

CONFIDENTIAL

February 10, 2014

The Board of Directors
AutoNavi Holdings Limited
16/F, Section A, Focus Square
No 6, Futong East Avenue, Wangjing
Chaoyang District, Beijing 100102
The People's Republic of China

Dear Members of the Board of Directors:

Alibaba Group Holding Limited (“**Alibaba**”, “**we**” or “**us**”) is pleased to submit this preliminary non-binding proposal to acquire all of the outstanding ordinary shares and American Depositary Shares, each representing four ordinary shares (“**ADSs**”), of AutoNavi Holdings Limited (the “**Company**”) not already beneficially owned by us in a going private transaction (the “**Acquisition**”) as described below.

We believe our proposal provides an extremely attractive opportunity for AutoNavi's shareholders to realize superior value that is otherwise difficult for AutoNavi to achieve as a stand-alone company. The market for navigation and map applications and services has become increasingly challenging, as several larger, well-capitalized Internet players in China have become major competitors to the Company. We believe that Alibaba is uniquely positioned to offer superior value to AutoNavi's shareholders based on our complementary, rather than competitive, business strategies and the potential synergies we can achieve from a full combination.

Our proposal represents a premium of 39.2%, 38.5% and 39.8% to the volume-weighted average price of the Company's ADSs during the last 10, 30 and 60 trading days, respectively.

We are very confident that the Acquisition can be closed on an expedited basis as outlined in this letter.

The key terms of our proposal are set forth below.

1. **Purchase Price.** We anticipate that the consideration payable in the Acquisition will be US\$21.00 in cash per ADS, or US\$5.25 in cash per ordinary share (other than those shares already beneficially owned by us), assuming that the Company's share capital consists of approximately 300.4 million ordinary shares (on a fully-diluted basis) based on information currently available to us.
2. **Funding.** We intend to fund 100% of the cash consideration payable in the Acquisition with our cash on hand. Accordingly, our proposal will not be subject to any uncertainty or delay relating to any third-party financing.
3. **Due Diligence.** Given our existing investment in the Company, we are already familiar with the Company's business. Therefore, we will not require an extensive or lengthy due diligence process for the Acquisition, and we are in a position to rapidly commence our due diligence immediately upon receiving access to the relevant materials. We have engaged Simpson Thacher & Bartlett as international legal counsel, Fangda Partners as PRC counsel, and Maples and Calder as Cayman Islands counsel.

CONFIDENTIAL

2

4. Definitive Agreements. We are prepared to promptly negotiate and finalize mutually satisfactory definitive agreements with respect to the Acquisition (the “**Definitive Agreements**”). The Definitive Agreements will provide for representations, warranties, covenants and conditions that are customary and appropriate for transactions of this type. We expect that the Definitive Agreements will be completed in parallel with our due diligence.
5. Process. We believe that the Acquisition will provide superior value to the Company’s shareholders. However, we recognize that the Board will evaluate the Acquisition independently before it can make its determination to endorse this proposal. We expect that the Board will form an independent committee to evaluate our proposal, and Alibaba’s representatives on the Board will recuse themselves from any deliberations with respect to the Acquisition. We note that Alibaba has a right of first refusal with respect to certain strategic transactions that involve the Company or its subsidiaries, including any merger or sale of the Company. In the course of considering the Acquisition, you should be aware that Alibaba is interested only in pursuing the Acquisition and does not intend to sell its stake in AutoNavi to any third party.
6. Public Disclosure. To comply with United States securities laws requirements, we will be required to disclose the nature of this proposal, as well as a copy of this letter, in an amendment to our existing Schedule 13D to be filed with the Securities and Exchange Commission.
7. Confidentiality. We trust you will agree with us that it is in our mutual interests to ensure that the parties proceed in a strictly confidential manner, except as otherwise required by law, until the execution of the Definitive Agreements or termination of our discussions in connection with the Acquisition.
8. No Binding Commitment. This letter constitutes only a preliminary indication of the key terms of our proposal, and does not constitute any binding commitment with respect to the Acquisition. Any such commitment will be contained only in the Definitive Agreements and on the terms provided therein.

We will be very focused on completing the Acquisition and hope that you are interested in promptly proceeding in a manner consistent with our proposal. We believe that the Acquisition will provide a compelling opportunity for AutoNavi’s shareholders to realize superior value on an expedited timeframe with a high degree of certainty of closing.


Should you have any questions concerning this proposal, please feel free to contact us at any time. We look forward to hearing from you.

[Signature page follows]



Sincerely,

ALIBABA GROUP HOLDING LIMITED

By:  _____

Name: Joseph C. Tsai

Title: Director