Pendrell Corp
Form DEF 14A
April 30, 2015
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant x   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))

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to § 240.14a-12

Pendrell Corporation

(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)

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
Title of each class of securities to which transaction applies:

Aggregate number of securities to which transaction applies:

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):

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¨ Fee paid previously with preliminary materials.

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Amount Previously Paid:

Form, Schedule or Registration Statement No.:

Filing Party:

Date Filed:

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held On June 17, 2015

Dear Shareholder:

You are cordially invited to attend the 2015 Annual Meeting of Shareholders (the Annual Meeting) of Pendrell Corporation, a Washington corporation (the Company or Pendrell). The meeting will be held on Wednesday, June 17, 2015, at 10:00 a.m. local time at The Woodmark Hotel, 1200 Carillon Point, Kirkland, WA 98033. At the meeting, shareholders will be asked to:

1. elect seven directors;
2. approve, on an advisory basis, executive officer compensation;
3. designate Washington as the exclusive forum for adjudicating certain intra-corporate disputes;
4. ratify our Tax Benefits Preservation Plan;
5. ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015; and
6. conduct any other business properly brought before the meeting.

These items of business are more fully described in the proxy statement that accompanies this notice (this Notice).

The record date for the Annual Meeting is April 20, 2015. Only shareholders of record at the close of business on that date may vote at the meeting or any adjournment thereof.

By Order of the Board of Directors

Timothy M. Dozois

Corporate Secretary

Kirkland, Washington

May 15, 2015

Important Notice Regarding Availability of Proxy Materials for the Shareholder Meeting to Be Held on June 17, 2015. You may access an electronic, searchable copy of the proxy statement and the Annual Report to Shareholders for the year ended December 31, 2014 at: www.edocumentview.com/PCO.

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PENDRELL CORPORATION

2300 Carillon Point

Kirkland, Washington 98033

PROXY STATEMENT

FOR THE 2015 ANNUAL MEETING OF SHAREHOLDERS

JUNE 17, 2015

QUESTIONS & ANSWERS ABOUT THE ANNUAL MEETING & VOTING

This proxy statement contains information about the 2015 Annual Meeting of Shareholders of Pendrell Corporation (the Annual Meeting) to be held at The Woodmark Hotel, 1200 Carillon Point, Kirkland, Washington 98033 on Wednesday, June 17, 2015, commencing at 10:00 a.m. local time.

This proxy statement is furnished in connection with the solicitation of proxies by the board of directors of Pendrell Corporation (also referred to as Pendrell, the Company, we, us or our in this proxy statement), for use at the Annual Meeting and any adjournment of that meeting.

These proxy solicitation materials and our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 are being mailed to all shareholders entitled to vote at the Annual Meeting on or about May 15, 2015.

Who can vote at the Annual Meeting?

Only shareholders of record at the close of business on April 20, 2015 (the Record Date) will be entitled to notice of and to vote at the Annual Meeting. On the Record Date, there were 212,879,250 shares of Class A common stock outstanding with voting rights (one vote per share) and 53,660,000 shares of Class B common stock outstanding with voting rights (ten votes per share).

Shareholders of Record: Shares Registered in Your Name

If on the Record Date your shares were registered directly in your name or with our transfer agent, Computershare Inc., then you are a shareholder of record. As a shareholder of record, you may vote in person at the meeting or vote by proxy.

Beneficial Owners: Shares Registered in the Name of a Broker or Bank

If on the Record Date your shares were held not in your name, but rather in an account at a brokerage firm, bank, dealer, or other similar organization (your Broker), then you are the beneficial owner of shares held in street name. As a beneficial owner, you have the right to direct your Broker regarding how to vote your shares. You are also invited to attend the Annual Meeting. However, because you are not the shareholder of record, you may not vote your shares in person at the Annual Meeting unless you request and obtain a valid proxy from your Broker.

What am I voting on?

There are five proposals scheduled for a vote:

- A proposal to elect seven directors;
- A proposal to approve named executive officer compensation on an advisory basis;

A proposal to amend our Articles of Incorporation to designate Washington as the exclusive forum for adjudicating certain intra-corporate disputes;

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- A proposal to ratify our Tax Benefits Preservation Plan; and
- A proposal to ratify the selection of Grant Thornton LLP as our independent registered public accounting firm for fiscal 2015.

How do I vote?

Shareholders of Record: Shares Registered in Your Name

If you are a shareholder of record, you may vote (i) in person at the Annual Meeting, (ii) by proxy using the enclosed proxy card, (iii) by proxy over the telephone, or (iv) by proxy on the Internet. Whether or not you plan to attend the Annual Meeting, we urge you to vote by proxy to ensure your vote is counted. You may attend the meeting, revoke your proxy and vote in person, even if you previously voted by proxy.

- To vote in person, come to the Annual Meeting and we will give you a ballot when you arrive.
- To vote using the proxy card, complete, sign and date the enclosed proxy card and return it promptly in the envelope provided. If you return your signed proxy card to us before the Annual Meeting, we will vote your shares as you direct.
- To vote over the telephone, dial toll-free 1-800-652-VOTE (8683) using a touch-tone phone and follow the recorded instructions. You will be asked to provide the company number and control number from your enclosed proxy card. Your vote must be received by 11:59 PM Eastern Time on June 16, 2015, the day prior to the Annual Meeting, to be counted.
- To vote on the Internet, go to *www.envisionreports.com/PCO* to complete an electronic proxy card. You will be asked to provide the company number and control number from your enclosed proxy card. Your vote must be received by 11:59 PM Eastern Time on June 16, 2015, the day prior to the Annual Meeting, to be counted.

Beneficial Owners: Shares Registered in the Name of Broker

If you are a beneficial owner of shares registered in the name of your Broker, and you wish to vote by proxy, you must complete and return to your Broker the voting instruction form, as directed by your Broker, to ensure that your vote is counted. Alternatively, you may vote by telephone or over the Internet as instructed by your Broker. To vote in person at the Annual Meeting, you must obtain a valid proxy from your Broker. You may contact your Broker to request a proxy form.

How many votes do I have?

On each proposal to be voted upon, you will have one vote for each share of Class A common stock you own as of the Record Date and ten votes for each share of Class B common stock you own as of the Record Date.

What happens if I fail to provide voting instructions to my Broker?

If you are a beneficial owner of shares registered in the name of your Broker and you fail to provide voting instructions to your Broker, your Broker cannot vote your shares on the proposal to elect directors, the proposal to approve named executive compensation on an advisory basis, the proposal to amend our Articles of Incorporation to designate Washington as the exclusive forum for adjudicating certain intra-corporate disputes, or the proposal to ratify our Tax Benefits Preservation Plan, which are non-discretionary items.

Who is paying for this proxy solicitation?

The Company is paying the cost of soliciting proxies. We also reimburse Brokers for the cost of forwarding proxy materials to beneficial owners. We are not paying any compensation for the solicitation of proxies.

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What does it mean if I receive more than one Notice?

If you receive more than one Notice, your shares are probably registered in more than one name or in different accounts. Please sign and return all proxy cards or voting instruction forms you receive to ensure that all of your shares are voted.

Can I change my vote after submitting my proxy?

Yes. You can revoke your proxy at any time before the vote at the Annual Meeting. If you are the record holder of your shares, you may revoke your proxy in any one of three ways:

- You may submit another properly completed proxy card with a later date.
- You may send a timely written notice that you are revoking your proxy to our Corporate Secretary at 2300 Carillon Point, Kirkland, Washington 98033.
- You may attend the Annual Meeting and vote in person. Simply attending the meeting will not, by itself, revoke your proxy.

If your shares are held by your Broker, you must follow the instructions provided by your Broker in order to revoke your proxy.

How are votes counted?

Votes will be counted by the inspector of election appointed for the meeting, who will separately count votes as follows: (i) For and Withhold with respect to the election of directors; (ii) For, Against, and Abstain with respect to the advisory (non-binding) resolution on executive compensation; (iii) For, Against, and Abstain with respect to the proposed amendment to our Articles of Incorporation to designate Washington as the exclusive forum for adjudicating certain intra-corporate disputes; (iv) For, Against, and Abstain with respect to the ratification of our Tax Benefits Preservation Plan; and (v) For, Against, and Abstain with respect to the ratification of the selection of our independent registered public accounting firm. Abstentions, withholds and broker non-votes will each be counted as present for purposes of determining the presence of a quorum but will have no effect in the outcome of Proposals 1, 2, 4 and 5 and will have the same effect as a vote against Proposal 3.

What if I return a proxy card but do not make specific choices?

If you are a shareholder of record and you return a signed and dated proxy card without marking any voting selections, your shares will be voted **For** the election of all seven nominees for director, **For** the advisory (non-binding) resolution on executive compensation, **For** the amendment to our Articles of Incorporation to designate Washington as the exclusive forum for adjudicating certain intra-corporate disputes; **For** the ratification of our Tax Benefits Preservation Plan; and **For** the ratification of the selection of our independent registered public accounting firm. If any other matter is properly presented at the meeting, your proxy holder (one of the individuals named on your proxy card) will vote your shares using his best judgment.

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How many votes are needed to approve each proposal?

The following votes are required under our governing documents and Washington state law to approve each proposal:

Proposal	Vote Required	Effect of Abstentions and Broker Non-Votes on Vote Required
Proposal 1 Election of directors	Plurality, or the largest number, of the votes cast	Withheld votes and broker non-votes will have no effect on the election of directors; only votes cast for a director will affect the outcome of the vote for the election of directors.
Proposal 2 Advisory vote to approve named executive officer compensation*	Approval of the majority of votes cast	Abstentions and broker non-votes will be counted as present for purposes of determining the presence of a quorum but will not have any effect on the outcome of the proposal.
Proposal 3 Amendment to our Articles of Incorporation to designate Washington as the exclusive forum for adjudicating certain intra-corporate disputes	Approval of a majority of all the votes entitled to be cast	Abstentions and broker non-votes will be counted as present for purposes of determining the presence of a quorum but will have the same effect as a vote against the proposal.
Proposal 4 Ratification of Tax Benefits Preservation Plan	Approval of the majority of votes cast	Abstentions and broker non-votes will be counted as present for purposes of determining the presence of a quorum but will not have any effect on the outcome of the proposal.
Proposal 5 Ratification of the selection of our independent registered public accounting firm	Approval of the majority of votes cast	Abstentions and broker non-votes will be counted as present for purposes of determining the presence of a quorum but will not have any effect on the outcome of the proposal. If your Broker holds shares in your name, the Broker, in the absence of voting instructions from you, is entitled to vote your shares on this proposal.

* This vote is advisory and not binding on us, our Board of Directors or our Compensation Committee. However, the Board and the Compensation Committee have historically reviewed the voting results and taken them into consideration when making future decisions regarding the compensation of our named executive officers (who are identified in the *Summary Compensation Table* below).

What is the quorum requirement?

A quorum of shareholders is necessary to hold a valid meeting. A quorum will be present if shareholders holding shares representing a majority of the combined voting power of the outstanding Class A common stock and Class B common stock are present at the meeting in person or represented by proxy. On the Record Date, there were 212,879,250 shares of Class A common stock outstanding and 53,660,000 shares of Class B common stock outstanding, representing an aggregate of 749,479,250 potential votes, thereby requiring holders of shares

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representing 374,739,626 votes to be present in person or by proxy to have a quorum. Abstentions and broker non-votes are considered as shares present at the Annual Meeting for the purpose of determining a quorum. If there is no quorum, the Chairman of the meeting may adjourn the meeting to another date or time.

Shareholder Proposals for 2016 Annual Meeting

If you want to include a proposal in the Company s proxy statement for our 2016 annual meeting of shareholders, you must (i) be a record or beneficial owner of shares of common stock having a market value of at least $2,000 (or representing at least 1% of the shares entitled to vote on the proposal), (ii) have owned such shares for at least one year prior to submitting the proposal, (iii) continue to hold the shares through the date on which the meeting is held, and (iv) comply with U.S. Securities and Exchange Commission (SEC) Rule 14a-8 or applicable provisions of our Bylaws. Under SEC Rule 14a-8, we must receive your proposal not less than one hundred twenty (120) days prior to the first anniversary of the date that this proxy statement is released to our shareholders, or, if the date of our 2016 annual meeting of shareholders changes by more than 30 days from the date of the 2015 Annual Meeting, then not less than a reasonable time before we begin to print and mail our 2016 proxy materials. Under our Bylaws, we must receive your notice of intention no later than March 15, 2016, and such proposal must be a proper matter for shareholder action under Washington corporate law. You may obtain a copy of our Bylaws by mailing a written request to our Corporate Secretary at 2300 Carillon Point, Kirkland, Washington 98033 or by visiting the Company s website at www.pendrell.com. Proposals may be mailed to us, to the attention of the Corporate Secretary, Pendrell Corporation, 2300 Carillon Point, Kirkland, Washington 98033.

Shareholder Communication with the Board of Directors

If you wish to communicate with our Board of Directors, or with any individual member of the Board, regarding our business, you may send your communication in writing to the attention of our Corporate Secretary at 2300 Carillon Point, Kirkland, Washington 98033, with a request to forward the communication to the intended recipients. Shareholder communications must confirm that the sender is a Pendrell shareholder, and may be reviewed by our General Counsel, Corporate Secretary, Chief Financial Officer or other officer or employee in order to create an appropriate record of the communication and to ensure director privacy. Communications sent by shareholders to our Board of Directors are not confidential and we may use them for any purpose. Our directors do not entertain communications that do not directly relate to the directors duties and responsibilities as directors of Pendrell. Such excluded communications include spam, advertisements, mass mailings, form letters and email campaigns that involve unduly large numbers of similar communications, solicitations for goods, services, employment or contributions, surveys, individual product inquiries or complaints, and communications that have no rational relevance to our business or operations. Additionally, communications that appear to be unduly hostile, intimidating, threatening, illegal or similarly inappropriate will not be forwarded to our directors.

Householding

The SEC has adopted rules that permit the Company and intermediaries (e.g., Brokers) to satisfy proxy statement delivery requirements by delivering a single proxy statement to two or more shareholders who share the same address. A single annual report to shareholders and proxy statement will be delivered to multiple shareholders sharing an address unless contrary instructions have been received from the affected shareholders. This process, which is commonly referred to as householding, potentially means extra convenience for shareholders and cost savings for the Company. This year, a number of Brokers will be householding our proxy materials. If you receive notice from your Broker that it will be householding Pendrell s communications to you, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate annual report to shareholders and proxy statement, please notify your Broker. Upon written or oral request, we will promptly deliver a separate copy of the annual report to shareholders and proxy statement to a

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shareholder at a shared address to which a single copy of the documents was delivered. Direct your written request to Pendrell Corporation, 2300 Carillon Point, Kirkland, Washington 98033, Attn: Corporate Secretary. Shareholders who currently receive multiple copies of the proxy statement at their addresses and would like to request householding of their communications should contact their Brokers.

How can I find out the results of the voting at the Annual Meeting?

Preliminary voting results will be announced at the Annual Meeting. Final voting results will be published in a Current Report on Form 8-K to be filed with the SEC within four business days after the conclusion of the Annual Meeting, or any postponement or adjournment of the Annual Meeting.

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VOTING SECURITIES AND PRINCIPAL HOLDERS

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information, as of April 20, 2015, as to shares of common stock beneficially owned by: (i) each person who is known by us to own beneficially more than five percent of either our Class A common stock or Class B common stock, (ii) each of our directors, (iii) each of our named executive officers and (iv) all of our directors and current executive officers as a group. The information provided in the table is based on our records, information filed with the SEC and information furnished by the respective individuals or entities, as the case may be.

Applicable percentage ownership is based on 212,879,250 shares of Class A common stock and 53,660,000 shares of Class B common stock outstanding at April 20, 2015.

In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed outstanding shares of common stock that a person has the right to acquire within 60 days of April 20, 2015. See footnote 3 for a description of these rights. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

	Shares Beneficially Owned(1)				
	Class A Common Stock		Class B Common Stock		
Name and Address of Beneficial Owner(2)	Number of Shares Beneficially Owned(3)	Percent of Class	Number of Shares Beneficially Owned	Percent of Class	% Total Voting Power(4)
5% Shareholders(5)					
Eagle River Satellite Holdings, LLC and affiliates(6)	43,968,412	20.7%	44,360,000	82.7%	65.1%
James D. Dondero, Highland Capital Management, L.P., and affiliates(7)	52,679,332	24.8%			7.0%
Mente, L.L.C.(8)	1,912,080	*	9,300,000	17.3%	12.7%
Named Executive Officers					
Lee E. Mikles(9)	479,220	*			*
Benjamin G. Wolff	11,385,431	5.1%			*
Steven A. Ednie		*			*
David H. Rinn	36,633	*			*
R. Gerard Salemme	3,256,918	1.5%			*
Scott G. Richardson	445,632	*			*
Timothy M. Dozois	467,250	*			*
Robert S. Jaffe	112,581	*			*
Directors *(other than Messrs. Mikles and Salemme indicated above)*					
Richard P. Emerson	439,541	*			*
Nicolas Kauser	397,848	*			*
Craig O. McCaw(10)	44,792,322	21.0%	44,360,000	82.7%	65.1%
Stuart M. Sloan	454,347	*			*
H. Brian Thompson	589,234	*			*
All current directors and executive officers as a group (10 persons)	51,322,312	23.6%	44,360,000	82.7%	65.6%

* Less than one percent of the outstanding Class A or Class B common stock, respectively.

(1) We have determined beneficial ownership in accordance with the rules of the SEC. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named have sole voting and investment power with respect to all shares of common stock that they

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beneficially own. Holders of restricted shares have sole voting power, irrespective of whether the restricted shares have vested. See the *Outstanding Equity Awards at 2014 Fiscal Year-End* table for information on outstanding restricted stock awards that remain subject to vesting and forfeiture restrictions.

(2) Unless otherwise indicated, the address of each beneficial owner indicated is c/o Pendrell Corporation, 2300 Carillon Point, Kirkland, Washington 98033.

(3) The number of shares of Class A common stock beneficially owned by our named executive officers and directors includes shares issuable upon the exercise of outstanding options held by such individuals that are exercisable within 60 days of April 20, 2015, as set forth in the table below.

Name	Options Exercisable
Mr. Mikles	18,750
Mr. Wolff	8,927,500
Mr. Ednie	
Mr. Rinn	
Mr. Salemme	2,278,750
Mr. Richardson	296,874
Mr. Dozois	312,500
Mr. Jaffe	
Mr. Emerson	330,000
Mr. Kauser	340,000
Mr. McCaw	300,000
Mr. Sloan	305,000
Mr. Thompson	500,000
All current directors and executive officers as a group (10 persons)	4,681,874

(4) Percentage total voting power represents voting power with respect to all shares of our Class A common stock and Class B common stock, as a single class. Each holder of Class B common stock is entitled to ten votes per share of Class B common stock and each holder of Class A common stock is entitled to one vote per share of Class A common stock on all matters submitted to our shareholders for a vote. The Class A common stock and Class B common stock vote together as a single class on all matters submitted to a vote of our shareholders, except as may otherwise be required by law. The Class B common stock is convertible at any time by the holder into shares of Class A common stock on a share-for-share basis.

(5) Based on a Schedule 13G filed with the SEC on February 13, 2015 by Ariel Investments, LLC (Ariel), Ariel reported that as of December 31, 2014, it owned an aggregate of 22,547,095 shares of Class A common stock and that its address is 200 E. Randolph Drive, Suite 2900, Chicago, IL 60601. Based on representations provided by Ariel to the Company, Ariel is not the beneficial owner of the securities reported in Schedule 13G, and Ariel s clients have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, all securities reported in Schedule 13G.

(6) Includes 20,696,037 shares of Class A common stock beneficially owned by Eagle River Satellite Holdings, LLC (ERSH); 2,339,724 shares of Class A common stock held by Eagle River, Inc.; 17,932,651 shares of Class A common stock held by Eagle River Partners, LLC (ERP); 3,000,000 shares of Class A common stock held by Eagle River Investments, LLC (ERI); and 44,360,000 shares of Class B common stock held by ERSH. Mr. McCaw is the sole manager and beneficial member of ERI, which is the sole member of ERSH. Mr. McCaw is the sole shareholder of Eagle River, Inc. and the beneficial member of ERP. Mr. McCaw disclaims beneficial ownership of the securities owned by ERSH, ERI and ERP, except to the extent of any pecuniary interest.

(7) Based on information provided by Highland Capital Management, L.P. (Highland Capital). Includes shares of Class A common stock beneficially owned and/or held by or for the account of James D. Dondero (including through family trusts), Highland Capital, and Strand Advisors, Inc. Highland Capital serves as an investment adviser to, and manages investment and trading accounts of, other persons and may be deemed,

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through investment advisory contracts or otherwise, to beneficially own securities owned by other persons. Strand Advisors is the general partner of Highland Capital and may be deemed to beneficially own securities owned by Highland Capital. Mr. Dondero is the President and a director of Strand Advisors and may be deemed to beneficially own securities owned by Strand Advisors. Mr. Dondero, Highland Capital and Strand Advisors disclaim beneficial ownership of these securities, except to the extent of any pecuniary interest therein. The address of Mr. Dondero and Highland Capital is Two Galleria Tower, 13455 Noel Road, Suite 800, Dallas, Texas 75240.

(8) Based on a Schedule 13G/A filed with the SEC on February 14, 2011, wherein Mente, L.L.C. reported all common stock held may be deemed to be beneficially owned by William H. Gates, III as the sole member of Mente, L.L.C. The address of Mente, L.L.C. is 2365 Carillon Point, Kirkland, Washington 98033.

(9) Includes 33,163 shares of Class A common stock held directly by Mr. Mikles; 79,416 shares of Class A common stock held in Mr. Mikles individual retirement account; 61,000 shares of Class A common stock held in trusts and/or custodial accounts for the benefit of Mr. Mikles children; 161,100 shares of Class A common stock held in a revocable trust; and 125,791 shares of Class A common stock held by Mr. Mikles spouse. Mr. Mikles disclaims beneficial ownership of the securities owned other than directly by him except to the extent of any pecuniary interest.

(10) Includes (i) 523,910 shares of Class A common stock held directly by Mr. McCaw and (ii) 43,968,412 shares of Class A common stock and 44,360,000 shares of Class B common stock beneficially owned by ERSH and its affiliates. See footnote 6 above. Mr. McCaw is the sole manager and beneficial member of ERI, which is the sole member of ERSH. Mr. McCaw is the sole shareholder of Eagle River, Inc. and the beneficial member of ERP. Mr. McCaw disclaims beneficial ownership of the securities owned by ERSH, ERI and ERP, except to the extent of any pecuniary interest.

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Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act) requires our executive officers, directors and ten percent shareholders to file reports of ownership and changes in ownership with the SEC. The same persons are required to furnish us with copies of all Section 16(a) forms they file. Based solely on our review of such forms furnished to us during the most recent fiscal year, we believe that all reports required by section 16(a) for transactions in the year ended December 31, 2014 were filed timely, except as follows: A Form 3 was filed on behalf of Lee E. Mikles on April 11, 2014 that inadvertently omitted certain indirect holdings of our Class A common stock, including (a) 125,000 shares held by a trust, (b) 112,300 shares held by his spouse, (c) 10,000 shares held by a trust for the benefit of a child, and (d) 1,000 shares held in a custodial account for the benefit of a child. These indirect holdings were reported on Form 5 filed on February 11, 2015.

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PROPOSAL 1

ELECTION OF DIRECTORS

Nominees

Pendrell s Bylaws provide for a Board of Directors that consists of not less than one and no more than 17 members, with the Board authorized to establish a Board size within that range. The Board size is currently set at seven, and seven directors currently serve on the Board. Our Board proposes the election of seven directors of the Company, each to serve until the next annual meeting of shareholders or until his earlier retirement, resignation, removal or until his successor is duly elected and qualified. All nominees were recommended for nomination by our Nominating and Governance Committee, and all are currently serving as directors of the Company. All nominees were also elected by the shareholders at the 2014 annual meeting of shareholders. Each nominee has agreed to serve if elected, and the Board of Directors has no reason to believe that any nominee will be unavailable to serve. However, if any nominee is unable or declines to serve as director at the time of the Annual Meeting, proxies will be voted for any nominee designated by the Board to fill the vacancy. Unless otherwise instructed, the proxy holders will vote the proxies received by them FOR the nominees named below.

Information Regarding the Nominees

The name and certain background information regarding each nominee for director, as of the Record Date, are set forth below. There are no family relationships among directors or executive officers of Pendrell. In addition to the information presented below regarding each director s specific experience, qualifications, attributes and skills that led the Board to conclude that he is qualified to serve as a director of the Company, each of our directors has demonstrated business acumen and an ability to exercise sound judgment, as well as a commitment to Pendrell and our Board as demonstrated by his past service.

Name	Age	Position Held with the Company
Richard P. Emerson	53	Director
Nicolas Kauser	75	Director
Craig O. McCaw	65	Executive Chairman of the Board of Directors
Lee E. Mikles	59	Interim Chief Executive Officer, President and Director
R. Gerard Salemme	61	Consultant and Director
Stuart M. Sloan	71	Director
H. Brian Thompson	76	Director

Richard P. Emerson

Became Director: October 2010

Mr. Emerson has spent his entire career in investment banking and corporate finance. Since 2008, Mr. Emerson has been a private investor and pursued personal interests. From 2009 to 2012, Mr. Emerson attended Stanford University Law School from which he earned a juris doctor degree. From 2004 through 2008, he was Senior Managing Director of Evercore Partners Inc., a public investment banking advisory firm. From 2000 through 2003, Mr. Emerson served as Senior Vice President for Microsoft Corporation, a leading provider of software and technology solutions, reporting directly to the Chief Executive Officer and serving on the executive leadership team, with responsibility for all acquisitions, investments and corporate strategy. Mr. Emerson joined Microsoft from investment bank Lazard Ltd., where as a Senior Managing Director, he advised telecom and technology clients on significant mergers, acquisitions and related financial transactions from 1994 to 2000. Prior to Lazard, Mr. Emerson held senior roles with The Blackstone Group and Morgan Stanley & Co., both of which are financial services companies. Mr. Emerson previously served on the Board of Directors of Clearwire Corporation, a leading provider of wireless broadband services (Clearwire), from 2003 through 2008, where he also served on the Audit Committee.

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Qualifications and Skills: With a career dedicated to corporate finance and mergers and acquisitions, Mr. Emerson is well suited to assist the Company with future financing and investment opportunities. His extensive background in corporate finance, his prior experience as a member of the Audit Committees of two public companies and a non-profit entity, and his experience analyzing and evaluating financial statements qualifies him as an audit committee financial expert as defined in the applicable rules of the SEC and applicable NASDAQ listing standards. As such, the Board of Directors has appointed Mr. Emerson to serve as Chair of the Audit Committee.

Nicolas Kauser

Became Director: December 2008 (also served from May 2000 through May 2004)

Mr. Kauser is now retired after spending over 40 years in the communications industry. He was President of Clearwire International LLC and Chief Technology Officer of Clearwire from 2005 to 2008, and he also served on the board of directors of Clearwire. From 1990 to 1998, Mr. Kauser served as Executive Vice President and Chief Technology Officer of AT&T Wireless Services, Inc. (formerly McCaw Cellular Communications, Inc.) and from 1984 to 1990, he served as Senior Vice President of Operations and Vice President of Engineering of Rogers Cantel, Inc., a Canadian wireless service provider. He also spent 20 years in Venezuela where he first worked for the National Telephone Co. and subsequently co-founded two companies in the communications industry. From 1999 to January 2015, Mr. Kauser served on the board of directors of TriQuint Semiconductor, Inc., a provider of radio frequency solutions and technology, where at various times he served on the board s Compensation, Audit and Nominating and Governance Committees. In 1998, Mr. Kauser received the prestigious Gold Prize awarded by The Carnegie Mellon Institute and American Management Systems for excellence in the application of information technology. In recognition of his contributions to the communications industry, Mr. Kauser was inducted to the Wireless Hall of Fame in October 2011.

Qualifications and Skills: Mr. Kauser was a director of Pendrell from 2000 to 2004 and is familiar with our operations and history. He has been involved in the technology industry for many years and has particular experience with communications companies. In addition, Mr. Kauser s experience as a senior officer at Clearwire and AT&T provides him with the management experience to assist in the oversight of our operations and strategic objectives. He has served on the boards of directors of a number of companies, including TriQuint Semiconductor, Inc. and various private companies. Mr. Kauser has prior experience serving on the Audit and Nominating and Governance Committees of a publicly traded company. As such, the Board of Directors has appointed Mr. Kauser to serve as Chair of the Nominating and Governance Committee and as a member of the Audit Committee.

Craig O. McCaw

Became Director: May 2000; Chairman of the Board since June 2011 (also served as Chairman from 2000 until 2009); Executive Chairman since November 2014.

Since 1993, Mr. McCaw has been Chairman, Chief Executive Officer, and the beneficial member of the Eagle River group of investment companies which focus on strategic investments in the telecommunications industry. Mr. McCaw served as a director and Chairman of DBSD North America, Inc., a satellite communications company, from 2005 to 2008. Mr. McCaw founded Clearwire in 2003 and served as its Chairman of the Board of Directors from 2003 to December 2010. Mr. McCaw was a director of Nextel Communications, Inc., a wireless service provider that was acquired by Sprint Corporation in 2005, from 1995 until 2003, and a director of XO Communications, Inc., a communications network services provider formerly known as NEXTLINK Communications, Inc. (XO), from 1997 until 2002. From 1994 to 1997, he was also XO s Chief Executive Officer. From 1974 to 1994, Mr. McCaw served as Chairman and Chief Executive Officer of McCaw Cellular Communications, Inc., which he built into the nation s leading provider of cellular services in more than 100 U.S. cities, until the company was sold to AT&T in 1994.

Qualifications and Skills: Mr. McCaw brings to our Board of Directors demonstrated leadership skills and operating experience, including those acquired during more than 30 years of serving as a senior executive and

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director of Clearwire, XO, Nextel and McCaw Cellular Communications. As a former director of public and private companies in the telecommunications industry, Mr. McCaw also brings to the Company broad-based business experience and financial acumen.

Lee E. Mikles

Became Director: April 2014

Mr. Mikles has served as our Interim Chief Executive Officer and President since November 2014. He has served as a director of FutureFuel Corp., a manufacturer of custom and performance chemicals and biofuels, since 2005. He also served as Future Fuel s Chief Executive Officer from 2005 to January 2013, its president from 2005 to January 2015, and its principal financial officer from 2005 to 2008. He served as chairman of Mikles/Miller Management, Inc., a registered investment adviser and home to the Kodiak family of funds, between 1992 and 2005 and was chairman of Mikles/Miller Securities, LLC, a registered broker-dealer, between 1999 and 2005. Mr. Mikles has served on the boards of directors of Pacific Capital Bankcorp., Official Payments Corporation, Coastcast Corporation, Nelnet, Inc., Imperial Bank and Imperial Bancorp.

Qualifications and Skills: Mr. Mikles brings to our Board of Directors extensive business, finance and investment experience. In addition, his experience as a senior executive and director of private and public companies, his active involvement in strategic planning and his significant financial and investment experience make him well suited to assist the Company in the oversight of our future strategic business and investment opportunities.

R. Gerard Salemme

Became Director: June 2010 (also served from May 2002 through December 2008)

Mr. Salemme has served as a consultant to the Company since February 2015. Mr. Salemme was our Executive Vice President and Chief Strategy Officer from March 2011 to February 2015. He has also served on the Board of Directors of EarthLink, Inc., a Leading IT services and communications provider, since October 2013 and is a Partner in Eagle River Partners, LLC, a private investment firm. Mr. Salemme has over 30 years of experience in business and government, having served as Executive Vice President-Strategy, Policy and External Affairs of Clearwire from 2004 to 2010, and as Senior Vice President, External Affairs of XO. Prior to joining XO, Mr. Salemme held senior executive positions with AT&T Corporation and McCaw Cellular Communications Inc. He also held the position of Senior Telecommunications Policy Analyst for the U.S. House of Representatives Subcommittee on Telecommunications and Finance from 1987 to 1991 and served as Chief of staff to Congressman Ed Markey of Massachusetts from 1976 to 1984. Mr. Salemme earned a B.A. in Political Science and Economics and an M.A. in Economics from Boston College.

Qualifications and Skills: Mr. Salemme brings to our Board of Directors significant experience in business and government, including experience gained as a senior executive officer with Clearwire, XO and AT&T, which provides him with the management experience to assist in the oversight of our operations and strategic objectives. He is familiar with our operations and history, having served on our Board of Directors from 2002 to 2008 and as an executive officer from March 2011 to February 2015. He has also served on the Boards of Directors of a number of private companies.

Stuart M. Sloan

Became Director: October 2010

Since 1984, Mr. Sloan has been a principal of Sloan Capital Companies LLC, a private investment company that serves as general partner in the redevelopment of University Village, a nationally recognized regional center for upscale shopping in Seattle, Washington. From 1986 through 1999, Mr. Sloan was an owner and executive officer of Quality Food Centers, Inc., a grocery retailer (QFC), which was acquired by The Fred Meyer Co. in 1997. Prior to QFC, from 1967 until 1984, Mr. Sloan owned in part and operated Schuck s Auto Supply, Inc., a retail provider of automotive maintenance and repair products that was sold to Pay n Save Corp in 1984.

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Mr. Sloan currently serves as a director of Anixter International, Inc., a global distributor of communications and security products, electrical and electronic wire and cable, fasteners and other small parts. From 2003 until March 2011, Mr. Sloan served as a director of J. Crew Group, Inc., an apparel retailer. He is active, both personally and through his private foundation, in numerous civic, cultural, educational and other philanthropic activities.

Qualifications and Skills: Mr. Sloan s extensive management experience, along with his service on numerous Boards of Directors, provides him with the experience to assist in the oversight of our operations and strategic objectives. For this reason, the Board of Directors has appointed Mr. Sloan to serve as a member of the Nominating and Governance Committee. His direct involvement, over the span of decades, with management, personnel management and employee incentives makes him particularly well suited to assist with compensation issues and other human resource matters. As such, the Board of Directors has appointed Mr. Sloan to serve as a member of the Compensation Committee.

H. Brian Thompson

Became Director: May 2007

Since 2006, Mr. Thompson has been Executive Chairman of GTT Communications, Inc., a leading global cloud network provider to multinational clients. Mr. Thompson continues to head his own private equity investment and advisory firm, Universal Telecommunications, Inc. From 2002 to 2007, Mr. Thompson was Chairman of Comsat International, one of the largest independent telecommunications operators serving all of Latin America. He also served as Chairman and Chief Executive Officer of Global TeleSystems Group, Inc. from 1999 to 2000. Mr. Thompson was Chairman and Chief Executive Officer of LCI International, Inc. a telecommunications company, from 1991 until its merger with Qwest Communications International Inc. in 1998. Mr. Thompson became Vice Chairman of the Board of Directors for Qwest until his resignation in December 1998. Mr. Thompson previously served as Executive Vice President of MCI Communications Corporation, a telecommunications company, from 1981 to 1990, and prior to MCI was a management consultant with McKinsey & Company, a global management consulting firm, where he specialized in the management of telecommunications. He currently serves as a member of the Board of Directors of Axcelis Technologies, Inc., a provider of solutions for the semiconductor industry, Penske Automotive Group, an international automotive retailer, and Sonus Networks, Inc., a provider of IP network solutions. He serves as a member of the Irish Prime Minister s Ireland-America Economic Advisory Board, and from January 1999 to March 1999, he served as Non-Executive Chairman of Telecom Eireann, Ireland s incumbent telephone company. Mr. Thompson received his M.B.A. from Harvard s Graduate School of Business and holds an undergraduate degree in chemical engineering from the University of Massachusetts.

Qualifications and Skills: Mr. Thompson brings to our Board of Directors significant experience in the telecommunications industry, including experience as an Executive Chairman at GTT Communications, Inc. and Chairman at Comsat International. His executive officer experience at LCI International and MCI Communications Corporation provides him with the management experience to assist in the oversight of our operations and strategic objectives. He has served on the Board of Directors of a number of companies, including Axcelis Technologies, Inc. and Sonus Networks, Inc. The Board of Directors has appointed Mr. Thompson to serve as chair of the Compensation Committee and as a member of its Audit Committee.

The Board of Directors recommends a vote FOR each director nominee.

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DIRECTOR COMPENSATION

Overview of Director Compensation Program

Our Board of Directors Compensation Policy (the Policy) provides for (i) an annual retainer, paid quarterly, to the Chairman of our Board of Directors and each of our independent directors, and (ii) an additional retainer for committee service, paid quarterly, to each of our independent directors serving on a committee (other than the Chairman of the Board), as follows:

Board of Directors and Committee Service	Annual Retainer
Chairman of the Board of Directors	$ 250,000
Independent Director	$ 50,000
Audit Committee Chair	$ 20,000
Compensation Committee Chair	$ 20,000
Nominating and Governance Committee Chair	$ 15,000
Audit Committee Member (non-Chair)	$ 8,000
Compensation Committee Member (non-Chair)	$ 8,000
Nominating and Governance Committee Member (non-Chair)	$ 8,000

The annual retainer earned by our Chairman of the Board and each of our independent directors is paid in four equal quarterly installments on or about the first day of July, October, January and April to those directors who served on our Board of Directors through the end of the preceding quarter. Non-employee directors are also reimbursed for reasonable travel and accommodation expenses incurred in connection with Company business.

The Policy also provides for the grant of stock options to our independent directors. At the time of their appointment to the Board of Directors, all independent directors receive an initial option to purchase 75,000 shares of Class A common stock that vests in four equal annual installments. In addition, all independent directors receive an annual option to purchase 60,000 shares of Class A common stock that fully vests on the one-year anniversary of the grant date. All options granted to the independent directors have an exercise price equal to the fair market value of our Class A common stock on the grant date and have a term of ten years.

To further align the interests of our directors with the interests of our shareholders, our non-employee directors may elect to receive all or part of their cash retainer in the form of Class A common stock. The number of shares issued is equal to the amount of the retainer that the director elects to receive in stock divided by the fair market value of a share of Class A common stock (the closing price of our stock as reported on NASDAQ) on the final business day of the quarter for which payment is earned. Only whole numbers of shares of Class A common stock are issued; fractional shares are paid in cash.

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2014 Director Compensation

The table below sets forth certain information regarding the compensation earned by, or awarded to, each non-employee director who served on our Board of Directors in 2014. In 2014, Messrs. Wolff and Salemme were employees of Pendrell, and therefore did not receive compensation for their service as directors of the Company. We also reimburse directors for reasonable travel and accommodation expenses incurred in connection with Company business, the values of which are not included in the table below.

Name	Fees Earned(1)	Option Awards (2)(3)	Total
Richard P. Emerson	$ 58,000	$ 35,327	$ 93,327
Richard P. Fox(4)	$ 35,357	$	$ 35,357
Nicolas Kauser	$ 65,000	$ 35,327	$ 100,327
Craig O. McCaw	$ 250,000	$	$ 250,000
Lee E. Mikles(5)	$ 48,066	$ 107,909	$ 155,975
Stuart M. Sloan	$ 66,000	$ 35,327	$ 101,327
H. Brian Thompson	$ 78,000	$ 35,327	$ 113,327

(1) Directors may elect to receive all, or a portion of, their cash compensation in the form of stock. The amounts in the Fees Earned column represent the amounts paid to directors in cash, unless otherwise indicated as follows:

		Fees Earned		
Name	Fees Paid in Cash	Stock Issued in Lieu of Cash (#)	Value of Stock (6)	Total
Richard P. Emerson	$ 29,003	18,743	$ 28,997	$ 58,000
Richard P. Fox(4)	$ 35,357		$	$ 35,357
Nicolas Kauser	$ 32,504	21,005	$ 32,496	$ 65,000
Craig O. McCaw	$	161,594	$ 250,000	$ 250,000
Lee E. Mikles(5)	$	33,163	$ 48,066	$ 48,066
Stuart M. Sloan	$	42,660	$ 66,000	$ 66,000
H. Brian Thompson	$ 39,003	25,207	$ 38,997	$ 78,000

(2) Amounts reported reflect the grant date fair value of each stock option granted during 2014 computed in accordance with ASC 718. See Note 9 to our consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 for the assumptions underlying the grant date fair value.

(3) The aggregate number of outstanding stock options held by each director (representing unexercised stock options, both vested and unvested) at December 31, 2014, is as follows:

Name	Number of Shares Subject to Outstanding Option Awards
Richard P. Emerson	390,000
Richard P. Fox	
Nicolas Kauser	400,000
Craig O. McCaw	300,000
Lee E. Mikles	135,000
Stuart M. Sloan	365,000
H. Brian Thompson	560,000

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(4) Amounts shown for Mr. Fox represent compensation for Board service from January 1, 2014 through June 13, 2014, the effective date of his resignation as a director.

(5) Amounts shown for Mr. Mikles represent compensation for Board service from April 10, 2014, the date of the commencement of Mr. Mikles Board service, through December 31, 2014.

(6) The Value of Stock column reflects the value of the stock issued in lieu of cash based on the closing price of our Class A common stock on the last trading day of the quarter in which the fees were earned.

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CORPORATE GOVERNANCE

Controlled Company

Eagle River controls approximately 65.1% of the voting power of our outstanding common stock as of April 20, 2015. As a result, we are a controlled company within the meaning of the NASDAQ Stock Market (Nasdaq) corporate governance rules and, as such, need not comply with certain Nasdaq corporate governance requirements, including (1) the requirement that a majority of the board of directors consist of independent directors, (2) the requirement that the compensation of officers be determined, or recommended to the board of directors for determination, by a majority of the independent directors or a compensation committee comprised solely of independent directors, and (3) the requirement that director nominees be selected, or recommended for the board of directors selection, by a majority of the independent directors or a nominating committee comprised solely of independent directors with a written charter or board resolution addressing the nomination process. We do not currently rely on any of these exemptions, but reserve the right to do so in the future. If we choose to do so, our shareholders may not have the same protections afforded to shareholders of companies that are subject to all of the Nasdaq corporate governance requirements.

Identification, Evaluation and Qualification of Director Nominees

The Nominating and Governance Committee (the Nominating Committee) reviews director candidates, interviews and evaluates candidates who meet the criteria for serving as directors, and recommends nominees to the Board. Qualifications for nomination to the Board vary according to the composition and needs of the Board at the time of nomination. All directors should possess the background, skills, expertise, and commitment necessary to make a significant contribution to Pendrell. Relevant qualifications for nomination include: (1) exemplary personal and professional ethics and integrity; (2) the ability to engage in objective, fair and forthright deliberations; (3) operating experience at a policy-making level in business(es) relevant to Pendrell s current and future plans; (4) independent judgment; (5) adequate time and personal commitment to provide guidance and insight to Pendrell s management; (6) a commitment to provide long term value to Pendrell s shareholders; (7) sophisticated business skills to enable rigorous and creative analysis of complex issues; and (8) understanding and experience in relevant markets, technology, operations, finance or marketing. The Nominating Committee will evaluate potential nominees by reviewing qualifications and references, conducting interviews and reviewing such other information as Nominating Committee members deem relevant. After the Nominating Committee recommends a candidate, the Board determines whether to ask the shareholders to elect the candidate at Pendrell s annual meeting. While Pendrell does not have a formal policy or guidelines regarding diversity of membership, the Board recognizes the value of having a broad range of skills, expertise, contacts, industry knowledge and diversity of opinion. Therefore, the Board gives consideration to obtaining a diversity of experience and perspective within the Board and solicits directors views on a variety of topics, including whether directors as a whole have the appropriate mix of characteristics, attributes, business experience and background to effectively serve on the Board. For the Annual Meeting, the Nominating Committee recommended that the Board nominate the seven individuals designated as director nominees in Proposal 1 above.

Shareholder Nominations and Recommendations for Director Candidates

Shareholder Nominations for Director

Pursuant to Pendrell s Bylaws, shareholders who wish to nominate one or more candidates for election as directors at an annual meeting of shareholders must give timely notice of the nomination in writing to Pendrell s Corporate Secretary. Consistent with SEC Rule 14a-8, the notice must be received no earlier than the close of business on the 120th day prior to the date of the annual meeting and no later than the close of business on the later of the 90th day prior to the date of such annual meeting, or if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, not later than the close of

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business on the 10th day following the day on which notice of the date of the upcoming annual meeting is publicly disclosed. To be effective, the notice must satisfy certain requirements specified in the Company s Bylaws, a copy of which will be sent to any shareholder upon written request to Pendrell s Corporate Secretary. A shareholder making a nomination must also comply with all applicable requirements of the Exchange Act, including providing a nominee s consent to being named in a proxy statement and to serve as a director if elected. No shareholder has presented a timely notice of a proposal to nominate a director this year. Accordingly, the only directors nominated for election at the Annual Meeting are the individuals named in Proposal 1, Election of Directors. No other nominations are before, or may be brought at, the Annual Meeting.

Shareholder Recommendations for Director

In addition to the general nomination rights of shareholders described above, the Nominating Committee will evaluate Board candidates who are recommended by shareholders in writing in accordance with the procedures described above under the caption Shareholder Communication with the Board of Directors. Any Board candidate recommended by a shareholder must be independent of the recommending shareholder in all respects (e.g., free of material personal, professional, financial or business relationships from the proposing shareholder), as determined by the Nominating Committee or applicable law. Any Board candidate recommended by a shareholder must also qualify as an independent director under applicable Nasdaq rules. Any such recommendation must include the recommending shareholder s name, business address and contact information and all other information that would be required to be disclosed in a proxy statement or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to Section 14 of the Exchange Act. With respect to the proposed Board candidate, the following information must be provided:

- name, age, business and residence addresses;
- principal occupation or employment;
- number of shares of Pendrell stock beneficially owned (if any);
- a written resume of personal and professional experiences;
- a statement from the recommending shareholder in support of the candidate, references for the candidate, and an indication of the candidate s willingness to serve, if elected;
- all other information relating to the proposed Board candidate that would be required to be disclosed in a proxy statement or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to Section 14 of the Exchange Act; and
- information, documents or affidavits demonstrating to what extent the proposed Board candidate meets the required minimum criteria set forth above under the caption *Identification, Evaluation and Qualification of Director Nominees.*

The recommendation must also include the signature of each proposed Board candidate and of each shareholder submitting the recommendation, together with a written statement that the recommending shareholder and the proposed Board candidate will make available to the Nominating Committee all information reasonably requested in furtherance of the Nominating Committee s evaluation. Shareholders may make recommendations at any time, but recommendations for consideration of nominees for election at an annual meeting of shareholders must be received by the date described in Pendrell s proxy statement released to shareholders in conjunction with the previous year s annual meeting. Except as may be required by applicable law, rule or regulation, the Nominating Committee will have no obligation to acknowledge receipt of the recommendation or otherwise communicate with the shareholder who submitted the recommendation.

Independence of the Board of Directors

The Board has determined that Messrs. Emerson, Kauser, Sloan and Thompson are independent directors within the meaning of the Nasdaq listing standards. As such, a majority of our directors are currently independent, as are all members of the Audit Committee, Compensation Committee and Nominating Committee.

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Members of the Audit Committee also satisfy a separate independence requirement pursuant to the Exchange Act which requires that they may not accept directly or indirectly any consulting, advisory or other compensatory fee from us or any of our subsidiaries other than their compensation for service as a director, or be an affiliated person of ours or any of our subsidiaries.

Each year, our directors are obligated to complete a questionnaire which requires them to disclose any transactions with us in which the director or any member of his immediate family might have a direct or potential conflict of interest. Based on its analysis of the responses, the Board determined that all directors, except for Mr. Mikles due to his position as an executive officer of the Company, Mr. Salemme due to his recent employment history with the Company, and Mr. McCaw due to his ownership of Eagle River, are independent under its guidelines and free from any relationship that would interfere with the exercise of their independent judgment.

Board Leadership Structure

Currently, the positions of Interim Chief Executive Officer and Chairman of the Board are held by two different individuals. Mr. Mikles serves as our President and Interim Chief Executive Officer. Mr. McCaw serves as Executive Chairman of the Board and as the principal representative of the Board. He also presides at meetings of the Board. The Board has determined that the separation of these positions allows Mr. Mikles to devote his time to the Company s day-to-day operations and key strategic objectives while Mr. McCaw provides oversight of Board activities. The Board believes that this leadership structure adheres to the Company s commitment to monitor and oversee the Company s compliance with sound principles of corporate governance, consistent with applicable laws and best practices.

Code of Conduct and Ethics

The Company has adopted a Code of Conduct and Ethics that applies to all officers, directors and employees. The Code of Conduct and Ethics is available on the Company s website located at www.pendrell.com, by clicking on Investors and then Corporate Governance. If the Company makes any substantive amendments to the Code of Conduct and Ethics or grants any waiver from a provision of the Code of Conduct and Ethics to any executive officer or director, the Company will promptly disclose the nature of the amendment or waiver on its website.

Role in Risk Oversight

The Board plays an active role, as a whole and also at the committee level, in formulating risk management policies and risk oversight policies and in overseeing management of the Company s risks. The Board regularly reviews information regarding the Company s liquidity and operations, as well as the risks associated with each. The Compensation Committee oversees the management of risks related to the Company s compensation plans and arrangements. The Audit Committee oversees the management of financial risks and enterprise risks. The chairpersons of these committees regularly inform the Board of the conclusions and results of such risk management functions. Our management team is charged with implementing risk management policies that are established by our Board and with managing our risk profile on a daily basis.

Policy Regarding Director Attendance at Annual Meetings of Shareholders

At least one member of our Board will attend each annual meeting of shareholders, and all directors are invited to attend such meetings. We will reimburse directors for reasonable expenses incurred in attending annual meetings of shareholders. One director attended the annual meeting of shareholders held on June 13, 2014.

Meetings of the Board

The Board meets on a regularly scheduled basis during the year to review significant developments affecting Pendrell and to act on matters requiring Board approval. It also holds special meetings when important matters

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require Board action between regularly scheduled meetings. During fiscal year 2014, the Board met six times and took action by unanimous written consent on three other occasions. The independent members of the Board regularly met in executive session without management present. During fiscal year 2014, each director attended, in the aggregate, more than 75% of the Board meetings and meetings of the Board committees on which the director served other than Mr. Kauser, who attended 50% of the Board meetings held in 2014.

Board and Committee Composition

The following table provides membership information for the Board and each of our Board s standing committees.

Name	Board of Directors	Audit	Compensation	Nominating
Richard P. Emerson	X	Chair		
Nicolas Kauser	X	X		Chair
Craig O. McCaw	Chair			
Lee E. Mikles(1)	X			
R. Gerard Salemme	X			
Stuart M. Sloan	X		X	X
H. Brian Thompson	X	X	Chair	
Number of Meetings in Fiscal Year 2014	**6**	**5**	**5**	**3**

(1) Mr. Mikles was appointed to serve as a director and as a member of the Audit Committee effective April 10, 2014. On November 19, 2014, Mr. Mikles was appointed Interim Chief Executive Officer and President and no longer served on the Audit Committee following that date.

Committees of the Board

During fiscal year 2014, the Board had three principal committees the Audit Committee, the Compensation Committee and the Nominating and Governance Committee. These committees carry out certain responsibilities as identified in their respective charters, which have been adopted by the respective committees and by the Board. The charters of the current committees can be reviewed on our website at www.pendrell.com, by clicking on Investors and then Corporate Governance and are also available free of charge in print to any shareholder who requests them. Information about the principal responsibilities of these committees appears below.

Audit Committee

The Audit Committee: (i) evaluates the performance of and assesses the qualifications and independence of the independent auditor; (ii) determines and approves the engagement of the independent auditor, including the reasonable fees and other terms applicable to such engagement; (iii) determines whether to retain or terminate the existing independent auditor or to appoint and engage a new independent auditor; (iv) reviews and approves the retention of the independent auditor to perform any proposed permissible non-audit services; (v) reviews and evaluates the qualifications, performance and independence of the lead audit partner of the independent auditor and assures the regular rotation of the lead audit partner, reviewing partner and other audit engagement team partners of the independent auditor as required by law; (vi) reviews and approves or rejects transactions between the company and any related persons; (vii) confers with management and the independent auditor regarding the effectiveness of internal controls over financial reporting; (viii) establishes procedures, as required under applicable law, for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential and anonymous submissions by employees of concerns regarding questionable accounting or auditing matters; (ix) meets to review the Company s annual audited financial statements and quarterly financial statements with management and the independent auditor, including reviewing the company s disclosures under Management s Discussion and

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Analysis of Financial Condition and Results of Operations and discusses, as appropriate, any major issues as to the adequacy of the company s internal controls and the adequacy of disclosures about changes in internal control over financial reporting; (x) annually reviews the terms of the directors and executive officers insurance coverage and approves the terms prior to the renewal of the policy; (xi) reviews and assesses the adequacy of the Company s investment policy and recommends any proposed changes to the Board; (xii) ensures the company maintains an internal audit capability, at least annually evaluates the performance of the company s internal audit capability, and discusses with the independent auditor and management the internal audit capabilities responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit; and (xiii) has such other authority, duties and responsibilities as the Board delegates to the Audit Committee. During fiscal year 2014, the Audit Committee met five times and took action by unanimous written consent on two other occasions. The Board has determined that each member of the Audit Committee is independent under the independence requirements of Nasdaq and the SEC. In addition, the Board has determined that Richard Emerson qualifies as an Audit Committee financial expert as defined by the SEC rules.

Compensation Committee

The Compensation Committee: (i) acts on behalf of the Board in fulfilling the Board of Director s responsibilities to oversee the Company s compensation policies, plans and programs; (ii) reviews and determines the compensation to be paid to the Company s executive officers and directors; (iii) reviews the Compensation Discussion and Analysis (CD&A) with management and makes a recommendation as to whether the CD&A should be included in the Company s annual report and/or proxy statement; (iv) prepares and reviews the Compensation Committee report included in the Company s annual proxy statement in accordance with applicable rules and regulations of the SEC in effect from time to time; and (v) performs such other functions as may be deemed necessary or convenient in the efficient and lawful discharge of the foregoing. The Compensation Committee charter grants the Compensation Committee members full access to all books, records, facilities and personnel of the Company, as well as the authority to obtain, at the expense of the Company, advice and assistance from internal and external legal, accounting or other advisors and consultants and other external resources that the Compensation Committee considers necessary or appropriate in the performance of its duties. In particular, the Compensation Committee has the authority to retain compensation consultants to assist in its evaluation of executive and director compensation, including the authority to approve the consultants reasonable fees and other retention terms. During fiscal year 2014, the Compensation Committee met five times and took action by unanimous written consent on one other occasion. The Board has determined that each member of the Compensation Committee is independent under the independence requirements of Nasdaq and the SEC.

Nominating and Governance Committee

The Nominating and Governance Committee: (i) develops qualification criteria for selecting director candidates; (ii) identifies and screens potential director candidates; (iii) consults with the Board regarding potential director candidates; (iv) after consultation with the Board Chair, recommends to the Board nominees for election or re-election at each annual shareholder meeting, or to fill Board vacancies; (v) periodically reviews and makes recommendations to the Board regarding the Company s charter or bylaws, or the governing documents of Company subsidiaries; (vi) establishes procedures for, and periodically conducts performance evaluations of Board members and members of Board committees; (vii) identifies, monitors and evaluates emerging corporate governance issues and trends and makes related recommendations to the Board as appropriate; (viii) monitors compliance with the Company s Code of Conduct and Ethics; (ix) periodically reviews and assesses the adequacy of the committee s charter; and (x) performs such other duties and fulfills such other responsibilities as the Board delegates to the Nominating and Governance Committee from time to time. During fiscal year 2014, the Nominating and Governance Committee met three times and took action by unanimous written consent on one other occasion. The Board has determined that each member of the Nominating and Governance Committee is independent under the independence requirements of Nasdaq and the SEC.

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Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee is, or was during 2014, an officer or employee of Pendrell, and none of the Company s executive officers serves, or during 2014 served, as a member of a compensation committee (or other board committee performing equivalent functions) of any entity that has one or more executive officers serving as a member of the Company s Compensation Committee. No member of the Compensation Committee is a former officer of the Company, nor does any executive officer of the Company serve as a director of any entity that is in any manner affiliated with a member of the Compensation Committee.

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PROPOSAL 2

APPROVAL OF AN ADVISORY (NON-BINDING) RESOLUTION ON EXECUTIVE COMPENSATION

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, we are required to periodically conduct a non-binding advisory vote on the compensation of our named executive officers. This proposal, commonly known as a say-on-pay proposal, gives shareholders the opportunity to endorse or not endorse the compensation of our named executive officers. At our 2011 annual meeting of shareholders, our shareholders voted on the frequency of future advisory say on pay votes and agreed with our recommendation that such say on pay votes be conducted annually. At the Annual Meeting, an advisory (non-binding) shareholder resolution to approve the compensation of our named executive officers as disclosed in this proxy statement will be presented to our shareholders for consideration as follows:

RESOLVED, that the shareholders of the Company approve, on an advisory (non-binding) basis, the compensation of the Company s named executive officers, as disclosed in the Compensation Discussion and Analysis, the compensation tables and related material in the proxy statement for the Company s 2015 Annual Meeting of Shareholders.

This vote will not be binding on our Board or Compensation Committee and may not be construed as overruling a decision by the Board or Compensation Committee or create or imply any additional fiduciary duty. It will also not affect any compensation paid or awarded to any executive officer. The Board and the Compensation Committee may, however, take into account the outcome of the vote when considering future executive compensation arrangements.

The purpose of our compensation policies and procedures is to attract and retain experienced, highly qualified executives critical to our long-term success and enhancement of shareholder value. We believe that our compensation policies and procedures are strongly aligned with the long-term interests of our shareholders. As discussed in the Compensation Discussion and Analysis, the Board and Compensation Committee believe that the compensation of our named executive officers, as disclosed in this proxy statement, is reasonable and appropriate, is justified by our performance and is the result of a carefully considered approach.

The Board of Directors recommends that you vote FOR the approval of

the advisory (non-binding) resolution on executive compensation.

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EXECUTIVE OFFICERS

The following is a list of the names and ages of our current executive officers, indicating all positions and offices held by each such person and each such person s business experience during at least the past five years. All such persons have been elected to serve until their successors are elected and qualified or until their earlier resignation or removal.

Name	Age	Position Held with the Company
Lee E. Mikles	59	Director; Interim Chief Executive Officer and President
Steven A. Ednie	47	Vice President and Chief Financial Officer
Scott G. Richardson	49	Vice President and Chief Product Officer
Timothy M. Dozois	52	Corporate Counsel and Corporate Secretary

Set forth below is certain additional information concerning Messrs. Ednie, Richardson and Dozois. Information concerning Mr. Mikles has been provided above in Proposal 1, Election of Directors.

Steven A. Ednie

Mr. Ednie has served as our Vice President and Chief Financial Officer since September 2014. Mr. Ednie is an experienced financial executive with an extensive background in domestic and international accounting and tax matters, serving most recently as Chief Accounting Officer of Clearwire from October 2010 to April 2014, and as Vice President-Tax and Chief Tax Officer from 2004 to April 2014. Before joining Clearwire, Mr. Ednie served as the Director of Tax of Expedia, Inc., an Internet-based travel website company, from 2002 to 2004, as Executive Director Tax and Chief Tax Officer of XO from 1997 to 2002, and as Tax Manager of MIDCOM Communications, Inc., a telecommunications company, from 1996 to 1997. Mr. Ednie began his professional career at Coopers & Lybrand, LLP, an accounting firm, where he was a Senior Associate. Mr. Ednie holds a B.A. in Business Administration from the University of Washington.

Scott G. Richardson

Mr. Richardson has served as our Vice President and Chief Product Officer since 2012 and as Chief Product Officer of our ContentGuard subsidiary since March 2013. He also serves on the boards of directors of our Helsinki Memory Technologies and Provitro Biosciences subsidiaries. Mr. Richardson has over 25 years of experience in technology and innovation leadership roles. He directs all new product development for our subsidiaries, including ContentGuard, Inc. He is the founder and President of 4G Ventures LLC, a consulting company established in 2010. From 2007 to 2009, Mr. Richardson was Senior Vice President and Chief Strategy Officer of Clearwire. Earlier, Mr. Richardson spent 18 years at Intel Corporation, a manufacturer of semiconductor chips and other devices related to communications and computing, where he held a variety of leadership positions, including Vice President, Mobility Group, General Manager of the Service Provider Business Group, General Manager of the communication systems business and Director of Server Software Programs. Mr. Richardson has a bachelor s degree in electrical engineering from Clarkson University.

Timothy M. Dozois

Mr. Dozois has served as our Corporate Counsel since May 2010 and as our Corporate Secretary since April 2014. He also served as our Acting General Counsel from May 2010 to July 2012. From 1996 to 2010, Mr. Dozois engaged in the private practice of law as an equity partner of Davis Wright Tremaine LLP, with a focus on securities law compliance, mergers, acquisitions, divestitures, and technology licensing matters. Mr. Dozois has been an outside director of MacKenzie Realty Capital, Inc., a publicly listed real estate business development company, since January 2012, and an outside director of Pinnacle Healthcare, Inc., a privately held operator of skilled nursing facilities, since July 2011. Mr. Dozois is a member of the American Bar Association and the Oregon State Bar Association. He received his B.S. in Financial Management from Oregon State University and his J.D from the University of Oregon School of Law, where he was Order of the Coif.

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Compensation Discussion and Analysis

Overview

This compensation discussion and analysis describes the principles underlying our executive compensation program and the factors that impacted the 2014 compensation of our named executive officers. Our named executive officers for 2014 are listed in the *Summary Compensation Table* on page 44 and include the following individuals:

- Mr. Mikles, our Interim Chief Executive Officer and President;
- Mr. Wolff, our former President and Chief Executive Officer;
- Mr. Ednie, our Chief Financial Officer;
- Mr. Rinn, our former Chief Financial Officer;
- Mr. Salemme, our former Executive Vice President and Chief Strategy Officer;
- Mr. Richardson, our Vice President and Chief Product Officer;
- Mr. Dozois, our Corporate Counsel and Corporate Secretary; and
- Mr. Jaffe, our former Vice President and General Counsel.

This compensation discussion and analysis is limited to a discussion of compensation and other benefits earned by the named executive officers for their performance in 2014.

Executive Summary

Our executive compensation program is designed to balance achievement of near-term results with positioning for long-term success by encouraging executives to achieve key corporate and individual objectives. Set forth below is a summary of 2014 achievements and related key events. Each is described more fully in later sections of this Compensation Discussion and Analysis.

- We awarded merit-based salary adjustments ranging from 3% to 9% in 2014 to each of Messrs. Wolff, Rinn, Salemme, Richardson and Dozois based on individual performance.
- We awarded 2014 discretionary cash bonus awards to Messrs. Wolff, Ednie, Salemme, Richardson and Dozois ranging from 60% to 67.5% of target based on the achievement of 2014 stated objectives and on individual performance.

We awarded long-term equity compensation to Messrs. Wolff, Ednie, Rinn, Salemme, Richardson and Dozois to align their interests with the interests of our shareholders, reward individual contributions, encourage retention, and motivate these executives to enhance the long-term value of Pendrell.

We designed a competitive compensation package for Mr. Ednie, who joined us in September 2014 as our Chief Financial Officer, consisting of multiple elements including short-term, long-term and performance-based compensation.

We entered into separation agreements with Messrs. Wolff and Jaffe in connection with their respective resignations in 2014 that are consistent with the terms of employment offer letters negotiated at the time of hire.

Compensation Philosophy and Objectives

Pendrell believes that the skill, talent, judgment and dedication of its executive officers are critical factors affecting the long-term value of our company. In furtherance of this belief, the primary goals of our executive compensation program in 2014 were (i) to recruit and retain qualified executives who can manage the evolution

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of our business and contribute to our long-term success, (ii) to motivate performance consistent with clearly defined corporate and individual performance goals, and (iii) to align our executives long-term interests with those of our shareholders. We believe our executive compensation program provides a solid framework for implementing and maintaining a balanced approach to compensation, has been instrumental in helping us accomplish our business objectives, and is strongly aligned with the long-term interests of our shareholders. In more detail, our compensation program is designed to:

- provide a balance between fixed and variable compensation elements that encourage performance while discouraging excessive risk-taking;
- provide incentives that encourage our executives to appropriately balance short-term and long-term strategic goals;
- attract and retain individuals with the leadership abilities and skills to successfully execute our business strategy and build long-term shareholder value;
- encourage and reward outstanding initiative, achievement and teamwork and motivate individuals to perform at their highest level;
- reflect varying degrees of executive responsibility, accountability and impact on our business;
- provide compensation and incentive packages to our executives that are competitive with our peer companies;
- emphasize performance-based pay that aligns incentives with our strategic objectives; and
- provide a meaningful ownership stake to appropriately align executive interests with shareholder interests.

Role of the Compensation Committee

The Compensation Committee of the Board of Directors is responsible for the oversight of our executive compensation program. Each director who served on the Compensation Committee in 2014 was, and each current member of the Compensation Committee is, a non-employee director within the meaning of SEC Rule 16b-3, an outside director within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), and an independent director under Nasdaq stock exchange listing rules. The Compensation Committee s purpose is to discharge the Board s responsibilities relating to executive compensation and to administer policies that govern our compensation and benefit programs. The Compensation Committee has overall responsibility for approving and evaluating our executive officer compensation plans, policies and programs, including:

- periodically reviewing and establishing the agreements with, and compensation of, our executive officers;
- establishing and periodically reviewing the operation and administration of our executive compensation programs;
- carrying out duties assigned to the Compensation Committee under any equity compensation plan or other incentive compensation plan, including granting equity awards to our executive officers; and

performing other duties as assigned by the Board of Directors.

The Compensation Committee may delegate authority to subcommittees, retain or terminate compensation consultants and obtain advice and assistance from internal or external legal, accounting or other advisers. The Compensation Committee may also consider recommendations of the Chief Executive Officer, but has final authority to set compensation amounts or awards for our named executive officers.

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Say on Pay Feedback from Shareholders

Shareholders holding more than 93% of the votes cast at our 2014 annual meeting of shareholders approved, on an advisory basis, the compensation of our named executive officers. The Compensation Committee considered the results of the 2014 vote and, based in part on the significant shareholder support, made no changes to our executive compensation policies or decisions as a result of the vote. As in prior years, we will hold an advisory vote on executive compensation at our 2015 annual meeting of shareholders.

Role of Compensation Committee Consultants in Compensation Decisions

The Compensation Committee periodically engages independent compensation consultants to provide assistance and advice as it discharges its responsibilities. Compensation consultants may review our compensation programs to confirm consistency with our executive compensation philosophy and objectives, may advise the Compensation Committee on emerging trends and issues related to the compensation of executive officers, and may recommend peer group and market data as reference points for executive compensation decisions. In 2014, the Compensation Committee retained Board Advisory, LLC as its independent third party consultant to provide peer data to assist with the setting of compensation of our named executive officers other than Mr. Mikles. Prior to the engagement, the Compensation Committee determined that Board Advisory, LLC is independent of the Company under independence guidelines established by the SEC and Nasdaq, and determined that the retention of Board Advisory, LLC did not give rise to any conflict of interest.

Role of Management in Compensation Decisions

Our Chief Executive Officer periodically assesses the performance of our other executive officers and makes recommendations to the Compensation Committee regarding the compensation of such executive officers. In February 2014, Mr. Wolff, who was then serving as our Chief Executive Officer, assessed each other executive officer s 2013 contributions toward the achievement of our business and strategic objectives, as well as each executive officer s effectiveness in overseeing the function for which the executive officer is responsible. Mr. Wolff then made recommendations to the Compensation Committee regarding base salaries, performance goals and equity compensation awards for such officers. He did not make recommendations regarding his own compensation; nor was he present for any executive sessions or discussions regarding his own compensation.

Following Mr. Wolff s resignation in November 2014, Mr. Mikles was appointed Interim Chief Executive Officer and President. In February 2015, Mr. Mikles made recommendations to the Compensation Committee regarding cash incentive awards for executive officers 2014 performance. He also recommended that the Compensation Committee modify 2015 performance bonus target percentages for Messrs. Ednie, Richardson and Dozois.

Peer Companies and Benchmarking

The Compensation Committee considers multiple data sources when assessing and constructing compensation programs, including competitive market data. However, the Committee does not set or maintain compensation at certain target percentiles within a peer group, nor does the Committee rely solely on market data. Instead, the Committee incorporates discretion and flexibility into our compensation programs and the performance assessment process, with the goal of rapidly responding to and adjusting for an evolving business environment and the value delivered by our executive officers.

In addition to competitive market data, the Compensation Committee considers a variety of other factors when establishing compensation programs, including general market conditions, internal equity, individual responsibilities, and individuals recent or expected future contributions. The Compensation Committee also looks to our human resources staff to periodically assess executive compensation data from compensation consultants or salary surveys.

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In setting compensation for our executive officers in 2014, our Compensation Committee considered the competitive total cash compensation and long-term equity incentive compensation data provided in the Compensation Peer Group (as defined below), Equilar, a leading provider of executive compensation data, and the Radford Global Technology Survey for technology companies with revenues between $200 million and $500 million (the Radford Survey). These resources are widely utilized by similarly situated companies in determining executive compensation levels. The Compensation Committee also considered each executive s experience, skills, role and responsibilities when it established 2014 executive compensation at the levels described below.

Chief Executive Officer

Mr. Mikles. From April 2014, when Mr. Mikles joined our Board of Directors, through November 19, 2014, the Company compensated Mr. Mikles in accordance with our Board Compensation Policy described under the caption *Director Compensation* beginning on page 15. On November 19, 2014, the Board of Directors appointed Mr. Mikles as our Interim Chief Executive Officer and President, prompting Mr. Mikles to lose his status as an independent director under Nasdaq and SEC rules. The Board of Directors nonetheless compensated Mr. Mikles for the remainder of 2014 at a level consistent with the compensation of its independent directors, given that Mr. Mikles did not receive compensation for his services as Interim Chief Executive Officer and President. Mr. Mikles still does not receive compensation for his services as Interim Chief Executive Officer and President, but we anticipate that the Compensation Committee will propose a compensation arrangement for Mr. Mikles sometime in 2015.

Mr. Wolff. Mr. Wolff s cash compensation for 2014 was based primarily on comparative cash compensation data compiled from the proxy statements of 10 peer group companies in the technology and intellectual property sector having annual revenues ranging from $200 million to $500 million (the Compensation Peer Group). The companies in the Compensation Peer Group are:

Acacia Research Corporation	Dolby Laboratories, Inc.
DTS, Inc.	Immersion Corporation
InterDigital, Inc.	Rambus Inc.
Rovi Corporation	RPX Corporation
TiVO Inc.	VirnetX Holding Corporation

Mr. Wolff s total target cash compensation was established above the 75th percentile of the total target cash compensation for chief executive officers in the Compensation Peer Group.

Chief Financial Officer and General Counsel. In determining the 2014 cash compensation for Messrs. Ednie, Rinn and Jaffe, the Compensation Committee considered compensation data from the Compensation Peer Group, with the addition of Tessera Technologies, Inc., which was excluded from the Compensation Peer Group for Mr. Wolff due to multiple transitions in Tessera s CEO role during the measurement period. The total target cash compensation for Messrs. Rinn and Ednie in 2014 was established between the 60th and 75th percentiles of the total target cash compensation for chief financial officers in the Compensation Peer Group. The total target cash compensation for Mr. Jaffe in 2014 was established at the 60th percentile of the total target cash compensation for executives holding the general counsel position in the Compensation Peer Group. The Compensation Committee determined that the establishment of total target cash compensation at these levels for Messrs. Ednie, Rinn and Jaffe was appropriate in light of the skills, experience and contributions of these executives.

Other Named Executive Officers. The 2014 cash compensation for Messrs. Salemme and Richardson was primarily determined based on the Radford Survey, with Mr. Salemme s total target cash compensation established above the 75th percentile of the total target cash compensation for the top strategic planning executives in the Radford Survey, and Mr. Richardson s total target cash compensation established below the 50th percentile of the total target cash compensation for chief product officers in the Radford Survey. The 2014 cash

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compensation for Mr. Dozois was determined based on general market conditions, his performance during the preceding year, his position and level of responsibility, and his expected future contributions. The Compensation Committee established the total target cash compensation of these executives at levels that appropriately reflected their respective roles, responsibilities, skills and experience.

The 2014 equity awards granted to Messrs. Wolff, Rinn, Salemme and Richardson in connection with their annual executive performance review were based in part on guidance provided by Board Advisory, LLC. In addition, the Compensation Committee considered long-term incentive compensation data from the Compensation Peer Group in determining 2014 equity awards for Messrs. Wolff, Rinn and Jaffe, and from the Radford Survey in determining 2014 equity awards for Messrs. Salemme and Richardson.

Our Compensation Committee does not rigidly apply competitive compensation data. Actual cash compensation paid to any particular executive may be above or below the targeted range due to a number of factors, including but not limited to Company and individual performance, differences in responsibilities between executives at peer companies, an executive s prior experience and experience and tenure with the Company, and contributions relative to other executives at the Company. The value of equity compensation awards to particular executives may be above or below competitive market data due to a number of factors, including those listed above, as well as perceived limitations in the compensation survey data as it relates to equity compensation, an executive s potential future contributions to us, an executive s expected tenure, and the retention value, or holding power, of existing equity compensation awards.

Board Advisory, LLC conducted an assessment of the 2014 total direct compensation levels for our top executive positions, including positions held by Messrs. Wolff, Rinn, Salemme, Richardson and Jaffe, relative to market data. Following the assessment, Board Advisory, LLC concluded that the weighted average positioning of the 2014 compensation for these positions was appropriate.

Elements of Compensation

Our 2014 executive compensation program consisted of the following primary elements: base salary, short-term performance-based cash incentive compensation, and long-term equity incentive compensation awards. Each element is designed to achieve one or more of our performance, retention, and alignment goals as described below. These elements provide incentives to encourage our executives to appropriately balance their focus between our short-term and long-term strategic goals.

Compensation Element	**Designed to Reward**	**Relationship to Compensation Philosophy**
Annual Base Salary	Executive officer s experience, responsibilities, and contributions to the Company	Attract and retain talented executives through competitive pay programs that ensure a fixed level of annual cash compensation for our executives
Short-term Performance-based Cash Incentives	Achievement of corporate and individual performance goals	Motivate executives to achieve and exceed annual business and individual objectives that we believe are important to our long-term success
Long-term Equity Incentives *(options and stock awards)*	Increased shareholder value through the achievement of long-term strategic goals such as revenue growth, return on invested capital and stock price appreciation	Align executive and shareholder interests to optimize shareholder return; motivate executives to achieve and exceed business objectives; encourage retention through multi-year vesting

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The Compensation Committee gives no single compensation factor any specific weight, but each executive s compensation, including the mix of cash compensation, equity awards and compensation that is performance-based, ultimately reflects the Compensation Committee s business judgment in consideration of these factors and shareholder interests.

With the exception of nominal monthly stipends to assist with commuting and/or lodging expenses incurred by Messrs. Richardson and Dozois, who are based outside the state of Washington, Pendrell has not established programs under which executive perquisites are offered. Moreover, Pendrell does not offer guaranteed payouts under its cash incentive program or other benefit programs to its executives that are not provided to the general employee population.

2014 Executive Compensation

General Considerations

In evaluating the performance of our named executive officers in 2014, the Compensation Committee considered each executive s fulfillment of his responsibilities, demonstrated leadership, management experience and effectiveness, as well as overall company performance. The Compensation Committee also considered the recommendations of Mr. Wolff, our then-serving Chief Executive Officer, in evaluating the performance of our executive officers other than the Chief Executive Officer. When translating performance to compensation, the Compensation Committee exercised its discretion in assessing the performance of our executive officers and did not apply specific formulae to determine the compensation amount or the compensation mix.

The following describes the primary components of our executive compensation program for each of our named executive officers during 2014.

Base Salary

We provide our executive officers and other employees with base salary to compensate them for services rendered, with the goal of attracting and retaining the executive talent needed to run our business, and to mitigate the risks associated with variable cash incentive and equity incentive compensation. Base salaries for executives are determined based on position, responsibility, experience, individual performance, overall company budgets, competitive market data and internal equity issues. Rather than applying a formulaic approach, the Compensation Committee generally reviews base salaries annually and makes adjustments from time to time within the context of our overall merit system. Base salary adjustments for executives are at the discretion of the Compensation Committee.

The annualized base salaries of our named executive officers at the end of 2014 are set forth below. Actual base salaries earned for our named executive officers in 2014 are reflected in the *Summary Compensation Table* beginning on page 44.

Named Executive Officer and Principal Position		**2014 Annual Base Salary (as of 12/31/14)**
Lee E. Mikles, Interim Chief Executive Officer and President	$	(1)
Benjamin G. Wolff, Former President and Chief Executive Officer	$	(2)
Steven A. Ednie, Chief Financial Officer(3)	$	350,000
David H. Rinn, Former Chief Financial Officer	$	(4)
R. Gerard Salemme, Former Executive Vice President and Chief Strategy Officer	$	424,360
Scott G. Richardson, Vice President and Chief Product Officer	$	346,080
Timothy M. Dozois, Corporate Counsel and Corporate Secretary	$	280,675
Robert S. Jaffe, Former Vice President, General Counsel and Corporate Secretary	$	(5)

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(1) Mr. Mikles was appointed as an independent member of our Board of Directors on April 10, 2014, and as our Interim Chief Executive Officer and President effective November 19, 2014. From April 10, 2014 through November 19, 2014, Mr. Mikles was compensated in accordance with our Board Compensation Policy as described under the caption *Director Compensation* beginning on page 15.

(2) Mr. Wolff resigned from his position as President and Chief Executive Officer of the Company effective November 19, 2014. From February 1, 2014 through November 19, 2014, Mr. Wolff s annual base salary was $795,675.

(3) Mr. Ednie joined Pendrell on September 8, 2014.

(4) Mr. Rinn resigned from his position as Vice President and Chief Financial Officer of the Company effective September 8, 2014, and he remained an employee of the Company through September 30, 2014. From February 1, 2014 through September 30, 2014, Mr. Rinn s annual base salary was $360,500.

(5) Mr. Jaffe resigned from his position as Vice President, General Counsel and Corporate Secretary of the Company effective April 18, 2014. As of April 18, 2014, Mr. Jaffe s annual base salary was $350,000.

Chief Executive Officer

Mr. Mikles. Mr. Mikles was appointed as an independent member of our Board of Directors on April 10, 2014, and he was appointed as our Interim Chief Executive Officer and President effective November 19, 2014. From April 10, 2014 through November 19, 2014, Mr. Mikles was compensated in accordance with our Board Compensation Policy for independent directors as described under the caption *Director Compensation* beginning on page 15. Mr. Mikles does not presently receive a base salary for his services as Interim Chief Executive Officer and President.

Mr. Wolff. In February 2014, the Compensation Committee increased Mr. Wolff s annual base salary by 3% in recognition of his individual performance over the preceding twelve months, and after considering base salary market levels and the scope of his role and responsibilities. The resulting 2014 base salary was above the 75th percentile of the annual base salaries paid to chief executive officers in the Compensation Peer Group. The Compensation Committee determined that the base salary of Mr. Wolff appropriately reflected his unique skills, extensive management and leadership experience, and his role and responsibilities as our Chief Executive Officer.

Named Executive Officers Other than the Chief Executive Officer. In February 2014, the Compensation Committee approved merit increases ranging from 3% to 9% to the annual base salaries of Messrs. Rinn, Salemme, Richardson and Dozois based on individual performance during the preceding year, position, base salary market levels and scope of responsibility. The resulting 2014 base salary for Mr. Rinn was between the 50th and 75th percentiles of the annual base salaries paid to chief financial officers in the Compensation Peer Group. The resulting 2014 base salary for Mr. Salemme was above the 75th percentile, and the resulting 2014 base salary for Mr. Richardson was above the 50th percentile, of the annual base salaries paid to similarly situated executives in the Compensation Peer Group. Set forth below is a summary of the increases in annual base salary approved by the Compensation Committee effective February 1, 2014.

Named Executive Officer	**February 2014 Salary Increase Percentage**
Benjamin G. Wolff	3%
David H. Rinn	3%
R. Gerard Salemme	3%
Scott G. Richardson	3%
Timothy M. Dozois	9%

The increase in Mr. Dozois 2014 annual base salary was higher as a percentage of his previous salary than the increases awarded to other named executive officers to reflect his exceptional contributions and performance

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during the preceding year, his expanded role and responsibilities, and his expected future contributions. Mr. Jaffe s annual base salary was not adjusted in 2014 because the Compensation Committee determined that Mr. Jaffe s salary appropriately reflected his role and responsibilities.

Mr. Ednie s annual base salary was negotiated in connection with his hiring by the Company in September 2014 and was established between the 50th and 75th percentiles of the annual base salaries paid to chief financial officers in the Compensation Peer Group. The Compensation Committee believed that Mr. Ednie brought highly valuable skills and experience to the chief financial officer position that will be beneficial as we build a foundation for future growth and address related issues related to our significant net operating losses. The Compensation Committee determined that Mr. Ednie s salary appropriately reflected his operational experience, his expertise in tax matters, and the responsibilities that he would assume upon joining Pendrell.

The Compensation Committee did not adjust base salaries for our named executive officers during the 2015 executive performance review, as Mr. Ednie s salary was determined in connection with his hire in September 2014, Mr. Salemme s service as Chief Strategy Officer concluded in February 2015 and he became a non-employee consultant to the Company, and Messrs. Dozois and Richardson each received increases in target incentive compensation in lieu of annual base salary adjustments.

Performance-based Cash Incentive Compensation

In February 2014, the Compensation Committee approved a discretionary cash incentive plan for 2014 (the 2014 Cash Incentive Plan) for employees and executive officers. In establishing a discretionary cash incentive plan in lieu of a cash incentive plan based on traditional metrics such as corporate financial goals, the Committee recognized that the Company operates a business in which revenues are often unpredictable and that shareholder value is likely generated over a period of years. The Committee also recognized that progress toward the achievement of multi-year goals is not always objectively quantifiable.

In approving the discretionary cash incentive plan for 2014, the Compensation Committee determined that the following key objectives, together with individual performance, would be the primary determinants of the bonus pool and individual payouts under the 2014 Cash Incentive Plan:

- Effective implementation of the Company s litigation strategy
- Continued development, monetization and cost effective management of the Company s subsidiaries patent portfolios
- Achieve ContentGuard product development milestones
- Pursue investment and acquisition opportunities
- Attract, retain and motivate highly talented and skilled team members

These objectives were designed to be challenging but achievable. None of the objectives above were assigned any specific weight. Instead, the Compensation Committee assessed the aggregate achievement of these objectives in determining bonus payouts.

Individual performance was assessed using the following individual performance rating scale:

Individual Performance Rating Scale	**Bonus Pool Payout % Range**
Exemplary	100 135%
Highly Effective	90 100%
Meets Expectations	80 90%

Inconsistent	50	80%
Unsatisfactory	0	50%

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The 2014 Cash Incentive Plan provided the Compensation Committee broad discretion to award cash incentive compensation to participants within a specified range based on the achievement of company strategic and operational objectives and individual performance. The Committee reserved the authority and discretion to modify the performance goals and criteria under the 2014 Cash Incentive Plan and to grant bonuses to participants even if performance goals were not met. In determining the 2014 discretionary cash incentive compensation for our eligible executive officers, the Compensation Committee was guided by an assessment of company and individual performance. It also considered the input of the Board of Directors and members of management as part of its performance assessment process.

In February 2015, the Compensation Committee assessed 2014 company performance and determined that the key company objectives for 2014 had been achieved at a level of 75% of target. The discretionary cash bonus pool was therefore reduced from 100% to 75% of the aggregate target payouts for all bonus-eligible employees. The Compensation Committee also assessed the individual performance of executives for 2014, with significant input from management. The results of the assessment were taken into account in determining the amount of cash incentive payouts for executives. Individual performance criteria for the bonus-eligible executives included the fulfillment of each executive s responsibilities within his specific function, his contributions in support of company objectives, demonstrated leadership, management experience and effectiveness. The Compensation Committee determined that cash incentive payouts based on individual performance would range from 60% to 67.5% for executives who were eligible to receive cash incentive payouts as of February 13, 2015, the date the 2014 Cash Incentive Plan payments were made.

The Compensation Committee approved cash incentive payouts at 67.5% of target for each of Messrs. Wolff, Ednie, Salemme and Dozois, and at 60% of target for Mr. Richardson. The variances in the cash incentive payments resulted from the Compensation Committee s subjective determinations regarding individual performance in 2014.

The performance-based cash incentive compensation awarded to our named executive officers for 2014 was as follows:

Named Executive Officer	2014 Annualized Target Bonus ($)	2014 Annualized Target Bonus as a Percentage of Annual Base Salary(1)	2014 Actual Achievement as a percentage of Target Bonus (%)	2014 Actual Bonus Payout ($)
Mr. Mikles	$			$ (2)
Mr. Wolff	$ 795,675	100%	67.5%	$ 475,280(3)
Mr. Ednie	$ 175,000	50%	67.5%	$ 37,217(4)
Mr. Rinn	$ 180,250	50%		$ (5)
Mr. Salemme	$ 424,360	100%	67.5%	$ 286,443
Mr. Richardson	$ 138,432	40%	60.0%	$ 83,059
Mr. Dozois	$ 92,623	33%	67.5%	$ 62,520
Mr. Jaffe	$ 175,000	50%		$ (6)

(1) Reflects target annual cash incentive compensation for 2014 as set forth in the employment letter agreement between the Company and each executive officer.

(2) In 2014, Mr. Mikles was compensated in accordance with our Board Compensation policy and he was not eligible to earn cash incentive compensation in 2014.

(3) Pursuant to the terms of the Separation Agreement between Mr. Wolff and the Company, Mr. Wolff was eligible to receive 2014 cash incentive compensation in an amount equal to the percentage of target cash incentive compensation awarded to the Company s highest performing 2014 executive officer, pro-rated for a partial year of service between January 1, 2014 and November 19, 2014.

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(4) Reflects prorated cash incentive compensation earned by Mr. Ednie for a partial year of service between September 8, 2014 and December 31, 2014.

(5) Due to Mr. Rinn s resignation from the position of Vice President and Chief Financial Officer effective September 8, 2014, prior to the date payments were made under the 2014 Cash Incentive Plan, he was not be eligible to receive a cash incentive payment under the 2014 Bonus Plan.

(6) Due to Mr. Jaffe s resignation from the position of Vice President, General Counsel and Corporate Secretary effective April 18, 2014, prior to the date payments were made under the 2014 Cash Incentive Plan, he was not eligible to receive a cash incentive payment under the 2014 Cash Incentive Plan.

As described above, in February 2015 the Compensation Committee approved increases in the target performance-based cash incentive compensation for Messrs. Ednie, Richardson and Dozois in lieu of salary adjustments in order to increase the emphasis on pay-for-performance. Effective January 1, 2015, the target annual cash incentive compensation for Messrs. Ednie, Richardson and Dozois is as follows:

Named Executive Officer	Target Cash Bonus Compensation as a Percentage of Base Salary (Effective 1/1/2015)
Steven A. Ednie	53.5%
Scott G. Richardson	43.0%
Timothy M. Dozois	36.5%

In March 2015, the Compensation Committee adopted the 2015 Incentive Plan which provides for cash and/or incentive awards, calculated as a percentage of base salary, based upon the achievement of specified financial targets and individual performance objectives. The incentive awards for Messrs. Ednie, Richardson and Dozois will be derived from three components: (i) the achievement of overall Company revenue, expense and adjusted EBITDA budget projections, which drives 76.5% of the incentive award calculation, (ii) the achievement of profit and loss objectives for the respective cost center for each executive, which drives 8.5% of the incentive award calculation, and (iii) individual performance, which drives the remaining 15% of the incentive award calculation. The Compensation Committee retains the discretion to adjust the incentive calculation for these executives under the 2015 Incentive Plan.

Long-Term Equity Incentive Compensation

Our long-term incentive program is designed to attract a highly skilled and talented executive team, encourage long-term retention of executive officers, motivate our executive officers to focus on long-term company performance and to enable us to recognize efforts put forth by executives who contribute to the achievement of our business objectives. We believe the periodic vesting of long-term incentive compensation, which is contingent upon continued employment or the achievement of specific performance criteria, directly aligns executive officer interests with our shareholders interests by rewarding the creation and preservation of long-term shareholder value.

February 2014. In February 2014, the Compensation Committee awarded to each of Messrs. Wolff, Rinn, Salemme, Richardson and Dozois nonqualified stock options. These options vest over four years, with 25% of the award vesting on each of the first four anniversaries of the grant date. In approving these awards, the Compensation Committee took into consideration the absence of any equity awards to our executives during the previous 18 months, with the exception of equity awards granted to Mr. Rinn at the time he was hired in March 2013. The Compensation Committee also engaged Board Advisory, LLC to assist in developing a recommendation for long-term equity incentive compensation for our executives. Proposed 2014 equity awards were modeled at between 10% and 30% of the value of each executive s existing equity holdings and considered the length of an executive s tenure as well as individual performance over the preceding year. Board Advisory,

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LLC recommended a total annual award pool for all employees equal to approximately 1.7% of our outstanding capital stock and assessed the overall proposed awards as meaningful, motivational and reasonable as an annual percentage.

After considering the recommendations of Board Advisory, LLC, the Compensation Committee established a total annual equity award pool for all employees of approximately 3.8 million shares, representing 1.35% of our total outstanding capital stock. In determining the size of the February 2014 equity awards to our then-serving named executive officers, the Compensation Committee considered Board Advisory, LLC s recommendation that the Chief Executive Officer receive between 15% and 25% of the total company-wide awards. The Compensation Committee also considered the existing equity holdings of our executives, specifically the retentive value, the opportunity to benefit from future equity appreciation and the vested versus unvested equity holdings each executive. Individual performance and equity award guidelines established for executives having similar roles and responsibilities were also factors considered by the Compensation Committee in determining the size of the equity awards granted to our executives. The Compensation Committee approved a nonqualified stock option award to Mr. Wolff equal to approximately 20% of the total award pool. The nonqualified stock options granted to Messrs. Rinn, Salemme, Richardson and Dozois represented approximately 8%, 10%, 7% and 5%, respectively, of the total award pool. The Compensation Committee determined that this allocation of the total award pool to these executives appropriately reflected their positions and scope of responsibility, as well as the motivational and retentive value of the awards.

The nonqualified stock option awards granted to Messrs. Wolff, Rinn, Salemme, Richardson and Dozois in February 2014 are as follows:

Name	Number of Options
Mr. Wolff	750,000
Mr. Rinn	300,000
Mr. Salemme	375,000
Mr. Richardson	250,000
Mr. Dozois	200,000

All options were granted with an exercise price equal to the closing price of our Class A Common Stock on the grant date.

The Compensation Committee determined that the existing long-term equity compensation of Mr. Jaffe was reasonable and appropriate, and Mr. Jaffe did not receive additional equity incentive compensation in February 2014.

In 2014, Mr. Mikles was compensated in accordance with our Board Compensation Policy, which provides for an initial grant of stock options upon the commencement of Board service and an annual grant of stock options on October 1 of each year. The stock options granted to Mr. Mikles in 2014 are described under the caption *Director Compensation* beginning on page 15.

September 2014. Mr. Ednie joined us in September 2014. His employment offer letter provided for grants of time-based nonqualified stock options, time-based restricted stock units (RSUs), and RSUs having both time-based *and* performance-based vesting requirements (in other words, specific performance goals must be achieved *and* Mr. Ednie must satisfy applicable continued employment requirements in order for vesting to occur). These equity awards were negotiated with Mr. Ednie in connection with the commencement of his employment and were designed specifically to induce him to accept employment with the Company and to align his long-term equity incentive compensation with that of our other executives. The vesting of all equity awards is subject to Mr. Ednie s continued employment through each award s applicable vesting dates. Below is a description of each type of award.

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Nonqualified Stock Options. A stock option is the right of a recipient to purchase a specified number of shares of our Class A common stock at a price designated on the date of grant. Stock options have value only to the extent the price of our stock on the date of exercise exceeds the stock price on the grant date. The Compensation Committee believes that stock options motivate our executive officers to improve and maintain Company performance, which in turn may drive stock price appreciation and increase the value of any unexercised stock options.

Time-Based Restricted Stock Unit Awards. A restricted stock unit award (an RSU) is a grant valued in terms of Class A common stock, but shares of stock are not issued at the time the RSU is granted. After an RSU grant recipient satisfies applicable vesting requirements, shares of Class A common stock are issued to the award recipient. The Compensation Committee believes that RSUs directly link executive officer interests with those of our shareholders because the value of these awards is tied to the market value of our common stock.

Performance-Based Restricted Stock Unit Awards. The Compensation Committee believes that the achievement of key corporate goals should directly and materially impact the total compensation opportunity for our named executive officers in order to closely align their interests with those of our shareholders. Therefore, the Compensation Committee granted performance-based RSUs as part of the equity compensation awarded to Mr. Ednie at the time he joined us. The performance-based RSUs vest only upon achievement of what we believe are ambitious stock price goals, together with continued service to the Company. The Compensation Committee believes these stock price goals are aggressive but do not encourage risk-taking or require performance outside of what the Compensation Committee believes is reasonable for the Company.

The equity awards granted to Mr. Ednie and the vesting criteria applicable to each award are as follows:

Type of Award	Number of Shares	Vesting
Nonqualified Stock Options (time-based)	500,000	25% of the options will vest on each of the first, second, third and fourth anniversaries of the grant date.
RSUs (time-based)	250,000	25% of the RSUs will vest on each of the first, second, third and fourth anniversaries of the grant date.
RSUs (performance-based)	150,000	100% of the RSUs will vest when both of the following have occurred: (i) the average closing price of Class A Common Stock, measured over any 60 consecutive calendar days, as reported on Nasdaq, has reached or exceeded $3.00 per share (the Price Trigger), and (ii) the first anniversary of the grant date has occurred (the Anniversary Date). If the Price Trigger is not achieved by the third Anniversary Date, then none of the RSUs will vest.

The Compensation Committee determined that the mix of time- and performance-based equity awards was appropriate to recruit and retain Mr. Ednie and to align his interests with the interests of our shareholders.

The long-term equity incentive compensation awarded to Mr. Ednie upon the commencement of his employment was established slightly above the 60^{th} percentile of the long-term equity incentive compensation awarded to chief financial officers based on proxy data obtained from Equilar to reflect Mr. Ednie s skills and experience. The Compensation Committee also considered the retentive value, the opportunity to benefit from future equity appreciation, the mix of time-based and performance-based equity awards, and the equity award guidelines established for executives having similar roles and responsibilities.

The equity awards granted to our named executive officers provide for both long-term vesting requirements and performance-based vesting conditions. Therefore, the grant date fair value of the equity awards is not

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necessarily reflective of actual compensation realized by the executives in a specific year or even the ultimate value of the awards. Accordingly, our *Summary Compensation Table* on page 44 should be read in conjunction with our *2014 Options Exercised and Stock Vested Table* on page 49, which includes more information on compensation actually realized by our named executive officers in 2014.

Compensation Mix

For 2014, the mix of the total compensation elements for each of our named executive officers was as follows:

Percent of Total 2014 Compensation

Named Executive Officer	Base Salary and Other Compensation	Annual Cash Incentive Compensation	Equity and Long-Term Incentive Awards
Mr. Mikles(1)			
Mr. Wolff(2)	79%	9%	12%
Mr. Ednie(3)	12%	4%	84%
Mr. Rinn(4)	54%		46%
Mr. Salemme	42%	28%	30%
Mr. Richardson	60%	12%	28%
Mr. Dozois	60%	11%	29%
Mr. Jaffe(5)	100%		

(1) In 2014, Mr. Mikles was compensated in accordance with the Board Compensation Policy described under the caption *Director Compensation* beginning on page 15.
(2) Base Salary and Other Compensation includes severance paid to Mr. Wolff in connection with his resignation from the position of Chief Executive Officer and President effective November 19, 2014.
(3) Reflects prorated salary and cash incentive compensation earned by Mr. Ednie for a partial year of service between September 8, 2014 and December 31, 2014.
(4) Reflects compensation for a partial year of service between January 1, 2014 and September 30, 2014.
(5) Base Salary and Other Compensation includes severance paid to Mr. Jaffe s in connection with his resignation from the position of Vice President, General Counsel and Corporate Secretary effective April 18, 2014.

Other Compensation

Employment, Severance and Change in Control Arrangements

Each of our executive officers is employed on an at will basis, which means that his employment may be terminated at any time, at the election of either the executive officer or Pendrell, for any reason or no reason, with or without any advance notice. We issued employment letters to each of our named executive officers at the time of hire (other than Mr. Mikles) that contain general employment terms. The employment letters for Messrs. Wolff, Ednie, Salemme, Richardson, Dozois and Jaffe describe certain benefits payable in connection with a termination of employment under certain circumstances, such as termination without cause or for good reason. These severance benefits are intended to provide competitive compensation and to ensure that key executives are focused on our goals and objectives, as well as the interests of our shareholders, by removing uncertainties related to unexpected termination of employment. The named executive officers are also subject to the confidentiality, noncompetition and non-solicitation obligations set forth in our standard employee inventions agreement, some of which survive termination of employment.

All equity awards granted to our executive officers and non-executive employees under our 2000 Stock Incentive Plan, as amended and restated, provide for 100% vesting acceleration upon a change in control if the

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equity obligation is not assumed, continued or substituted by the acquiring company. Conversely, under our 2012 Equity Incentive Plan (the 2012 Plan), the vesting of an equity award accelerates upon a change of control only if such acceleration is contemplated by the agreement evidencing the award. The vesting of an equity award granted pursuant to the 2012 Plan may also be accelerated in the event of certain sales or dispositions of assets or securities, mergers, consolidations or similar transactions, unless otherwise provided in the agreement evidencing an equity award or any other written agreement between us and the holder of such equity award, or unless otherwise expressly provided by the plan administrator of the 2012 Plan at the time an equity award is granted.

We entered into a Separation Agreement with Mr. Wolff in connection with his resignation in November 2014, and we entered into a Severance and Release Agreement with Mr. Jaffe in connection with his resignation in April 2014. We also entered into a Retention Agreement with Mr. Salemme in connection with Mr. Salemme s transition from an employee to an independent consultant. These agreements are described below.

Mr. Wolff. On November 19, 2014, Benjamin G. Wolff resigned from his position as President and Chief Executive Officer. The Compensation Committee determined that Mr. Wolff s resignation was for Good Reason (as defined in Mr. Wolff s employment letter) in light of the changes to his role and reporting structure following Craig McCaw s appointment as Executive Chairman in November 2014. Pursuant to a Separation Agreement between the Company and Mr. Wolff, which was approved by the Compensation Committee, and consistent with the terms of Mr. Wolff s employment letter that was negotiated at the time of his hiring, Mr. Wolff received (i) a lump sum severance payment of $3,182,700, which is two times the sum of Mr. Wolff s annual salary and target bonus; (ii) a lump sum payment of $114,759, representing Mr. Wolff s accrued and unused paid time off, capped at 1.5 times his annual accrual rate for paid time off; (iii) payment by the Company of COBRA costs for Mr. Wolff and his covered dependents so long as he elects and remains eligible for COBRA, up to a maximum of two years; and (iv) vesting of all options, shares of restricted stock and RSUs in which he would have vested had he remained actively employed by the Company through the second anniversary of his resignation, excluding any unvested performance-based restricted shares or performance-based RSUs. The Separation Agreement also provides for (a) an extension of the exercise period for Mr. Wolff s vested stock options until December 15, 2015; (b) the Company s commitment to defend, indemnify and reimburse Mr. Wolff for costs, taxes or other payments for which the Company is already obligated under his employment letter agreement; and (c) for payment of a performance bonus for Mr. Wolff s contributions to the Company s achievement of its 2014 objectives, determined in a manner consistent with the determination of performance bonuses awarded to the Company s highest performing 2014 executives, pro-rated for the period during which he was employed in 2014. Mr. Wolff provided us with a waiver and release of all claims and agreed to adhere to all post-employment obligations under our standard form of employee inventions agreement. The Compensation Committee determined that the payments to Mr. Wolff in connection with his resignation were fair and reasonable in light of his contributions and leadership during a critical time in the Company s development.

Mr. Jaffe. Effective April 18, 2014, Mr. Jaffe resigned from his position as Vice President, General Counsel and Corporate Secretary. Pursuant to a Severance and Release Agreement between the Company and Mr. Jaffe, which was approved by the Compensation Committee, Mr. Jaffe received (i) a lump sum severance payment of $350,000, which is equal to his annual salary at the time of his resignation; and (ii) a lump sum payment of $10,121, representing Mr. Jaffe s accrued and unused paid time off. Mr. Jaffe provided us with a waiver and release of all claims and agreed to adhere to all post-employment obligations under our standard form of employee inventions agreement. The compensation paid to Mr. Jaffe in connection with his resignation was consistent with the terms of his employment letter agreement negotiated at the time of his hiring.

Mr. Salemme. Effective February 15, 2015, Mr. Salemme completed his service as our Executive Vice President and Chief Strategy Officer and became a non-employee consultant to the Company. He also continues to serve as a member of our Board of Directors. The Company and Mr. Salemme entered into a retention agreement (the Retention Agreement) that describes the terms of Mr. Salemme s employment termination and his consulting relationship, and which supersedes Mr. Salemme s Amended and Restated Employment Letter Agreement dated July 1, 2011, as supplemented by addenda dated August 25, 2014 and January 1, 2015

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(collectively, the Employment Agreement). Under the Retention Agreement, Mr. Salemme will identify and assess business opportunities and provide strategic advice for the Company, for which he will: (i) be paid a monthly consulting fee of $20,000, (ii) receive a lump sum payment of $455,000 as consideration for relinquishment of any termination benefits contemplated by the Employment Agreement, (iii) retain and continue to vest in his outstanding equity awards through the first anniversary of the termination of the Retention Agreement, and (iv) receive an additional future lump sum payment of $455,000 if the Company terminates the Retention Agreement without Cause (as defined in the Retention Agreement), or if Mr. Salemme terminates the Retention Agreement for Good Reason (as defined in the Retention Agreement). The Compensation Committee determined the compensation to be paid to Mr. Salemme for his consulting services by considering the value of Mr. Salemme s continued contributions to the Company and the breadth of his experience in determining the value of potential initiatives.

Benefits

We believe benefits are part of a competitive compensation package to attract and retain employees, including executives. Our executive officers are eligible to participate in the same benefit programs offered to other employees. These programs include medical, dental, vision, group life, accidental death and dismemberment, and disability insurance; an elective health care savings account; a transportation subsidy or paid parking, as applicable; paid time off; and holiday pay. The same contribution amounts, percentages and plan design provisions are generally applicable to all employees.

Our employees, including our named executive officers, are also eligible to participate in our 401(k) savings plan, a tax-qualified retirement savings plan pursuant to which all U.S.-based employees are able to contribute a portion of their cash compensation (including base salary and overtime pay) on a before-tax basis, up to the limit prescribed each year by the Internal Revenue Service. We match 100% of the first 3% of pay and 50% of the next 2% of pay that is contributed to the 401(k) savings plan. All employee contributions and matching contributions made by us to the 401(k) savings plan are fully vested upon contribution. Our executive officers participate in the benefit programs described above on the same basis as our other employees.

We have no defined benefit pension plans or supplemental retirement plans for executives.

Perquisites and Personal Benefits

We may offer other benefits to our employees and executive officers from time to time, which benefits are typically offered to help us compete more effectively to attract or retain an executive officer.

In April 2013, the Compensation Committee adopted a Pre-Approval Policy for Nominal Payments pursuant to which the Compensation Committee delegated authority to each of the Chief Executive Officer and the Chairman of the Compensation Committee to approve certain nominal payments to our executive officers from time to time. Our Chief Executive Officer is authorized to approve nominal payments to our executive officers (not including the CEO) up to an aggregate amount of $10,000 per year, per executive officer. The Chairman of the Compensation Committee is authorized to approve nominal payments to our executive officers up to an aggregate amount of $25,000 per year, per executive officer (when aggregated with any nominal payments approved by the CEO). These payments may include, without limitation, relocation assistance, transportation benefits, length of service awards, achievement awards and certain other payments.

As negotiated at the time of hire and reflected in their employment offer letters, we provide compensation to each of Messrs. Richardson and Dozois, who are based outside the state of Washington, to assist with commuting and/or lodging expenses incurred by these executives in connection with their frequent travel to our headquarters in Kirkland, Washington. Effective January 2013, this compensation is paid in the form of a monthly stipend in the amount of (i) $3,200 for Mr. Richardson to assist with commuting and lodging expenses, and (ii) $1,920 for Mr. Dozois to assist with commuting expenses. These amounts have been reported as taxable income to Messrs. Richardson and Dozois. There were no other perquisites provided to any named executive officer in 2014.

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Taxation of Parachute Payments and Deferred Compensation

Sections 280G and 4999 of the Code provide that executive officers and directors who hold significant equity interests and certain other service providers may be subject to an excise tax if they receive payments or benefits in connection with a change in control that exceeds certain prescribed limits, and that we, or a successor, may forfeit a deduction on the amounts subject to this additional tax. Section 409A of the Code (Section 409A) also imposes additional significant taxes on the individual in the event that an executive officer, director or other service provider receives deferred compensation that does not meet the requirements of Section 409A. We do not provide any executive officer, including any named executive officer, with a gross-up or other reimbursement payment for any liability that he or she might owe as a result of the application of Sections 280G or 4999 of the Code. The employment letters with our current named executive officers allow us to accelerate severance payments to the extent necessary to comply with Section 409A.

Other Policies and Considerations

Assessment of Risk in our Compensation Program

The Compensation Committee periodically assesses our compensation program to monitor and mitigate risk. This ongoing assessment includes consideration of the primary design features of the compensation plans, monitoring compliance with our code of ethics, structuring executives pay to include both fixed and variable compensation, and retaining broad discretion over the award of annual performance-based cash incentive compensation. The Compensation Committee believes that the annual and long-term equity incentive compensation programs for our executive officers appropriately focus these individuals on our current and future business needs without encouraging undue risk-taking, and that our compensation policies and practices for all employees, including named executive officers, do not create risks that are reasonably likely to have a material adverse effect on us.

Stock Ownership Guidelines

We currently do not require our executive officers to own a particular amount of our stock. The Compensation Committee is satisfied that stock and other equity holdings of our executive officers are sufficient at this time to provide appropriate motivation and to align the long-term interests of our executives with those of our shareholders. However, we may in the future require our executive officers to own a particular amount of our stock.

Policies Regarding Granting of Equity Awards

We do not have any program, plan or obligation that requires the granting of stock options or other equity awards to any executive officer on specified dates, or that requires the named executive officers to hold stock options, restricted stock or RSUs beyond their vesting dates. All stock options are granted with exercise prices that are equal to the last sale price of our Class A common stock as reported on the Nasdaq Stock Market on the respective date of grant. We do not have either a policy or practice in place to grant equity awards that are timed to precede or follow the release or withholding of material nonpublic information. The Compensation Committee typically grants equity awards to executive officers at its scheduled meetings or by unanimous written consent. The Compensation Committee may authorize the future grant of an equity award to an executive officer in advance of the commencement of such officer s employment by us, in which case the Compensation Committee s approval of the award is subject to and effective on the date of hire or on the 15^{th} day of the month that falls on or follows an executive officer s employment start date.

Our Board of Directors has authorized our Chief Executive Officer, who is also a member of our Board of Directors, to grant equity awards to certain newly hired employees and consultants, subject to certain limitations, as follows:

the awards will be granted on the 15^{th} day of the month following an individual s employment start date;

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- the individual cannot report directly to the Chief Executive Officer or be subject to the reporting requirements of Section 16 (a) of the Exchange Act;
- the total number of shares granted under all awards to an individual during a single period may not exceed certain levels, as approved in advance by the Compensation Committee;
- the total number of shares granted under all awards by the Chief Executive Officer during a calendar year may not exceed 1,000,000 shares; and
- each stock option must have an exercise price equal to the closing share price on the date of grant.

Tax and Accounting Implications

Tax Deductibility of Executive Compensation. Section 162(m) of the Code (Section 162(m)) generally disallows an income tax deduction to publicly traded companies for compensation over $1.0 million paid to the Chief Executive Officer or any of our other four most highly compensated executive officers, unless it qualifies as performance-based compensation, as defined in Section 162(m). Stock options granted under our equity plans will qualify as performance-based compensation and be exempt from the Section 162(m) deductibility limit provided these stock options are approved by the Compensation Committee and granted in compliance with the requirements of Section 162(m). The Compensation Committee believes that in certain circumstances factors other than tax deductibility take precedence when determining the forms and levels of executive compensation most appropriate and in the best interests of us and our shareholders. Given our changing focus, as well as the competitive market for outstanding executives, the Compensation Committee believes that it is important for it to retain the flexibility to design compensation programs consistent with our overall executive compensation program, even if some executive compensation is not fully deductible by us. Accordingly, the Compensation Committee may from time to time approve elements of compensation for certain officers that are not fully deductible, and reserves the right to do so in the future when appropriate.

Accounting for Stock-Based Compensation. We account for stock-based compensation in accordance with the requirements of Accounting Standards Codification Topic 718, Compensation Stock Compensation. Under the fair value provisions of this statement, stock-based compensation cost is measured at the grant date based on the fair value of the award.

Policies on Hedging Economic Risk

No director or officer designated by our Board of Directors as a reporting person or insider may engage in any transaction involving our securities or securities of certain companies with whom we transact business (including a stock plan transaction such as an option exercise, a gift, a loan or pledge or hedge, a contribution to a trust, or any other transfer), without first obtaining pre-clearance of the transaction from our legal department.

Recovery of Incentive-Based Compensation

We recognize that our compensation program will be subject to the forthcoming amendments to stock exchange listing standards required by Section 954 of the Dodd-Frank Act, which requires that stock exchange listing standards be amended to require issuers to adopt a policy providing for the recovery from any current or former executive officer of any incentive-based compensation (including stock options) awarded during the three-year period prior to an accounting restatement resulting from material noncompliance of the issuer with financial reporting requirements. We intend to adopt such a clawback policy which complies with all applicable standards when such rules become available.

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Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis for fiscal 2014. Based on this review and discussion, the Compensation Committee recommended to our Board of Directors that the Compensation Discussion and Analysis be included in Pendrell s proxy statement relating to the 2015 annual meeting of shareholders.

COMPENSATION COMMITTEE

Mr. H. Brian Thompson, Chair

Mr. Stuart M. Sloan

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Summary Compensation Table

The following table sets forth information regarding compensation earned by our named executive officers during 2014, 2013 and 2012, whether or not such amounts were paid in such year.

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)(2)	Stock Awards ($)(3)	Option Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)(4)	All Other Compensation ($)(5)	Total ($)
Lee E. Mikles(6)	2014				107,909		48,066	155,975
Interim Chief Executive	2013							
Officer and President	2012							
Benjamin G. Wolff(7)	2014	817,259	475,280		612,275		5,983,475	7,888,289
Former President and	2013	770,625				231,750	11,208	1,013,583
Chief Executive Officer	2012	750,000		2,208,500	3,640,125	600,000	10,388	7,209,013
Steven E. Ednie(8)	2014	110,160	37,217	395,000	351,044		210	893,631
Vice President and	2013							
Chief Financial Officer	2012							
David H. Rinn(9)	2014	272,782			244,910		11,156	528,848
Former Vice President and	2013	283,814		593,000	499,140	70,959	10,956	1,457,869
Chief Financial Officer	2012							
R. Gerard Salemme	2014	422,815	286,443		306,137		11,408	1,026,803
Former Chief Strategy Officer,	2013	411,000				123,600	11,208	545,808
Executive Vice President	2012	400,000		389,000	314,250	320,000	5,054	1,428,304
Scott G. Richardson(10)	2014	344,820	83,059		204,092		49,808	681,779
Vice President and	2013							
Chief Product Officer	2012							
Timothy M. Dozois(11)	2014	277,778	62,520		163,273		34,448	538,019
Corporate Counsel and	2013							
Corporate Secretary	2012							
Robert S. Jaffe(12)	2014	116,243					354,870	471,113
Former Vice President,	2013	350,000				52,500	10,860	413,360
	2012	185,769		284,750	323,438	74,208	5,959	874,124
General Counsel and								
Corporate Secretary								

(1) The amounts reported in this column for Messrs. Wolff, Rinn and Jaffe for 2014 include payments in respect of accrued but unused paid time off as follows: $114, 759 for Mr. Wolff; $3,719 for Mr. Rinn; and $10,121 for Mr. Jaffe.

(2) The amounts reported in this column represent discretionary cash incentive compensation that is based on performance in 2014. The amount reported for Mr. Wolff represents a pro-rated payment for the period January 1, 2014 through November 19, 2014. The

discretionary cash incentive compensation for 2014 is discussed in further detail under *Compensation Discussion and Analysis* beginning on page 26.

(3) Reflects the aggregate grant date fair value of awards granted in the year shown, computed in accordance with applicable accounting guidance for stock and option awards granted during each year, rather than an amount paid to or realized by an executive officer. These equity grants are described under *Compensation Discussion and Analysis* above and in the *2014 Grants of Plan-Based Awards* and *Outstanding Equity Awards at December 31, 2014* tables below. We have disclosed the assumptions made in the valuation of the restricted stock and option awards under Note 9 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014. The amounts reported do not reflect the compensation actually received by our named executive officers. There can be no assurance that stock options will be exercised (in which case no value will be realized by the individual) or that the value on vesting of exercise will approximate the compensation expense recognized by the Company.

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(4) The amounts reported in this column represent cash incentive compensation that is based on performance in 2012 and 2013.

(5) Amounts reported for 2012, 2013 and 2014 that represent *All Other Compensation* for each of the named executive officers are described in the table below captioned *Detail of All Other Compensation in the Summary Compensation Table.*

(6) In 2014, Mr. Mikles was compensated pursuant to the Company s Board Compensation Policy, as further described under the caption *Director Compensation* beginning on page 15. The amounts reported in the Summary Compensation Table for Mr. Mikles are also reported in the table captioned *2014 Director Compensation* on page 16.

(7) Mr. Wolff resigned as our President and Chief Executive Officer effective November 19, 2014. Mr. Wolff s severance benefits are described in more detail in under *Compensation Discussion and Analysis* beginning on page 26 and under the caption *2014 Potential Payments Upon Termination or Change in Control* beginning on page 50.

(8) Mr. Ednie joined us as our Vice President and Chief Financial Officer on September 8, 2014.

(9) Mr. Rinn joined us as our Vice President and Chief Financial officer in March 2013. He resigned from the position of Vice President and Chief Financial Officer in September 2014.

(10) Mr. Richardson joined us as Vice President and Chief Product Officer in 2012 and has not been previously designated as a named executive officer of Pendrell.

(11) Mr. Dozois was last designated as a named executive officer of Pendrell in 2011.

(12) Mr. Jaffe joined us as our Vice President, General Counsel and Corporate Secretary in June 2012. Mr. Jaffe resigned from the position of Vice President, General Counsel and Corporate Secretary effective April 18, 2014.

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Detail of All Other Compensation in the Summary Compensation Table

Name	Year	Severance ($)(1)	Equity Award Modification ($)(2)	Company Contribution 401(k) Plan ($)(3)	Term Life Insurance Premium ($)	Director Service Fees ($)(4)	Taxable Commuting and Housing Benefits ($)	Total ($)
Mr. Mikles	2014					48,066		48,066
	2013							
	2012							
Mr. Wolff	2014	3,182,700	2,789,367	10,400	1,008			5,983,475
	2013			10,200	1,088			11,208
	2012			10,000	388			10,388
Mr. Ednie	2014				210			210
	2013							
	2012							
Mr. Rinn	2014			10,400	756			11,156
	2013			10,200	756			10,956
	2012							
Mr. Salemme	2014			10,400	1,008			11,408
	2013			10,200	1,008			11,208
	2012			4,666	388			5,054
Mr. Richardson	2014			10,400	1,008		38,400	49,808
	2013							
	2012							
Mr. Dozois	2014			10,400	1,008		23,040	34,448
	2013							
	2012							
Mr. Jaffe	2014	350,000		4,650	220			354,870
	2013			10,200	660			10,860
	2012			5,833	126			5,959

(1) Represents severance payments made to Messrs. Wolff and Jaffe in connection with their respective resignations. The severance payments are described under the caption *2014 Potential Payments Upon Termination or Change in Control* on page 50.

(2) Represents (i) $2,073,495 of incremental expense recognized by the Company in connection with the acceleration of vesting of certain equity awards upon the resignation of Mr. Wolff, and (ii) $715,872 of incremental expense recognized by the Company in connection with the extension of the exercise period of vested stock options.

(3) Under the Company s 401(k) plan, the Company matches 100% of the first 3% and 50% of the next 2% of pay that is contributed to the plan. Matching contributions by the Company are immediately vested.

(4) Represents compensation paid to Mr. Mikles for service as a non-employee director on the Company s Board of Directors.

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2014 Grants of Plan-Based Awards

The following table provides information concerning the equity awards and cash incentive compensation earned by each of our named executive officers in 2014.

Name	Grant Date	Approval Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1) Threshold ($)	Target ($)	Maximum ($)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)(2)	Exercise or Base Price of Option Awards ($/sh)	Grant Date Fair Value of Stock and Option Awards ($)(3)
Mr. Mikles(4)	04/10/14	04/10/14					75,000(5)	$ 1.76	72,582
	10/01/14	10/01/14					60,000(5)	$ 1.27	35,327
Mr. Wolff	02/28/14	02/24/14		795,675	1,074,161		750,000(6)	$ 1.52	612,275
Mr. Ednie	09/15/14	08/28/14		175,000	236,250		500,000(7)	$ 1.31	351,044
	09/15/14	08/28/14				250,000(8)			327,500
	09/15/14	08/28/14				150,000(9)			67,500
Mr. Rinn	02/28/14	02/24/14		180,250	243,338		300,000(6)	$ 1.52	244,910
Mr. Salemme	02/28/14	02/24/14		424,360	572,886		375,000(6)	$ 1.52	306,137
Mr. Richardson	02/28/14	02/24/14		138,432	186,883		250,000(6)	$ 1.52	204,092
Mr. Dozois	02/28/14	02/24/14		92,623	125,041		200,000(6)	$ 1.52	163,273
Mr. Jaffe				175,000	236,250				

(1) There is no threshold payout under the Company s 2014 discretionary cash incentive compensation plan. The maximum payouts shown above assume 100% achievement of corporate objectives and the highest possible payout percentage (135%) based on individual performance ratings. The actual amounts paid for 2014 are shown in the *Bonus* column of the *Summary Compensation Table* on page 44. These awards are described in further detail under *Compensation Discussion and Analysis* beginning on page 26.

(2) The exercise price of the stock options is equal to the closing price of our Class A common stock on the grant date, as reported on Nasdaq.

(3) The amounts reported in this column reflect the aggregate grant date fair value of the awards granted in 2014, determined in accordance with financial statement reporting rules rather than an amount paid to or realized by the executive officer. For a discussion of valuation assumptions, see Note 9 to our consolidated financial statements included in our annual report on Form 10-K for the year ended December 31, 2014. The option exercise price has not been deducted from the amounts indicated above. Regardless of the value placed on a stock option on the grant date, the actual value of the option will depend on the market value of Pendrell Class A common stock at such date in the future when the option is exercised. The proceeds to be paid to the individual following the exercise of the option do not include the option exercise price.

(4) Mr. Mikles was compensated pursuant to the Company s Board Compensation Policy in 2014 and he did not participate in the Company s performance-based cash incentive plan. The Board Compensation Policy is described under the caption *Director Compensation* beginning on page 15.

(5) Granted pursuant to the Company s Board Compensation Policy described under the caption *Director Compensation* beginning on page 15. The stock options granted on April 10, 2104 vest in four equal annual installments beginning April 10, 2015. The stock options granted on October 1, 2014 vest as to 100% of the shares on October 1, 2015.

(6) The stock options vest in four equal annual installments beginning February 28, 2015.

(7) The stock options vest in four equal annual installments beginning September 15, 2015.

(8) The restricted stock units vest in four equal annual installments beginning September 15, 2015.

(9) One hundred percent (100%) of the award will vest when both of the following have occurred: (i) the average closing price of Class A Common Stock, measured over any 60 consecutive calendar days, as reported on Nasdaq, has reached or exceeded $3.00 per share (the Price Trigger), and (ii) the first anniversary date of the grant date has occurred (the Anniversary Date). If the Price Trigger is not achieved

by the third Anniversary Date, then none of the RSUs will vest.

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Outstanding Equity Awards at December 31, 2014

The following table shows certain information regarding outstanding equity awards at December 31, 2014, for the named executive officers.

	Option Awards					Stock Awards			
Name	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares of Stock That Have Not Vested (#)**	**Market Value of Shares of Stock That Have Not Vested ($)(1)**	**Equity Incentive Plan Awards: Number of Unearned Shares That Have Not Vested (#)**	**Equity Incentive Plan Awards: Market Value of Unearned Shares That Have Not Vested ($)(1)**
Mr. Mikles		75,000(2)		1.76	04/10/24				
		60,000(3)		1.27	10/01/24				
Mr. Wolff	30,000(4)			4.25	12/15/15				
	30,000(4)			5.85	12/15/15				
	30,000(4)			3.50	12/15/15				
	2,000,000(5)			1.16	12/15/15				
	950,000(6)			2.78	12/15/15				
	75,000(7)			2.64	12/15/15				
	5,437,500(8)			1.21	12/15/15				
	375,000(9)			1.52	12/15/15				
Mr. Ednie		500,000(10)		1.31	09/15/24	250,000(10)	345,000	150,000(11)	207,000
Mr. Rinn									
Mr. Salemme	120,000(4)			4.25	11/14/15	62,500(12)	86,250	350,000(13)	483,000
	500,000(14)			4.25	11/14/15	50,000(15)	69,000	31,250(16)	43,125
	30,000(4)			5.85	10/01/16	31,250(17)	43,125		
	20,000(4)			5.90	10/03/16			,	
	30,000(4)			3.50	10/01/17				
	30,000(4)			1.01	10/01/18				
	100,000(4)			1.61	06/30/20				
	30,000(4)			1.63	10/01/20				
	300,000(12)	100,000		1.93	03/04/21				
	525,000(18)	175,000		2.78	07/15/21				
	25,000(15)	25,000		2.64	02/15/22				
	187,500(17)	187,500		1.21	08/24/22				
		375,000(19)		1.52	02/28/24				
Mr. Richardson	112,500(20)	112,500		1.24	08/15/22	20,313(17)	28,032	75,000(13)	103,500
	121,874(17)	121,876		1.21	08/24/22			20,312(16)	28,031
		250,000(19)		1.52	02/28/24				
Mr. Dozois	30,000(14)			1.50	06/15/20	10,000(15)	13,800	75,000(13)	103,500
	112,500(18)	37,500		2.78	07/15/21	12,500(17)	17,250	12,500(16)	17,250
	5,000(15)	5,000		2.64	02/15/22				
	75,000(17)	75,000		1.21	08/24/22				
		200,000(19)		1.52	02/28/24				
Mr. Jaffe									

(1) Represents the closing price of a share of our Class A common stock on December 31, 2014 ($1.38) multiplied by the number of shares or units that have not vested.

(2) Reflects stock options granted pursuant to the Company s Board Compensation Policy in connection with services provided as a director prior to appointment as an executive officer. The stock options vest in four equal annual installments beginning April 10, 2015.

(3) Reflects stock options granted pursuant to the Company s Board Compensation Policy in connection with services provided as a director prior to appointment as an executive officer. The stock options vest as to 100% of the shares on October 1, 2015.

(4) Reflects stock options granted in connection with services provided as a director prior to joining the Company as an executive officer. The stock options vested in four equal annual installments and were fully vested at December 31, 2014.
(5) The stock options vested in four equal annual installments and were fully vested at December 31, 2014.
(6) The stock options were originally scheduled to vest in four equal annual installments beginning June 17, 2012. In accordance with the terms of a Separation Agreement between the Company and Mr. Wolff, vesting of the stock options accelerated such that the options were fully vested at December 31, 2014.
(7) The stock options were originally scheduled to vest in four equal annual installments beginning February 15, 2013. In accordance with the terms of a Separation Agreement between the Company and Mr. Wolff, vesting of the stock options accelerated such that the options were fully vested at December 31, 2014.

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(8) The stock options were originally scheduled to vest in four equal annual installments beginning August 24, 2013. In accordance with the terms of a Separation Agreement between the Company and Mr. Wolff, vesting of the stock options accelerated such that the options were fully vested at December 31, 2014.
(9) Represents 50% of the original stock option award that was scheduled to vest in four equal annual installments beginning February 28, 2015. In accordance with the terms of a Separation Agreement between the Company and Mr. Wolff, vesting of the stock options accelerated such that 375,000 options were fully vested at December 31, 2014. The remaining 375,000 options were cancelled on November 19, 2014.
(10) The stock options and restricted stock units vest in four equal annual installments beginning September 15, 2015.
(11) The restricted stock units will fully vest when both of the following have occurred: (i) the average closing price of Class A Common Stock, measured over any 60 consecutive calendar days, as reported on Nasdaq, has reached or exceeded $3.00 per share (the Price Trigger), and (ii) the first anniversary of the grant date has occurred (the Anniversary Date). If the Price Trigger is not achieved by the third Anniversary Date, then none of the shares will vest.
(12) The stock options and restricted stock award vest in four equal annual installments beginning March 4, 2012.
(13) The performance-based restricted stock awards will vest on the earlier of (i) when the Company s trailing 12-month net income reaches $100 million, and (ii) when the average closing share price of the Company s Class A common stock for any 60 consecutive calendar days, as reported on Nasdaq, is $3.00 or higher. If any one of, or all of, the performance targets are not met within seven years, the unvested awards will be forfeited.
(14) Reflects stock options granted in connection with services provided as a consultant prior to joining the Company as an executive officer. The stock options vested in four equal annual installments and were fully vested at December 31, 2014.
(15) The stock options and restricted stock award vests in four equal annual installments beginning February 15, 2013.
(16) The restricted stock units will vest when the average closing share price of the Company s Class A common stock for any 60 consecutive calendar days, as reported on Nasdaq, is $3.00 or higher. If the performance target is not met within four years, the unvested RSUs will be forfeited.
(17) The stock options and restricted stock units vest in four equal annual installments beginning August 24, 2013.
(18) The stock options vest in four equal annual installments beginning June 17, 2012.
(19) The stock options vest in four equal annual installments beginning February 28, 2015.
(20) The stock options vest in four equal annual installments beginning August 15, 2013.

2014 Option Exercises and Stock Vested

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)(1)	Number of Shares Acquired on Vesting (#)(2)	Value Realized on Vesting ($)(3)
Mr. Mikles				
Mr. Wolff			1,042,188	1,627,063
Mr. Ednie				
Mr. Rinn			50,000	84,000
Mr. Salemme			103,125	167,125
Mr. Richardson			10,156	15,843
Mr. Dozois			11,250	16,800
Mr. Jaffe	135,937	62,437		

(1) Represents the fair market value of the shares acquired upon the exercise of the options on the date of exercise, net of the exercise price associated with acquiring the shares.
(2) Represents the aggregate number of shares vesting, prior to any withholding of shares to satisfy tax withholding obligations.
(3) Represents the number of shares vesting multiplied by the fair market value of Pendrell Class A common stock on the vesting date.

Pension Benefits

During 2014, we did not provide pension benefits for any named executive officer.

Non-Qualified Deferred Compensation

During 2014, we did not provide non-qualified deferred compensation benefits for any named executive officer.

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2014 Potential Payments Upon Termination or Change in Control

The following table reflects the amount of compensation that would have been payable to each of the named executive officers in the event of the termination of such executive s employment under certain circumstances, assuming that (1) the triggering event took place on December 31, 2014, the last business day of the 2014 fiscal year (unless otherwise indicated below), (2) the price per share of our Class A common stock was $1.38, which was the closing market price on December 31, 2014, and (3) that all cash payments are made in a lump sum.

	Change in Control Accelerated Vesting of Equity Awards	Employment Termination Events(1)				
		Severance Payment	2014 Performance Bonus	Accelerated Vesting of Equity Awards	Payment of Accrued but Unused Paid Time Off	Health Insurance Coverage
Mr. Mikles	$	$	$	$	$	$
Mr. Wolff(2)	$	$ 3,182,700	$ 475,280	$ 1,191,001	$ 114,759	$ 29,607
Mr. Ednie(3)	$	$ 175,000	$	$	$	$
Mr. Rinn(4)	$	$	$	$	$ 3,719	$
Mr. Salemme(5)	$ 569,250	$ 848,720	$	$ 158,250	$	$
Mr. Richardson(6)	$	$ 173,040	$	$	$	$
	$					
Mr. Dozois(7)	$ 103,500	$ 280,675	$	$	$	$
Mr. Jaffe(8)	$	$ 350,000	$	$	$ 10,121	$

(1) Messrs. Wolff, Ednie, Salemme, Richardson, Dozois and Jaffe are or were entitled to certain severance payments in the event their employment is or was terminated under certain circumstances as described below. Each executive officer employed by the Company is also subject to certain non-competition and non-solicitation obligations for one year following termination of employment, in addition to confidentiality and non-disparagement obligations. Also, the Company has historically paid out accrued but unused paid time off to employees upon termination of employment.

(2) Mr. Wolff resigned from the Company for Good Reason (as described below) effective November 19, 2014. The amounts reported for Mr. Wolff represent payments made pursuant to the terms of a Separation Agreement between the Company and Mr. Wolff (the Wolff Separation Agreement), including a severance payment in the amount of $3,182,700 representing two times the sum of his annual base salary ($795,675 as of the date of his resignation) and annual target performance bonus; reimbursed COBRA health insurance premiums in the amount of $1,067 for 2014, $20,146 for 2015 and $8,394 for 2016 (which 2016 amount is estimated based on the 2015 value of such benefits); and accrued but unused paid time off in the amount of $114,759. The vesting of certain of Mr. Wolff s equity awards was accelerated as described below.

(3) Mr. Ednie s severance payment is equal to 50% of his annual base salary ($350,000 at December 31, 2014) and will be paid in the event of Mr. Ednie s involuntary termination without Cause (as described below).

(4) Mr. Rinn resigned from the Company effective September 30, 2014. The amount reported for Mr. Rinn represents accrued but unused paid time off as of his resignation date.

(5) Pursuant to an Employment Agreement between the Company and Mr. Salemme (the Salemme Agreement), in 2014 Mr. Salemme was entitled to certain payments if his employment had been involuntarily terminated by the Company without Cause, he resigned for Good Reason, or in the event of his Disability (as such terms are described below). If any of these events had occurred, Mr. Salemme would have been entitled to a severance payment equal to his annual base salary ($424,360 at December 31, 2014) plus 100% of his annual performance bonus, together with accelerated vesting of certain equity awards as described below. In February 2015, the Salemme Agreement was superseded by a retention letter agreement as described below.

(6) Mr. Richardson s severance payment is equal to 50% of his annual base salary ($346,080 at December 31, 2014) and will be paid if the Company elects to enforce the noncompetition provisions of the Employee Intellectual Property Agreement between the Company and Mr. Richardson in the event of Mr. Richardson s involuntary termination for any reason other than for Cause (as described below).

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(7) Mr. Dozois severance payment is equal to his annual base salary ($280,675 at December 31, 2014) and will be paid in the event of the involuntary termination of his employment other than for Cause or his resignation for Good Reason (as such terms are described below).

(8) Mr. Jaffe s employment was terminated without Cause (as described below) effective April 18, 2014. The amounts reported for Mr. Jaffe represent payments made in connection with the termination of Mr. Jaffe s employment and pursuant to the terms of a Severance and Release Agreement between the Company and Mr. Jaffe (the Jaffe Severance Agreement), including a severance payment equal to his annual base salary ($350,000 as of the date of his resignation) and accrued but unused paid time off in the amount of $10,121.

Change in Control

All equity awards granted to our named executive officers and non-executive employees under the 2000 Plan provide for 100% vesting acceleration in the event the Company is subject to a change in control and the