

Navigation Technologies is the driving force behind an industry on the move: the digital navigation industry. Our NAVTECH® digital maps power products for vehicle, internet/wireless, business, and government applications. Backed by Navigation Technologies' expertise, map technology, and support, developers are creating applications that change the way the world navigates. They're dramatically improving the speed, ease, and efficiency required to move people, services, and products from Point A to Point B.

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Financial Highlights

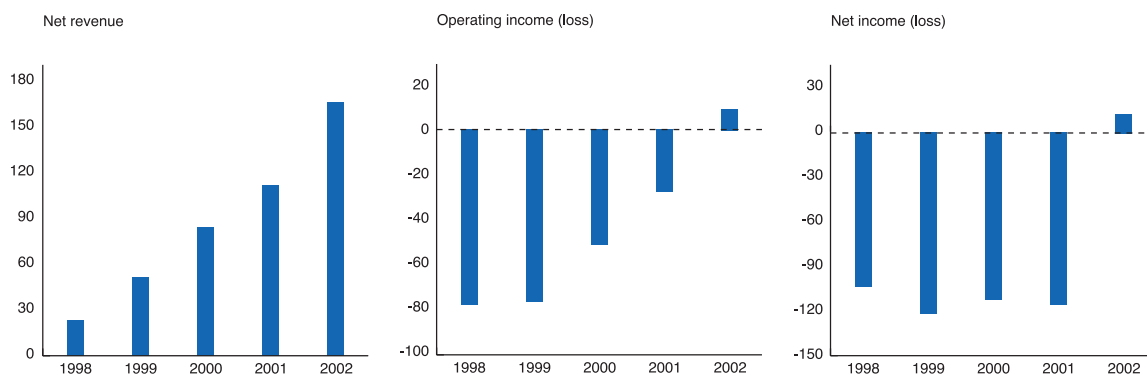
Navigation Technologies Corporation and Subsidiaries

(In thousands except per share data)

	Years Ended December 31,				
	1998	1999	2000	2001	2002
Consolidated Statement of Operations Data:					
Net revenue	\$ 26,844	51,088	82,195	110,431	165,849
Database licensing and production costs	69,039	73,987	78,659	80,653	94,634
Selling, general, and administrative expenses	37,684	56,043	54,855	58,669	61,287
	<u>106,723</u>	<u>130,030</u>	<u>133,514</u>	<u>139,322</u>	<u>155,921</u>
Operating income (loss)	(79,879)	(78,942)	(51,319)	(28,891)	9,928
Other expense, net	(24,798)	(42,053)	(58,249)	(18,050)	(668)
Income (loss) before income taxes and extraordinary item	(104,677)	(120,995)	(109,568)	(46,941)	9,260
Income tax expense	—	—	—	—	(1,105)
Income (loss) before extraordinary item	(104,677)	(120,995)	(109,568)	(46,941)	8,155
Extraordinary loss on early extinguishment of debt, net of tax	—	—	—	(69,568)	—
Net income (loss)	(104,677)	(120,995)	(109,568)	(116,509)	8,155
Cumulative preferred stock dividends	—	—	—	(91,417)	(110,464)
Net loss applicable to common stockholders	<u>\$(104,677)</u>	<u>(120,995)</u>	<u>(109,568)</u>	<u>(207,926)</u>	<u>(102,309)</u>
Basic and diluted loss per share of common stock before extraordinary item	\$ (0.31)	(0.32)	(0.28)	(0.35)	(0.17)
Basic and diluted loss per share of common stock related to extraordinary item	—	—	—	(0.17)	—
Basic and diluted loss per share of common stock	<u>\$(0.31)</u>	<u>(0.32)</u>	<u>(0.28)</u>	<u>(0.52)</u>	<u>(0.17)</u>
Weighted average shares used in per share computation	<u>334,643</u>	<u>380,653</u>	<u>396,664</u>	<u>398,178</u>	<u>594,242</u>
Other Data:					
Depreciation and amortization	\$ 3,277	3,345	5,193	8,541	10,563
Amortization of goodwill	6,092	11,677	—	—	—
Capital expenditures	(5,539)	(2,697)	(18,162)	(15,892)	(12,183)

	December 31,				
	1998	1999	2000	2001	2002
Consolidated Balance Sheet Data:					
Total assets	\$ 30,026	22,220	51,263	62,476	80,327
Long-term debt	165,252	237,632	339,733	—	—
Total stockholders' equity (deficit)	(163,389)	(259,360)	(345,908)	3,571	11,237

(In millions of dollars)



To Our Stockholders

We are pleased to report that your Company reached a significant milestone during 2002 by achieving profitability for the first time in its 17-year history. Driving our success was a dramatic growth in revenues, combined with the operating leverage that a database company generates, because a substantial portion of our cost base is not tied to sales volume.

Total revenues in 2002 grew 50 percent over 2001 and included significant increases in all of our regions—Europe, North America, Asia, and Africa—with favorable exchange rates contributing to the positive impact. We believe that the market for navigation products is growing because people are increasingly aware that navigation and location-based services provide value to businesses, through improved productivity and quality of service, and to individuals, by enhancing quality of lifestyle. This growth was reflected in all of our businesses, including consumer, business, government, and vehicle. In 2002, more automobile models than ever before offered navigation systems. The consumer take rate for these models continued to increase and helped drive sales volume despite a decline in overall car sales from the prior year. Combined with the quality of our database and the effectiveness of our global sales and services teams, these factors helped our NAVTECH® digital maps capture increased market share.

We continued to increase our investment in NAVTECH data in terms of depth, quality, and geographic reach around the world. New countries introduced by our World Markets business unit, such as Oman, Qatar, and Taiwan, increased our overall coverage to 37 countries on four continents. We continued to expand our coverage in existing regions, introducing full coverage in North America, adding Norway and the Czech Republic in Europe, and collecting more precise geometry and data to support new advanced driver assistance systems. As they created new roads and updated existing roads in our database, our 400+ field staff drove millions of miles and kilometers—a data collection method for which we believe there is no substitute when the goal is to ensure the highest quality.

“Navigation Technologies is helping to shape a world in which everyone finds their way to people, places and opportunities more easily and safely than ever before.”



Making NAVTECH® data easy to use is as important as making it high quality. New product development included the introduction of an integrated technology strategy that we believe will transform the collection, processing, delivery, and interoperability of digital navigable maps to support the next generation of location-based services that is just beginning to emerge in the marketplace. This technology will enable us to supply our map data dynamically, making it not only more timely, but also enabling it to be personalized to the individual consumer. Another product development highlight was a multi-partner collaboration to demonstrate the potential of wireless delivery of real-time traffic information to an automobile navigation system. The innovativeness of our product development efforts was validated by the issuance in 2002 of 30 new patents in the U.S., bringing the grand total to 85.

Through ISO recertifications and new ISO initiatives, we continued to reach for the highest quality standards throughout our operation. In addition, we continued to streamline and improve product deliveries, reducing reshipments to an all-time low, and elevating the quality of our customer service—all of which helped the Company win new distribution business.

Great businesses employ great people, and we believe ours are the best in the industry. As their contributions drive us down a path of continued progress to a bright future and continued growth despite uncertainty in the economy and the world, we believe Navigation Technologies is helping to shape a world in which everyone finds their way to people, places, and opportunities more easily and safely than ever before.

We look forward with enthusiasm and excitement to offering richer and fresher map technology and superior services that drive the world's navigation applications, and we are committed to ensuring that NAVTECH digital maps remain the preferred choice among customers around the world.



A stylized, handwritten signature in black ink.

Richard J.A. de Lange
Chairman of the Board
Navigation Technologies Corporation
Advisor, Board of Management
Royal Philips Electronics



A stylized, handwritten signature in black ink.

Judson C. Green
President and CEO
Navigation Technologies Corporation



We're focused on the highest quality maps in the world.



Since 1985, we've built our reputation on an obsession with digital map data. And that obsession drives us today. From offices around the world, our field analysts travel hundreds of miles each day, millions of miles each year, digitally mapping streets, roads, and highways.

We use the top tools to create a digital map that reflects reality.

Armed with the latest satellite technology, exclusive and patented tools, and a standardized collection methodology, Navigation Technologies field analysts collect data with maximum precision. They divide each road by segment, then characterize each segment by up to 150 legal, logical, and physical attributes. These range from house numbers and turn restrictions to road sign information. And we don't stop there. We also add points of

interest—including banks, hospitals, restaurants, and airports—in 46 different categories. And once the map is in use, we regularly return to the roads to ensure NAVTECH® digital maps reflect a constantly changing road network.

We're covering the world. One inch, meter, and mile at a time.

NAVTECH maps already cover 37 countries on four continents. That includes 99.7 percent of the U.S. population, 60 percent of Canada, and 98 percent of Western Europe.

The demand is growing. And Navigation Technologies is responding. In 2002, we introduced new coverage in Oman, Qatar, Saudi Arabia, South Africa, and Taiwan. In 2003, we intend to map additional key urban areas throughout the world.

We have state-of-the-art tools to stay ahead on the road to tomorrow.

At Navigation Technologies, our focus has always been on collecting data that is a true reflection of real-world conditions. Each day, field analysts push to new levels of accuracy, covering the highways and streets of the world, finding and recording the details, then reexamining, remapping—verifying—the data in our digital maps.

Each Navigation Technologies field team is equipped with a proprietary, sophisticated digital data collection system. This system was developed through intensive in-field use, the product of 17 years of ongoing data collection. Today our data collection system uses state-of-the-art technology to ensure data freshness, richness, and accuracy.

We call it GWS. It stands for “the best there is.”

At the heart of the system is our exclusive software called GWS. This powerful tool is customized for the creation of a high quality navigable map database, capturing real-world road details that are clear and uniform. By integrating GWS with a global positioning satellite (GPS) component, we enable efficient real-time, on-the-spot collection and verification of road data attributes. Field analysts also use a range of advanced peripherals—touch screens, pen tablets, headsets, joysticks, gyros, and other sensors—that make on-the-fly, in-traffic data collection easy and accurate. The result is a database that is fresh, reliable, and accurate.



“The result is a database that is fresh, reliable, and accurate.”



Building the markets of the future.

Navigation Technologies has built one of the most-comprehensive, accurate geographic databases in the world. Today, we stand on the threshold of solid expansion and opportunity in the industries we serve. And we're investing in the resources that will help ensure these markets grow.

Vehicle applications. Digital map of choice.

NAVTECH® digital maps are the heart of automotive navigation. They drive every North American system and the majority of systems in Europe. And the future is strong. Onboard navigation devices saw strong growth in 2002 and are expected to continue to grow.

Internet/Wireless. Driving new applications.

NAVTECH maps power the most popular map sites on the web. And, through key partnerships, we're developing the next generation of location-based services — products that will allow consumers to use PDAs and cell phones to find restaurants and

shopping, navigate unfamiliar city streets, and change the way people think about maps.

Business Solutions. Improving business efficiencies.

We're helping companies meet complex route optimization and scheduling needs, manage key assets, and lower costs while improving customer service. Navigation Technologies provides location solutions to key sectors such as fleet, GIS, and emerging enterprise applications.

Government. A new era of civil preparedness.

NAVTECH maps are quickly becoming preferred as the focus on traveler safety, congestion mitigation, and homeland security increases. Key new customers in 2002 included the U.S. National Imagery and Mapping Agency (NIMA). A growing list of municipal agencies, including the New York Fire Department and Boston Police Department, also now rely on highly accurate NAVTECH data.

We have seen the next generation of technology. And it is ours.

NAVTECH® digital maps have helped establish the foundation for a new era of navigation. Now we're preparing for the future by developing and refining the technology around which the next generation of digital navigation will revolve.

Giving navigation its voice.

Linked to a highly accurate and comprehensive database, NAVTECH Voice Data enables safer and easier to use navigation systems by allowing voice commands to coincide with real-world conditions and onboard map graphics.

In 2002, we took this key product to a new level of detail, launching voice data sets for the U.S., the United Kingdom, Germany, France, Spain, and Italy. On these sets, generic commands such as "right turn ahead" have been replaced by road-network-specific commands such as, "approaching complex intersection; take second right onto Maple Avenue."

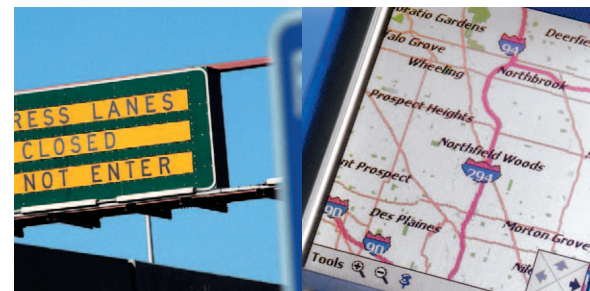
Driving for real-time traffic.

Real-time traffic will one day allow drivers to select alternate routes around rush-hour traffic jams, helping eliminate bottlenecks and cutting travel times. Indeed, real-time traffic information is a key to the growth of our industry. It will help navigation become a more significant part of everyday life. In Europe, where traffic data is generated through public sources, we increased the number of traffic codes in our database by 41 percent. In North America, in October 2002, we unveiled our first live demonstration of a real-time traffic solution featuring traffic incident and flow information for a city's major roadways. This marked a significant step toward a viable commercial solution, one that will deliver real-time information on congestion, incidents, and road conditions.

Developing the tools that keep fresh data fresh.

Market demand for rich, fresh digital maps is growing, but roads and routes and details constantly change. Navigation Technologies is developing an exclusive, adaptable architecture, called I-MAP, that will help keep our data fresh and accurate. This architecture shortens the time from data gathering to use, enabling incremental updates, and allowing us to add more-dynamic data to our database.

"Traffic will help navigation become a more significant part of everyday life."



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JAMES M. HERBST
Vice President, Digital Mapping Operations

LAWRENCE M. KAPLAN
Vice President, General Counsel

CHRISTINE C. MOORE
Vice President, Human Resources

Companies using NAVTECH® maps (partial listing):

AAA Aisin AW ALK Alpine AOL/Mapquest.com AT&T ATX Audi of America BMW Group: BMW, Mini Bosch/Blaupunkt City of Boston

Daimler Chrysler AG: Chrysler, Jeep Denso Descartes Ford Motor Company: Aston Martin, Ford, Jaguar, Land Rover, Mazda, Lincoln, Volvo

Garmin General Motors: Cadillac, Oldsmobile, Opel, Pontiac, Saab, Vauxhall GeoDecisions Harman Honda Motor Co: Acura, Honda Intergraph

Mapopolis Microsoft Motorola Melco National Imagery and Mapping Agency Navigation Solutions NAVMAN Nissan Motor Co: Infiniti,

Nissan Onstar Oracle Panasonic Pioneer Porsche Rand McNally RouteSmart Siemens VDO Thales Navigation Toyota Motor

Corporation: Lexus, Toyota VersaTrans Vindigo Visteon Volkswagon of America Waste Management Webraska Zenrin

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