition of Traffic.com by NAVTEQ under the terms of the merger agreement that is described in this proxy statement/prospectus. In the merger, Traffic.com will merge with and into NAVTEQ Holdings Delaware, Inc., a newly formed, wholly-owned

subsidiary of NAVTEQ Holdings B.V. (a wholly-owned subsidiary of NAVTEQ). Upon the consummation of the merger, NAVTEQ Holdings Delaware, Inc. will survive as a direct wholly-owned subsidiary of NAVTEQ Holdings B.V. and the separate existence of Traffic.com will cease. We have attached the merger agreement to this proxy statement/prospectus as *Annex A*. We encourage you to carefully read the merger agreement in its entirety because it is the legal document that governs the merger.

#### *Merger Consideration*

Under the merger agreement, at the effective time of the merger, each outstanding share of Traffic.com common stock will be converted into the right to receive, at the election of the holder thereof (subject to certain conditions, including those pertaining to pro-ration): (i) \$8.00 in cash, without interest, or (ii) 0.235 shares of NAVTEQ common stock, par value \$0.001 per share. The election of cash or stock will be subject to a limit on the total cash consideration of \$49 million (minus the cash value of dissenting shares) and a limit on the total stock consideration equal to 4.3 million shares of NAVTEQ common stock (less the shares of NAVTEQ common stock issued to holders of warrants to purchase Traffic.com stock that are exchanged for NAVTEQ common stock). For a full description of the merger consideration and the possible adjustments to the type of merger consideration and number of shares you might receive as a Traffic.com stockholder, see *The Merger Agreement Treatment of Securities and Risk Factors Risks Relating to the Merger* beginning on pages 92 and 26, respectively, of this proxy statement/prospectus.

#### *Fractional Shares*

NAVTEQ will not issue fractional shares of NAVTEQ common stock in the merger. As a result, each Traffic.com stockholder will receive cash for any fractional share of NAVTEQ common stock that the stockholder would otherwise be entitled to receive in the merger after aggregating all fractional shares to be received by the stockholder.

#### *Treatment of Stock Options and Warrants*

NAVTEQ will assume the following Traffic.com stock options that are outstanding upon consummation of the merger: (1) options that are not yet vested and exercisable, (2) options that are vested, and have a per share exercise price greater than the market price per share of Traffic.com common stock on the day immediately prior to the closing of the merger, and (3) options that are issued under the Traffic.com 1999 Non-Employee Option Plan, are vested and exercisable, which have a per share exercise price that is less than or equal to the market price per share of Traffic.com common stock on the day immediately prior to the closing of the merger.

With the exception of Traffic.com options issued under Traffic.com's 1999 Non-Employee Option Plan, all Traffic.com options to purchase common stock that are vested, currently exercisable and which have a per share exercise price that is less than or equal to the market price per share of Traffic.com common stock on the day immediately prior to the closing date of the merger will be cancelled. Therefore, holders of these options must exercise them or exchange them, as described below, prior to the closing of the merger or the options will be cancelled and of no value. Option holders who exercise these options for Traffic.com common stock prior to the closing will be entitled to make the same elections of cash or NAVTEQ stock as all other Traffic.com stockholders. Alternatively, holders of these options may elect to exchange them, without first exercising them for shares of Traffic.com common stock, by delivering appropriate documentation to Traffic.com and NAVTEQ. Option holders who choose to exchange their options will be entitled to elect cash or NAVTEQ common stock on the same basis as Traffic.com stockholders (including the pro-ration provisions), and the consideration such option holders will receive will be net of the exercise price of the applicable option or options and any applicable withholding for taxes payable by the holder.

Prior to the closing of the merger, Traffic.com must obtain written agreements from each holder of certain outstanding Traffic.com warrants which shall provide that such holder will (1) exercise their warrants prior to the closing of the merger, (2) in lieu of exercising such warrants for Traffic.com common stock, exchange each share underlying the warrants for 0.235 shares of NAVTEQ common stock, or (3) be subject to a new warrant or warrants in replacement of the Traffic.com warrants, in a form agreed to by such holders and NAVTEQ. The TL Ventures entities, affiliates of Traffic.com, have agreed to exchange their warrants for shares of NAVTEQ common stock.

Once converted, all such exchanged Traffic.com options and warrants will be cancelled and the holder of those options or warrants will no longer have any rights with respect to the exchanged options or warrants except for the right, upon surrender of such exchanged option or exchanged warrant, to receive the cash and/or stock consideration, certain dividends and distributions and cash in lieu of fractional shares of NAVTEQ common stock, in each case without interest.

For a full description of the treatment of stock options and warrants upon consummation of the merger, see "The Merger Agreement - Treatment of Securities" beginning on page 92 of this proxy statement/prospectus.

#### **Ownership of NAVTEQ After the Merger**

Based on the number of shares of NAVTEQ common stock issued and outstanding on January 19, 2007, and assuming the election by Traffic.com stockholders of 4.3 million shares, the maximum total stock consideration payable to Traffic.com stockholders, Traffic.com stockholders will hold approximately 4.4% of the issued and outstanding of NAVTEQ common stock immediately after the merger.

#### **Risk Factors (see page 26)**

In evaluating the merger, the merger agreement or the issuance of shares of NAVTEQ common stock in the merger, you should carefully read this proxy statement/prospectus and especially consider the factors discussed in the section entitled "Risk Factors" on page 26 of this proxy statement/prospectus.

#### **Traffic.com Stockholders Entitled to Vote; Vote Required (see page 48)**

The special meeting of Traffic.com stockholders will be held on \_\_\_\_\_, 2007 at \_\_\_\_\_ a.m., Eastern Time, at Valley Forge Suites, 888 Chesterbrook Blvd., Wayne, Pennsylvania 19087. At the special meeting, the Traffic.com stockholders will be asked to adopt the merger agreement.

Only holders of record of Traffic.com common stock at the close of business on \_\_\_\_\_, 2007 are entitled to notice of and to vote at the special meeting. We refer to this date as the record date. As of the record date, there were \_\_\_\_\_ shares of Traffic.com common stock outstanding and entitled to vote at the special meeting held by \_\_\_\_\_ holders of record.

The adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Traffic.com common stock entitled to vote at the special meeting.

#### **Recommendation of Traffic.com's Board of Directors (see page 57)**

Traffic.com's board of directors has unanimously determined that the merger is advisable, fair to and in the best interests of Traffic.com and its stockholders and recommends that you vote **FOR** adoption of the merger agreement.

**Opinion of Financial Advisor to Traffic.com's Board of Directors, Allen & Company LLC, and Opinion of Financial Advisor to the Special Committee of Traffic.com's Board of Directors, Susquehanna Financial Group, LLLP (see pages 60-81 and Annex C-1 and Annex C-2)**

Allen & Company LLC delivered an opinion to the Traffic.com board of directors and Susquehanna Financial Group, LLLP delivered an opinion to the special committee of the Traffic.com board of directors, each to the effect that, as of November 5, 2006, and based upon and subject to the various considerations described in each opinion, the merger consideration was fair from a financial point of view to the holders of Traffic.com common stock other than the stockholders enumerated therein.

The full text of the written opinions of each of Allen & Company LLC and Susquehanna Financial Group, LLLP, which set forth the assumptions made, procedures followed, matters considered, and qualifications and limitations on the review undertaken by Allen & Company LLC and Susquehanna Financial Group, LLLP, respectively, in rendering its opinion, are attached as *Annex C-1 and Annex C-2* respectively, to this proxy statement/prospectus. Holders of Traffic.com common stock are urged to, and should, read each opinion carefully.

Each of Allen & Company LLC and Susquehanna Financial Group, LLLP provided its opinion for the information and assistance of the Traffic.com board of directors and special committee, respectively, in connection with its consideration of the merger. Each of the Allen & Company LLC and Susquehanna Financial Group, LLLP opinions addresses only the fairness, from a financial point of view, of the merger consideration to be paid to the holders of Traffic.com common stock (other than the stockholders enumerated in each opinion and any stockholders who demand and perfect appraisal rights) as of the date of the opinion. Neither Allen & Company LLC nor the Susquehanna Financial Group, LLLP opinion addresses any other aspect of the proposed merger or constitutes a recommendation as to how any holder of Traffic.com common stock should vote or act with respect to the adoption of the merger agreement or any other matter.

**Share Ownership and Voting Agreements of Traffic.com Directors and Executive Officers (see pages 142 and 119)**

At the close of business on the Traffic.com record date, directors and executive officers of Traffic.com and their affiliates beneficially owned approximately \_\_\_\_\_ shares of issued and outstanding Traffic.com common stock, collectively representing approximately \_\_\_\_\_ % of the shares of Traffic.com common stock outstanding on that date. Adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Traffic.com common stock entitled to vote at the special meeting. Concurrently with the execution and delivery of the merger agreement, certain directors and executive officers and their affiliates entered into voting agreements with NAVTEQ and Traffic.com pursuant to which those directors and executive officers and affiliates have agreed to vote their Traffic.com shares outstanding as of the record date, collectively representing approximately \_\_\_\_\_ % of the outstanding shares of Traffic.com common stock entitled to vote at the special meeting, in favor of adoption of the merger agreement.



**Interests of Traffic.com Directors and Executive Officers in the Merger (see page 83)**

In considering the recommendation of the Traffic.com board of directors with respect to the merger agreement and the merger, you should be aware that certain members of the Traffic.com board of directors and certain of Traffic.com's executive officers have interests in the merger that may be different than, or in addition to, the interests of Traffic.com stockholders generally. These interests include:

- Upon completion of the merger, Robert N. Verratti, Traffic.com's Chief Executive Officer will be entitled to receive a bonus equal to 3% of the gross proceeds from the merger (up to a maximum amount of \$5.4 million) less amounts received in the merger by Mr. Verratti in exchange for his stock holdings in Traffic.com, along with additional amounts in connection with a tax gross-up of such bonus. The bonus is payable in a combination of cash and NAVTEQ common stock. In addition, Mr. Verratti may receive a lump sum payment equal to \$290,000, if he is terminated without cause or if he resigns within 12 months of the merger;
- Mark J. DeNino, the Chairman of the board of directors, is a managing director of the TL Ventures entities, stockholders that own approximately 33.6% shares of issued and outstanding Traffic.com common stock as of November 3, 2006, and may be deemed to have shared voting and dispositive power over the shares of stock held by these stockholders along with the other members or stockholders of the respective general partners of the TL Ventures entities. Pursuant to an agreement with NAVTEQ and Traffic.com, the TL Ventures entities will receive only shares of NAVTEQ common stock in the merger with respect to the exchange of the Traffic.com warrants they hold;
- John Josephson, a member of the board of directors, is a managing director of Allen & Company LLC, which will receive compensation from Traffic.com for its work as Traffic.com's financial advisor and provided a written opinion to the board of directors in connection with the merger as to the fairness, from a financial point of view, of the merger consideration being paid by NAVTEQ;
- the potential receipt of severance payments, payable to certain Traffic.com executive officers if they are terminated without cause or were to resign for good reason ;
- the acceleration of vesting of certain directors' and executive officers' outstanding stock options, as a result of which these directors and executive officers will hold fully vested options;
- the continued indemnification of, and provision for directors' and officers' liability insurance coverage to, current directors and officers of Traffic.com after the merger; and
- the employment of certain executive officers of Traffic.com by NAVTEQ upon completion of the merger.

The Traffic.com board of directors was aware of these interests and considered them, among other matters, in making its recommendation to the Traffic.com stockholders.

**Listing of NAVTEQ Common Stock and Delisting and Deregistration of Traffic.com Common Stock (see page 91)**

Application will be made to have the shares of NAVTEQ common stock issued in the merger approved for listing on the New York Stock Exchange. If the merger is completed, Traffic.com common stock will no longer be listed on the Nasdaq Global Market and will be deregistered under the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act, and Traffic.com will no longer file periodic public reports.

**Appraisal Rights (see page 89)**

Under Delaware law, Traffic.com stockholders of record who do not vote in favor of the merger will be entitled to exercise appraisal rights and obtain payment for the judicially-determined fair value of their shares of Traffic.com common stock in connection with the merger if the merger is completed. A discussion of these appraisal rights is included in this proxy statement/prospectus beginning on page 89 of this proxy statement/prospectus and the relevant provisions of the Delaware General Corporation Law are included as *Annex D* to this proxy statement/prospectus.

**Conditions to Completion of the Merger (see page 111)**

A number of conditions must be satisfied before the merger will be completed. These include, among others:

- the adoption of the merger agreement by the Traffic.com stockholders;
- the expiration or termination of the waiting period, or any extension of the waiting period, if any, under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which is referred to as the Hart-Scott-Rodino Act or HSR Act, and receipt of all clearances, consents and approvals necessary for completion of the merger under United States and foreign laws;
- the number of shares dissenting from approval of the merger not exceeding ten percent of the aggregate number of shares of Traffic capital stock outstanding as of the record date for Traffic.com's stockholders' meeting;
- the absence of any legal restraints or prohibitions preventing the completion of the merger;
- the authorization for listing on the New York Stock Exchange of the shares of NAVTEQ common stock to be issued in the merger;
- the effectiveness of a registration statement on Form S-4 and no stop order suspending the effectiveness of that Form S-4;
- the representations and warranties of each party contained in the merger agreement being true and correct, except to the extent that breaches of those representations and warranties have not had and would not reasonably be expected to, individually or in the aggregate, have a material adverse effect on the representing party or have been waived;
- the performance or compliance in all material respects of each party with all agreements and covenants contained in the merger agreement at the completion of the merger;
- the delivery of written agreements from certain holders of outstanding Traffic.com warrants providing for the exercise of such warrants in full at or prior to closing, the exchange of such warrants for the per share stock consideration set forth in the merger agreement or the replacement of such warrants by new warrants in a form agreed to by NAVTEQ and such holders; and
- the absence since the date of the merger agreement of the occurrence of a material adverse effect with respect to either party.

**Regulatory Matters (see page 88)**

Under the HSR Act, and the rules promulgated thereunder by the U.S. Federal Trade Commission, or FTC, the merger may not be consummated until notifications have been given and certain information has been furnished to the FTC and the Antitrust Division of the U.S. Department of Justice and specified waiting period requirements have been satisfied. NAVTEQ and Traffic.com filed notification and report forms under the HSR Act with the FTC and the Antitrust Division on



December 8, 2006. The waiting period under the HSR Act terminated on January 8, 2007. Although the waiting period has terminated, at any time before the effective time of the merger, the FTC, the Antitrust Division, or others could take action under the antitrust laws with respect to the merger, including seeking to enjoin the consummation of the merger, to rescind the merger, or to require the divestiture of certain assets of NAVTEQ or Traffic.com. There can be no assurance that a challenge to the merger on antitrust grounds will not be made or, if such a challenge is made, that it would not be successful. The merger may also be subject to review by other governmental authorities under the antitrust laws of various other jurisdictions where NAVTEQ and Traffic.com conduct business.

**Agreement to Complete the Merger (see page 92)**

Each of NAVTEQ and Traffic.com has agreed to cooperate fully with the other party and, subject to provisions in the merger agreement, use its commercially reasonable efforts to take, or cause to be taken, all actions necessary, proper or advisable under applicable law and regulations to complete the merger as promptly as practicable, but, in no event, later than June 30, 2007.

**Traffic.com is Generally Prohibited from Soliciting Other Offers (see page 105)**

The merger agreement contains detailed provisions that prohibit Traffic.com and its subsidiaries and its officers, directors or representatives from taking any action to solicit or engage in discussions or negotiations with any person or group with respect to any acquisition proposal (as defined in the merger agreement), including an acquisition proposal that would result in the person or group acquiring more than a 10% interest in Traffic.com's total outstanding securities, any merger, consolidation, business combination or similar transaction involving Traffic.com or any of its subsidiaries, pursuant to which the stockholders of Traffic.com immediately prior to the transaction would hold less than 90% of the equity interests in the surviving or resulting entity of such transaction or the parent of any such surviving or resulting entity, any sale, lease (other than in the ordinary course of business), exchange, transfer, license (other than in the ordinary course of business), acquisition or disposition of more than 10% of the assets of Traffic.com and its subsidiaries, taken as a whole (other than in a transaction involving not more than 20% of the assets of Traffic.com and its subsidiaries, taken as a whole, as may be consented to by NAVTEQ, which consent may not be unreasonably withheld, conditioned or delayed), any liquidation or other significant corporate reorganization, or any combination of these events. The merger agreement does not, however, prohibit Traffic.com or its board of directors from considering and recommending to the Traffic.com stockholders an unsolicited acquisition proposal from a third party if specified conditions are met.

**Termination of the Merger Agreement (see page 115)**

Under certain circumstances specified in the merger agreement, either NAVTEQ or Traffic.com may terminate the merger agreement. Subject to the limitations set forth in the merger agreement, the circumstances generally include the following events:

- the other party consents to the termination;
- the merger is not completed by May 31, 2007, or if properly extended, by June 30, 2007;
- a non-appealable final order of a court or other action of any governmental entity has the effect of permanently prohibiting completion of the merger;
- the required approval of the Traffic.com stockholders has not been obtained at the Traffic.com special meeting;
- the other party breaches its representations, warranties or covenants in the merger agreement such that its conditions to completion of the merger would not be satisfied; or

- a material adverse effect has occurred with respect to the other party following the execution of the merger agreement.

Additionally and subject to the limitations set forth in the merger agreement, NAVTEQ may terminate the merger agreement unilaterally if Traffic.com has not complied with the provisions of the merger agreement relating to non-solicitation of acquisition proposals and board recommendations.

**Termination Fee (see page 117)**

If the merger is not completed under certain circumstances specified in the merger agreement, Traffic.com may have to pay a termination fee of \$6.25 million to NAVTEQ.

**Material United States Federal Income Tax Consequences of the Merger (see page 85)**

NAVTEQ and Traffic.com each expect the merger to qualify as a reorganization pursuant to Section 368(a) of the Internal Revenue Code. The U.S. federal income tax consequences of a reorganization to an exchanging Traffic.com stockholder will depend on the relative mix of cash and NAVTEQ common stock received by such Traffic.com stockholder.

**Traffic.com stockholders should carefully review the information under the caption Material United States Federal Income Tax Consequences of the Merger beginning on page 85 of this proxy statement/prospectus for a description of the material U.S. federal income tax consequences of the merger to them. Each stockholder's tax consequences will depend on such stockholder's own situation. Traffic.com stockholders should consult their tax advisors for a full understanding of the tax consequences of the merger to them.**

**Accounting Treatment (see page 88)**

The merger is expected to be accounted for as a business combination utilizing the purchase method of accounting in accordance with Statement of Financial Accounting Standards No. 141, Business Combinations. Under the purchase method of accounting, the purchase price is allocated to the assets acquired and liabilities assumed based on their estimated fair values. NAVTEQ management has made a preliminary allocation of the estimated purchase price based on preliminary estimates of fair values as set forth in the NAVTEQ unaudited pro forma condensed combined financial statements. Any excess of the estimated purchase price over the fair value of net assets acquired will be accounted for as goodwill.

In accordance with Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets, goodwill will not be amortized but instead will be tested for impairment at least annually (more frequently if indicators of impairment are present).

**Differences in Rights of NAVTEQ Stockholders and Traffic.com Stockholders (see page 172)**

Traffic.com stockholders receiving merger consideration in the form of shares of NAVTEQ common stock will have different rights once they become NAVTEQ stockholders due to differences between the governing documents of NAVTEQ and Traffic.com. These differences are described in detail under Comparison of Stockholder Rights and Corporate Governance Matters beginning on page 172 of this proxy statement/prospectus.

**NAVTEQ SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA**

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The following selected historical consolidated financial data should be read in conjunction with the NAVTEQ consolidated financial statements and related notes incorporated by reference in this proxy statement/prospectus, and NAVTEQ Management's Discussion and Analysis of Financial Condition and Results of Operations included in NAVTEQ's Annual Report on Form 10-K for the year ended December 31, 2005 and Quarterly Report on Form 10-Q for the quarter ended October 1, 2006, which are also incorporated by reference in this proxy statement/prospectus. The consolidated statement of operations data for the years ended December 31, 2003, 2004 and 2005 and the consolidated balance sheet data as of December 31, 2004 and 2005 have been derived from audited consolidated financial statements, which are incorporated by reference in this proxy statement/prospectus. The consolidated statement of operations data for the years ended December 31, 2001 and 2002 and the consolidated balance sheet data as of December 31, 2001, 2002 and 2003 have been derived from audited consolidated financial statements not included or incorporated by reference in this proxy statement/prospectus. The consolidated statement of operations data for the nine months ended September 25, 2005 and October 1, 2006 and the consolidated balance sheet data as of October 1, 2006 have been derived from unaudited condensed consolidated financial statements incorporated by reference in this proxy statement/prospectus and, in the opinion of NAVTEQ, include all adjustments, consisting of normal recurring adjustments, which are necessary for a fair presentation of this information when read in conjunction with the NAVTEQ audited consolidated financial statements and related notes incorporated by reference in this proxy statement/prospectus. The consolidated statement of operations data presented below are not necessarily indicative of results for any future period.

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	Years Ended December 31,					Nine Months Ended	
	2001	2002	2003	2004	2005	Sept. 25, 2005	Oct. 1, 2006
<b>Consolidated Statement of Operations Data:</b>							
Net revenue	\$ 110,431	165,849	272,623	392,858	496,512	350,534	400,928
Operating costs and expenses:							
Database creation and distribution costs	82,343	92,499	125,841	186,330	222,933	169,227	197,934
Selling, general and administrative expenses	56,979	63,422	83,024	111,942	139,323	88,611	112,101
Total operating costs and expenses	139,322	155,921	208,865	298,272	362,256	257,838	310,035
Operating income (loss)	(28,891 )	9,928	63,758	94,586	134,256	92,696	90,893
Interest income (expense), net (1)	(17,383 )	(668 )	380	1,134	4,237	2,550	7,807
Other income (expense), net (1)	(70,235 )		6,163	(1,892 )	498	90	(514 )
Income (loss) before income taxes	(116,509 )	9,260	70,301	93,828	138,991	95,336	98,186
Income tax expense (benefit) (2)		1,105	(165,514 )	39,762	(31,839 )	(47,828 )	31,665
Net income (loss) before cumulative effect of change in accounting principle	(116,509 )	8,155	235,815	54,066	170,830	143,164	66,521
Cumulative effect of change in accounting principle							506
Net income (loss)	(116,509 )	8,155	235,815	54,066	170,830	143,164	67,207
Cumulative preferred stock dividends	(91,417 )	(110,464 )					
Net income (loss) applicable to common stockholders	\$ (207,926 )	(102,309 )	235,815	54,066	170,830	143,164	67,207
Earnings (loss) per share of common stock before cumulative effect of change in accounting principle:							
Basic	\$ (7.31 )	(2.41 )	2.81	0.62	1.90	1.60	0.72
Diluted	\$ (7.31 )	(2.41 )	2.69	0.59	1.81	1.52	0.70
Cumulative effect of change in accounting principle per share of common stock:							
Basic	\$						0.01
Diluted	\$						0.01
Earnings (loss) per share of common stock:							
Basic	\$ (7.31 )	(2.41 )	2.81	0.62	1.90	1.60	0.72
Diluted	\$ (7.31 )	(2.41 )	2.69	0.59	1.81	1.52	0.70
Weighted average shares used in per share computation:							
Basic	28,441	42,446	84,062	86,509	90,115	89,700	92,884
Diluted	28,441	42,446	87,593	92,001	94,198	93,959	95,668



	As of December 31,					As of October 1,
	2001	2002	2003	2004	2005	2006
<b>Consolidated Balance Sheet Data:</b>						
Cash and cash equivalents	\$ 7,506	9,427	1,982	30,101	85,070	66,403
Cash on deposit with affiliate	5,000	10,000	65,307			
Marketable securities				72,930	133,728	212,300
Working capital (deficit)	(16,388 )	(8,633 )	82,088	97,587	190,945	255,483
Deferred income tax assets (2)			172,065	142,765	211,848	206,654
Total assets	62,476	80,327	325,165	364,708	615,888	701,061
Long-term debt (1)						
Total stockholders' equity (1)	3,571	11,237	217,911	232,818	490,064	589,130

	Year Ended December 31,					Nine Months Ended	
	2001	2002	2003	2004	2005	Sept. 25, 2005	October 1, 2006
<b>Consolidated Statement of Cash Flow Data:</b>							
Cash flow provided by (used in) operating activities	\$ (11,501 )	22,234	65,948	106,422	137,753	77,480	63,360
Capital expenditures	(5,119 )	(2,156 )	(9,269 )	(12,875 )	(10,466 )	(5,086 )	(10,305 )
Capitalized software development costs	(10,773 )	(10,027 )	(9,966 )	(12,792 )	(12,369 )	(8,948 )	(6,332 )
Total capital expenditures and capitalized software development costs	(15,892 )	(12,183 )	(19,235 )	(25,667 )	(22,835 )	(14,034 )	(16,637 )
Depreciation and amortization	8,541	10,563	12,030	15,568	21,568	15,769	19,372

(1) NAVTEQ's outstanding borrowings with Philips were extinguished in exchange for preferred stock during 2001. NAVTEQ recognized a loss on the extinguishment of \$69,568, which is reflected in other income (expense), net for 2001.

(2) During 2003, the valuation allowance on deferred tax assets was partially reversed, resulting in a benefit of \$168,752. During 2004, the balance of deferred tax assets was adjusted due to changes in corporate income tax rates, primarily in the Netherlands, resulting in expense of \$3,824. During 2005, additional valuation allowance on deferred tax assets was reversed, resulting in a benefit of \$83,270. Also during 2005, the balance of deferred tax assets was adjusted due to the reversal of tax benefits related to deferred compensation, resulting in expense of \$1,836 and due to changes in corporate income tax rates, primarily in the Netherlands, resulting in expense of \$720.

**TRAFFIC.COM SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA**

The following selected historical consolidated financial data should be read in conjunction with the Traffic.com consolidated financial statements and related notes included elsewhere in this proxy statement/prospectus, and Traffic.com Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this proxy statement/prospectus. For presentation purposes, the accompanying financial statements refer to the calendar year-end and calendar quarter-end of each respective year and quarter. The consolidated statement of operations data for the years ended December 31, 2003, 2004 and 2005 and the consolidated balance sheet data as of December 31, 2004 and 2005 have been derived from the audited consolidated financial statements, included elsewhere in this proxy statement/prospectus. The consolidated statement of operations data for the years ended December 31, 2001 and 2002 and the consolidated balance sheet data as of December 31, 2001, 2002 and 2003 have been derived from the audited consolidated financial statements not included in this proxy statement/prospectus. The consolidated statement of operations data for the nine months ended September 30, 2005 and 2006, respectively, and the consolidated balance sheet data as of September 30, 2006 have been derived from the unaudited condensed consolidated financial statements included elsewhere in this proxy statement/prospectus and, in the opinion of Traffic.com, include all adjustments, consisting of normal recurring adjustments, which are necessary for a fair presentation of this information when read in conjunction with the Traffic.com audited consolidated financial statements and related notes included elsewhere in this proxy statement/prospectus. The consolidated statement of operations data presented below are not necessarily indicative of results for any future period.

	Years Ended December 31,					Nine Months Ended	
	2001	2002	2003	2004	2005	September 30,	2006
	(in thousands except per share data)						
<b>Statement of Operations Data:</b>							
Revenue	\$ 15,908	\$ 27,206	\$ 37,376	\$ 42,442	\$ 43,293	\$ 32,096	\$ 38,215
Gross margin	(5,972 )	(3,864 )	6,388	10,352	9,726	7,555	8,148
Operating expenses	19,097	17,975	23,316	22,908	47,259 (1)	38,242	(1) 26,279
Loss from operations	(25,069 )	(21,839 )	(16,928 )	(12,556 )	(37,533 )	(30,687 )	(18,131 )
Net loss	(24,207 )	(26,891 )	(21,079 )	(15,984 )	(43,142 )	(34,916 )	(18,808 )
Net income (loss) attributable to common stockholders	(27,197 )	(29,821 )	13,745	(2) (18,112 )	(45,179 )	(36,559 )	(18,916 )
Net income (loss) attributable to common stockholders per share:							
Basic	\$ (14.41 )	\$ (15.79 )	\$ 5.15	\$ (5.91 )	\$ (13.00 )	\$ (10.79 )	\$ (1.00 )
Diluted	\$ (14.41 )	\$ (15.79 )	\$ 1.45	\$ (5.91 )	\$ (13.00 )	\$ (10.79 )	\$ (1.00 )
Number of shares used in per share calculation:							
Basic	1,888	1,889	2,671	3,064	3,474	3,387	18,937
Diluted	1,888	1,889	9,492	3,064	3,474	3,387	18,937

(1) Includes \$18,473 of legal settlement charges.

(2) Includes gains recognized on the redemption of Series D preferred stock and gains recognized on the exchange of Series A through D preferred stock as designated on Note 10 to the financial statements (see page F-24 of this proxy statement/prospectus).

	As of December 31, 2001		2002	2003	2004	2005	As of September 30, 2006
	(in thousands)						
<b>Balance Sheet Data:</b>							
Cash, cash equivalents and short-term investments	\$ 6,643	\$ 15,961	\$ 8,999	\$ 4,898	\$ 13,143	\$ 22,023	
Working capital	6,219	12,252	8,936	8,252	3,807	25,833	
Total assets	24,236	33,625	36,188	33,730	54,978	64,582	
Long term deferred revenue and deferred license fees	4,063	10,973	9,159	26,963	32,646	34,237	
Senior secured credit facility and accrued interest		24,722	24,850	23,744	37,659		(A)
Other long term liabilities	155	96	35		678	1,392	
Redeemable convertible preferred stock	61,428	64,358	37,686	39,814	56,977		(B)
Total stockholders equity (deficit)	(47,902 )	(77,338 )	(48,217 )	(66,120 )	(97,677 )	16,493	

(A) The senior secured credit facility was repaid with a portion of the proceeds of Traffic.com's initial public offering in January 2006.

(B) The redeemable convertible preferred stock was converted to common stock upon Traffic.com's initial public offering in January 2006.

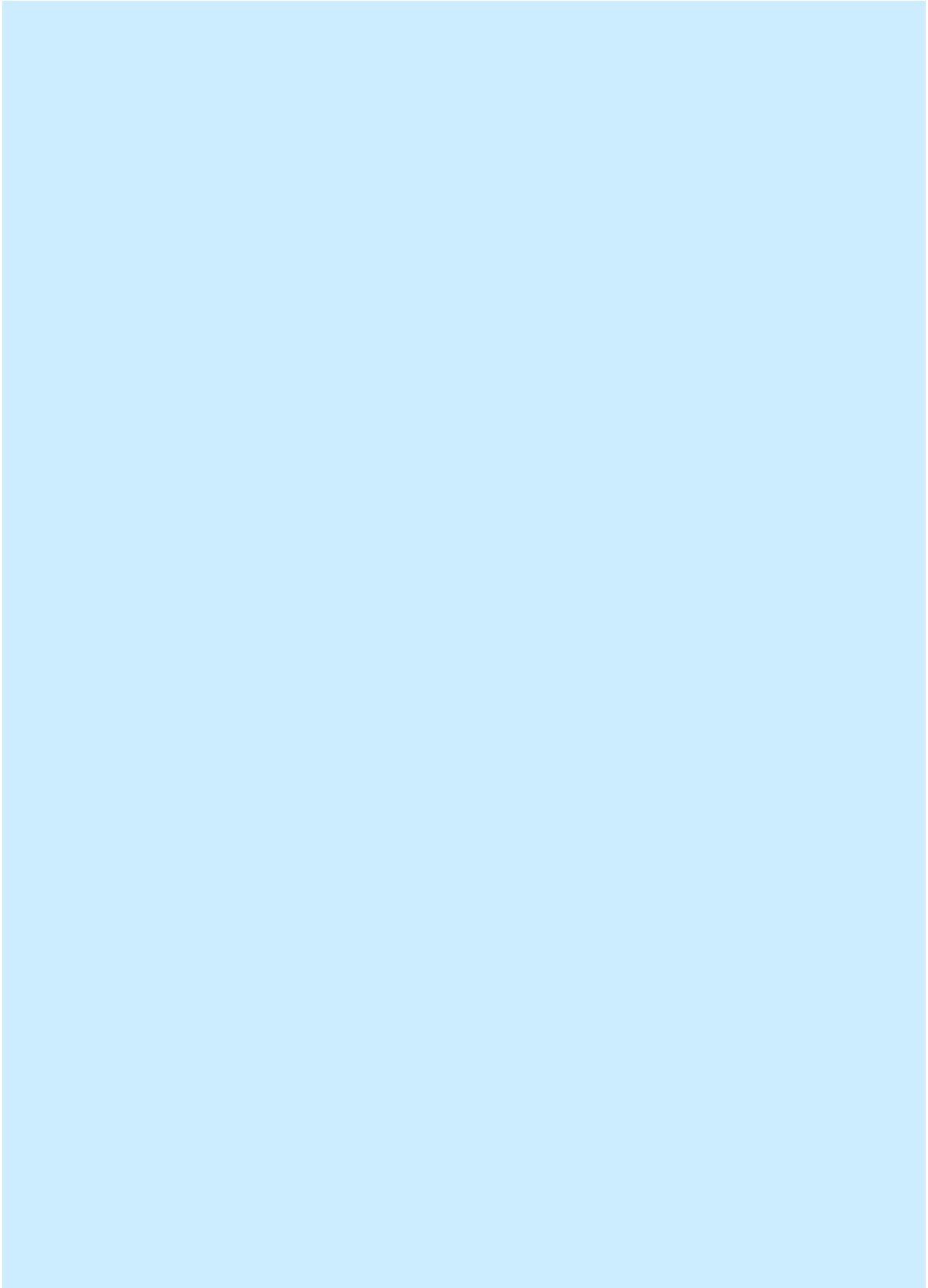
**COMPARATIVE HISTORICAL AND PRO FORMA PER SHARE DATA**

The following tables set forth the historical net income (loss) and book value per share of NAVTEQ and Traffic.com, the pro forma combined per share data on an unaudited basis after giving effect to the acquisition of Traffic.com by NAVTEQ and an equivalent pro forma combined basis for Traffic.com. The data are derived from and should be read in conjunction with the NAVTEQ and Traffic.com audited consolidated financial statements and related notes, the unaudited condensed consolidated interim financial statements and related notes, and the unaudited pro forma condensed combined financial information and related notes, which are included elsewhere or incorporated by reference in this proxy statement/prospectus.

The unaudited pro forma combined per share data is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the transaction had been consummated at the beginning of the earliest period presented, nor is it necessarily indicative of future operating results or financial position. The pro forma adjustments are estimates based upon information and assumptions available at the time of the filing of this proxy statement/prospectus. With the exception of a special cash dividend that was paid on June 18, 2004 by NAVTEQ to its common stockholders of record as of April 19, 2004, neither NAVTEQ nor Traffic.com declared any cash dividends related to their respective common stock during the periods presented nor do they expect to declare any cash dividends in the foreseeable future.

The NAVTEQ pro forma combined net income for each period presented includes the consolidated net income of NAVTEQ and Traffic.com on a pro forma basis as if the transaction was consummated on January 1, 2005. The NAVTEQ pro forma combined book value per share is calculated on a pro forma basis as if the transaction was consummated at the end of each period presented. The Traffic.com pro forma equivalent per share values are calculated by multiplying the NAVTEQ pro forma combined per share values by the exchange ratio of 0.235.

	<b>Year ended December 31, 2005</b>	<b>Nine Months ended October 1, 2006 (1)</b>
<b>NAVTEQ Historical</b>		
Income per common share:		
Basic	\$ 1.90	\$ 0.72
Diluted	\$ 1.81	\$ 0.70
Dividends per common share		
Book value per common share	\$ 5.32	\$ 6.31
<b>Traffic Historical</b>		
Loss per common share:		
Basic	\$ (13.00 )	\$ (1.00 )
Diluted	\$ (13.00 )	\$ (1.00 )
Dividends per common share		
Book value per common share	\$ (25.53 )	\$ 0.80
<b>NAVTEQ Pro Forma Combined</b>		
Income per common share:		
Basic	\$ 1.48	\$ 0.53
Diluted	\$ 1.42	\$ 0.52
Dividends per common share		
Book value per common share	\$ 6.50	\$ 7.43



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Traffic.com Pro Forma Equivalent		
Income per common share:		
Basic	\$ 0.35	\$ 0.12
Diluted	\$ 0.33	\$ 0.12
Dividends per common share		
Book value per common share	\$ 1.53	\$ 1.75

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(1) The historical per share data for Traffic.com are based on the nine months ended September 30, 2006.

23

**COMPARATIVE PER SHARE MARKET PRICE DATA***NAVTEQ's Market Price Data*

NAVTEQ's common stock is listed on the New York Stock Exchange under the symbol NVT. Public trading of NAVTEQ's common stock commenced on August 4, 2004. This table sets forth, for the periods indicated, the range of high and low sale prices per share for NAVTEQ's common stock as reported on the New York Stock Exchange. NAVTEQ's fiscal year ends on December 31 of each year. As of January 19, 2007, NAVTEQ had approximately 210 stockholders of record.

	<b>2005</b>	
	<b>High</b>	<b>Low</b>
First quarter	\$ 48.57	\$ 37.30
Second quarter	\$ 45.23	\$ 34.30
Third quarter	\$ 51.00	\$ 36.06
Fourth quarter	\$ 53.70	\$ 38.40

	<b>2006</b>	
	<b>High</b>	<b>Low</b>
First quarter	\$ 51.59	\$ 40.00
Second quarter	\$ 55.86	\$ 37.25
Third quarter	\$ 45.00	\$ 23.73
Fourth quarter	\$ 37.25	\$ 25.14

*Traffic.com's Market Price Data*

Traffic.com's common stock is listed on the Nasdaq Global Market under the symbol TRFC. Public trading of the common stock commenced on January 24, 2006. This table sets forth, for the periods indicated, the range of high and low sale prices per share for Traffic.com's common stock as reported on the Nasdaq Global Market. Traffic.com's fiscal year ends on December 31 of each year. As of January 19, 2007, Traffic.com had approximately 94 stockholders of record.

	<b>2006</b>	
	<b>High</b>	<b>Low</b>
First quarter (commencing January 25, 2006)	\$ 13.30	\$ 8.21
Second quarter	\$ 8.64	\$ 3.38
Third quarter	\$ 6.11	\$ 4.10
Fourth quarter	\$ 8.30	\$ 4.62

**Recent Closing Prices**

The following table sets forth the closing per share sale prices of NAVTEQ's common stock and Traffic.com's common stock as reported on the New York Stock Exchange and the Nasdaq Global Market, respectively, on November 3, 2006, the last full trading day before the public announcement of the fact that Traffic.com and NAVTEQ had entered into a definitive agreement regarding the proposed acquisition, and on , 2007, the record date for the special meeting of Traffic.com stockholders:

	<b>NAVTEQ Common Stock</b>	<b>Traffic.com Common Stock</b>
November 3, 2006	\$ 32.19	\$ 6.15
, 2007		

Following the transaction, NAVTEQ common stock will continue to be listed on the New York Stock Exchange and, until the completion of the merger, Traffic.com's common stock will continue to be quoted on the Nasdaq Global Market.

Except for a special cash dividend that was paid on June 18, 2004 by NAVTEQ to its common stockholders of record as of April 19, 2004, neither NAVTEQ nor Traffic.com has ever declared or paid any cash dividends on its common stock.



## RISK FACTORS

*If you receive shares of NAVTEQ common stock in the merger, your investment will be subject to different risks related to NAVTEQ's business, the combined operations of NAVTEQ and Traffic.com and/or the terms and structure of the merger. You should carefully consider the risk factors described below, the matters discussed under "Cautionary Statement Concerning Forward-Looking Statements" on page 1 of this proxy statement/prospectus, and all other information contained or incorporated by reference in this proxy statement/prospectus before deciding whether to vote to adopt the merger agreement and approve the merger and become a NAVTEQ stockholder. If any of the following risks, as well as other risks and uncertainties that are not currently known to NAVTEQ or Traffic.com or that are currently not believed by NAVTEQ or Traffic.com to be material, actually occur, the business, financial condition and results of operation of the combined company could be materially and adversely affected.*

### **Risk Factors Relating to the Merger**

*Although NAVTEQ and Traffic.com expect that the merger will result in benefits to the combined company, NAVTEQ may not realize those benefits after the merger has been completed because of various challenges.*

The integration of Traffic.com into NAVTEQ will be a complex, time-consuming and expensive process that, even with proper planning and implementation, could significantly disrupt the businesses of NAVTEQ and Traffic.com. The anticipated benefits and synergies of the merger are based on a number of projections and assumptions, not actual experience, and assume a successful integration. While NAVTEQ and Traffic.com believe that the merger will

- combine Traffic.com's valuable proprietary sensor network and related real-time traffic data with NAVTEQ's customer base and expertise in creating, maintaining and distributing digital map data resulting in a stronger, more diversified provider of geographic and other location-based content;
- allow for the realization of cost synergies; and
- result in a combined company with a potential for increased revenue and a stronger strategic position in the traffic business;

we cannot assure you that any or all of these results will be achieved. Moreover, NAVTEQ's ability to realize the anticipated benefits of the merger will depend, in part, upon the following:

- NAVTEQ maintaining and growing Traffic.com's business of delivering traffic data to traditional media outlets (such as television and radio) and the corresponding advertising revenue associated therewith and significantly increasing Traffic.com's business of delivering traffic data to new media lines of distribution (such as the Internet, wireless devices and in-vehicle navigation systems) and the corresponding advertising revenue associated therewith;
- NAVTEQ creating innovative combined product and service offerings;
- NAVTEQ integrating Traffic.com's business, technology and personnel into NAVTEQ in an efficient and timely manner, including reducing redundant expenses and leveraging NAVTEQ's existing infrastructure and business, without significant disruption to the combined business;
- the potential loss of NAVTEQ and Traffic.com customers in connection with the merger, as well as the potential for lower than expected demand or greater than expected price sensitivity from current and targeted customers in the future;

- any charges associated with integrating Traffic.com into NAVTEQ following the closing;
- United States and worldwide macroeconomic conditions, both generally and specifically within the traffic data business;
- potential incompatibility of business cultures;
- potential loss of key employees;
- the diversion of management's attention from ongoing business concerns; and
- coordinating geographically separate organizations.

Some of these factors are outside the control of either company. One or more of these factors could result in increased operating costs, lower revenues, lower earnings or losses, or failures to compete effectively in the traffic data business, any of which could reduce the price of NAVTEQ's stock and reduce the value of your investment.

In addition, to the extent NAVTEQ is unable to realize the anticipated benefits of the merger it may become necessary to cut or delay planned development within NAVTEQ's traffic business as well as other portions of NAVTEQ's business. Should these cuts or delays become necessary, there may be an adverse impact on the combined company's earnings and growth following the merger.

***Even if the merger is completed, the merger may result in a loss of customers and suppliers for the combined company.***

Some customers may seek alternative sources for products and services after the announcement of the merger due to, among other reasons, a desire not to do business with the combined company or perceived concerns that the combined company may not continue to maintain the same quality, or support and develop such products and services in the same manner. NAVTEQ and Traffic.com anticipate that the combined company could experience some customer attrition by reason of the announcement of the merger or after the merger has been completed. The merger also could result in the loss of suppliers and potential disputes or litigation with customers or suppliers. We cannot assure you that any steps taken by management to counter this potential customer or supplier attrition will be effective, and if ineffective, the loss of customers and/or suppliers may materially and adversely affect NAVTEQ and Traffic.com. In addition, if the merger does not occur for any reason, NAVTEQ's and Traffic.com's relationships with their current customers and suppliers may be adversely affected.

In addition, NAVTEQ's existing and planned traffic products and services rely and will continue to rely on suppliers and distributors other than Traffic.com. An adverse reaction to the merger by one or all of these suppliers and distributors could have a materially adverse effect on NAVTEQ's traffic business now and in the future. NAVTEQ cannot assure you that it would be able to replace these suppliers or distributors on commercially reasonable terms, if at all.

***The merger may result in a loss of employees from either or both of NAVTEQ or Traffic.com.***

Some employees of Traffic.com may choose not to continue with the combined company after the announcement or the completion of the merger, and there may be a perception of uncertainty among Traffic.com employees that could result in further employee turnover. Similarly, some NAVTEQ employees working in NAVTEQ's existing traffic business also may choose not to continue with the combined company after the merger, or may perceive uncertainty about the direction of the combined company. The loss of key employees or a large number of employees could negatively materially impact NAVTEQ's ability to realize the benefits of the proposed merger. The proposed

merger also may cause uncertainty which may make it more difficult to attract new employees for Traffic.com or NAVTEQ's traffic business prior to completion of the merger.

***The value of the consideration to Traffic.com stockholders who receive NAVTEQ common stock in the merger will decrease if the value of NAVTEQ's stock decreases.***

At the effective time of the merger, the value of the stock portion of the merger consideration that will be received by Traffic.com stockholders will depend on the trading price of NAVTEQ's common stock. The exchange ratio that determines the number of shares of NAVTEQ common stock that Traffic.com stockholders will receive in the merger has been fixed at 0.235 shares of NAVTEQ common stock for each share of Traffic.com common stock. The merger agreement does not contain any price protection mechanism that would adjust the number of shares that Traffic.com stockholders will receive based on any decreases or increases in the trading price of NAVTEQ common stock. Therefore, this exchange ratio will remain the same regardless of the trading price of NAVTEQ's common stock, and if NAVTEQ's common stock price decreases prior to completion of the merger, the market value of the stock portion of the consideration will decrease. Changes to NAVTEQ's common stock price may result from a variety of factors (many of which are beyond the control of NAVTEQ and Traffic.com), including the risk factors contained herein and the following:

- changes in both companies' businesses, operations and prospects;
- changes in market assessments of the business, operations and prospects of either company or the combined company;
- the ability of NAVTEQ to integrate other acquired companies with the operations of NAVTEQ and Traffic.com; and
- general market and economic conditions and other factors generally affecting the price of NAVTEQ's and Traffic.com's common stock.

The prices of NAVTEQ and Traffic.com common stock at the closing of the merger are likely to vary from their respective prices on the date the merger agreement was executed, on the date of this proxy statement/prospectus and on the date of the Traffic.com stockholder meeting. As a result, the value of the merger consideration received by Traffic.com stockholders also is likely to vary, and will be lower if the trading price of NAVTEQ's common stock is lower. During the 12-month period ended on \_\_\_\_\_, 2007, the most recent practical date prior to the date of this proxy statement/prospectus, NAVTEQ's common stock traded in a range from a low of \$ \_\_\_\_\_ to a high of \$ \_\_\_\_\_ and ended that period at \$ \_\_\_\_\_. See Comparative Per Share Market Price Data on page 24 of this proxy statement/prospectus for more detailed share price information. If the trading price of NAVTEQ's common stock declines after you vote, you will receive less value than you expected when you voted. Neither NAVTEQ nor Traffic.com is permitted under the merger agreement to terminate the merger agreement or resolicit the vote of Traffic.com's stockholders solely because of changes in the trading prices of their respective common stock.

***Traffic.com stockholders are likely to receive merger consideration that is different from their elections.***

As described elsewhere in this proxy statement/prospectus, Traffic.com stockholders will be able to elect to receive either cash or shares of NAVTEQ common stock in connection with the merger. However, the merger agreement limits the amount of cash and shares of NAVTEQ common stock available to fulfill the elections of Traffic.com stockholders, which means that Traffic.com stockholders are likely to receive a form of merger consideration that is different from the form they specified in their elections. The merger agreement limits the total amount of cash available to fulfill cash elections to

\$49 million (less the cash value of dissenting shares) and limits the total number of NAVTEQ shares available to fulfill stock elections to 4.3 million shares (reduced by the number of shares of NAVTEQ common stock payable to the holders of Traffic.com warrants that are to be exchanged for NAVTEQ common stock). As a result of these limitations, if you elect to receive cash, your election may be re-allocated if the total cash elections exceed \$49 million (less the cash value of dissenting shares), which means that you would receive a combination of cash and NAVTEQ common stock instead of all cash. Conversely, if you elect to receive NAVTEQ common stock, your election may be re-allocated if the total stock elections exceed 4.3 million shares (reduced by the number of shares of NAVTEQ common stock payable to the holders of Traffic.com warrants that are to be exchanged for NAVTEQ common stock), which means that you would receive a combination of cash and NAVTEQ common stock instead of all NAVTEQ shares.

For a more detailed description of the merger consideration and possible re-allocation regarding your elections, see [The Merger Agreement Treatment of Securities](#) beginning on page 92 of this proxy statement/prospectus.

***The market price for NAVTEQ common stock may be affected by factors different from those affecting the shares of Traffic.com.***

Upon completion of the merger, holders of Traffic.com common stock (other than those who receive only cash consideration in the merger) will become holders of NAVTEQ common stock. NAVTEQ's businesses differ from those of Traffic.com in a number of material respects, and, accordingly, the results of operations of the combined companies will be affected by factors different from those currently affecting the results of operations of Traffic.com as a stand-alone company. For a discussion of the businesses of Traffic.com and NAVTEQ and of certain factors to consider in connection with those businesses, see [Information About NAVTEQ](#) and [Information About Traffic.com](#) and the documents incorporated by reference into this proxy statement/prospectus and referred to under [Where You Can Find More Information](#).

***The market price of NAVTEQ common stock may decline as a result of the merger.***

The market price of NAVTEQ common stock may decline as a result of the merger if the integration of NAVTEQ and Traffic.com is unsuccessful or takes longer than expected, the perceived benefits of the merger are not achieved as rapidly or to the extent anticipated by financial analysts or investors, or the effect of the merger on NAVTEQ's financial results is not consistent with the expectations of financial analysts or investors.

***The issuance of shares of NAVTEQ common stock to Traffic.com stockholders in the merger and charges associated with the merger may have a negative impact on the earnings per share of the combined company.***

If the merger is completed, we expect that 4.3 million shares of NAVTEQ common stock will be issued to Traffic.com stockholders. Based on the increased number of NAVTEQ shares outstanding following the merger, Traffic.com's historical operating losses, the anticipated accounting charges related to the merger and the potential for additional costs associated with integrating the two companies, the merger may result in lower earnings per share than would have been earned by NAVTEQ in the absence of the merger. We expect that over time the merger will yield cost and revenue synergies and other benefits to the combined company such that the merger will ultimately be accretive to earnings per share. However, NAVTEQ cannot assure you that an increase in earnings per share will be achieved. In order to achieve increases in earnings per share as a result of the merger, NAVTEQ will, among other things, need to successfully increase revenues, including significantly growing the business of providing traffic data to new media distribution channels (such as Internet, wireless and in-vehicle navigation applications) and the corresponding advertising revenue

associated therewith, integrate Traffic.com's operations into NAVTEQ's businesses after the merger and reduce Traffic.com's historic increases in operating expenses.

***NAVTEQ and Traffic.com have incurred substantial costs, and will incur additional costs whether or not the merger is completed, and these may adversely affect NAVTEQ's and Traffic.com's financial results and operations and the market prices of their common stock.***

NAVTEQ and Traffic.com already have incurred substantial costs in connection with the proposed merger, including fees of attorneys and accountants and diversion of management resources, and anticipate incurring additional costs prior to the vote of Traffic.com's stockholders and the closing of the merger. In addition, Traffic.com is also subject to certain restrictions under the merger agreement on the conduct of its business prior to completion of the merger, which may adversely affect its business. If the merger is not completed, each of NAVTEQ and Traffic.com will have incurred these costs for little or no benefit. Also, if the merger is not completed due to certain circumstances specified in the merger agreement, Traffic.com may be required to pay NAVTEQ a termination fee of \$6.25 million. See "The Merger Agreement Termination; Termination Fee and Expenses" on page 115 of this proxy statement/prospectus. Based on the trading price of NAVTEQ's common stock on the date of this proxy statement/prospectus, if the merger is completed, the combined company will have incurred approximately \$ million in connection with the parties financial advisors' fees and additional significant costs in integrating Traffic.com into NAVTEQ in the fiscal quarter in which the merger is completed and in the fiscal quarters following such merger, and require significant management resources. Although these costs may vary depending on whether or not the merger is completed, they may adversely affect the financial results of the companies.

In addition, if the merger is not completed, NAVTEQ and Traffic.com may experience negative reactions from the financial markets and NAVTEQ's and Traffic.com's suppliers, customers and employees. Each of these factors may adversely affect the trading price of NAVTEQ and/or Traffic.com common stock and NAVTEQ's and/or Traffic.com's financial results and operations. In particular, if the merger is not completed for any reason, Traffic.com's stock price may decline to the extent that the current market price reflects a market assumption that the merger will be completed or the market's perceptions as to the reasons why the merger was not completed.

***The merger agreement limits Traffic.com's ability to pursue alternative business combinations.***

Certain "no shop" provisions included in the merger agreement make it difficult for Traffic.com to sell its business to a party other than NAVTEQ. These provisions include the general prohibition on Traffic.com soliciting any acquisition proposal or offer for a competing transaction, a requirement that Traffic.com pay a termination fee of \$6.25 million if the merger agreement is terminated in specified circumstances, and a requirement that Traffic.com submit the merger agreement and the merger to a vote of its stockholders even if the Traffic.com board of directors changes its recommendation. See "The Merger Agreement Termination; Termination Fee and Expenses" beginning on page 115 of this proxy statement/prospectus, and "The Merger Agreement Obligations of Traffic.com's Board of Directors with Respect to its Recommendation and Holding a Meeting of its Stockholders" beginning on page 107 of this proxy statement/prospectus. These provisions might discourage a third party with an interest in acquiring all of or a significant part of Traffic.com from considering or proposing an acquisition, including a proposal that might be more advantageous to the stockholders of Traffic.com when compared to the terms and conditions of the merger described in this proxy statement/prospectus. Furthermore, the termination fee may result in a potential competing acquirer proposing to pay a lower per share price to acquire Traffic.com than it might otherwise have proposed to pay to Traffic.com stockholders.

***Certain Traffic.com directors and executive officers have interests in the merger that may be different from, or in addition to, the interests of Traffic.com stockholders.***

Executive officers and members of the board of directors of Traffic.com negotiated the terms of the merger agreement and merger with representatives of NAVTEQ, and Traffic.com's board of directors adopted the merger agreement and is recommending that Traffic.com's stockholders vote to adopt the merger agreement and approve the merger. When considering these facts and other disclosures contained in this proxy statement/prospectus, Traffic.com stockholders should be aware that some directors and executive officers of Traffic.com have interests in the merger that may be different from, or in addition to, the interests of Traffic.com stockholders. These interests include employment of certain Traffic.com executive officers with NAVTEQ or one of its subsidiaries or affiliates following the merger, the accelerated vesting of certain directors' and executive officers' outstanding stock options, payment of severance payments following termination in certain circumstances under employment agreements and change of control agreements, payment of a sale bonus to Traffic.com's chief executive officer, payment of a financial advisory fee to a firm associated with a director of Traffic.com, receipt of all NAVTEQ common stock upon exchange of warrants held by TL Ventures entities, who are affiliated stockholders of Traffic.com, and a right to continued indemnification and insurance coverage following the merger for acts or omissions by such directors and executive officers that occurred prior to the merger. As a result of these interests, these directors and executive officers could be more likely to vote to approve and adopt the merger agreement and to approve the merger than if they did not have these interests, and may have reasons for doing so that are not the same as the interests of other Traffic.com stockholders. Certain directors and executive officers of Traffic.com and stockholders affiliated with two of the directors of Traffic.com have entered into voting agreements with NAVTEQ pursuant to which they have agreed to vote their shares of Traffic.com common stock, representing approximately 10% of all outstanding shares of Traffic.com common stock as of the close of business on the record date for the special meeting of Traffic.com's stockholders, in favor of the proposal to adopt the merger agreement and approve the merger. For a full description of the interests of directors and executive officers of Traffic.com, see "The Merger - Interests of Directors and Executive Officers of Traffic.com in the Merger" beginning on page 83 of this proxy statement/prospectus.

***If the conditions to the merger are not met or waived, the merger will not occur.***

Specified conditions in the merger agreement must be satisfied or waived to complete the merger, including the adoption of the merger agreement by Traffic.com stockholders. NAVTEQ and Traffic.com cannot assure you that each of the conditions will be satisfied or waived. If the conditions are not satisfied or waived, the merger will not occur or will be delayed, which could cause some or all of the intended benefits of the merger to be lost and could adversely affect NAVTEQ's and/or Traffic.com's stock price.

***The merger may be completed even though NAVTEQ or Traffic.com suffers a material adverse change in its business.***

In general, either NAVTEQ or Traffic.com may refuse to complete the merger if the other party suffers a material adverse effect on its business between November 5, 2006, the date of the signing of the merger agreement, and the closing of the merger. However, certain types of changes or occurrences would not prevent the merger from going forward, even if the change or occurrence would have a material adverse effect on NAVTEQ or Traffic.com, including the following:

- changes affecting the United States or world economy generally which changes do not have a disproportionate impact on the affected company;

- changes affecting the industry which changes do not have a disproportionate impact on the affected company;
- change in the affected company's stock price or the trading volume in its stock (but not excluding any underlying effect which may have caused such change in stock price or trading volume);
- failure to meet the affected company's internal projections or securities analysts' estimates of revenue, earnings or other business or operating metrics for the affected company for any period ending on or after the date of the merger agreement (or for such other period for which estimates of revenues, earnings or other business or operating metrics are released) (but not excluding any underlying effect which may have caused such failure to meet securities analysts' estimates of revenue, earnings or other business or operating metrics);
- changes in accounting requirements or principles imposed upon the affected company pursuant to changes in GAAP or applicable law which changes were first publicly disclosed after November 5, 2006, the date of signing of the merger agreement;
- changes in applicable laws, or the interpretation thereof;
- litigation brought by a holder of the affected company arising from allegations of a breach of fiduciary duty relating to the merger agreement; and
- the loss of any single customer by Traffic.com which, individually, accounted for \$1,000,000 or less of Traffic.com's net revenue during the preceding twelve month period prior to November 5, 2006, the date of the signing of the merger agreement, or any group of customers which, in the aggregate, accounted for \$1,000,000 or less of Traffic.com's net revenue during the preceding twelve month period prior to that date.

In addition, either NAVTEQ or Traffic.com could waive the closing condition related to the occurrence of a material adverse effect on the other party and the merger would be completed even if a specified material adverse effect were to occur.

***NAVTEQ and Traffic.com may be unable to obtain the regulatory approvals required to complete the merger.***

Under the HSR Act, NAVTEQ and Traffic.com are required to make pre-merger notification filings and to await the expiration or early termination of the statutory waiting period prior to completing the merger. NAVTEQ and Traffic.com made the pre-merger notification filing under the HSR Act on December 8, 2006. The waiting period under the HSR Act terminated on January 8, 2007. Although the waiting period has terminated, at any time before the effective time of the merger, the FTC, the Antitrust Division, or others could take action under the antitrust laws with respect to the merger, including seeking to enjoin the consummation of the merger, to rescind the merger, or to require the divestiture of certain assets of NAVTEQ or Traffic.com. There can be no assurance that a challenge to the merger on antitrust grounds will not be made or, if such a challenge is made, that it would not be successful. The merger may also be subject to review by other governmental authorities under the antitrust laws of various other jurisdictions where NAVTEQ and Traffic.com conduct business.

NAVTEQ and Traffic.com cannot be certain that any required approvals will be obtained, nor can they be certain that the approvals will be obtained within the time contemplated by the merger agreement. A delay in obtaining any required clearances, consents and approvals would delay and may possibly prevent the completion of the merger.

At any time and even after completion of the merger, either the Antitrust Division of the United States Department of Justice, the Federal Trade Commission, or other U.S. or foreign governmental

authorities could challenge or seek to block the merger under the antitrust laws, as it deems necessary or desirable in the public interest. Moreover, in some jurisdictions, a competitor, customer or other third party could initiate a private action under the antitrust laws challenging or seeking to enjoin the merger, before or after it is completed. NAVTEQ and Traffic.com cannot be sure that a challenge to the merger will not be made or that, if a challenge is made, NAVTEQ and Traffic.com will prevail. For a full description of the regulatory clearances, consents and approvals required for the merger, see *The Merger Regulatory Matters* beginning on page 88 of this proxy statement/prospectus.

***NAVTEQ's ability to utilize Traffic.com's net operating loss carryforwards will be limited.***

As of December 31, 2005, Traffic.com's net operating loss, or NOL, carryforwards were approximately \$122 million for Federal income tax purposes. Pursuant to Section 382 of the Internal Revenue Code, utilization of a corporation's NOL carryforwards to offset future taxable income may be substantially limited if the corporation experiences a significant change in ownership. NAVTEQ has determined that such an ownership change will occur for Traffic.com if the merger is completed. Accordingly, NAVTEQ's ability to use Traffic.com's NOL carryforwards to offset future taxable income, if any, may be significantly restricted. In addition, Traffic.com may have experienced other ownership changes as a result of past securities offerings or financings which may further limit the use of its NOL carryforwards.

**Risks Related to NAVTEQ's Business**

***NAVTEQ derives a significant portion of its revenue from a limited number of customers, and if NAVTEQ is unable to maintain these customer relationships or attract additional customers, NAVTEQ's revenue will be adversely affected.***

For the years ended December 31, 2003, 2004 and 2005, revenue from NAVTEQ's largest customer, BMW AG, accounted for approximately 18%, 16% and 13%, respectively, of NAVTEQ's total revenue. In addition, during those three years, sales to NAVTEQ's top 15 customers accounted for approximately 75%, 78% and 76% of NAVTEQ's revenue, respectively. Although NAVTEQ has achieved some success in expanding NAVTEQ's customer base, NAVTEQ anticipates that a limited number of customers will continue to represent a significant percentage of NAVTEQ's revenue for the foreseeable future. In addition, although NAVTEQ has contractual arrangements with most of NAVTEQ's key customers, the majority of these arrangements are not long term and generally do not obligate NAVTEQ's key customers to make any minimum or specified level of purchases. Therefore, NAVTEQ's relationships with these key customers may or may not continue in the future, and NAVTEQ is not guaranteed any minimum level of revenue from them. NAVTEQ cannot assure you that NAVTEQ's revenue from NAVTEQ's current customers will reach or exceed historical levels in any future period. The loss of one or more of NAVTEQ's key customers, or fewer or smaller orders from them, would adversely affect NAVTEQ's revenue.

***The market for products and services incorporating NAVTEQ's map database is evolving and its rate of growth is uncertain.***

NAVTEQ's success depends upon the availability and functionality of NAVTEQ's customers' products and services, and NAVTEQ's customers' abilities to successfully market and sell their products and services incorporating NAVTEQ's database. Continued growth in the adoption of route guidance products in the automotive industry and in the consumer mobile device industry (in products such as mobile phones, PDAs and PNDs), technological improvements in wireless devices, such as inclusion of GPS capabilities in mobile devices and increases in functional memory, and continued development by NAVTEQ's current and potential customers of dynamic navigation, route planning, location-based services, asset tracking and other geographic-related products and services



incorporating NAVTEQ's database, are critical to its future growth. If NAVTEQ's customers do not continue to successfully develop and market new products and services incorporating NAVTEQ's database, or the products that its customers develop and market do not meet consumer expectations in terms of functionality, price and quality, NAVTEQ's revenue and operating results will be adversely affected. Even if these products and services continue to be developed and marketed by NAVTEQ's customers and gain market acceptance, NAVTEQ may not be able to license the database at prices that will enable us to maintain profitable operations.

Growth in the market for vehicle navigation products and services historically has occurred first in Europe and then in North America. If the market growth in North America is not consistent with the growth NAVTEQ has experienced in Europe, NAVTEQ's ability to grow its revenue will be adversely affected. In addition, NAVTEQ expects that the retail price for vehicle navigation products and services will significantly decrease, which will result in a more affordable price for consumers and a higher volume of sales of such products and services. This decrease in retail price has not occurred as quickly as NAVTEQ had expected, and the delay or lack of such decreases in the future would adversely affect NAVTEQ's future growth.

***NAVTEQ's product offering is not diversified and if it attempts to diversify, it may not be successful.***

NAVTEQ's map database is its principal product, and a substantial majority of its revenue is attributable to the licensing of its database for route guidance applications. Consequently, if the market for existing and new products and services incorporating NAVTEQ's database declines or does not continue to grow, NAVTEQ's business would be seriously harmed because NAVTEQ currently does not have additional products or services that would generate sufficient revenue to enable it to sustain its business while seeking new markets and applications for its database. In addition, any attempt by NAVTEQ to diversify its product and service offerings may not be successful and may cause NAVTEQ to divert resources and management attention away from its core business, which could adversely affect its financial position, reputation and relationships with its customers.

Even with respect to NAVTEQ's principal map database product, customers continue to request that additional types of content be included in its data. If NAVTEQ is unable to timely include such content in its product and service offerings or do not effectively determine what types of content to include and the related prioritization of developing such product and service offerings, its customers may purchase map data and related content elsewhere, which would adversely affect its revenue.

***If NAVTEQ is unable to manage its growth effectively, NAVTEQ's profitability and ability to implement its strategy will be adversely affected.***

NAVTEQ's continued growth has and will continue to place significant demands on its managerial, operational and financial resources. To accommodate this growth and successfully execute its strategy, NAVTEQ will need to continue to hire additional qualified personnel and implement new or upgraded operating and financial systems and internal operating and financial controls and procedures throughout the company. NAVTEQ's inability to expand and integrate these additions and upgrades in an efficient and timely manner could cause NAVTEQ's expenses to increase, revenue to decline and could otherwise adversely affect its profitability and ability to implement its strategy.

***NAVTEQ derives the majority of its revenue from the use of its map database in vehicle navigation systems and fluctuations in the condition of the automotive market may result in fluctuations in the demand for products incorporating NAVTEQ's database.***

The use of NAVTEQ's database in vehicle navigation systems, which NAVTEQ supplies directly and indirectly to automobile manufacturers, historically has accounted for a substantial majority of its revenue. Approximately 83%, 82% and 72% of NAVTEQ's revenue for the years ended December 31, 2003, 2004 and 2005, respectively, were generated by the sale of NAVTEQ's database for use in new automobiles equipped with navigation systems. Any significant downturn in the demand for these products would materially decrease NAVTEQ's revenue. The automotive market historically has experienced fluctuations due to increased competition, economic conditions and circumstances affecting the global market for automobiles generally, and additional fluctuations are likely to occur in the future. To the extent that NAVTEQ's future revenue depends materially on sales of new automobiles equipped with navigation systems enabled by digital maps, NAVTEQ's business may be vulnerable to these fluctuations.

***If NAVTEQ's customers are unable to pay its fees in a timely manner, NAVTEQ's revenue and results of operations could be materially negatively impacted.***

NAVTEQ has a number of customers with individually large amounts due at any given balance sheet date. Any unanticipated change in the creditworthiness of one of these customers or other matters affecting the collectibility of amounts due from these customers could have a material adverse affect on NAVTEQ's results of operations in the period in which these changes or events occur and make it difficult to forecast its results. NAVTEQ records allowances for estimated losses from uncollectible accounts based upon specifically-identified amounts that it believes to be uncollectible. In addition, NAVTEQ records additional allowances based on historical experience and its assessment of the general financial condition of its customer base. If NAVTEQ's actual collections experience changes, revisions to its allowances may be required. NAVTEQ's credit losses have historically been within both NAVTEQ's expectations and the provision recorded, but fluctuations in credit loss rates in the future may affect its financial results.

***NAVTEQ is experiencing significant changes in its customer base which is resulting in new challenges that may decrease its growth, negatively impact its business and make it more difficult to forecast its results.***

Revenue derived from the use of NAVTEQ data in location-enabled mobile devices, as opposed to in-vehicle navigation devices, is becoming a much more significant part of its overall operating results. This shift is requiring us to focus on a number of factors, including the following:

- incorporating alternative pricing structures into NAVTEQ's business models;
- the importance of brand awareness and loyalty;
- serving a larger number of small customers; and
- shorter design cycles which makes it easier to substitute map data.

If NAVTEQ is unable to effectively respond to these factors, its growth and business would be negatively affected.

In addition, NAVTEQ's total revenue will likely have a more seasonal pattern with first quarter revenue generally being relatively weaker than other quarters and fourth quarter revenue generally being relatively stronger than other quarters. Since NAVTEQ is in the early stages of this shift in its revenue, NAVTEQ's ability to forecast its revenue, particularly in the fourth quarter, may be limited, and may result in material differences between any forecasted operating results and its actual results.

This could cause volatility in NAVTEQ's stock price. In addition, if NAVTEQ becomes more dependent on revenues associated with location-enabled devices, NAVTEQ's business may be more sensitive to the general strength of the fourth quarter holiday shopping season and external retail shopping factors, each of which could significantly negatively impact its business.

*NAVTEQ's results of operations will suffer if it is not able to maintain its license fees.*

NAVTEQ's profitability depends significantly on the prices it is able to charge customers for its data and other services. The license fees NAVTEQ charges its customers are affected by a number of factors, including:

- the quality of NAVTEQ's data and other products and services and its customers' perception of such quality;
- brand awareness and loyalty;
- the proliferation of navigation applications in lower-cost products and services and market acceptance of those products and services;
- NAVTEQ's customers' expectations of lower license fees as a result of economies of scale, customer-imposed efficiency improvements and decreases in prices of hardware and software incorporating NAVTEQ's database;
- competition;
- advances in technology that reduce the cost of geographic data acquisition;
- introduction of new services or products by NAVTEQ or its competitors;
- pricing policies of NAVTEQ's competitors;
- price sensitivity of end-users of navigation products and services; and
- general economic conditions.

Any one or a combination of these factors could cause a decline in NAVTEQ's license fees and thus, adversely affect its revenue and profitability. In addition, the success of NAVTEQ's pricing policies is based, in part, on NAVTEQ's assessment of the evolution of the market for products and services incorporating navigation applications, which is uncertain, and NAVTEQ's ability to correlate the price it charges for various uses of its database. If either NAVTEQ's assessment of the market evolution or its price correlations turn out to be incorrect, then NAVTEQ's revenue and profitability may be adversely affected.

The automotive market and the market for mobile devices are highly competitive and manufacturers in these markets are continually looking for ways to reduce the costs of components included in their products in order to maintain or broaden consumer acceptance of those products. Because NAVTEQ's map database is a component incorporated in automotive, mobile phone and handheld navigational systems, NAVTEQ faces pressure, from time to time, from its customers to lower its database license fees. NAVTEQ has in the past, and may in the future, need to lower its license fees to preserve customer relationships or extend use of its database to a broader range of products. To the extent NAVTEQ lowers its license fees in the future, NAVTEQ cannot assure you that it will be able to achieve related increases in the use of its database or other benefits to offset fully the effects of these adjustments.

In addition, increased competition has affected NAVTEQ's ability to maintain the level of its prices. If price adjustments resulting from increased competition are not offset by increases in sales of NAVTEQ's database, its revenue and profitability could be adversely affected.

***Increased competition could result in price reductions, reduced profit margins or loss of market share by NAVTEQ.***

The market for map information is highly competitive. NAVTEQ competes with other companies and governmental and quasi-governmental agencies that provide map information to a wide variety of users in a wide range of applications with varying levels of functionality.

NAVTEQ currently has several major competitors in providing map information, including Tele Atlas N.V. and numerous European governmental and quasi-governmental mapping agencies (e.g., Ordnance Survey in the United Kingdom) that license map data for commercial use. Governmental and quasi-governmental agencies also are making more map data information with greater coverage and content, and higher quality, available free of charge or at lower prices, which may encourage new market entrants or reduce the demand for fee-based products and services which incorporate NAVTEQ's map database.

In addition, some of NAVTEQ's customers prefer to license data from several vendors in order to diversify their sources of supply and to maintain competitive and pricing pressures. Increased competition from NAVTEQ's current competitors or new market entrants (which may include its customers) with respect to quality, content, pricing and otherwise, actions taken by its customers to diversify their sources of supply and increase pricing pressure, initiatives to develop community- and probe-based map data and other competitive pressures may result in price reductions, reduced profit margins or loss of market share by NAVTEQ.

***One of NAVTEQ's primary competitors has filed a complaint against NAVTEQ alleging various anti-competitive and tortious acts which could adversely affect its business, results of operations and financial condition.***

On April 22, 2005, Tele Atlas N.V. and Tele Atlas North America (Tele Atlas) filed a complaint against NAVTEQ in the United States District Court for the Northern District of California. The complaint alleges that NAVTEQ violated Sections 1 and 2 of the Sherman Act, Section 3 of the Clayton Act, and Sections 16720, 16727 and 17200 of the California Business and Professions Code, and that NAVTEQ intentionally interfered with Tele Atlas's contractual relations and prospective economic advantage with third parties, by allegedly excluding Tele Atlas from the market for digital map data for use in navigation system applications in the United States through exclusionary and predatory practices. On August 16, 2005, Tele Atlas filed an amended complaint based on these same causes of action. Specifically, in its amended complaint, Tele Atlas alleges that NAVTEQ controls a predominant share of variously defined markets for digital map data and have entered into exclusive contracts with digital map data customers for the purpose of acquiring or maintaining an illegal monopoly in these alleged markets. Tele Atlas also contends that these allegedly exclusive contracts have interfered with Tele Atlas' current and prospective business relationships and amount to unfair competition under California state law. In addition, Tele Atlas alleges that NAVTEQ, through its license under U.S. Patent No. 5,161,886, control a predominant share of the alleged relevant technology market consisting of methods for displaying portions of a topographic map from an apparent perspective view outside and above a vehicle in the United States, and allegedly have entered into patent licenses and/or other arrangements in a manner that violates the aforesaid laws. On November 2, 2005, the Court dismissed some, but not all, of Tele Atlas' claims for failure to state valid causes of action. On November 22, 2005, Tele Atlas filed a second amended complaint based on the same causes of actions and essentially the same allegations as in its first amended complaint and NAVTEQ filed an answer denying Tele Atlas claims. Tele Atlas seeks preliminary and permanent injunctive relief, unspecified monetary, exemplary and treble damages, and costs and attorneys' fees of suit. Based on a review of the second amended complaint, NAVTEQ believes that the allegations are without merit. NAVTEQ intends to take all necessary steps to vigorously defend itself against this action; however, because this matter is in a very early stage, NAVTEQ cannot predict its outcome or

potential effect, if any, on its business, financial position or results of operations. A negative outcome could adversely affect NAVTEQ's business, results of operations and financial condition. Even if NAVTEQ prevails in this matter, it may incur significant costs in connection with its defense, experience a diversion of management time and attention, realize a negative impact on its reputation with its customers and face similar governmental and private actions based on these allegations.

***NAVTEQ has historically incurred operating losses and it may not achieve sustained profitability.***

Prior to the year ended December 31, 2002, NAVTEQ had been unprofitable on an annual basis since its inception. For the years ended December 31, 2000 and 2001, NAVTEQ had operating losses of \$51.3 million and \$28.9 million, respectively, and net losses of \$109.6 million and \$116.5 million, respectively. As of December 31, 2005, NAVTEQ had an accumulated deficit of \$296.9 million. Although NAVTEQ has achieved an operating profit and a net profit for the year ended December 31, 2002 and each fiscal year thereafter, it cannot assure you that its revenue will continue to grow at its current rate or that it will be able to maintain profitability in the future.

***NAVTEQ's dependence on its vehicle navigation systems manufacturer customers for compilation could result in a material decrease in its revenue or otherwise adversely affect its business.***

For vehicle navigation systems, NAVTEQ relies on its vehicle navigation systems manufacturer customers to compile copies of its map database into their proprietary formats. This can be a time and labor intensive and complex process. In some cases, these customers also are responsible for distributing the compiled database to the automobile manufacturers. If these customers do not compile or distribute its map database in a timely manner and consistent with the requirements of the automobile manufacturers, NAVTEQ's reputation and relationships with the automobile manufacturers could be adversely affected. In other cases, NAVTEQ's navigation systems manufacturer customers compile NAVTEQ's map database and then return a master copy to NAVTEQ. NAVTEQ then distributes copies of the database to the automobile manufacturers in exchange for a distribution fee. If these customers do not fulfill their obligations to us to compile NAVTEQ's map database, or to the extent NAVTEQ has not entered into agreements clearly specifying their obligations or fail to do so in the future, NAVTEQ may not be able to satisfy its obligations to automobile manufacturers, which could result in its contractual liability to these automobile manufacturers, and would likely decrease NAVTEQ's revenue and adversely affect NAVTEQ's business. NAVTEQ's vehicle navigation systems manufacturer customers also could decide not to provide compilation services to NAVTEQ, which would prevent NAVTEQ from providing distribution services to the automobile manufacturers with respect to these customers' navigation systems, and would result in a material decrease in NAVTEQ's revenue.

***NAVTEQ derives a significant portion of its revenue from its international operations and economic, political and other inherent risks of international operations may adversely affect its financial performance.***

NAVTEQ has approximately 134 satellite and administrative offices in 25 countries worldwide. NAVTEQ has substantial operations in Europe. Approximately 66%, 68% and 64% of NAVTEQ's total revenue for the years ended December 31, 2003, 2004 and 2005, respectively, were attributable to NAVTEQ's European operations. NAVTEQ expects a significant portion of its revenue and expenses will be generated by its European operations in the future. Accordingly, NAVTEQ's operating results are and will continue to be subject to the risks of doing business in foreign countries, which could have a material adverse effect on its business. NAVTEQ also collects data in various foreign jurisdictions and outsources some software development and data production functions in foreign jurisdictions. The key risks to us of operating in foreign countries include:

- reduced or inadequate intellectual property protections and/or high rates of intellectual property piracy in some jurisdictions;
- multiple, conflicting, vague and changing laws and regulations, including tax laws, employment laws, governmental approvals, permits and licenses;
- restrictions on the movement of cash;
- general political and economic instability;
- restrictions on the import and export of technologies;
- price controls or restrictions on exchange of foreign currencies;
- trade barriers, including tariffs and other laws and practices that favor local companies;
- maintenance of quality standards for outsourced work; and
- difficulties and costs in staffing and managing foreign subsidiary operations, including cultural differences.

NAVTEQ expects to continue to expand internationally into other countries and regions, including into emerging economies, where it believes that many of these risks are increased. In some cases, this expansion may require or result in investments in or acquisitions of local companies or other strategic relationships, any of which may involve these risks.

***Currency translation risk and currency transaction risk may adversely affect NAVTEQ's results of operations.***

Material portions of NAVTEQ's revenue and expenses have been generated by its European operations, and expect that its European operations will account for a material portion of its revenue and expenses in the future. Substantially all of NAVTEQ's international expenses and revenue are denominated in foreign currencies, principally the euro. As a result, NAVTEQ's financial results could be affected by factors such as changes in foreign currency exchange rates or weak economic conditions in Europe and other foreign markets in which it has operations. Accordingly, fluctuations in the value of those currencies in relation to the U.S. dollar have caused and will continue to cause dollar-translated amounts to vary from one period to another. In addition to currency translation risks, NAVTEQ incurs currency transaction risk whenever one of its operating subsidiaries enters into either a purchase or a sales transaction using a currency other than the local currency in which it receives revenue and pays expenses.

For the year ended December 31, 2005, NAVTEQ generated approximately 65% of its total revenue, and incurred approximately 48% of its total costs in foreign currencies. NAVTEQ's European

operations reported revenue of \$316.2 million for the year ended December 31, 2005. For the year ended December 31, 2005, every one cent change in the exchange ratio of the euro against the dollar resulted in a \$2.6 million change in NAVTEQ's revenue and a \$1.2 million change in its operating income. NAVTEQ's analysis does not consider the implications that such fluctuations could have on the overall economic activity that could exist in such an environment in Europe or the United States. Given the volatility of exchange rates, NAVTEQ may not be able to manage effectively its currency translation and/or transaction risks, which may adversely affect its financial condition and results of operations.

***NAVTEQ is subject to income taxes in many countries because of its international operations and it exercises judgment in order to determine its provision for income taxes. Because that determination is an estimate, NAVTEQ cannot be certain that its income tax provisions and accruals will be adequate.***

NAVTEQ is subject to income taxes in many countries, jurisdictions and provinces. NAVTEQ's international operations require it to exercise judgment in determining its global provision for income taxes. Regularly, NAVTEQ makes estimates where the ultimate tax determination is uncertain. While NAVTEQ believes its estimates are reasonable, it cannot assure you that the final determination of any tax audit or tax-related litigation will not be materially different from that reflected in its historical income tax provisions and accruals. The assessment of additional taxes, interest and penalties as a result of audits, litigation or otherwise, could be materially adverse to NAVTEQ's current and future results of operations and financial condition.

***NAVTEQ may not generate sufficient future taxable income to realize its deferred tax assets.***

NAVTEQ has a significant amount of tax loss carryforwards and interest expense carryforwards that will be available to reduce the taxes it would otherwise owe in the future. NAVTEQ has recognized the value of these future tax deductions in its consolidated balance sheet at December 31, 2005. The realization of NAVTEQ's deferred tax assets is dependent upon the combined company's generation of future taxable income during the periods in which the combined company is permitted, by law, to use those assets. NAVTEQ exercises judgment in evaluating its ability to realize the recorded value of these assets, and consider a variety of factors, including the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. NAVTEQ's evaluation of the realizability of deferred tax assets must consider both positive and negative evidence, and the weight given to the potential effects of positive and negative evidence is based on the extent to which the evidence can be verified objectively. While NAVTEQ believes that sufficient positive evidence exists to support its determination that the realization of its deferred tax assets is more likely than not, it cannot assure you that it will have profitable operations in the future that will allow it to fully realize those assets.

***Increased governmental regulation may place additional burdens on NAVTEQ's business and adversely affect its ability to compete.***

Although NAVTEQ does not believe governmental regulation has had a material effect on its business and operations to date, it is possible that it will experience the effects of increased regulation in the future. In Europe and the United States, the combination of heightened security concerns and the increase in the breadth and accuracy of NAVTEQ's map database could result in more restrictive laws and regulations, such as export control laws, applicable to its database. In addition, automobile safety initiatives may result in restrictions on devices that use NAVTEQ's database. As NAVTEQ continues to expand its geographic coverage, policies favoring local companies and other regulatory initiatives may result in export control laws and other restrictions on its ability to access, collect and use map data or otherwise conduct business in various countries throughout the world. NAVTEQ's failure to comply with local policies and regulations could result in a number of adverse

consequences, including loss of access to map data, restrictions or prohibitions on its use of map information, financial penalties, criminal sanctions or loss of licenses or other authority to do business in those jurisdictions. Any of these occurrences could adversely affect NAVTEQ's ability to complete, improve, license or distribute its database, which could result in a competitive disadvantage for it and the possible loss of customers and revenue.

***NAVTEQ is required to evaluate its internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002 and any adverse results from such evaluation could result in a loss of investor confidence in its financial reports and have an adverse effect on NAVTEQ's stock price.***

As a public reporting company, NAVTEQ must comply with the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the Securities and Exchange Commission, including expanded disclosures and accelerated reporting requirements. NAVTEQ is now required to furnish a report by its management on its internal control over financial reporting. The report must contain among other matters, an assessment of the effectiveness of its internal control over financial reporting as of the end of its fiscal year. This assessment must include disclosure of any material weaknesses in NAVTEQ's internal control over financial reporting identified by management. The report must also contain a statement that NAVTEQ's auditors have issued an attestation report on management's assessment of such internal control.

NAVTEQ's annual report on Form 10-K for the year ended December 31, 2005 included NAVTEQ's management's report stating that its management had assessed the effectiveness of NAVTEQ's internal control over financial reporting for the year ended December 31, 2005, and had concluded that as of December 31, 2005, its internal control over financial reporting was effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. It also included an attestation from NAVTEQ's auditors that NAVTEQ's report is fairly stated. However, if NAVTEQ's management identifies one or more material weaknesses in its internal control over financial reporting in the future in accordance with NAVTEQ's annual assessment, it will be unable to assert that its internal control is effective. If NAVTEQ is unable to assert that its internal control over financial reporting is effective for any fiscal year, or if its auditors are unable to attest that its management's report is fairly stated or they are unable to express an opinion on the effectiveness of its internal control, NAVTEQ could lose investor confidence in the accuracy and completeness of its financial reports, which could have an adverse effect on its stock price.

Likewise, if NAVTEQ is not able to comply with the requirements of Section 404 in a timely manner or if its auditors are not able to complete the procedures required to support its attestation report, NAVTEQ could lose investor confidence in the accuracy and completeness of its financial reports, which could have an adverse effect on its stock price.

***If NAVTEQ cannot retain its existing management team or attract and retain highly skilled and qualified personnel, its business could be adversely affected.***

NAVTEQ's success depends to a significant degree on the skills, experience and efforts of its current executive officers, including Judson C. Green, President and Chief Executive Officer, David B. Mullen, Executive Vice President and Chief Financial Officer and John K. MacLeod, Executive Vice President, NAVTEQ Connected Services and its other key employees, including management, sales, support, technical and services personnel. Qualified employees are in high demand throughout technology-based industries, and NAVTEQ's future success depends in significant part on its ability to attract, train, motivate and retain highly skilled employees and the ability of its executive officers and other members of senior management to work effectively as a team.



***If NAVTEQ is unable to integrate acquired companies effectively, its business could be adversely affected.***

NAVTEQ may pursue acquisitions of existing companies in order to grow its business, to expand the scope and breadth of its database and to diversify its products and services. NAVTEQ cannot assure you that it will be able to successfully integrate its recent acquisition of The Map Network, Inc. or any future acquisitions, that these acquired companies will operate profitably, or that it will realize the potential benefits from these acquisitions. If NAVTEQ does not successfully integrate acquired companies, the attention of its management may be diverted and its business, financial condition and results of operations could be adversely affected.

***If NAVTEQ fails to adapt its technology infrastructure, map database and data collection tools to changes in technology, it could lose its existing customers and be unable to attract new business.***

The market for products and services incorporating digital map information is evolving and is characterized by rapid technological change, changes in customer requirements, the introduction of new products and services and enhancements to existing products and services. Although NAVTEQ's database currently can be used by its customers in a wide variety of applications, it will need to be able to maintain the compatibility of its map database with new products and services introduced as a result of technological changes. If NAVTEQ is unable to do so, demand for its database could decline and its revenue would be adversely affected.

In addition, NAVTEQ's customers expect it to be able to handle larger amounts of data comprising of new and often dynamic content on an increasingly real-time basis. If NAVTEQ's technology infrastructure and data collection tools are inflexible or unable to effectively respond to such expectations, its customers may purchase map data and related content from other sources.

***If NAVTEQ fails to establish and maintain relationships with third party sources of data used in its map database or other suppliers, its business is likely to suffer.***

NAVTEQ depends upon third party sources for data to build, maintain and enhance its database. In certain cases, this data is readily available only from limited third party sources and/or at significant cost. NAVTEQ cannot assure you that it will be successful in maintaining its relationships with its current third party sources or that it will be able to continue to obtain data from them on acceptable terms or at all. NAVTEQ also cannot assure you that it will be able to obtain data from alternative sources if its current sources become unavailable. In some cases, NAVTEQ may obtain data on less favorable terms in order to satisfy its customers' requirements. In addition, NAVTEQ may be unable to obtain data from additional sources that would allow it to enhance its existing coverage and expand its geographic coverage. NAVTEQ's rights to use any data it obtains may be limited in scope and duration and subject to various other terms and restrictions that may reduce its usefulness to it. NAVTEQ's inability to obtain data from its current sources or additional or alternative sources, or to use the acquired data for its intended purposes, may impair or delay the further development, updating and distribution of its database. Any impairments or delays may adversely affect its relationships with its customers and cause it to lose revenue. Further, if NAVTEQ must pay more for the data than it has in the past or acquire data on unfavorable terms to satisfy customer requirements, its profitability may be adversely affected.

NAVTEQ also relies on one of its suppliers to produce end-user copies of its data. If NAVTEQ is unable to obtain end-user copies from such supplier on terms acceptable to it or at all, it may be difficult to find a replacement, and could result in significant increase to NAVTEQ's costs in cases where it distributes its map data directly to automotive manufacturers.

***If NAVTEQ's customers do not accurately report the amount of license fees owed to it, NAVTEQ will not receive all of the revenue to which it is entitled.***

Except with respect to NAVTEQ's automobile manufacturer customers for whom it makes and distributes copies of its database, NAVTEQ relies on its customers to report the amount of license fees owed to it under its agreements with them. The majority of NAVTEQ's agreements, including those with its key customers, give NAVTEQ the right to audit their records to verify this information. However, these audits can be expensive, time-consuming and possibly detrimental to NAVTEQ's ongoing business relationships with its customers. As a result, to date NAVTEQ has only audited a small number of customers in any given year and have relied primarily on the accuracy of its customers' reports. To the extent those reports are inaccurate, the revenue NAVTEQ collects from its customers could be materially less than the amount it should be receiving from them. Though NAVTEQ believes the revenue lost from underreporting has not been material historically, it cannot estimate the impact of underpayments in the future.

***Errors or defects in the database NAVTEQ delivers to customers may expose it to risks of product liability claims and adversely affect its reputation, which could result in customer loss, decreased revenue, unexpected expenses and loss of market share.***

The use of NAVTEQ's data in route guidance products and other navigation products and applications involves an inherent risk of product liability claims and associated adverse publicity. Claims could be made by NAVTEQ's customers if errors or defects result in failure of their products or services, or by end-users of those products or services or others alleging loss or harm as a result of actual or perceived errors or defects in its map database. NAVTEQ's potential exposure may increase as products and services incorporating its map database begin to be used more widely in emergency response or other safety-related applications and as the information included in earlier versions of NAVTEQ's map database becomes dated or obsolete. In addition, errors or defects in NAVTEQ's database may require us to participate in product recalls, or cause us to voluntarily initiate a recall in order to maintain good customer relationships.

Product liability claims present a risk of protracted litigation, substantial money damages, attorneys' fees, costs and expenses, and diversion of management's attention from the operation of NAVTEQ's business. Although NAVTEQ has not had any product liability claims brought against it to date, it cannot assure you that claims will not be brought in the future. NAVTEQ attempts to mitigate the risks of product liability claims through the use of disclaimers, limitations of liability and similar provisions in its license agreements; however, it cannot assure you that any of these provisions will prove to be effective barriers to claims. Recalls also may be costly and divert management's attention from the operation of NAVTEQ's business. In some circumstances, NAVTEQ is contractually obligated to indemnify its customers for liabilities, costs and expenses arising out of product liability claims. Providing indemnification or contesting indemnification claims from its customers may result in NAVTEQ incurring substantial costs and expenses. In some cases, purchase orders submitted by its customers purport to incorporate certain customer-favorable contractual terms and conditions which, if given effect, could increase NAVTEQ's potential product liability and recall liability exposure. In addition, adverse publicity may reduce NAVTEQ's customers' willingness to incorporate its database and related applications into their products, which would adversely affect its revenue.

***NAVTEQ's inability to adequately protect its map database and other intellectual property could enable others to market databases with similar coverage and features that may reduce demand for NAVTEQ's database and adversely affect its revenue.***

NAVTEQ relies primarily on a combination of copyright laws, trade secrets, patents, database laws and contractual rights to establish and protect its intellectual property rights in its database, software and related technology. NAVTEQ cannot assure you that the steps it has taken or will take to

protect its intellectual property from infringement, misappropriation or piracy will prove to be sufficient. Current or potential competitors may use its intellectual property without NAVTEQ's authorization in the development of databases, software or technologies that are substantially equivalent or superior to NAVTEQ's, and even NAVTEQ discovers evidence of infringement, misappropriation or intellectual property piracy, its recourse against them may be limited or could require it to pursue litigation, which could involve substantial attorneys' fees, costs and expenses and diversion of management's attention from the operation of its business. NAVTEQ's database is a compilation of public domain, licensed, otherwise-acquired and independently developed information obtained from various sources such as aerial photographs, commercially available maps and data, government records, other data sources and field observation. Current or potential competitors may be able to use publicly available sources of information and techniques similar to what NAVTEQ uses to independently create a database containing substantially the same information as NAVTEQ's database. Any of these events likely would harm its competitive position.

The laws of some countries in which NAVTEQ operates do not protect its intellectual property rights to the same extent as the laws of other countries. For example, although NAVTEQ's database and software are protected in part by copyright, database and trade secret rights, copyright protection does not extend to facts and legislative database protections that relate to compilations of facts currently exist only in certain countries of Europe and do not exist in the United States or Canada. In addition, as NAVTEQ continues to expand its geographic coverage outside of Europe and North America, there may be little or no intellectual property protection and increased rates of piracy. Further, NAVTEQ recently has begun to outsource some software development and data production functions and license certain data collection tools and know how to third parties located in foreign countries where it believes there is an increased risk of infringement, misappropriation and piracy and an increased possibility that it may not be able to enforce its contractual and intellectual property rights.

Copies of NAVTEQ's database that are distributed to end-users do not always include effective protection against unlawful copying. While NAVTEQ attempts to stop data piracy, its database is sometimes illegally copied and sold through auction sites and other channels.

***NAVTEQ may face intellectual property infringement claims that could be time consuming, costly to defend and result in NAVTEQ's loss of significant rights.***

Due to the uncertain and developing nature of this area of intellectual property law, NAVTEQ cannot assure you that claims of infringement or similar claims will not be asserted against it. Various public authorities and private entities claim copyright or other ownership of or protection with respect to certain data and map information that NAVTEQ uses in its database. Although NAVTEQ's general policy is to seek to obtain licenses or other rights where necessary or appropriate, it cannot assure you that it has obtained or will be successful in obtaining all of these licenses or rights. In the event that claims are asserted against NAVTEQ, it may be required to obtain one or more licenses from third parties. NAVTEQ may or may not be able to obtain those licenses at a reasonable cost or at all. Also, if NAVTEQ is found to have infringed the intellectual property rights of a third party, it may be subject to payment of substantial royalties or damages, or enjoined or otherwise prevented from marketing part or all of its database, software or related technologies and/or products which would incorporate its database, software or related technologies, any of which could cause NAVTEQ to lose revenue, impair its customer relationships and damage its reputation.

NAVTEQ also claims rights in its trademarks and service marks. Certain of NAVTEQ's marks are registered in Europe, the United States, and elsewhere and it has filed applications to register certain other marks in these jurisdictions. Marks of others that are the same or similar to certain of its marks currently exist or may exist in the future. NAVTEQ cannot assure you that it will be able to continue using certain marks or that certain of its marks do not infringe the marks of others. NAVTEQ has

licensed others to use certain of its marks in connection with its database and software and expects to continue licensing certain of its marks in the future. Licensees of NAVTEQ's marks may take actions that might materially and adversely affect the value of NAVTEQ's marks or reputation.

***NAVTEQ's intellectual property indemnification practices and potential obligations may adversely affect its business.***

NAVTEQ's license agreements with its customers generally contain indemnification provisions which, in certain circumstances may require it to indemnify its customers for liabilities, costs and expenses arising out of violations of intellectual property rights. These indemnification provisions and other actions by NAVTEQ may result in indemnification claims or claims of intellectual property right infringement. In some instances, the potential amount of the indemnities may be greater than the revenue it receives from the customer. Any indemnification claims or related disputes or litigation, whether ultimately NAVTEQ is or is not required to provide indemnification, could be time-consuming and costly, damage its reputation, prevent it from offering some services or products, or require it to enter into royalty or licensing arrangements, which may not be on terms favorable to it.

***NAVTEQ's technology systems may suffer failures and business interruptions that could increase its operating costs and cause delays in its operations.***

NAVTEQ's operations face the risk of systems failures. Although NAVTEQ believes it has sufficient disaster recovery plans and redundant systems in place, its systems and operations are vulnerable to damage or interruption from fire, flood, power loss, computer hardware and software failure, telecommunications failure, computer hacking break-ins and similar events. The occurrence of a natural disaster or unanticipated problems with its technology systems at NAVTEQ's production facility in Fargo, North Dakota, at the location of the mainframe computer that stores its map database or at its offices in Chicago, Illinois and Veldhoven, the Netherlands could cause interruptions or delays in the ongoing development and enhancement of its map database and related software, and inhibit its ability to timely deliver its database to its customers, which in turn could cause it to lose customers or revenue. NAVTEQ's technology systems may also be subject to capacity constraints which would cause increased operating costs in order to overcome these constraints.

In addition, NAVTEQ is in the process of migrating its computer systems related to its database to a new platform, and during this process it is incurring both the costs associated with migrating and maintaining its legacy systems. While NAVTEQ cannot assure you that there will not be unanticipated costs, it does not believe that the costs associated with the migration will be material to its results of operations. Hardware failure or software errors occurring in NAVTEQ's legacy systems or during repair or after the completion of this migration could result in errors in its database, which could cause it to have to repair and re-ship its database to some customers and hinder its ability to timely deliver its database to its customers. Repairs and reshipments of its data could result in a material increase in its operating costs, subject us to liability from its customers and end-users and harm its reputation. Delays in completing the migration also could inhibit NAVTEQ's ability to enhance and improve its database, which could adversely affect its ability to compete.

***NAVTEQ is required to achieve and maintain various quality assurance standards and if it is unable to do so, NAVTEQ's key customers may not do business with it.***

Many of NAVTEQ's customers, particularly those in the automotive industry, require their suppliers to maintain certain quality assurance standards and certifications, including those pursuant to the ISO series of international standards. Although NAVTEQ has achieved many of these certifications, it cannot assure you that it will be able to continue to meet these standards in the future or that its customers will not require it to obtain and maintain certifications under different or more stringent standards in the future, which it may or may not be able to accomplish. If NAVTEQ is unable

to do so, those customers may refuse to do business with it, which could materially reduce its revenue and adversely affect its reputation.

***Changes to financial accounting standards may affect NAVTEQ's results of operations and cause it to change its business practices.***

NAVTEQ prepares its financial statements to conform with generally accepted accounting principles, or GAAP, in the United States. These accounting principles are subject to interpretation by the American Institute of Certified Public Accountants, the Financial Accounting Standards Board, or FASB, the SEC and various bodies formed to promulgate and interpret appropriate accounting policies. A change in those accounting principles or interpretations could have a significant effect on NAVTEQ's reported financial results and may affect its reporting of transactions completed before a change is announced or adopted.

#### **Risks Related to Ownership of NAVTEQ's Common Stock**

***NAVTEQ's stock price may be volatile, and you may not be able to resell shares of its common stock at or above the price you paid or at all.***

The price of NAVTEQ common stock may fluctuate widely, depending upon many factors, including the market's perception of its prospects and those of geographic data providers in general, differences between its actual financial and operating results and those expected by investors and analysts, changes in analysts' recommendations or projections, changes in general economic or market conditions and broad market fluctuations. Broad market and industry factors may decrease the market price of NAVTEQ common stock, regardless of its actual operating performance. Stock prices for technology-related companies have experienced significant price and volume volatility. Companies that experience volatility in the market price of their securities often are subject to securities class action litigation. This type of litigation, if instituted against NAVTEQ, could result in substantial costs and divert management's attention and resources away from its business. In addition, NAVTEQ is currently experiencing a major shift in its business from in-vehicle navigation devices to location-enabled mobile devices which is causing its business to be more seasonal and difficult to predict, each of which could result in volatility in its stock price.

***NAVTEQ's quarterly revenue and operating results are difficult to predict and if it does not meet quarterly financial expectations its stock price may experience increased volatility.***

NAVTEQ's quarterly revenue and operating results are difficult to predict due to a variety of factors, including the timing of purchases by its customers, the introduction of new products or services by them incorporating its map database and changes in its pricing policies or those of its competitors. These or other factors, many of which are beyond NAVTEQ's control, may result in this unpredictability continuing in the future. This could cause NAVTEQ's operating results in some quarters to vary from market expectations and lead to volatility in its stock price. NAVTEQ currently does not provide guidance to the marketplace with respect to its quarterly financial results. As such, analysts' estimates may not reflect NAVTEQ's own expectations as to its future financial performance.

***If securities or industry analysts do not publish research or reports about NAVTEQ's business, or if they change their recommendations regarding NAVTEQ stock adversely, its stock price and trading volume could decline.***

The trading market for NAVTEQ common stock will be influenced by the research and reports that industry or securities analysts publish about it or its business. If one or more of the analysts who cover NAVTEQ downgrade NAVTEQ stock, its stock price would likely decline. If one or more of these

analysts ceases coverage of NAVTEQ or fails to regularly publish reports on it, NAVTEQ could lose visibility in the financial markets, which in turn could cause its stock price or trading volume to decline.

***NAVTEQ may require additional capital in the future, which may not be available to it. Sales of its equity securities to provide this capital may dilute your ownership in NAVTEQ.***

NAVTEQ may need to raise additional funds through public or private debt or equity financings in order to:

- take advantage of expansion opportunities;
- acquire complementary businesses or technologies;
- develop new services and products; or
- respond to competitive pressures.

Any additional capital raised through the sale of NAVTEQ's equity securities may dilute your percentage ownership interest in NAVTEQ. Furthermore, any additional financing NAVTEQ may need may not be available on terms favorable to it or at all. The unavailability of needed financing could adversely affect NAVTEQ's ability to execute its growth strategy.

***NAVTEQ does not intend to pay dividends for the foreseeable future.***

Except for the special cash dividend that was paid on June 18, 2004 to NAVTEQ's common stockholders of record as of April 19, 2004, NAVTEQ has never declared or paid any cash dividends on its common stock. Payment of future cash dividends will be at the discretion of NAVTEQ's board of directors after taking into account various factors, including NAVTEQ's financial condition, operating results, current and anticipated cash needs and plans for expansion, and any limitations on dividend payments included in any financing or other agreements that NAVTEQ may be party to at the time. NAVTEQ's existing credit facility currently restricts its ability to pay dividends. Consequently, investors cannot rely on dividend income and your opportunity to achieve a return on your investment in NAVTEQ common stock will likely depend entirely upon any future appreciation in the price of its stock. There is no guarantee that the price of common stock will appreciate in the future or that the price at which you purchased your shares will be maintained.

***Delaware law and NAVTEQ's certificate of incorporation and bylaws contain provisions that could delay and discourage takeover attempts that stockholders may consider favorable.***

Certain provisions of NAVTEQ's certificate of incorporation and bylaws and applicable provisions of Delaware corporate law may make it more difficult for or prevent a third party from acquiring control of NAVTEQ or changing NAVTEQ's board of directors and management. These provisions include:

- the ability by NAVTEQ's board of directors to issue preferred stock with voting or other rights or preferences;
- NAVTEQ's stockholders may only take action at a meeting of NAVTEQ's stockholders and not by written consent; and
- NAVTEQ's stockholders must comply with advance notice procedures in order to nominate candidates for election to its board of directors or to place stockholders' proposals on the agenda for consideration at meetings of the stockholders.

**Any delay or prevention of a change of control transaction or changes in NAVTEQ's board of directors or management could deter potential acquirors or prevent the completion of a transaction in which NAVTEQ's stockholders could receive a substantial premium over the then current market price for their shares.**



**THE SPECIAL MEETING OF TRAFFIC.COM STOCKHOLDERS**

This proxy statement/prospectus is being furnished to you as part of the solicitation of proxies by Traffic.com's board of directors in connection with a special meeting of Traffic.com's stockholders. The purpose of the special meeting is for you to consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of November 5, 2006, by and among Traffic.com, NAVTEQ, NAVTEQ Holdings B.V. and NAVTEQ Holdings Delaware, Inc., pursuant to which Traffic.com will merge with and into NAVTEQ Holdings Delaware, Inc. A copy of the merger agreement is attached to this proxy statement/prospectus as *Annex A* and is incorporated by reference into this proxy statement/prospectus.

This proxy statement/prospectus is first being furnished to the stockholders of Traffic.com on or about \_\_\_\_\_, 2007.

**Date, Time and Place of the Special Meeting**

The special meeting of the stockholders of Traffic.com will be held on \_\_\_\_\_, 2007, at \_\_\_\_\_ a.m. Eastern time, at Valley Forge Suites, 888 Chesterbrook Blvd., Wayne, Pennsylvania 19087.

**Purpose of the Special Meeting**

At the special meeting, Traffic.com stockholders will be asked:

- to consider and vote upon a proposal to adopt the merger agreement; and
- to transact any business as may properly be brought before the special meeting or an adjournment or postponement of the special meeting.

At this time, the Traffic.com board of directors is unaware of any matters, other than those set forth in the Notice of Special Meeting of Stockholders, that may properly come before the special meeting.

If the stockholders of Traffic.com adopt the merger agreement, Traffic.com will merge with and into NAVTEQ Holdings Delaware, Inc., a wholly-owned subsidiary of NAVTEQ B.V. (a wholly-owned subsidiary of NAVTEQ), and NAVTEQ Holdings Delaware, Inc. will survive the merger as a wholly-owned subsidiary of NAVTEQ.

After careful consideration, Traffic.com's board of directors has unanimously approved the merger agreement and determined that the merger is advisable, fair to and in the best interests of, Traffic.com and Traffic.com's stockholders and unanimously recommends that you vote **FOR** the adoption of the merger agreement.

**Record Date for the Special Meeting**

Traffic.com's board of directors has fixed the close of business on \_\_\_\_\_, 2007 as the record date for determining those Traffic.com stockholders entitled to notice of and to vote at the Traffic.com special meeting. On the record date, there were \_\_\_\_\_ shares of Traffic.com common stock outstanding and entitled to vote, held by approximately \_\_\_\_\_ holders of record. A list of stockholders eligible to vote at the meeting will be available for review during regular business hours at Traffic.com's headquarters, located at 851 Duportail Road, Wayne, Pennsylvania 19087, for ten days prior to the meeting.

**Vote of Traffic.com Stockholders Required for Adoption of the Merger**

A majority of outstanding shares of Traffic.com common stock entitled to vote at the special meeting must be represented in person or by proxy to constitute a quorum for the conduct of business at the special meeting. The adoption of the merger agreement and approval of the



transactions contemplated thereby, including the merger, requires the affirmative vote of a majority of the outstanding shares of Traffic.com common stock. At the special meeting, each holder of Traffic.com common stock is entitled to one vote for each share of Traffic.com common stock held as of the record date.

Pursuant to voting agreements by and among NAVTEQ, Traffic.com, NAVTEQ Holdings B.V., NAVTEQ Holdings Delaware, Inc. and certain Traffic.com stockholders, subject to certain limitations, each of these stockholders has agreed to vote his or its shares of Traffic.com common stock in favor of the adoption of the merger agreement and the transactions contemplated thereby. As of the record date, these stockholders beneficially owned approximately \_\_\_\_\_ issued and outstanding shares of Traffic.com common stock, which represents approximately \_\_\_\_\_ % of the outstanding shares of Traffic.com common stock entitled to vote at the special meeting.

Pursuant to a voting agreement by and among NAVTEQ, Traffic.com, NAVTEQ Holdings B.V., NAVTEQ Holdings Delaware, Inc. and certain TL Ventures entities, subject to certain limitations, these TL Ventures entities have agreed to vote their shares of Traffic.com common stock in favor of the adoption of the merger agreement and the transactions contemplated thereby. Under the voting agreement, these TL Ventures entities have agreed to elect to receive their per share merger consideration entirely in shares of NAVTEQ common stock. As of the record date, these TL Ventures entities beneficially owned approximately \_\_\_\_\_ issued and outstanding shares of Traffic.com common stock, which represents approximately \_\_\_\_\_ % of the outstanding shares of Traffic.com common stock entitled to vote at the special meeting. Pursuant to an agreement with NAVTEQ and Traffic.com, these TL Ventures entities have agreed to exchange these warrants for NAVTEQ common stock.

#### **Adjournment or Postponement**

The special meeting may be adjourned or postponed by the chairman of Traffic.com's board of directors or other authorized persons in order to permit further solicitation of proxies.

#### **Voting and Voting of Proxies**

All shares of Traffic.com common stock represented by properly executed proxies or voting instructions that are received prior to or at the special meeting prior to the closing of the polls will, unless revoked, be voted in accordance with the instructions indicated on those proxies or voting instructions. If no instructions are indicated on a properly executed proxy or voting instruction card, the shares will be voted **FOR** adoption of the merger agreement. All properly executed proxy cards or voting instruction cards that have indicated an abstention from voting will be considered present at the special meeting for purposes of determining a quorum, but will have the same effect as a vote against the adoption of the merger agreement as described herein. All stockholders are urged to mark the applicable box on the proxy card or voting instruction card to indicate how to vote all shares.

For Traffic.com shares held in an account at a broker or bank, the voting stockholder must instruct the broker or bank on how to vote the Traffic.com shares. If an executed proxy card returned by a broker or bank indicates that the broker or bank does not have discretionary authority to vote on a particular matter, the shares will be considered present at the special meeting for purposes of determining the presence of a quorum, but will have the same effect as a vote against adopting the merger agreement. This is called a broker non-vote. A broker or bank will vote shares over which it does not have discretionary authority only if the stockholder that beneficially owns the shares provides instructions on how to vote the shares.

Because the adoption of the merger agreement requires the affirmative vote of a majority of the outstanding shares of Traffic.com common stock entitled to vote, all abstentions, failures to submit a properly signed proxy card or voting instruction card and broker non-votes will have the same effect as votes against the adoption of the merger agreement.

Traffic.com currently does not expect that any matter other than the proposal described herein will be brought before the special meeting. If, however, other matters are properly presented, the persons named as proxies will vote in accordance with their judgment with respect to those matters.

The persons named as proxies may vote for one or more adjournments of the special meeting to permit further solicitations in favor of the proposals to be considered at those meetings.

#### **Revocability of Proxies**

You may revoke your proxy at any time before it is voted by:

- filing a written notice of revocation with the Secretary of Traffic.com at 851 Duportail Road, Wayne, Pennsylvania, 19087 prior to or at the special meeting;
- delivering a properly executed subsequently dated proxy card prior to or at the special meeting; or
- appearing in person and voting at the special meeting.

Attendance at the special meeting will not in and of itself constitute the revocation of a proxy. If the special meeting is postponed or adjourned, it will not affect the ability of Traffic.com stockholders of record to exercise their voting rights or to revoke any previously-granted proxy by using the methods described above.

#### **Solicitation of Proxies**

Traffic.com will pay all expenses relating to this proxy solicitation. Traffic.com reserves the right to retain a solicitation agent to assist in the solicitation of proxies. Traffic.com will also request banks, brokers and other intermediaries holding shares of Traffic.com common stock beneficially owned by others to send this proxy statement/prospectus to, and obtain proxies from, the beneficial owners and will, if requested, reimburse the record holders for their reasonable out-of-pocket expenses in so doing. Solicitation of proxies by mail may be supplemented through solicitation by telephone and other electronic means, advertisements and personal solicitation by the directors, officers or employees of Traffic.com. No additional compensation will be paid to Traffic.com's directors, officers or employees for soliciting votes in connection with the special meeting.

#### **Householding of Special Meeting Materials**

Some banks, brokers and other record holders may be participating in the practice of "householding" proxy statements. This means that only one copy of the proxy statement/prospectus may have been sent to multiple stockholders in your household. Traffic.com will promptly deliver a separate copy of the proxy statement/prospectus to you if you write to or call Traffic.com at the following address or phone number: Traffic.com, Inc., 851 Duportail Road, Wayne, Pennsylvania 19087, Telephone: (610) 725-9700, Attention: General Counsel.

**The matters to be considered at the special meeting are of great importance to the stockholders of Traffic.com. Accordingly, you are urged to read and carefully consider the information presented in this proxy statement/prospectus, and to complete, date, sign and promptly return the enclosed proxy card in the enclosed postage-paid and addressed envelope (or, in the case of shares of Traffic.com held for you by a broker, to give voting instructions to your broker).**

**You should not send in any stock certificates with your proxy card. A transmittal letter with instructions for the surrender of your Traffic.com stock certificates will be mailed to you as soon as practicable after completion of the merger.**

## THE MERGER

### General

The NAVTEQ and Traffic.com boards of directors have approved the merger agreement, the merger and the transactions contemplated by the merger agreement. At the effective time of the merger, Traffic.com will be merged with and into NAVTEQ Holdings Delaware, Inc. and the separate existence of Traffic.com will cease. Each outstanding share of Traffic.com common stock will be converted into the right to receive, at the election of the holder (subject to certain conditions, including those pertaining to pro-ration described elsewhere in this proxy statement/prospectus): (i) \$8.00 in cash, without interest or (ii) 0.235 shares of NAVTEQ common stock. The election of cash or stock will be subject to a limit on total cash consideration of \$49 million (minus the cash value of dissenting shares) and a total stock consideration equal to 4.3 million shares of NAVTEQ common stock (less the shares of NAVTEQ common stock issued to holders of warrants to purchase Traffic.com stock that are exchanged for NAVTEQ common stock).

### Background of the Merger

NAVTEQ and Traffic.com have maintained a customer-supplier relationship since 2004, when NAVTEQ launched its traffic data service with Traffic.com serving as one of the primary sources of traffic data for NAVTEQ.

In April 2005, David B. Mullen, NAVTEQ's Executive Vice President and Chief Financial Officer and Robert N. Verratti, Traffic.com's Chief Executive Officer, first discussed NAVTEQ's possible interest in acquiring Traffic.com. On May 5, 2005, Mr. Mullen, Judson C. Green, NAVTEQ's Chief Executive Officer and President and Howard Hayes, NAVTEQ's Vice President of Dynamic Content Product Management, met with Mr. Verratti, Mark J. DeNino, Traffic.com's Chairman, Christopher M. Rothey, Traffic.com's Chief Operating Officer, and a representative of TL Ventures, Traffic.com's largest stockholder, to further discuss a potential acquisition. Subsequent to that meeting, Mr. Verratti informed Mr. Green that Traffic.com was exploring the possibility of an initial public offering of its stock and, therefore, any acquisition proposal from NAVTEQ would need to be at a purchase price above Traffic.com's anticipated initial public offering valuation. The parties continued their discussions through August 2005, and during that time period Traffic.com provided NAVTEQ certain background business, and financial information. The parties terminated discussions in August 2005 when they could not reach agreement regarding valuation. On August 31, 2005, Traffic.com filed a registration statement on Form S-1 with the SEC for its initial public offering. Traffic.com completed its initial public offering in January 2006.

On May 5, 2006, Mr. Hayes contacted Mr. Rothey to discuss Traffic.com's interest in exploring a potential acquisition of Traffic.com by NAVTEQ. Mr. Rothey reported this conversation to Mr. Verratti, and on May 8, 2006, after Messrs. Rothey and Verratti discussed the matter with other members of senior management at Traffic.com and with individual members of Traffic.com's board of directors, Mr. Rothey contacted Mr. Hayes to discuss what NAVTEQ's plans for Traffic.com might be if an acquisition were to occur, NAVTEQ's views as to the potential benefits of such a transaction to Traffic.com and its stockholders, and whether NAVTEQ was considering a transaction structure that would include NAVTEQ stock as all or part of the merger consideration. Mr. Rothey informed Mr. Hayes that a NAVTEQ proposal for an all cash deal at a purchase price below the initial public offering price for Traffic.com's stock was not likely to be acceptable.

Between May 5, 2006 and May 16, 2006, NAVTEQ purchased 375,800 shares of Traffic.com common stock on the open market for an average price of \$5.30 per share.

As a follow-up to the conversations between Messrs. Hayes and Rothey, Mr. Mullen contacted Mr. Verratti on May 11, 2006 to further discuss Traffic.com's interest in exploring a potential acquisition of Traffic.com by NAVTEQ. Mr. Verratti called Mr. Mullen on May 15, 2006 to express Traffic.com's

willingness to explore a potential acquisition by NAVTEQ and suggested that the parties meet. On May 18, 2006, Messrs. Verratti and Mullen met in Chicago along with Douglas Power, NAVTEQ's Vice President, Corporate Development and James Ratigan of Merrill Lynch, Pierce, Fenner & Smith Incorporated (which we refer to as Merrill Lynch), NAVTEQ's financial advisor, and John Josephson, one of Traffic.com's directors and a Managing Director of Allen & Company LLC, Traffic.com's financial advisor. The parties discussed generally their respective interests in possibly pursuing a transaction. Mr. Verratti indicated that Traffic.com might possibly consider a transaction at a purchase price per share of Traffic.com common stock less than Traffic.com's initial public offering price if the transaction consideration to be paid to Traffic.com's stockholders consisted largely of NAVTEQ stock. Mr. Verratti did not indicate a specific price or range of prices which he thought might be acceptable to Traffic.com. Mr. Verratti stated that he would discuss NAVTEQ's interest with other members of Traffic.com's board and would contact NAVTEQ thereafter to indicate whether Traffic.com believed that further discussions were warranted. Mr. Verratti reported the outcome of the meeting to the members of Traffic.com's board of directors and they discussed their various opinions regarding the continuation of exploratory discussions. On May 19, 2006, Mr. Verratti informed Mr. Mullen that Traffic.com was interested in continuing discussions.

On May 22, 2006, Mr. Josephson sent Mr. Power a form of confidentiality and non-disclosure agreement in order to facilitate due diligence and further discussions between the parties. Representatives of NAVTEQ and Traffic.com negotiated the terms of this agreement, and the definitive form of confidentiality and non-disclosure agreement was signed by the parties on May 31, 2006. Neither the confidentiality and non-disclosure agreement nor any other agreement in effect between Traffic.com and NAVTEQ prior to the execution of the definitive merger agreement contained any provision that prevented Traffic.com from discussing potential business combinations with other parties.

On June 1, 2006, representatives of NAVTEQ and Merrill Lynch met with members of Traffic.com's management team at Traffic.com's offices and Traffic.com's management team presented an overview of Traffic.com's business and operations. Following the meeting on June 1, 2006 and continuing throughout June 2006, NAVTEQ forwarded due diligence requests to Traffic.com and Traffic.com, in response to those requests, provided NAVTEQ certain financial and operating data. In addition, Traffic.com personnel participated in a series of calls during June 2006 with NAVTEQ personnel and representatives of Merrill Lynch to review business and financial information provided by Traffic.com; to respond to various due diligence questions; and to discuss possible synergies that might be realized from a combination of Traffic.com and NAVTEQ.

Also, during this time period, after consultation with Traffic.com's board of directors regarding the most appropriate method for gathering information concerning the potential interest of other companies in undertaking a strategic transaction with Traffic.com, Allen & Company LLC conducted a market check of other companies which might have an interest in undertaking discussions with Traffic.com regarding a potential strategic alternative to the merger. A broad list of companies was compiled based on the Traffic.com board of directors' and Allen & Company LLC's assessment of potential strategic and synergistic benefits which could accrue as a result of a potential transaction. It was agreed that certain of such companies should not be contacted due to concerns related to the status of ongoing business relationships, confidentiality, and/or competitive reasons. The remainder of the companies on such list were contacted by Allen & Company LLC. Such contacts resulted in three companies expressing a sufficient level of interest to execute non-disclosure agreements, meet with Traffic.com management and review non-public information. After preliminary discussions with each of these companies, it was agreed between Traffic.com's board of directors and Allen & Company LLC that no party had expressed sufficiently serious interest to warrant further discussions regarding a potential transaction.

On June 15, 2006, Mr. Josephson called Mr. Power to discuss whether NAVTEQ, based upon its due diligence and analysis of Traffic.com, was interested in continuing discussions with Traffic.com and, if NAVTEQ was interested, Traffic.com requested that NAVTEQ provide a written preliminary indication of purchase price as soon as possible. Mr. Power responded that NAVTEQ was continuing its analysis and was not yet in a position to provide an indication of purchase price.

At a meeting of Traffic.com's board of directors on June 27, 2006, Traffic.com's management provided the board of directors with an update regarding its discussions with NAVTEQ.

On June 30, 2006, Messrs. Mullen and Power spoke with Messrs. Verratti and Josephson and verbally provided a preliminary purchase price indication of \$7.50 to \$8.50 per share of Traffic.com common stock, subject to the completion of additional due diligence and the approval of NAVTEQ's board of directors, with the purchase price to be paid in shares of NAVTEQ common stock. Mr. Verratti indicated that he believed the Traffic.com board of directors would likely not be interested in continuing discussions at a price per share of \$7.50, but would likely authorize continued negotiations at a price per share of \$8.50 or above, and that he and Mr. Josephson would discuss NAVTEQ's proposal with Traffic.com's board of directors before providing a further response.

On July 10, 2006, Traffic.com's board of directors met to evaluate and discuss NAVTEQ's interest in acquiring Traffic.com, including the preliminary purchase price indication of a range of \$7.50 to \$8.50 per share and transaction consideration consisting entirely of NAVTEQ common stock. Following this meeting, on July 11, 2006, Messrs. Verratti and Josephson informed Messrs. Power and Ratigan that Traffic.com's board of directors believed they could support a transaction providing consideration in the range of \$8.00 to \$9.00 per share of Traffic.com common stock, suggested the parties discuss a cash component to the offer and authorized management to continue discussions with NAVTEQ and allow further due diligence to proceed.

Representatives of NAVTEQ and Merrill Lynch engaged in additional due diligence during the remainder of July and until the end of the first week of August 2006. On July 18 and 19, 2006 representatives of NAVTEQ and Merrill Lynch visited Traffic.com's headquarters to conduct due diligence, including holding meetings with Traffic.com personnel to discuss possible synergies that could be realized from a combination of Traffic.com and NAVTEQ. In addition to these in-person meetings, Traffic.com continued to provide NAVTEQ and its advisors with financial and operating information in response to NAVTEQ's due diligence requests.

On July 31, 2006, Mr. Josephson informed Mr. Power of Traffic.com's request that NAVTEQ provide a definitive acquisition price proposal in advance of Traffic.com's board of directors meeting scheduled for August 8, 2006. In response to the request, on August 6, 2006, Messrs. Mullen and Power informed Messrs. Verratti and Josephson of a revised indication of interest providing for a purchase price of \$7.50 per share of Traffic.com common stock, with 75% of the purchase price to be paid in shares of NAVTEQ common stock and 25% to be paid in cash. They stated that this indication of interest was subject to the satisfactory completion of additional due diligence and approval of NAVTEQ's board of directors.

Traffic.com's board of directors met on August 8, 2006 to discuss NAVTEQ's revised indication of interest. Messrs. Green, Mullen and Power of NAVTEQ also attended part of the board meeting, at the invitation of Traffic.com's board of directors, to make a presentation regarding NAVTEQ and the revised indication of interest. At this meeting, Traffic.com's board of directors also authorized the formation of a special committee of the board of directors, consisting of non-management directors, to evaluate proposals to acquire Traffic.com.

The Traffic.com special committee and the full board of directors each held meetings on August 11, 2006 and discussed plans for responding to NAVTEQ's August 6, 2006 revised indication of interest. The board of directors determined to respond to NAVTEQ with a counterproposal providing for merger consideration of \$8.625 per share of Traffic.com common stock and a collar

mechanism to provide Traffic.com stockholders with protection against potential fluctuations in NAVTEQ's stock price. In addition, the counterproposal contemplated a consideration mix that would include both NAVTEQ common stock and cash, but cash in a smaller amount than proposed by NAVTEQ. On August 14, 2006 Messrs. Josephson and Plum, Chairman of the special committee, on behalf of the special committee and the full board of directors, informed Messrs. Power and Ratigan of the counterproposal.

On August 16, 2006, Messrs. Power and Ratigan participated in a conference call with Messrs. Josephson and Plum to discuss NAVTEQ's response to the counterproposal made in their August 14, 2006 call. In that call, Mr. Power indicated that Traffic.com's counterproposal price of \$8.625 per share was outside of the range of NAVTEQ's interest and that NAVTEQ would not consider a collar. Mr. Josephson asked NAVTEQ to respond with its final, best price offer for different cash and stock consideration mixes and collar scenarios.

Traffic.com's special committee met on August 17, 2006 to discuss NAVTEQ's counterproposal response. Following the meeting, Mr. Josephson called Mr. Ratigan and indicated that he believed the special committee would support a transaction with a purchase price of \$8.00 per share of Traffic.com common stock, and mixed consideration in the ratio of 75% NAVTEQ common stock and 25% cash. Subsequently, on August 22, 2006, Messrs. Power and Ratigan informed Mr. Josephson that NAVTEQ was continuing to evaluate the transaction and would resume negotiations after Labor Day.

On September 14, 2006, Messrs. Power and Ratigan called Messrs. Plum and Josephson, and Mr. Power conveyed NAVTEQ's best and final proposal, consisting of a purchase price of \$7.50 per share of Traffic.com common stock to be payable in NAVTEQ common stock for 75% of Traffic.com's shares and \$8.00 per share of Traffic.com common stock payable in cash for the remaining 25% of Traffic.com shares. In addition, the exact exchange ratio would be determined by NAVTEQ and Traffic.com immediately prior to signing the definitive merger agreement and be fixed at signing of the agreement, and NAVTEQ's proposal assumed that NAVTEQ's trading price would be in the range of \$25.00 to \$30.00 and there would likely be changes to the proposal if NAVTEQ's stock price was above \$30.00. Mr. Power also indicated that NAVTEQ's proposal did not include any collar mechanism, and was subject to NAVTEQ's satisfactory completion of due diligence and approval of its board of directors.

At a meeting of the Traffic.com board of directors on September 15, 2006, Messrs. Josephson and Plum conveyed NAVTEQ's revised proposal.

The Traffic.com special committee met on September 16, 2006 to discuss NAVTEQ's revised proposal. The special committee concluded that Traffic.com should continue discussions with NAVTEQ and move forward with drafting definitive transaction documents, subject to due diligence to be performed by Traffic.com on NAVTEQ, as NAVTEQ common stock would be a significant portion of the merger consideration if the transaction proceeded. Following this meeting at the direction of the committees, Mr. Plum retained Morris, Nichols, Arsht & Tunnell LLP to act as counsel to the special committee.

On September 20, 2006, Messrs. Josephson and Plum, on behalf of the special committee called Messrs. Power and Ratigan and indicated that NAVTEQ's September 14, 2006 proposal was acceptable and expressed Traffic.com's desire to negotiate and sign the transaction documents as soon as possible.

On September 21, 2006, representatives of NAVTEQ began additional due diligence at Traffic.com's executive offices. Additionally, Traffic.com began delivering confirmatory due diligence materials to NAVTEQ. Concurrently, Traffic.com personnel prepared financial and legal due diligence requests to be delivered to NAVTEQ in order to commence its due diligence regarding NAVTEQ.

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On September 22, 2006, Messrs. Power and Ratigan telephoned Mr. DeNino, as the representative of TL Ventures to discuss TL Ventures support of the transaction and NAVTEQ's requests for a voting agreement from TL Ventures in favor of the transaction and a six month lock-up period with respect to the shares of NAVTEQ common stock to be received by TL Ventures as part of the transaction consideration.

Traffic.com's special committee met on September 24, 2006 to discuss progress in discussions and due diligence occurring, as well as to discuss the hiring of independent outside legal counsel for the special committee.

Traffic.com's special committee met on September 26, 2006 to discuss progress in due diligence occurring and to discuss the hiring of an independent financial advisor for the special committee.

On September 27, 2006, Traffic.com received the first draft of the merger agreement from NAVTEQ's counsel, Pepper Hamilton LLP. The merger agreement and the related transaction documents were negotiated by the parties and counsel (including counsel to the special committee) throughout the period prior to the signing of the merger agreement on November 5, 2006.

On September 28, 2006, NAVTEQ's board of directors held a special meeting at which the proposed merger and the status of the negotiations were discussed by the directors with members of NAVTEQ's management.

On October 2, 2006, the special committee of Traffic.com's board of directors met to discuss the status of negotiations concerning the merger agreement as well as to discuss the final terms of engagement with its financial advisor. Following the meeting, the special committee retained Susquehanna Financial Group, LLLP to act as the special committee's financial advisor in connection with the intended transaction.

Traffic.com's board of directors met October 5, 2006 to discuss various issues regarding the terms of the draft merger agreement.

On October 6, 2006, members of Traffic.com's management, members of Traffic.com's board of directors (including a member of the special committee), representatives of Allen & Company LLC, representatives of Susquehanna Financial Group, LLLP and a representative of Ernst & Young LLP, Traffic.com's independent registered public accounting firm, met with NAVTEQ personnel at NAVTEQ's offices in Chicago for a NAVTEQ management presentation and to review other matters as part of Traffic.com's due diligence regarding NAVTEQ.

On October 10, 2006, NAVTEQ's board of directors held a regularly scheduled meeting at which the proposed merger and the status of the negotiations were discussed by the directors with members of NAVTEQ's management and its financial advisor, Merrill Lynch.

Traffic.com's special committee met on October 12, 2006 principally to discuss the outcome of the October 6, 2006 due diligence session.

On October 13, 2006, Traffic.com's board met to discuss the NAVTEQ diligence meeting in Chicago, review the status of the transaction, and to preview Traffic.com's third quarter financial results.

On October 16 and October 17, 2006, representatives of NAVTEQ and NAVTEQ's outside legal counsel, Pepper Hamilton LLP held discussions with representatives of Traffic.com and Traffic.com's outside legal counsel, Klehr, Harrison, Harvey, Branzburg & Ellers, LLP and the special committee's outside legal counsel, Morris, Nichols, Arshat and Tunnell LLP, regarding the terms and conditions in the draft merger agreement and related documents.

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Traffic.com's special committee met on October 23, 2006 to discuss the status of negotiations with respect to the proposed transaction.

On October 24, 2006, representatives of NAVTEQ and NAVTEQ's outside legal counsel, Pepper Hamilton LLP had further discussions with representatives of Traffic.com and Traffic.com's outside legal counsel, Klehr, Harrison, Harvey, Branzburg & Ellers LLP and the special committee's outside legal counsel, Morris, Nichols, Arsht and Tunnell LLP, regarding the terms and conditions in the draft merger agreement and related documents.

On October 25, 2006, NAVTEQ issued a press release announcing its third quarter results of operations.

On October 26, 2006, Mr. Power spoke with Gary Anderson, a representative of TL Ventures, regarding the proposed transaction terms.

Traffic.com's special committee met on October 27, 2006 to discuss a preliminary draft of the fairness opinion which Susquehanna Financial Group, LLLP was preparing for the special committee.

On October 27, 2006, Mr. Power and Mr. Josephson discussed the exchange ratio to be used in calculating the stock portion of the merger consideration. Mr. Josephson indicated that Traffic.com believed that the ratio should be 0.25, so that each share of Traffic.com common stock would be converted into the right to receive 0.25 shares of NAVTEQ common stock or \$8.00 in cash, subject to the 75% stock/25% cash total consideration split. Mr. Power noted that the parties' earlier discussions regarding the exchange ratio were based on an assumed trading price of NAVTEQ common stock between \$25.00 and \$30.00, and that the current trading market for NAVTEQ's common stock was above \$30.00; therefore, a ratio of 0.25 was not acceptable to NAVTEQ. Mr. Josephson then proposed a ratio of 0.24 and Mr. Power indicated that he would discuss the matter internally with NAVTEQ management and respond.

On November 1 and November 2, 2006, representatives of NAVTEQ and NAVTEQ's outside legal counsel, Pepper Hamilton LLP had discussions with representatives of Traffic.com and Traffic.com's outside legal counsel, Klehr, Harrison, Harvey, Branzburg & Ellers LLP, regarding a number of the terms and conditions in the draft merger agreement and related documents.

On November 2, 2006, Mr. Power called Mr. Josephson to inform him that NAVTEQ was proposing an exchange ratio of 0.235.

Traffic.com's special committee met on November 2, 2006 to discuss the most recent pricing and other negotiations with NAVTEQ as well as to further discuss with Susquehanna Financial Group, LLLP its intended fairness opinion analysis.

On November 3, 2006, NAVTEQ's board of directors met to discuss and consider the merger agreement and proposed merger. Members of NAVTEQ's management, including Messrs. Mullen and Power, provided the board of directors with a summary of the discussions and negotiations with Traffic.com, a review of the merger agreement, a review and update regarding due diligence regarding Traffic.com and information regarding the negotiated exchange ratio and recent trading prices of Traffic.com's and NAVTEQ's stock. Following these discussions, NAVTEQ's board of directors voted to approve the merger agreement and the transactions contemplated thereby.

On November 5, 2006, Traffic.com's special committee met to discuss the merger agreement and receive the fairness opinion analysis from Susquehanna Financial Group, LLLP. Following the presentation by Susquehanna Financial Group, LLLP, the special committee unanimously approved resolutions approving the merger with NAVTEQ.

On November 5, 2006, Traffic.com's board of directors met to approve the transaction. Members of Traffic.com's management, including Messrs. Verratti, Maunder and Sisko, representatives of Allen & Company LLC and representatives of Klehr, Harrison, Harvey, Branzburg & Ellers LLP provided the



board of directors with a summary of discussions and negotiations with NAVTEQ, a review and update of due diligence, a review of the fairness of the transaction from a financial point of view and a review of the merger agreement. After discussion and deliberation, Traffic.com's board of directors voted unanimously to approve the merger agreement and the transactions contemplated thereby.

Following the meetings of the board of directors of NAVTEQ and Traffic.com and the meeting of the special committee of Traffic.com's board, the parties executed the merger agreement on November 5, 2006. The execution of the merger agreement and the proposed merger was announced in a press release by NAVTEQ prior to the opening of trading on November 6, 2006.

#### **Traffic.com's Reasons for the Merger; Recommendation of the Merger by the Board of Directors**

Traffic.com's board of directors believes that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and in the best interests of Traffic.com and its stockholders. Accordingly, the board of directors has approved the merger agreement and the transactions contemplated thereby, and recommends that the Traffic.com stockholders vote **FOR** adoption of the merger agreement and approval of the merger.

As described above under Background of the Merger, during their analysis and deliberations leading up to their decision to approve the merger agreement and the transactions contemplated thereby, Traffic.com's special committee and board of directors consulted with Traffic.com's senior executive officers and their financial and legal advisors and considered a variety of factors weighing positively in favor of the merger, including the following:

- the strategic fit between Traffic.com's and NAVTEQ's capabilities, intellectual property, business lines and customer bases;
- the value to be received by holders of Traffic.com common stock in the merger, including the fact that, based on the closing price of Traffic.com's common stock and NAVTEQ's common stock on November 3, 2006 (the last trading day before the signing of the merger agreement), the blended value of the merger consideration on a per share basis represented a premium of approximately 20.2% over the closing price of Traffic.com's common stock on November 3, 2006 and 34.1% over the average closing price of Traffic.com's common stock for the thirty trading days ended November 3, 2006;
- the benefits inherent in pursuing Traffic.com's business objectives in the context of a larger, more well-funded enterprise, rather than on a stand-alone basis;
- the opportunity for the Traffic.com stockholders to benefit from any increase in the trading price of NAVTEQ common stock between the announcement of the merger and the completion of the merger (because of the fixed exchange ratio being utilized to calculate the stock portion of the merger consideration), as well as any increase in the trading price of NAVTEQ common stock after completion of the merger;
- the fact that the choice of cash or stock in the merger consideration affords Traffic.com stockholders the opportunity to participate in the growth and opportunities of the combined company through the stock component of the merger consideration or to receive cash for their shares through the cash component of the merger consideration;
- the risks inherent in operating as a stand-alone enterprise with a limited number of business lines, including, but not limited to, cash requirements, competitive pressures, and the challenges facing the traditional broadcast media advertising industry;
- the possible acceleration of Traffic.com's interactive advertising initiatives as a result of the coordination of efforts between the respective technologies of Traffic.com and NAVTEQ, the combined sales forces and the leveraging of customer relationships;



- the expected qualification of the merger as a transaction described in Section 368(a) of the Internal Revenue Code, resulting in the majority of the consideration to be received by the Traffic.com stockholders not being subject to federal income tax, as described in the section entitled "Material United States Federal Income Tax Consequences of the Merger" beginning on page 85 of this proxy statement/prospectus;
- the fact that the contractual conditions to the completion of the merger, such as the receipt of stockholder approval and antitrust clearance, are expected to be fulfilled and the corresponding likelihood that the merger will be consummated;
- the enhanced ability of Traffic.com to attract superior personnel as part of a larger, well-established enterprise;
- the fact that certain TL Ventures entities, holders of approximately 33.6% of the outstanding shares of Traffic.com common stock, as well as Messrs. Verratti, Jannetta and Rothery, each significant holders of Traffic.com common stock, have agreed to support the merger by voting in favor of the adoption of the merger agreement and approval of the merger at the special meeting;
- Allen & Company LLC's financial opinion described in the section entitled "Opinion of Allen & Company LLC to the Traffic.com Board of Directors" beginning on page 60 of this proxy statement/prospectus, including its analysis rendered orally on and confirmed in writing as of November 5, 2006, to the effect that, as of the date of such opinion, and based on and subject to various assumptions made, matters considered, limitations and qualifications described in its written opinion, the consideration proposed to be received by holders of Traffic.com common stock in the merger was fair from a financial point of view to Traffic.com's non-affiliated stockholders;
- Susquehanna Financial Group, LLLP's opinion described in the section entitled "Opinion of Susquehanna Financial Group, LLLP to the Special Committee of Traffic.com's Board of Directors" beginning on page 72 of this proxy statement/prospectus, to the effect that, as of the date of such opinion, and based on and subject to various assumptions made, matters considered, limitations and qualifications described in its written opinion, the consideration proposed to be received by holders of Traffic.com common stock (other than the stockholders enumerated in the opinion and any stockholders who demand and perfect appraisal rights) in the merger was fair, from a financial point of view, to Traffic.com's non-affiliated stockholders; and
- the fact that the terms of the merger agreement allows for the consideration by the Traffic.com board of directors of a subsequent offer to acquire Traffic.com in certain circumstances.

In addition to the above factors, Traffic.com's special committee and board of directors also considered the potential adverse impact of other factors weighing negatively against the merger, including the following:

- the risk that the merger might not be completed, and the potential negative effects of such an event on the trading price of Traffic.com's common stock; Traffic.com's operating results, including the expenses associated with the transaction; Traffic.com's ability to attract and retain key personnel; and Traffic.com's ability to retain customers and maintain sales;
- the chance that the Traffic.com stockholders would be adversely affected by any decrease in the trading price of NAVTEQ common stock after the execution of the merger agreement (because of the fixed exchange ratio being utilized to calculate the stock portion of the merger consideration), whether due to the announcement of the merger or otherwise;
- based on the number of shares of NAVTEQ common stock issued and outstanding on November 5, 2006, and assuming that Traffic.com stockholders elect to receive 4.3 million shares of NAVTEQ common stock, the maximum total stock consideration payable to Traffic.com stockholders, Traffic.com stockholders will hold approximately 4.4% of the issued and outstanding NAVTEQ common stock immediately after the merger;
- the possible effects on the long-term stock price and financial results of NAVTEQ if the benefits and synergies expected of the merger are not obtained on a timely basis or at all;
- the limitations imposed in the merger agreement on the solicitation by Traffic.com of alternative business combinations;
- the requirement that Traffic.com must pay to NAVTEQ a termination fee of \$6.25 million if the merger agreement is terminated under certain circumstances specified in the merger agreement, as described in the section entitled "The Merger Agreement-Termination; Termination Fee and Expenses" beginning on page 115 of this proxy statement/prospectus;
- the challenges of combining the businesses, operations and workforces of Traffic.com and NAVTEQ and realizing the anticipated cost savings and operating synergies; and
- the risks described in the section entitled "Risk Factors" beginning on page 26 of this proxy statement/prospectus.

Traffic.com's special committee and board of directors also considered the interests that certain executive officers and directors of Traffic.com have with respect to the merger, as described in the section entitled "Interests of Traffic.com's Directors and Executive Officers in the Merger" on page 83 of this proxy statement/prospectus.

The special committee and board of directors concluded that the positive factors significantly outweighed the negative factors described above. This discussion of the information and factors considered by the special committee and board of directors includes material positive and negative factors considered by the special committee and board of directors, but it is not intended to be exhaustive and may not include all of the factors considered by the special committee and board of directors. In reaching their determination to approve and recommend the merger agreement and the transactions contemplated thereby, the special committee and board of directors did not find it useful to and did not quantify or assign any relative or specific weights to the various factors that they considered in reaching their determination that the merger agreement and the transactions contemplated thereby, are advisable and fair to and in the best interests of Traffic.com and its stockholders. Rather, the special committee and board of directors viewed their position and recommendation as being based on an overall analysis and on the totality of the information presented to and factors considered by them. In addition, in considering the factors described above,

individual members of the special committee and board of directors may have given different weights to different factors.

**After considering this information, the special committee approved the merger agreement and the board of directors approved the merger agreement and the transactions contemplated thereby, and the board of directors recommends that Traffic.com stockholders adopt the merger agreement and the transactions contemplated thereby, including the merger.**

#### **Opinion of Allen & Company LLC to the Traffic.com Board of Directors**

Pursuant to an engagement letter dated March 22, 2006, Traffic.com retained Allen & Company LLC ( Allen ) to act as its exclusive financial advisor in connection with any potential business combination transaction involving Traffic.com, including a possible sale of Traffic.com. In selecting Allen, Traffic.com's board of directors considered that Allen is an internationally recognized investment banking firm with substantial experience providing strategic advisory services. Allen, as part of its investment banking business, is regularly engaged in the evaluation of businesses and their equity securities in connection with mergers and acquisitions, underwritings, private placements and other securities offerings, senior credit financings, valuations, and general corporate advisory services. John Josephson, a member of Traffic.com's board of directors, is a managing director of Allen & Company.

At the November 5, 2006 meeting of Traffic.com's board of directors, Allen delivered its opinion that, as of November 5, 2006, and based upon and subject to the assumptions, qualifications and limitations set forth in the written opinion, the per share cash consideration and the per share stock consideration to be paid in connection with the merger with NAVTEQ were fair from a financial point of view to the non-affiliate holders of Traffic.com common stock (other than the stockholders enumerated in its opinion).

**The full text of Allen's written opinion is attached as Annex C-1 to this proxy statement/prospectus and you should read the opinion carefully and in its entirety. The opinion sets forth the assumptions made, the matters considered and qualifications and limitations of the review undertaken by Allen. Allen's opinion is subject to the assumptions and conditions contained therein and is necessarily based on economic, market and other conditions and the information made available to Allen as of the date of the Allen opinion, and Allen assumes no responsibility for updating or revising its opinion based on circumstances or events occurring after the date of its opinion.**

In reading the discussion of the fairness opinion set forth below, you should be aware that Allen's opinion:

- was provided for the information and assistance of Traffic.com's board of directors in connection with its consideration of the merger with NAVTEQ;
- did not constitute a recommendation to the board of directors of Traffic.com or to any holder of Traffic.com common stock as to how to vote in connection with the merger; and
- did not address Traffic.com's underlying business decision to pursue the merger, the relative merits of the merger as compared to any alternative business strategies that might exist for Traffic.com or the effects of any other transaction in which Traffic.com might engage.

In arriving at its opinion, Allen has among other things:

- reviewed and analyzed the terms and conditions of the merger agreement and related documents (none of which prior to the delivery of the opinion had been executed by the parties);

- analyzed the consideration being offered for Traffic.com's outstanding shares pursuant to the terms of the Merger Agreement;
- reviewed trends in the syndicated content, traditional advertising media, online content, automotive/road data service, image database and spatial software industries;
- reviewed and analyzed the business prospects and financial condition of Traffic.com and NAVTEQ;
- reviewed the historical business information and financial results of Traffic.com and NAVTEQ;
- reviewed non-public business information and financial information of Traffic.com and NAVTEQ provided by the managements of Traffic.com and NAVTEQ;
- reviewed the budgets and updated forecasts for fiscal year 2006 prepared by the managements of Traffic.com and NAVTEQ;
- reviewed projected results for fiscal years 2007-2009 prepared by the management of Traffic.com;
- reviewed projected results for fiscal year 2007 prepared by the management of NAVTEQ;
- reviewed information obtained from meetings with senior managements of Traffic.com and NAVTEQ;
- reviewed and analyzed the daily trading statistics of, and the Wall Street research expectations for, the common stock of Traffic.com and NAVTEQ;
- reviewed and analyzed public financial information of publicly traded comparable companies in the syndicated content, traditional advertising media, online content, automotive/road data service, image database and spatial software industries;
- reviewed and analyzed public financial information of transactions involving comparable companies in the syndicated content, traditional advertising supported media, online content and automotive/road data service industries;
- analyzed premiums paid in comparably sized (i) cash, (ii) stock and (iii) cash and stock transactions during the past four years;
- analyzed the implied value of Traffic.com based on (i) the multiples of publicly traded comparable companies, (ii) the premiums paid in comparably sized cash and stock transactions, (iii) the transaction multiples of comparable company merger and acquisition transactions and (iv) discounted cash flow analyses; and
- conducted such other financial analyses and investigations as deemed necessary or appropriate for the purposes of the opinion expressed.

The opinion also reflects Allen's familiarity, developed in the course of serving as financial advisor to Traffic.com over the previous three years, with Traffic.com's business and prospects, as well as with prevailing trends in the marketplace in which Traffic.com competes.

Allen relied upon and assumed, without independent verification, the accuracy and completeness of the financial and other information provided to it by Traffic.com and NAVTEQ or obtained by it from public sources, including, without limitation, the Traffic.com and NAVTEQ financial projections. With respect to the projections, Allen relied on representations that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of the senior managements of Traffic.com and NAVTEQ as to the expected future performance of

their respective companies. Allen did not assume any responsibility for the independent verification of any such

61

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information, including, without limitation, the projections, and Allen further relied upon the assurances of the senior managements of each company that they were unaware of any facts that would make the information and projections incomplete or misleading.

In arriving at its opinion, Allen did not perform or obtain any independent appraisal of the assets or liabilities (contingent or otherwise) of Traffic.com, nor was Allen furnished with any such appraisals. Allen assumed that the merger would be consummated in a timely manner and in accordance with the terms of the Merger Agreement without any limitations, restrictions, conditions, amendments or modifications, regulatory or otherwise, that collectively would have a material effect on Traffic.com.

Allen did not express any opinion as to the price or range of prices at which Traffic.com's common stock would trade subsequent to the announcement of the merger.

The following is a brief summary of the material financial analyses performed by Allen and presented to Traffic.com's Board of Directors in connection with rendering its fairness opinion. The following summary, however, does not purport to be a complete description of the financial analyses performed by Allen, and the order of analyses described does not represent the relative importance or weight given to the analyses performed by Allen.

Some of the financial analyses detailed below include summary data and information presented in tabular format. Considering the summary data and tables alone could create a misleading or incomplete view of Allen's financial analyses. In order to understand fully the financial analyses, the summary data and tables must be read together with the full text of the analyses and the transaction history.

#### *Summary of Consideration*

Allen reviewed the financial terms and conditions of the merger agreement (dated November 5, 2006) and analyzed the consideration being offered for Traffic.com's common stock. As described in the merger agreement, each issued and outstanding share of Traffic.com common stock will be converted into the right to receive, at the election of the holder thereof and subject to pro ration:

- (i) 0.235 shares of NAVTEQ common stock (the fixed exchange ratio) (approximately \$7.56 based on NAVTEQ's closing price as of November 3, 2006); or
- (ii) cash in the amount of \$8.00, without interest.

The merger agreement also provides that the aggregate cash consideration will not exceed \$49 million (less the cash value of dissenting shares) and the aggregate number of NAVTEQ shares issued will not exceed 4.3 million shares (less the shares of NAVTEQ common stock issued to holders of warrants to purchase Traffic.com stock that are exchanged for NAVTEQ common stock).

In addition, as more fully discussed in the section entitled "The Merger Agreement - Treatment of Securities" on page 92 of this proxy statement/prospectus, NAVTEQ will assume, subject to formulaic adjustment, each Traffic.com option that is (i) not yet vested and exercisable by its terms, regardless of the exercise price, (ii) vested and has a per share exercise price greater than the market price per share of Traffic.com common stock on the day immediately prior to the closing of the merger, or (iii) issued under the 1999 Non-Employee Option Plan, vested, currently exercisable which has a per share exercise price that is less than or equal to the market price per share of Traffic.com common stock on the day immediately prior to the closing of the merger and which has not been exercised prior to the effective date of the merger. All other options will be cancelled (if not exercised). Additionally, Traffic.com will obtain agreements from certain Traffic.com warrant holders providing for the exercise of warrants, the exchange of warrants for shares of



NAVTEQ common stock or the conversion of warrants into new warrants for NAVTEQ common stock.

Based on the closing price of NAVTEQ's common stock as of November 3, 2006, the proposed transaction implied an equity value of Traffic.com of approximately \$179 million.

*Selected Market and Trading Information Concerning Traffic.com*

Allen reviewed selected market information concerning Traffic.com's common stock. Among other things, Allen observed the following with respect to the closing prices of Traffic.com's common stock:

Closing Price as of November 3, 2006	\$6.15
1-Week Before November 3, 2006	\$5.00
1-Month Before November 3, 2006	\$5.08
52-Week High (Intraday)	\$13.30
30-Day Average (as of November 3, 2006)	\$5.02
90-Day Average (as of November 3, 2006)	\$4.79

Allen also analyzed additional stock price and volume performance data for Traffic.com's common stock since the completion of its initial public offering on January 24, 2006. Allen then compared Traffic.com's share price performance since its initial public offering to the relative performance of various indices, including market indices and indices comprised of companies that Allen deemed generally comparable to Traffic.com's business segments. The indices that Allen used for the purposes of this comparison were:

- S&P 500;
- NASDAQ Composite;
- Index of traditional advertising media companies, including Belo, CBS, Citadel, Clear Channel, Cox Radio, Dow Jones, Entercom, Gannett, Gray Television, Hearst, Journal Register, Lee Enterprises, LIN TV, New York Times, Radio One, Sinclair, Tribune and Young;
- Index of online content companies, including Bankrate, CNET Networks, Homestore, HouseValues, The Knot, Monster and TheStreet.com; and
- Index of auto / road data service companies, including NAVTEQ, Tele Atlas, Sirius Satellite Radio and XM Satellite Radio.

Allen's analysis concerning Traffic.com common stock was based on information concerning Traffic.com and its common stock available as of November 5, 2006. Allen did not and does not express any opinion as to the market value of Traffic.com common stock on or after November 5, 2006.

*Selected Premiums Paid Analysis*

Allen analyzed the premiums paid in acquisition transactions since January 1, 2002 with values of between \$75 and \$250 million. It selected 91 transactions, 12 of which involved mixed cash and stock consideration.

As of November 5, 2006 and using the historical transaction data, Allen calculated the implied share price of Traffic.com and the implied exchange ratio based on applying the low, median and high premiums historically paid to Traffic.com's share price one day before; one week before; one month before; 52-week high; 30 day average; and 90 day average. In order to calculate the implied Traffic.com share price, (i) premiums were applied to the historical market price of Traffic.com less Traffic.com's cash and cash equivalents per share and (ii) the cash and cash equivalents per share value were added back after the application of the premium to determine the implied share price.

Cash and Stock Transactions:

	Traffic.com	Premium			Implied Share Price			Implied Exchange Ratio		
	Price	Low	Median	High	Low	Median	High	Low	Median	High
1-Day	\$ 6.15	(11)%	25%	93%	\$ 5.60	\$ 7.42	\$ 10.94	0.174x	0.231x	0.340x
1-Week	\$ 5.00	(11)%	30%	126%	\$ 4.57	\$ 6.20	\$ 10.07	0.142x	0.192x	0.313x
1-Month	\$ 5.08	(11)%	33%	137%	\$ 4.64	\$ 6.44	\$ 10.69	0.144x	0.200x	0.332x
52-Week High	\$ 13.30	(55)%	9%	90%	\$ 6.57	\$ 14.42	\$ 24.38	0.204x	0.448x	0.758x
30-Day Average	\$ 5.02	5%	28%	123%	\$ 5.22	\$ 6.16	\$ 9.98	0.162x	0.192x	0.310x
90-Day Average	\$ 4.79	10%	40%	131%	\$ 5.18	\$ 6.32	\$ 9.77	0.161x	0.196x	0.303x
<b>High</b>					\$ 6.57	\$ 14.42	\$ 24.38	0.204x	0.448x	0.758x
<b>Median</b>					\$ 5.20	\$ 6.38	\$ 10.38	0.162x	0.198x	0.323x
<b>Low</b>					\$ 4.57	\$ 6.16	\$ 9.77	0.142x	0.192x	0.303x

All Transactions:

	Traffic.com	Premium			Implied Share Price			Implied Exchange Ratio		
	Price	Low	Median	High	Low	Median	High	Low	Median	High
1-Day	\$ 6.15	(35)%	28%	260%	\$ 4.35	\$ 7.60	\$ 19.59	0.135x	0.236x	0.609x
1-Week	\$ 5.00	(28)%	31%	240%	\$ 3.87	\$ 6.25	\$ 14.63	0.120x	0.194x	0.454x
1-Month	\$ 5.08	(41)%	31%	267%	\$ 3.41	\$ 6.37	\$ 16.04	0.106x	0.198x	0.498x
52-Week High	\$ 13.30	(77)%	1%	93%	\$ 3.76	\$ 13.44	\$ 24.70	0.117x	0.418x	0.767x
30-Day Average	\$ 5.02	(35)%	30%	273%	\$ 3.60	\$ 6.24	\$ 16.05	0.112x	0.194x	0.499x
90-Day Average	\$ 4.79	(37)%	37%	272%	\$ 3.38	\$ 6.19	\$ 15.13	0.105x	0.192x	0.470x
<b>High</b>					\$ 4.35	\$ 13.44	\$ 24.70	0.135x	0.418x	0.767x
<b>Median</b>					\$ 3.68	\$ 6.31	\$ 16.04	0.114x	0.196x	0.498x
<b>Low</b>					\$ 3.38	\$ 6.19	\$ 14.63	0.105x	0.192x	0.454x

Based on the per share consideration stipulated in the merger agreement, the per share stock consideration (and exchange ratio) and the per share cash consideration contemplated by the merger agreement were within the minimum and maximum values exhibited by these historical premiums paid.

*Selected Comparable Company Trading Analysis*

Allen reviewed and compared selected financial information, ratios and values of Traffic.com.com to corresponding financial information, ratios and values of the following selected publicly-traded companies:

- Syndicated content with advertising revenue:
  - Westwood One
- Online content:
  - Bankrate
  - CNET Networks
  - Homestore
  - HouseValues
  - The Knot
  - Monster
  - The Street
- Auto / road data services:
  - NAVTEQ
  - Tele Atlas
  - Sirius Satellite Radio
  - XM Satellite Radio

Although none of the selected companies was directly comparable to Traffic.com, the companies involved were chosen because they are publicly traded companies with businesses, end markets and operations that, for purposes of analysis, could be considered similar to the business, end markets and operations of Traffic.com.

For each of the companies listed above, Allen calculated the ratio of enterprise value to expected revenue for 2006 and 2007. The enterprise value is the sum of the fully-diluted market value of any common equity and the value of any preferred stock at liquidation value, plus any short-term and long-term debt, minus cash and cash equivalents, and minus unconsolidated investments and other interests. The forecast revenue data for the selected comparable companies was generally based on Wall Street research analyst consensus data.

Allen calculated the low, median and high multiples for each of the segments listed above, namely syndicated content with advertising revenue, online content and auto / road data services. Allen then weighted those multiples by Traffic.com's expected 2006 and 2007 revenue mix to determine the blended valuation multiples. Based on the blended enterprise value to revenue multiples and after adjusting for Traffic.com's capital structure and cash balance, Allen calculated the implied share price of Traffic.com and the implied exchange ratio. Allen examined the value implied for Traffic.com with and without approximately \$23 million of theoretical value of Traffic.com's net operating loss carryforwards.



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The share prices and exchange ratios for Traffic.com implied by the low, median and high public market multiples for each business segment were as follows:

	2006			2007		
	Low	Median	High	Low	Median	High
Syndicated Content with Ad Revenue	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x
Online Content	0.6x	4.1x	7.5x	0.6x	3.4x	6.5x
Auto / Road Data Services	4.3x	4.8x	9.3x	3.5x	3.9x	5.6x
Blended Multiple	2.4x	2.6x	3.3x	2.1x	2.5x	3.1x
<i>Value Excluding Theoretical NOL Value</i>						
Implied Traffic.com Share Price	\$ 6.54	\$ 6.90	\$ 8.58	\$ 7.11	\$ 8.40	\$ 10.31
Implied Exchange Ratio	0.203x	0.214x	0.267x	0.221x	0.261x	0.320x
<i>Value Including Theoretical NOL Value</i>						
Implied Traffic.com Share Price	\$ 7.53	\$ 7.90	\$ 9.58	\$ 8.10	\$ 9.39	\$ 11.30
Implied Exchange Ratio	0.234x	0.245x	0.298x	0.252x	0.292x	0.351x

Based on the per share consideration stipulated in the merger agreement, the per share stock consideration (and exchange ratio) and the per share cash consideration contemplated by the merger agreement were within the minimum and maximum values exhibited by the multiples of comparable publicly-traded companies.

*Selected Premiums Paid Analysis Applied to Comparable Company Trading Analysis*

Allen also calculated the implied share price of Traffic.com and the implied exchange ratio based on applying the low, median and high of the one-day premiums paid in historical cash and stock transactions to the comparable company trading analysis above. These values were as follows:

	2006			2007		
	Low	Median	High	Low	Median	High
Syndicated Content with Ad Revenue	2.1x	2.1x	2.1x	2.1x	2.1x	2.1x
Online Content	0.6	4.1	7.5	0.6	3.4	6.5
Auto / Road Data Services	4.3	4.8	9.3	3.5	3.9	5.6
Blended Multiple	2.4x	2.6x	3.3x	2.1x	2.5x	3.1x
One-Day Before Premium (Cash & Stock Deals)	(11)%	25%	93%	(11)%	25%	93%
<i>Value Excluding Theoretical NOL Value</i>						
Implied Traffic.com Share Price	\$ 5.95	\$ 8.36	\$ 15.63	\$ 6.45	\$ 10.22	\$ 18.96
Implied Exchange Ratio	0.185x	0.260x	0.486x	0.200x	0.318x	0.589x
<i>Value Including Theoretical NOL Value</i>						
Implied Traffic.com Share Price	\$ 6.94	\$ 9.35	\$ 16.63	\$ 7.44	\$ 11.22	\$ 19.95
Implied Exchange Ratio	0.216x	0.291x	0.516x	0.231x	0.348x	0.620x

Based on the per share consideration stipulated in the merger agreement, the per share stock consideration (and exchange ratio) and the per share cash consideration contemplated by the merger agreement were within the minimum and maximum values exhibited by applying historical premiums paid to the multiples of comparable publicly traded companies.

*Selected Comparable Precedent Transactions Analysis*

Allen reviewed and compared selected financial information, ratios and values of Traffic.com to corresponding financial information, ratios and values of the following acquisition transactions:

- Syndicated content with advertising revenue:
- 19 Entertainment / CKX
- Endemol / Telefonica
- MetroNetworks / Westwood One
- King World Productions / CBS

- Online content:
- iVillage / NBC Universal
- PriceGrabber.com / Experian
- Propertyfinder.com / News Corp.
- Weblogs, Inc. / Time Warner Inc.
- IGN Entertainment / News Corp.
- Intermix Media / News Corp.
- Ask Jeeves / InterActiveCorp
- About.com / The New York Times
- Rapidata / Greenfield Online
- MarketWatch / Dow Jones
- ClassMates Online / United Online
- Sportsline / Viacom
- Webshots / CNET Networks
- Stoneage Corp. / Autobytel
- Interactive Search / Ask Jeeves
- Auto / road data services:
- Intrado / West Corp.
- Geographic Data Technology / Tele Atlas NV
- Vicinity Corp. / Microsoft Corp.
- MapQuest.com, Inc. / America Online, Inc.

Although none of the selected transactions nor the companies involved in them was directly comparable to the merger or to Traffic.com, the transactions were chosen because they involved companies with businesses, end markets and operations that, for purposes of analysis, could be considered similar to the business, end markets and operations of Traffic.com.

Allen reviewed the enterprise values in the selected transactions as a multiple of revenue for the last twelve-months publicly reported period prior to the announcement of each respective transaction and the one-year forward estimated revenue contemporaneous with the date of the announcement for each respective transaction. Financial data for the companies in the selected transactions was based on publicly-available information as of the respective announcement dates including each target company's most recent quarterly SEC filings and estimates contained

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in a selection of publicly available Wall Street equity research reports, available at or around the time of the respective transactions.

Allen calculated the low, median and high multiples for each of the three sets of transactions listed above, namely syndicated content with advertising revenue, online content and auto / road data services. Allen then weighted those multiples by Traffic.com's expected 2006 and 2007 revenue mix to determine the blended valuation multiples. Based on the blended enterprise value to revenue multiples and adjusting for Traffic.com's capital structure and cash balance, Allen calculated the

68

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implied share price of Traffic.com and the implied exchange ratio. Allen examined the value implied for Traffic.com with and without approximately \$23 million of theoretical value of Traffic.com's net operating loss carryforwards.

The share prices and exchange ratios for Traffic.com implied by the low, median and high historical transaction multiples for each segment were as follows:

	Current Year			Forward Year		
	Low	Median	High	Low	Median	High
Syndicated Content with Ad Revenue	2.0x	3.7x	11.9x	2.0x	3.3x	11.2x
Online Content	1.3x	5.9x	12.5x	1.3x	4.8x	7.6x
Auto / Road Data Services	0.8x	2.7x	30.7x	0.6x	2.9x	19.4x
Blended Multiple	1.8x	3.6x	14.6x	1.7x	3.5x	11.8x
<i>Value Excluding Theoretical NOL Value</i>						
Implied Traffic.com Share Price	\$ 5.26	\$ 9.42	\$ 34.87	\$ 6.06	\$ 11.31	\$ 36.16
Implied Exchange Ratio	0.164x	0.293x	1.083x	0.188x	0.351x	1.123x
<i>Value Including Theoretical NOL Value</i>						
Implied Traffic.com Share Price	\$ 6.26	\$ 10.41	\$ 35.87	\$ 7.05	\$ 12.31	\$ 37.15
Implied Exchange Ratio	0.194x	0.324x	1.114x	0.219x	0.382x	1.154x

Based on the per share consideration stipulated in the merger agreement, the per share stock consideration (and exchange ratio) and the per share cash consideration contemplated by the merger agreement were within the minimum and maximum values exhibited by applying the multiples of historical transactions.

### *Discounted Cash Flow Analysis*

Allen calculated the implied enterprise value of Traffic.com based on (i) the net present value of forecast cash flows of Traffic.com and (ii) the net present value of the terminal value, which is an estimate of the future value of Traffic.com beyond the forecast period. Allen used forecast financial data for 2006–2009 prepared by Traffic.com management. The present values were calculated using a 32%–34% weighted average cost of capital for Traffic.com based on Traffic.com's market beta as well as estimates for the equity market risk premium and the small cap premium. The terminal value was calculated by applying the 2006 median blended valuation multiple from the comparable public companies analysis to the forecasted 2009 revenue.

Based on the enterprise values calculated from the present value analysis and adjusting for Traffic.com's capital structure and cash balance, Allen calculated the implied share price of Traffic.com and the implied exchange ratio. Allen examined the value implied for Traffic.com with and without approximately \$23 million of theoretical value of Traffic.com's net operating loss carryforwards.

The share prices and exchange ratios for Traffic.com implied by the discounted cash flow analysis were as follows:

Traffic.com High Case forecast:

- Excluding Theoretical Value of Net Operating Loss Carryforwards

Equity Value per Share				Implied Exchange Ratio			
WACC	2009E Revenue Multiple			WACC	2009E Revenue Multiple		
	2.0x	2.5x	3.0x		2.0x	2.5x	3.0x
32%	\$ 5.91	\$ 7.27	\$ 8.62	32%	0.184x	0.226x	0.268x
33%	\$ 5.77	\$ 7.10	\$ 8.42	33%	0.179x	0.220x	0.262x
34%	\$ 5.64	\$ 6.93	\$ 8.23	34%	0.175x	0.215x	0.256x

- Including Theoretical Value of Net Operating Loss Carryforwards

Equity Value per Share				Implied Exchange Ratio			
WACC	2009E Revenue Multiple			WACC	2009E Revenue Multiple		
	2.0x	2.5x	3.0x		2.0x	2.5x	3.0x
32%	\$ 6.90	\$ 8.26	\$ 9.62	32 %	0.214x	0.257x	0.299x
33%	\$ 6.77	\$ 8.09	\$ 9.42	33 %	0.210x	0.251x	0.293x
34%	\$ 6.63	\$ 7.93	\$ 9.22	34 %	0.206x	0.246x	0.286x

Traffic.com Low Case forecast:

- Excluding Theoretical Value of Net Operating Loss Carryforwards

Equity Value per Share				Implied Exchange Ratio			
WACC	2009E Revenue Multiple			WACC	2009E Revenue Multiple		
	2.0x	2.5x	3.0x		2.0x	2.5x	3.0x
32%	\$ 5.42	\$ 6.70	\$ 7.99	32 %	0.168x	0.208x	0.248x
33%	\$ 5.29	\$ 6.54	\$ 7.80	33 %	0.164x	0.203x	0.242x
34%	\$ 5.17	\$ 6.39	\$ 7.62	34 %	0.160x	0.199x	0.237x

- Including Theoretical Value of Net Operating Loss Carryforwards

Equity Value per Share				Implied Exchange Ratio			
WACC	2009E Revenue Multiple			WACC	2009E Revenue Multiple		
	2.0x	2.5x	3.0x		2.0x	2.5x	3.0x
32%	\$ 6.41	\$ 7.70	\$ 8.98	32 %	0.199x	0.239x	0.279x
33%	\$ 6.28	\$ 7.54	\$ 8.79	33 %	0.195x	0.234x	0.273x
34%	\$ 6.16	\$ 7.39	\$ 8.61	34 %	0.191x	0.229x	0.268x

Based on the per share consideration stipulated in the merger agreement, the per share stock consideration (and exchange ratio) and the per share cash consideration contemplated by the merger agreement were within the minimum and maximum values exhibited by the discounted cash flow analysis.



*Theoretical Value of Traffic.com's Net Operating Loss Carryforwards*

Traffic.com's net operating loss carryforwards were assumed to be approximately \$129 million as of September 30, 2006. In order to calculate the theoretical value of Traffic.com's net operating loss position, Allen calculated the present value of the potential future tax savings associated with these net operating loss carryforwards. Allen calculated this value under two scenarios:

- The first scenario assumed that Traffic.com continued to operate as a standalone entity. In this scenario, Traffic.com's net operating loss carryforwards are used to shield projected taxable income and these savings were discounted back to the present at Traffic.com's weighted average cost of capital (see above).
- The second scenario assumed that Traffic.com was acquired by another entity. In this scenario, Allen assumed that the permitted yearly usage of net operating loss carryforwards is limited by Section 382 of the Internal Revenue Code, and that this usage was discounted to the present at a rate of 12%.

Allen used a theoretical value for Traffic.com's net operating loss position of approximately \$23 million based on the average of these two calculations.

The preparation of a fairness opinion is a complex process and involves various judgments and determinations as to the most appropriate and relevant assumptions and financial analyses and the application of those methods to the particular circumstances involved. Such an opinion is therefore not readily susceptible to partial analysis or summary description, and taking portions of the analyses set out above, without considering the analysis as a whole, would create an incomplete and misleading picture of the processes underlying the analyses considered in rendering the Allen opinion. Allen based its analysis on assumptions that it deemed reasonable, including assumptions concerning general business and economic conditions and industry-specific factors. Allen did not form an opinion as to whether any individual analysis or factor, whether positive or negative, considered in isolation, supported or failed to support the Allen opinion. In arriving at its opinion, Allen considered the results of all its analyses and did not attribute any particular weight to any one analysis or factor. Allen arrived at its ultimate opinion based on the results of all analyses undertaken by it and assessed as a whole and believes that the totality of the factors considered and analyses performed by Allen in connection with its opinion operated collectively to support its determination as to the fairness of the per share consideration to be received by holders of Traffic.com common stock other than the stockholders enumerated in its opinion and any stockholders who demand and perfect appraisal rights. The analyses performed by Allen, particularly those based on estimates and projections, are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than suggested by such analyses.

As mentioned above, none of the public companies used in the comparable company analysis described above are identical to Traffic.com, and none of the precedent transactions used in the precedent transactions analysis described above are identical to the merger. Accordingly, an analysis of publicly-traded comparable companies and comparable precedent transactions is not mathematical; rather it involves complex considerations and judgments concerning the differences in financial and operating characteristics of the companies and precedent transactions and other factors that could affect the value of Traffic.com and the public trading values of the companies and precedent transactions to which they were compared. The analyses do not purport to be appraisals or to reflect the prices at which any securities may trade at the present time or at any time in the future.

The form and amount of consideration payable in the merger were determined through negotiations between Traffic.com and NAVTEQ and were approved by the board of directors of Traffic.com. Allen's opinion was just one of the many factors taken into consideration by Traffic.com's board of directors. Consequently, Allen's analysis should not be viewed as determinative of the

decision of Traffic.com's board of directors with respect to the fairness of the consideration to be received by holders of Traffic.com common stock.

Pursuant to the terms of Allen's engagement letter, as compensation for its services, Traffic.com has agreed to pay Allen a transaction fee, if a transaction involving Traffic.com is consummated, equal to 2% of the total consideration paid in the merger. Traffic.com has also agreed to reimburse Allen for reasonable out-of-pocket expenses incurred by Allen in connection with its engagement and the transactions contemplated by the merger agreement, including reasonable fees and disbursements of its legal counsel. Traffic.com has agreed to indemnify Allen against certain liabilities arising out of or in connection with Allen's engagement.

In the ordinary course of business, Allen and its affiliates may actively trade the equity securities of Traffic.com, NAVTEQ and/or other entities affiliated with the companies, for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities or bank debt.

#### **Opinion of Susquehanna Financial Group, LLLP to the Special Committee of Traffic.com's Board of Directors**

The special committee of Traffic.com's board of directors engaged Susquehanna Financial Group, LLLP (Susquehanna) to provide an opinion to the special committee regarding the fairness from a financial point of view to the holders of Traffic.com common stock (other than the stockholders enumerated in its opinion and any stockholders who demand and perfect appraisal rights) of the consideration to be paid to such stockholders pursuant to the merger.

On November 5, 2006, Susquehanna rendered an oral opinion to the special committee, which it subsequently confirmed in writing by delivery of a written opinion, dated November 5, 2006, to the effect that, based upon and subject to the assumptions, qualifications, limitations and other matters described in its written opinion, the merger consideration was fair, from a financial point of view, to the holders of Traffic.com common stock (other than (i) all affiliates of Traffic.com, (ii) NAVTEQ, NAVTEQ Holdings B.V., NAVTEQ Holdings Delaware, Inc. and their respective affiliates, (iii) any current or former employees of Traffic.com who may be entitled to receive any payments or other benefits as a result of or in connection with the merger pursuant to any agreement other than the merger agreement and (iv) any stockholder who demands and perfects appraisal rights).

**The full text of Susquehanna's written opinion, dated November 5, 2006, to the special committee, which sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Susquehanna in preparing its opinion, is included as Annex C-2 to this proxy statement/prospectus. You are encouraged to carefully read the full text of Susquehanna's written opinion. However, Susquehanna's opinion is not intended to be, and does not constitute, advice or a recommendation to any security holder as to how such security holder should vote or act with respect to any matter relating to the merger.**

In issuing its opinion, in addition to those assumptions described below with respect to the various analyses made by Susquehanna, the following assumptions were made, or assurances of management were relied upon, by Susquehanna:

- the financial, accounting and other information provided to Susquehanna by Traffic.com and NAVTEQ or otherwise discussed with or reviewed by Susquehanna was accurate and complete and Susquehanna did not assume any responsibility for independent verification of that information;

- the information provided to Susquehanna was prepared on a reasonable basis in accordance with industry practice and that neither Traffic.com or NAVTEQ was aware of any information or facts that would make the information provided to Susquehanna incomplete or misleading;
- neither Traffic.com nor NAVTEQ were a party to any material pending transaction, including any external financing, recapitalization, acquisition or merger, other than the merger;
- financial forecasts, pro forma adjustments, estimates of net operating loss tax benefits and other estimates and forward-looking information relating to Traffic.com, NAVTEQ and the merger reviewed by Susquehanna reflected the best currently available estimates and judgments of Traffic.com's and NAVTEQ's respective management;
- the merger would be consummated pursuant to the terms of the merger agreement without amendment thereto and without waiver by any party of any conditions or obligations thereunder;
- the merger would be treated as a tax-free reorganization for federal income tax purposes; and
- all the necessary regulatory or other approvals and consents required for the merger would be obtained in a manner that would not adversely affect Traffic.com, NAVTEQ or the contemplated benefits of the merger.

Susquehanna's opinion, in addition to those factors and limitations described below with respect to various analyses made by Susquehanna, was also subject to the following factors and limitations:

- Susquehanna made no recommendation as to the specific form or amount of the consideration to be received by Traffic.com stockholders in the merger, which was determined through negotiations between Traffic.com and NAVTEQ;
- Susquehanna's written opinion addressed only the fairness, as of the date of the opinion, from a financial point of view, to Traffic.com's stockholders (other than (i) all affiliates of Traffic.com, (ii) NAVTEQ, NAVTEQ Holdings B.V., NAVTEQ Holdings Delaware, Inc. and their respective affiliates, (iii) any current or former employees of Traffic.com who may be entitled to receive any payments or other benefits as a result of or in connection with the merger pursuant to any agreement other than the merger agreement and (iv) any stockholder who demands and perfects appraisal rights) of the proposed consideration to be received in the proposed merger. Susquehanna's written opinion did not address any other aspect or implication of the merger or any other terms, agreements or understandings entered into by Traffic.com or any other person relating to the merger or otherwise and does not constitute a recommendation to any Traffic.com stockholder as to how such stockholder should vote with respect to the merger or whether a stockholder should elect stock or cash consideration;
- Susquehanna's written opinion did not address Traffic.com's basic business decision to proceed with or effect the merger or the merits of the merger relative to any alternative transaction or business strategy that may have been available to Traffic.com. Susquehanna was not requested to, nor did it, solicit or assist Traffic.com in soliciting indications of interest from third parties for all or any part of Traffic.com or any alternative transaction. However, Susquehanna understood that Allen solicited third parties about the potential sale of all or any part of Traffic.com;
- Susquehanna expressed no opinion as to any financial forecasts, pro forma adjustments, net operating loss or other estimates or business outlook or forward-looking information of Traffic.com or NAVTEQ or the assumptions on which they were based;
- in arriving at its opinion, Susquehanna did not perform any appraisals or valuations of any assets or liabilities (fixed, contingent or other) of Traffic.com or NAVTEQ, and was not



furnished with any such appraisals or valuations. Without limiting the generality of the foregoing, Susquehanna undertook no independent analysis of any pending or threatened litigation, governmental proceedings or investigations, regulatory action, possible unasserted claims or other contingent liabilities to which Traffic.com, NAVTEQ or any of their respective affiliates is a party or may be subject and, at the special committee's direction and with its consent, Susquehanna's opinion made no assumption concerning, and therefore did not consider, the possible assertion of claims, outcomes, damages or recoveries arising out of any such matters;

- Susquehanna expressed no opinion as to the long-term viability of NAVTEQ following the merger, including the potential for or timing of commercialization of any product or service, the nature and extent of NAVTEQ's financing needs or the ability of NAVTEQ to satisfy any such financing needs;
- the analyses of Susquehanna are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by the analyses. Analyses relating to the value of companies do not purport to be appraisals or valuations or necessarily reflect the price at which companies may actually be sold. No company or transaction used in any analysis for purposes of comparison is identical to Traffic.com, NAVTEQ or the merger. Accordingly, an analysis of the results of the comparisons is not mathematical; rather, it involves complex considerations and judgments about differences in the companies and transactions to which Traffic.com, NAVTEQ and the merger were compared and other factors that could affect the public-trading value or transaction value of the companies; and
- Susquehanna's opinion was necessarily based upon the information available to Susquehanna and facts and circumstances as they existed and were subject to evaluation on the date of the opinion; events occurring after the date of the opinion could materially affect the assumptions used in preparing the opinion. Susquehanna did not express any opinion (i) as to the price at which shares of Traffic.com common stock have traded or such stock may trade following announcement of the merger or at any other future time or (ii) as to the price at which shares of NAVTEQ common stock may trade following the announcement or consummation of the merger or at any other future time. Susquehanna has not undertaken to reaffirm or revise its opinion or otherwise comment upon any events occurring after the date thereof and did not have any obligation to update, revise or reaffirm its opinion.

In connection with its opinion, Susquehanna made such reviews, analyses and inquiries as it deemed necessary and appropriate under the circumstances. Among other things Susquehanna:

- reviewed the financial terms and conditions of a draft of the merger agreement dated November 5, 2006;
- reviewed certain publicly-available historical business and financial information relating to Traffic.com and NAVTEQ;
- reviewed various financial forecasts and other data provided to it by Traffic.com and NAVTEQ relating to their businesses, as well as various publicly-available financial analyst forecasts with respect to Traffic.com and NAVTEQ;
- held discussions with members of the senior management of both Traffic.com and NAVTEQ with respect to the respective businesses and prospects of Traffic.com and NAVTEQ;
- reviewed public information with respect to certain other companies in lines of businesses Susquehanna believed to be generally comparable to the businesses of Traffic.com and NAVTEQ;



- reviewed the financial terms of certain business combinations involving companies in lines of businesses Susquehanna believed to be generally comparable to that of Traffic.com and NAVTEQ;
- performed a discounted cash flow analysis of Traffic.com on a standalone basis; and
- reviewed the historical stock prices and trading volumes of Traffic.com common stock and NAVTEQ common stock.

In addition, Susquehanna conducted such other studies, analyses and investigations and considered such other financial, economic, and market criteria as Susquehanna deemed necessary or appropriate in arriving at its opinion.

#### *Valuation Analyses*

In preparing its opinion to the special committee, Susquehanna performed a variety of analyses, including those described below. The summary of Susquehanna's valuation analyses is not a complete description of the analyses underlying Susquehanna's opinion. The preparation of a fairness opinion is a complex process involving various quantitative and qualitative judgments and determinations with respect to the financial, comparative and other analytic methods employed and the adaptation and application of those analytic methods to the unique facts and circumstances presented. As a consequence, neither a fairness opinion nor its underlying analyses is readily susceptible to partial analysis or summary description. Susquehanna arrived at its opinion based on the results of all analyses undertaken by it and assessed as a whole and did not draw, in isolation, conclusions from or with regard to any individual analytic method or factor. Accordingly, Susquehanna believes that its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion.

In performing its analyses, Susquehanna considered general business, economic, industry and market performance and conditions, financial and otherwise, and other matters. No company, transaction or business used in Susquehanna's analyses for comparative purposes is identical to Traffic.com, NAVTEQ or the proposed merger, and while the results of each analysis were taken into account in reaching its overall conclusion with respect to fairness, Susquehanna did not make separate or quantifiable judgments regarding individual analyses. The estimates contained in Susquehanna's analyses and the ranges of value indicated by any particular analysis are illustrative and not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, analyses relating to the value of assets, businesses or securities do not purport to be appraisals or to reflect the prices at which assets, businesses or securities actually may be sold, which may depend on a variety of factors, many of which are beyond Traffic.com's control and the control of Susquehanna. Much of the information used in, and accordingly the results of, Susquehanna's analyses are inherently subject to substantial uncertainty.

Susquehanna's opinion and analyses were provided to the special committee in connection with its consideration of the proposed merger and were only one of many factors considered by the special committee in evaluating the proposed merger. Neither Susquehanna's opinion nor its analyses were determinative of the merger consideration or of the views of the special committee with respect to the merger.

The following is a summary of the material valuation analyses Susquehanna discussed with the special committee in connection with the rendering of Susquehanna's opinion on November 5, 2006. The analyses summarized below include information presented in tabular format. The tables alone do

not constitute a complete description of the analyses. Considering the data in the tables below without considering the full narrative description of the analyses, as well as the methodologies underlying and the assumptions, qualifications and limitations affecting each analysis, could create a misleading or incomplete view of Susquehanna's analyses.

For purposes of its analyses, Susquehanna reviewed a number of financial metrics including:

- **enterprise value** the value of the relevant company's outstanding equity securities (taking into account its outstanding warrants and other convertible securities, if applicable) plus the value of its net debt (the value of its outstanding indebtedness, preferred stock and capital lease obligations less the amount of cash on its balance sheet, if applicable) as of a specified date;
- **EBITDA** the amount of the relevant company's earnings before interest, taxes, depreciation, and amortization for a specified time period; and
- **EBITDA + OpEx** the amount of the relevant company's earnings before interest, taxes, depreciation, and amortization for a specified time period plus the amount of the relevant company's operating expenses after gross profit; and
- **PEG Ratio** the ratio of the relevant company's equity value divided by net income expressed as a multiple of its long term earnings growth rate.

Unless the context indicates otherwise, enterprise and equity values on a fully diluted basis used in the selected companies analyses described below were calculated using the closing prices of the common stock of the selected companies listed below as of November 3, 2006, and the enterprise and equity values for the target companies used in the selected transactions analysis described below were calculated as of the announcement date of the relevant transaction based on the purchase prices paid in the selected transactions. Equity values were calculated on a fully diluted basis. Estimates of 2006 and 2007 revenues, EBITDA and net income for the selected companies listed below were based on publicly available research analyst estimates for those companies. Last twelve month, or LTM, financial information for Traffic.com was based on the twelve month period preceding June 30, 2006, and estimates of 2006 and 2007 revenues, EBITDA, operating expenses and net income for Traffic.com were based on estimates provided by management.

#### *Summary of Traffic.com Valuation Analysis*

**Market Analysis.** Susquehanna reviewed stock trading and ownership information concerning Traffic.com, including the price performance of Traffic.com's common stock relative to the NASDAQ Composite Index, the S&P 500 Index and the comparable companies described below and stock price and volume information since Traffic.com's initial public offering on January 25, 2006. Susquehanna also reviewed the historical liquidity of Traffic.com's stock as represented by comparing the bid-ask spread to the daily dollar value traded since the initial public offering.

**Premiums Paid Analysis.** Susquehanna reviewed publicly-available information for selected acquisitions of public companies relative to pre-announcement market trading prices to determine the premiums payable in the transactions over recent trading prices. Susquehanna selected these transactions by searching SEC filings, public company disclosures, press releases, industry and popular press reports, databases and other sources and by applying the following criteria:

- transactions involving all public targets trading in major global stock exchanges and all industries, excluding those companies for which information on stock price quotations was not reliable and the REIT, financial, biopharmaceutical, energy, utilities and telecommunications industries;



- transactions announced and closed over the past 18 months with implied equity values of \$50 million to \$1 billion.

Susquehanna further segmented the above data set as follows:

- all transactions;
- domestic transactions only; and
- domestic transactions with negative trailing EBITDA.

In examining the aforementioned acquisition transactions, Susquehanna analyzed the implied premium (or discount) paid in the selected transactions over trading prices for the target company one day, one week, 30 days, 60 days and 90 days prior to the announcement of the transaction. Susquehanna calculated implied price premiums for Traffic.com based upon the merger consideration and an assumed announcement date of November 5, 2006. The following table sets forth information concerning the premiums implied by the merger and premiums in the selected transactions.

Average Premium / Discount Paid	Time Prior to Announcement				
	1 Day	1 Week	30 Days	60 Days	90 Days
All Transactions	36.4 %	37.1 %	38.5 %	35.5 %	51.5 %
Domestic Transactions Only	32.7 %	32.3 %	32.8 %	29.2 %	46.7 %
Domestic Transactions with Negative Trailing EBITDA	31.3 %	34.5 %	40.3 %	11.4 %	-1.1 %
Traffic.com Proposed Premium (1)(2)	24.7 %	41.7 %	54.1 %	60.6 %	57.5 %

(1) Represents the premium of the blended offer price of \$7.68 as of November 5, 2006 compared to the current price, one week moving average, 30 day moving average, 60 day moving average, and 90 day moving average prices of Traffic.com.

(2) The blended offer price of \$7.68 represents a blended average of the cash and stock consideration and does not represent the actual consideration that any Traffic.com stockholder may receive, which depends on the elections made by the stockholder and other stockholders. Pursuant to the merger agreement, certain holders have elected to receive all stock consideration.

*Comparable Companies Analysis.* Susquehanna calculated multiples of enterprise and equity values to certain financial data for Traffic.com and selected media and broadcasting companies, selected specialty internet services companies, selected subscription-based media companies and selected specialized data collection companies.

The calculated multiples included:

- Enterprise value as a multiple of estimated 2006 revenue;
- Enterprise value as a multiple of estimated 2007 revenue;
- Enterprise value as a multiple of estimated 2006 EBITDA;
- Enterprise value as a multiple of estimated 2007 EBITDA;
- Enterprise value as a multiple of estimated 2006 EBITDA plus operating expenses;
- Enterprise value as a multiple of estimated 2007 EBITDA plus operating expenses;

- Equity value as a multiple of estimated 2006 net income; and

77

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- Equity value as a multiple of estimated 2007 net income.

The selected media and broadcasting companies were:

- Clear Channel Communications, Inc.;
- Sinclair Broadcast Group, Inc.;
- Westwood One, Inc.;
- Emmis Communications Corp.; and
- Fisher Communications, Inc.

The selected specialty internet services companies were:

- WebMD Health Corp.;
- CNET Networks, Inc.;
- Move, Inc.;
- Knot, Inc.; and
- Bankrate, Inc.

The selected subscription-based media companies were:

- Sirius Satellite Radio, Inc.; and
- XM Satellite Radio Holdings, Inc.;

The selected specialized data collection companies were:

- Arbitron, Inc.;
- CoStar Group, Inc.;
- NetRatings, Inc.;
- Harris Interactive, Inc.;
- HouseValues, Inc.; and
- Onvia, Inc.

The comparable companies analysis indicated the following:

Multiple description	Minimum	Median	Maximum
Enterprise Value as a multiple of:			

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2006E Revenue	2.0x	3.1x	4.0x
2007E Revenue	2.0x	3.2x	4.0x
2006E EBITDA	8.2x	11.5x	19.4x
2007E EBITDA	8.4x	10.5x	15.9x
2006E EBITDA + OpEx (1)	8.8x	10.9x	12.6x
2007E EBITDA + OpEx (1)	9.1x	10.3x	11.8x
<b>Equity Value as a multiple of:</b>			
2006E Net Income	21.2x	23.3x	61.8x
2007E Net Income	18.5x	25.5x	107.1x

(1) Due to Traffic.com's revenue mix at the time of the analysis, EBITDA + OpEx metrics were applied only to the selected media and broadcasting companies listed above.

78

Susquehanna applied weights to the four segments of comparable companies according to the portion of Traffic.com's revenue that Traffic.com's management expected to be generated from each corresponding segment in 2006 and 2007. Susquehanna applied multiple ranges based on the comparable companies analysis to corresponding financial estimates provided by Traffic.com's management. Susquehanna was limited to valuations derived from revenue and EBITDA + OpEx due to negative projected operating metrics. In order to account for negative operating metrics, Susquehanna applied a discount to the revenue multiples before determining a valuation range. Using minimum, median and maximum revenue multiples, the comparable companies analysis indicated an implied equity per share valuation range of \$3.99 to \$8.49 per share. Using minimum, median and maximum EBITDA + OpEx multiples, the comparable companies analysis indicated an implied equity valuation range of \$4.02 to \$7.40 per share.

**Comparable Transactions Analysis.** Susquehanna calculated multiples of enterprise and equity values to certain financial data based on the purchase prices paid in selected announced comparable transactions.

The calculated multiples included:

- Enterprise value as a multiple of LTM revenues;
- Enterprise value as a multiple of LTM EBITDA; and
- Equity value as a multiple of LTM net income.

The comparable transactions were:

Target	Acquiror
iVillage, Inc.	NBC Universal
Emmis Communications	Emmis Communications (MBO)
Liberty Corp.	Raycom Media, Inc.
Medsite.com, Inc.	WebMD Health Corp.
WeddingChannel.com	The Knot, Inc.
eMedicine.com	WebMD Health Corp.
Mortgage Market Information Svcs, Inc.	Bankrate, Inc.
FastFind	Bankrate, Inc.
HealthCentersOnline, Inc.	iVillage, Inc.
Twofold Photos, Inc.	CNET Networks, Inc.
Opinion Research Corporation	InfoUSA, Inc.
OneSource Information Svcs, Inc.	InfoUSA, Inc.

The comparable transactions analysis indicated the following:

Multiple description	Minimum	Median	Maximum
<b>Enterprise Value as a multiple of:</b>			
LTM Revenue	3.1x	4.0x	5.6x
LTM EBITDA	13.0x	14.0x	31.0x
<b>Equity Value as a multiple of:</b>			
LTM Net Income	24.7x	45.4x	66.1x



Susquehanna applied weightings to the four segments of comparable companies according to the portion of Traffic.com's LTM revenue generated from the corresponding segments. Susquehanna applied multiple ranges based on the comparable transactions analysis to corresponding financial metrics for Traffic.com. Susquehanna was limited to valuations derived from revenue due to negative trailing operating metrics. In order to account for negative operating metrics, Susquehanna applied a discount to the revenue multiples before determining a valuation range. Using minimum, median and maximum revenue multiples, the comparable transactions analysis indicated an implied equity valuation range of \$5.26 to \$8.56 per share.

**Discounted Cash Flow Analysis.** Susquehanna also calculated the present value of Traffic.com's unleveraged, after-tax free cash flows based on estimates provided by Traffic.com's management team. In performing this analysis, Susquehanna used a discount rate of 13.1% based on Traffic.com's weighted average cost of capital and the weighted average cost of capital for the comparable companies and a perpetual growth rate for Traffic.com's free cash flow beyond 2009 ranging from 3.0% to 5.0%. This discounted cash flow analyses indicated an implied equity valuation range of \$6.65 to \$7.66 per share.

*Summary of NAVTEQ Valuation Analysis*

**Comparable Companies Analysis.** Susquehanna calculated multiples of enterprise and equity values to certain financial data for NAVTEQ and selected comparable companies.

The calculated multiples included:

- Enterprise value as a multiple of estimated 2006 EBITDA;
- Enterprise value as a multiple of estimated 2007 EBITDA;
- Equity value as a multiple of estimated 2006 net income;
- Equity value as a multiple of 2006 net income;
- Estimated 2006 P/E ratio as a multiple of long term growth rate; and
- Estimated 2007 P/E ratio as a multiple of long term growth rate.

The selected comparable companies were:

- Getty Images, Inc.;
- Tele Atlas NV;
- Integraph Corp.;
- CoStar Group; and
- MapInfo Corp.

The comparable companies analysis indicated the following:

Multiple description	Minimum	Median	Maximum
<b>Enterprise Value as a multiple of:</b>			
2006E EBITDA	5.8x	12.5x	35.5x
2007E EBITDA	5.2x	9.5x	22.9x
<b>Equity Value as a multiple of:</b>			
2006E Net Income	18.2x	27.5x	78.7x
2007E Net Income	16.5x	23.5x	64.7x
2006E PEG Ratio	1.1x	1.6x	2.6x
2007E PEG Ratio	1.0x	1.3x	2.2x

Susquehanna applied multiple ranges based on the comparable companies analysis to corresponding financial data for NAVTEQ, including estimates provided by the NAVTEQ's management. Using minimum, median and maximum revenue multiples, the comparable transactions analysis indicated an implied equity valuation range of \$24.12 to \$45.30 per share, compared to a closing price for NAVTEQ of \$32.19 on November 3, 2006.

*Other Matters.* The special committee engaged Susquehanna pursuant to a letter agreement dated October 4, 2006 to provide an opinion to the special committee regarding the fairness from a financial point of view to the holders of Traffic.com common stock (other than (i) all affiliates of Traffic.com, (ii) NAVTEQ, NAVTEQ Holdings B.V., NAVTEQ Holdings Delaware, Inc. and their respective affiliates, (iii) any current or former employees of Traffic.com who may be entitled to receive any payments or other benefits as a result of or in connection with the merger pursuant to any agreement other than the merger agreement and (iv) any stockholder who demands and perfects appraisal rights) of the merger consideration in the merger. Pursuant to the engagement letter, Traffic.com will pay Susquehanna a fee for its services, a portion of which became payable upon the delivery of Susquehanna's opinion, regardless of the conclusion reached therein and the remainder of which will become payable upon, and is contingent on, the closing of the merger. Traffic.com has also agreed to reimburse Susquehanna for certain expenses and to indemnify Susquehanna and certain affiliated and related parties against certain liabilities and expenses, including certain liabilities under the federal securities laws arising out of or relating to Susquehanna's engagement.

Susquehanna is a full-service securities firm engaged in securities trading and brokerage activities as well as providing investment banking and other financial services. An affiliate of Susquehanna is a specialist on the American Stock Exchange in options on NAVTEQ's common stock and another affiliate is a market maker on the NASDAQ Global Market in Traffic.com common stock. In the ordinary course of business, Susquehanna and/or its affiliated and related entities may actively trade securities of Traffic.com and NAVTEQ for its and/or their own account or effect transactions in such securities for the accounts of Susquehanna's customers and, accordingly, Susquehanna and/or its affiliated and related entities may at any time hold a long or short position in such securities.

#### **NAVTEQ's Reasons for the Merger**

The board of directors of NAVTEQ considered a variety of factors in evaluating and approving the merger and the merger agreement, including the potential benefits of the merger to NAVTEQ, the potential risks and uncertainties of the merger, and the terms of the merger agreement. In evaluating and approving the merger and the merger agreement, the NAVTEQ board consulted with NAVTEQ's management and its financial advisor, Merrill Lynch.

The potential benefits of the merger identified and considered by the NAVTEQ board of directors relate primarily to combining Traffic.com's valuable proprietary sensor network and related real-time traffic data with NAVTEQ's customer base and expertise in creating, maintaining and distributing

digital map data, with the anticipated result being a stronger, more diversified provider of geographic and other location-based content. In addition, the NAVTEQ board of directors believed that cost synergies may be realized by combining the companies. The potential benefits identified and considered by the board include:

- access to valuable traffic-related content;
- reduced dependence on third party data suppliers;
- improved supplier and distributor economics;
- access to state-of-the-art traffic data processing capabilities;
- enhanced customer retention; and
- pricing flexibility and alternative revenue models.

Additional factors considered by NAVTEQ's board of directors relating to the merger and the merger agreement include:

- analyses of Traffic.com by NAVTEQ's management and information relating to the respective businesses, prospects, financial performance and condition, operations, management and competitive positions of NAVTEQ and Traffic.com;
- the potential effect on NAVTEQ stockholder value of a combination with Traffic.com;
- the extensive arms-length negotiations between NAVTEQ and Traffic.com;
- current financial market conditions and historical market prices, volatility and trading information with respect to NAVTEQ's and Traffic.com's common stock;
- the terms of the merger agreement generally, including the parties' representations, warranties and covenants, and the conditions to their respective obligations to complete the transaction;
- the exchange ratio and related financial terms of the merger agreement;
- the conditions to the closing of the merger requiring an absence of material adverse changes in Traffic.com's and NAVTEQ's businesses; and
- the \$6.25 million termination fee payable to NAVTEQ under specified circumstances, which would have an effect on Traffic.com's ability to pursue or complete an alternative transaction.

The risks and uncertainties identified and considered by the NAVTEQ board of directors in its consideration of the merger, including:

- NAVTEQ's ability to maintain and grow Traffic.com's business of delivering traffic data to traditional media outlets, and the corresponding advertising revenue associated therewith, and significantly increase its business of delivering traffic data to new media lines of distribution (such as the Internet, wireless devices and in-vehicle navigation applications) and the corresponding advertising revenue associated therewith;
- NAVTEQ's ability to create innovative combined product and service offerings;

- NAVTEQ's ability to integrate Traffic.com's business, technology and personnel into NAVTEQ in an efficient and timely manner without significant disruption to the combined business;
- NAVTEQ's ability to achieve cost and revenue synergies from the combination of the businesses and realize profitability with respect to Traffic.com's business;

82

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- the potential loss of NAVTEQ and Traffic.com customers in connection with the merger, as well as the potential for lower than expected demand or greater than expected price sensitivity from current and targeted customers in the future;
- the potential loss of suppliers;
- the potential loss of key employees; and
- the diversion of management's attention from ongoing business concerns.

The NAVTEQ board of directors concluded that, overall, the risks and uncertainties relating to the merger were outweighed by the potential benefits of the transaction to NAVTEQ. However, NAVTEQ cannot assure you that the actual results of the merger will result in the achievement of all or any of the anticipated benefits. Some of the factors identified above are outside NAVTEQ's control and one or more of these factors could result in increased operating costs, lower revenues, lower earnings or losses, or failures to compete effectively in the traffic data business, any of which could result in the anticipated benefits of the merger not being achieved.

The foregoing discussion of the information and factors considered by the NAVTEQ board of directors is not meant to be exhaustive, but summarizes the material factors considered by the NAVTEQ board in connection with its approval of the merger agreement and the merger. In view of the variety of factors considered, both positive and negative, as well as the complexity of these matters, the NAVTEQ board of directors did not find it practical to, and did not, quantify or otherwise assign relative weights to the specific factors considered, and individual members of the board of directors may have given different weights to different factors. In making its determinations and recommendations, the NAVTEQ board of directors as a whole viewed its determinations and recommendations based on the totality of the information presented to and considered by it.

#### **Interests of Traffic.com's Directors and Executive Officers in the Merger**

In considering the recommendation of Traffic.com's board of directors to vote for the proposal to adopt the merger agreement and the transactions contemplated thereby, including the merger, stockholders of Traffic.com should be aware that certain members of the board of directors and certain members of Traffic.com's management team have relationships, agreements and arrangements that provide them with interests in the merger that may be in addition to or differ from those of Traffic.com's stockholders generally. The board of directors was aware of these relationships, agreements and arrangements during its deliberations on the merits of the merger and in making its decision to recommend to the Traffic.com stockholders that they vote to adopt the merger agreement.

#### *Executive Bonus*

Upon completion of the merger, Robert N. Verratti, Traffic.com's Chief Executive Officer and director, pursuant to the terms of his employment agreement with Traffic.com, dated October 1, 2004, will be entitled to receive a bonus equal to 3% of the gross proceeds from the merger (up to a maximum amount of \$5.4 million) less amounts received in the merger by Mr. Verratti in exchange for his stock holdings in Traffic.com. Mr. Verratti is also entitled to receive additional amounts in connection with a tax gross-up of such bonus. The bonus is payable in a combination of cash and NAVTEQ common stock.

#### *Change in Control Agreements*

In 2006, Traffic.com entered into change in control agreements with certain of its executive officers. On November 5, 2006, Traffic.com signed an agreement with Mr. Verratti, which was approved by Traffic.com's compensation committee on May 23, 2006. The agreement provides that,

in the event of a change in control of Traffic.com, (i) he will have the right to receive a lump sum payment equal to \$290,000, if he is terminated other than for cause within 12 months of a change in control, or if he voluntarily resigns within 12 months of the merger; and (ii) any unvested options held by him will become vested. The merger will be a change in control as defined in the agreement.

On August 7, 2006, David L. Jannetta, Traffic.com's President, Christopher M. Rothery, Traffic.com's Chief Operating Officer, Andrew P. Maunder, Traffic.com's Chief Financial Officer, Joseph A. Reed, Traffic.com's Chief Information Officer, Brian J. Sisko, Traffic.com's Chief Legal Officer and Michael Nappi, Traffic.com's Senior Vice President of Business Development, each entered into an agreement with Traffic.com, which was approved by Traffic.com's compensation committee on May 23, 2006. The agreements provide that, in the event of a change in control of Traffic.com, 1) each will have the right to receive a lump sum payment equal to the greater of six months' base salary calculated as of the date of termination or six months' base salary calculated as a date within one month prior to his termination, if such person is terminated other than for good cause within 12 months of a change in control, or if such person voluntarily resigns with good reason; and 2) any unvested options held by such person will become vested. In August 2006, Traffic.com also entered into an agreement with William Powers, Traffic.com's Senior Vice President of Sales, which provides that, in the event of a change in control of Traffic.com, 1) he will have the right to receive a lump sum cash payment equal to \$103,500, if he is terminated other than for good cause within 12 months of a change in control, or if he voluntarily resigns; and 2) any unvested options held by Mr. Powers will become vested. The merger will be a change in control as defined in each of these agreements.

#### *Relationships with Related Parties*

Mark J. DeNino, the Chairman of Traffic.com's board of directors, is a managing director of the TL Ventures entities, stockholders that own 33.6% of the shares of Traffic.com common stock as of November 3, 2006, and may be deemed to have shared voting and dispositive power over the shares of stock held by these stockholders along with the other members or stockholders of the respective general partners of the TL Ventures entities. Pursuant to an agreement with NAVTEQ and Traffic.com, the TL Ventures entities also will receive only shares of NAVTEQ common stock in the merger with respect to the exchange of their warrants. Robert Verratti, Traffic.com's Chief Executive Officer, owns less than a 1% interest in one of the TL Ventures entities.

John Josephson, a member of Traffic.com's board of directors, is a managing director of Allen & Company LLC. Allen & Company LLC is Traffic.com's financial advisor and provided a written opinion to the board of directors in connection with the merger as to the fairness, from a financial point of view, of the merger consideration being provided by NAVTEQ. Allen & Company LLC will be compensated for its work as Traffic.com's financial advisor. The compensation will be equal to 2% of the total consideration paid in the merger.

#### *Indemnification and Insurance*

The merger agreement provides that NAVTEQ shall, and shall cause its subsidiaries to, for a period of six years after the completion of the merger, to the fullest extent permitted by law, honor and fulfill in all respects the obligations of Traffic.com and its subsidiaries under any and all indemnification agreements in effect as of November 5, 2006 between Traffic.com, its subsidiaries and any of their respective current or former directors and officers and any person who becomes a director or officer of Traffic.com prior to the completion of the merger, with respect to any matter arising out of, relating to, or in connection with any acts or omissions occurring or alleged to have occurred prior to the completion of the merger.

The merger agreement also provides that NAVTEQ will maintain for a period of six years after completion of the merger the current directors and officers' liability insurance policies maintained by Traffic.com or policies with a substantially comparable insurer of at least the same coverage and amounts containing terms and conditions that are no less advantageous to the insured, with respect to claims arising from facts or events that occurred on or before the completion of the merger, although NAVTEQ will not be required to pay annual premiums in excess of 250% of Traffic.com's current annual insurance premium.

#### **Material United States Federal Income Tax Consequences of the Merger**

##### *Generally*

The following discussion summarizes the material U.S. federal income tax consequences of the merger to U.S. holders of Traffic.com common stock. This discussion is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations, administrative rulings and judicial decisions currently in effect, all of which are subject to change, possibly with retroactive effect. Any such change could affect the accuracy of this discussion. This discussion assumes you hold your shares of Traffic.com common stock as capital assets within the meaning of Section 1221 of the Code.

The discussion does not address all aspects of U.S. federal income taxation that may be relevant to you in light of your particular circumstances or to U.S. holders of Traffic.com common stock subject to special treatment under the federal income tax laws such as:

- insurance companies;
- tax-exempt organizations;
- financial institutions;
- dealers in securities or foreign currency;
- banks or trusts;
- persons that hold Traffic.com common stock as part of a straddle, hedge, constructive sale or conversion transaction;
- persons that have a functional currency other than the U.S. dollar;
- investors in pass-through entities; or
- persons who acquired their Traffic.com common stock through the exercise of options or otherwise as compensation or through a tax-qualified retirement plan.

Further, this discussion does not consider the potential effects of any state, local or foreign tax laws or U.S. federal tax laws other than federal income tax laws.

**You should consult your own tax advisor regarding the specific tax consequences to you of the merger, including the applicability and effect of federal, state, local and foreign income and other tax laws.**

For purposes of this discussion, you are a U.S. holder if you beneficially own Traffic.com common stock and you are:

- a citizen or resident of the United States for federal income tax purposes;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States or any of its political subdivisions;





- a trust, if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person; or
- an estate that is subject to U.S. federal income tax on its income regardless of its source.

Neither NAVTEQ nor Traffic.com has requested a ruling from the Internal Revenue Service (the IRS) with respect to any of the U.S. federal income tax consequences of the merger and, as a result, there can be no assurance that the IRS will not disagree with any of the conclusions described below. It is a condition to the closing of the merger that Pepper Hamilton LLP, counsel to NAVTEQ, and Klehr, Harrison, Harvey, Branzburg & Ellers LLP, counsel to Traffic.com, issue opinions to NAVTEQ and Traffic.com, respectively, to the effect that, among other items, the merger will be treated as a tax-free reorganization within the meaning of Section 368(a) of the Code. These opinions will rely on certain facts, assumptions, limitations, representations and covenants, including those contained in certificates provided by NAVTEQ and Traffic.com, that if incorrect or untrue could affect both the opinions and the conclusions described below. The opinions will not bind the courts or prevent the IRS from adopting a position contrary to that expressed in the opinions.

The following discussion assumes that the merger will be treated as a tax-free reorganization within the meaning of Section 368(a) of the Code.

*U.S. Federal Income Tax Consequences of the Merger to U.S. Holders*

The U.S. federal income tax consequences of the merger to you will depend on whether you receive cash, shares of NAVTEQ common stock or a combination of cash and NAVTEQ common stock in exchange for your Traffic.com common stock. At the time you will make your cash or stock election pursuant to the terms of the merger agreement, you will not know whether, and to what extent, the proration rules of the merger agreement will alter the mix of consideration you will receive. As a result, the tax consequences to you will not be ascertainable until you know the amount of cash and shares of NAVTEQ common stock which you will receive pursuant to the merger.

*Exchange of Traffic.com Common Stock Solely for NAVTEQ Common Stock.* Except as discussed below under *Cash in Lieu of Fractional Shares of NAVTEQ Common Stock*, if you receive solely NAVTEQ common stock in exchange for your shares of Traffic.com common stock, you will not recognize gain or loss upon the merger. Your aggregate tax basis in the NAVTEQ common stock which you receive will be equal to the aggregate tax basis of the Traffic.com common stock which you surrender (excluding any portion of your basis in Traffic.com common stock that is allocated to cash that you receive in lieu of fractional shares of NAVTEQ common stock), and your holding period in shares of NAVTEQ common stock will include your holding period in the shares of Traffic.com common stock which you surrender.

*Exchange of Traffic.com Common Stock Solely for Cash.* If you receive solely cash in exchange for your Traffic.com common stock pursuant to the merger, you will recognize gain or loss equal to the difference between the amount of cash which you receive and the aggregate tax basis of the shares of Traffic.com common stock which you surrender. You must calculate gain or loss separately for each block of shares of Traffic.com common stock if you purchased blocks of your Traffic.com common stock in different transactions.

*Exchange of Traffic.com Common Stock for a Combination of NAVTEQ Common Stock and Cash.* Except as discussed below under *Cash in Lieu of Fractional Shares of NAVTEQ Common Stock*, if you receive a combination of NAVTEQ common stock and cash in exchange for shares of Traffic.com common stock, you generally will recognize any gain, but not loss, that you realize pursuant to the merger.

You will recognize gain in an amount not in excess of the cash you receive in the merger up to the amount of gain that you realize pursuant to the merger. For this purpose, the amount of gain that you realize pursuant to the merger will equal the excess, if any, of:

- the sum of:
  - (i) the cash that you receive, plus
  - (ii) the fair market value of the shares of NAVTEQ common stock which you receive, over
- your tax basis in the Traffic.com common stock which you surrender pursuant to the merger.

The aggregate tax basis in NAVTEQ common stock received pursuant to the merger, including the basis allocable to any fractional share of NAVTEQ common stock for which cash is received, will be equal to the aggregate tax basis in the Traffic.com common stock which you surrender pursuant to the merger, decreased by the amount of cash that you receive and increased by the amount of gain, if any, which you recognize or any amount treated as a dividend to you. Your holding period in the shares of NAVTEQ common stock received will include your holding period for the shares of Traffic.com common stock which you surrendered in exchange therefor.

*Cash in Lieu of Fractional Shares of NAVTEQ Common Stock.* If you receive cash instead of a fractional share of NAVTEQ common stock, you will recognize a taxable gain or loss based upon the difference between the amount of cash you receive with respect to such fractional share and your tax basis in the shares of Traffic.com common stock that is allocated to such fractional share.

*Character of Recognized Gain and Loss.* Any gain that you recognize generally will be treated as capital gain. Your gain could be treated as ordinary dividend income to the extent of your ratable share of Traffic.com's earnings and profits, however, if your receipt of the cash in the merger has the effect of a dividend for U.S. federal income tax purposes under Sections 356 and 302 of the Code. See below under *Potential Treatment of Cash as a Dividend*.

If your holding period in your shares of Traffic.com common stock is greater than one year as of the consummation of the merger, then your capital gain or loss with respect to your shares will constitute long-term capital gain or loss. Long-term capital gains will be subject to U.S. federal income tax at a maximum rate of 15% in the hands of certain U.S. holders such as individuals. The use of capital losses to offset ordinary income is subject to limitations.

*Potential Treatment of Cash as a Dividend.* In general, the determination of whether the receipt of cash pursuant to the merger will be treated as a dividend depends upon the extent to which your receipt of cash reduces your deemed percentage stock ownership of NAVTEQ. For purposes of this determination, you will be treated as if you first exchanged all of your Traffic.com common stock solely for NAVTEQ common stock and then NAVTEQ immediately redeemed (the deemed redemption) a portion of such NAVTEQ common stock in exchange for the cash that you actually received. The gain that you recognize pursuant to the merger followed by a deemed redemption will be treated as capital gain if (i) the deemed redemption is substantially disproportionate with respect to you (and after the deemed redemption you actually or constructively own less than 50% of the voting power of the outstanding NAVTEQ common stock) or (ii) the deemed redemption is not essentially equivalent to a dividend.

The deemed redemption generally will be substantially disproportionate with respect to you if the percentage of the outstanding NAVTEQ common stock that you actually and constructively own immediately after the deemed redemption is less than 80% of the percentage of the outstanding NAVTEQ common stock that you are deemed actually and constructively to have owned immediately before the deemed redemption. The deemed redemption will not be considered to be essentially equivalent to a dividend if it results in a meaningful reduction in your deemed percentage stock ownership of NAVTEQ. In applying the above tests, you may, under constructive ownership rules, be deemed to own stock that is owned by other persons in addition to the stock you actually own. The



IRS has ruled that a minority shareholder in a publicly held corporation whose relative stock interest is minimal and who exercises no control with respect to corporate affairs is considered to have a meaningful reduction if the shareholder has a relatively minor reduction in such shareholder's percentage stock ownership under the above analysis.

As these rules are complex and dependent upon your specific circumstances, you should consult your tax advisor to determine whether you may be subject to these rules.

#### *Information Reporting and Backup Withholding*

You may be subject to information reporting with respect to the cash that you receive in exchange for Traffic.com common stock, including cash that you receive in lieu of a fractional share of NAVTEQ common stock. You may also be subject to backup withholding, unless (i) you are an exempt holder (such as a corporation or a tax-exempt organization), (ii) you furnish a correct taxpayer identification number and certify that you are not subject to backup withholding on a Form W-9 or successor form or (iii) you are otherwise exempt from backup withholding. You may credit any amount withheld under the backup withholding rules against your U.S. federal income tax liability, and you may seek a refund of any excess amount withheld under the backup withholding rules by filing the appropriate form with the IRS.

#### **Regulatory Matters**

Under the HSR Act and the rules promulgated thereunder by the FTC, the merger may not be consummated until notifications have been given and certain information has been furnished to the FTC and the Antitrust Division of the U.S. Department of Justice and specified waiting period requirements have been satisfied. NAVTEQ and Traffic.com filed notification and report forms under the HSR Act with the FTC and the Antitrust Division on December 8, 2006 and the waiting period thereunder terminated on January 8, 2007. However, at any time before or after the time that the merger is effective under Delaware law, and notwithstanding that the HSR Act waiting period has expired, the FTC, the Antitrust Division or any state could take such action under the antitrust laws as it deems necessary or desirable in the public interest. Such action could include seeking to enjoin the consummation of the merger or seeking divestiture of Traffic.com or businesses acquired as a result of the merger. The merger may also be subject to review by the governmental authorities under the antitrust laws of various other jurisdictions where NAVTEQ and Traffic.com conduct business. As of the date of this proxy statement/prospectus, NAVTEQ and Traffic.com have not yet obtained any governmental or regulatory approvals that may be required to complete the merger.

There can be no assurance that the governmental reviewing authorities will permit any applicable statutory waiting periods to expire, terminate the applicable statutory waiting periods or clear the merger at all or without restrictions or conditions that would have a materially adverse effect on the combined company if the merger is completed. These restrictions and conditions could include a complete or partial license, divestiture, spin-off or the holding separate of assets or businesses. Under the terms of the merger agreement, NAVTEQ is not required to sell, dispose of or hold separately any assets or businesses or interests in any assets or businesses of NAVTEQ, Traffic.com or their respective affiliates, make any other change in any portion of the businesses of Traffic.com or NAVTEQ or incur any limitation on the conduct of the business of Traffic.com or NAVTEQ in order to obtain any clearances or approvals in connection with the merger. Either NAVTEQ or Traffic.com may refuse to complete the merger if any such restrictions or conditions are required by governmental authorities as a condition to the completion of the merger.

#### **Accounting Treatment of the Merger**

The merger is expected to be accounted for as a business combination utilizing the purchase method of accounting in accordance with Statement of Financial Accounting Standards No. 141,

**Business Combinations.** Under the purchase method of accounting, the purchase price is allocated to the assets acquired and liabilities assumed based on their estimated fair values as set forth in the NAVTEQ unaudited pro forma condensed combined financial statements. NAVTEQ management has made a preliminary allocation of the estimated purchase price based on preliminary estimates of fair values. Any excess of the estimated purchase price over the fair value of net assets acquired will be accounted for as goodwill.

In accordance with Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*, goodwill will not be amortized but instead will be tested for impairment at least annually (more frequently if indicators of impairment are present).

### **Appraisal Rights**

A stockholder who desires to exercise appraisal rights must (a) not vote in favor of the adoption of the merger agreement, (b) deliver a written demand for appraisal of his or her shares to the Secretary of Traffic.com before the vote on the adoption of the merger agreement at the special meeting and (c) continuously hold his, her or its shares from the date of making the demand through the effective date of the merger.

A demand for appraisal must be executed by or for the stockholder of record, fully and correctly, as such stockholder's name appears on the certificates representing shares, or if the shares are held as direct registration shares, as such stockholder's name appears on the books and records of the transfer agent as the owner of shares. If shares are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, such demand must be executed by the fiduciary. If shares are owned of record by more than one person, as in a joint tenancy or tenancy in common, such demand must be executed by all joint owners. An authorized agent, including an agent of two or more joint owners, may execute the demand for appraisal for a stockholder of record; however, the agent must identify the record owner and expressly disclose that, in exercising the demand, he is acting as agent for the record owner. In addition, the stockholder must continuously hold the shares of record from the date of making the demand through the effective time.

A record owner, such as a broker, who holds shares as a nominee for others may exercise appraisal rights with respect to the shares held for all or less than all beneficial owners of shares as to which the holder is the record owner. In such case the written demand must set forth the number of shares covered by such demand. Where the number of shares is not expressly stated, the demand will be presumed to cover all shares outstanding in the name of such record owner.

Beneficial owners who are not record owners and who intend to exercise appraisal rights should instruct the record owner to comply strictly with the statutory requirements with respect to the exercise of appraisal rights before the vote on the merger agreement. A holder of shares held in street name who desires appraisal rights with respect to such shares must take such actions as may be necessary to ensure that a timely and proper demand for appraisal is made by the record owner of such shares. Shares held through brokerage firms, banks and other financial institutions are frequently deposited with and held of record in the name of a nominee of a central security depository, such as Cede & Co., The Depository Trust Company's nominee. Any holder of shares desiring appraisal rights with respect to such shares who held his, her or its shares through a brokerage firm, bank or other financial institution is responsible for ensuring that the demand for appraisal is made by the record holder thereof. The stockholder should instruct such firm, bank or institution that the demand for appraisal must be made by the record holder of the shares, which might be the nominee of a central security depository if the shares have been so deposited.

As required by Section 262, a demand for appraisal must be in writing and must reasonably inform Traffic.com of the identity of the record holder (which might be a nominee as described above) and of such holder's intention to seek appraisal of such shares.

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Stockholders of record who elect to demand appraisal of their shares must mail or deliver their written demand to: Traffic.com, Inc., 851 Duportail Road, Wayne, Pennsylvania 19087, Attention: Brian J. Sisko, Secretary. The written demand for appraisal should specify the stockholder's name and mailing address, the number of shares owned, and that the stockholder is thereby demanding appraisal of his or her shares and such written demand must be received by Traffic.com prior to the special meeting. Neither voting (in person or by proxy) against, abstaining from voting on or failing to vote on the proposal to approve and adopt the merger agreement will alone suffice to constitute a written demand for appraisal within the meaning of Section 262.

In addition, the stockholder must not vote his, her or its shares of common stock in favor of the adoption of the merger agreement. Because a proxy which does not contain voting instructions will, unless revoked, be voted in favor of the adoption of the merger agreement, a stockholder who submits a proxy and who wishes to exercise appraisal rights must vote against the adoption of the merger agreement and approval of the merger or abstain from voting on the adoption of the merger agreement.

Within 120 days after the effective time of the merger, either the surviving company in the merger or any stockholder who has timely and properly demanded appraisal of his or her shares and who has complied with the required conditions of Section 262 and is otherwise entitled to appraisal rights may file a petition in the Delaware Court of Chancery demanding a determination of the fair value of the shares of all stockholders who have properly demanded appraisal with a copy served on the surviving corporation in the case of a petition filed by a stockholder. NAVTEQ Holdings Delaware, Inc., as the surviving corporation, presently has no intention of filing an appraisal petition and stockholders seeking to exercise appraisal rights should not assume that NAVTEQ Holdings Delaware, Inc. will file a petition with respect to the fair value of Traffic.com's common stock. If a petition for an appraisal is timely filed, after a hearing on such petition, the Delaware Court of Chancery will determine which stockholders are entitled to appraisal rights and thereafter will appraise the shares owned by such stockholders, determining the fair value of such shares exclusive of any element of value arising from the accomplishment or expectation of the merger, together with a fair rate of interest to be paid, if any, upon the amount determined to be the fair value. In determining fair value, the Delaware Court of Chancery may take into account all relevant factors. In *Weinberger v. VOP, Inc.*, the Delaware Supreme Court discussed the factors that could be considered in determining fair value in an appraisal proceeding, stating that proof of value by any techniques or methods which are generally considered acceptable in the financial community and otherwise admissible in court and that fair price obviously requires consideration of all relevant factors involving the value of a company.

Stockholders considering seeking appraisal should bear in mind that the fair value of their shares determined under Section 262 could be more than, the same as, or less than the merger consideration they are entitled to receive pursuant to the merger agreement if they do not seek appraisal of their shares, and that opinions of investment banking firms as to fairness from a financial point of view are not necessarily opinions as to fair value under Section 262.

The cost of the appraisal proceeding may be determined by the Delaware Court of Chancery and taxed upon the parties as the Delaware Court of Chancery deems equitable in the circumstances. Upon application of a stockholder seeking appraisal rights, the Delaware Court of Chancery may order that all or a portion of the expenses incurred by such stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorneys' fees and the fees and expenses of experts, be charged pro rata against the value of all shares entitled to appraisal. In the absence of such a determination of assessment, each party bears its own expenses.

Except as explained in the last sentence of this paragraph, at any time within 60 days after the effective time of the merger, any stockholder who has demanded appraisal will have the right to withdraw his or her demand for appraisal and to accept the cash and shares of NAVTEQ common stock to which such stockholder is entitled pursuant to the merger. After this period, such holder may

withdraw his or her demand for appraisal only with the consent of the surviving company in the merger. If no petition for appraisal is filed with the Delaware Court of Chancery within 120 days after the effective time of the merger, stockholders' rights to appraisal will cease and all stockholders will be entitled only to receive the cash and shares of NAVTEQ common stock as provided for in the merger agreement. Inasmuch as the parties to the merger agreement have no obligation to file such a petition, and have no present intention to do so, any stockholder who desires that such petition be filed is advised to file it on a timely basis. No petition timely filed in the Delaware Court of Chancery demanding appraisal will be dismissed as to any stockholders without the approval of the Delaware Court of Chancery, and such approval may be conditioned upon such terms as the Delaware Court of Chancery deems just.

**The foregoing is a brief summary of Section 262 which sets forth the procedures for demanding statutory appraisal rights. You are encouraged to carefully read the full text of Section 262, a copy of the text of which is attached hereto as Annex D.**

#### **Listing of NAVTEQ Common Stock**

Application will be made to have the shares of NAVTEQ common stock to be issued in the merger approved for listing on the New York Stock Exchange, where NAVTEQ common stock is currently traded under the symbol NVT.

#### **Delisting and Deregistration of Traffic.com Common Stock after the Merger**

Shares of Traffic.com common stock currently are listed and traded on the Nasdaq Global Market under the symbol TRFC. If the merger is completed, the shares of Traffic.com common stock will be delisted from the Nasdaq Global Market and shares of Traffic.com common stock will no longer publicly traded.

Shares of Traffic.com common stock are currently registered under the Securities Exchange Act of 1934. Following the merger, Traffic.com will file a Form 15 with the SEC requesting the suspension and termination of the registration of its common stock under the Exchange Act.

#### **Restrictions on Sales of Shares of NAVTEQ Common Stock Received in the Merger**

The shares of NAVTEQ common stock to be issued in connection with the merger will be registered under the Securities Act and will be freely transferable, except for shares of NAVTEQ common stock issued to any person who is deemed to be an affiliate of Traffic.com prior to the merger. Persons who may be deemed to be affiliates of Traffic.com prior to the merger include individuals or entities that control, are controlled by, or are under common control of Traffic.com prior to the merger, and may include officers and directors, as well as principal stockholders of Traffic.com. Affiliates of Traffic.com will be notified separately of their affiliate status.

Persons who may be deemed to be affiliates of Traffic.com prior to the merger may not sell any of the shares of NAVTEQ common stock received by them in connection with the merger except pursuant to:

- an effective registration statement under the Securities Act covering the resale of those shares;
- an exemption under paragraph (d) of Rule 145 under the Securities Act; or
- any other applicable exemption under the Securities Act.

## **THE MERGER AGREEMENT**

*The following summary describes the material provisions of the merger agreement. The merger agreement is attached to this proxy statement/prospectus as Annex A and is incorporated by reference into this proxy statement/prospectus, and we encourage you to read it carefully in its entirety for a more complete understanding of the merger agreement.*

*The merger agreement contains representations and warranties of Traffic.com, NAVTEQ, NAVTEQ Holdings B.V. and NAVTEQ Holdings Delaware, Inc. made to each other as of specific dates. The assertions embodied in those representations and warranties were made solely for purposes of the contract between these parties and may be subject to important qualifications and limitations agreed by the parties in connection with negotiating its terms. Moreover, certain representations and warranties may not be accurate or complete as of any specified date because they are subject to a contractual standard of materiality different from those generally applicable to stockholders or were used for the purpose of allocating risk among the parties rather than establishing matters as facts. For the foregoing reasons, no person should rely on the representations and warranties as statements of factual information.*

### **The Merger**

The merger agreement provides for the merger of Traffic.com with and into NAVTEQ Holdings Delaware, Inc., a newly formed, wholly-owned subsidiary of NAVTEQ Holdings B.V. (a wholly-owned subsidiary of NAVTEQ). NAVTEQ Holdings Delaware, Inc. will survive the merger as a direct wholly-owned subsidiary of NAVTEQ Holdings B.V. and the separate existence of Traffic.com will cease.

### **Closing and Effective Time of the Merger**

We will complete the merger when all of the conditions to completion of the merger contained in the merger agreement, which are described in the section entitled **The Merger Agreement** **Conditions to Obligations to Complete the Merger** beginning on page 111 of this proxy statement/prospectus, are satisfied or waived, including approval and adoption of the merger agreement and approval of the merger by the holders of a majority of the outstanding shares of Traffic.com common stock. The merger will become effective upon the filing of a certificate of merger with the Secretary of State of the State of Delaware.

We are working to complete the merger as quickly as possible. We currently plan to complete the merger as soon as practicable following the satisfaction or waiver of the last to be satisfied or waived of the conditions provided for in the merger agreement. Because completion of the merger is subject to certain conditions that are beyond our control, we cannot predict the exact timing, although absent any unanticipated delay, we expect to close the merger during the first quarter of 2007.

### **Treatment of Securities**

#### ***NAVTEQ Common Stock***

The merger will not affect any shares of NAVTEQ common stock that are issued and outstanding immediately prior to the effective time of the merger.

#### ***Traffic.com Common Stock***

Upon completion of the merger, each share of Traffic.com common stock (1) held by any direct or indirect wholly-owned subsidiary of Traffic.com, (2) held by NAVTEQ or any direct or indirect wholly-owned subsidiary of NAVTEQ, or (3) held in Traffic.com's treasury, will be canceled and cease to exist and no cash, shares of NAVTEQ capital stock or other consideration will be delivered in exchange for such shares.



Subject to the other provisions described in this section, each share of Traffic.com common stock outstanding immediately prior to the effective time of the merger will be converted into the right to receive at the election of the holder (subject to the limitations described below) either (1) 0.235 shares of NAVTEQ common stock, or (2) cash in the amount of \$8.00, without interest. The election of cash or stock will be subject to a limit on total cash consideration of \$49 million (minus the cash value of any dissenting shares) and a limit on the total number of NAVTEQ shares of common stock issued of 4.3 million (less the shares of NAVTEQ common stock issued to holders of warrants to purchase Traffic.com stock that are exchanged for NAVTEQ common stock), as more fully described below. The TL Ventures entities, affiliates of Traffic.com owning shares of Traffic.com common stock as of the record date, have agreed pursuant to a voting agreement to elect to receive all of their per share merger consideration entirely in shares of NAVTEQ common stock. Once converted, all such shares of Traffic.com common stock will be cancelled and the holder of a certificate representing such shares of Traffic.com common stock will no longer have any rights with respect to those shares except for the right to receive the cash and/or stock consideration, certain dividends and distributions and cash in lieu of fractional shares.

In the event that prior to the effective date of the merger NAVTEQ common stock or Traffic.com common stock is changed into a different number of shares or a different class, because of any stock dividend, subdivision, reclassification, recapitalization, split, combination or exchange of shares, the merger consideration will be adjusted accordingly to reflect the change in the number of shares or class.

#### *Traffic.com Stock Options and Warrants*

NAVTEQ will assume Traffic.com stock options that are outstanding upon consummation of the merger: (1) that are not yet vested and exercisable, (2) that are vested, and have a per share exercise price greater than the market price per share of Traffic.com common stock on the day immediately prior to the closing of the merger, or (3) that are issued under the Traffic.com 1999 Non-Employee Option Plan, are vested and exercisable, which have a per share exercise price that is less than or equal to the market price per share of Traffic.com common stock on the day immediately prior to the closing of the merger and which have not been exercised prior to the effective date of the merger. Except as described below, these assumed options will continue to have the same terms and conditions as were in effect immediately prior to the effective time of the merger. The assumed options will be exercisable (or will become exercisable in accordance with their terms) for the number of whole shares of NAVTEQ common stock equal to the product of (1) the number of shares underlying each assumed option and (2) 0.235. The per share exercise price of these assumed options will be equal to the quotient of (1) the exercise price of the assumed option and (2) 0.235. The assumed options will be subject to the same vesting schedule as was applicable prior to the effective time of the merger. Traffic.com must take all actions necessary prior to the closing date of the merger to permit NAVTEQ to assume these options.

With the exception of Traffic.com options issued under Traffic.com's 1999 Non-Employee Option Plan, all Traffic.com options that are vested, currently exercisable and which have a per share exercise price that is less than or equal to the market price per share of Traffic.com common stock on the day immediately prior to closing of the merger will be cancelled. Therefore, holders of these options must exercise them or exchange them, as described below, prior to the closing of the merger or the options will be cancelled and of no value. Option holders who exercise these options for Traffic.com common stock prior to the closing will be entitled to make the same elections of cash or NAVTEQ common stock as all other Traffic.com stockholders. Alternatively, holders of these options may elect to exchange them, without first exercising them for shares of Traffic.com common stock, by delivering appropriate documentation to Traffic.com and NAVTEQ. Option holders who choose to exchange their options will be entitled to elect cash or NAVTEQ common stock on the same basis as Traffic.com

stockholders (including the pro-ration provisions), and the consideration such option holders will receive will be net of the exercise price of the applicable option or options and any applicable withholding for taxes payable by the holder.

With respect to holders of outstanding Traffic.com options issued under the Traffic.com 1999 Non-Employee Option Plan, Traffic.com must only use commercially reasonable efforts to cause these holders to exercise their options at or prior to the closing of the merger. Regardless, Traffic.com may provide, prior to closing of the merger, that these options may, at the election of the holder, be exchanged for the merger consideration (described above with respect to Traffic.com common stock) by making a cash election, a stock election or a non-election. We refer to these options as the exchanged options.

Each warrant for Traffic.com stock outstanding at the time of the closing of the merger may, at the election of the holder and in lieu of exercising such warrant for shares of Traffic.com common stock or having such warrant continue in effect after the consummation of the merger, be exchanged for 0.235 shares of NAVTEQ common stock for each share underlying the warrant for Traffic.com common stock (on a net basis, taking into account the exercise price of such Traffic.com warrant). We refer to these warrants as the exchanged warrants. Prior to the closing of the merger, Traffic.com must obtain written agreements from each holder of certain outstanding Traffic.com warrants which shall provide that such holder will (1) exercise their warrants prior to the closing of the merger, (2) agree to exchange their warrants for shares of NAVTEQ common stock, as described above, or (3) be subject to a new warrant or warrants in replacement of the Traffic.com warrants, in a form agreed to by such holders and NAVTEQ. All other warrants to purchase Traffic.com stock that have not been exercised prior to the effective time of the merger will be assumed by NAVTEQ. The TL Ventures entities have agreed to exchange their warrants for shares of NAVTEQ common stock.

Once converted, all such exchanged Traffic.com options and warrants will be cancelled and the holder of those options or warrants will no longer have any rights with respect to the exchanged options or warrants except for the right, upon surrender of such exchanged option or exchanged warrant, to receive the cash and/or stock consideration, certain dividends and distributions and cash in lieu of fractional shares of NAVTEQ common stock, in each case without interest.

#### **Fractional Shares**

NAVTEQ will not issue any fractional shares of NAVTEQ common stock in connection with the merger. Instead, each holder of Traffic.com common stock or a Traffic.com option or Traffic.com warrant who would otherwise be entitled to receive a fraction of a share of NAVTEQ common stock will, upon surrender of such holder's Traffic.com stock certificate, Traffic.com option or Traffic.com warrant, receive cash (rounded to the nearest whole cent), without interest, less the amount of any tax withholding, in an amount equal to the product of: (1) such fraction, multiplied by (2) the average closing price of one share of NAVTEQ common stock for the ten most recent trading days that NAVTEQ common stock has traded, ending on the trading day one day prior to the effective time of the merger, as reported by the New York Stock Exchange. The cash owed to any holders in lieu of fractional interests will be deposited by NAVTEQ Holdings B.V. with the exchange agent.

#### **Stockholder Elections; Allocation; Proration Procedures**

##### ***Election Process***

Each holder of Traffic.com common stock or holder of an exchanged option will be entitled to elect to receive the merger consideration in cash or in shares of NAVTEQ common stock on or prior to the election deadline. The election deadline is 5:00 p.m. Eastern time on the date that is ten business days following the effective date of the merger. Partial elections are not permitted, which means that the holder must elect either cash or shares of NAVTEQ common stock with respect to all shares and

options held by the electing holder. The election with respect to exchanged options will be on a net basis, taking into account the exercise price of such exchanged option.

Each election form will permit holders to make one of the following elections:

- to elect to receive shares of NAVTEQ common stock for such holder's shares of Traffic.com common stock or exchanged options;
- to elect to receive cash for such holder's shares of Traffic.com common stock or exchanged options, if applicable; or
- to indicate that such holder makes no election, and thus has no preference, with respect to such holder's shares of Traffic.com common stock or exchanged options.

Holders of record of shares of Traffic.com common stock who hold such shares as nominees, trustees or in other representative capacities may submit multiple forms of election, provided that such nominee, trustee or representative certifies that each such form of election covers all shares of Traffic.com common stock held for a particular beneficial owner.

All elections must be made on the election form furnished to you in a separate mailing. Elections may be made by holders of Traffic.com common stock or exchanged options by delivering the election form and the other required documents to the exchange agent, which is Computershare Investor Services LLC. For an election to be effective, an election form must be properly completed, signed and submitted in the return envelope, received by the election deadline, and accompanied by:

- the certificates representing the shares of Traffic.com common stock as to which the election is being made or an appropriate guarantee of delivery of such certificates as set forth in the election form from a firm which is a member of a registered national securities exchange or of the Nasdaq Global Market System or a commercial bank or trust company having an office or correspondent in the United States, provided such certificates are in fact delivered to the exchange agent within three New York Stock Exchange trading days after the date of execution of such guarantee of delivery;
- an agreement with respect to the Traffic.com options that have become exchanged options; and
- a properly completed and signed letter of transmittal, which you will receive in a separate mailing along with the election form.

Failure to deliver certificates covered by any guarantee of delivery within three New York Stock Exchange trading days after the date of execution of such guarantee of delivery will invalidate any otherwise properly made cash or stock election. NAVTEQ has the discretion, which it may delegate to the exchange agent, to determine whether an election form has been properly completed, signed and submitted or revoked and to disregard immaterial defects in the election form. The good faith decision of NAVTEQ (or the exchange agent) in such matters will be conclusive and binding. Neither NAVTEQ nor the exchange agent is under any obligation to notify any person of any defect in an election form submitted to the exchange agent. The exchange agent will also be making the computations required by the merger agreement, and all such computations will be conclusive and binding on the holders of Traffic.com common stock in the absence of manifest error.

**An election form may be changed or revoked prior to the date that the election form must be delivered to the exchange agent. In the event that the record holder revokes the election form prior to the date that the election form is due, NAVTEQ will, or will cause the exchange agent to, cause the certificates representing shares of Traffic.com common stock covered by such election form to be promptly returned without charge to the person submitting the election form upon written request to that effect from such person.**

**A stockholder who does not submit an election form to the exchange agent prior to the election deadline, including a holder who submits and then revokes such holder's election form and does not re-submit an election form that is timely received by the exchange agent, or a holder who submits an election form without the other required documents, will be deemed to have indicated that such holder makes no election with respect to his or her shares of Traffic.com common stock.**

**A holder of dissenting shares (i.e., shares that were not voted in favor of the adoption of the merger agreement and whose holder delivered a written demand for appraisal for such shares) will not be entitled to make an election, except that a holder who withdraws or waives his appraisal rights will be entitled to make an election.**

**If the exchange agent cannot reasonably determine the election preference of the stockholder submitting an election form because such form is defective in any manner, the purported cash election or stock election will be of no force and the holder will be deemed to have made a non-election.**

NAVTEQ and Traffic.com will use their reasonable best efforts to mail or otherwise make available an election form and letter of transmittal to all persons who have become stockholders of Traffic.com between the record date and the effective time of the merger.

*Re-allocation of Merger Consideration*

Notwithstanding the stockholder election:

- No more than \$49 million minus the cash value of dissenting shares will be available for Traffic.com stockholders and holders of exchanged options making a cash election. We refer to this limitation as the cash consideration cap. The cash value of dissenting shares equals the cash consideration cap per share multiplied by the number of shares of Traffic.com common stock that are dissenting shares.
- No more than 4.3 million shares of NAVTEQ common stock less the shares of NAVTEQ common stock payable to the holders of the exchanged warrants, which we refer to as the stock consideration cap, will be available for Traffic.com stockholders and holders of exchanged options making a stock election. The TL Ventures entities, affiliates of Traffic.com beneficially owning shares of Traffic.com common stock as of the record date, have agreed pursuant to a voting agreement to elect to receive their merger consideration entirely in shares of NAVTEQ common stock.

If the aggregate number of shares of Traffic.com common stock with respect to which a cash election has been made (including shares attributable to exchanged options) would result in aggregate cash merger consideration in excess of the cash consideration cap:

- Traffic.com stockholders and exchanged option holders who elect stock will receive stock;
- Traffic.com stockholders and exchanged option holders who do not make an election or who are deemed to have made a non-election will receive stock; and
- Traffic.com stockholders and exchanged option holders who elect cash will receive (i) a pro rata portion of their merger consideration in cash, subject to the cash consideration cap and (ii) the remainder of the merger consideration in shares of NAVTEQ common stock.

If the aggregate number of shares of Traffic.com common stock with respect to which a stock election has been made (including shares attributable to exchanged options) would result in aggregate stock merger consideration in excess of the stock consideration cap:

- Traffic.com stockholders and exchanged option holders who elect cash will receive all cash;
- Traffic.com stockholders and exchanged option holders who do not make an election or who are deemed to have made a non-election will receive all cash; and
- Traffic.com stockholders who elect stock will receive (i) a pro rata portion of their merger consideration in shares of NAVTEQ common stock subject to the stock consideration cap and (ii) the remainder of the merger consideration in cash.

If the aggregate number of shares of Traffic.com common stock with respect to which a cash election has been made (including shares attributable to exchanged options) would not result in aggregate cash merger consideration in excess of the cash consideration cap and if the aggregate number of shares of Traffic.com common stock with respect to which a stock election has been made (including shares attributable to exchanged options) would not result in aggregate stock merger consideration in excess of the stock consideration cap;

- Traffic.com stockholders and exchanged option holders who elect stock will receive all stock;
- Traffic.com stockholders and exchanged option holders who elect cash will receive all cash; and
- Traffic.com stockholders and exchanged option holders who do not make an election or who are deemed to have made a non-election will receive a pro rata portion of their merger consideration in a combination of cash and stock based on the stock consideration cap and the cash consideration cap.

Any Traffic.com warrant that becomes an exchanged warrant will only be exchanged for the per share stock consideration (on a net basis, taking into account the exercise price of the exchanged warrant) and will not be entitled to make any election. The mandatory stock elections made by the exchanged warrants will be taken into account in the determination of whether the stock consideration cap has been exceeded.

#### ***Surrender and Payment***

Prior to the effective time of the merger, NAVTEQ will cause NAVTEQ Holdings B.V. to deposit with Computershare Investor Services LLC, the exchange agent, the merger consideration payable under the merger agreement, which we refer to as the exchange fund. For the purposes of this deposit, NAVTEQ will assume that there will not be any fractional shares of NAVTEQ common stock. Once NAVTEQ determines the number of fractional shares to be paid in cash, it will promptly cause NAVTEQ Holdings B.V. to deposit with the exchange agent the additional amount necessary to make the fractional share payments. The exchange agent will deliver shares of NAVTEQ common stock and cash out of the exchange fund according to the terms of the merger agreement. The exchange fund may not be used for any other purpose. Upon surrender of a Traffic.com stock certificate or certificates, a letter of transmittal, an exchange agreement (if required) and any other documents reasonably required by the exchange agent, the holder of the certificate, the holder of a Traffic.com exchanged warrant or the holder of a Traffic.com exchanged option, will be entitled to receive the merger consideration. The shares of NAVTEQ common stock constituting part of such merger consideration, if applicable, at NAVTEQ's option, will be in uncertificated book-entry form, unless a physical certificate is requested by a holder or is required by applicable law. Until so surrendered,

certificates for Traffic.com common stock will be deemed from and after the effective time of the merger to evidence ownership of merger consideration.

No dividends or distributions with respect to NAVTEQ common stock constituting any part of the merger consideration, and no cash payment in lieu of fractional shares, will be paid to any holder of Traffic.com stock certificates until such certificates are surrendered or transferred. Subject to applicable law, NAVTEQ will pay, without interest, to the person in whose name the NAVTEQ securities have been registered (1) at the time of such surrender or transfer, the amount payable in cash in lieu of fractional shares and all dividends or other distributions with a record date after the effective time of the merger previously paid or payable on the date of such surrender with respect to such NAVTEQ securities, and (2) at the appropriate payment date, the amount of dividends or other distributions with a record date after the effective time of the merger and prior to surrender or transfer and with a payment date subsequent to surrender or transfer payable with respect to such NAVTEQ securities.

If any portion of the merger consideration is to be paid to a person other than the person in whose name the surrendered certificate for Traffic.com stock is registered, then, as a condition to the payment, (1) the certificate must be properly endorsed or otherwise properly transferred and (2) the person requesting the payment must pay any applicable transfer or other taxes required as a result of such payment to a person other than the registered holder or establish, to NAVTEQ's or the exchange agent's satisfaction, that such transfer or other taxes have previously been paid. If any portion of the merger consideration is to be paid, in the case of an exchanged Traffic.com option or warrant, to a person other than the person who is named as the holder of the exchanged option or warrant, then, as a condition to the payment, (1) the named holder of the exchanged option or warrant must provide written instructions to the exchange agent authorizing the payment and (2) the person requesting the payment must pay any applicable transfer or other taxes required as a result of such payment to a person other than the registered holder or establish, to NAVTEQ's or the exchange agent's satisfaction, that such transfer or other taxes have previously been paid.

The exchange agent, NAVTEQ, NAVTEQ Holdings B.V. and NAVTEQ Holdings Delaware, Inc. will deduct and withhold from any merger consideration payable or otherwise deliverable pursuant to the agreement to any holder or former holder of Traffic.com common stock, or Traffic.com exchanged options or warrants, such amounts as may be required to be deducted or withheld under United States federal, state, local or foreign law. The exchange agent, NAVTEQ, NAVTEQ Holdings B.V. and NAVTEQ Holdings Delaware, Inc. will not be liable to any holders of NAVTEQ common stock, Traffic.com common stock, or Traffic.com exchanged options or warrants for any amount properly paid to a public official pursuant to any applicable abandoned property, escheat or similarly applicable laws.

The exchange agent will invest the cash included in the exchange fund in direct obligations of the U.S. Treasury or otherwise, with the consent of NAVTEQ, on a daily basis. No such investment, though, will affect any amounts payable to holders of Traffic.com common stock or Traffic.com exchanged options or warrants. Any interest or other income resulting from such investment will become a part of the exchange fund and any amounts in excess of the amounts payable to holders of Traffic.com common stock or Traffic.com exchanged options or warrants will be payable to NAVTEQ. If the amount in the exchange fund is insufficient to make payments to the holders of Traffic.com common stock or Traffic.com exchanged options or warrants, then NAVTEQ will deposit additional amounts in the exchange fund to satisfy all of the obligations.

Any portion of the exchange fund that remains undistributed twelve months after the effective time of the merger will, at the request of NAVTEQ Holdings Delaware, Inc., be delivered to NAVTEQ Holdings Delaware, Inc. Any holder of Traffic.com common stock who has not exchanged his certificates representing such stock prior to that time may thereafter look only to NAVTEQ and

NAVTEQ Holdings Delaware, Inc. for payment of the merger consideration, cash in lieu of fractional shares and any dividends or distributions with respect to Traffic.com common stock formerly represented by such certificates. Any amounts unclaimed by holders of Traffic.com common stock after twenty-four months following the effective time of the merger shall become, to the extent permitted by applicable law, the property of NAVTEQ, free and clear of any claims or any interest of any person previously entitled to the amounts.

If a Traffic.com stock certificate is lost, stolen, or destroyed, the holder of the lost certificate will need to deliver an affidavit to the exchange agent in order to receive any NAVTEQ common stock, any cash payment relating to any fractional shares, dividends or distributions to which they may be entitled, and may need to deliver an indemnity bond prior to receiving any such merger consideration.

### **Dissenting Shares**

A holder of dissenting shares will not receive the right to the merger consideration, unless such holder fails to perfect or effectively withdraws or loses such holder's right to appraisal under applicable Delaware law. A dissenting stockholder may receive payments of the fair value of the shares of Traffic.com common stock issued and outstanding immediately prior to the effective time of the merger held by such dissenting stockholder in accordance with the provisions of Delaware law. At the effective time, all dissenting shares shall be cancelled and cease to exist and shall represent only the right to receive the fair value of those shares. Any dissenting stockholder who later waives or withdraws a demand for appraisal will be entitled to make an election, as described above. Traffic.com must provide NAVTEQ with prompt written notice of any demands for appraisal, withdrawals of demands for appraisal, and any other instruments served under Delaware law and must provide NAVTEQ with the opportunity to participate in the negotiations, proceedings or settlements surrounding the demands for appraisal. Traffic.com must not voluntarily make any payment with respect to a demand for appraisal and must not, without NAVTEQ's prior written consent, settle or offer to settle any such demands.

### **Representations and Warranties**

The merger agreement contains general representations and warranties made by NAVTEQ, NAVTEQ Holdings B.V. and NAVTEQ Holdings Delaware, Inc. on the one hand, and Traffic.com on the other, regarding aspects of their respective businesses, financial condition and structure, as well as other facts pertinent to the merger. These representations and warranties are subject to materiality, knowledge and other similar qualifications in many respects and expire at the effective time of the merger.

Traffic.com made a number of representations and warranties to NAVTEQ, NAVTEQ Holdings B.V. and NAVTEQ Holdings Delaware, Inc. in the merger agreement, subject to certain exceptions set forth in Traffic.com's disclosure letter accompanying the merger agreement, including representations and warranties relating to the following matters:

- corporate organization, qualifications to do business, corporate standing and corporate power and authority;
- the absence of any breach of Traffic.com's certificate of incorporation and bylaws and the certificates of incorporation, bylaws and similar organizational documents of its subsidiaries;
- subsidiaries of Traffic.com;
- capitalization, including Traffic.com capital stock, options, warrants and other securities;
- corporate authorization, to enter into and carry out the obligations contained in the merger agreement;

- enforceability of the merger agreement;
- the lack of need for any consents by any other person to complete the merger, except for certain government approvals;
- the vote of stockholders required to complete the merger;
- the absence of any conflict or violation of the certificate of incorporation and bylaws and the certificate of incorporation, bylaws and similar organizational documents of subsidiaries, any applicable legal requirements, or any agreements with third parties, as a result of entering into and carrying out the obligations contained in the merger agreement;
- the absence of any rights of first refusal or acquisition or pre-emptive rights with respect to capital stock or other assets or properties arising or resulting from entering into and carrying out the obligations contained in the merger agreement;
- compliance with applicable laws, and possession and compliance with all permits required for the operation of the business;
- SEC filings and the financial statements contained in those filings, including accounting and auditing practices and compliance with certain provisions of the Sarbanes-Oxley Act of 2002;
- controls and procedures for required disclosures to the SEC;
- the absence of certain changes or events between January 1, 2006 and the date of the merger agreement (November 5, 2006);
- taxes;
- real property matters;
- assets and personal property;
- intellectual property;
- restrictions on business activities;
- governmental authorizations;
- litigation;
- compliance with laws;
- environmental matters;
- brokers and finders fees;
- transactions with affiliates;
- employee benefits plans and compensation;



- material contracts and the absence of breaches of material contracts;
- insurance;
- accounts receivable;
- warranties and products liability;
- customers;
- suppliers;

100

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- export control laws;
- Foreign Corrupt Practices Act;
- the lack of untrue statements or omissions of material facts in the information supplied for inclusion in any registration statement;
- fairness opinions;
- government contracts;
- applicability of Delaware anti-takeover statutes to the merger;
- the ability of the merger to be a tax-free reorganization; and
- change of control, severance and bonus payments.

NAVTEQ, NAVTEQ Holdings B.V. and NAVTEQ Holdings Delaware, Inc. made a number of representations and warranties to Traffic.com in the merger agreement, including representations and warranties relating to the following matters:

- corporate organization, qualifications to do business, corporate standing and corporate power and authority;
- corporate authorization, to enter into and carry out the obligations contained in the merger agreement;
- capitalization;
- absence of any conflict or violation of the certificate of incorporation and bylaws and the certificate of incorporation, bylaws and similar organizational documents of subsidiaries, any applicable legal requirements, or any agreements with third parties, as a result of entering into and carrying out the obligations contained in the merger agreement;
- SEC filings and the financial statements contained in those filings, including accounting and auditing practices and compliance with certain provisions of the Sarbanes-Oxley Act of 2002;
- controls and procedures for required disclosures to the SEC;
- absence of certain changes or events between January 1, 2006 and the date of the merger agreement (November 5, 2006);
- governmental authorizations;
- litigation;
- compliance with laws;
- the ability of the merger to be a tax-free reorganization;
- the lack of untrue statements or omissions of material facts in the information supplied for inclusion in any registration statement;

- lack of prior ownership of Traffic.com s stock; and
- taxes.

101

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**Conduct of Business Prior to the Effective Time of the Merger**

Under the merger agreement, Traffic.com has agreed, until the earlier of the completion of the merger or termination of the merger agreement, except under certain circumstances, as required by applicable law, or as consented to in writing by NAVTEQ, to do the following:

- carry on its business in the usual, regular and ordinary course, in substantially the same manner as it has been conducted and in material compliance with all applicable laws;
- pay its debts and taxes when due;
- pay or perform its material obligations when due; and
- use commercially reasonable efforts consistent with past practices and policies to preserve substantially intact its present business organization, keep available the services of its present executive officers and employees and consultants, and preserve its relationships with its employees, consultants, customers, suppliers, licensors, licensees, lessors and others with which it has significant business dealings.

Traffic.com must promptly notify NAVTEQ in writing of the occurrence of any material adverse effect. In addition, except as set forth in the Traffic.com disclosure letter to the merger agreement, Traffic.com may not and may not permit any of its subsidiaries to do any of the following:

- enter into any new line of business material to Traffic.com and its subsidiaries taken as a whole;
- declare or pay dividends or make any other distributions, except for cash dividends by any subsidiary of Traffic.com to Traffic.com in the ordinary course of business consistent with past practices;
- authorize for issuance, issue, deliver, sell, pledge or otherwise encumber (whether through the issuance or granting of options, warrants, commitments, subscriptions, rights (including stock appreciation rights), rights to purchase or otherwise) any Traffic.com securities or Traffic.com subsidiary securities or rights to acquire such securities, or enter into any other agreements or commitments of any character obligating it to issue any such securities or rights, or enter into any amendment of any term of any currently outstanding Traffic.com securities or Traffic.com subsidiary securities or right to acquire such securities, other than issuance of Traffic.com common stock upon the exercise of Traffic.com options or Traffic.com warrants existing on the date hereof in accordance with their present terms;
- purchase, redeem or otherwise acquire or offer to redeem, purchase, or otherwise acquire, directly or indirectly, any Traffic.com securities or Traffic.com subsidiary securities;
- cause, permit or propose to adopt any amendments to Traffic.com charter documents or Traffic.com subsidiary charter documents;
- adopt or implement any stockholder rights plan, poison pill, or other anti-takeover plan, arrangement or mechanism that, in each case, is applicable to NAVTEQ, NAVTEQ Holdings B.V. or NAVTEQ Holdings Delaware, Inc. or the transactions contemplated by the merger agreement;
- acquire or agree to acquire by merging or consolidating with, or by purchasing any equity or voting interest in or purchasing a portion or all of the assets of, or by any other manner, any business or any person or any division thereof, or otherwise acquire or agree to acquire any assets that are or are expected to be material, individually or in the aggregate, to the business of Traffic.com or its subsidiaries, or solicit or participate in any negotiations with respect to any of the foregoing;



- enter into, modify or amend in a manner materially adverse to Traffic.com and its subsidiaries taken as a whole, or terminate any material Traffic.com contract or waive, release or assign any material rights or claims thereunder, in each case, in a manner materially adverse to Traffic.com and its subsidiaries taken as a whole;
- enter into any binding agreement, agreement in principle, letter of intent, memorandum of understanding or similar agreement with respect to any material joint venture, strategic partnership or alliance;
- sell, lease, license, mortgage, pledge, encumber or dispose of any property or assets, subject to certain non-material exceptions in a manner consistent with past practices;
- with the exception of the merger, adopt a plan of complete or partial liquidation dissolution, merger, consolidation, recapitalization, reorganization, or other restructuring of Traffic.com or any of its subsidiaries, or alter, pursuant to the foregoing or another event, the corporate structure or ownership of any Traffic.com subsidiary;
- incur, assume or prepay any indebtedness for borrowed money, or assume, guarantee, endorse or otherwise become liable for any indebtedness of any others, other than in connection with the financing of ordinary course trade payables consistent with past practices;
- make any payments, loans, extensions of credit, advances or capital contributions or investments in any others, except to employees for travel advances and extensions of credit or terms to customers each in the ordinary course consistent with past practices;
- sell, transfer or lease any properties or assets (whether real, personal or mixed, tangible or intangible) to, or enter into any contract, arrangement or understanding with or on behalf of, any Traffic.com officer, director or employee, or any of Traffic.com's subsidiaries, any affiliate of any of them, or any business entity in which Traffic.com, any subsidiary or any affiliate of any of them, or any relative of any such person, has any material, direct or indirect interest;
- commit any capital expenditure or expenditures in excess of \$250,000.00 in the aggregate above the capital expenditures set forth in Traffic.com's fiscal 2006 budget forecasts;
- change accounting principles and practices or revalue any of its assets, except as required by GAAP or applicable law;
- (i) fail to file on a timely basis, including allowable extensions, with the appropriate governmental authorities, all tax returns required to be filed by or with respect to Traffic.com and each of its subsidiaries for taxable years or periods ending on or before the closing date of the merger and due on or prior to the closing date of the merger, (ii) fail to timely pay or remit (or cause to be paid or remitted) any taxes due in respect of such tax returns, other than payments that are the subject of a good-faith dispute, (iii) adopt or change any accounting method in respect of taxes, (iv) enter into any agreement or settle or compromise any material claim or assessment in respect of taxes, or (v) file any material tax election or material amended tax return or consent to any extension or waiver of the statutory period of limitations period applicable to any claim or assessment in respect of taxes;
- commence, settle or compromise any pending or threatened legal proceeding or pay or satisfy any claim, liability or obligation, subject to certain limited exceptions;
- except as required by applicable law or any contract or agreement currently binding on Traffic.com or its subsidiaries, (i) adopt, amend, modify or increase in any manner the amount of compensation, fringe benefits, bonus, severance, change of control or termination payment to any Traffic.com employee or directors (ii) adopt or amend any

employee stock option plan, benefit plan or other employee benefit plan, (iii) fail to make a required contribution to any

103

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employee benefit plan, (iv) make any contribution to an employee benefit plan, other than regularly scheduled contributions, (v) waive any stock repurchase rights, accelerate or amend the period of exercisability or exercise price of any Traffic.com options, (vi) authorize cash payments for Traffic.com options, (vii) allocate bonus awards under any employee benefit plan that is not consistent with past practices, (viii) enter into any employment agreements (other than offer letters and letter agreements entered into in the ordinary course of business consistent with past practices with employees who are terminable at will ), (ix) enter into or amend any collective bargaining agreement, or (x) hire any employees or retain any consultant other than in the ordinary course of business consistent with past practices or hire, elect or appoint any officers or directors;

- (i) grant any exclusive rights with respect to any Traffic.com intellectual property, (ii) divest any Traffic.com intellectual property, except if such divestiture or divestures, individually or in the aggregate, are not material to the Traffic.com, (iii) enter into any material contract, agreement or license that adversely affects, or could reasonably be expected to adversely affect, any patents or applications therefor, in each case, of Traffic.com and its subsidiaries, any parent of Traffic.com or any other affiliates of such entity, or (iv) abandon or permit to lapse any rights to any United States patent or patent application;

- take any action that would or could reasonably be expected to disqualify the merger as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code;

- enter into any contract, agreement, arrangement or understanding with a customer that contains any non-competition, exclusivity or most favored nations or similar terms or restrictions on Traffic.com or its business, except for such terms or restrictions that would not restrict the business or assets of NAVTEQ and its subsidiaries (other than NAVTEQ Holdings Delaware, Inc.) in any way following completion of the merger and are entered into in the ordinary course of business consistent with past practices;

- enter into a contract to do any of the foregoing actions or take any action that would make its representations and warranties materially untrue or incorrect, such that the closing conditions would not be satisfied or that would otherwise materially impair Traffic.com's ability to timely consummate the merger; or

- authorize, recommend, agree, make any commitment, or announce an intention to take any of the actions prohibited.

NAVTEQ must promptly notify Traffic.com of any material adverse effect on its business. In addition, under the merger agreement, NAVTEQ, NAVTEQ Holdings B.V., and NAVTEQ Holdings Delaware, Inc. have agreed that, until the earlier of the completion of the merger or termination of the merger agreement, or unless Traffic.com consents in writing or it is otherwise contemplated or permitted in the merger agreement, or required by applicable law, they will not:

- amend or propose to amend their certificates of incorporation or bylaws in a manner that would reasonably be expected to interfere materially with the consummation of the merger;

- with respect to NAVTEQ only, split, combine or reclassify any shares of its capital stock, declare, set aside or pay any dividend or other distribution (whether in cash, stock, other securities, or property) in respect of its capital stock or otherwise make payments to stockholders in their capacity as such (except for purchases of NAVTEQ common stock pursuant to stock repurchase plans), unless the exchange ratio is proportionately adjusted, in which case the prior written consent of Traffic.com will not be required, but Traffic.com will be entitled to written notice;

- adopt a plan of complete or partial liquidation or dissolution of NAVTEQ;



- take any action that would or could reasonably be expected to disqualify the merger as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, which covenant will continue to apply after the effective time of the merger;
- enter into a contract to do any of the foregoing actions or take any action that would make its representations and warranties materially untrue or incorrect, such that the closing conditions would not be satisfied or that would otherwise materially impair NAVTEQ's or its subsidiaries' ability to timely consummate the merger; or
- authorize, recommend, agree, make any commitment, or announce an intention to take any of the actions prohibited.

Notwithstanding any of the provisions described above, NAVTEQ, NAVTEQ Holdings B.V. and NAVTEQ Holdings Delaware, Inc. will not have the right to control Traffic.com's business operations prior to the effective time of the merger.

#### **Restriction on NAVTEQ Purchasing Traffic.com Shares**

Until the earlier of the effective time of the merger or the termination of the merger agreement, NAVTEQ must not and must not cause its subsidiaries to (1) acquire or make any proposal to acquire, directly or indirectly, any beneficial interest in shares of Traffic.com common stock or any options, warrants or other securities exercisable for shares of Traffic.com common stock; (2) make or participate in any solicitation of proxies to vote, or seek to advise or influence any person with respect to the voting of any securities of Traffic.com; or (3) form, join or participate in a group (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934) with respect to any voting securities of Traffic.com. These restrictions will not apply to the voting agreements, discussed below in the section entitled "The Voting Agreements."

#### **Traffic.com Prohibited from Soliciting Other Offers**

Under the terms of the merger agreement, Traffic.com and its subsidiaries agreed that it will immediately cease to discuss, negotiate or otherwise act with respect to any acquisition proposal with any other person other than NAVTEQ. Traffic.com will also use commercially reasonable efforts to cause any third parties in possession of confidential information about Traffic.com because of prior acquisition proposals to return or destroy all such information. In addition, subject to certain exceptions described below, Traffic.com agreed that it will not and will not authorize or permit any of its subsidiaries, directors, officers, employees, controlled affiliates or any investment banker, attorney, or other advisor or representative retained by any of them, directly or indirectly:

- solicit, initiate, knowingly encourage, or induce the making, submission or announcement of any acquisition proposal;
- furnish to any party, any non-public information relating to Traffic.com or any of its subsidiaries or afford access to any third party to the business and its properties, other than to NAVTEQ, NAVTEQ Holdings B.V., NAVTEQ Holdings Delaware, Inc. and their designees, or take any other action that is intended to assist or facilitate, or is likely to lead to, the making of any acquisition proposal by a third party;
- participate in any discussions or negotiations with any third party regarding any acquisition proposal;
- approve, endorse or recommend an acquisition proposal;
- enter into any letter of intent, memorandum of understanding or other agreement, contract or arrangement contemplating or otherwise relating to any acquisition proposal; or

- terminate, amend or waive any rights under any standstill or other similar agreement with any person other than NAVTEQ.

For purposes of the restrictions described above, an acquisition proposal is any offer, proposal or third indication of interest, other than an offer or proposal by NAVTEQ, NAVTEQ Holdings B.V. or NAVTEQ Holdings Delaware, Inc., relating to any of the following:

- the direct purchase or indirect acquisition by any person or group of voting securities representing more than 10% of the total outstanding voting securities of Traffic.com;
- any tender offer or exchange offer that would result in any person or group holding more than 10% of the total outstanding voting securities of Traffic.com;
- any merger, consolidation, business combination or similar transaction involving Traffic.com or any of its subsidiaries, pursuant to which the stockholders of Traffic.com immediately prior to the transaction hold less than 90% of the equity interests in the surviving or resulting entity of such transaction or the parent of any such surviving or resulting entity;
- any sale, lease (other than in the ordinary course of business), exchange, transfer, license (other than in the ordinary course of business), acquisition or disposition of more than 10% of the assets of Traffic.com and its subsidiaries, taken as a whole (other than in a transaction involving not more than 20% of the assets of Traffic.com and its subsidiaries, taken as a whole, as may be consented to by NAVTEQ, which consent may not be unreasonably withheld, conditioned or delayed);
- any liquidation or dissolution of Traffic.com (provided, however, that the transactions between NAVTEQ and Traffic.com contemplated by the merger agreement shall not be deemed an acquisition proposal); or
- any combination of the foregoing.

Notwithstanding the prohibitions described above, at any time before Traffic.com obtains the adoption of the merger agreement by its stockholders, if Traffic.com receives an unsolicited bona fide written acquisition proposal, which constitutes or is reasonably likely to lead to a superior proposal, as defined below, it is permitted to engage in discussions and negotiations with, and provide nonpublic information relating to Traffic.com and its subsidiaries to, the party making the acquisition proposal as long as:

- in connection with delivery of nonpublic information, Traffic.com has entered into a confidentiality agreement with the person making the acquisition proposal on terms that are no less favorable to Traffic.com than the terms of the confidentiality agreement between NAVTEQ and Traffic.com;
- Traffic.com, its subsidiaries and their representatives have not breached their non-solicitation obligations under the merger agreement;
- Traffic.com's board of directors or a special committee of the board of directors determines in good faith, after consulting with outside legal counsel, that such action is required in order to comply with its fiduciary duties under applicable law;
- Traffic.com notifies NAVTEQ in writing at least 24 hours before engaging or participating in any discussions or negotiations with, or furnishing any nonpublic information to, any offering party, of the offering party's identity, a copy of the acquisition proposal if it is in writing and if not, the material terms and conditions of any acquisition proposal and of Traffic.com's intention to engage in discussions or negotiations with or furnish nonpublic information to the offering party;



- Traffic.com promptly provides NAVTEQ with a copy of all written materials that Traffic.com receives from, or on behalf of, the offering party in connection with such acquisition proposal;
- contemporaneously with furnishing nonpublic information to the offering party, Traffic.com furnishes NAVTEQ with the same nonpublic information (to the extent that the information has not previously been furnished to NAVTEQ by Traffic.com).

Until any such unsolicited acquisition proposal has been withdrawn, Traffic.com must provide NAVTEQ with a copy of all written material subsequently provided to, by or on behalf of the offering party in connection with the acquisition proposal, request or inquiry, including material amendments or proposed material amendments to the acquisition proposal, request or inquiry.

#### **Obligations of Traffic.com's Board of Directors with Respect to its Recommendation and Holding a Meeting of its Stockholders**

The Traffic.com board of directors has agreed to recommend that its stockholders approve and adopt the merger agreement and approve the merger. Traffic.com will solicit proxies from the Traffic.com stockholders and will use its best efforts to obtain the required stockholder vote to adopt the merger agreement. In addition, the Traffic.com board of directors agreed to call, hold and convene a meeting of its stockholders promptly after the date the merger agreement was signed (November 5, 2006) for the purposes of voting on the adoption of the merger agreement, regardless of any change in its recommendation.

The Traffic.com board of directors further agreed not to withdraw or modify, or publicly propose to withdraw or modify, its recommendations relating to the merger and the merger agreement. Notwithstanding the obligations described above, prior to obtaining the required approval of the Traffic.com stockholders, the Traffic.com board of directors or the special committee of the board of directors is permitted to change its recommendation only under either of the circumstances described below.

#### ***Change of Recommendation in Connection with a Superior Proposal***

The Traffic.com board of directors may change its recommendation under the merger agreement if it receives a superior proposal, and:

- the Traffic.com board of directors or the special committee of the board of directors determines in good faith (after receiving the advice of its respective outside legal counsel and after considering in good faith any NAVTEQ counter-offer) that, in light of such superior proposal, it is required to change its recommendation in order to comply with its fiduciary duties under applicable Delaware law;
- prior to making its change of recommendation, it has given NAVTEQ at least two business days notice of the pending change of recommendation and an opportunity to meet with the Traffic.com board of directors and the special committee and their outside legal counsel to engage in good faith modifications of the terms and conditions of the merger agreement so that the transactions contemplated by the merger agreement may be effected; and
- NAVTEQ does not make within a two business day period a counter-offer or proposal that the Traffic.com board of directors or special committee reasonably determines in good faith (after consultation with its financial advisor and its outside legal counsel) is at least as favorable to the stockholders of Traffic.com as the superior proposal.

In order to constitute a superior proposal the acquisition proposal must be:

- an unsolicited, bona fide written offer made by a third party to acquire, directly or indirectly, pursuant to a tender offer, exchange offer, merger, consolidation or other business combination, a majority of the assets of Traffic.com (measured either by fair market value of such assets or by revenue attributable to such assets) or all of the outstanding voting securities of Traffic.com, or otherwise enter into a transaction as a result of which the Traffic.com stockholders immediately preceding such transaction would hold less than 50% of the equity interests in the surviving or resulting entity of such transaction and any direct or indirect parent or subsidiary thereof;
- more favorable from a financial point of view to Traffic.com's stockholders (in their capacities as stockholders) than the transactions contemplated by the merger agreement or any counter-offer or proposal made by NAVTEQ, as determined by the Traffic.com board of directors in good faith, after consultation with a financial advisor and its outside legal counsel and after taking into account, among other things, the financial, legal, regulatory, and other aspects of the offer and the person making the offer, including without limitation any proposed conditions to the consummation, as well as any counter-offer by NAVTEQ;
- reasonably likely to be consummated; and
- for which financing, to the extent required, is then fully committed or reasonably determined by the Traffic.com board of directors in good faith to be available.

***Change of Recommendation to Comply with Fiduciary Duties***

The Traffic.com board of directors or the special committee may also change its recommendation in circumstances other than those involving a superior proposal if:

- the Traffic.com board of directors or the special committee reasonably determines in good faith (after consultation with outside legal counsel) that it is required to change its recommendation in order to comply with its fiduciary duties to the Traffic.com stockholders under applicable Delaware law; and
- prior to making its change of recommendation, it has given NAVTEQ at least two business days notice of the pending change of recommendation and an opportunity to meet with the Traffic.com board of directors and the special committee and their outside legal counsel to engage in good faith discussions regarding possible modifications to the terms and conditions of the merger agreement.

**Confidentiality and Access to Information**

Traffic.com and NAVTEQ executed a Confidentiality/Non-Disclosure Agreement on May 31, 2006. This agreement will continue to apply. Prior to the effective time of the merger, Traffic.com must afford NAVTEQ and its representatives reasonable access to all of its and its subsidiaries' records, all other information concerning its business, properties and personnel and all employees. Traffic.com also agreed to provide NAVTEQ and its representatives with copies of all internal financial statements. Prior to the effective time of the merger, NAVTEQ must afford Traffic.com and its representatives reasonable access to all of its and its subsidiaries' records, all other information concerning its business, properties and personnel and all employees. NAVTEQ also agreed to provide Traffic.com and its representatives with copies of all of its and its subsidiaries' internal financial statements.

## Public Disclosure

Each of NAVTEQ and Traffic.com will consult with each other before issuing, and provide each other the opportunity to review, comment upon and use reasonable efforts to agree on, any press release or public statement with respect to the merger agreement and the transactions contemplated thereby, including the merger and any acquisition proposal made with respect to Traffic.com by a third party. NAVTEQ and Traffic.com agreed that they will not issue a press release or make a public statement prior to such consultation and agreement, except as may be required by law or a listing agreement with a national securities exchange, in which case reasonable efforts to consult with the other party will be made prior to issuing any press release or making a public statement.

## Regulatory Filings

NAVTEQ, NAVTEQ Holdings B.V., NAVTEQ Holdings Delaware, Inc. and Traffic.com agreed to cooperate and use all reasonable efforts to comply with all applicable laws and will, as promptly as practicable, make all filings, notices, petitions, statements, registrations, submissions of information, applications or submission of other documents required by any governmental authority in connection with the merger or the transactions contemplated thereby. The parties also agreed to promptly supply the other parties with any information necessary to complete any filings or application. Except where prohibited by applicable law, and subject to the confidentiality agreement between NAVTEQ and Traffic.com, NAVTEQ and Traffic.com must consult with the other prior to taking a position on any filing, permit the other to review and consider in good faith the views of the other party, coordinate with the other party in preparing an exchanging information and promptly provide the other party and its counsel with copies of all filings, presentations or submissions made by such party with any governmental authority in connection with the merger agreement or the transactions contemplated thereby. The parties agreed to cooperate in all other respects in connection with any investigation or inquiry, including any proceeding initiated by a private party, and permit the other party to review any communications given by it to, and consult with each other in advance of any meeting or conference with, the Federal Trade Commission, the Department of Justice or any other governmental authority.

NAVTEQ, NAVTEQ Holdings B.V., NAVTEQ Holdings Delaware, Inc. and Traffic.com will promptly notify the other parties upon receipt of any communications from a governmental authority regarding any filings, any requests by governmental authorities for amendments to any filings, and any communication given in connection with any proceeding by a private party seeking to enjoin the merger under any antitrust law.

While it is not currently anticipated, the merger may be subject to review by the United States Department of Justice and the Federal Trade Commission under the Hart-Scott-Rodino Act, and by governmental authorities under the antitrust laws of various other jurisdictions where NAVTEQ and Traffic.com conduct business as more fully described in the section *The Merger Regulatory Matters* beginning on page 88 of this proxy statement/prospectus. Under the terms of the agreement, any waiting period required by the Hart-Scott-Rodino Act described above, or other antitrust, competition or merger control consents deemed necessary by NAVTEQ shall have been received prior to the consummation of the merger. The waiting period under the HSR Act expired on January 8, 2007.

NAVTEQ, NAVTEQ Holdings B.V., NAVTEQ Holdings Delaware, Inc. and Traffic.com will use commercially reasonable best efforts to resolve any objections to the merger by the Federal Trade Commission, the Department of Justice, any other governmental agency, or any private party challenging the merger as violative of applicable antitrust laws so as to permit the transactions contemplated by the merger agreement to occur. Traffic.com agreed not to take an action of divestiture that would reasonably be likely to adversely or materially impact NAVTEQ or its subsidiaries taken as a whole, Traffic.com and its subsidiaries taken as a whole, or the benefits that

NAVTEQ expects to derive from the merger and the transactions contemplated by the merger agreement. An action of divestiture means:

- any license, sale or other disposition or holding separate (or through the establishment of a trust or otherwise) of any shares of capital stock or of any material business, assets, or properties of NAVTEQ, its subsidiaries or affiliates or of Traffic.com or its subsidiaries;
- the imposition of any material limitation on the ability of NAVTEQ, its subsidiaries, or affiliates or Traffic.com or its subsidiaries to conduct their respective businesses or own any capital stock or material assets or to acquire, hold or exercise all material rights of ownership of their respective businesses and, in the case of NAVTEQ, the businesses of Traffic.com and its subsidiaries; or
- the imposition of any material impediment on NAVTEQ, its subsidiaries or affiliates or Traffic.com or its subsidiaries under any statute, rule, regulation, executive order, decree, order or other legal restraint governing competition, monopolies or restrictive trade practices.

#### **State Anti-Takeover Law**

If any state anti-takeover or similar law is or becomes applicable to the merger agreement, the merger or any of the transactions contemplated thereby, Traffic.com, at the direction of its board of directors, will use its best efforts to ensure that the merger and the other transactions contemplated by the merger may be consummated as promptly as practicable on the terms and subject to the conditions set forth in the merger agreement, and otherwise to minimize the effect of any such statute or regulation on the merger agreement, the merger and the other transactions contemplated thereby.

#### **Third Party Consents**

Traffic.com agreed to use all commercially reasonable efforts to obtain the consents, waivers and approvals under any of its or its contracts that are required to be obtained in connection with the consummation of the transactions contemplated by the merger agreement. NAVTEQ will use all commercially reasonable efforts to obtain the consents, waivers and approvals required to be obtained under any of its or its subsidiaries contracts in connection with the transactions contemplated by the merger agreement.

#### **Indemnification and Insurance**

Under the terms of the merger agreement, NAVTEQ has agreed to honor all obligations of Traffic.com and its subsidiaries contained in any indemnification agreement in effect prior to November 5, 2006 between Traffic.com or its subsidiaries and any of its current or former directors or officers, and any person who becomes a director or officer of Traffic.com or its subsidiaries prior to the effective time of the merger, for a period of six years after the effective time of the merger, with respect to matters arising out of any acts or omissions occurring prior to the effective time of the merger. Also, for six years following the effective time of the merger, NAVTEQ and its subsidiaries will cause the certificate of incorporation and bylaws of the surviving corporation and its subsidiaries, to the extent permitted by applicable law, after the merger to contain provisions with respect to indemnification and exculpation that are at least as favorable as the indemnification and exculpation provisions contained in the certificate of incorporation or bylaws of Traffic.com and its subsidiaries in effect prior to completion of the merger, with respect to matters arising out of any acts or omissions occurring prior to the effective time of the merger. Further, for six years following the effective date of the merger agreement, neither NAVTEQ nor the surviving corporation will settle, compromise or consent to the entry of any judgment in any proceeding or threatened action, suit, proceeding, investigation or claim, with respect to matters arising out of any acts or omissions occurring prior to

the effective time of the merger brought against any party to a Traffic.com indemnification agreement unless the indemnified party consents to such an action by NAVTEQ or the surviving corporation or the settlement of the action contains an unconditional release of the indemnified party. Unconditional releases or consents from the indemnified party will not be required, though, for the settlement, compromise, or consent to the entry of judgment by NAVTEQ or the surviving corporation in any pending or threatened action in connection with liability of the indemnified party for breach of a director's fiduciary duty of loyalty to Traffic.com or its subsidiaries, for actions or omissions not in good faith, for actions which involved intentional misconduct or a knowing violation of law, for violations under Section 174 of the Delaware General Corporation Law or for any transaction from which the director derived an improper personal benefit.

NAVTEQ has also agreed to purchase a six-year tail prepaid policy on Traffic.com's current directors' and officers' liability insurance in respect of acts and omissions occurring at or prior to the effective time of the merger on terms with coverage and amounts no less favorable than those in effect on the date of the merger agreement. However, NAVTEQ and the surviving corporation will not be required to pay annual premiums in excess of 250% of the amount paid by Traffic.com for coverage during its last full fiscal year. If the annual premiums of such insurance coverage exceed such amount, NAVTEQ will be obligated to obtain a policy with the greatest coverage available for a cost not exceeding 250% of the amount paid by Traffic.com for insurance coverage for its last full fiscal year.

In the event that NAVTEQ or the surviving corporation of the merger consummates certain change of control transactions, provisions will be made such that the successors and assigns of such surviving corporation shall assume NAVTEQ's obligations with respect to indemnification and insurance as described in this section. These obligations shall terminate only upon the prior written consent of any affected indemnified party or other beneficiary of the tail policy.

#### **Termination of Certain Agreements and Plans**

Traffic.com has agreed to take the necessary actions to terminate the following agreements and plans prior to the effective time of the merger:

- the Fourth Amended and Restated Investor Rights Agreement, dated August 30, 2005;
- the Loan and Security Agreement with Square 1 Bank, dated August 28, 2006;
- the Traffic.com 401(k) Plan; and
- certain Traffic.com warrant agreements.

#### **Conditions to Obligations to Complete the Merger**

The respective obligations of NAVTEQ, NAVTEQ Holdings B.V. and NAVTEQ Holdings Delaware, Inc., on the one hand, and Traffic.com, on the other, to complete the merger and the other transactions contemplated by the merger agreement are subject to the satisfaction or waiver of each of the following conditions:

- the merger agreement shall have been approved and adopted by the vote of holders of the majority of the shares of Traffic.com common stock outstanding and entitled to vote at the special meeting of Traffic.com stockholders;
- no federal, state, local, municipal, foreign or other law, statute, treaty, rule, regulation or order shall have been adopted or issued and no governmental authority has taken other action that is in effect, or has the effect, of (i) making the merger or the transactions contemplated by the merger illegal or otherwise prohibit the consummation of the merger or the transactions contemplated by the merger, (ii) prohibiting or limiting in any material respect



NAVTEQ's ability to vote, receive dividends from or otherwise exercise ownership rights with respect to the surviving corporation's stock, or (iii) compelling Traffic.com, NAVTEQ or any NAVTEQ subsidiary to take an action of divestiture (as discussed above) as a result of the merger or the transactions contemplated by the merger;

- no judgment, injunction, order, decree, ruling or similar action, whether temporary, preliminary or permanent, has been adopted or issued by a governmental entity of competent jurisdiction that has the effect of (i) making the consummation of any of the transactions contemplated by the merger illegal or prevents the consummation of the transactions contemplated by the merger, (ii) prohibits or limits in any material respect NAVTEQ's ability to vote, receive dividends from or otherwise exercise ownership rights with respect to the surviving corporation's stock; or (iii) seeks to compel or compels Traffic.com, NAVTEQ or any NAVTEQ subsidiary to take an action of divestiture (as discussed above) as a result of the merger or the transactions contemplated by the merger;
- all waiting periods under the Hart-Scott-Rodino Act, if any, with respect to the merger and the other transactions contemplated by the merger agreement have expired or terminated;
- all parties have obtained all other necessary governmental consents required to consummate the merger and the transactions contemplated by the merger;
- the Securities and Exchange Commission has declared NAVTEQ's registration statement on Form S-4 effective, no stop order suspending its effectiveness has been issued and no proceedings for that purpose has been initiated by the Securities and Exchange Commission;
- the number of shares of Traffic.com capital stock which, as of the closing date of the merger, become or could reasonably be expected to become dissenting shares has not exceeded ten percent of the aggregate number of shares of Traffic.com capital stock outstanding as of the record date for the special meeting of Traffic.com stockholders; and
- the shares of NAVTEQ common stock to be issued to Traffic.com's stockholders in connection with the merger shall have been approved for listing on the New York Stock Exchange, subject to the official notice of issuance.

In addition, the obligations of Traffic.com to complete the merger and the other transactions contemplated by the merger agreement are subject to the satisfaction by NAVTEQ or waiver by Traffic.com of each of the following conditions:

- the representations and warranties of NAVTEQ are true and correct on the date the merger agreement was signed (November 5, 2006) and as of effective time of the merger (except to the extent that such representations and warranties relate to a different date), except where any failures of these representations and warranties to be true and correct have not had and would not reasonably be expected to, individually or in the aggregate, have a material adverse effect on NAVTEQ;
- NAVTEQ has performed or complied in all material respects with all of its agreements and covenants required by the merger agreement to be performed or complied with by it before the closing date of the merger;
- there has not been any material adverse effect on NAVTEQ since the date the merger agreement was signed (November 5, 2006);
- Traffic.com has received a tax opinion from Klehr, Harrison, Harvey, Branzburg & Ellers, LLP, dated as of the closing date of the merger, to the effect that (i) the merger will be treated as a reorganization under Section 368(a) of the Internal Revenue Code, (ii) NAVTEQ and Traffic.com will each be a party to the reorganization, (iii) no gain or loss will be recognized by a holder of Traffic.com common stock who exchanges shares of Traffic.com common stock



solely for shares of NAVTEQ common stock except for any gain or loss recognized with respect to any cash received in lieu of fractional share interests, (iv) with respect to a holder of Traffic.com common stock who exchanges shares of Traffic.com common stock for shares of NAVTEQ common stock and cash, gain or income realized (if any), but not loss, will be recognized on the exchange, but only to the extent such gain or income does not exceed the amount of cash received, and (v) with respect to a holder of Traffic.com common stock who exchanged shares of Traffic.com common stock solely for cash, gain or loss will be recognized equal to the difference, if any, between the amount of cash received and the tax basis of the exchanged shares of Traffic.com common stock;

- NAVTEQ has delivered to Traffic.com all of the required consents, waivers, and approvals;
- NAVTEQ has delivered all documents, instruments, certificates or other items required to be delivered at the time of the closing of the merger; and
- Traffic.com has received certificates, dated as of the closing date of the merger, signed on behalf of each of NAVTEQ, NAVTEQ Holdings B.V., and NAVTEQ Holdings Delaware, Inc., each by an authorized executive officer to the effect that all conditions have been satisfied.

Furthermore, the obligations of NAVTEQ, NAVTEQ Holdings B.V. and NAVTEQ Holdings Delaware, Inc. to complete the merger and the other transactions contemplated by the merger agreement are subject to the satisfaction or waiver by NAVTEQ of each of the following conditions:

- the representations and warranties of Traffic.com were true and correct on the date the merger agreement was signed (November 5, 2006) and as of the effective time of the merger (except to the extent that such representations and warranties related to a different date), except where any failures of these representations and warranties to be true and correct have not had and would not reasonably be expected to, individually or in the aggregate, have a material adverse effect on Traffic.com;
- Traffic.com must have performed or complied in all material respects with all of its agreements and covenants required by the merger agreement to be performed or complied with by it before completion of the merger;
- no material adverse effect with respect to Traffic.com has occurred since the date the merger agreement was signed (November 5, 2006);
- NAVTEQ has received a tax opinion from Pepper Hamilton LLP, dated as of the closing date of the merger, to the effect that (i) the merger will be treated as a reorganization under Section 368(a) of the Internal Revenue Code, (ii) NAVTEQ and Traffic.com shall each be a party to the reorganization, (iii) no gain or loss shall be recognized by NAVTEQ or Traffic.com because of the merger;
- Traffic.com has delivered to NAVTEQ all of the required consents, waivers, and approvals;
- NAVTEQ has received affiliate letters from all persons who are Traffic.com affiliates under Rule 145 of the Securities Act;
- Traffic.com has obtained and delivered to NAVTEQ written agreements regarding the outstanding Traffic.com warrants that provide that the holder of such warrants will (i) exercise such warrants in full at or prior to the closing of the merger, (ii) agree to have such warrants become exchanged warrants or (iii) be subject to a new warrant or warrants in replacement of the Traffic.com warrant, in a form agreed to by NAVTEQ and the holder;
- Traffic.com has delivered to NAVTEQ all documents, instruments and certificates required to be delivered at the closing of the merger;



- NAVTEQ has received a certificate, dated as of the closing date of the merger, signed on behalf of Traffic.com by Traffic.com's chief executive officer and chief financial officer, to the effect that all conditions have been satisfied; and
- NAVTEQ has received evidence satisfactory to NAVTEQ of termination of (i) the Fourth Amended and Restated Investor Rights Agreement, (ii) the Loan and Security Agreement with Square 1 Bank, (iii) the 401(k) Plan and (iv) the Comerica Bank Letter of Credit.

**Material Adverse Effect**

Under the terms of the merger agreement, a material adverse effect on either Traffic.com or NAVTEQ means any change, circumstance, development, effect, event, fact or occurrence that, individually, or when taken together with all such other changes, circumstances, developments, effects, events, facts or occurrences that exist or have occurred prior to the date of determination of the material adverse effect, has caused, resulted in or had, a material and adverse effect on the business, financial conditions, assets (whether real, personal or mixed, tangible or intangible), properties, or results of operations of the company and its subsidiaries, taken as a whole.

Notwithstanding the general definition, none of the following, either alone or in the aggregate, will be deemed to be or constitute, nor will any of the following be taken into account in determining whether there has occurred or may, would or could occur, a material adverse effect:

- changes affecting the United States or world economy generally, which changes do not affect the company and its subsidiaries, taken as a whole, in a disproportionate manner;
- changes affecting the industry in which the company and its subsidiaries operate generally which changes do not affect the company and its subsidiaries, taken as a whole, in a disproportionate manner;
- a change in the company's stock price or the trading volume in such stock; provided, however, this will not exclude any underlying effect which may have caused such change in stock price or trading volume;
- a failure to meet the company's internal projections or securities analysts' estimates of revenue, earnings or other business or operating metrics for the company for any period ending on or after the date of the merger agreement (or for such other period for which estimates of revenues, earnings or other business or operating metrics are released); provided, however, that this will not exclude any underlying effect which may have caused such failure to meet securities analysts' estimates of revenue, earnings or other business or operating metrics;
- any changes after November 5, 2006 in accounting requirements or principles pursuant to generally accepted accounting principles or applicable law;
- any change in applicable laws, or any interpretation of those laws; and
- any litigation brought by a holder of the company's common stock arising from allegations of a breach of fiduciary duty relating to the merger agreement.

Further, in the case of Traffic.com, a loss of any single customer which, individually, accounted for \$1 million or less of its net revenue during the preceding twelve (12) month period prior to the date of the merger agreement or any group of customers which, in the aggregate, accounted for \$1 million or less of its net revenue during the preceding twelve (12) month period prior to the date of the merger agreement will also not constitute a material adverse effect.

#### **Amendment and Waiver**

Subject to applicable legal requirements and the terms of the merger agreement, the merger agreement may be amended by the parties at any time. However, in the event that the merger agreement has been adopted by Traffic.com's stockholders in accordance with Delaware law, the merger agreement may not generally be amended without the approval of Traffic.com's stockholders.

At any time prior to the effective date of the merger, to the extent legally permitted, any party to the merger agreement may:

- extend the time for the performance of any of the obligations or other acts of the other party or parties to the merger agreement;
- waive any inaccuracies in the representations and warranties made to the waiving party; or
- waive compliance with any of the agreements or conditions for the benefit of that party.

An agreement by a party or parties to any extension or waiver must be in writing and signed on behalf of that party or parties. Any delay in exercising any right under the merger agreement will not constitute a waiver of that right.

#### **Termination; Termination Fee and Expenses**

##### *Termination*

The merger agreement may be terminated at any time prior to the effective time of the merger, whether before or after the adoption by Traffic.com's stockholders of the merger agreement, by the following parties and under the following circumstances:

- by mutual written agreement of NAVTEQ and Traffic.com;
- by NAVTEQ or Traffic.com:
- if the merger is not completed by May 31, 2007, provided that the right to terminate the merger agreement will not be available to any party whose action or failure to act has been a principal cause of or resulted in the failure of the merger to occur on or before May 31, 2007 and such action or failure to act constitutes a material breach of the merger agreement. Also, in the event that the conditions regarding waiting periods under the Hart-Scott-Rodino Act or the requirement regarding the receipt of all necessary regulatory approvals are the only conditions that have not been satisfied by May 31, 2007, then either NAVTEQ or Traffic.com may extend the termination date to June 30, 2007 upon written notice to the other party by May 31, 2007;
- if any federal, state, local, municipal, foreign or other law, statute, treaty, rule, regulation or order shall have been adopted or issued or other action has been taken by a governmental authority of competent jurisdiction that is in effect, or has the effect, of (i) making the merger or the transactions contemplated by the merger illegal or otherwise prohibit the consummation of the merger or the transactions contemplated by the merger, (ii) prohibiting or limiting in any material respect NAVTEQ's ability to vote, receive dividends from or otherwise exercise ownership rights with respect to the surviving corporation's stock, or (iii) compelling Traffic.com, NAVTEQ or any NAVTEQ subsidiary to take an action of divestiture (as discussed above) as a result of the merger or the transactions contemplated by the merger;
- if any governmental authority of competent jurisdiction has issued or adopted a judgment, injunction, order, decree, ruling or similar action, whether temporary, preliminary or permanent, that has the effect of (i) making the consummation of any of the transactions



contemplated by the merger illegal or prevents the consummation of the transactions contemplated by the merger, (ii) seeking to prohibit or limit or prohibiting or limiting in any material respect NAVTEQ's ability to vote, receive dividends from or otherwise exercise ownership rights with respect to the surviving corporation's stock; or (iii) seeking to compel or compelling Traffic.com, NAVTEQ or any NAVTEQ subsidiary to take an action of divestiture (as discussed above) as a result of the merger or the transactions contemplated by the merger, which judgment, injunction, order, decree, ruling or other action is final and nonappealable. A party will not be able to terminate for this reason, though, if that party's breach of any provision of the merger agreement results in, or has been the primary cause of the imposition of such judgment, injunction, order, decree, ruling or other action or if the party has not used all commercially reasonable efforts to lift any such judgment, injunction, order, decree, ruling or other action; or

- if the merger agreement does not receive the requisite affirmative vote for adoption at the Traffic.com stockholders' meeting (or any postponement or adjournment of the meeting), provided that the failure to obtain the requisite stockholder approval was not caused by Traffic.com's failure to act in accordance with its obligations under the merger agreement (in which case, Traffic.com will not have the right to terminate the merger agreement);
- by Traffic.com:
  - if an event or circumstance has occurred since November 5, 2006 that individually, or in the aggregate, has had or would reasonably be expected to have a material adverse effect on NAVTEQ;
  - subject to the cure period described in the merger agreement, if NAVTEQ, NAVTEQ Holdings B.V., or NAVTEQ Holdings Delaware, Inc. has materially breached any covenant or obligation under the merger agreement, or if any representation or warranty by NAVTEQ, NAVTEQ Holdings B.V., or NAVTEQ Holdings Delaware, Inc. was or has become untrue or incorrect; or
  - if prior to approval of the merger and the merger agreement by Traffic.com's stockholders, Traffic.com has entered into a definitive binding agreement with respect to a superior proposal (other than as a result of a breach or violation of the terms regarding superior proposals) and Traffic.com has paid a termination fee to NAVTEQ;
- by NAVTEQ:
  - if Traffic.com has materially breached any covenant or agreement in the merger agreement, or, subject to the cure period described in the merger agreement, if any of the representations and warranties of Traffic.com in the merger agreement were inaccurate when made or become inaccurate in a manner that would cause certain conditions to the merger not to be satisfied as of the time of the breach or as of the time the representation or warranty became inaccurate;
  - if an event or circumstance has occurred since November 5, 2006 that individually, or in the aggregate, has had or would reasonably be expected to have a material adverse effect on Traffic.com; or
  - if any of the following events, any of which we refer to as a triggering event, have occurred prior to the effective time of the merger: (1) Traffic.com has or is deemed to have breached its non-solicitation and board recommendation obligations; (2) Traffic.com's board of directors or any committee of its board of directors changes the board's recommendation to adopt the merger agreement; (3) Traffic.com fails to include Traffic.com's board recommendation to adopt and approve the merger agreement and approve the merger in



the proxy statement; (4) Traffic.com's board of directors or any committee of its board of directors approves, or recommends that Traffic.com's stockholders approve, any acquisition proposal, as described above (whether or not a superior proposal as described above); (5) Traffic.com enters into a letter of intent or similar document with respect to, or any agreement, contract or commitment accepting or agreeing to discuss any acquisition proposal (whether or not a superior proposal, as described above), except for a confidentiality agreement as specifically agreed in the merger agreement; or (6) an acquisition proposal, as described above (whether or not a superior proposal as described above), is made by a person unaffiliated with NAVTEQ and Traffic.com sent to its stockholders, pursuant to Rule 14e-2 of the Securities Exchange Act of 1934, a statement of the Traffic.com board of directors or any committee of the board of directors recommending that the Traffic.com stockholders accept the acquisition proposal and tender shares of Traffic.com common stock into such acquisition proposal (if made in the form of a tender or exchange offer).

***Termination Fee***

Traffic.com must pay to NAVTEQ, via wire transfer, a fee of \$6.25 million within one business day after a demand has been made by NAVTEQ provided that:

- all of the following three events have occurred:
- the merger agreement is terminated pursuant to its terms by NAVTEQ or Traffic.com due to a failure to obtain the required approval of Traffic.com's stockholders or a failure to complete the merger before the applicable termination date, or by NAVTEQ due to a material breach of a covenant or warranty made by Traffic.com or an inaccuracy in the representations and warranties of Traffic.com where either the breach or inaccuracy is not subject to cure within twenty (20) days or Traffic.com has ceased to exercise commercially reasonable efforts to cure the breach or inaccuracy;
- prior to the termination of the merger agreement, in the case of a failure of Traffic.com's stockholders to approve the merger transaction or a failure to complete the merger before the applicable termination date, or prior to the breach or inaccuracy giving rise to NAVTEQ's right to terminate the agreement, an acquisition proposal by a third party to acquire Traffic.com has been publicly announced or made publicly known, or otherwise communicated to the Traffic.com stockholders and not withdrawn; and
- within twelve (12) months following the termination of the merger agreement, (i) an acquisition transaction is consummated by Traffic.com with the person making the acquisition proposal publicly disclosed to Traffic.com stockholders prior to termination of the merger agreement, (ii) Traffic.com enters into a letter of intent, memorandum of understanding or other contract providing for an acquisition transaction with the person making the acquisition proposal publicly disclosed to Traffic.com stockholders prior to the termination of the merger agreement, or (iii) the person having made the acquisition proposal prior to the termination of the merger agreement acquires a beneficial ownership or a right to acquire the beneficial ownership of, or any group shall have been formed which includes the person making the acquisition proposal that beneficially owns, or has the right to acquire beneficial ownership of, outstanding share of Traffic.com capital stock representing 50% or more of the combined power to vote generally for the election of directors and Traffic.com's board of directors has taken any action that facilitates the acquisition of those shares by such person or group; or

- if the merger agreement is terminated by Traffic.com prior to the approval of the merger and the merger agreement by the Traffic.com stockholders because Traffic.com enters into a definitive binding agreement with respect to a superior proposal.

If NAVTEQ terminates the agreement because Traffic.com's board of directors or any committee of its board of directors changed the board's recommendation to adopt and approve the merger agreement and approve the merger and the reason for the change in recommendation was the occurrence and continuation of a NAVTEQ material adverse effect, then Traffic.com will not be required to pay a termination fee.

Under the terms of the merger agreement, if Traffic.com fails to pay the termination fee in a timely manner and NAVTEQ makes a claim resulting in a judgment against Traffic.com, Traffic.com must pay not only the reasonable costs and expenses incurred in making the claim (including reasonable attorneys' fees and expenses) but also the termination fee, interest on the termination fee and any applicable damages incurred in the event of a breach of the merger agreement.

***Expenses***

Except as described in the section entitled "Termination Fee" above and except for the reimbursement by NAVTEQ of the reasonable legal fees and expenses incurred by certain affiliate stockholders incurred in connection with their voting agreement up to a maximum of \$20,000, all fees and expenses incurred in connection with the merger agreement and the transactions contemplated by the merger agreement shall be paid by the party or parties incurring the expenses regardless of whether the merger is consummated. However, NAVTEQ and Traffic.com will share equally in the payment of the filing fees and related expenses (but not attorneys' fees and expenses) in connection with (i) the filing of the Notification and Report Forms filed with the Federal Trade Commission and the Department of Justice under the Hart-Scott-Rodino Act and all pre-merger notification and reports forms, if any, under similar applicable laws of other jurisdictions, and (ii) the filing, printing, and mailing of the proxy statement/prospectus (including financial statements and exhibits) any amendments or supplements to the documents.

## THE VOTING AGREEMENTS

*This section of this proxy statement/prospectus describes the material terms of the voting agreements entered into by certain Traffic.com stockholders in connection with the merger. The complete text of the two forms of voting agreements are attached as Annex B-1 and Annex B-2, respectively, to this proxy statement/prospectus. You are encouraged to read the full text of the forms of voting agreements.*

Concurrently, and in connection with the merger agreement, NAVTEQ, NAVTEQ Holdings B.V., NAVTEQ Holdings Delaware, Inc., and Traffic.com entered into two voting agreements. The parties entered into the first voting agreement, which we refer to as Voting Agreement Form 1, with each of the following stockholders of Traffic.com: Robert N. Verratti, David L. Jannetta, The Jannetta Family Trust, Mark J. DeNino, and Christopher M. Rothey (we collectively refer to these stockholders as the Form 1 Stockholders). The parties also entered into a voting agreement, which we refer to as Voting Agreement Form 2, with each of the following affiliate stockholders of Traffic.com: TL Ventures III L.P., TL Ventures III Offshore L.P., TL Ventures III Interfund L.P., TL Ventures IV L.P. and TL Ventures IV Interfund L.P. (we collectively refer to these stockholders as the Form 2 Stockholders). We collectively refer to Voting Agreement Form 1 and Voting Agreement Form 2 as the Voting Agreements and to Form 1 Stockholders and Form 2 Stockholders as the Relevant Stockholders.

Approximately shares, or %, of Traffic.com s issued and outstanding common stock owned by the Relevant Stockholders as of the record date, are subject to the Voting Agreements (we refer to these shares as the Covered Shares).

### Agreement to Vote and Irrevocable Proxy

The Relevant Stockholders granted to NAVTEQ an irrevocable proxy and irrevocably appointed Judson C. Green, David Mullen and Lawrence M. Kaplan of NAVTEQ as sole exclusive attorneys and proxies to vote and exercise all voting and related rights with respect to the Covered Shares at every annual or special meeting of stockholders of Traffic.com (and at every adjournment or postponement thereof), and in every written consent in lieu of such meeting as follows:

- in favor of the approval and adoption of the merger agreement and approval of the merger of Traffic.com with and into NAVTEQ Holdings Delaware, Inc., not including any material adverse amendment (which means any amendment to the merger agreement that materially and adversely affects the stockholder and is approved by Traffic.com s board of directors notwithstanding the fact that in such vote the stockholder s nominee on Traffic.com s board of directors voted against such amendment);
- against the approval of any action, proposal, transaction or agreement that would result, or could reasonably be expected to result, in any material respect, in a breach of any covenant, representation or warranty or any other obligation or agreement of Traffic.com contained in the merger agreement; and
- against any proposal made in opposition to, or in competition with, consummation of the merger and the other transactions contemplated by the merger agreement, including any acquisition proposal.

The attorneys and proxies named in the irrevocable proxy may not exercise the proxies on any other matter except as provided above. The Relevant Stockholders may vote the Covered Shares on all other matters. Nothing in the irrevocable proxy will limit or restrict any actions taken by a Relevant Stockholder in his or her capacity as a director or officer of Traffic.com either pursuant to applicable law or in exercising Traffic.com s rights or fulfilling Traffic.com s obligations under the merger agreement.

### Stock Election

The Form 2 Stockholders agreed that, in connection with the consummation of the merger, they will elect to receive the merger consideration, in respect to the Covered Shares beneficially owned by them, entirely in shares of NAVTEQ common stock (we refer to these shares as the Acquired NAVTEQ Shares). In the event that the Form 2 Stockholders should fail to submit forms of election designating a stock election with respect to all of the Covered Shares, the Form 2 Stockholders authorized NAVTEQ and the exchange agent to submit the forms on their behalf.

### Transfer Restrictions

The Relevant Stockholders have agreed to certain restrictions on the transfer of the Covered Shares. For a period beginning on November 5, 2006 and continuing until the termination of the Voting Agreements, the Relevant Stockholders may not, directly or indirectly, (i) sell, transfer, tender, pledge, encumber, assign or otherwise dispose of (including by merger, testamentary disposition, interspousal disposition pursuant to spousal domestic relation proceedings or otherwise, or otherwise dispose by operation of law) (collectively, to "Transfer") any of the Covered Shares, or enter into any contract, option or other agreement to Transfer any of the Covered Shares, or otherwise cause or permit the Transfer of the Covered Shares, (ii) grant any proxies or powers of attorney or enter into any voting trust or other similar agreements or arrangements with respect to any Covered Shares, (iii) request that Traffic.com register the Transfer of any certificate or uncertificated interest representing any of the Covered Shares, or (iv) take any action that would have the effect of preventing, impeding or interfering with or adversely affecting its ability to perform its obligations under the Voting Agreements. The Relevant Stockholders agreed that, in order to ensure compliance with the restrictions under the Voting Agreements, Traffic.com may issue appropriate "stop transfer" instructions to its transfer agent in respect of the Covered Shares. Notwithstanding the foregoing or anything contrary set forth above, the Relevant Stockholders may surrender the Covered Shares to the extent necessary to effect exercises thereof (including the payment of any taxes required to be withheld and paid with respect to such exercises).

In addition, the Form 2 Stockholders agreed not to directly or indirectly for a period of six months following the effective time of the merger, (i) Transfer any of the Acquired NAVTEQ Shares, or enter into any contract, option or other agreement to Transfer any of the Acquired NAVTEQ Shares, or otherwise cause or permit the Transfer of any Acquired NAVTEQ Shares or (ii) request that NAVTEQ register the Transfer of any certificate or uncertificated interest representing any of the Acquired NAVTEQ Shares. The Form 2 Stockholders also agreed that, in order to ensure compliance with the restrictions referred to herein, Traffic.com may issue appropriate "stop transfer" instructions to its transfer agent in respect of the Acquired NAVTEQ Shares. These restrictions on transfer are in addition to any restrictions on transfer of the Acquired NAVTEQ Shares imposed by applicable law.

Notwithstanding anything to the contrary set forth above, the Form 2 Stockholders may Transfer Acquired NAVTEQ Shares (i) if such Transfer occurs by operation of law or statutes governing the effects of a merger, (ii) as a distribution to limited partners of the Form 2 Stockholders (provided, however, that such limited partners must agree in writing to be bound by the terms described herein), (iii) at any time after NAVTEQ consummates a transaction, or enters into an agreement, that would cause or result in a change of control of NAVTEQ; or (iv) at any time after any agreement that imposes a Transfer restriction on Acquired NAVTEQ Shares by any other stockholder of Traffic.com has terminated or been amended, or any rights of NAVTEQ or obligations of the Form 2 Stockholders under such agreement have been waived. In addition, the Form 2 Stockholders may Transfer up to that number of shares (A) not in excess of five percent (5%) of the Acquired NAVTEQ Shares beneficially owned by the Form 2 Stockholders at the effective time of the merger if the price per share of NAVTEQ common stock as reported on the NYSE on the date of initiation of such Transfer is not less than \$40.00, (B) 15% (including any shares Transferred pursuant to the immediately preceding

clause (A)) of the Acquired NAVTEQ Shares beneficially owned by the Form 2 Stockholders at the effective time of the merger if the price per share of NAVTEQ common stock as reported on the NYSE on the date of the initiation of such Transfer is not less than \$45.00, and (C) not in excess of 25% (including any shares Transferred pursuant to the immediately preceding clauses (A) and (B)) of the Acquired NAVTEQ Shares beneficially owned by the Form 2 Stockholder at the effective time of the merger if the price per share of NAVTEQ common stock as reported on the NYSE on the date of the initiation of such Transfer is not less than \$50.00. For purposes of this paragraph, change in control means (a) the direct or indirect acquisition (except for transactions described in clause (b) of this paragraph below), whether in one or a series of transactions by any person, or related persons of (i) ownership, beneficial or otherwise, of issued and outstanding shares of capital stock of a party, the result of which acquisition is that such person or such group possesses 50% or more of the combined voting power of all then issued and outstanding capital stock of such party, or (ii) the power to elect, appoint, or cause the election or appointment of at least a majority of the members of the board of directors (or such other governing body in the event a party or any successor entity is not a corporation); (b) a merger, consolidation or other reorganization or recapitalization of a party with a person or a direct or indirect subsidiary of such person, provided that the result of such merger, consolidation or other reorganization or recapitalization, whether in one or a series of related transactions, is that the holders of the outstanding voting stock of such party immediately prior to such consummation do not possess, whether directly or indirectly, immediately after the consummation of such transaction, in excess of 50% of the combined voting power of all then-issued and outstanding stock of the merged, consolidated, reorganized or recapitalized person, its direct or indirect parent, or the surviving person of such transaction; (c) the stockholders of a party approve a plan of complete liquidation of such party; or (d) a sale or disposition, whether in one or a series of transactions, of all or substantially all of a party's assets.

#### **Termination**

The Voting Agreements automatically terminate upon the earlier of the date the merger agreement is validly terminated pursuant to its terms, the effective time of the merger, or the occurrence of a material adverse amendment (which is any amendment to the merger agreement that materially and adversely affects the stockholders and is approved by Traffic.com's board of directors notwithstanding the fact that in such vote the stockholder's nominee on Traffic.com's board of directors voted against such amendment). The transfer restrictions regarding Acquired NAVTEQ Shares (described above) by the Form 2 Stockholders, though, shall survive for a period of six months following the effective time of the merger.

## INFORMATION ABOUT NAVTEQ

### Overview

NAVTEQ is a leading provider of comprehensive digital map information for automotive navigation systems, mobile navigation devices and Internet-based mapping applications. NAVTEQ's map database enables providers of these products and services to offer dynamic navigation, route planning, location-based services and other geographic information-based products and services to consumer and commercial users. NAVTEQ believes that its database is the most used source of digital map information for automotive and Internet-based navigation products and services in Europe and North America, and that it is a leading provider of such information for use in mobile devices. For the year ended December 31, 2005, NAVTEQ had net revenue of \$496.5 million and net income of \$170.8 million. For the nine months ended October 1, 2006, NAVTEQ had net revenue of \$400.9 million and net income of \$67.0 million.

By developing software applications that interface with NAVTEQ's map database, NAVTEQ's customers offer a broad range of navigation- and geographic-based products and services to consumers and businesses. NAVTEQ's database enables these providers to offer:

- *Dynamic Navigation.* NAVTEQ's map database enables real-time, detailed turn-by-turn route guidance through vehicle navigation systems, as well as through GPS-enabled handheld navigation devices, and other mobile devices. Customers that use NAVTEQ's map database to provide dynamic navigation applications include vehicle navigation systems manufacturers, such as Harman Becker, Alpine and Siemens, and mobile navigation device manufacturers, such as Garmin, Dell and Thales. Every major automobile manufacturer that currently offers a navigation system in North America or Europe uses NAVTEQ's database in one or more of its models. Since 1999, over 10 million vehicles have been equipped with navigation systems that use NAVTEQ's database. From 2001 to 2005, the number of units of NAVTEQ's database incorporated by NAVTEQ's customers into mobile devices has increased an average of over 200% annually.
- *Route Planning.* NAVTEQ's database enables driving directions, route optimization and map display through services provided by Internet portals and through computer software for personal and commercial use. Customers that use NAVTEQ's map database to provide route planning applications include leading Internet portals and websites, such as AOL/MapQuest, Microsoft/MSN and Yahoo!, software developers, such as Microsoft and Rand McNally, and leading parcel and overnight delivery service companies. In 2005, there were more than 18 billion route planning transactions derived from NAVTEQ's database in North America on the leading Internet portals and websites.
- *Location-Based Services.* NAVTEQ's database enables location-specific information services, providing geographic information about people and places that is tailored to the immediate proximity of the specific user. Current applications using NAVTEQ's map database include points of interest locators, mobile directory assistance services, emergency response systems, and vehicle-based telematics services. Customers that use NAVTEQ's map database to provide location-based products and services include directory assistance providers, police and emergency care providers and wireless carriers.
- *Geographic Information Systems.* NAVTEQ's database enables software applications that render geographic representations of information and assets for management analysis and decision making. Examples of these applications include infrastructure cataloging and tracking for government agencies and utility companies, asset tracking and fleet management for commercial logistics companies and demographic analysis, such as new location identification for restaurants and policyholder and claims analysis for insurance companies.

NAVTEQ's map database is a highly accurate and detailed digital representation of road transportation networks in Europe, the United States, Canada and other regions. NAVTEQ's database offers extensive geographic coverage, including data at various levels of detail for over 55 countries on six continents, covering over 10 million miles of roadway. In Europe, NAVTEQ's database covers virtually all main arterial roads within Western Europe's major highways network and has detailed coverage for numerous cities throughout Europe. NAVTEQ currently provides coverage relating to approximately 6.1 million miles of roadway in North America, which includes detailed coverage in areas in which a majority of the population live and work. NAVTEQ's most detailed coverage includes extensive road, route and related travel information, including attributes collected by road segment that are essential for routing and navigation, such as road classifications, details regarding ramps, road barriers, sign information, street names and addresses and traffic rules and regulations. In addition, NAVTEQ's database currently includes over 14 million points of interest, such as airports, hotels, restaurants, retailers, civic offices and cultural sites.

NAVTEQ uses a multi-step process to create, maintain and deliver a high-quality database. The process involves utilization of proprietary software and technologies combined with NAVTEQ's dedicated field force of over 500 employees around the world. Due to the complexity of NAVTEQ's database building process and the depth and breadth of the information it contains, NAVTEQ believes it would take substantial time and resources for a new market entrant to build a digital map database with a comparable level of detail and accuracy.

### **Corporate Information**

NAVTEQ originally incorporated in the State of California in August 1985 as Karlin & Collins, Inc., and reincorporated in the State of Delaware in September 1987 as Navigation Technologies Corporation. In February 2004, NAVTEQ changed its name to NAVTEQ Corporation. In August 2004, NAVTEQ completed an initial public offering and NAVTEQ's common stock began trading on the New York Stock Exchange under the symbol NVT. NAVTEQ's principal executive offices are located at 222 Merchandise Mart, Suite 900, Chicago, Illinois 60654, and NAVTEQ's telephone number at that address is (312) 894-7000. NAVTEQ maintains a web site at [www.navteq.com](http://www.navteq.com). Information contained on, or that may be accessed through, NAVTEQ's web site is not part of this proxy statement/prospectus.

### **Additional Information**

As permitted by SEC rules, NAVTEQ has incorporated by reference information regarding its business into this proxy statement/prospectus. For a more complete description of NAVTEQ's business, please refer to NAVTEQ's most recent Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and the other documents NAVTEQ has incorporated by reference into this proxy statement/prospectus set forth in the section entitled "Where You Can Find More Information" on page 182 of this proxy statement/prospectus.

## **INFORMATION ABOUT TRAFFIC.COM**

### **Overview**

Traffic.com believes that it is a leading provider of accurate, real-time traffic information in the United States, based on the quality of its traffic data and the extent of its geographic coverage. Traffic.com's traffic information can be formatted to meet the personal or unique needs of its customers and delivered across multiple platforms, including radio, television, the Internet, wireless devices, and in-vehicle navigation systems. As of September 30, 2006, Traffic.com provided comprehensive coverage to 50 Designated Market Areas (DMAs) encompassing 83 cities (or traffic markets) targeting approximately 120 million drivers across the United States, in cities such as Boston, Chicago, Dallas, Houston, Los Angeles, New York, Philadelphia, San Diego and San Francisco.

Traffic.com's business model to date has been the syndicated content model traditionally used in the radio and television industries. Under this model, Traffic.com provides its traffic information to radio and television stations in exchange for the right to sell a specified amount of advertising time, generally adjacent to these stations' traffic reports. Traffic.com then sells this advertising time to national, regional and local advertisers and retains the revenue from these sales. In anticipation of expanding Traffic.com's business into Internet-based and other interactive services, Traffic.com has developed its technology to handle expansion into these services with minimal development effort. In July 2005, Traffic.com expanded its business model to include revenue generation from three additional sources: providing its traffic data to third parties for use in their products and services; selling Internet advertising on Traffic.com's www.traffic.com website and on Traffic.com's customers' websites; and offering consumer wireless services through Traffic.com's and Traffic.com's customers' websites.

Traffic.com has a wholly-owned subsidiary, Traffic.com Asia, which was organized in the Cayman Islands. Traffic.com Asia has never conducted business.

### **Traffic.com's Response to Significant Trends**

Traffic.com is at the intersection of three significant trends:

- Road traffic is bad and getting worse, costing people more in both time and money.
- Advances in new interactive technology give consumers many choices for the delivery of highly personalized, on-demand traffic information over a number of devices, including cell phones, personal digital assistants, or PDAs, handheld and in-vehicle navigation devices, and satellite radio receivers.



- Rapid growth in advertising on the Internet has been driven by advertisers' desire to gain broader exposure in their media campaigns than has been traditionally possible through only radio and television.

Traffic.com believes that it is in a position to capitalize on these three trends with its technology-driven approach to traffic data collection and its ability to attach targeted advertising messages to its traffic reports and deliver them across multiple platforms. Traffic.com has addressed the traffic problem by applying advanced sensor technology, cell phone signaling and GPS-based probe technology together with proprietary incident collection methods, to provide highly accurate, actionable traffic information. As a result, drivers can base their traffic-related decisions on facts such as travel times and speeds rather than subjective descriptions like "slow" or "jammed". Traffic.com has built a sophisticated data management system that allows it to process information in real-time and deliver customized reports simultaneously through radio, television, the Internet, wireless, and in-vehicle navigation devices. Traffic.com believes that having a broad cross-media delivery capability, combined with the fact that its users can be targeted based on the nature and times of their travel patterns, makes its suite of traffic services attractive to advertisers. Traffic.com's ability to deliver traffic information over a broad range of devices, delivery applications and services enables advertisers to connect with their potential customers through radio and television at home, by means of varied media formats over radio and wireless services in their cars, and via the Internet and e-mail alerting services at work.

#### *Increased Traffic Problems*

*Over the last 20 years, traffic congestion has grown at a rapid rate as a result of many factors, including economic growth, increased suburban sprawl and insufficient roadway expansion. According to a U.S. Federal Highway Administration report, the number of vehicle miles traveled in the United States grew 70% from 1980 to 2000, while growth in roadway lane miles remained relatively flat at 0.3% per year in the 1990s. To keep traffic congestion from increasing further, the United States would need to build approximately 5,000 lane miles of roadways in major cities, more than doubling its current spending on road development. Even if the financing were available for this expansion, geographic constraints and citizen opposition would prevent adequate roadway expansion.*

According to a 2005 report by the Texas Transportation Institute, out of 85 U.S. urban areas, only five of these areas experienced annual delays per person during peak travel times of greater than 20 hours in 1982. By 2003, there were more than 50 such urban areas. Additionally, the average annual delay per traveler during peak travel times in the urban areas studied almost tripled from 16 hours in 1982 to 47 hours in 2003, amounting to more than an entire work week wasted in congested traffic. The economic impact of traffic congestion, measured in terms of wasted time and fuel, increased from \$12.5 billion in 1982 to \$63.1 billion in 2003, an increase of over 400% in the urban areas studied.

Traffic.com believes that better traffic information would provide for more efficient utilization of the existing infrastructure. Until recently, the principal sources of publicly-available traffic information have been traditional collection methods used for radio and television traffic reporting. These methods result in limited and often inaccurate traffic flow information and an inability to provide real-time, personalized traffic information. A secondary source of traffic information consists of traffic flow monitoring systems established by state and local departments of transportation. These systems were built, however, principally for infrastructure planning and road safety. They often have significant gaps in coverage, are not always well maintained, and often are not integrated with each other.

*Advances in Consumer-Oriented Technology*

Recent advancements in consumer-oriented technology are enabling rich content to be delivered economically and efficiently through multiple devices. The rise in broadband adoption, the increase in cell phone functionality and the proliferation of a myriad of wireless devices are changing consumer behavior. Consumers can now get information they want through the media formats of their choice exactly when they want it.

In addition to radio and television, today's driver likely has one or more wireless devices capable of receiving timely traffic information such as cell phones, personal digital assistants, or PDAs, handheld navigation devices, in-vehicle navigation systems and satellite radio receivers. These new delivery channels are particularly well-suited to enable drivers to make more intelligent and efficient driving decisions. Traffic.com believes that these technologies provide Traffic.com with a promising business opportunity, given its ability to disseminate its traffic information through these channels and the projected growth of the adoption of these new technologies. For example, a 2005 report by Jupiter Research projects that there will be 212 million wireless subscribers by 2009, up from 172 million in 2004. In a 2005 report, the Telematics Research Group projects that there will be 75 million in-vehicle and portable navigation devices, or PNDs by 2011, up from 4 million in 2004. In addition, a 2005 Forrester Research report projects that there will be approximately 20 million households with satellite radio by 2010, up from 2.0 million in 2003, and 9.7 million households with high definition radio by 2010, up from 0.1 million in 2005.

*Advertisers Seek Value in New Media*

Advertisers are adjusting their campaigns to include broader exposure than is available through traditional media. According to Forrester Research, the market for online advertising is growing at more than double the rate of the traditional advertising market. The total U.S. advertising market was \$243.5 billion in 2004 and is projected to reach \$306.3 billion by 2008, for a compound annual growth rate of 6%. However, the U.S. online advertising market was \$12.0 billion in 2004 and is expected to grow to \$22.0 billion in 2008, for a compound annual growth rate of 17%.

Traffic reports, regardless of delivery medium, are an attractive way for advertisers seeking to reach consumers for several reasons. First, consumers pay close attention to traffic reports because of the relevance and the succinct and timely nature of the information. In addition, traffic is inherently local content and many advertisers believe that advertisements associated with local content can be more specifically targeted to a particular market or market segment. Further, because traffic conditions change constantly, many consumers access traffic information multiple times per day. For these reasons, advertising connected to traffic content generally commands a premium among radio and television advertisers. Traffic.com believes that advertising messages coupled with traffic reports across new media platforms, such as the web and wireless devices, will garner a premium for similar reasons.

**Traffic.com's Solution**

Traffic.com delivers accurate, real-time, customizable traffic-flow and incident information across multiple delivery media formats in major markets in the United States. Traffic.com's traffic flow information includes vehicle speeds, travel times and delay times, which is data that has been largely unavailable up to now. By combining incident, cell phone, GPS-probe and flow data, Traffic.com's solution is designed to enable drivers to make informed decisions as to route selection and departure times.

Traffic.com collects traffic flow data using its own sensor network as well as government-owned sensors. Traffic.com has aggregated multiple sensor network systems to create what it believes to be the largest network of real-time traffic sensors in the United States. Traffic.com complements its

sensor data with incident and event information gathered using traditional collection methods, such as aircraft, video feeds and emergency frequency scanners. According to U.S. census data, in 2000 there were approximately 72 million commuters in the markets that it covers.

Traffic.com believes that the key strength that differentiates its solution is its Traffic Information Management System (TIMS). TIMS allows Traffic.com to collect and analyze traffic information on a real-time basis and to deliver this information across multiple media formats. These media formats include terrestrial and satellite radio, television, the Internet, wireless devices such as cell phones and PDAs and in-vehicle navigation systems.

*Automated Collection of Diverse Traffic.com Data*

Traffic.com collects traffic data from a variety of sources for input into TIMS including:

- *Traffic.com's Sensor Network.* As of September 30, 2006, Traffic.com was under contract to build, own and operate its automated sensor network in 22 major metropolitan areas. Traffic.com has completed its network in 10 of these metropolitan areas: Boston, Chicago, Oklahoma City, Philadelphia, Pittsburgh, Providence, San Diego, San Francisco, St. Louis and Tampa. In addition, as of September 30, 2006, Traffic.com is collecting data from its sensor network under construction in four additional metropolitan areas: Detroit, Los Angeles, Phoenix and Washington, DC. As of September 30, 2006, Traffic.com was in the pre-construction phase for its sensor network in eight additional metropolitan areas: Atlanta, Baltimore, Indianapolis, Las Vegas, Sacramento, Salt Lake City, San Jose and Seattle. In addition, in July 2006, Traffic.com signed an agreement with the Pennsylvania Turnpike Commission to provide its sensor network on the Pennsylvania Turnpike outside of both Philadelphia and Pittsburgh, and in November 2006, Traffic.com signed an agreement with the Missouri Highway and Transportation Commission to extend its sensor network in St. Louis. Traffic.com's agreement with the Utah Department of Transportation also provides for the integration of data from its traffic sensors and from cell phone probe data into TIMS. Traffic.com's solar-powered, roadside sensors continuously collect information on up to eight lanes of traffic, including lane-by-lane speed, volume, density of vehicles and vehicle classification. Each sensor then wirelessly communicates this data every 60 seconds to TIMS. The majority of the equipment used in Traffic.com's sensor sites is commercially available, off-the-shelf components.
- *Government Flow Data Sensor Systems.* As of September 30, 2006 Traffic.com collected sensor data from government sensor systems in 21 metropolitan areas that have deployed their own traffic sensor systems: Atlanta, Chicago, Baltimore, Dallas, Denver, Detroit, Houston, Los Angeles, Milwaukee, Minneapolis, New York, Philadelphia, Phoenix, Sacramento, Salt Lake City, San Diego, San Francisco, San Jose, Seattle, Tampa and Washington, DC. Traffic.com will continue to integrate data from government sensor systems in additional metropolitan areas over time. Unlike Traffic.com's own sensor network, these government sensor systems were designed principally for infrastructure and emergency planning and road safety and generally do not, on their own, achieve the level of coverage, performance and reliability that Traffic.com believes is needed to provide quality traffic information to consumers. TIMS allows Traffic.com to verify data quality from these government sensors to provide reliable and accurate information to consumers.
- *Probe Data.* Traffic.com believes that probe data systems, which use the vehicle or a cell phone as a sensor, are a useful source of traffic information and supplement the information from roadway sensors. Traffic.com now collects probe-based information through Global Positioning System (GPS) radio-navigation technology devices through its government relationships, from toll tag readers in Houston, San Francisco and in the New York City

metropolitan area as well as from a third party. TIMS can easily integrate these probe data sources with the other traffic information collected from Traffic.com's flow data sensor network. Under Traffic.com's agreement with the Utah Department of Transportation, Traffic.com is now integrating cell phone probe data for Salt Lake City into TIMS.

- *Incident Data.* Traffic.com services all of its metropolitan areas through its traffic operations centers in 22 cities and its national traffic operations center in Wayne, Pennsylvania. Through these centers, Traffic.com collects accident, construction and congestion data in a highly efficient manner. Traffic.com collects this data from aircraft, video feeds, emergency frequency scanners, mobile units and reports from drivers. This information is entered into Traffic.com's system in a specific format that allows all incident information to be easily standardized, analyzed and archived. This standardization process also enables Traffic.com to easily distribute traffic information in customizable formats through various delivery applications and services.

- *Event Data.* In Traffic.com's traffic operations centers, Traffic.com also collects information on local events that affect traffic flow, such as parades, scheduled construction, notable recreation events, sporting events and conventions. Traffic.com's event data provides drivers with advance notice of events that could affect traffic on particular roadways at particular times.

#### *Data Aggregation, Standardization and Analysis*

Traffic.com receives traffic data from its sources in a variety of different forms, which is then entered into TIMS. TIMS converts the traffic data from its sources into a standard form and processes the data without disruption, both for real-time delivery and for archiving. TIMS collects and processes over 30 million traffic flow records (including every 60 seconds from Traffic.com's flow data sensors) and roughly 30,000 incident description records daily. TIMS is a geospatially-correct database comprised of map data from industry-standard mapping providers, traffic flow information and traffic incident information. TIMS has been built on a multi-layered architecture in order to handle high transaction volumes required for the real-time collection and distribution of traffic information, such as Internet, in-vehicle and wireless applications and services. TIMS utilizes a component-based architecture that Traffic.com believes permits quicker time-to-market for new products and services, as well as improved reliability, redundancy and flexibility.

TIMS enables information to be automatically distributed in a variety of customized media formats. TIMS converts all of Traffic.com's collected data into a standard digital format, which can be published and distributed through radio, television, the Internet, wireless devices and in-vehicle navigation systems or other means. Traffic.com provides traffic content to terrestrial and satellite radio stations and television stations. Additionally, Traffic.com provides personalized traffic information to consumers via [www.traffic.com](http://www.traffic.com) and diverse Internet, in-vehicle, wireless and desktop applications. Finally, Traffic.com makes its traffic information available to third parties for use in their own products.

#### **Delivery Applications and Services**

##### *Radio*

Through Traffic.com's Traffic Pulse Broadcaster application, Traffic.com provides traffic information to radio stations, including travel times, speeds and incident information, by means of a user interface that is easily customized by the traffic announcer. Traffic.com believes that Traffic Pulse Broadcaster is the only traffic radio product that allows each announcer to prioritize incidents, select the items for broadcast and create custom reports just prior to going on air. Delivered via a standard web browser, Traffic Pulse Broadcaster requires no special equipment or wiring. As a result of TIMS

ability to standardize data, Traffic.com believes that its information can be delivered in other languages with minimal development effort. For example, Traffic.com is currently developing the capability to present Traffic Pulse Broadcaster's information in Spanish.

If requested by its radio station customers and for an additional charge, Traffic.com provides its own broadcast talent for that station's reporting and off-site broadcast studios. In addition, as of September 30, 2006, Traffic.com provided many of its radio station customers its affiliate web offering, a Traffic.com-hosted web page designed and maintained by Traffic.com to fit with the overall look and feel of the radio station's own website. These affiliated websites provide Traffic.com's customers' radio listeners the same traffic information on their website, as well as its personalized traffic information services.

As of October 15, 2006, Traffic.com provided traffic information services (including both its Traffic Pulse Broadcaster and/or its affiliate web offering) to 129 radio station customers and had contractual relationships to purchase advertising time for cash from an additional 383 radio stations. Generally, the purchased advertising time is adjacent to informational programming elements such as news, weather, sports, entertainment or traffic reports. Traffic.com's radio station customers include large radio groups, as well as smaller, locally owned stations. Since 2004, Traffic.com has provided traffic information from its Traffic Pulse Broadcaster application to XM Satellite Radio, one of two providers of satellite radio services in the United States. As of September 30, 2006, Traffic.com provided its traffic information for XM Satellite Radio in 21 major metropolitan markets on a 24/7 basis. In anticipation of high definition (HD) radio becoming more commonplace, Traffic.com has developed the capability to broadcast into HD-capable devices, including specialized radio devices, in-vehicle navigation systems and PNDs.

#### *Television*

Traffic.com provides television stations with traffic information, including travel times and speeds and incident information. As of October 15, 2006, Traffic.com had contracts to provide traffic information services to 58 television station customers, including large broadcast and cable companies. In October 2004, Traffic.com launched its second-generation television product, Traffic.com Pulse NeXgen, which Traffic.com refers to as NeXgen. NeXgen simulates current traffic conditions using animated, aerial views of actual roadways and surrounding buildings, with colored maps and graphics showing travel times and speeds. With no rendering time required, NeXgen's maps and graphics are created instantly with all traffic data pre-loaded and properly positioned. NeXgen's ability to display information spanning a broader geographic area as well as to show instantaneous changes in traffic patterns and incidents facilitates longer and more detailed traffic reports.

Traffic.com believes that NeXgen will significantly increase traffic coverage in morning television news programming. In May 2005, Traffic.com launched its first four-hour traffic-focused television news program, which is broadcast during the morning commuting hours on a station in Philadelphia. This program is essentially an inverted morning news show, focusing first on traffic, which constitutes approximately 40% of airtime, then approximately 40% on weather and the balance on news. Traffic.com produces and broadcasts this program from its own studio facility in its Wayne, Pennsylvania offices.

In April 2005, Traffic.com entered into a station group agreement with Viacom pursuant to which it has agreed to provide traffic flow data using its NeXgen product on Viacom television stations in 12 markets. This agreement is in addition to the stand-alone agreements Traffic.com has with certain other Viacom stations. At present Traffic.com is providing the NeXgen product to 13 Viacom stations with plans for NeXgen implementations or upgrades in four additional stations. Additionally, in January 2005, Traffic.com entered into a three-year agreement with The Weather Channel under

which it provides traffic information for broadcast on its national cable channels Local on the 8 segments and on its local Weatherscan channels.

*Traffic.com-Branded Website*

In response to consumer demand for increased Internet services, Traffic.com is focusing its growth efforts on its Internet and other interactive technologies. As a result, in July 2005, Traffic.com launched an enhanced website that provides an interactive source for users to obtain personalized traffic flow, incident and event information free-of-charge. In the month of September 2006, Traffic.com's servers reported approximately 1.4 million unique visitors to its website, which represented a 94% increase from September 2005. As of September 30, 2006, Traffic.com had approximately 306,000 registered users for its website, which represented a 473% increase from September 30, 2005. Traffic.com's website provides the following services to users:

- *My Traffic.* My Traffic allows users to personalize and automatically receive real-time traffic information for their desired cities and routes. Traffic.com's flow data enables many of the customized my traffic.com reports to contain speeds, travel times and delay times, including the slowest speeds on the route. Once registered for my traffic.com services, users can arrange to receive timely e-mail alerts of current traffic conditions on personalized routes, delivered by e-mail to their desktop or mobile device or by voice alerts to their phone.
- *Jam Factor.* Jam Factor is a feature that provides an overall measure of traffic conditions on a section of roadway. This measure is calculated using Traffic.com's data and proprietary algorithms. Jam Factor is designed to provide users with a quick but comprehensive picture of traffic conditions and measures them on a scale of 0 to 10, with 10 being the worst. Jam Factor also provides commuters with predictive trending information, such as seasonal influences and rush hours, as well as the unpredictable, immediate factors such as traffic incidents and unexpected delays. Traffic will seek to establish Jam Factor as a widely accepted traffic measuring standard, equivalent to other industry standards, such as the Richter Scale for earthquakes.
- *City Pages.* Traffic.com's website currently provides traffic information for major roadways in 50 major metropolitan areas in the United States, which enables users to receive and view traffic information on interactive road maps.

*Consumer Wireless Services*

Traffic.com delivers its customized *My Traffic* traffic information to PDA devices and cell phones free of charge. Traffic.com's services include:

- *Mobile e-mail alerts* plain text updates for users' primary drive designed for use on a mobile e-mail device.
- *WAP/SMS services and alert*
- *Phone alerts* updates by phone when there are delays along users' routes at exactly the user-defined times.
- *Traffic.com hotline* provides up-to-the-minute, on-demand traffic information for pre-established drives through toll-free numbers.

*In-Vehicle Traffic.com Data Services*

Traffic.com provides traffic flow and incident information for use and display in in-vehicle navigation systems and in PNDs. These systems provide drivers with real-time traffic information,



which is displayed on digital maps. Traffic.com believes that in-vehicle navigation systems will quickly become a widely used source for traffic information as drivers seek to take advantage of the convenient, new technology offered by these systems. In-vehicle navigation systems can be installed as standard or optional features in new vehicles or purchased and installed separately in the aftermarket. These systems can display traffic flow, incidents and events, and suggestions for alternative routes. Traffic.com provides its traffic data to NAVTEQ, which sends its data for distribution to in-vehicle navigation systems via XM Satellite Radio and Sirius Satellite Radio Inc. Traffic.com's traffic data is used for navigation systems in Acura, Lexus, Nissan, Infiniti and other vehicles and in multiple aftermarket navigation systems. In June 2006, Traffic.com signed an agreement with Garmin International Inc. to serve real-time traffic to some of Garmin's personal navigation device products.

#### *Other Data Services*

Traffic.com delivers its data through electronic feeds directly to customers for use in their websites and other products and services. For example, Traffic.com currently licenses its traffic data to The Weather Channel for use on its website, [www.weather.com](http://www.weather.com). In addition, Traffic.com provides its traffic data to Comcast Cable Communications Management, LLC for use on its website, [www.comcast.net](http://www.comcast.net). Traffic.com's arrangements with The Weather Channel and Comcast require the use of its logos and links to its [www.traffic.com](http://www.traffic.com) website. In February 2006, Traffic.com also reached an agreement with Microsoft Corporation to integrate the traffic technology and real-time content of Traffic.com into various Microsoft products and services. This multi-year agreement paves the way for development of integrated traffic offerings delivered to users via mobile phones or other devices.

Traffic.com provides traffic data feeds to the Florida Department of Transportation for use in its 511 information service in the Tampa Bay area. The 511 service allows Tampa Bay travelers to access free, 24/7, traffic and road condition updates on select road segments and responds to voice commands to provide information for a specific route. Traffic.com will seek to expand its provision of data services and seek additional commercial and government partners in the future. In July 2006, Traffic.com signed an additional agreement with the Florida Department of Transportation to build its sensor network and to provide traffic data so that the Department could provide a 511 information service in Charlotte, Lee and Collier counties.

#### **Traffic.com's Strategy**

Traffic.com's objective is to become recognized internationally, through its services and Traffic.com brand, as the leading provider of timely, high quality traffic information. Traffic.com intends to achieve its objective through executing the following key business strategies:

*Provide superior traffic information.* Traffic.com seeks to provide the highest quality, real-time traffic information and to distribute this information through a wide range of delivery applications and services. Traffic.com's ability to collect and distribute this information is based principally on its efforts, over a number of years, to develop and enhance TIMS, its traffic information system that utilizes its proprietary analytic technology. Traffic.com will continue to enhance its existing technologies and introduce compelling new features, products and services to meet the needs of drivers and of its media, data and advertising customers.

*Grow Traffic.com brand and its Internet presence.* Traffic.com seeks to make Traffic.com the most widely recognized and used brand for traffic information. Traffic.com believes that advertisers' and customers' decisions are influenced by brand recognition and it is seeking to build this recognition and increase the number of its [www.traffic.com](http://www.traffic.com) users by providing high-quality services and through co-branding efforts with its media and data customers. In addition, Traffic.com intends to enhance its brand recognition through advertising campaigns, public relations and other marketing efforts.



*Promote an integrated advertising approach through Traffic.com multiple media channels.* Traffic.com's multiple media formats are well positioned to attract advertisers with a one-stop, cross-media campaign opportunity. For example, Traffic.com's advertisers can reach their customers via the radio and television in the morning while they are at home, radio, cell phones, PDAs and wireless devices while they are in their cars, and Internet and e-mail services in the office. Traffic.com believes advertisers are looking for more effective means of reaching consumers and can benefit from the direct association with traffic information, regardless of the delivery medium. Additionally, Traffic.com believes that its content is particularly attractive to advertisers because of its local nature and because its users are on the move. Given the nature of Traffic.com's services, advertisers can geographically target users based on the nature and times of their travel patterns.

*Expand Traffic.com's data services and strategic relationships.* Traffic.com seeks to deliver its traffic information services through multiple third party providers. By entering into arrangements with other web content providers, Traffic.com believes that it can drive more unique visitors to its website. This, in turn, will increase Traffic.com's volume of advertising space and enable its advertisers to reach a more focused audience through advertisements closely aligned with content. Traffic.com also plans to enter into more arrangements with major automotive brands, in-vehicle navigation services and wireless device companies to provide its traffic data to their buyers and users.

*Expand geographically.* Traffic.com has expanded its traffic information coverage and service offerings in a number of additional U.S. cities, now reaching a total of 83 U.S. markets thereby enabling Traffic.com to serve a larger percentage of the traffic-affected population and appeal to more advertisers. Traffic.com is exploring the expansion of its services to countries in Asia and it may consider expanding its services to other countries to take advantage of its processing and distribution capabilities. Any expansion outside the United States will be undertaken only where there is a demonstrated market need for accurate traffic data, infrastructure in place to readily access traffic data, and opportunities for relationships with strategic business partners.

#### **Customers**

Traffic.com provides traffic information to a variety of customers in a number of market sectors. Traffic.com's customer base includes the radio and television stations from which it obtains advertising inventory in exchange for its traffic information, cash and services; traffic data services customers to whom Traffic.com provides its traffic data for use in its products and services; and advertisers who buy its advertising time. No customer accounted for 10% or more of Traffic.com's total revenue for 2003, 2004 or 2005. Substantially all of Traffic.com's revenue is generated from its advertising customers and data services customers, given that its radio and television relationships are almost entirely in exchange for advertising inventory.

*Advertising Customers*

During the 9 month period ended September 30, 2006, Traffic.com had 566 advertising customers. These customers pay Traffic.com cash, or otherwise compensate Traffic.com, to have their advertisements displayed in one or more of Traffic.com's media channels. To date, substantially all of Traffic.com's revenue from these customers has been generated from radio and television advertisements. Traffic.com expects that Internet and wireless advertising will constitute a larger percentage of revenue from this customer base as it moves forward. The following lists Traffic.com's 20 largest advertising customers for 2005. These 20 customers accounted for approximately \$16.7 million, or 38.6%, of Traffic.com's revenue during 2005. For comparison sake, these same 20 customers accounted for approximately \$10.4 million, or 24.5%, of Traffic.com's revenue in 2004. Traffic.com's 20 largest customers in 2004 accounted for approximately \$16.1 million, or 37.8%, of its revenues in 2004.

7-Eleven, Inc. c/o Camelot Communications Inc.

Albertson's, Inc.

Auto Zone, Inc.

CSK Auto, Inc.

Doctor's Associates, Inc. (Subway Restaurants)

The Goodyear Tire & Rubber Company

The Home Depot, Inc.

JC Penney Company, Inc.

Lending Tree, LLC

Macaroni Grill

Mattress Giant

McDonald's Corporation

National Automotive Parts Association

Nationwide Mutual Insurance Company

Pier 1 Imports, Inc.

Texas Lottery Commission

Toyota Motor Corporation, USA

UPS Stores

Valero Energy Corp.

XM Satellite Radio Holdings, Inc.

*Data Services Customers*

Traffic.com has agreements with a number of businesses pursuant to which it provides its traffic data feeds for use in their own Internet, wireless and in-vehicle products and services. The data services agreements described below accounted for approximately \$2.3 million, or 5.3% of Traffic.com's total revenue, for 2005; and for approximately \$1.3 million, or 3.1% of Traffic.com's total revenue, in 2004.

- *XM Satellite Radio Holdings Inc.* XM Satellite Radio, or XM, is one of two providers of satellite radio services in the United States. Traffic.com provides to XM real-time traffic information from its Traffic Pulse Broadcaster application on a 24/7 basis for 21 major metropolitan markets. Based on publicly-available information, XM has more than 6 million subscribers.
- *NAVTEQ Corporation.* Traffic.com provides to NAVTEQ its data feed for use in its in-vehicle traffic information service, which it distributes via XM Satellite Radio and Sirius Satellite Radio. Traffic.com's traffic information, together with NAVTEQ's mapping data, has recently been introduced as a standard feature in the Acura RL and as an optional feature in the Cadillac CTS navigation systems. Traffic.com provides its traffic information to these systems in all of its geographic coverage areas.
- *Motorola, Inc.* Motorola is a global mobile and wireless communications company. Traffic.com provides to Motorola traffic flow data from its data feed for use in VIAMOTO solutions, a suite of location software for data-capable cell phones and in-vehicle navigation systems. A cell-phone based navigation system, powered by VIAMOTO and containing Traffic.com's traffic data, is available in Avis rental cars.
- *The Weather Channel, Inc.* The Weather Channel provides national and local weather information through a number of channels. In addition to providing traffic information for

broadcast on The Weather Channel's national cable and local programming, Traffic.com provides traffic information for use on its website (www.weather.com) and on a free desktop computer application.

- *Comcast Cable Communications Management LLC.* Comcast is a leading provider of cable, entertainment and communications products and services. Traffic.com provides its traffic content and its *My Traffic* personalized traffic service incident, event and flow data to Comcast for use on its website, www.comcast.net. Based on publicly available information, Comcast has 11 million high-speed Internet customers.
- *Microsoft Corporation.* Microsoft Corporation is a global developer, manufacturer, licensor, and supporter of software products for various computing devices worldwide. In addition to software products for servers, personal computers, intelligent devices, mobile information devices and video games, its MSN segment provides online communication and information services, Internet access, and Web and mobile services. In February 2006, Traffic.com entered into an agreement with Microsoft to integrate traffic technology and real-time content into various Microsoft products and services.
- *Garmin International, Inc.* Garmin is the market leader in the North American personal navigation device (PND) market and is a recognized innovator in GPS technology. Traffic.com entered into an agreement in June 2006 to supply real-time traffic to certain Garmin devices.

#### *Radio and Television Customers*

Traffic.com has entered into agreements with the parent companies and ownership groups for radio and television stations, or individual stations owned by these groups, pursuant to which Traffic.com provides traffic information, cash or a combination of traffic information, cash and services to all or some of their stations, as well as the websites of certain stations. In exchange, Traffic.com receives commercial airtime, which it subsequently sells to advertisers. No revenue is recognized on the exchange of traffic data services for advertising time as neither the fair value of the advertising time received nor the traffic data services provided can be determined within reasonable limits. Rather, revenue is recognized when advertisements are aired on the acquired advertising time. The following lists a number of Traffic.com's current customers in these sectors:

#### *Radio*

ABC-Disney Radio Group  
Air America Radio  
Bonneville International Corporation  
Citadel Broadcasting Corporation  
Cox Radio Inc.  
Crawford Broadcasting Company  
Emmis Communications Corporation  
Greater Media, Inc.  
Gross Communications Corporation  
Hearst Corporation

Hubbard Broadcasting Inc.  
Inner City Broadcasting Corporation  
Lieberman Broadcasting Inc.  
Radio One Inc.  
Salem Communications Corporation  
Spanish Broadcasting System, Inc.  
Taxi Production Inc.  
XM Satellite Radio Holdings, Inc.

*Television*

**Belo Corporation**

Cox Broadcasting, Inc.

Fox Broadcasting Company

Gannett Co., Inc.

Hearst-Argyle Television Inc.

Hubbard Broadcasting Inc.

NBC Universal Television Stations division

Post Newsweek Stations, Inc.

Sunbeam Television Corp.

The E.W. Scripps Company

The McGraw Hill Companies

Tribune Company

Viacom Television Stations Group

**Sales and Marketing**

Traffic.com focuses on sales and marketing at the highest levels of its company. In addition to Traffic.com's dedicated sales and marketing personnel, the senior officers of Traffic.com, including its chief executive officer, chief operating officer and chief information officer, devote significant time to developing and enhancing relationships with senior management of major media companies, advertisers and existing and prospective strategic business partners.

*Media Affiliation Sales*

Traffic.com's media affiliation sales force focuses solely on developing and expanding relationships with radio and television customers. The media affiliation sales force maintains frequent contact with radio and television station owners, capitalizes on strong customer referrals, participates in key trade shows, advertises in trade publications and distributes collateral materials to effect its sales.

*Advertising Sales*

Traffic.com's advertising sales force, consisting of 41 people as of September 30, 2006, sells Traffic.com's advertising inventory, including radio, television, Internet and wireless advertising time, to Traffic.com advertising customers. As Traffic.com has recently expanded its Internet and wireless services, it has begun to expand its sales and marketing efforts to target existing and potential advertising customers for its interactive advertising. Traffic.com's advertising sales force is organized into five regions, each under a regional sales manager. Traffic.com's advertising sales force utilizes strong contacts within the advertising community, attendance at trade shows, and the distribution of collateral materials to reach advertising agencies and advertisers.

*Business Development*

Traffic.com's business development team is responsible for new business development as well as product development and product management. On the business development side, the team focuses on identifying and establishing new avenues of distribution for Traffic.com's existing products. This is accomplished through market analysis, partner identification and contract negotiation. On the product management side, the team focuses on satisfying new market opportunities through product development and management. Traffic.com's team conducts market analysis and focus group testing to identify the proper products, their features, and marketing strategies. Product specifications are delivered to the engineering department in an ongoing, collaborative process, with the goal of ensuring that products that meet market demands are developed.

*Advertising/Marketing*

Traffic.com employs a number of methods to promote its Traffic.com brand and the usage of its products. Traffic.com believes that a principal means of increasing its Internet presence is through the

establishment of links to its website on the websites of its Internet, radio and television customers, such as [www.weather.com](http://www.weather.com) and [www.aol.com](http://www.aol.com). Many of these websites are co-branded with one or more of Traffic.com's and its customers' brands. Traffic.com also utilizes unsold 10-second radio and television advertising time, where appropriate, to promote brand awareness of Traffic.com. Additionally, Traffic.com has secured 30-second television advertisements in Philadelphia and is testing the use of these longer television advertisements for brand development. Traffic.com encourages each of its radio and television customers to promote the unique aspects of its services to their audiences, providing no cost promotion of its services. Traffic.com also utilizes search engine optimization and marketing, radio and television advertising, billboards, cinema advertising and online advertising. Traffic.com's *TrafficMagnet* application, which can be downloaded without charge from its [www.traffic.com](http://www.traffic.com) website, enables individuals and businesses to add basic traffic information on their websites for use by their employees, customers and visitors. The *TrafficMagnet* directs users back to Traffic.com's [www.traffic.com](http://www.traffic.com) website for more information, increasing the number of visitors. By attracting users to Traffic.com's website with free, personalized traffic information, Traffic.com believes that it will encourage these users to utilize its wireless consumer services.

## Competition

The traffic information services market is highly competitive. Traffic.com's primary competition comes from Westwood One and Clear Channel Communications, which are traditional traffic information providers. These competitors have more employees and possess significantly greater financial, sales and marketing, and managerial resources than Traffic.com does, and can engage in more extensive promotional activities than Traffic.com can, which could put Traffic.com at a competitive disadvantage. These competitors also have broader geographic coverage for their products and services. Additionally, these competitors have longer operating histories and more established relationships with advertisers. Traffic.com is experiencing and expects to continue to experience increased price competition from these and other competitors.

In addition, Traffic.com faces competition from smaller companies with substantially less revenue, such as Metrocommute, SigAlert and TrafficCast. In general, these smaller companies make use of publicly available traffic data from government sources. Further, Traffic.com faces competition from several companies that are developing technologies to predict traffic conditions using available traffic data. Also, there are application developers, such as Palm and TomTom, which are providing traffic products and services using data from Traffic.com's competitors just as, for example, Motorola is using Traffic.com's data. As demand for traffic information services and technologies has increased, Traffic.com expects that additional new competitors may enter the market in the future.

Certain governmental agencies, including some state and local departments of transportation, also generate selected traffic flow data, which can be used by Traffic.com's competitors and accessed by consumers. Most of these systems, however, were built for purposes such as infrastructure planning, road operation and road safety and were not designed to provide real-time traffic flow information to consumers.

511 services, which are administered by local or state agencies, make available to the public, free of charge, traffic information for a given jurisdiction by dialing 5-1-1. The traffic information that 511 services provide is limited by the jurisdiction of the state or local public agency. More specifically, if a particular metropolitan area crosses state lines, then the 511 service will typically provide traffic information only for that portion of the metropolitan area that is within the jurisdiction of the applicable public agency. State and local budgetary constraints also limit regional 511 services, which are expensive to build and operate. As a result, more than six years after the Federal Communication Commission designed 511, the level of traveler information provided varies widely across states. For these reasons, Traffic.com believes that 511 services will not meet all of the traffic information needs of many travelers.

Traffic.com competes on a number of bases, including quality, reliability and timeliness of traffic information, extent of geographical coverage, price, available advertising inventory and other factors. Traffic.com believes that its principal competitive advantage is its ability to use its TIMS technology to capture, standardize and distribute traffic information. Traffic.com's TIMS technology allows it to efficiently aggregate traffic data from multiple sources in a centralized database and to format and distribute that data through multiple means. Unlike Traffic.com's competitors, Traffic.com is authorized by the U.S. DOT to own and operate its sensor network in metropolitan areas. In addition, in contrast to Traffic.com's competitors that utilize government data, TIMS is designed to analyze and verify this data and to identify errors in data as well as malfunctioning government sensors. This capability allows Traffic.com to provide more accurate and reliable data than its competitors who do not conduct this analysis. Traffic.com believes it is currently the only company in the United States that combines its own proprietary sensor and incident data with government traffic data and distributes it through a wide variety of delivery channels.

Traffic.com's primary competitors collect most of their traffic information through traditional means such as helicopters, video cameras, mobile units and emergency scanners, and generally do not deliver aggregated traffic flow, volume and speed data on a real-time basis. Even though Traffic.com also utilizes these methods, and in some metropolitan areas this is currently its sole means of collecting traffic data, Traffic.com differs from its competitors in the structured format in which to enter this information and digitize it. This input structure allows Traffic.com to check for inconsistent or stale data and to distribute this information more quickly across multiple media.

Traffic.com believes that it has significant advantages over its competitors in its ability to provide timely, accurate and actionable traffic information to a broad set of traffic data customers through multiple media channels, particularly the Internet and other interactive technologies.

### **Government Contracts**

As of September 30, 2006, Traffic.com had agreements with the U.S. government and with state and local agencies to provide traffic sensor data services in 22 major metropolitan areas.

#### *U.S. Government*

On April 21, 1999, under Traffic.com's former name, Argus Networks Inc., Traffic.com became the principal subcontractor awarded a competitively bid U.S. Department of Transportation contract under the federal 1998 Transportation Equity Act for the 21st Century (TEA 21). TEA 21 authorized for the first time the use of federal funds to create an intelligent transportation infrastructure system to collect, integrate, and distribute real-time traffic data in more than 40 metropolitan areas.

TEA 21 allocated up to \$2.0 million of federal funds per metropolitan area, conditioned on \$0.5 million of non-federal matching funds in each metropolitan area and an 80/20 federal to non-federal funding match overall. The first task order that Traffic.com was awarded allocated \$4.0 million to begin the creation of a digital sensor network in two metropolitan areas, Pittsburgh and Philadelphia. Following the deployment of the Pittsburgh and Philadelphia systems, the contract was amended to provide for an additional \$50.0 million to continue the deployment of Traffic.com's network in 25 additional metropolitan areas. Under the amendment, Traffic.com must propose projects to state and local government agencies that will enhance the data that is available for their transportation operations, planning, analysis and maintenance. Once a government agency accepts Traffic.com's proposal and enters into a contract with Traffic.com, Traffic.com is required to meet certain milestones, including federal acceptance of its plans, designs and architecture. The subcontract terminates on January 1, 2012. This subcontract may be terminated in whole or in part if the U.S. government terminates the prime contract pursuant to which the subcontract relates. Due to Traffic.com's ownership of its sensor network and its exclusive right, for commercial purposes, to the

data that it produces, Traffic.com's ownership of the network and right to this data continues as long as it continues to provide its traffic data to government agencies. Recent federal legislation reauthorized the program (SAFETEA-LU) and makes additional cities eligible for the program. In 2006, U.S. DOT selected five cities/metropolitan areas that are able to enter into contracts with Traffic.com for systems that will use the remaining funds: Cincinnati, Columbus, Greensboro, Norfolk and Raleigh.

TEA 21 also allowed the creation of a data repository of new and existing real-time traveler and related information for dissemination to the traveling public through a variety of delivery mechanisms, including support for a 511-based telephone service, provision of free basic traveler information to the public for personal use, and commercial traveler information services. 511 is the single traffic information telephone number designated by the Federal Communication Commission for use by states and local jurisdictions. 511 services allow the public to access traffic information for a given jurisdiction for free by dialing 511. In connection with the adoption of SAFETEA-LU, however, Congress specifically rejected dedicated funding to create a national 511 service. Traffic.com operates a 511 service in Tampa Bay under an agreement with the Florida Department of Transportation. Although Traffic.com does not expect 511 services to become a material part of its business, Traffic.com will seek to provide these services in other metropolitan areas where providing these services is complementary to its business strategy.

#### *State and Local Governments*

Under TEA 21, as of September 30, 2006, Traffic.com had contracts with state and local government agencies to provide traffic sensor data services in 22 major metropolitan areas. As part of these contracts, Traffic.com provides data to the various federal, state and local agencies for non-commercial purposes such as research, planning, operations and congestion management. Traffic.com retains the exclusive right to market its traffic flow data for commercial purposes and has committed to share up to 10% of the related revenue with state or local government agencies or reinvest an equivalent amount in technology systems. The state and local government agencies must, in general, use their share of this revenue to reinvest and enhance Traffic.com's sensor network. Traffic.com is responsible for deploying, operating and maintaining its sensor network without future government funding beyond the initial payments received for each metropolitan area.

In addition, Traffic.com now has separate agreements to provide traffic sensor data services with both the Pennsylvania Turnpike Commission and with the Missouri Highway and Transportation Commission, and traffic sensors are also being provided under the 511 data services agreement that was signed between Traffic.com and the Florida Department of Transportation.

#### **Intellectual Property**

Traffic.com's intellectual property is an essential element of its business. Traffic.com protects its intellectual property by using a combination of trademark, patent and trade secrets laws, licensing and nondisclosure agreements and other security measures. Traffic.com's key intellectual property relates to TIMS and applications that leverage that technology. Traffic.com has been issued one patent by the U.S. Patent and Trademark Office (USPTO) relating to its method for graphically displaying traffic information in an animated video format. Traffic.com has one pending patent application with the USPTO covering the various aspects of TIMS. Traffic.com has two pending patent applications covering Traffic.com's three-dimensional television traffic and Traffic.com Pulse NeXgen television traffic systems and associated features with the USPTO. In addition, Traffic.com also has one pending patent application with the USPTO for the system that it uses to collect incident and event information using remotely-located scanners. In January 2006, Traffic.com purchased certain assets of MyTrafficNews.com, Inc., including a U.S. patent for both automated and direct input of information related to traffic and transit into a database and electronic distribution of information specific to an individual from that database. Traffic.com cannot assure you that the continued

prosecution of any of its patent applications will lead to the issuance of U.S. patents. Traffic.com does not own any copyrights registered with the U.S. Copyright Office.

Traffic.com is the owner of 17 trademarks registered with the U.S. Patent and Trademark Office, including the names Traffic.com, Traffic Pulse, and Jam Factor; and Traffic.com has nine trademark applications pending with the U.S. Patent and Trademark Office. Traffic.com unregistered trademarks and service marks include TrafficInform™, TrafficMax™, TrafficMagnet™, TrafficOne™, Traffic Pulse Broadcaster™ and Traffic Pulse NeXgen™. Registrations of Traffic's U.S. trademarks are renewable every ten years.

In the normal course of business, Traffic.com only provides its intellectual property to third parties through standard licensing agreements. The purposes of these agreements are to provide for Traffic.com's continued ownership in any intellectual property and data furnished and to define the extent and duration of any third party usage rights. Traffic.com's employees and independent contractors are required to sign agreements acknowledging that all inventions, developments and other intellectual property created by them on Traffic.com's behalf are Traffic.com's property. The agreements require employees to assign to Traffic.com any ownership that they may claim in the inventions and intellectual property.

Traffic.com's task orders with the federal government and its agreements with the state and local government agencies provide that the data aggregated by it and made available to the federal, state and local governments may be made available to and used by the government agencies for their own internal government purposes and that basic traveler information (red, yellow or green descriptions of traffic conditions) may be distributed by the agencies to the public for personal, non-commercial use. The U.S. DOT may share aggregated data with third parties that are specifically fulfilling non-commercial government agency functions. The state and local government agencies may not market, distribute or donate the privately collected real-time detailed data to non-governmental entities. The federal, state and local government agencies may not provide the aggregated data to third parties for commercial purposes.

Traffic.com retains title to all data and computer software, and license the data and software applications to the U.S. DOT and to other government agencies as described above.

## **Employees**

As of September 30, 2006, Traffic.com had 385 full-time employees and 279 part-time employees, all located in the United States, including 468 in traffic incident information gathering, 66 in technology, 99 in sales and marketing and 31 in general administration. Traffic.com has never had a work stoppage. Certain of Traffic.com's employees are members of labor organizations, but are not employed by Traffic.com under any collective bargaining arrangements. Traffic.com considers its employee relations to be good.

## **Corporate Information**

Traffic.com was incorporated in Delaware on October 23, 1998. Traffic.com's principal executive offices are located at 851 Duportail Road, Wayne, PA 19087. Traffic.com's telephone number is (610) 725-9700. Traffic.com's website address is [www.traffic.com](http://www.traffic.com).

## **Properties**

Traffic.com's principal executive offices are located in Wayne, Pennsylvania, where, as of September 30, 2006, it leased approximately 34,600 square feet under a lease that expires in October 31, 2010. These offices are used for sales and marketing, back office processing, business development, storage of its equipment and technology, radio and television production and general



corporate and finance activities. Traffic.com's TIMS system, including computer equipment and database storage facilities, is located in a facility in Philadelphia, Pennsylvania under an agreement with Level 3 Communications. In addition, Traffic.com leases operation/surveillance centers, broadcast studios and marketing and administrative offices in 23 locations across the United States consisting of over 46,100 square feet in the aggregate, pursuant to the terms of various lease agreements. Traffic.com believes its space is adequate for its current needs and that suitable additional or substitute space will be available to accommodate the foreseeable expansion of its operations.

### **Legal Proceedings**

On August 22, 2006, Traffic.com formally notified Road Runner Planning & Consulting Inc. (RRPC) that RRPC was in breach of its agreement with Traffic.com concerning its role as construction manager for deployment of Traffic.com's electronic highway traffic sensor equipment. The breaches Traffic.com cited included failure to adhere to contractually allotted time frames; failure to obtain necessary permits and licenses; providing defective parts and materials; refusing to provide valid lien waivers; and threatening to cease performance. On August 23, 2006, Traffic.com commenced an arbitration proceeding against them, seeking damages, based principally on such breaches. Based upon their failure to cure the breaches, on September 12, 2006 Traffic.com terminated the agreement. In lieu of filing counterclaims in connection with the arbitration Traffic.com filed, RRPC filed a separate arbitration matter on August 23, 2006 claiming, among other things, that Traffic.com breached the agreement by terminating the agreement, and seeking damages. Both arbitration matters were filed with American Arbitration Association (AAA) in Pittsburgh, Pennsylvania and have now been consolidated into one action. The arbitration proceeding is in its early stages. At this time it is impossible to predict the outcome of such arbitration. Traffic.com believes that the claims and defenses asserted by RRPC are without merit and that the terms of the agreement support its claims against RRPC. Traffic.com will pursue all viable claims and defenses against RRPC.

On March 22, 2002, Richard Ramirez, Traffic.com's Chief Executive Officer from 2000 to mid-2001, filed a Writ of Summons in the Pennsylvania Court of Common Pleas, Chester County, against Traffic.com and others, including certain of its officers, directors and investors. On July 16, 2002, Traffic.com filed a petition with the court to compel arbitration, which the court granted on August 22, 2002. On January 6, 2003, Mr. Ramirez filed his Demand for Arbitration with the AAA in Philadelphia, Pennsylvania, in which he alleged, among other things, that the defendants intentionally and negligently made factual misrepresentations and fraudulently and negligently induced him to accept employment with Traffic.com. Mr. Ramirez is seeking approximately \$1.2 million in damages and the potential equity lost from rescission of shares allegedly earned while he was an employee. On June 11, 2003, Traffic.com filed a counterclaim with AAA seeking the repayment of a \$33,975 loan (plus interest) that it made to Mr. Ramirez while he was employed with Traffic.com. Traffic.com has completed interrogatories and document discovery and expects to begin deposition discovery in the near future. Traffic.com believes Mr. Ramirez's claims against it are baseless and it intends to defend against them vigorously.

### **Equity Compensation Plan Information**

Traffic.com has three equity incentive plans: its 2005 Long-Term Incentive Plan (the 2005 Plan), its 1999 Long-Term Incentive Plan and its 1999 Non-Employee's Stock Option Plan (the 1999 Plans). Traffic.com's 2005 Plan was approved by the stockholders on January 18, 2006 and became effective on January 24, 2006. As of December 31, 2005, a total of 2,511,372 shares of Traffic.com common stock had been reserved for issuance under the 1999 Plans. In January 2006, an additional 1,750,000 shares of common stock were reserved for issuance under the 2005 Plan. All outstanding options and warrants at December 31, 2005 were granted under Traffic.com's 1999 Plans. All future awards will be

made under the 2005 Plan. The following table provides information as of December 31, 2005 with respect to shares of Traffic.com common stock that may be issued under Traffic.com's existing equity compensation plans:

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights</b>	<b>Weighted Average Exercise Price of Outstanding Options, Warrants and Rights</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans</b>
Equity Compensation Plans Approved by Security Holders	2,435,477	\$ 2.13	75,895
Equity Compensation Plans Not Approved by Security Holders			
<b>Total</b>	<b>2,435,477</b>	<b>\$ 2.13</b>	<b>75,895</b>

**Comparison of Total Stockholder Return**

Traffic.com common stock was not registered pursuant to Section 12 of the Exchange Act in 2005 as Traffic.com completed its initial public offering in January 2006.

**Security Ownership of Certain Beneficial Owners and Management**

Other than as specifically detailed therein, the following table sets forth information, as of January 15, 2007, with respect to the beneficial ownership of Traffic.com common stock:

- each person who is known by Traffic.com to beneficially own more than 5% of Traffic.com common stock;
- each of Traffic.com's directors and executive officers; and
- all of Traffic.com's directors and executive officers as a group.

The following table is based on 21,113,471 shares of Traffic.com common stock outstanding as of January 15, 2007. The amounts and percentages of Traffic.com common stock beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of such security, or investment power, which includes the power to dispose of or to direct the disposition of such security. Beneficial ownership includes shares of common stock issuable upon options and warrants exercisable within 60 days of January 15, 2007 (and assuming that the merger is consummated within that 60 day period). Under these rules, more than one person may be deemed to be a beneficial owner of the same securities as to which such person has an economic interest.

	Shares Beneficially Owned	
	Number	Percent
<b>Executive Officers and Directors (1)</b>		
Robert N. Verratti (2)	480,354	2.3 %
David L. Jannetta (3)	916,038	4.2 %
Christopher M. Rothery (4)	145,023	*
Andrew Maunder (5)	58,333	*
Joseph A. Reed (6)	134,000	*
Mark J. DeNino (7)	7,741,903	35.5 %
John H. Josephson (8)	27,166	*
George MacKenzie (9)	10,500	*
Samuel A. Plum (10)	27,166	*
Brian J. Sisko (11)	58,333	*
Tom A. Vadnais (12)	6,250	*
Directors and executive officers as a group (11 persons) (13)	9,605,066	42.1 %
<b>5% Stockholders (1)</b>		
Entities affiliated with TL Ventures (14)	7,614,321	34.9 %

\* Less than 1%.

(1) Unless otherwise indicated, the address of each person named in the table below is c/o Traffic.com, Inc., 851 Duportail Road, Wayne, PA 19087. Information on beneficial ownership of 5% or more of Traffic.com common stock is based on Forms 3 and 4 and a Schedule 13G filed with the SEC, as well as on Traffic.com's own internal records. To Traffic.com's knowledge, there are no additional beneficial owners of 5% or more of its common stock.

(2) Includes 397,021 shares of Traffic.com common stock and 83,333 shares of Traffic.com common stock issuable on the exercise of options owned by Mr. Verratti.

(3) Includes 383,095 shares of Traffic.com common stock held by Mr. Jannetta, 5,344 shares of Traffic.com common stock held by Mr. Jannetta's family, 51,900 shares of Traffic.com common

stock held in trust for Mr. Jannetta's children and 475,699 shares issuable on the exercise of options owned by Mr. Jannetta.

(4) Includes 4,509 shares of Traffic.com common stock and 140,514 shares issuable on the exercise of options.

(5) Includes 58,333 shares of Traffic.com common stock issuable on the exercise of options.

(6) Includes 14,333 shares of Traffic.com common stock and 119,667 shares issuable on the exercise of options.

(7) Based on a Form 3 filed with the SEC on January 25, 2006 and a Form 4 filed with the SEC on February 1, 2006 (the DeNino Forms), by Mr. DeNino, TL Ventures III L.P., TL Ventures III Offshore L.P., TL Ventures III Interfund L.P., TL Ventures IV L.P. and TL Ventures IV Interfund L.P., as well as on Traffic.com's own internal records. According to the DeNino Forms, Mr. DeNino is the owner of record of 117,082 shares of Traffic.com common stock and 10,500 shares of Traffic.com common stock issuable on the exercise of vested options; TL Ventures III L.P. is the owner of record of 1,266,480 shares of Traffic.com common stock and 210,528 shares of Traffic.com common stock issuable on the exercise of warrants; TL Ventures III Offshore L.P. is the owner of record of 265,102 shares of Traffic.com common stock and 44,067 shares of Traffic.com common stock issuable on the exercise of warrants; TL Ventures III Interfund L.P. is the owner of record of 41,353 shares of Traffic.com common stock and 6,873 shares of Traffic.com common stock issuable on the exercise of warrants; TL Ventures IV L.P. is the owner of record of 5,202,762 shares of Traffic.com common stock and 428,354 shares of Traffic.com common stock issuable on the exercise of warrants; and TL Ventures IV Interfund L.P. is the owner of record of 137,484 shares of Traffic.com common stock and 11,318 shares of Traffic.com common stock issuable on the exercise of warrants. According to the DeNino Forms, Mr. DeNino may be deemed with the other members or stockholders of the ultimate respective general partners of the funds to have shared voting and dispositive power over the shares of stock held by TL Ventures; however, he disclaims beneficial ownership of all shares except to the extent of his indirect pecuniary interest therein.

(8) Includes 27,166 shares of Traffic.com common stock issuable on the exercise of options.

(9) Includes 10,500 shares of Traffic.com common stock issuable on the exercise of options.

(10) Includes 27,166 shares of Traffic.com common stock issuable on the exercise of options.

(11) Includes 58,333 shares of Traffic.com common stock issuable on the exercise of options.

(12) Includes 6,250 shares of Traffic.com common stock issuable on the exercise of options.

(13) See notes 1 through 12 above.

(14) Based on a Form 3 filed with the SEC on January 25, 2006 and a Form 4 filed with the SEC on February 1, 2006 (the TL Forms), by TL Ventures III L.P., TL Ventures III Offshore L.P., TL Ventures III Interfund L.P., TL Ventures IV L.P. and TL Ventures IV Interfund L.P., as well as on Traffic.com's own internal records. According to the TL Forms, TL Ventures III L.P. is the owner of record of 1,266,480 shares of Traffic.com common stock and 210,528 shares of Traffic.com common stock issuable on the exercise of warrants; TL Ventures III Offshore L.P. is the owner of record of 265,102 shares of Traffic.com common stock and 44,067 shares of Traffic.com common stock issuable on the exercise of warrants; TL Ventures III Interfund L.P. is the owner of record of 41,353 shares of Traffic.com common stock and 6,873 shares of Traffic.com common stock issuable on the exercise of warrants; TL Ventures IV L.P. is the owner of record of 5,202,762 shares of Traffic.com common stock and 428,354 shares of Traffic.com common stock issuable on the exercise of warrants; and TL Ventures IV Interfund L.P. is the owner of



record of 137,484 shares of Traffic.com common stock and 11,318 shares of Traffic.com common stock issuable on the exercise of warrants.

According to the TL Forms for TL Ventures III L.P. and TL Ventures III Interfund L.P., TL Ventures III Management L.P., the general partner of TL Ventures III L.P., TL Ventures III General Partner L.P., the general partner of TL Ventures III Management L.P. and TL Ventures III Interfund L.P., TL Ventures III Manager LLC, the general partner of TL Ventures III General Partner L.P. and Robert E. Keith, Jr., Mark J. DeNino, and Christopher Moller Ph.D., the members of the executive board of TL Ventures III Manager LLC may be deemed to share voting and dispositive power over the shares held by TL Ventures III L.P. and TL Ventures III Interfund L.P.

According to the TL Forms for TL Ventures III Offshore L.P., TL Ventures III Offshore Partners L.P., the general partner of TL Ventures III Offshore L.P., TL Ventures III Offshore Ltd., the general partner of TL Ventures III Offshore Partners L.P., and Robert E. Keith, Jr., Mark J. DeNino, and Christopher Moller Ph.D., the members of the executive board of TL Ventures Offshore Ltd., may be deemed to share voting and dispositive power over the shares held by TL Ventures III Offshore L.P.

TL Ventures III Manager LLC, TL Ventures III Offshore Ltd. and Mark J. DeNino disclaim beneficial ownership of all shares except to the extent of any indirect pecuniary interest therein.

According to the TL Forms for TL Ventures IV L.P. and TL Ventures IV Interfund L.P., TL Ventures IV Management L.P., the general partner of TL Ventures IV L.P., TL Ventures IV LLC, the general partner of TL Ventures IV Management L.P. and TL Ventures IV Interfund L.P., and Robert E. Keith, Jr., Mark J. DeNino, and Christopher Moller Ph.D., the members of the executive board of TL Ventures IV LLC, may be deemed to share voting and dispositive power over the shares held by TL Ventures IV L.P. and TL Ventures IV Interfund L.P.

TL Ventures IV LLC and Mark J. DeNino disclaim beneficial ownership of all shares except to the extent of any indirect pecuniary interest therein.

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

Traffic.com's common stock became registered pursuant to Section 12 of the Exchange Act in January 2006. As a result of such registration, Section 16(a) of the Exchange Act requires Traffic.com's directors, executive officers and the holders of more than 10% of its common stock to file reports with the SEC. Such reports include initial reports of ownership of Traffic.com common stock and other equity securities on a Form 3 and reports of changes in such ownership on a Form 4 or Form 5. Executive officers, directors and 10% stockholders are required by SEC regulations to furnish Traffic.com with copies of all Section 16(a) forms that they file.

Since Traffic.com's directors, executive officers and the holders of more than 10% of Traffic.com common stock did not become subject to Section 16(a) until January 2006, they were not required to file reports under Section 16(a) for the fiscal year ended December 31, 2005.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS**

*You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the notes to those consolidated financial statements beginning on page F-1 of this proxy statement/prospectus. Certain information contained in this discussion and analysis and presented elsewhere in this document includes forward-looking statements that involve risk and uncertainties. In evaluating these statements, you should note that if the merger agreement and the merger are approved, it is possible that certain matters discussed below which concern future periods will be affected in ways that may not be currently known to Traffic.com. You should specifically consider the various risk factors set forth under "Risk Factors" in Traffic.com's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 that could cause results to differ materially from those expressed in these forward-looking statements.*

**Overview**

Traffic.com is a leading provider of accurate, real-time traffic information in the United States, based on the quality of its traffic data and the extent of its geographic coverage. Traffic.com combines traffic incident and event information, collected using traditional methods, with comprehensive flow data collected through its network of roadside sensors to offer detailed traffic information, including specific speeds, travel times and delay times. Traffic.com has built its TIMS data management system to process the above information in real time and to deliver customized reports to large numbers of radio, television, online, mobile device, and in-vehicle navigation system users.

**Traffic.com's Revenue Profile and Business Trends**

To date, substantially all of Traffic.com's revenue has been derived from the sale of advertising on radio and television stations, as well as from providing its traffic data to the U.S. DOT and certain state and local government agencies. Traffic.com believes that its newer revenue opportunities, including online and mobile advertising, and commercial traffic data services, will become an increasingly larger percentage of its total revenue. Traffic.com is investing, and intends to continue to invest, significant resources in its marketing campaign in order to increase brand recognition of Traffic.com.

*Advertising*

In 2000, Traffic.com entered into its first contracts with radio stations to provide traffic information in exchange for advertising inventory, which it then sells through its direct sales force. In 2001, Traffic.com signed its first contracts with television stations, under which it also provide traffic information in exchange for advertising inventory. Certain of Traffic.com's radio and television contracts require Traffic.com to provide production services, such as announcers and producers, and/or make cash payments, in addition to providing traffic information. Traffic.com also enters into contracts with certain radio stations under which it buys advertising time solely in exchange for cash in order to be able to offer advertisers access to a more comprehensive range of markets. Traffic.com does not provide traffic information under these agreements. Traffic.com's television and radio contracts are generally for a term of one to three years and may be terminated with no penalty by either party if the other party breaches the agreement or is in bankruptcy. Some of the three-year agreements may be terminated by the customer after 18 months upon 30 days notice to Traffic.com.

In July 2005, Traffic.com began to offer online advertising on its enhanced website and the websites of its customers and Traffic.com recently began to offer advertising on its mobile consumer services. Based on industry reports of projected growth in the online advertising market, from

\$12.0 billion in 2004 to \$22.0 billion in 2008, and based on Traffic.com's strategy to increase awareness of its Traffic.com brand, Traffic.com believes that online and mobile advertising provides it with an attractive opportunity to increase its revenue. The online and mobile advertising markets, however, are new and rapidly evolving. Revenues from online and mobile advertising were \$0.7 million for the nine months ended September 30, 2006. Traffic.com's success in attracting online and mobile advertisers will depend, in large part, on its ability to significantly increase the number of visitors to its website and the number of persons who subscribe to its mobile services. Traffic.com intends to continue to invest significant resources in its branding campaign to increase brand recognition of Traffic.com.

Traffic.com currently expects online and mobile advertising to increase to between 15% and 30% of its total revenue within the next two years, as it invests in its branding campaign in the expectation that the number of visitors to its www.traffic.com website, the websites of its partners, and users of its mobile services will grow. Traffic.com expects its radio and television advertising revenue to increase in dollar amount as it expands the number of metropolitan areas in which it provides traffic information, but to decrease as a percentage of total revenue to between 50% and 60% within the next two years. Traffic.com is actively seeking to stimulate growth of online and mobile advertising by developing co-branding opportunities on its media customers' websites, such as www.aol.com and www.comcast.net and by increasing the services offered on its own website. Traffic.com refers to these partner websites as TrafficOnes and at the end of the third quarter of 2006 it had 125 live TrafficOnes installed. As of that date, Traffic.com also had agreements in place to install TrafficOnes for another 31 partners.

#### *Traffic Data Services*

Since the first quarter of 2004, Traffic.com has entered into agreements to provide traffic data to the following customers:

- XM Satellite Radio Holdings, Inc. currently uses Traffic.com's traffic data for 21 metropolitan areas under a five year agreement entered into January 2004.
- NAVTEQ has been using Traffic.com's traffic data under a five-year agreement since June 2004 in conjunction with its mapping data as content in a variety of services, including in-vehicle navigation systems.
- The Weather Channel, Inc. has been using Traffic.com's traffic data under a three-year agreement since January 2005 to provide traffic information on its website, cable networks, local programming and desktop application.
- Motorola, Inc. has been using Traffic.com's traffic data under a two-year agreement since March 2005 to provide traffic information in its VIAMOTO solution, a suite of location software for cell phones.
- Comcast Cable Communications Management LLC has been using Traffic.com's traffic data since June 2005 under a three-year agreement for use on its www.comcast.net website.
- Microsoft Corporation has been using Traffic.com's traffic data under an agreement entered into in February 2006.
- Garmin International is scheduled to begin using Traffic.com's traffic data in the fourth quarter of 2006 for its Mobile 20 wireless GPS navigation system and its online mobile service under a three-year agreement entered into in June 2006.
- AOL has been using Traffic.com's traffic data for its AOL.com website under a two-year agreement entered into in July 2006.



In each of these agreements, either party may terminate the agreement with no penalty, if the other party breaches the agreement or is in bankruptcy. Traffic.com currently expects that its traffic data services revenue, excluding government data services, will increase to between 10% to 15% of total revenue within the next two years.

#### *Traffic.com Website and Consumer Mobile Services*

In July 2005, Traffic.com launched its enhanced www.traffic.com website and it began to offer its consumer mobile services, which allow drivers to receive route-specific information on mobile devices. Traffic.com is engaged in a focused campaign to attract users and advertisers to its website and to websites of its media customers that are co-branded with www.traffic.com. These new distribution channels are designed to provide advertising opportunities for Traffic.com's advertising customers. Traffic.com began offering all of its consumer services free of charge in January 2006.

***Operations and Infrastructure Support for New Revenue Opportunities.*** Since 1999, Traffic.com has made a significant investment in its development and enhancement of TIMS. TIMS is Traffic.com's proprietary system for collecting traffic data through its sensor network; analyzing such data; and distributing the analyzed data through a variety of delivery channels, in real time. As a result of this investment, TIMS is very scalable and flexible. It is designed to allow for very high and increasing transaction volumes and to integrate with new technologies with minimal additional development effort. Traffic.com believes that it should be able to incorporate new revenue opportunities at relatively low additional cost.

#### **Traffic.com's Sources of Revenue**

##### *Advertising*

***Radio and Television Advertising.*** In exchange for providing traffic information, cash and/or production services (including announcers and producers) to radio and television station customers, Traffic.com receives the right to sell advertising time adjacent to traffic, news or weather reports as well as the right to sell advertisements on these stations' websites. Additionally, under certain of Traffic.com's contracts with radio stations to which it does not provide traffic information, it buys for cash the right to sell a set amount of advertising time, primarily to expand its advertising sales coverage. Traffic.com refers to the advertising time that it receives in exchange for these two types of contracts as owned inventory. As of October 15, 2006, Traffic.com had contracts to acquire owned inventory from 512 radio stations (including 129 to which it provided its traffic information services, including both its Traffic Pulse Broadcaster and/or its affiliate web offering) and with 58 television stations.

Traffic.com supplements its owned inventory by purchasing additional advertising time for cash from time to time from radio stations that are not under contract with it. These purchases, referred to as cash buys, are usually made to satisfy specific advertisers' needs for additional coverage on particular stations or in smaller markets. Because cash buys are purchased in the spot market on an as-needed basis, the cost of acquiring this advertising is higher than the cost of owned inventory. As a result, margins for the sale of cash buys are generally lower than the margins that can be achieved from the sale of owned inventory.

Revenue from Traffic.com's radio and television advertising is recognized in the month that an advertisement is aired.

***Online and Mobile Advertising.*** Traffic.com introduced its enhanced website and consumer mobile services in July 2005, and is offering advertising on its own www.traffic.com website and in connection with its mobile services, in addition to offering advertising on the websites of a number of

its customers. Revenues from online and mobile advertising were \$0.7 million for the nine months ended September 30, 2006.

Revenue from online and mobile advertising will be recognized over the period during which the advertisement is displayed or aired. Traffic.com prices online and mobile advertisements based upon a cost per thousand impressions delivered.

Traffic.com believes that its multiple media delivery platforms provide advertisers with an attractive cross-media campaign opportunity. Traffic.com's advertisers can reach their customers at various times of day using advertisements associated with its traffic content aired on radio and television, placed on its website and embedded in its mobile services. Traffic.com believes that this cross-media opportunity will result in heightened interest in its services from advertisers.

#### *Traffic Data Services*

**Government Services.** In 1999, Traffic.com was awarded, as principal subcontractor to the U.S. DOT, a subcontract to enable it to deploy an intelligent transportation infrastructure system to collect and distribute traffic flow data. Under the terms of this subcontract, of the \$2.0 million received by Traffic.com's prime contractor for each designated metropolitan area, Traffic.com is paid 95% or \$1.9 million, to provide to federal and state transportation agencies the traffic flow data from its sensor network in these areas for non-commercial purposes. Traffic.com retains the exclusive right to use this data for commercial purposes.

Under Traffic.com's subcontract, Traffic.com owns and is responsible for constructing, operating and maintaining its sensor networks. Traffic.com engages third party contractors for the installation of the sensors used in its network. Traffic.com generally pays a specified amount per site installed, which varies per metropolitan area based on various factors, including the number of sites to be installed in that area. There are a number of third parties capable of providing the required services.

Traffic.com's ability to recognize revenue from its federal subcontract is based on when it obtains formal customer acceptance of the system. Revenue is then recognized over the estimated service period of the contract of 15 years.

In addition, as a subcontractor to the U.S. DOT, Traffic.com must enter into agreements with state or local government agencies responsible for the metropolitan areas in which it deploys its sensor network, in order to proceed with deployment of the network. Once the relevant state or local agency accepts its proposal and enters into a contract with it, it is required to meet certain milestones, including federal acceptance of Traffic.com's plans, designs and architecture. As of September 30, 2006, Traffic.com is recognizing revenue from its sensor network in connection with its subcontract from the U.S. DOT regarding Boston, Chicago, Oklahoma City, Philadelphia, Pittsburgh, Providence, San Diego, San Francisco, St. Louis and Tampa.

**Commercial Traffic Data Services.** In the first quarter of 2004, Traffic.com began to enter into agreements with companies to provide its traffic data directly to these customers for their own use in their websites and media and service offerings. Traffic.com's first such agreement was with XM Satellite Radio and, since that time, Traffic.com has entered into agreements with NAVTEQ, Motorola, The Weather Channel, Comcast, and Microsoft. Revenue from Traffic.com's other traffic data services agreements includes one or more of annual usage and exclusivity fees, fees for 24/7 support services, and in-vehicle traffic data subscription fees. Revenue recognition from these contracts varies, based upon contract minimums, subscriber growth and special services provided by Traffic.com.

Under Traffic.com's agreement with NAVTEQ, NAVTEQ has paid Traffic.com \$9.9 million as an advance against subscription, license and other fees payable by NAVTEQ. Upon expiration or earlier termination of the agreement, Traffic.com is required to repay NAVTEQ an amount equal to (i) any portion of the \$9.9 million advance payment that has not yet been earned, less (ii) aggregate specified

annual minimum license fees of \$0.4 million in each of the first, second and third years of the agreement, \$0.8 million in the fourth year of the agreement and \$1.0 million in the fifth year of the agreement. Upon expiration of the agreement, if it is not renewed, up to \$1.9 million of any remaining portion of the advance fee that Traffic.com is required to repay may, at Traffic.com's option, be repaid in quarterly installments over three years at an interest rate of prime plus 1%.

The NAVTEQ agreement, entered into in June 2004, has a term of five years. The agreement may be terminated by either party upon a material breach not cured within thirty days' notice, a performance failure caused by a force majeure event not cured within six months or bankruptcy of the other party. A material breach includes a material breach by Traffic.com of its service level commitment to NAVTEQ, but only if more than 15% of the covered population is affected by the service failure for more than 180 days or the failure lasts longer than 270 days. Each party may terminate the agreement if the other sells all or substantially all of its business to certain specified entities.

**Consumer Mobile Services.** Following the completion of Traffic.com's enhanced website, Traffic.com began to offer subscription mobile services to consumers in July 2005. On January 14, 2006, Traffic.com began to offer all of its mobile services free of charge to consumers, as it plans to focus on obtaining advertising-based revenues from these services. Users can sign up for a number of *my traffic.com* personalized traffic services within the *my traffic.com* section of the traffic.com website.

Traffic.com has begun to offer advertising opportunities and sponsorships associated with its free mobile services to its advertising customers, although it has generated only minimal advertising revenue from this source to date.

Revenue from advertising and sponsorships in connection with Traffic.com's mobile services is recognized over the period during which the advertisement or sponsorship is displayed and is included in advertising revenue in its statement of operations.

#### **Traffic.com's Cost of Revenue**

Cost of revenue consists of media inventory expenses, traffic data collection expenses, and other technology expenses associated with maintaining TIMS.

##### *Media Inventory*

Media inventory expenses consist of cash paid to purchase advertising inventory under long-term contracts with radio stations. In addition, media inventory expenses include cash payments to radio stations to purchase additional advertising inventory in the spot market on an as-needed basis, which Traffic.com refers to as cash buys.

##### *Traffic Data Collection Expenses*

Traffic data collection expenses consist of the costs of personnel, both full-time and part-time, the costs of aircraft and automobiles, the monitoring of police and emergency response vehicles, the depreciation of Traffic.com's traffic flow data sensor network, the use of state and local agency data sources where available (including sensors and cameras), and Traffic.com's camera network. These expenses also include occupancy and communications costs for Traffic.com's national operations center and local operations centers. Traffic data collection costs are expected to stabilize as Traffic.com's planned expansion to 50 metropolitan areas was completed during the second quarter of 2006. Traffic.com will continue to expand into additional metropolitan areas if it determines it is financially or operationally prudent; however, Traffic.com has no current plans to do so.

*Other Technology Expenses*

Technology expenses primarily consist of personnel and related costs for employees engaged in the development and ongoing maintenance of TIMS, including hardware and internal product development expenses and the cost of consultants engaged to assist with various software development programs. In addition, these expenses include communications costs; capital depreciation of computer hardware; and the depreciation of certain technology costs capitalized in accordance with Statement of Position (SOP) 98-1, *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use*. Traffic.com expects to continue to incur development costs as it adds products and services.

**Traffic.com's Operating Expenses**

*Research and Development*

In accordance with SOP 98-1 *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use*, research and development costs include those labor costs incurred during the application development stage of internally developed software. In addition, research and development costs also include costs associated with licensing third-party software and other quality assurance costs.

*Sales and Marketing Expense*

Sales and marketing expenses primarily consist of personnel and related costs for employees engaged in sales, business development and marketing, including salaries, commissions, and other variable compensation, travel expenses and costs associated with trade shows, advertising and other marketing efforts and bad debt expense. While the operating costs associated with Traffic.com's traditional radio and television relationships have remained relatively flat over the last year, Traffic.com has incurred additional costs in connection with its business development efforts related to online advertising and product development. Since mid-2005, Traffic.com has significantly increased its expenditure of funds for brand marketing and expect to continue at this of spending for the foreseeable future.

*General and Administrative Expenses*

General and administrative expenses consist of personnel and related costs of Traffic.com's management, finance, human resources, technology support and administrative personnel, professional fees and other corporate expenses, and stock-based compensation. As Traffic.com expands its business and incurs additional expenses associated with being a public company, it believes that general and administrative expenses will also increase.

**Traffic.com's Results of Operations**

*Comparison of the Three Months Ended September 30, 2005 and 2006*

**Revenue**

Revenue increased from \$10.7 million for the three months ended September 30, 2005 to \$13.1 million for the three months ended September 30, 2006, a 22.1% increase.

**Advertising.** Advertising revenue increased from \$9.6 million for the three months ended September 30, 2005 to \$11.0 million for the three months ended September 30, 2006, a 15.3% increase. Owned inventory revenue increased from \$8.2 million, or 85.5% of advertising revenue, for the three months ended September 30, 2005, to \$9.1 million, or 82.6% of advertising revenue, for the three months ended September 30, 2006, an 11.3% increase. Owned inventory revenue has steadily increased in absolute dollars as the number of Traffic.com's radio and television customers has grown, due in part to the launch of Traffic Pulse NeXgen in the fourth quarter of 2004, and its continued affiliation efforts. Traffic.com recognized \$0.4 million in online and mobile advertising revenues during the three months ended September 30, 2006.

**Traffic data service.** Traffic data services revenue grew from \$1.1 million for the three months ended September 30, 2005 to \$2.0 million for the three months ended September 30, 2006, a 79.6% increase. The increase was due to commencing revenue recognition with respect to four additional cities under the U.S. DOT contract and increases in revenue generated from the XM Satellite Radio, The Weather Channel, and Motorola agreements, as well as the recently executed Microsoft contract, and the recent expansion in the number of markets being serviced under the NAVTEQ agreement.

#### **Traffic.com's Cost of Revenue**

Cost of revenue increased from \$8.6 million for the three months ended September 30, 2005 to \$10.4 million for the three months ended September 30, 2006, a 21.3% increase. Cost of revenue as a percentage of revenue decreased from 80.4% for the three months ended September 30, 2005 to 79.9% for the three months ended September 30, 2006.

**Media inventory.** Media inventory expenses increased from \$4.2 million for the three months ended September 30, 2005 to \$4.8 million for the three months ended September 30, 2006, a 13.8% increase. Traffic.com's media inventory expenses decreased as a percentage of revenue from 39.6% for the three months ended September 30, 2005 to 36.9% for the three months ended September 30, 2006. The increase in absolute dollars was primarily due to a \$0.2 million increase in expenses for stations under long-term agreements, and a \$0.2 million increase in cash buy expense as a result of increased cash buy revenue. Media inventory costs decreased as a percentage of revenue due to revenue growth provided by additional television and radio station contracts.

**Traffic data collection.** Traffic data collection expenses increased from \$4.0 million for the three months ended September 30, 2005 to \$5.1 million for the three months ended September 30, 2006, a 29.3% increase. Traffic.com's traffic data collection costs as a percentage of revenue increased from 37.1% for the three months ended September 30, 2005 to 39.3% for the three months ended September 30, 2006. The increase both in absolute dollars and as a percentage of revenue was primarily due to an increase in compensation and related costs, including on-air talent and production staff, of \$0.7 million. This increase directly corresponds to Traffic.com's increased number of radio and television customers as well as the expansion in the number of markets being serviced from 29 at September 30, 2005 to 50 at September 30, 2006. In addition, depreciation expense increased \$0.1 million, as a result of commencing depreciation of Traffic.com's sensor network in four additional cities, and maintenance and communication costs relating to the digital sensor network increased \$0.1 million, primarily as a result of additional sensors being installed under new city contracts.

**Other technology expenses.** Other technology expenses increased from \$0.4 million for the three months ended September 30, 2005 to \$0.5 million for the three months ended September 30, 2006, a 19.7% increase. Traffic.com's other technology expenses decreased as a percentage of revenue from 3.6% for the three months ended September 30, 2005 to 3.5% for the three months ended September 30, 2006. The increase in absolute dollars was due to an increase in depreciation from internally developed software and capital asset purchases supporting the delivery of data to additional digital cities and traffic data service and consumer customers.



*Traffic.com's Operating Expenses*

**Research and development.** Research and development expenses increased from \$1.0 million for the three months ended September 30, 2005 to \$1.6 million for the three months ended September 30, 2006, a 57.8% increase. Research and development expenses increased as a percentage of revenue from 9.2% for the three months ended September 30, 2005 to 11.9% for the three months ended September 30, 2006. The increase in both amount and as a percentage of revenue was due primarily to a \$0.4 million increase in compensation and related employee expenses related to increased product development activities.

**Sales and marketing.** Sales and marketing expenses increased from \$3.7 million for the three months ended September 30, 2005 to \$4.8 million for the three months ended September 30, 2006, a 27.5% increase. Traffic.com's sales and marketing expenses as a percentage of revenue increased from 34.9% for the three months ended September 30, 2005 to 36.5% for the three months ended September 30, 2006. The increase in absolute dollars and as a percentage of revenue was due to a \$0.6 million of additional marketing expenses for branding, external product marketing, and public relations, and \$0.4 million of additional compensation and related employee benefit costs as a result of increased commissions due to higher sales levels and staff additions.

**General and administrative.** General and administrative expenses increased from \$1.9 million for the three months ended September 30, 2005 to \$3.0 million for the three months ended September 30, 2006, a 54.9% increase. Traffic.com's general and administrative expenses as a percentage of revenue increased from 18.2% for the three months ended September 30, 2005 to 23.1% for the three months ended September 30, 2006. The increase in both amount and as a percentage of revenue was due primarily to stock based compensation charges of \$0.5 million resulting from the newly adopted requirements of FAS 123(R) and increases in certain expenses such as director and officer insurance and audit fees due to Traffic.com's initial public offering.

**Interest income (expense), net.** Net interest changed from \$1.4 million of expense for the three months ended September 30, 2005 to \$0.3 million of income for the three months ended September 30, 2006. The change was principally due to the fact that Traffic.com repaid its senior secured credit facility and revolving credit facility in full in January 2006 as well as an increase in investable cash provided by Traffic.com's initial public offering in January 2006.

*Comparison of the Nine Months Ended September 30, 2005 and 2006*

**Revenue**

Revenue increased from \$32.1 million for the nine months ended September 30, 2005 to \$38.2 million for the nine months ended September 30, 2006, a 19.1% increase.

**Advertising.** Advertising revenue increased from \$29.1 million for the nine months ended September 30, 2005 to \$32.9 million for the nine months ended September 30, 2006, a 13.1% increase. Owned inventory revenue increased from \$24.8 million, or 85.4% of advertising revenue, for the nine months ended September 30, 2005, to \$27.7 million, or 84.3% of advertising revenue, for the nine months ended September 30, 2006, an 11.6% increase. Owned inventory revenue has steadily increased in absolute dollars as the number of Traffic.com's radio and television customers has grown, due in part to the launch of Traffic Pulse NeXgen in the fourth quarter of 2004, and its continued affiliation efforts. Traffic.com recognized \$0.7 million in online and mobile advertising revenues during the nine months ended September 30, 2006.

**Traffic data services.** Traffic data services revenue grew from \$3.0 million for the nine months ended September 30, 2005 to \$5.3 million for the nine months ended September 30, 2006, a 76.2% increase. The increase was due to commencing revenue recognition with respect to four additional cities under the U.S. DOT contract and increases in

revenue generated from the XM Satellite Radio,

152

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The Weather Channel, Viacom and Motorola agreements, as well as the recently executed Microsoft contract, and the recent expansion in the number of markets being serviced under the NAVTEQ agreement.

***Traffic.com's Cost of Revenue***

Cost of revenue increased from \$24.5 million for the nine months ended September 30, 2005 to \$30.1 million for the nine months ended September 30, 2006, a 22.5% increase. Cost of revenue as a percentage of revenue increased from 76.5% for the nine months ended September 30, 2005 to 78.7% for the nine months ended September 30, 2006.

***Media inventory.*** Media inventory expenses increased from \$12.4 million for the nine months ended September 30, 2005 to \$14.1 million for the nine months ended September 30, 2006, a 13.7% increase. Traffic.com's media inventory expenses decreased as a percentage of revenue from 38.8% for the nine months ended September 30, 2005 to 37.0% for the nine months ended September 30, 2006. The increase in absolute dollars was primarily due to a \$1.1 million increase in expenses for stations under long-term agreements, and an increase of \$0.3 million in cash buy costs resulting from increased cash buy revenue. Media inventory costs decreased as a percentage of revenue due to revenue growth provided by additional television and radio station contracts.

***Traffic data collection.*** Traffic data collection expenses increased from \$11.2 million for the nine months ended September 30, 2005 to \$14.7 million for the nine months ended September 30, 2006, a 31.4% increase. Traffic.com's traffic data collection costs as a percentage of revenue increased from 34.9% for the nine months ended September 30, 2005 to 38.5% for the nine months ended September 30, 2006. The increase both in absolute dollars and as a percentage of revenue was primarily due to an increase in compensation and related costs, including on-air talent and production staff, of \$2.1 million. This increase directly corresponds to Traffic.com's increased number of radio and television customers as well as the expansion in the number of markets being serviced from 29 at September 30, 2005 to 50 at September 30, 2006. In addition, depreciation expense increased \$0.4 million, as a result of commencing depreciation of Traffic.com's sensor network in four additional cities, and maintenance and communication costs relating to the digital sensor network increased \$0.5 million, primarily as a result of additional sensors being installed under new city contracts.

***Other technology expenses.*** Other technology expenses increased from \$0.9 million for the nine months ended September 30, 2005 to \$1.2 million for the nine months ended September 30, 2006, a 34.3% increase. Traffic.com's other technology expenses increased as a percentage of revenue from 2.8% for the nine months ended September 30, 2005 to 3.1% for the nine months ended September 30, 2006. The increase in both the amount and as a percentage of revenue was primarily due to an increase in depreciation from internally developed software and capital asset purchases supporting the delivery of data to additional digital cities and traffic data service and consumer customers.

***Traffic.com's Operating Expenses***

***Research and development.*** Research and development expenses increased from \$2.6 million for the nine months ended September 30, 2005 to \$4.4 million for the nine months ended September 30, 2006, a 68.6% increase. Research and development expenses increased as a percentage of revenue from 8.1% for the nine months ended September 30, 2005 to 11.4% for the nine months ended September 30, 2006. The increase in both amount and as a percentage of revenue was due primarily to a \$1.2 million increase in compensation and related employee expenses related to increased product development activities.

***Sales and marketing.*** Sales and marketing expenses increased from \$11.0 million for the nine months ended September 30, 2005 to \$13.8 million for the nine months ended September 30, 2006, a



24.7% increase. Traffic.com's sales and marketing expenses as a percentage of revenue increased from 34.4% for the nine months ended September 30, 2005 to 36.0% for the nine months ended September 30, 2006. The increase in absolute dollars and as a percentage of revenue was due to \$1.7 million of additional marketing expenses for branding, external product marketing, and public relations, and \$0.9 million of additional compensation and related employee benefit costs as a result of increased commissions due to higher sales levels and staff additions.

**General and administrative.** General and administrative expenses increased from \$6.1 million for the nine months ended September 30, 2005 to \$8.1 million for the nine months ended September 30, 2006, a 32.7% increase. Traffic.com's general and administrative expenses as a percentage of revenue increased from 19.1% for the nine months ended September 30, 2005 to 21.3% for the nine months ended September 30, 2006. The increase in both amount and as a percentage of revenue was due primarily to stock based compensation charges of \$1.3 million resulting from the newly adopted requirements of FAS 123(R) and increases in certain expenses such as director and officers insurance and audit fees due to Traffic.com's initial public offering.

**Interest income (expense), net.** Net interest expense decreased from \$4.2 million for the nine months ended September 30, 2005 to \$0.7 million for the nine months ended September 30, 2006. The decrease is due to the fact that Traffic.com repaid its senior secured credit facility and revolving credit facility in full in January 2006 as well as an increase in investable cash provided by the initial public offering in January 2006.

*Comparison of the Years Ended December 31, 2004 and 2005*

#### **Revenue**

Revenue increased from \$42.4 million in 2004 to \$43.3 million in 2005, a 2.1% increase.

**Advertising.** Advertising revenue decreased slightly from \$39.4 million in 2004 to \$38.9 million in 2005; however, owned inventory revenue, which generates higher margins, increased from \$30.3 million, or 76.9% of advertising revenue in 2004 to \$33.0 million, or 85.0% of advertising revenue in 2005, a 8.9% increase. Traffic.com's advertising revenue growth was impacted by its decision at the end of 2004 not to renew an agreement with a large network radio customer which had generated approximately \$5.6 million in revenues in 2004, based on unacceptable terms proposed by the customer. Owned inventory revenue has steadily increased, both in absolute dollars and as a percentage of total advertising revenue, as the number of Traffic.com's radio and television customers has grown, due in part to the launch of Traffic Pulse NeXgen in the fourth quarter of 2004.

**Traffic data services.** Traffic data services revenue grew from \$3.0 million in 2004 to \$4.4 million in 2005, a 46.7% increase. The increase was due to commencing revenue recognition with respect to four additional cities under the U.S. DOT contract and increases in revenue generated from the XM Satellite Radio and NAVTEQ agreements and a new agreement with The Weather Channel for the use of Traffic.com's data on their cable stations, website and desktop applications.

#### **Traffic.com's Cost of Revenue**

Cost of revenue increased from \$32.1 million in 2004 to \$33.6 million in 2005, a 4.7% increase. Cost of revenue as a percentage of revenue increased from 75.6% in 2004 to 77.5% in 2005.

**Media Inventory.** Media inventory expenses decreased from \$18.9 million in 2004 to \$16.9 million in 2005, a 10.6% decrease. Traffic.com's media inventory expenses decreased as a percentage of revenue from 44.5% in 2004 to 39.0% in 2005. The decrease in both absolute dollars and as a percentage of revenue was primarily due to Traffic.com's decision at the end of 2004 not to renew the agreement with a large network radio customer described above. Such non-renewal



resulted in lower expense of approximately \$1.8 million, as well as an increase in owned inventory sales, which reduced the need for lower margin cash buys purchased on the open market.

**Traffic data collection.** Traffic data collection expenses increased from \$12.4 million in 2004 to \$15.8 million in 2005, a 27.4% increase. Traffic's traffic data collection costs as a percentage of revenue increased from 29.1% in 2004 to 36.6% in 2005. The increase both in amount and as a percentage of revenue was primarily due to an increase in compensation and related costs, including on-air talent and production staff, of \$2.2 million due to Traffic.com's increased number of radio and television customers and expansion in the number of markets being serviced from 24 in 2004 to 35 in 2005. In addition, depreciation expense increased \$0.2 million as a result of commencing depreciation of Traffic.com's sensor network in four additional cities, and maintenance and communication costs relating to the digital sensor network increased \$0.5 million primarily as a result of the upgrading of Traffic.com's wireless modems in certain of its markets.

**Other technology expenses.** Other technology expenses were \$0.9 million in 2004 and 2005. Traffic.com's other technology expenses as a percentage of revenue was 2.0% in 2004 and 2005.

**Traffic.com's Operating expenses**

**Research and development.** Research and development expenses increased from \$3.6 million in 2004 to \$3.9 million in 2005, an 8.3% increase. Research and development expenses increased as a percentage of revenue from 8.6% in 2004 to 9.0% in 2005. The increase in both amount and as a percentage of revenue was due mainly to an increase in third party software licensing costs and product maintenance costs which were offset by a decrease in compensation and related employee costs as a result of increased capitalization of product development efforts, specifically the enhanced website and consumer based products.

**Sales and marketing.** Sales and marketing expenses increased from \$12.0 million in 2004 to \$16.2 million in 2005, a 35.0% increase. Traffic.com's sales and marketing expenses as a percentage of revenue increased from 28.3% in 2004 to 37.4% in 2005. The increase, in both amount and as a percentage of revenue, was primarily due to \$2.1 million of additional marketing expenses for branding, external product marketing, and public relations and an expanded presence at trade shows. In addition, compensation and related expenses increased \$1.2 million due to staff additions, specifically in business development and marketing personnel.

**General and administrative.** General and administrative expenses increased from \$7.2 million in 2004 to \$8.7 million in 2005, a 20.8% increase. Traffic.com's general and administrative expenses as a percentage of revenue increased from 17.0% in 2004 to 20.1% in 2005. The increase in both amount and as a percentage of revenue was due mainly to a \$0.8 million increase in compensation costs due to staff additions and incentive bonus payments in the fourth quarter, and a \$0.5 million increase in legal expenses, specifically for the Santa Fe matter which went to trial in 2005.

**Legal Settlements.** Legal settlement expenses were \$18.5 million in 2005, which was 42.7% of revenue. These costs consisted of the entire settlement against Traffic.com and its investor affiliate in the Santa Fe litigation of \$14.25 million. Although Traffic.com is required, in accordance with the SEC Staff Accounting Bulletin Topic 5T, *Accounting for Expense or Liabilities Paid by Principal Stockholder(s)*, to recognize the full amount of the settlement in its statement of operations, one-half of the settlement (\$7.125 million), which was paid by its investor affiliate, was treated as a capital contribution to Traffic.com. Legal settlement expenses also include the fair value of common stock and warrants issued to two investors in settlement of claims.

**Interest income (expense), net.** Net interest expense increased from \$3.4 million in 2004 to \$5.6 million in 2005, a 64.7% increase. Net interest expense was impacted in 2004 and 2005 by amendments to Traffic.com's senior secured credit facility in April of each year. The amendments,



which included an interest rate reduction in 2004 and a two-year extension in 2005, were retroactive to the inception of the facility in April 2002 and required cumulative adjustments to interest expense through the date of each amendment. This reduced interest expense by \$3.8 million in 2004 and increased interest expense by \$0.7 million in 2005. Deferred financing fees amortized into interest expense in 2004 were \$3.3 million and \$0.6 million in 2005. The expense in 2004 included the write-off of previously deferred financing costs as a result of the 2004 amendment to Traffic.com's senior secured credit facility. Lastly, interest expense was \$3.9 million 2004 and \$4.5 million in 2005.

*Comparison of the Years Ended December 31, 2003 and 2004*

**Revenue**

Revenue increased from \$37.4 million in 2003 to \$42.4 million in 2004, a 13.4% increase.

**Advertising.** Advertising revenue increased from \$36.0 million in 2003 to \$39.4 million in 2004, a 9.4% increase. The increase was due primarily to an increase in owned inventory revenue which grew from \$26.0 million, or 72.2% of advertising revenue in 2003, to \$30.3 million, or 76.9% of advertising revenue in 2004, a 16.5% increase. The increase in owned inventory revenue was due to an increase in the number of radio and television customers and continued an annual historical trend of owned inventory revenue growth.

**Traffic data services.** Traffic data services revenue increased from \$0.6 million in 2003 to \$3.0 million in 2004, a 400.0% increase. The increase was due to recognizing revenue for two additional cities under the U.S. DOT contract at various times during 2004, as well as revenue from its agreements with XM Satellite Radio and NAVTEQ entered into during 2004.

**License agreement.** Revenue recognized from Traffic.com's license agreement decreased from \$0.8 million in 2003 to \$0.0 in 2004 as a result of the repurchase of the licensed technology in April 2003.

**Cost of revenue.** Cost of revenue increased from \$31.0 million in 2003 to \$32.1 million in 2004, a 3.5% increase. Cost of revenue as a percentage of revenue decreased from 82.9% in 2003 to 75.6% in 2004.

**Media inventory.** Media inventory expenses decreased from \$19.4 million in 2003 to \$18.9 million in 2004, a 2.6% decrease. Traffic.com's media inventory expenses decreased as a percentage of revenue from 51.8% in 2003 to 44.5% in 2004. These decreases were due to the increase in owned inventory revenue, which reduced the need for lower margin cash buys.

**Traffic data collection.** Traffic data collection expenses increased from \$9.6 million in 2003 to \$12.4 million in 2004, a 29.2% increase. Traffic.com's traffic data collection costs as a percentage of revenue increased from 25.6% in 2003 to 29.1% in 2004. The increase in traffic data collection costs was due to additional costs resulting from growth in the number of Traffic.com's radio and television customers, an increase in markets being serviced from 17 in 2003 to 24 in 2004, and the expansion of coverage hours in 19 markets from 16 hours per day to 24 hours per day, seven days a week. The expansion of coverage hours was in support of certain data services agreements.

**Other technology expenses.** Other technology expenses decreased from \$1.3 million in 2003 to \$0.9 million in 2004, a 30.8% decrease. Other technology expenses decreased as a percentage of revenue from 3.5% in 2003 to 2.0% in 2004. The decrease both in amount and as a percentage of revenue was due mainly to a decrease in depreciation expense resulting from certain assets that were fully depreciated during the period.

*Traffic.com's Operating Expenses*

**Research and development.** Research and development expenses increased from \$2.8 million in 2003 to \$3.6 million in 2004, a 28.6% increase. Research and development expenses increased as a percentage of revenue from 7.6% in 2003 to 8.6% in 2004. The increase both in amount and as a percentage of revenue was due mainly to an increase in compensation and related costs of \$0.5 million and a \$0.2 million increase in the computer equipment purchases relating to product development efforts.

**Sales and marketing.** Sales and marketing expenses decreased from \$14.1 million in 2003 to \$12.0 million in 2004, a 14.9% decrease. Traffic.com's sales and marketing expenses as a percentage of revenue decreased from 37.7% in 2003 to 28.3% in 2004. This reduction was primarily due to reduced compensation and related costs of \$1.6 million from sales staff reductions, resulting from a sales force reorganization. The staff reduction impacted travel and entertainment costs, which decreased by \$0.3 million. In addition, bad debt expense was reduced by \$0.2 million due primarily to the collection of a large advertising account that was previously reserved for in the allowance for doubtful accounts.

**General and administrative.** General and administrative expenses increased from \$6.4 million in 2003 to \$7.2 million in 2004, a 12.5% increase. Traffic.com's general and administrative expenses decreased as a percentage of revenue from 17.1% in 2003 to 17.0% in 2004. The increase in absolute dollars was due to a \$0.5 million increase in professional fees, specifically for legal costs and consulting.

**Interest income (expense), net.** Net interest expense decreased from \$4.2 million in 2003 to \$3.4 million in 2004, a 19.0% decrease. Net interest expense was impacted in 2003 and 2004 by amendments to Traffic.com's senior secured credit facility in April of each year. The amendments, which included interest rate reductions, were retroactive to the inception of the facility in April 2002 and required cumulative reductions of interest expense through the date of the amendment of \$4.4 million in 2003 and \$3.8 million in 2004. Deferred financing fees, including the write-off of previously deferred financing costs required as a result of the amendments, amortized into interest expense were \$2.2 million in 2003 and \$3.3 million in 2004. Interest expense was \$6.5 million in 2003 and \$3.9 million in 2004.



*Traffic.com's Quarterly Results of Operations*

The following table presents Traffic.com's unaudited quarterly results of operations for the eleven quarters ended September 30, 2006. This table includes all adjustments, consisting only of normal recurring adjustments, that Traffic.com considers necessary for fair presentation of its financial position and operating results for the quarters presented. This data should be read in conjunction with Traffic.com's financial statements and notes thereto for the periods presented. The operating results for any quarter should not be considered indicative of results for any future period.

	Quarter Ended											
	Mar 31, 2004	Jun 30, 2004	Sep 30, 2004	Dec 31, 2004	Mar 31, 2005	Jun 30, 2005	Sep 30, 2005	Dec 31, 2005	Mar 31, 2006	Jun 30, 2006	Sep 30, 2006	
	(In thousands, except per share amounts) (unaudited)											
Revenue												
Advertising	\$ 8,492	\$ 10,681	\$ 9,977	\$ 10,299	\$ 8,330	\$ 11,177	\$ 9,564	\$ 9,800	\$ 9,327	\$ 12,529	\$ 11,029	
Traffic data services	592	650	670	1,081	930	969	1,126	1,397	1,457	1,851	2,022	
	9,084	11,331	10,647	11,380	9,260	12,146	10,690	11,197	10,784	14,380	13,051	
Cost of revenue	7,432	8,410	8,335	7,913	7,627	8,319	8,595	9,026	9,498	10,145	10,424	
Gross margin	1,652	2,921	2,312	3,467	1,633	3,827	2,095	2,171	1,286	4,235	2,627	
Operating expenses:												
Research and development	767	960	1,025	895	807	797	983	1,318	1,268	1,542	1,551	
Sales and marketing	3,099	3,105	3,100	2,728	3,783	3,529	3,733	5,132	4,256	4,755	4,761	
General and administrative	1,832	1,976	1,583	1,838	1,697	2,495	1,945	2,567	2,157	2,976	3,013	
Legal settlements						4,223	14,250					
	5,698	6,041	5,708	5,461	6,287	11,044	20,911	9,017	7,681	9,273	9,325	
Loss from operations	(4,046 )	(3,120 )	(3,396 )	(1,994 )	(4,654 )	(7,217 )	(18,816 )	(6,846 )	(6,395 )	(5,038 )	(6,698 )	
Interest income (expense), net	(1,678 )	15	(910 )	(855 )	(1,127 )	(1,686 )	(1,416 )	(1,380 )	(1,299 )	341	281	
Net loss	\$ (5,724 )	\$ (3,105 )	\$ (4,306 )	\$ (2,849 )	\$ (5,781 )	\$ (8,903 )	\$ (20,232 )	\$ (8,226 )	\$ (7,694 )	\$ (4,697 )	\$ (6,417 )	
Redemption and accretion of redeemable convertible preferred stock	(520 )	(536 )	(536 )	(536 )	(536 )	(553 )	(554 )	(394 )	(108 )			
Net loss attributable to common stockholders	\$ (6,244 )	\$ (3,641 )	\$ (4,842 )	\$ (3,385 )	\$ (6,317 )	\$ (9,456 )	\$ (20,786 )	\$ (8,620 )	\$ (7,802 )	\$ (4,697 )	\$ (6,417 )	
Net loss attributable to common stockholders per share - basic	\$ (2.11 )	\$ (1.23 )	\$ (1.63 )	\$ (1.01 )	\$ (1.89 )	\$ (2.80 )	\$ (6.05 )	\$ (2.31 )	\$ (0.49 )	\$ (0.23 )	\$ (0.31 )	
Net loss attributable to common stockholders per share - diluted	\$ (2.11 )	\$ (1.23 )	\$ (1.63 )	\$ (1.01 )	\$ (1.89 )	\$ (2.80 )	\$ (6.05 )	\$ (2.31 )	\$ (0.49 )	\$ (0.23 )	\$ (0.31 )	

**Seasonality**

Due to the seasonal nature of broadcast advertising revenue and the percentage of Traffic.com's total revenue historically represented by these sources, Traffic.com has typically experienced lower revenue during the first quarter, following the holiday season, and the third quarter, during the summer months.

**Liquidity and Capital Resources**

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*Comparison of the Periods Ended September 30, 2005 and September 30, 2006*

Since inception, Traffic.com has principally financed its operations through private sales of its preferred stock, internally generated funds, a secured credit facility, a revolving line of credit, and, most recently, an initial public offering of common stock. At September 30, 2006, Traffic.com had \$22.0 million of cash and cash equivalents and short-term investments compared to \$13.1 million at

158

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December 31, 2005. Traffic.com has raised an aggregate of \$101.9 million through its preferred stock financings. In January and February 2006, Traffic.com has raised a total of approximately \$74.5 million from its initial public offering, net of fees and expenses. Traffic.com generally invests its cash in highly liquid investments with a maturity of six months or less at the date of purchase. To date, inflation has not had a material effect on Traffic.com's business.

Cash flows used in operating activities were \$5.0 million for the nine months ended September 30, 2005 and \$20.1 million for the nine months ended September 30, 2006. Cash flows used in operating activities for the nine months ended September 30, 2005 were primarily due to a net loss of \$34.9 million which was offset by adjustments for depreciation and amortization, and non-cash legal expenses, and changes in accounts payable and accrued expenses, accrued legal settlements, and deferred revenue. Cash flows used in operating activities for the nine months ended September 30, 2006 were primarily due to a net loss of \$18.8 million which was offset by adjustments for depreciation and amortization, and stock based compensation expense, and the payment of \$7.1 million in connection with the settlement of litigation, and changes in accounts and government services receivables, and accounts payable and accrued expenses.

Cash flows used in investing activities were \$6.8 million for the nine months ended September 30, 2005 and \$12.2 million for the nine months ended September 30, 2006. Cash flows used in investing activities for the nine months ended September 30, 2005 were due primarily to the purchase of fixed assets. Cash flows used in investing activities for the nine months ended September 30, 2006 were primarily due to the net purchase of short term investments following the completion of Traffic.com's initial public offering and the purchase of fixed assets.

Cash flows provided by financing activities were \$24.3 million for the nine months ended September 30, 2005 and \$32.8 million for the nine months ended September 30, 2006. Cash flows provided by financing activities for the nine months ended September 30, 2005 were primarily due to \$15.1 million in proceeds from the sale of Series F convertible preferred stock, and \$9.7 million in net proceeds under the senior secured credit facility. Cash flows provided by financing activities for the nine months ended September 30, 2006 were primarily due to \$74.5 million in proceeds, after deducting underwriters' fees and expenses, from Traffic.com's initial public offering, the repayment of \$37.7 million due under its senior secured credit facility, and the repayment of \$4.1 million under its revolving credit facility.

*Comparison of the Years Ended December 31, 2003, December 31, 2004 and December 31, 2005*

Cash flows used in operating activities were \$24.3 million in 2003. Cash flows provided by operating activities were \$5.4 million in 2004. Cash flows used in operating activities in 2005 were \$10.3 million. Cash flows used in operating activities in 2003 were primarily due to a net loss of \$21.1 million and \$10.0 million for the repayment of our license agreement funded in 2002, partially offset by adjustments for depreciation and amortization, accounts payable and accrued expenses, and deferred revenue. Cash flows provided by operating activities in 2004 were primarily due to the prepayment of future revenue under the NAVTEQ agreement of \$9.0 million, of which \$0.3 million was recognized as revenue, an increase in deferred revenue under our subcontract with the U.S. DOT, and adjustments for depreciation and amortization, which was partially offset by a net loss of \$16.0 million. Cash flows used in operating activities in 2005 were primarily due to a net loss of \$43.1 million, which included non-cash legal settlement costs of \$11.3 million, and an increase in accounts receivable and U.S. DOT subcontract receivable, which were partially offset by the receipt of \$0.9 million, representing the balance of the advance payment due under the NAVTEQ agreement; adjustments for accounts payable and accrued expenses, accrued legal settlements, and deferred revenue from the U.S. DOT subcontract.

Cash flows provided by investing activities were \$6.1 million in 2003. Cash flows used in investing activities were \$6.3 million in 2004 and \$9.9 million 2005, respectively. Cash flows provided

by investing activities in 2003 were primarily due to the net sale of marketable securities of \$10.3 million, partially offset by the purchase of fixed assets. Cash flows used in investing activities in 2004 were due to the purchase of fixed assets. Cash flows used in investing activities in 2005 were due to the purchase of fixed assets offset by a decrease in restricted cash. Restricted cash represents cash and cash equivalents restricted for standby letters of credit supporting long-term facility leases and escrow arrangements.

Cash flows provided by financing activities were \$21.5 million in 2003. Cash flows used in financing activities were \$3.2 million in 2004. Cash flows provided by financing activities were \$28.5 million in 2005. Cash flows provided by financing activities in 2003 were primarily due to the sale of Series E convertible preferred stock, which resulted in proceeds of \$27.5 million, and borrowing under the revolving line of credit of \$4.0 million, partially offset by the repurchase of certain shares of Series D convertible preferred stock for \$9.4 million. Cash flows used in financing activities in 2004 were primarily due to the repayment of \$3.2 million under the revolving credit facility. Cash flows provided by financing activities in 2005 were primarily due to the closing of the sale of Series F convertible preferred stock which resulted in proceeds of \$15.1 million, and additional borrowing under the senior secured credit facility of \$9.7 million, after related fees, and \$3.3 million in additional borrowings under the revolving credit facility.

Recently, Traffic.com has focused on new revenue opportunities, including the enhancement of its website and the introduction of its in-vehicle and consumer mobile services, and has devoted increasing resources to developing and marketing these new services. Traffic.com's ability to generate revenue from these services will have a material impact on its future cash needs. Traffic.com expects to devote significant capital resources to continued product development, brand marketing, expansion of operational systems and other general corporate activities.

Based on Traffic.com's current operations and planned expansion, it expects that its available funds are sufficient to meet its expected needs for working capital and capital expenditures through the end of 2007. Thereafter, if Traffic.com does not have sufficient cash available to finance its operations, it may be required to obtain additional public or private debt or equity financing. Traffic.com cannot be certain that additional financing will be available to it on favorable terms, if at all. If Traffic.com is unable to raise sufficient funds, it may need to reduce its operations, delay its geographic expansion, and reduce its product development and marketing activities.

#### **Indebtedness**

In January 2006, Traffic.com repaid the outstanding principal and interest outstanding under its senior secured credit facility using a portion of the proceeds raised in its initial public offering.

Traffic.com's former revolving credit facility expired upon its own terms in March 2006.

In August 2006, Traffic.com and a bank established a new revolving credit facility. The facility provides for maximum borrowings of \$12.0 million and terminates in August 2008. Borrowings bear interest at the bank's prime loan rate, plus 0.50%, which was 8.75% at September 30, 2006, and Traffic.com is obligated to pay an unused facility fee equal to 0.25% of unused available funds, paid quarterly on an annualized basis, per annum.

Traffic.com's borrowings are subject to an 80% advance rate against a defined borrowing base. The facility contains a minimum EBITDA (as defined in the agreement) and liquidity covenants, as well as other affirmative and negative covenants customary for a facility of this type.

As of September 30, 2006, Traffic.com was in compliance with all covenants and there were no outstanding borrowings under this facility.

#### **Inflation**

Traffic.com does not believe that inflation had a material impact on its earnings from operations.

**Off-Balance Sheet Arrangements**

At December 31, 2005 and September 30, 2006, Traffic.com did not have any relationships with unconsolidated entities or financial partnerships which were established for the purposes of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

**Recent Accounting Pronouncements**

For a discussion of SFAS 123 (R) please refer to Note 1 in the Notes to Traffic.com's unaudited condensed consolidated financial statements included elsewhere herein.

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48 Accounting for Uncertainty in Income Taxes (FIN 48), an interpretation of FASB Statement No. 109 Accounting for Income Taxes. The interpretation clarifies the accounting for uncertainty in income taxes recognized in financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This statement becomes effective for the company beginning in the first quarter of 2007. The adoption of FIN 48 is not expected to have a material effect on Traffic.com's financial statements.

**Quantitative and Qualitative Disclosures About Market Risk**

Traffic.com does not use derivative financial instruments for speculation or trading purposes. Traffic.com's current policy is to maintain an investment portfolio consisting mainly of U.S. Government obligations or other securities rated AAA or comparably, with a maximum maturity of 12 months and a weighted average maturity for the portfolio of 6 months. Traffic.com's cash is deposited in and invested through highly rated financial institutions in North America. Traffic.com's marketable securities are subject to interest rate risk and will fall in value if market interest rates increase.

As of December 31, 2005, Traffic.com had exposure to interest rate risk related to its short-term and long-term debt. All of such debt was repaid subsequent to December 31, 2005. Traffic.com does not have any short or long-term debt outstanding. In general, as of December 31, 2005, the interest rate on Traffic.com's senior secured credit facility was fixed (with a required internal rate of return to the lender on repayment of 15%) and the rate on our revolving credit facility was variable. See Note 6 to the Consolidated Financial Statements included elsewhere in this proxy statement/prospectus for a discussion of the components of Traffic.com's long-term debt as of December 31, 2005. Changes in the fair value of our fixed rate debt have no impact on our cash flows or consolidated financial statements. Traffic.com currently does not hedge interest rate exposure.

**Contractual Obligations**

Contractual obligations at December 31, 2005 are as follows:

	<b>Total</b>	<b>Less than 1 year</b>	<b>1 3 years</b>	<b>3 5 years</b>	<b>More than 5 years</b>
Long-term debt obligations (1)	\$ 37,659	\$	\$ 37,659	\$	\$
Operating lease obligations (2)	8,294	1,916	3,525	2,809	44
Purchase obligations (3)	13,981	8,628	5,297	56	
	\$ 59,934	\$ 10,544	\$ 46,481	\$ 2,865	\$ 44

- (1) Under the terms of our then-existing senior secured credit facility, the entire \$37.7 million in outstanding principal and interest under the facility was paid in January 2006 upon the closing of our initial public offering.
- (2) Operating lease obligations represent rent expense for office space under non-cancelable operating lease agreements. The leases generally provide for scheduled rent increases, which are reflected in the table above.
- (3) Payments to radio and television station customers consist of minimum contractual commitments with radio and television stations in exchange for advertising inventory.

#### **Critical Accounting Policies and Estimates**

The discussion of Traffic.com's financial condition and results of operations is based upon its consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP. During the preparation of these financial statements, Traffic.com is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosures of contingent assets and liabilities. On an ongoing basis, Traffic.com evaluates its estimates and assumptions, including those related to stock based compensation, bad debts, long-lived assets and income taxes. Traffic.com bases its estimates on historical experience and on various other assumptions that it believes are reasonable under the circumstances. The results of Traffic.com's analysis form the basis for making assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions, and the impact of such differences may be material to Traffic.com's consolidated financial statements. Traffic.com's critical accounting policies have been discussed with the audit committee of its board of directors. Traffic.com believes that the following critical accounting policies affect the more significant judgments and estimates used in the preparation of its financial statements.

#### **Stock-Based Compensation**

On January 1, 2006, Traffic.com adopted Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment (SFAS 123(R)). SFAS 123(R) requires all share-based payments to employees, including grants of stock options, to be recognized in the financial statements based on their fair value. Under SFAS 123(R), pro forma disclosure is no longer an alternative to financial statement recognition for stock option awards made after Traffic.com's adoption of SFAS 123(R).

Prior to August 30, 2005, the date that Traffic.com filed a Form S-1 with the Securities and Exchange Commission, Traffic.com used the minimum value method to calculate the pro forma disclosure required by SFAS 123. When Traffic.com adopted SFAS 123(R) on January 1, 2006, Traffic.com continued to account for the portion of awards outstanding prior to August 30, 2005 using the provisions of APB Opinion No. 25, Accounting for Stock Issued to Employees (APB 25) and its related interpretative guidance. Traffic.com did not make any stock option grants in the period from August 30, 2005 through December 31, 2005.

Traffic.com adopted SFAS 123(R) using the modified prospective method beginning January 1, 2006. For stock-based awards granted after January 1, 2006, Traffic.com has recognized compensation expense during the nine months ended September 30, 2006 based on the estimated grant date fair value using the Black-Scholes valuation model. For these awards, Traffic.com recognizes compensation expense using a straight-line amortization method. As SFAS 123(R) requires that stock-based compensation expense be based on awards that are ultimately expected to vest; stock-based compensation is reduced for estimated forfeitures. When estimating

forfeitures, Traffic.com considers voluntary termination behaviors as well as trends of actual option forfeitures.

Due to a limited trading history in a public market, Traffic.com's computation of stock-price volatility is based on the volatility rates of comparable publicly-held companies over a period equal to the estimated useful life of the options granted by Traffic.com. These rates may or may not reflect Traffic.com's stock-price volatility after it has been a publicly-held company for a meaningful period of time. Traffic.com's computation of expected life was determined using the simplified method whereby the vesting period plus the original contractual term is divided by two. The interest rate for periods within the contractual life of the award is based on the U.S. Treasury yield curve in effect at the time of the grant. If Traffic.com had made different assumptions about the stock-price volatility rates, the expected term, forfeitures or other key assumptions, the related compensation expense and net income and net income per share amounts could have been significantly different.

### ***Long-Lived Assets***

Traffic.com records its property and equipment at cost. Traffic.com reviews the carrying value of its property and equipment for possible impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable in accordance with the provisions of SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. Traffic.com evaluates these assets by examining estimated future cash flows to determine if their current recorded value is impaired. Traffic.com evaluates these cash flows by using weighted probability techniques as well as comparisons of past performance against projections. Assets may also be evaluated by identifying independent market values. If Traffic.com determines that an asset's carrying value is impaired, it will record a write-down of the carrying value of the identified asset and charge the impairment as an operating expense in the period in which the determination is made. Although Traffic.com believes that the carrying values of its long-lived assets are appropriately stated, changes in strategy or market conditions or significant technological developments could significantly impact these judgments and require adjustments to recorded asset balances.

In connection with Traffic.com's U.S. DOT contract and related state contracts related to its sensor networks throughout various cities in the United States, it may be required under certain circumstances to remove the sensor network assets residing on governmental property. In accordance with FASB Statement No. 143, *Accounting for Asset Retirement Obligations*, Traffic.com recognizes the fair value of a liability for an asset retirement obligation (ARO) for each city in the period in which the related asset is placed in service. Traffic.com capitalizes that cost as part of the carrying amount of the sensor network, which is depreciated on a straight-line basis over the useful life of the corresponding asset of 15 years. The ARO is recorded at fair value, and accretion expense will be recognized over time as the discounted liability is accreted to its expected settlement value. The fair value of the ARO is measured using expected future cash outflows discounted at Traffic.com's credit-adjusted risk-free interest rate. Changes in the estimated fair value of the ARO are recorded in the period in which they are identified. At September 30, 2006, Traffic.com had an asset retirement obligation, including accretion, classified in long-term liabilities of \$0.9 million and an increase to existing capitalized assets of \$0.8 million.

Traffic.com capitalizes software development and acquisition costs in accordance with Statement of Position, or SOP, No. 98-1, *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use*. The costs of internally developed software are expensed unless incurred during the application development stage. Software development costs capitalized during the application development stage are included in property and equipment and depreciated on a straight-line basis over three years, which is the estimated useful life.

## **Income Taxes**

Traffic.com accounts for income taxes under the liability method, which requires the establishment of a deferred tax asset or liability to reflect the net tax effects of temporary differences between tax carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax expense or benefit is recognized as a result of the change in the deferred asset or liability during the year. As of December 31, 2005, Traffic.com had a valuation allowance of \$49.0 million to reduce Traffic.com's deferred tax assets. The valuation allowance primarily relates to deferred tax assets arising from net operating loss carry-forwards which, if not used, will expire between 2018 and 2024. Should Traffic.com generate taxable income in the future, it may be able to realize all or part of the operating loss carry-forwards against which it has applied the valuation allowance. In that event, Traffic.com's current income tax expense would be reduced or its income tax benefits would be increased, resulting in an increase in net income or a reduction in net loss. Traffic.com exercises significant judgment in assessing its ability to utilize any future tax benefit from its deferred tax assets.

## **Traffic.com's Revenue Recognition Pursuant to the U.S. DOT Contract**

During installation of Traffic.com's sensor network and upon completion of specified milestones, its prime contractor pays it 95%, or \$1.9 million, of \$2.0 million paid to the contractor in each metropolitan area in exchange for providing data to the various federal and state agencies for non-commercial purposes such as research, planning, and congestion management. The majority of all funds under this subcontract are received on or before complete installation of the system and system acceptance. All amounts invoiced by Traffic.com are initially recorded as deferred revenue. Traffic.com commences recognition of revenue when it obtains formal system acceptance. Deferred revenue is amortized into revenue over the estimated service period of the contract of 15 years. The estimated service period was determined based on Traffic.com's expectation that it will continue to provide data to the government agencies for 15 years. This estimate was predicated in part on the fact that the local government agencies have been collecting traffic data from their own sensors for a similarly long period of time. Further, the estimate is consistent with the estimated economic useful life of the related assets. However, given the pace of technological change, it is possible that other technology approaches may become as important or useful as sensor networks. Revenue recognized from this subcontract was \$0.3 million, \$0.4 million, and \$0.9 million for 2003, 2004, and 2005, respectively, and \$1.0 million for the nine-month period ended September 30, 2006.



## NAVTEQ UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined financial statement for the year ended December 31, 2005 is based on the audited consolidated financial statements of NAVTEQ included in NAVTEQ's Annual Report on Form 10-K for the year ended December 31, 2005 and the audited consolidated financial statements of Traffic.com for the year ended December 31, 2005 included elsewhere herein. The unaudited pro forma condensed combined financial statements as of and for the nine months ended October 1, 2006 are based on the unaudited consolidated financial statements of NAVTEQ, included in NAVTEQ's Quarterly Report on Form 10-Q for the quarter ended October 1, 2006 and the unaudited financial statements of Traffic.com for the nine months ended September 30, 2006, included elsewhere herein. The unaudited pro forma condensed combined balance sheet gives effect to the merger as if it had been consummated on October 1, 2006. The unaudited pro forma condensed combined statements of income give effect to the merger as if it had been consummated on January 1, 2005. The pro forma condensed combined financial statements are based on the assumptions and adjustments described in the accompanying notes to the unaudited pro forma condensed combined financial statements.

These unaudited pro forma condensed combined financial statements should be read in conjunction with the historical consolidated financial statements and accompanying notes of NAVTEQ and Traffic.com, which have been included elsewhere in this proxy statement/prospectus, respectively. The unaudited pro forma condensed combined financial statements are not necessarily indicative of the operating results or financial position that would have occurred if the merger had been completed at the dates indicated.

The unaudited pro forma condensed combined financial statements were prepared using the purchase method of accounting with NAVTEQ treated as the acquiring entity. Accordingly, consideration paid by NAVTEQ to complete the merger with Traffic.com will be allocated to Traffic.com's assets and liabilities based on their estimated fair values as of the date of the completion of the merger. These unaudited pro forma condensed combined financial statements have been prepared based on preliminary estimates of fair values. They do not include liabilities resulting from integration planning which are not presently estimable as discussed below. Amounts preliminarily allocated to intangible assets with indefinite lives may significantly decrease or increase and amounts allocated to intangible assets with finite lives may increase or decrease significantly, which could result in a material increase or decrease in amortization of intangible assets. In addition, NAVTEQ continues to analyze goodwill and intangible assets related to the merger, and any other intangible assets subsequently identified would impact the purchase price allocation. Therefore, actual amounts recorded as of the completion of the merger may differ materially from the information presented in these unaudited pro forma condensed combined financial statements. In addition to the receipt of the final valuation, the impact of ongoing integration activities, the timing of completion of the merger and other changes in Traffic.com's net tangible and intangible assets which occur prior to the completion of the merger could cause material differences in the information presented. Accordingly, the pro forma purchase price adjustments are preliminary, subject to future adjustments and have been made solely for the purpose of providing the unaudited pro forma condensed combined financial information presented below.

NAVTEQ expects to incur costs associated with integrating the two businesses. Management's development of these integration plans is underway. The impact of these plans, assuming they were in place at the date of completion of the merger, could increase or decrease the amount of liabilities recognized in accordance with FASB Emerging Issues Task Force Issue No. 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination," and thus could decrease or increase the amount of goodwill and intangible assets recognized. The unaudited pro forma condensed combined financial statements do not reflect the cost of any integration activities or benefits that may result from synergies that may be derived from any integration activities.

These unaudited pro forma condensed combined financial statements reflect a preliminary allocation of the purchase price as if the merger had been completed on October 1, 2006, with respect to the balance sheet, and on January 1, 2005, with respect to the statements of income. The preliminary allocations are subject to change based on finalization of the fair values of the tangible and intangible assets acquired and liabilities assumed as described above. The estimated purchase price has been calculated as follows (in thousands):

Cash	\$ 49,000
Estimated fair value of shares issued	136,104
Estimated merger-related transaction costs	3,450
Total preliminary purchase price	\$ 188,554

The fair value of shares issued reflects 4.3 million shares of NAVTEQ Common Stock being issued to Traffic.com stockholders, valued for pro forma purposes at \$31.65 per share. The \$31.65 per share value is based on the average of the price of the NAVTEQ's common stock for a period beginning two days prior to the announcement of the merger and ending two days after the announcement of the merger. Merger-related transaction costs include an estimate for investment advisor, legal, accounting, valuation, printing and other external costs directly related to the merger.

Under purchase accounting, the total preliminary purchase price is allocated to Traffic.com's net tangible and identifiable intangible assets or liabilities based on their estimated fair values. The excess of the purchase price over the net tangible and identifiable intangible assets or liabilities is recorded as goodwill. The estimated fair value of net liabilities acquired was established based upon the September 30, 2006 consolidated balance sheet of Traffic.com. For pro forma purposes, NAVTEQ has estimated the fair value of the identifiable intangible assets at \$35.5 million. The estimates and assumptions are subject to change based upon a final valuation to be performed by a third party and further developments in NAVTEQ's integration planning efforts. Based on a preliminary evaluation, the total preliminary purchase price was allocated as follows (in thousands):

Goodwill	\$ 146,753
Identifiable intangible assets	35,500
Fair value of net assets acquired	6,301
Total preliminary purchase price	\$ 188,554

**NAVTEQ Unaudited Pro Forma Condensed Combined Statement of Income  
for the Year Ended December 31, 2005**

(in thousands, except per share data)

	Historical NAVTEQ	Historical Traffic.com	Pro Forma Adjustments	Pro Forma Combined
Net revenue	\$ 496,512	43,293	(400 ) (a) (10 ) (b)	539,395
Operating costs and expenses:				
Database creation and distribution costs	222,933		(407 ) (d)	222,526
Cost of Traffic.com s services		37,472	(11 ) (c) 3,167 (e) (244 ) (q)	40,384
Selling, general, and administrative expenses	139,323	24,881	2,825 (e)	167,029
Legal settlements		18,473		18,473
Total operating costs and expenses	362,256	80,826	5,330	448,412
Operating income (loss)	134,256	(37,533 )	(5,740 )	90,983
Other income (expense):				
Interest income (expense), net	4,237	(5,609 )	(1,791 ) (f)	(3,163 )
Foreign currency gain	502			502
Other expense	(4 )			(4 )
Income (loss) before income taxes	138,991	(43,142 )	(7,531 )	88,318
Income tax benefit	(31,839 )		(19,256 ) (g)	(51,095 )
Net income (loss)	170,830	(43,142 )	11,725	139,413
Accretion of redeemable convertible preferred stock		(2,037 )	2,037 (h)	
Net income (loss) attributable to common stockholders	\$ 170,830	(45,179 )	13,762	139,413
Earnings per share of common stock:				
Basic	\$ 1.90			1.48
Diluted	\$ 1.81			1.42
Weighted average shares of common stock outstanding:				
Basic	90,115		4,300 (i)	94,415
Diluted	94,198		4,300 (i)	98,498

The accompanying notes are an integral part of these unaudited pro forma condensed combined financial statements.

**NAVTEQ Unaudited Pro Forma Condensed Combined Statement of Income  
for the Nine Months Ended October 1, 2006**

(in thousands, except per share data)

	Historical NAVTEQ	Historical Traffic.com(1)	Pro Forma Adjustments	Pro Forma Combined
Net revenue	\$ 400,928	38,215	(443 )(a)	438,693
			(7 )(b)	
Operating costs and expenses:				
Database creation and distribution costs	197,934		(293 )(d)	197,641
Cost of Traffic.com s services		34,428	(11 )(c)	36,271
			2,375 (e)	
			(521 )(q)	
Selling, general, and administrative expenses	112,101	21,918	2,119 (e)	136,138
Total operating costs and expenses	310,035	56,346	3,669	370,050
Operating income (loss)	90,893	(18,131 )	(4,119 )	68,643
Other income (expense):				
Interest income (expense), net	7,807	(677 )	(1,903 )(f)	5,227
Foreign currency loss	(501 )			(501 )
Other expense	(13 )			(13 )
Income (loss) before income taxes	98,186	(18,808 )	(6,022 )	73,356
Income tax expense (benefit)	31,665		(9,435 )(g)	22,230
Net income (loss) before cumulative effect	66,521	(18,808 )	3,413	51,126
Cumulative effect of change in accounting principle	506			506
Net income (loss)	67,027	(18,808 )	3,413	51,632
Accretion of redeemable convertible preferred stock		(108 )	108 (h)	
Net income (loss) attributable to common stockholders	\$ 67,027	(18,916 )	3,521	51,632
Earnings per share of common stock before cumulative effect of change in accounting principle:				
Basic	\$ 0.72			0.53
Diluted	\$ 0.70			0.51
Cumulative effect of change in accounting principle per share of common stock:				
Basic	\$ 0.01			0.01
Diluted	\$ 0.01			0.01
Earnings per share of common stock:				
Basic	\$ 0.72			0.53
Diluted	\$ 0.70			0.52
Weighted average shares of common stock outstanding:				
Basic	92,884		4,300 (i)	97,184
Diluted	95,668		4,300 (i)	99,968

(1) Traffic.com s historical statement of income is for the nine months ended September 30, 2006.

The accompanying notes are an integral part of these unaudited pro forma condensed combined financial statements.

**NAVTEQ Unaudited Pro Forma Condensed Combined Balance Sheet  
as of October 1, 2006**

(in thousands)

	Historical NAVTEQ	Historical Traffic.com(1)	Pro Forma Adjustments	Pro Forma Combined
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 66,403	13,621	7,242 (j)	34,816
			(52,450 )(m)	
Short-term marketable securities	151,419	8,402	(1,898 )(k)	157,923
Accounts receivable, net	108,634	14,604		123,238
Deferred income taxes, net	17,327		(39 )(k)	17,288
Prepaid expenses and other current assets	18,848	1,666	(400 )(l)	20,114
Total current assets	362,631	38,293	(47,545 )	353,379
Property and equipment, net	22,898	25,494	(2,123 )(q)	46,269
Capitalized software development costs, net	21,115			21,115
Long-term deferred income taxes, net	189,327		(13,490 )(p)	175,837
Long-term marketable securities	60,881			60,881
Acquired intangible assets, net	17,265		35,500 (o)	52,765
Goodwill	15,148		52,450 (m)	161,901
			114,190 (n)	
			(35,500 )(o)	
			13,490 (p)	
			2,123 (q)	
Deposits and other assets	11,796	795	(8,470 )(l)	4,121
Total assets	\$ 701,061	64,582	110,625	876,268
<b>Liabilities and Stockholders Equity</b>				
Current liabilities:				
Accounts payable	\$ 12,519	1,926		14,445
Accrued payroll and related liabilities	26,587	1,410		27,997
Other accrued expenses	32,417	4,770		37,187
Deferred revenue	35,625	4,354	(2,175 )(l)	37,804
Total current liabilities	107,148	12,460	(2,175 )	117,433
Long-term deferred revenue	2,638	34,237	(6,874 )(l)	30,001
Other long-term liabilities	2,145	1,392		3,537
Total liabilities	111,931	48,089	(9,049 )	150,971
Stockholders equity:				
Common stock	93	207	(203 )(n)	97
Additional paid-in capital	840,479	192,533	7,242 (j)	976,579
			(2,000 )(k)	
			(61,675 )(n)	
Accumulated other comprehensive loss:				
Cumulative translation adjustment	(21,372 )			(21,372 )
Unrealized holding loss	(213 )		63 (k)	(150 )
Accumulated other comprehensive loss	(21,585 )		63	(21,522 )
Accumulated deficit	(229,857 )	(176,247 )	179 (l)	(229,857 )
			176,068 (n)	
Total stockholders equity	589,130	16,493	119,674	725,297
Total liabilities and stockholders equity	\$ 701,061	64,582	110,625	876,268

(1) Traffic.com's historical balance sheet is as of September 30, 2006.

The accompanying notes are an integral part of these unaudited pro forma condensed combined financial statements.

**NOTES TO NAVTEQ UNAUDITED PRO FORMA  
CONDENSED COMBINED FINANCIAL STATEMENTS**

**1. Basis of Pro Forma Presentation**

On November 5, 2006, NAVTEQ, Traffic.com, NAVTEQ Holdings B.V., a corporation organized under the laws of the Netherlands, and NAVTEQ Holdings Delaware, Inc., a Delaware corporation, entered into an Agreement and Plan of Merger, pursuant to which Traffic.com will be merged with and into NAVTEQ Holdings Delaware, Inc. Upon consummation of the merger, the separate existence of Traffic.com will cease, and NAVTEQ Delaware Holdings, Inc. will be the surviving corporation.

Pursuant to the merger agreement, at the effective time of the merger, each share outstanding of Traffic.com Common Stock will be converted into the right to receive, at the election of the holder thereof (subject to certain conditions, including those pertaining to pro-ration): (i) \$8.00 in cash, without interest or (ii) 0.235 shares of the NAVTEQ's Common Stock, par value \$0.001 per share. The election of cash or stock will be subject to a limit on total cash consideration of \$49.0 million (minus the cash value of dissenting shares) and a limit on total stock consideration equal to 4.3 million shares of NAVTEQ's Common Stock (less the shares of NAVTEQ's Common Stock issued to holders of warrants to purchase Traffic.com stock that are exchanged for the NAVTEQ's Common Stock).

NAVTEQ is considered the acquiring entity and is treated as the continuing reporting entity.

The unaudited pro forma condensed combined financial statements assume the issuance of 4.3 million shares of NAVTEQ's Common Stock at \$31.65 per share, the payment in cash of \$49.0 million by NAVTEQ and \$3.45 million for estimated merger-related transaction costs. The per-share value of the common stock issued was determined using an average of the price of NAVTEQ's Common Stock for a period beginning two days prior to the announcement of the merger and ending two days after the announcement of the merger.

The following information should be read in conjunction with the pro forma condensed combined financial statements:

- Accompanying notes to the unaudited pro forma condensed combined financial statements.
- Separate historical consolidated financial statements of NAVTEQ for the years ended December 31, 2005, 2004 and 2003 and the nine-month periods ended October 1, 2006 and September 25, 2005, which are incorporated by reference elsewhere into this proxy statement/prospectus.
- Separate historical consolidated financial statements of Traffic.com for the years ended December 31, 2005, 2004 and 2003 and the nine-month periods ended September 30, 2006 and 2005, which are included elsewhere into this proxy statement/prospectus.

The historical consolidated financial information has been adjusted to give effect to pro forma events that are directly attributable to the merger and factually supportable. The unaudited pro forma condensed combined financial statements are presented for informational purposes only. The pro forma information is not necessarily indicative of what the financial position or results of operations actually would have been had the merger been completed on the dates indicated. In addition, the unaudited pro forma condensed combined financial statements do not purport to project the future financial position or operating results of the combined company. The unaudited pro forma condensed combined financial statements were prepared using the purchase method of accounting with NAVTEQ treated as the acquirer in accordance with U.S. generally accepted accounting principles.

2. Pro Forma Adjustments

The pro forma combined provision for income taxes does not necessarily reflect the amounts that would have resulted had NAVTEQ and Traffic.com filed consolidated income tax returns during the periods presented. The pro forma adjustments included in the unaudited pro forma condensed combined financial statements are as follows:

- (a) Elimination of revenue recognized by Traffic.com related to NAVTEQ.
- (b) Elimination of revenue recognized by NAVTEQ related to Traffic.com.
- (c) Elimination of cost recognized by Traffic.com related to NAVTEQ.
- (d) Elimination of cost recognized by NAVTEQ related to Traffic.com.
- (e) Record the amortization expense of intangible assets acquired as part of the acquisition of Traffic.com. The intangible assets that resulted from the purchase price allocation consist of customer relationships of \$17.0 million, trademarks of \$9.0 million and software of \$9.5 million. The estimated useful lives of the customer relationships, trademarks and software are ten years, eight years and three years, respectively. The estimated amounts reflect values estimated by management and may vary as the final purchase price allocation and related useful life of the assets acquired are subject to completion of the valuation.
- (f) Record the reduction of interest income on the net cash paid as part of the acquisition of Traffic.com based on an estimated average interest rate of 3.0% in 2005 and 4.25% in 2006.
- (g) Record the income tax benefit related to pro forma adjustments and Traffic.com's losses projected at an estimated effective tax rate of 38.0%.
- (h) Eliminate the accretion of redeemable convertible preferred stock.
- (i) Record the additional shares issued as part of the acquisition of Traffic.com.
- (j) Record the cash received from exercise of Traffic.com options and warrants immediately preceding the acquisition of Traffic.com.
- (k) Eliminate the NAVTEQ's investment in Traffic.com made prior to the merger.
- (l) Eliminate the deferred revenue and deferred cost recorded by NAVTEQ and Traffic.com related to agreements between the two companies.
- (m) Record the cash consideration given as part of the acquisition of Traffic.com.
- (n) Record the issuance of 4.3 million shares of NAVTEQ's Common Stock as part of the acquisition of Traffic.com and the elimination of the historical equity of Traffic.com.
- (o) Record the intangible assets that resulted from the purchase price allocation consisting of customer relationships of \$17.0 million, trademarks of \$9.0 million and software of \$9.5 million.
- (p) Record a deferred tax liability related to the differences between the tax bases and book bases for the acquired intangible assets.

(q) Reverse the capitalized internal-use software and related amortization expense recorded by Traffic.com prior to the merger.

171

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## COMPARISON OF STOCKHOLDER RIGHTS AND CORPORATE GOVERNANCE MATTERS

Traffic.com and NAVTEQ are both Delaware corporations governed by the Delaware General Corporation Law. Any differences between the rights of the stockholders of Traffic.com and NAVTEQ arise primarily from differences in their respective charter documents. The rights of Traffic.com stockholders are governed by Traffic.com's Fifth Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, and the rights of NAVTEQ's stockholders are governed by NAVTEQ's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws. As a result of the merger, holders of Traffic.com common stock who receive NAVTEQ common stock as all or part of their merger consideration will become subject to the provisions of NAVTEQ's charter documents. The following is a summary of certain rights of Traffic.com stockholders and NAVTEQ stockholders. For a complete description of these rights, you are encouraged to read the relevant portions of the Delaware General Corporation Law as well as the full text of Traffic.com's Fifth Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, and NAVTEQ's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws.

### Authorized Capital Stock

#### *Traffic.com*

The authorized capital stock of Traffic.com consists of 100,000,000 shares of common stock and 30,000,000 shares of preferred stock.

#### *NAVTEQ*

The authorized capital stock of NAVTEQ consists of 400,000,000 shares of common stock and 10,000,000 shares of preferred stock.

### Number of Directors

#### *Traffic.com*

Traffic.com's certificate of incorporation and bylaws provide that, subject to the rights of holders of any series of its preferred stock, the number of directors shall be established by its board of directors. Traffic.com's board of directors currently consists of seven members.

#### *NAVTEQ*

NAVTEQ's certificate of incorporation and bylaws provide that the board of directors must consist of not less than three directors or more than fifteen directors. The exact number of directors shall be determined by a resolution adopted by the affirmative vote of a majority of the board of directors. NAVTEQ's board of directors currently consists of seven members.

### Election of Directors

The Delaware General Corporation Law permits, but does not require, a classified board of directors, pursuant to which the directors can be divided into as many as three classes with staggered terms of office, with only one class of directors standing for election each year.

#### *Traffic.com*

Traffic.com's certificate of incorporation and bylaws provide that directors do not need to be elected by written ballot. Also, subject to the rights of holders of any series of preferred stock to elect directors, the board of directors will be divided into three classes: Class I, Class II and Class III. Also subject to the rights of holders of any series of preferred stock to elect directors, each director will

serve for a term ending on the date of the third annual meeting following the annual meeting at which such director was elected; provided, that each director initially appointed to Class I shall serve for a term expiring at Traffic.com's annual meeting of stockholders held in 2006; each director initially appointed to Class II shall serve for a term expiring at Traffic.com's annual meeting of stockholders held in 2007; and each director appointed to Class III shall serve for a term expiring at Traffic.com's annual meeting of stockholders held in 2008. A director elected to fill a vacancy, however, will hold office only until the next election of the class for which the director was chosen. Each director will hold office until the election and qualification of his successor, subject to his earlier death, resignation or removal. Traffic.com's bylaws provide that directors do not need to be stockholders of Traffic.com. The bylaws provide that, when a quorum is present, any election of directors by the stockholders will be determined by a plurality of the votes cast by the stockholders entitled to vote on the election.

#### *NAVTEQ*

NAVTEQ's bylaws provide that the directors will be elected at the annual meeting of the stockholders and will hold office until the next annual meeting. The stockholders will elect NAVTEQ's directors by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. If, for any cause, the directors were not elected at an annual meeting, they may be elected as soon thereafter as convenient at a special meeting of the stockholders. NAVTEQ's board of directors is not divided into classes.

#### **Cumulative Voting for Directors**

The Delaware General Corporation Law requires cumulative voting for the election of directors to be expressly provided for in the certificate of incorporation of a Delaware corporation. Neither Traffic.com's nor NAVTEQ's certificate of incorporation provide for cumulative voting.

#### **Removal of Directors**

##### *Traffic.com*

Traffic.com's certificate of incorporation and bylaws provide that, subject to the rights of holders of any series of preferred stock, directors may be removed only for cause and only by the affirmative vote of the holders of at least 75% of the votes which all stockholders would be entitled to cast in any annual election of directors or class of directors.

##### *NAVTEQ*

NAVTEQ's certificate of incorporation states that directors may be removed without cause by the affirmative vote of at least 66 2/3% in voting power of all shares entitled to vote generally in the election of directors, voting as a single class. Directors may also be removed for cause by the affirmative vote of a majority in voting power of all shares represented, in person or by proxy, at a meeting and entitled to vote generally in the election of directors. The provisions for removal of directors are subject to any rights granted to holders of any series of preferred stock regarding the election, term of office, removal, filling of vacancies and other features of directorships.

#### **Liabilities of Directors; Directors' Fiduciary Duties**

Under Delaware law, a corporation's certificate of incorporation may contain a provision eliminating or limiting the personal liability of a director to the corporation or its stockholders for monetary damages for breach of a fiduciary duty as a director. The certificate of incorporation of Traffic.com and the certificate of incorporation of NAVTEQ contain such limitations of the personal liability of directors.

*Traffic.com*

Traffic.com's certificate of incorporation provides that a Traffic.com director will not be liable to Traffic.com or its stockholders for monetary damages for the breach of a fiduciary duty as a director except for liability (i) for any breach of the director's duty of loyalty to Traffic.com or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for unlawful payment of dividends or unlawful stock purchase or redemption under section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. These limitations on a Traffic.com director's liability may not be decreased by repeal of this provision, an amendment to this provision or a subsequently adopted provision in Traffic.com's certificate of incorporation with regards to any act or omission that occurred prior to the repeal of, amendment to or adoption of an inconsistent provisions of the certificate of incorporation.

*NAVTEQ*

NAVTEQ's certificate of incorporation provides that a NAVTEQ director will not be liable to NAVTEQ or its stockholders for monetary damages for breach of a fiduciary duty as a director of NAVTEQ, except to the extent that such exemption from liability or limitation on liability is not permitted by Delaware law as currently in effect or later amended. NAVTEQ's certificate of incorporation also notes that if the Delaware General Corporation Law is later amended to eliminate or further limit the liability of a director, then the liability of each director of NAVTEQ will also be eliminated or limited to the fullest extent permitted under Delaware law.

**Indemnification of Corporate Agents**

The Delaware General Corporation Law generally provides that subject to certain restrictions contained in the statute, a Delaware corporation may indemnify any person made or threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than an action by or in the right of the corporation) by reason of the fact that the person is or was a director, officer, employee or agent of the corporation or was a director, officer, employee or agent of another business entity at the corporation's request. A person who has been successful on the merits or otherwise in any suit or matter covered by the indemnification statute must be indemnified against expenses incurred by him or her in connection with the suit or matter. Indemnification is authorized upon a determination that the person to be indemnified has met the applicable standard of conduct required. The determination is to be made by a majority vote of the directors who are not parties to the action, by a committee of such directors designated by a majority vote of such directors even though less than a quorum, or if there are no such directors or if such directors so direct, by independent counsel or by the stockholders. Expenses incurred in defense may be paid in advance of the final disposition of the suit upon receipt of an undertaking by the person to be indemnified to repay any amounts paid by the corporation if it is ultimately determined that he or she was not entitled to indemnification. The indemnification or advancement of expenses provided by the Delaware General Corporation Law is not exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors, or otherwise. Insurance may be purchased on behalf of any person entitled to indemnification by the corporation against any liability incurred in an official capacity regardless of whether the person can be indemnified under the statute.

*Traffic.com*

The certificate of incorporation of Traffic.com provides that Traffic.com shall indemnify to the fullest extent and in the manner permitted by the Delaware General Corporation Law each person who was or is made a party to or is threatened to be made a party to any threatened, pending or completed action, suit, or proceeding by reason of the fact that he or she, or a person whom he or she is the heir, executor or administrator is or was a director or officer or is or was serving at the request of Traffic.com as a director, officer or agent of another corporation. Traffic.com must only indemnify any such person seeking indemnification in connection with a proceeding initiated by such person if such proceeding was authorized by the board of directors.

*NAVTEQ*

The certificate of incorporation and bylaws of NAVTEQ provide that NAVTEQ will indemnify its directors and officers to the fullest extent and in the manner permitted by the Delaware General Corporation Law. The certificate of incorporation and bylaws of NAVTEQ also provide that NAVTEQ has the power to the extent and in the manner permitted by the Delaware General Corporation Law to indemnify its employees and agents. NAVTEQ must only indemnify any such person seeking indemnification in connection with a proceeding initiated by such person if such proceeding was authorized by the board of directors.

**Appraisal Rights**

A Delaware corporation may, but is not required to, provide in its certificate of incorporation that appraisal rights shall be available to stockholders in the event of an amendment to the certificate of incorporation, the sale of all or substantially all of the assets of the corporation or the occurrence of any merger or consolidation in which the Delaware corporation is a constituent company.

Under the Delaware General Corporation Law and in the event that the certificate of incorporation does not speak to these matters, stockholders are entitled to certain limited rights of appraisal in the event of a merger or consolidation of the corporation. The Delaware appraisal statute entitles the dissenting stockholder to payment for the fair value of his or her shares. However, under the Delaware appraisal statute and unless otherwise provided in the certificate of incorporation, appraisal rights are available only for mergers or consolidations of the corporation. Furthermore, no appraisal rights are available, under the Delaware General Corporation Law, for the stockholders of a Delaware corporation that is the surviving corporation in a merger for certain mergers that do not require stockholder approval. Moreover, no appraisal rights are available to stockholders of a Delaware corporation in a merger for any shares of stock which, at the record date for the vote on the merger, were either (a) listed on a national securities exchange or quoted on an inter-dealer quotation system by the National Association of Securities Dealers, Inc. or (b) held of record by more than 2,000 stockholders. However, appraisal rights are available to Delaware stockholders if the stockholders are required by the terms of an agreement of merger or consolidation to accept for the stock of the constituent corporation anything except (a) shares of stock of the corporation surviving or resulting from the merger or consolidation, or their depository receipts; (b) shares of stock of any other corporation, or their depository receipts, which shares of stock or depository receipts at the effective date of the merger or consolidation will be listed on a national securities exchange or designated as a national market systems security on an inter-dealer quotation system by the National Association of Securities Dealers, Inc. or held of record by more than 2,000 holders; (c) cash in lieu of fractional shares or fractional depository receipts; or (d) any combination of the shares of stock, depository receipts and cash in lieu of fractional shares or fractional depository receipts described above. Thus, appraisal rights are available under Delaware law for stockholders in a mixed stock/cash consideration merger.

*Traffic.com*

Traffic.com's certificate of incorporation does not include any provision regarding appraisal rights of its stockholders. The contemplated merger will give rise to the statutory appraisal rights provided for under Delaware law. Please see the section of this proxy statement/prospectus entitled "The Merger - Appraisal Rights" for more information on the appraisal rights of Traffic.com stockholders with respect to the merger.

*NAVTEQ*

NAVTEQ's certificate of incorporation does not include any provision regarding appraisal rights of its stockholders.

**Issuance of Additional Stock**

*Traffic.com*

Subject to limitations prescribed by the Delaware General Corporation Law, Traffic.com's board of directors has the authority to issue up to 30,000,000 shares of preferred stock divided into one or more series, to determine and fix the voting powers, designations, limitations, preferences and rights of those shares, and to issue up to a total of 100,000,000 shares of common stock of Traffic.com (including shares of common stock of Traffic.com currently issued and outstanding).

*NAVTEQ*

Subject to limitations prescribed by Delaware General Corporation Law, NAVTEQ's board of directors has the authority to issue up to 10,000,000 shares of preferred stock, to determine and fix the designations, voting powers, preferences and rights, qualifications, limitations and restrictions of those shares, and to issue up to a total of 400,000,000 shares of common stock of NAVTEQ (including shares of common stock of NAVTEQ currently issued and outstanding).

**Stockholder Voting on Mergers and Certain Other Transactions**

Under the Delaware General Corporation Law, whenever the approval of the stockholders of a corporation is required for an agreement of merger or consolidation or for a sale, lease or exchange of all or substantially all of its assets, the agreement, sale, lease or exchange must be approved by the affirmative vote of the holders of a majority of the outstanding shares entitled to vote. Notwithstanding the foregoing, under the Delaware General Corporation Law, unless required by its certificate of incorporation, no vote of the stockholders of a constituent corporation surviving a merger is necessary to authorize a merger if:

- the agreement of merger does not amend in any respect the certificate of incorporation of the constituent corporation;
- each share of stock of the constituent corporation outstanding immediately prior to the merger is to be an identical outstanding or treasury share of the surviving corporation after the merger; and
- either no shares of common stock of the surviving corporation and no shares, securities or obligations convertible into the common stock are to be issued under the agreement of merger, or the number of shares of common stock issued or so issuable does not exceed 20% of the number of shares of common stock outstanding immediately prior to the merger.

In addition, the Delaware General Corporate Law provides that a parent corporation that is the record holder of at least 90% of the outstanding shares of each class of stock of a subsidiary may merge the subsidiary into the parent corporation without the approval of the subsidiary's stockholders or board of directors and without the approval of the parent's stockholders.

*Traffic.com*

Neither the certificate of incorporation nor the bylaws of Traffic.com alters the statutory requirements for stockholder approval of mergers or asset sales.

*NAVTEQ*

Neither the certificate of incorporation nor the bylaws of NAVTEQ alters the statutory requirements for stockholder approval of mergers or asset sales.

**Business Combinations with Interested Stockholders**

The Delaware General Corporation Law contains a prohibition, subject to certain exceptions, on business combinations by a Delaware corporation with interested stockholders for a period of three years following the date that such holder became an interested stockholder unless:

- prior to the time the stockholder became an interested stockholder, the board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- the interested stockholder owned at least 85% of the voting stock of the corporation, excluding specified shares, upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder; or
- on or subsequent to the time the stockholder became an interested stockholder, the business combination is approved by the board of directors of the corporation and authorized by the affirmative vote, at an annual or special meeting and not by written consent, by at least 66 $\frac{2}{3}$ % of the outstanding voting shares of that corporation, excluding shares held by that interested stockholder.

Interested stockholders are generally defined under the statute as stockholders owning 15% or more of the outstanding voting stock of the corporation. This general prohibition was designed to discourage hostile take-over attempts of Delaware corporations by third parties. This provision of the Delaware General Corporation Law applies to publicly traded corporations incorporated in Delaware unless a corporation specifically opts out of coverage of the provision.

*Traffic.com*

Traffic.com's certificate of incorporation does not specifically opt out of this provision; therefore, the prohibitions described above are applicable to Traffic.com.

*NAVTEQ*

NAVTEQ's certificate of incorporation specifically opts out of this provision of the Delaware General Corporation Law; therefore, the prohibitions described above are not applicable to NAVTEQ.

**Stockholder Rights Plan**

Neither Traffic.com nor NAVTEQ currently has a stockholder rights plan in effect.

**Special Meetings**

Under the Delaware General Corporation Law, a special meeting of the stockholders may be called by the board of directors or any other person as may be authorized by the corporation's certificate of incorporation or bylaws.

*Traffic.com*

Traffic.com's bylaws and certificate of incorporation provide that special meetings of Traffic.com stockholders may be called by Traffic.com's board of directors, or by the chairman of the board, or by



the chief executive officer, or by one or more stockholders holding shares in the aggregate entitled to cast not less than 50% of the votes at that meeting. Traffic.com's bylaws include different notice procedures for a special meeting called by stockholders holding not less than 50% of the votes. In that case, the request for a special meeting specifying the general nature of the business proposed to be transacted, shall be delivered personally or sent by registered mail, other written communication, or electronic transmission to the chairman of the board, the chief executive officer, any vice president, or the secretary of the corporation. The secretary of the corporation must fix the time and date of the special meeting, which must be held not less than ten days nor more than sixty days after the receipt of the request for the special meeting, and must give notice to stockholders. Only business specified in a notice of a special meeting may be transacted at the meeting.

#### *NAVTEQ*

NAVTEQ's bylaws and certificate of incorporation provide that, except as required by law or by any certificate of designation relating to any series of preferred stock, special meetings of stockholders of any class or series of stock may be called only by the board of directors pursuant to a resolution stating the purpose or purposes of the meeting, upon a written request filed with the corporation's secretary by any holder of record owning at least 25% of the then outstanding shares of common stock, or upon a written request filed with the secretary of the corporation of the holders of record owning, in the aggregate, at least 50% of the then outstanding shares of common stock. The bylaws further provide that only business stated in the meeting notice may be considered at special meetings of NAVTEQ stockholders. Either the board of directors or any stockholder who is a stockholder of record as of the date of the notice of the meeting may make nominations of persons for election to the board of directors during a special meeting of stockholders at which directors are to be elected pursuant to the notice of meeting.

#### **Action by Stockholders Without a Meeting**

Delaware General Corporation Law permits the stockholders of a corporation to consent in writing to any action without a meeting, unless the certificate of incorporation of that corporation provides otherwise, provided the consent is signed by stockholders having at least the minimum number of votes required to authorize that action at a meeting of stockholders at which all shares entitled to vote thereon were present and voted.

#### *Traffic.com*

The certificate of incorporation and bylaws of Traffic.com state that stockholders of the corporation may not take any action by written consent in lieu of a meeting.

#### *NAVTEQ*

The certificate of incorporation and bylaws of NAVTEQ provide that, except as otherwise provided by any certificate of designation relating to any series of preferred stock, any action required or permitted to be taken by the stockholders of the corporation must be effected at a duly called annual or special meeting and may not be effected through any written consent.

#### **Charter and Bylaws Amendments**

Under the Delaware General Corporation Law, an amendment or change to the certificate of incorporation generally requires the approval of the board of directors, followed by the approval of the amendment by the affirmative vote of the owners of a majority of the outstanding shares entitled to vote on the amendment. When an amendment of the certificate would adversely affect the rights of a class of stock or the rights of a series or a class, Delaware General Corporation Law provides that the



enactment of the amendment also requires the affirmative vote of the owners of a majority of the outstanding shares of the affected class or series.

Under Delaware General Corporation Law, bylaws may be adopted, amended or repealed by the stockholders entitled to vote provided that any corporation may, in its certificate of incorporation, confer this power upon the directors. However, the power vested in the stockholders shall not be divested or limited where the board of directors also has this power.

*Traffic.com*

Traffic.com's certificate of incorporation provides that Article Six (regarding amendment of the bylaws), Article Nine (regarding management of the business and conduct of the affairs of the corporation), Article Ten (regarding the prohibition on shareholder action by written consent), and Article Eleven (regarding special meetings) of the certificate of incorporation may not be amended or repealed without the affirmative vote of at least 75% of the votes which all stockholders would be entitled to cast in any annual election of directors or class of directors. Traffic.com's certificate of incorporation also provides that the board of directors has the power to adopt, amend, alter or repeal the bylaws by an affirmative vote of a majority of directors present at any regular or special meeting of the board of directors where a quorum is present. The bylaws may also be adopted, amended, altered or repealed by the affirmative vote of the holders of at least 75% of the votes which all stockholders would be entitled to cast in any annual election of directors or class of directors.

*NAVTEQ*

NAVTEQ's certificate of incorporation provides that Article Seven of the certificate of incorporation (regarding indemnification) may not be amended, repealed, or modified unless such action is approved by the affirmative vote of at least 75% of the outstanding common stock of the company, subject to the provisions of any series or class of preferred stock which may, at the time, be outstanding. The certificate of incorporation further states that the corporation reserves the right to amend or repeal any provision contained in the certificate of incorporation so long as such amendment or repeal is effected in the manner prescribed in the certificate of incorporation and under the laws of the State of Delaware. All rights granted to the stockholders are subject to that reservation. NAVTEQ's bylaws provide that the bylaws may be amended or repealed or new bylaws may be adopted by the stockholders. In addition to any vote of the holders of any class or series of stock of NAVTEQ required by law and any vote provided for in its certificate of incorporation, the affirmative vote of a majority of the voting power of all of the then-outstanding shares of the capital stock of NAVTEQ entitled to vote generally in the election of directors, voting together as a single class, shall be required to adopt, amend or repeal any provision of the bylaws. The board of directors also has the authority to adopt, amend or repeal the bylaws subject to the power of the stockholders to adopt, amend, or repeal such bylaws and provided that the board of directors shall not adopt, amend, or repeal the section regarding amendments to the bylaws or any bylaws fixing the qualifications, classifications, term of office, or compensation of directors, or relating to vacancies in the board of directors.

## ADDITIONAL INFORMATION

### Stockholder Proposals

Pursuant to Rule 14a-8 under the Exchange Act, stockholders may present proposals for inclusion in a company's proxy statement and for consideration at the next annual meeting of its stockholders by submitting their proposals to the company in a timely manner.

#### *NAVTEQ*

Stockholders may nominate director candidates and make proposals to be considered at the 2007 Annual Meeting. In accordance with NAVTEQ's bylaws, any stockholder nominations of one or more candidates for election as directors at the 2007 Annual Meeting or any other proposal for consideration at the 2007 Annual Meeting must be received by the Secretary of NAVTEQ at the address set forth below, together with certain information specified in NAVTEQ's bylaws, not later than the 90th day nor earlier than the 120th day prior to the first anniversary of the preceding year's annual meeting (in this case, January 10, 2007 to February 9, 2007); provided, however, that in the event that the date of the annual meeting is more than 30 days before or more than 30 days after such anniversary date, notice by the stockholder must be so received not earlier than the 120th day prior to the annual meeting and not later than the later of the 90th day prior to the annual meeting or the 10th day following the day on which public announcement of the date of the meeting is first made by us.

In addition to being able to present proposals for consideration at the 2007 Annual Meeting, stockholders may also be able to have their proposals included in NAVTEQ's proxy statement and form of proxy for the 2007 Annual Meeting. In order to have had a stockholder proposal included in the proxy statement and form of proxy, the proposal must have been delivered to NAVTEQ at the address set forth below not later than December 1, 2006, and the stockholder must have otherwise complied with applicable SEC requirements and NAVTEQ's bylaws.

The form of proxy issued with NAVTEQ's 2007 proxy statement will confer discretionary authority to vote for or against any proposal made by a stockholder at NAVTEQ's 2007 Annual Meeting and which is not included in NAVTEQ's proxy statement. However, such discretionary authority may not be exercised if the stockholder proponent has given to NAVTEQ's Secretary notice of such proposal between January 10, 2007 and February 9, 2007, and certain other conditions provided for in the SEC's rules have been satisfied.

A copy of the full text of the bylaw provisions discussed above may be obtained on NAVTEQ's web site at [www.navteq.com](http://www.navteq.com) under Corporate Governance Investor Relations or by writing to the Secretary of NAVTEQ. All notices and nominations referred to above must be sent to the Secretary of NAVTEQ, at the following address: NAVTEQ Corporation, 222 Merchandise Mart, Suite 900, Chicago, Illinois 60654, Attention: Lawrence M. Kaplan, Senior Vice President, General Counsel and Secretary.

#### *Traffic.com*

Traffic.com will hold a 2007 annual meeting of stockholders only if the merger is not completed. Traffic.com stockholders may submit proposals for inclusion in Traffic.com's 2007 proxy statement and consideration at the 2007 annual meeting of its stockholders. To comply with the advance notice requirements in Traffic.com's bylaws and with the requirements of the Securities Exchange Act of 1934, a stockholder seeking to include a proposal in Traffic.com's proxy materials for the 2007 annual meeting of stockholders must submit the proposal in writing to the Secretary of Traffic.com not less than 90 days nor more than 120 days before the anniversary date of the previous year's annual meeting and must otherwise comply with the requirements of Traffic.com's bylaws and Rule 14a-8 under the Exchange Act.

If the date of the 2007 annual meeting changes by more than 20 days or is delayed by more than 60 days from the anniversary of the previous year's annual meeting, stockholder proposals must be received not earlier than 120 days prior to the annual meeting and not later than the close of business on the later of (i) 90 days prior to the date of the meeting and (ii) ten days following the date on which notice of the date of the annual meeting was mailed or public disclosure of the date of the annual meeting was made, whichever occurs first. You may obtain a copy of the full text of the bylaws provisions concerning stockholder proposals by writing to the Secretary of Traffic.com. All such requests and notices of proposals by stockholders should be sent to Traffic.com, 851 Duportail Road, Wayne, PA 19087, Attention: Secretary, Brian J Sisko.

### **Legal Matters**

The legality of the shares of NAVTEQ common stock to be issued in the merger will be passed upon for NAVTEQ by Pepper Hamilton LLP. Certain United States federal income tax consequences of the merger will be passed upon for NAVTEQ by Pepper Hamilton LLP and for Traffic.com by Klehr, Harrison, Harvey, Branzburg & Ellers LLP.

### **Experts**

The consolidated financial statements and schedule of NAVTEQ as of December 31, 2004 and 2005, and for each of the years in the three-year period ended December 31, 2005, and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2005 have been incorporated by reference herein and in the registration statement in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The consolidated financial statements of Traffic.com at December 31, 2005 and 2004 and for each of the three years in the period ended December 31, 2005, included in this proxy statement/prospectus, which is referred to and made a part of this proxy statement/prospectus and registration statement, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

## WHERE YOU CAN FIND MORE INFORMATION

NAVTEQ and Traffic.com file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy these reports, statements or other information filed by either NAVTEQ or Traffic.com at the public reference facilities maintained by the SEC in Room 1590, 100 F Street, N.E., Washington, D.C. 20002. You may call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. The SEC filings of NAVTEQ and Traffic.com are also available to the public at the website maintained by the SEC at [www.sec.gov](http://www.sec.gov).

NAVTEQ has filed a registration statement on Form S-4 to register with the SEC the NAVTEQ common stock to be issued to Traffic.com stockholders in the merger. This proxy statement/prospectus is a part of that registration statement and constitutes a prospectus of NAVTEQ, in addition to being a proxy statement of Traffic.com for its special meeting. The registration statement, including the attached annexes, exhibits and schedules, contains additional relevant information about NAVTEQ, NAVTEQ common stock and Traffic.com. As allowed by SEC rules, this proxy statement/prospectus does not contain all the information you can find in the registration statement or the exhibits to the registration statement.

The SEC allows NAVTEQ to incorporate by reference information into this proxy statement/prospectus. This means that NAVTEQ can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be a part of this proxy statement/prospectus, except for any information that is superseded by information that is included directly in this proxy statement/prospectus or incorporated by reference subsequent to the date of this proxy statement/prospectus.

This proxy statement/prospectus incorporates by reference the documents listed below that NAVTEQ has previously filed with the SEC. They contain important information about NAVTEQ and its financial condition. The following documents, which were filed by NAVTEQ with the SEC, are incorporated by reference into this proxy statement/prospectus:

- Annual Report of NAVTEQ on Form 10-K for the fiscal year ended December 31, 2005, filed with the SEC on March 9, 2006;
- Quarterly Report of NAVTEQ on Form 10-Q for the quarterly period ended October 1, 2006, filed with the SEC on November 7, 2006;
- Quarterly Report of NAVTEQ on Form 10-Q for the quarterly period ended July 2, 2006, filed with the SEC on August 4, 2006;
- Quarterly Report of NAVTEQ on Form 10-Q for the quarterly period ended April 2, 2006, filed with the SEC on May 5, 2006;
- Current Reports of NAVTEQ on Form 8-K or Form 8-K/A filed on January 9, 2006, February 7, 2006, March 3, 2006, May 11, 2006, August 15, 2006, November 6, 2006, December 4, 2006, December 6, 2006, December 15, 2006 and January 10, 2007 (to the extent that the information in such filings is deemed to be filed and not furnished pursuant to the requirements of Form 8-K); and
- the description of NAVTEQ's common stock contained in its registration statement on Form 8-A filed on August 2, 2004 under Section 12(b) of the Exchange Act

In addition, NAVTEQ incorporates by reference additional documents that it may file with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 between the date of this proxy statement/prospectus and the date of Traffic.com's special meeting. These documents include periodic reports, such as annual reports on Form 10-K, quarterly reports on

## Edgar Filing: NAVTEQ CORP - Form S-4/A

Form 10-Q and current reports on Form 8-K (to the extent that the information in such filings is deemed to be filed and not furnished pursuant to the requirements of Form 8-K).

NAVTEQ also incorporates by reference the agreement and plan of merger attached to this proxy statement/prospectus as *Annex A*.

NAVTEQ has supplied all information contained in or incorporated by reference into this proxy statement/prospectus relating to NAVTEQ and Traffic.com has supplied all information contained in this proxy statement/prospectus relating to Traffic.com.

You can obtain any of the documents incorporated by reference into this proxy statement/prospectus from NAVTEQ through the SEC Filings link located on the investor relations page of its website at [www.navteq.com](http://www.navteq.com) or from the Securities and Exchange Commission, which is referred to as the SEC, through the SEC's website at [www.sec.gov](http://www.sec.gov). Documents incorporated by reference are also available from NAVTEQ without charge, excluding any exhibits to those documents, unless the exhibit is specifically incorporated by reference as an exhibit in this proxy statement/prospectus. Traffic.com stockholders may request a copy of such documents by contacting NAVTEQ at:

NAVTEQ Corporation  
222 Merchandise Mart, Suite 900  
Chicago, Illinois 60654  
Attn: Investor Relations  
Telephone: (312) 894-7000

You may obtain copies of information relating to Traffic.com, without charge, by contacting Traffic.com at:

Traffic.com, Inc.  
851 Duportail Road  
Wayne, Pennsylvania  
Attn: General Counsel  
Telephone: (610) 725-9700

We are not incorporating the contents of the websites of the SEC, NAVTEQ, Traffic.com or any other person into this document. We are only providing the information about how you can obtain certain documents that are specifically incorporated by reference into this proxy statement/prospectus at these websites for your convenience.

**IN ORDER FOR YOU TO RECEIVE TIMELY DELIVERY OF THE DOCUMENTS INCORPORATED BY REFERENCE INTO THIS PROXY STATEMENT/PROSPECTUS IN ADVANCE OF THE TRAFFIC.COM SPECIAL MEETING, NAVTEQ SHOULD RECEIVE YOUR REQUEST NO LATER THAN \_\_\_\_\_, 2007, WHICH IS FIVE BUSINESS DAYS PRIOR TO THE SPECIAL MEETING.**

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Traffic.com, Inc.

Audited Consolidated Financial Statements

<u>Report of Independent Registered Public Accounting Firm</u>	<u>F-2</u>
<u>Consolidated Balance Sheets as of December 31, 2005 and 2004</u>	<u>F-3</u>
<u>Consolidated Statements of Operations for each of the three years in the period ended December 31, 2005</u>	<u>F-4</u>
<u>Consolidated Statements of Stockholders' Deficit for each of the three years in the period ended December 31, 2005</u>	<u>F-5</u>
<u>Consolidated Statements of Cash Flows for each of the three years in the period ended December 31, 2005</u>	<u>F-6</u>
<u>Notes to Consolidated Financial Statements</u>	<u>F-7</u>

Unaudited Condensed Interim Consolidated Financial Statements

<u>Condensed Consolidated Balance Sheets as of September 30, 2006 (unaudited) and December 31, 2005</u>	<u>F-36</u>
<u>Condensed Consolidated Statements of Operations (unaudited) for the three and nine month periods ended September 30, 2006 and 2005</u>	<u>F-37</u>
<u>Condensed Consolidated Statements of Cash Flows (unaudited) for the nine month periods ended September 30, 2006 and 2005</u>	<u>F-38</u>
<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	<u>F-39</u>

F-1

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**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Stockholders  
Traffic.com, Inc.

We have audited the accompanying consolidated balance sheets of Traffic.com, Inc. as of December 31, 2005 and 2004, and the related consolidated statements of operations, stockholders' deficit, and cash flows for each of the three years in the period ended December 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with 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. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and 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 Traffic.com, Inc. at December 31, 2005 and 2004, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2005, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Philadelphia, PA  
March 10, 2006

F-2

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**TRAFFIC.COM, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(In Thousands, Except Share Amounts)

	2004	2005
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 4,898	\$ 13,143
Accounts receivable, net of allowance of \$950 and \$779 at December 31, 2004 and 2005, respectively	9,859	10,177
Government services receivables	1,501	2,091
Deferred offering costs		2,368
Other current assets	1,323	723
Total current assets	17,581	28,502
Property and equipment, net	14,885	23,816
Intangible assets, net		130
Deferred financing fees	98	1,531
Restricted cash, net	1,002	780
Other long-term assets	164	219
Total assets	\$ 33,730	\$ 54,978
<b>Liabilities, redeemable convertible preferred stock, and stockholders deficit</b>		
Current liabilities:		
Accounts payable	\$ 2,496	\$ 3,023
Accrued station compensation	3,321	3,032
Accrued legal settlements		7,125
Other accrued expenses	1,665	4,528
Revolving credit facility	810	4,128
Current portion of deferred revenue	604	1,711
Current portion of deferred license fees	400	1,148
Current maturities of long-term debt	33	
Total current liabilities	9,329	24,695
Senior secured credit facility and accrued interest	23,744	37,659
Deferred revenue	17,793	23,261
Deferred license fees	9,170	9,385
Asset retirement obligation		678
	60,036	95,678
Redeemable convertible preferred stock, \$0.01 par value:		
Series E; 18,000,000 shares authorized and 16,265,094 issued and outstanding at December 31, 2004 and 2005; liquidation preference of \$65,060 at December 31, 2004 and 2005	32,530	32,530
Series E-1; 6,419,811 shares authorized issued and outstanding at December 31, 2004, and 2005; liquidation preference of \$11,448, and \$12,364 at December 31, 2004 and 2005, respectively	7,284	9,321
Series F; 6,000,000 shares authorized and 5,042,090 issued and outstanding at December 31, 2005; liquidation preference of \$20,168 at December 31, 2005		15,126
	39,814	56,977
Stockholders deficit:		
Common stock, \$0.01 par value, 69,580,189 shares authorized and 3,427,043, and 3,826,325 shares issued and outstanding at December 31, 2004 and 2005, respectively;	35	39
Additional paid-in capital	48,641	61,566
Notes receivable from stockholders	(505 )	(177 )
Deferred stock based compensation		(1,672 )
Accumulated deficit	(114,291 )	(157,433 )
Total stockholders deficit	(66,120 )	(97,677 )
Total liabilities, redeemable convertible preferred stock and stockholders deficit	\$ 33,730	\$ 54,978

See accompanying notes to audited consolidated financial statements.



**Traffic.com, Inc.**  
**Consolidated Statements of Operations**

(In Thousands, Except Per  
Share Amounts)

	Year ended December 31		
	2003	2004	2005
Revenue:			
Advertising	\$ 36,045	\$ 39,449	\$ 38,871
Traffic data services	581	2,993	4,422
License agreement	750		
	37,376	42,442	43,293
Cost of revenue	30,988	32,090	33,567
Gross margin	6,388	10,352	9,726
Operating expenses:			
Research and development	2,828	3,647	3,905
Sales and marketing	14,086	12,032	16,177
General and administrative	6,402	7,229	8,704
Legal settlements			18,473
	23,316	22,908	47,259
Loss from operations	(16,928 )	(12,556 )	(37,533 )
Interest income (expense), net	(4,151 )	(3,428 )	(5,609 )
Net loss	\$ (21,079 )	\$ (15,984 )	\$ (43,142 )
Redemption and accretion of redeemable convertible preferred stock	34,824	(2,128 )	(2,037 )
Net income (loss) attributable to common stockholders	\$ 13,745	\$ (18,112 )	\$ (45,179 )
Net income (loss) attributable to common stockholders per share:			
Basic	\$ 5.15	\$ (5.91 )	\$ (13.00 )
Diluted	\$ 1.45	\$ (5.91 )	\$ (13.00 )
Number of shares used in per share calculation:			
Basic	2,671	3,064	3,474
Diluted	9,492	3,064	3,474

See accompanying notes to audited consolidated financial statements.

F-4

## Traffic.com, Inc.

## Consolidated Statements of Stockholders Deficit

(In Thousands, Except Share Amounts)

	Common Stock Shares	Par Value	Additional Paid-in Capital	Notes Receivable from Stockholders	Deferred Stock-Based Compensation	Accumulated Deficit	Total
Balance at January 1, 2003	1,873,032	\$ 19	\$	\$ (129 )	\$	\$ (77,228 )	\$ (77,338 )
Exercise of common stock options	40,701		88	(52 )			36
Conversion of preferred stock	1,051,810	11	14,935				14,946
Redemption of Series D preferred stock			25,444				25,444
Exchange of Series A through D preferred stock for common stock			11,680				11,680
Stock based compensation related to stock options granted to non-employees			319				319
Issuance of common stock warrants			75				75
Preferred stock accretion			(2,300 )				(2,300 )
Net loss						(21,079 )	(21,079 )
Balance at December 31, 2003	2,965,543	30	50,241	(181 )		(98,307 )	(48,217 )
Exercise of common stock options	461,500	5	528	(324 )			209
Preferred stock accretion			(2,128 )				(2,128 )
Net loss						(15,984 )	(15,984 )
Balance at December 31, 2004	3,427,043	35	48,641	(505 )		(114,291 )	(66,120 )
Exercise of common stock options	32,489		44				44
Exercise of common stock warrants	66,231	1	36				37
Issuance of common stock in settlement of litigation	300,562	3	3,453				3,456
Issuance of common stock warrants			2,477				2,477
Repayment of stockholder notes				328			328
Investor share of legal settlement treated as capital contribution			7,125				7,125
Deferred stock-based compensation related to employee stock options			1,827		(1,827 )		
Amortization of deferred stock-based compensation					155		155
Preferred stock accretion							