

Pandora Media, Inc.
Form DEF 14A
April 21, 2015
Table of Contents

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)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
 - (5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the

Edgar Filing: Pandora Media, Inc. - Form DEF 14A

Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Table of Contents

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. 2015 Annual Meeting of Stockholders, which will be held on June 4, 2015 at Cathedral of Christ the Light Event Center, Conference Room C, 2121 Harrison St., Oakland, CA 94612 at 8:00 a.m. Pacific Time. Doors open at 7:30 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 Annual Report to Stockholders includes our audited financial statements for the year ended December 31, 2014, along with a discussion and analysis of our financial results. Please take the time to review our 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, you may vote 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, 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 21, 2015 to many of our stockholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our Proxy Statement and our Annual Report, including our Annual 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 shortly 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 Media, Inc. executives discuss our results for the year ended December 31, 2014. 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 21, 2015

Table of Contents

Pandora Media, Inc.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON JUNE 4, 2015

TO OUR STOCKHOLDERS:

The 2015 Annual Meeting of Stockholders of Pandora Media, Inc. will be held on June 4, 2015, beginning at 8:00 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 two Class I directors to serve until our 2018 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, 2015;
3. To hold an advisory vote to approve the compensation of our named executive officers; 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 6, 2015 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 21, 2015 a Notice of Internet Availability of Proxy Materials containing instructions on how to access our proxy statement, our Annual Report, including our Annual Report on Form 10-K for the year ended December 31, 2014, via the Internet and how to 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, 2015: This proxy statement, along with our Annual Report, including our Annual Report on Form 10-K for the year ended December 31, 2014, 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,

Stephen Bené
General Counsel and Corporate Secretary

Oakland, California

April 21, 2015

Table of Contents

TABLE OF CONTENTS

	PAGE
<u>PROXY STATEMENT FOR 2015 ANNUAL MEETING OF STOCKHOLDERS</u>	1
<u>ABOUT THE MEETING</u>	1
<u>When and where is the meeting being held?</u>	1
<u>What is the purpose of the Annual Meeting?</u>	1
<u>Who is entitled to notice of and to vote at the meeting?</u>	1
<u>Why did I receive a notice in the mail regarding Internet availability of proxy materials instead of a paper copy of printed materials?</u>	2
<u>What is the difference between holding shares as a stockholder of record and as a beneficial owner of shares held in street name ?</u>	2
<u>What is householding and how does it affect me?</u>	2
<u>If I am a stockholder of record of Pandora shares, how do I vote?</u>	3
<u>If I am the beneficial owner of Pandora shares held in street name, how do I vote?</u>	3
<u>Can I change my vote after I have voted?</u>	3
<u>What if I don't give specific voting instructions?</u>	4
<u>What constitutes a quorum?</u>	4
<u>What vote is required to approve each item?</u>	4
<u>How are abstentions and broker non-votes treated?</u>	5
<u>What are the recommendations of the board of directors?</u>	5
<u>Who will count the vote?</u>	5
<u>When will the voting results be announced?</u>	5
<u>Is Pandora paying the cost of this proxy solicitation?</u>	5
<u>Is the Annual Meeting being webcast?</u>	5
<u>PROPOSAL NO. 1 ELECTION OF CLASS I DIRECTORS</u>	6
<u>BOARD OF DIRECTORS</u>	9
<u>Board Composition</u>	9
<u>Board Meetings</u>	9
<u>Board Committees</u>	9
<u>Director Compensation</u>	11
<u>CORPORATE GOVERNANCE</u>	13
<u>Corporate Governance Guidelines</u>	13
<u>Board Leadership Structure</u>	13
<u>Board's Role in Risk Oversight</u>	14
<u>Compensation Committee Interlocks and Insider Participation</u>	14
<u>Director Independence</u>	14
<u>Director Nominations</u>	15
<u>Communications with the Board of Directors</u>	16
<u>Code of Business Conduct and Ethics</u>	16
<u>Transactions in Company Securities</u>	16
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	17

<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	19
<u>MANAGEMENT</u>	20
<u>EXECUTIVE COMPENSATION</u>	22
<u>Compensation Discussion and Analysis</u>	22
<u>Risk Assessment of Compensation Programs</u>	34
<u>Compensation Committee Report</u>	34
<u>Summary Compensation Table</u>	35
<u>Grants of Plan-Based Awards</u>	36

Table of Contents

	PAGE
<u>Outstanding Equity Awards as of December 31, 2014</u>	36
<u>Options Exercised and Stock Vested</u>	37
<u>Potential Payments on Termination and Change in Control</u>	37
<u>Equity Compensation Plan Information</u>	38
<u>REPORT OF THE AUDIT COMMITTEE</u>	39
<u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</u>	40
<u>PROPOSAL NO. 2 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	41
<u>PROPOSAL NO. 3 ADVISORY VOTE APPROVING THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS</u>	43
<u>AVAILABILITY OF ANNUAL REPORT</u>	44
<u>OTHER MATTERS</u>	44
<u>STOCKHOLDER PROPOSALS FOR THE 2016 ANNUAL MEETING</u>	44

Table of Contents

Pandora Media, Inc.
2101 Webster Street, Suite 1650
Oakland, CA 94612
(510) 451-4100

PROXY STATEMENT FOR 2015 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 2015 Annual Meeting of Stockholders, or at any postponement or adjournment of the meeting (Annual Meeting).

These proxy solicitation materials are first being made available on or about April 21, 2015, together with our Annual Report on Form 10-K for the year ended December 31, 2014 (Annual Report), to all stockholders of record at the close of business on April 6, 2015.

ABOUT THE MEETING

When and where is the meeting being held?

Our Annual Meeting is being held on June 4, 2015 beginning at 8:00 a.m. Pacific Time at Cathedral of Christ the Light Event Center, Conference Room C, 2121 Harrison St., Oakland, CA 94612. Doors open at 7:30 a.m. Pacific Time.

What is the purpose of the Annual Meeting?

At our 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 two Class I directors to serve until our 2018 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, 2015;

hold an advisory vote to approve the compensation of our named executive officers; 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 6, 2015, the record date for the meeting. At the close of business on that date, 212,457,634 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.

Table of Contents

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 21, 2015, 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 how to vote online. 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 Meeting 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," can provide 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

Table of Contents

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 made 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.

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, 2015.**

By Internet: You may submit your proxy over the Internet by going to 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 (subject to obtaining a legal proxy as described below) 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 Annual 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.

Table of Contents

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 advisory vote to approve the compensation for our named executive officers (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 Annual Meeting, either in person or by proxy. This is called a quorum for the transaction of business. On the record date, there were 212,457,634 shares of common stock issued and outstanding. Accordingly, the presence (either in person or by proxy) of the holders of common stock representing at least 106,228,817 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 two 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 will be elected as the Class I 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 will be required to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2015 (Proposal 2) and to approve, on an advisory basis, the compensation of our named executive officers (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.

Table of Contents

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 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 advisory vote to approve the compensation for our named executive officers (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 two Class I director nominees;

FOR ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2015; and

FOR the approval, on an advisory basis, of the compensation of our named executive officers.

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 June 6, 2015.

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

Table of Contents

PROPOSAL NO. 1

ELECTION OF CLASS I 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 I 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 two Class I directorships are up for election at the Annual Meeting. Each person elected as a Class I director at the Annual Meeting will serve a three-year term expiring on the date of the 2018 Annual Meeting of Stockholders or until their respective successors have been duly elected and qualified.

Our board of directors has nominated Timothy Leiweke and Roger Faxon for election at the Annual Meeting. Robert Kavner and David Sze, who previously served as our Class I directors, are not standing for re-election to the board of directors when their current term expires on June 4, 2015, the date of the Annual Meeting.

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 two nominees who receive the most votes will be elected as Class I directors. Abstentions and broker non-votes will not be taken into account in determining the outcome of the election.

Nominees for Election as Class I Directors (Terms Expiring on the Date of the 2018 Annual Meeting of Stockholders)

Timothy Leiweke

Director since April 2015
Nominated for election at the

Roger Faxon

Annual Meeting

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

James M.P. Feuille
Peter Gotcher

Director since October 2005
Director since September 2005

Elizabeth A. Nelson

Director since July 2013

Continuing Class III Directors (Terms Expiring on the Date of the 2017 Annual Meeting of Stockholders)

Peter Chernin

Director since January 2011

Brian McAndrews

Director since September 2013

Tim Westergren

Director since January 2000

Table of Contents

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 63, 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.

Roger Faxon, age 66, is being nominated for election at the 2015 Annual Meeting. Since 2012, Mr. Faxon has been owner and Chief Executive of A&R Investments, an investment and consulting firm focused on the media and communications industries. Previously, from 1994 to 2012, Mr. Faxon held various positions at the EMI Group, a music recording and publishing company, including Chief Executive Officer of the Music Publishing division and most recently as Chief Executive Officer. From 1991 to 1994 he served as the Managing Director of Sotheby's Europe, the art auction house. Mr. Faxon holds a Bachelor of Arts degree from The Johns Hopkins University, where he currently serves on its board of directors. We believe Mr. Faxon is qualified to serve on the board of directors due to his operational experience in the music industry.

James M. P. Feuille, age 57, 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 the 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 55, 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 board of directors of GoPro, Inc. 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

Table of Contents

his broad understanding of the operational, financial and strategic issues facing public companies and his background providing guidance and counsel to companies in the digital media industry.

Timothy Leiweke, age 57, has served on our board of directors since April 2015. Mr. Leiweke currently serves as President and Chief Executive Officer of Maple Leaf Sports & Entertainment, a professional sports and commercial real estate company, which is the parent company of the Toronto Maple Leafs, Toronto Raptors, Toronto FC and the Toronto Marlies. He also currently serves on the board of directors of the 2015 Special Olympics World Summer Games and Visit California. From 1996 to 2013, he was the President and Chief Executive Officer of Anschutz Entertainment Group (AEG), a sporting and music entertainment presenter. From 1995 to 1996, he served as President and CEO for U.S. Skiing, the nation governing body for Olympic skiing. Prior to that, he served as President of the Denver Nuggets, a professional basketball team, from 1991 to 1995. Mr. Leiweke holds an honorary doctorate from California State University. We believe Mr. Leiweke is qualified to serve on our board of directors due to his vast experience and background in the entertainment and events industry.

Brian McAndrews, age 56, 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 and the Compensation Committee of The New York Times Company, a multimedia news and information company, and on the board of directors of 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 54, has served on our board of directors since 2013. Ms. Nelson currently serves on the boards of Nokia, a global leader in network infrastructure and location-based technologies and Zendesk, a cloud-based customer service platform. Ms. Nelson currently serves as Lead Independent Director and chairs the Audit Committee at Zendesk, 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 prior public company board service includes serving as a director of Ancestry.com, an online family history company, from 2009 to 2012, of Autodesk, Inc., a design software company, from 2007 to 2010, of Brightcove, Inc., a cloud-based video company, from 2011 to 2014, of CNET Networks, Inc., an Internet media company, from 2003 to 2008, and of SuccessFactors, Inc., a provider of human resources solutions, from 2007 to 2012. Ms. Nelson holds a Master of Business Administration in Finance with distinction from the Wharton School at the University of Pennsylvania and a Bachelor of Science 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.

Tim Westergren, age 49, 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 Pandora, 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.

Table of Contents

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, Timothy Leiweke, 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, Leiweke and Sze, and their terms will expire at the Annual Meeting;

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 2017.

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.

Messrs. Kavner and Sze are not standing for re-election to the board of directors when their current term expires on June 4, 2015, the date of the Annual Meeting.

Board Meetings

The board of directors held five meetings in the year ended December 31, 2014. 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 year ended December 31, 2014, 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 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		

Table of Contents

Messrs. Kavner and Sze are not standing for re-election to the board of directors when their current term expires on June 4, 2015, the date of the Annual Meeting.

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;

overseeing the performance of the internal audit function;

establishing, overseeing and reviewing procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;

reviewing all related party transactions; and

appointing, evaluating and ensuring the independence of the independent registered public accountants and considering and pre-approving any non-audit services proposed to be performed by the independent registered public accountants.

A detailed list of the Audit Committee's functions is included in its charter which is available on our Investor Relations website (<http://investor.pandora.com>) in the Corporate Governance section.

The Audit Committee currently consists of Mr. Kavner, Ms. Nelson and Mr. Sze with Ms. Nelson serving as the committee's chairperson. Our board of directors has determined that each member of the committee is independent as defined under the NYSE listing standards, Rule 10A-3(b)(1) of the Securities Exchange Act of 1934, as amended (the Exchange Act) and our corporate governance guidelines, and that each member of the Audit Committee meets the requirements for financial literacy under the applicable rules and regulations of the SEC and the NYSE. Our board of directors has determined that each member of the committee is an Audit Committee financial expert, as that term is defined by the applicable rules of the SEC. The Audit Committee held four meetings during the year ended December 31, 2014. The Audit Committee Report for the year ended December 31, 2014 is included below.

Compensation Committee. The primary functions of the Compensation Committee are:

approving, or recommending to the board of directors, compensation for our executive officers;

evaluating the performance of our executive officers;

reviewing key employee compensation policies, plans and programs;

preparing recommendations and periodic reports to the board of directors concerning these matters; and

administering our equity incentive plans.

Table of Contents

A detailed list of the Compensation Committee's functions is included in its charter which is available on our Investor Relations website (<http://investor.pandora.com>) in the Corporate Governance section.

The Compensation Committee currently consists of Messrs. Feuille, Gotcher and Kavner, with Mr. Feuille serving as the committee's chairperson. Our board of directors has determined that each member of the committee is independent within the meaning of the NYSE listing standards and our corporate governance guidelines. The Compensation Committee held seven meetings during the year ended December 31, 2014. The Compensation Committee Report for the year ended December 31, 2014 is included below. The Compensation Committee has full authority to determine and approve executive officer compensation. It may delegate some of its authority to a sub-committee but may not delegate authority with respect to executive officer compensation except to an independent committee. For further information about the Compensation Committee's process for determining executive compensation, including the role of the Compensation Committee independent consultant, Compensia, Inc., see Executive Compensation-Compensation Discussion and Analysis below.

Nominating and Corporate Governance Committee. The primary functions of the Nominating and Corporate Governance Committee are:

recommending persons to be selected by the board as director nominees and to fill any vacancies on the board of directors;

considering and recommending to the board of directors qualifications for directors and policies concerning the term of office of directors and the composition of the board of directors;

approving or recommending to the board of directors compensation of non-employee directors; and

considering and recommending to the board of directors other actions relating to corporate governance.

A detailed list of the Nominating and Corporate Governance Committee's functions is included in its charter which is available on our Investor Relations website (<http://investor.pandora.com>) in the Corporate Governance section.

The Nominating and Corporate Governance Committee currently consists of Messrs. Feuille, Gotcher and Kavner, with Mr. Gotcher serving as its chairperson. Our board of directors has determined that each member of the committee is independent within the meaning of the NYSE listing standards and our corporate governance guidelines. The Nominating and Corporate Governance Committee held four meetings during the year ended December 31, 2014.

Director Compensation

Cash Retainer. During the year ended December 31, 2014, each of our non-employee directors received (a) an annual retainer of \$40,000 for serving as a member of our board of directors and (b) each of the applicable annual retainers set forth below for serving as a member or as a chair of one or more of the committees of our board of directors, or as our Lead Independent Director.

Position	Annual Retainer (\$)
Annual Committee Member Retainers:	
Audit Committee	12,500
Compensation Committee	7,500
Nominating and Corporate Governance Committee	5,000
Additional Annual Retainers for Committee Chairs:	
Audit Committee	12,500
Compensation Committee	7,500
Nominating and Corporate Governance Committee	5,000
Lead Independent Director	20,000

Table of Contents

Equity Awards. During the year ended December 31, 2014, on the date of our annual stockholder meeting, each of our non-employee directors received a restricted stock unit award with the number of restricted stock units (RSUs) determined by dividing \$200,000 by the trailing 90-day average stock price as of the first of the month that included the grant date. The trailing 90-day average stock price as of June 1, 2014 was \$28.59 and the non-employee directors received an award of 6,996 RSUs on June 4, 2014. These equity awards become vested one year following grant or earlier upon a change in control.

Director Compensation Table. The following table sets forth information concerning the compensation for our non-employee directors during the year ended December 31, 2014. Messrs. McAndrews and Westergren, who served as executive officers, did not receive separate compensation for their service on the board of directors.

Name