

Pandora Media, Inc.  
Form DEF 14A  
April 22, 2014

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**Pandora Media, Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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**Pandora Media, Inc.**

**2101 Webster Street, Suite 1650**

**Oakland, CA 94612**

**(510) 451-4100**

Dear Stockholder:

We cordially invite you to attend the Pandora Media, Inc. Annual Meeting of Stockholders, which will be held on June 4, 2014 at Cathedral of Christ the Light Event Center, Conference Room C, 2121 Harrison St., Oakland, CA 94612 at 7:30 a.m. Pacific Time. Doors open at 7:00 a.m. Pacific Time. The attached Notice of Annual Meeting of Stockholders and Proxy Statement contain details of the business to be conducted at the Annual Meeting. At the Annual Meeting, stockholders will vote on a number of important matters.

Our 2014 Annual Report to Stockholders includes our audited financial statements for the eleven months ending December 31, 2013, along with a discussion and analysis of our financial results. Please take the time to review our 2014 Annual Report and to read carefully each of the proposals described in the attached Proxy Statement.

Whether or not you attend the Annual Meeting, it is important that your shares be represented and voted at the meeting. Therefore, I urge you to promptly vote and submit your proxy via the Internet, or if you have elected to receive printed proxy materials, by phone or by signing, dating, and returning the enclosed proxy card in the enclosed envelope. If you decide to attend the Annual Meeting, you may vote in person. Please see the sections "If I am a stockholder of record of Pandora shares, how do I vote?" and "If I am the beneficial owner of Pandora shares held in street name, how do I vote?" in the Proxy Statement for additional instructions on how to vote your shares.

You may submit questions in advance of the Annual Meeting by email to [shareholder@pandora.com](mailto:shareholder@pandora.com), and we will respond to as many inquiries as time allows.

We will be using the "Notice and Access" method of providing proxy materials to stockholders via the Internet. This process will provide stockholders with a convenient and quick way to access the proxy materials and vote, while allowing us to conserve natural resources and reduce the costs of printing and distributing the proxy materials. We will mail on or about April 22, 2014 to many of our stockholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our Proxy Statement and our 2014 Annual Report, including our Transition Report on Form 10-K, and vote electronically via the Internet. This notice will also contain instructions on how to receive a paper copy of your proxy materials. All stockholders who do not receive a notice will receive a paper copy of the proxy materials by mail or an electronic copy of the proxy materials by email.

We will provide a live webcast of the Annual Meeting from the Pandora Investor Relations website at <http://investor.pandora.com>. A transcript along with the audio of the entire Annual Meeting will be available on the Investor Relations website after the meeting. We hope this webcast will allow those of you who are unable to attend the Annual Meeting in person to hear Pandora executives discuss our results for the eleven months ending December 31, 2013. In addition, we make available at our Investor Relations website free of charge a variety of information for investors. Our goal is to maintain the Investor Relations website as a portal through which investors can easily find or navigate to pertinent information about us.

On behalf of the Board of Directors, thank you for your continued support and ownership of Pandora Media, Inc.

Respectfully,

Brian McAndrews  
*Chairman and Chief Executive Officer*  
April 22, 2014

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## **Pandora Media, Inc.**

### **NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 4, 2014**

TO OUR STOCKHOLDERS:

The 2014 annual meeting of stockholders of Pandora Media, Inc. will be held on June 4, 2014, beginning at 7:30 a.m. Pacific Time, at Cathedral of Christ the Light Event Center, Conference Room C, 2121 Harrison St., Oakland, CA 94612, for the following purposes:

1. To elect three Class III directors to serve until our 2017 annual meeting of stockholders or until their respective successors are duly elected and qualified;
2. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2014;
3. To approve the 2014 Employee Stock Purchase Plan; and
4. To transact such other business as may properly come before the annual meeting or any postponement or adjournment thereof.

These items of business are more fully described in the proxy statement accompanying this notice. Our board of directors has fixed the close of business on April 8, 2014 as the record date for determination of the stockholders entitled to notice of, and to vote at, the annual meeting and any postponements or adjournments of the meeting.

We will mail to our stockholders of record and beneficial owners on or about April 22, 2014 a Notice of Internet Availability of Proxy Materials containing instructions on how to access our proxy statement and our 2014 Annual Report, including our Transition Report on Form 10-K for the eleven months ending December 31, 2013, via the Internet and vote online. The Notice of Internet Availability of Proxy Materials also contains instructions on how you can receive a paper copy of the proxy materials.

**Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting To Be Held on June 4, 2014: This proxy statement, along with our 2014 Annual Report, including our Transition Report on Form 10-K for the eleven months ending December 31, 2013, are available on the following website: <http://investor.pandora.com> in the "Annual Report and Proxy" section.**

All stockholders are cordially invited to attend the annual meeting in person. However, to assure your representation at the meeting, please vote as soon as possible.

By Order of the board of directors,

Delida Costin  
*Senior Vice President, General  
Counsel and Secretary*

Oakland, California

April 22, 2014

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**Pandora Media, Inc.**

**2101 Webster Street, Suite 1650  
Oakland, CA 94612  
(510) 451-4100**

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**PROXY STATEMENT FOR 2014 ANNUAL MEETING OF STOCKHOLDERS**

The enclosed proxy is solicited on behalf of the board of directors of Pandora Media, Inc. ("Pandora") for use at our 2014 annual meeting of stockholders, or at any postponement or adjournment of the meeting.

These proxy solicitation materials are first being made available on or about April 22, 2014, together with our Transition Report on Form 10-K for the eleven months ending December 31, 2013 ("Annual Report"), to all stockholders of record at the close of business on April 8, 2014.

**ABOUT THE MEETING**

**When and where is the meeting being held?**

Our annual meeting of stockholders for 2014 is being held on June 4, 2014 beginning at 7:30 a.m. Pacific Time at Cathedral of Christ the Light Event Center, Conference Room C, 2121 Harrison St., Oakland, CA 94612.

**What is the purpose of the annual meeting?**

At our 2014 annual meeting, stockholders will act on the matters outlined in the notice of annual meeting on the cover page of this proxy statement, namely,

the election of three Class III directors to serve until our 2017 annual meeting of stockholders or until their respective successors are duly elected and qualified;

the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2014;

approval of the 2014 Employee Stock Purchase Plan; and

any other matters that may properly be presented at the annual meeting.

**Who is entitled to notice of and to vote at the meeting?**

You are entitled to receive notice of and to vote at our annual meeting (and any postponements or adjournments of the meeting) if our records indicate that you owned shares of our common stock at the close of business on April 8, 2014, the record date for the meeting. At the close of business on that date, 205,332,382 shares of our common stock were outstanding and entitled to vote. You are entitled to one vote for each share held and you may vote on each matter to come before the meeting.

**Why did I receive a notice in the mail regarding Internet availability of proxy materials instead of a paper copy of printed materials?**

We are permitted to furnish proxy materials, including this proxy statement and our Annual Report, to our stockholders by providing access to such documents on the Internet instead of mailing printed copies. On or about April 22, 2014, we will mail to our stockholders of record and beneficial owners a Notice of Internet Availability of Proxy Materials (the "Notice") containing instructions on how to access this proxy statement and our Annual Report via the Internet and vote online.

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As a result, you will not receive a printed copy of the proxy materials in the mail unless you request a copy. All stockholders will have the ability to access the proxy materials on a website referred to in the Notice and may request a printed set of the proxy materials by mail or electronically from such website. If you would like to receive a printed or electronic copy of our proxy materials, you should follow the instructions for requesting such materials included in the Notice. By participating in the e-proxy process, we will save money on the cost of printing and mailing documents to you and reduce the impact of our annual stockholders' meetings on the environment.

**What is the difference between holding shares as a stockholder of record and as a beneficial owner of shares held in "street name"?**

**Stockholder of Record.** If your shares are registered directly in your name with our transfer agent, Computershare Trust Company, N.A., you are considered the stockholder of record with respect to those shares, and the Notice will be sent directly to you. As our stockholder of record, you have the right to grant your voting proxy directly to us or to vote in person at the annual meeting. We have enclosed a proxy card for your vote.

**Beneficial Owner of Shares Held in Street Name.** If your shares are held in an account at a brokerage firm, bank, broker-dealer, or other similar organization, then you are the beneficial owner of shares held in "street name," and the Notice will be forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the annual meeting. As a beneficial owner, you have the right to direct that organization on how to vote the shares held in your account. You are also invited to attend the annual meeting. However, since you are not the stockholder of record, **you may not vote these shares in person at the annual meeting unless you request, complete and deliver the proper documentation provided by your broker, bank or other holder of record and bring it with you to the meeting.**

**What is "householding" and how does it affect me?**

The Securities and Exchange Commission (the "SEC") has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as "householding," potentially means extra convenience for stockholders and cost savings for companies.

This year, a number of brokers with account holders who are Pandora stockholders may be "householding" our proxy materials. A single proxy statement may be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that it will be "householding" communications to your address, "householding" will continue until you are notified otherwise or until you notify your broker or us that you no longer wish to participate in "householding."

If, at any time, you no longer wish to participate in "householding" and would prefer to receive a separate proxy statement and annual report, you may (1) notify your broker, (2) direct your written request to: Pandora Media, Inc., 2101 Webster Street, Suite 1650, Oakland, California 94612, Attention: Investor Relations or (3) contact our Investor Relations department by telephone at (510) 842-6960. Stockholders who currently receive multiple copies of the proxy statement at their address and would like to request "householding" of their communications should contact their broker. In addition, we will promptly deliver, upon written or oral request to the address or telephone number above, a separate copy of the annual report and proxy statement to a stockholder at a shared address to which a single copy of the documents was delivered.

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**If I am a stockholder of record of Pandora shares, how do I vote?**

If you are a stockholder of record, you may vote in person at the annual meeting or by proxy on the Internet, by telephone or by mail, all as described below. We recommend that you vote by proxy even if you plan to attend the annual meeting so that your vote will be counted even if you later decide not to attend the meeting. You can always change your vote at the meeting. The Internet and telephone voting procedures are designed to authenticate stockholders and to allow you to confirm that your instructions have been properly recorded. If you vote by telephone or on the Internet, you do not need to return a written proxy card by mail. **The Internet and telephone voting facilities will close at 11:59 p.m., Eastern Time, on June 3, 2014.**

**By Internet:** You may submit your proxy over the Internet by going to [www.proxyvote.com](http://www.proxyvote.com) and completing an electronic proxy card in accordance with the instructions provided on the proxy card.

**By Telephone:** If you have elected to receive printed proxy materials, you may submit your proxy by telephone in accordance with the instructions provided on the proxy card.

**By Mail:** If you have elected to receive printed proxy materials, you may choose to vote by mail by marking your proxy card, dating and signing it and returning it in the postage-paid envelope provided by following the instructions on the proxy card. If the envelope is missing, please mail your completed proxy card to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. Please allow sufficient time for mailing if you decide to vote by mail.

**In Person:** You may vote in person at the annual meeting. We will give you a ballot when you arrive.

**If I am the beneficial owner of Pandora shares held in street name, how do I vote?**

If you are a beneficial owner of shares held in street name, you may vote in person at the annual meeting or by proxy on the Internet, by telephone or by mail, by following the voting instructions you will receive from the holder of record, which is the brokerage firm, bank, broker dealer, or other similar organization holding your shares. You must follow these voting instructions to vote your shares. Since a beneficial owner is not the stockholder of record, **you may not vote your shares in person at the annual meeting unless you obtain a "legal proxy" from the holder of record (your broker, bank, trustee, or nominee that holds your shares) giving you the right to vote the shares at the meeting.**

**Can I change my vote after I have voted?**

You may revoke your proxy and change your vote at any time before the proxy is exercised at the meeting. If you are a stockholder of record of Pandora shares, you may change your vote by submitting another proxy on a later date on the Internet or by telephone (only your latest Internet or telephone proxy submitted prior to the meeting will be counted), or by signing and returning a new proxy card with a later date, or by attending the annual meeting and voting in person. Your attendance at the annual meeting will not automatically revoke your proxy unless you vote again at the meeting or specifically request in writing that your prior proxy be revoked by providing a written notice of revocation to our Corporate Secretary at Pandora Media, Inc., 2101 Webster Street, Suite 1650, Oakland, California 94612, Attention: Corporate Secretary. If you are a beneficial owner of Pandora shares, you may change your vote by submitting new voting instructions to the holder of record (your broker, bank, trustee, or nominee that holds your shares) following the instructions they provided or, if you have obtained a legal proxy from the holder of record (your broker, bank, trustee, or nominee that holds your shares) giving you the right to vote your shares, by attending the annual meeting and voting in person.

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**What if I don't give specific voting instructions?**

**Stockholders of Record:** If you are a stockholder of record and you indicate that you wish to vote as recommended by our board of directors, or you return a signed proxy card but do not specify how you wish to vote, then your shares will be voted "FOR" all of the director nominees, "FOR" Proposal 2 and "FOR" Proposal 3. If you indicate a choice with respect to any matter to be acted upon on your proxy card, your shares will be voted in accordance with your instructions on such matter.

**Beneficial Owner of Pandora Shares Held in Street Name:** If you are a beneficial owner of Pandora shares held in street name and do not provide the organization that holds your shares with voting instructions, your broker, bank, trustee or other nominee will vote your shares only on those proposals on which it has discretion to vote; if your broker, bank, trustee or nominee does not have discretion to vote, your returned proxy will be considered a "broker non-vote." Broker non-votes will be considered as represented for purposes of determining a quorum but are not counted for purposes of determining the number of votes cast with respect to a particular proposal. Your broker, bank, trustee or nominee does not have discretion to vote your shares on the non-routine matters such as the election of directors (Proposal 1) or the approval of the 2014 Employee Stock Purchase Plan (Proposal 3). However, we believe your broker or nominee does have discretion to vote your shares on routine matters such as the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm (Proposal 2).

**What constitutes a quorum?**

The meeting will be held if a majority of the shares of common stock issued and outstanding on the record date are present at the meeting, either in person or by proxy. This is called a quorum for the transaction of business. At the record date, there were 205,332,382 shares of common stock issued and outstanding. Accordingly, the presence of the holders of common stock representing at least 102,666,192 shares will be required to establish a quorum.

Your shares will be counted for purposes of determining if there is a quorum if you properly cast your vote in person at the meeting, electronically or telephonically, or a proxy card has been properly submitted by you or on your behalf. Votes "for" and "against," and proxies received but marked as "abstentions" and "broker non-votes" will each be counted as present for purposes of determining the presence of a quorum.

**What vote is required to approve each item?**

**Proposal 1.** Directors are elected by a plurality of votes cast. This means that the three nominees receiving the highest number of affirmative votes of the shares of common stock present in person or represented by proxy and entitled to vote on the item will be elected as the Class III directors.

**Proposals 2 and 3.** The affirmative vote of a majority of the shares of common stock present in person or represented by proxy and entitled to vote on the item will be required to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the current fiscal year (Proposal 2) and to approval the 2014 Employee Stock Purchase Plan (Proposal 3).

If any other matter is properly submitted to the stockholders at the annual meeting, its adoption generally will require the affirmative vote of a majority of the shares of common stock present in person or represented by proxy and entitled to vote on that matter.

**How are abstentions and broker non-votes treated?**

In accordance with Delaware law, only votes cast "for" a matter constitute affirmative votes. A properly executed proxy marked "abstain" with respect to any matter will not be voted, although it will

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be counted for purposes of determining whether there is a quorum. Abstentions will have the same effect as negative votes for Proposal 2 and Proposal 3.

If you hold your shares in "street name" through a broker, bank, trustee or other nominee, your broker, bank, trustee or nominee may not be permitted to exercise voting discretion with respect to some of the matters to be acted upon, including the election of directors (Proposal 1) and the approval of the 2014 Employee Stock Purchase Plan (Proposal 3). Thus, if you do not give your broker, bank, trustee or nominee specific instructions with respect to a non-discretionary matter, your shares will not be voted on such matter and will not be counted as shares entitled to vote on such matter. However, shares represented by such "broker non-votes" will be counted in determining whether there is a quorum. As "broker non-votes" are not considered entitled to vote on the item they will have no effect on the outcome other than reducing the number of shares present in person or by proxy and entitled to vote on the item from which a majority is calculated.

**What are the recommendations of the board of directors?**

Our board of directors recommends that you vote:

"FOR" the election of the three Class III director nominees;

"FOR" ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2014; and

"FOR" the approval of our 2014 Employee Stock Purchase Plan.

**Who will count the vote?**

Broadridge Financial Solutions, Inc. will act as the inspector of elections and will tabulate the votes.

**When will the voting results be announced?**

Preliminary voting results will be announced at the annual meeting and final results will be published in a Current Report on Form 8-K filed within four business days after the annual meeting.

**Is Pandora paying the cost of this proxy solicitation?**

We will pay the costs of printing, mailing and distributing these proxy materials and soliciting votes. We may request banks, brokers other custodians, nominees and fiduciaries to solicit their customers who own our shares and we will reimburse them for their reasonable out-of-pocket expenses. Our employees, directors, officers and others may solicit proxies on our behalf, personally or by telephone, without additional compensation.

**Is the annual meeting being webcast?**

Yes. If you choose to listen to the webcast, go to the "Event Calendar" section of our Investor Relations website (<http://investor.pandora.com>) before the meeting time, and follow the instructions for downloading the webcast. If you miss the annual meeting, you can listen to a re-broadcast of the webcast through Friday, July 4, 2014.

**YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE VOTE AS SOON AS POSSIBLE.**

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**PROPOSAL NO. 1  
ELECTION OF CLASS III DIRECTORS**

**Recommendation of the Board of Directors**

*The board of directors recommends that you vote "FOR" the election of each of the nominated directors as described below.*

**Class III Director Nominees**

Our certificate of incorporation currently provides for a board of directors divided into three classes, designated Class I, Class II and Class III which currently consist of two, three and three directors, respectively. The three Class III directorships are up for election at the 2014 annual meeting of stockholders. Each person elected as a Class III director at the annual meeting of stockholders will serve a three-year term expiring on the date of the 2017 annual meeting of stockholders or until their respective successors have been duly elected and qualified.

Our board of directors has nominated Peter Chernin, Brian McAndrews and Tim Westergren for election at the 2014 annual meeting of stockholders.

The nominees were selected by the board of directors upon the recommendation of the nominating and corporate governance committee. Each of the nominees has a long record of integrity, a strong professional reputation and a record of entrepreneurial or managerial achievement. The specific experience, qualifications, attributes and skills of each nominee that led the board to conclude that the individual should serve as a director are described in each nominee's biography below.

**Required Vote**

Directors are elected by a plurality of the votes cast, and the three nominees who receive the most votes will be elected as Class III directors. Abstentions and broker non-votes will not be taken into account in determining the outcome of the election.

**Nominees for Election as Class III Directors (Terms Expiring on the Date of the 2017 Annual Meeting of Stockholders)**

<i>Peter Chernin</i>	Director since January 2011
<i>Brian McAndrews</i>	Director since September 2013
<i>Tim Westergren</i>	Director since January 2000

**Continuing Class I Directors (Terms Expiring on the Date of the 2015 Annual Meeting of Stockholders)**

<i>Robert Kavner</i>	Director since March 2004
<i>David Sze</i>	Director since May 2009

**Continuing Class II Directors (Terms Expiring on the Date of the 2016 Annual Meeting of Stockholders)**

<i>James M.P. Feuille</i>	Director since October 2005
<i>Peter Gotcher</i>	Director since September 2005
<i>Elizabeth A. Nelson</i>	Director since July 2013

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Set forth below is each director's and each director nominee's name and age as of the record date and his or her principal occupation, business history and public company directorships held during the past five years.

**Peter Chernin**, age 62, has served on our board of directors since January 2011. Mr. Chernin currently owns and runs Chernin Entertainment, which produces motion pictures and television programs, and The Chernin Group, which pursues strategic opportunities in media, technology and entertainment. From 1996 to 2009, Mr. Chernin held various positions at News Corporation, most recently as president and chief operating officer, and as chairman and chief executive officer of The Fox Group, a subsidiary of News Corporation, where he oversaw the global operations of the company's film, television, satellite, cable and digital media businesses. Prior to that, Mr. Chernin headed Twentieth Century Fox Filmed Entertainment and, earlier, the Fox Broadcasting Company. Prior to joining News Corporation, Mr. Chernin served as president and chief operating officer of Lorimar Film Entertainment, a television production company. Mr. Chernin currently serves on the board of directors of American Express, a diversified financial services company, and Twitter, a social media company, and has previously served on the boards of directors of various companies in the media industry and the tech industry, including News Corporation, Fox Entertainment Group, Gemstar-TV Guide International, E\*Trade and DIRECTV. Mr. Chernin holds a Bachelor of Arts in English Literature from the University of California at Berkeley. We believe that Mr. Chernin is qualified to serve on our board of directors due to his operating and management experience at a global media corporation, his expertise in online and mobile markets and other new technologies, and his service on the boards of directors of a range of public and private companies.

**James M. P. Feuille**, age 56, has served on our board of directors since October 2005. Mr. Feuille currently serves as a general partner with Crosslink Capital, an investment and venture capital management company, where he focuses on investments in digital media, internet services, and software and business services. Mr. Feuille has been affiliated with Crosslink Capital since November 2002 and has been a general partner since January 2005. Prior to joining Crosslink Capital, Mr. Feuille served as global head of technology investment banking at UBS Warburg, a business group of a global financial services firm, chief operating officer at Volpe Brown Whelan & Company, and head of technology investment banking at Robertson Stephens & Company. Mr. Feuille currently serves on the boards of directors of a number of privately-held companies. Mr. Feuille holds a Bachelor of Arts degree in Chemistry from Dartmouth College and a Juris Doctor degree and a Master of Business Administration from Stanford University. We believe that Mr. Feuille is qualified to serve on our board of directors due to his experience with the venture capital industry and a wide variety of internet and technology companies, as well as the perspective he brings as an affiliate of one of our major stockholders.

**Peter Gotcher**, age 54, has served on our board of directors since September 2005. Mr. Gotcher is an independent private investor focusing on investments in digital media technology companies. Mr. Gotcher was a venture partner with Redpoint Ventures, a private investment firm from September 1999 to June 2002. Prior to that, Mr. Gotcher was a venture partner with Institutional Venture Partners, a private investment firm, from 1997 to September 1999. Mr. Gotcher founded Digidesign, a manufacturer of digital audio workstations, and served as its president, chief executive officer and chairman of the board of directors of from 1984 to 1995. Digidesign was acquired by Avid Technology, a media software company, in 1995 and Mr. Gotcher served as the general manager of Digidesign and executive vice president of Avid Technology from January 1995 to May 1996. Mr. Gotcher currently serves as Chairman of the board of directors of Dolby Laboratories and serves on the boards of directors of a number of privately-held companies. Mr. Gotcher holds a Bachelor of Arts degree in English literature from the University of California at Berkeley. We believe that Mr. Gotcher should serve on our board of directors due to his broad understanding of the operational, financial and

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strategic issues facing public companies and his background providing guidance and counsel to companies in the digital media industry.

**Robert Kavner**, age 70, has served on our board of directors since March 2004 and as lead independent director since March 2010. Since 1995, Mr. Kavner has been an independent venture capital investor focusing on investments in technology companies. From January 1996 through December 1998, Mr. Kavner served as president and chief executive officer of On Command Corporation, a provider of on-demand video systems for the hospitality industry. From 1984 to 1994, Mr. Kavner held several senior management positions at AT&T, a provider of telecommunications services, including senior vice president, chief financial officer and chief executive officer of Multimedia Products and Services Group and chairman of AT&T Venture Capital Group. Mr. Kavner also served as a member of AT&T's executive committee. Mr. Kavner served on the board of directors of Earthlink, an internet service provider, from 2001 to 2008, and currently serves on the boards of directors of a number of privately-held companies. Prior to joining AT&T, Mr. Kavner was a partner of PricewaterhouseCoopers. Mr. Kavner received a Bachelor of Arts degree in business management from Adelphi University. We believe that Mr. Kavner is qualified to serve on our board of directors due to his extensive background in and experience with technology companies, his service on the boards of directors of a range of public and private companies and his background in public accounting.

**Brian McAndrews**, age 55, has served as our president and chief executive officer, as well as chairman of our board of directors, since September 2013. Previously, he served as a venture partner with Madrona Venture Group, LLC, a venture capital firm, from 2012 to September 2013 and as a managing director of Madrona from 2009 to 2011. From 2007 to 2008, Mr. McAndrews served as senior vice president of advertiser and publisher solutions at Microsoft Corporation, a provider of software, services and solutions. From 1997 to 2007, Mr. McAndrews served as chief executive officer of aQuantive, a leading digital marketing services and technology company which was acquired by Microsoft in 2007. Mr. McAndrews currently serves on the board of directors of The New York Times Company, a multimedia news and information company, and GrubHub Inc., an online and mobile food-ordering company. He previously served on the boards of directors of Fisher Communications, Inc. from 2006 to 2013 and Clearwire Corporation from 2009 to 2013. We believe that Mr. McAndrews is qualified to serve on our board of directors due to the perspective, experience and operational expertise he brings as our chief executive officer and his background in the internet and advertising industries.

**Elizabeth A. Nelson**, age 53, has served on our board of directors since 2013. Ms. Nelson currently serves on the boards of Nokia, a global leader in the mobile market, Brightcove, Inc., a provider of cloud-based solutions for publishing and distributing professional digital media, and several private companies. Ms. Nelson currently chairs the audit committee at Brightcove and serves on the audit committee at Nokia. From 1996 through 2005, Ms. Nelson served as the Executive Vice President and Chief Financial Officer at Macromedia, Inc., where she also served as a director from January 2005 to December 2005. Prior to joining Macromedia, Ms. Nelson held various roles in finance and corporate development at Hewlett-Packard Company, an information technology company. Ms. Nelson's public company board service includes serving as a director of Ancestry.com, an online family history company, from 2009 to 2012, of SuccessFactors Inc., a provider of human resources solutions, from 2007 to 2012, of Autodesk Inc., a design software company, from 2007 to 2010, and of CNET Networks, Inc., an Internet media company, from 2003 to 2008. Ms. Nelson holds an M.B.A. in Finance with distinction from the Wharton School at the University of Pennsylvania and a B.S. from Georgetown University. We believe that Ms. Nelson is qualified to serve on our board of directors due to her operating and management experience in the technology industry and her service on the boards of directors of a range of technology, internet and mobile companies.

**David Sze**, age 48, has served on our board of directors since May 2009. Mr. Sze currently serves as a partner with Greylock Partners, a private investment firm, where his investment focuses include

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consumer internet and service, media convergence, wireless data and technology-assisted marketing services. Before joining Greylock in 2000, Mr. Sze was senior vice president of product strategy at Excite and then Excite@Home, an internet portal company. As an early employee at Excite, Mr. Sze also held roles as general manager of Excite.com and vice president of content and programming for the Excite Network. Prior to that, Mr. Sze was in product marketing and development at Electronic Arts and Crystal Dynamics, respectively. He started his career in management consulting for Marakon Associates and The Boston Consulting Group, and also spent time at HBO. Mr. Sze currently serves on the board of directors of LinkedIn Corporation, a professional social networking internet service, and serves on the boards of directors of several private companies. Mr. Sze holds a Bachelor of Arts degree from Yale University and a Master of Business Administration from Stanford University. Mr. Sze is also a Trustee of The Rockefeller University. We believe that Mr. Sze is qualified to serve as a director on our board of directors due to his extensive background and operational experience with internet and technology companies.

*Tim Westergren*, age 48, one of our founders, served as our chief creative officer and treasurer from February 2000 to May 2002, as our chief executive officer and president from May 2002 to July 2004, and as our chief strategy officer from July 2004 to February 2014. He has served as a member of our board of directors from the company's inception. Prior to founding our company, Mr. Westergren worked as an independent musician, composer and record producer and has over 20 years of experience in the music industry. Mr. Westergren holds a Bachelor of Arts degree from Stanford University, where he studied computer acoustics and recording technology. We believe that Mr. Westergren is qualified to serve on our board of directors based on his historic knowledge of our company as one of our founders, the continuity he provides on our board of directors, his strategic vision for Pandora and his background in technology and music.

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**BOARD OF DIRECTORS**

**Board Composition**

Our business and affairs are managed under the direction of our board of directors. The current members of the board of directors are Brian McAndrews, Peter Chernin, James M. P. Feuille, Peter Gotcher, Robert Kavner, Elizabeth A. Nelson, David Sze and Tim Westergren.

Our board of directors is divided into three classes with staggered three-year terms. Only one class of directors is elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms. Our directors are divided among the three classes as follows:

the Class I directors are Messrs. Kavner and Sze, and their terms will expire at the annual meeting of stockholders to be held in 2015;

the Class II directors are Mr. Feuille, Mr. Gotcher and Ms. Nelson, and their terms will expire at the annual meeting of stockholders to be held in 2016; and

the Class III directors are Messrs. Chernin, McAndrews and Westergren, and their terms will expire at the annual meeting of stockholders to be held in 2014.

Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of our directors.

**Board Meetings**

The board of directors held six meetings in the eleven months ending December 31, 2013 (an eleven month transition year as a result of the change in our fiscal year effective with the year ending December 31, 2013). Under our corporate governance guidelines, directors are expected to be active and engaged in discharging their duties and to keep themselves informed about our business and operations. Directors are expected to attend all meetings of the board of directors and the meetings of each committee on which they serve and to prepare themselves for those meetings. During the eleven months ending December 31, 2013, each of our directors attended at least 75% of the total number of meetings of the board of directors and the total number of meetings held by each committee on which such director served. In addition, under our corporate governance guidelines, directors are encouraged, but not required, to attend the annual meeting of stockholders.

**Board Committees**

Our board of directors currently has three standing committees: the audit committee, the compensation committee and the nominating and corporate governance committee. Each member of these committees is independent as defined by applicable NYSE and SEC rules and each of these committees has a written charter approved by the board of directors. Under our corporate governance guidelines, committee members are appointed by the board of directors based on the recommendation of the nominating and corporate governance committee, except that members of the nominating and

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corporate governance committee are appointed by the independent members of the board of directors. The current members of the committees are as follows:

Director	Audit	Compensation	Nominating and Corporate Governance
James M. P. Feuille		ü(Chair)	ü
Peter Gotcher		ü	ü(Chair)
Robert Kavner	ü	ü	ü
Elizabeth A. Nelson	ü(Chair)		
David Sze	ü		

***Audit Committee.*** The primary functions of the audit committee are:

overseeing management's maintenance of the reliability and integrity of our accounting policies and financial reporting and our disclosure practices;

overseeing management's establishment and maintenance of processes to assure that an adequate system of internal control is functioning;

reviewing our annual and quarterly financial statements prior to their filing and prior to the release of earnings;

serving as a qualified legal compliance committee to review reports of violations of law; and

appointing and evaluating the independent registered