

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 13D**

Under the Securities Exchange Act of 1934  
(Amendment No. )\*

**PANDORA MEDIA, INC.**

(Name of Issuer)

**COMMON STOCK, \$0.0001 PAR VALUE**  
(Title of Class of Securities)

**698354107**  
(CUSIP Number)

**Keith Meister  
Patrick J. Dooley, Esq.  
Corvex Management LP  
667 Madison Avenue  
New York, NY 10065  
(212) 474-6700**

**Jeffrey L. Kochian  
Akin Gump Strauss Hauer & Feld LLP  
One Bryant Park  
New York, NY 10036  
(212) 872-8069**

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

**May 4, 2016**  
(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box.

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**Note:** Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See§240.13d-7 for other parties to whom copies are to be sent.

\* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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1. Name of Reporting Person:  
CORVEX MANAGEMENT LP
2. Check the Appropriate Box if a Member of a Group (See Instructions):  
(a)  (b)
3. SEC Use Only:
4. Source of Funds (See Instructions):  
AF
5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e):
6. Citizenship or Place of Organization:  
DELAWARE
- |              |     |                           |
|--------------|-----|---------------------------|
|              | 7.  | Sole Voting Power:        |
|              |     | 19,066,942*               |
| Number of    | 8.  | Shared Voting Power:      |
| Shares       |     | 0                         |
| Beneficially | 9.  | Sole Dispositive Power:   |
| Owned by     |     | 19,066,942*               |
| Each         | 10. | Shared Dispositive Power: |
| Reporting    |     | 0                         |
| Person       |     |                           |
| With         |     |                           |
11. Aggregate Amount Beneficially Owned by Each Reporting Person:  
19,066,942\*†
12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions):
13. Percent of Class Represented by Amount in Row (11):  
8.3%\*†
14. Type of Reporting Person (See Instructions):  
PN, IA

(\*) See Item 5.

† Includes all Shares (as defined in Item 1 below) beneficially owned by all Reporting Persons and excludes cash-settled swaps disclosed in Item 5 referencing economic exposure comparable to 3,695,715 additional Shares, which, if aggregated with such beneficially owned Shares, represent an aggregate economic interest in 22,762,657 Share equivalents representing 9.95% of the outstanding Shares.

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1. Name of Reporting Person:  
KEITH MEISTER
2. Check the Appropriate Box if a Member of a Group (See Instructions):  
(a)  (b)
3. SEC Use Only:
4. Source of Funds (See Instructions):  
AF
5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e):
6. Citizenship or Place of Organization:

United States

- |              |     |                           |
|--------------|-----|---------------------------|
|              | 7.  | Sole Voting Power:        |
| Number of    |     | 19,066,942*               |
| Shares       | 8.  | Shared Voting Power:      |
| Beneficially |     | 0                         |
| Owned by     | 9.  | Sole Dispositive Power:   |
| Each         |     | 19,066,942*               |
| Reporting    | 10. | Shared Dispositive Power: |
| Person       |     | 0                         |
| With         |     |                           |

11. Aggregate Amount Beneficially Owned by Each Reporting Person:  
19,066,942\*†
12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions):
13. Percent of Class Represented by Amount in Row (11):  
8.3%\*†
14. Type of Reporting Person (See Instructions):  
IN, HC

(\*) See Item 5.

† Includes all Shares (as defined in Item 1 below) beneficially owned by all Reporting Persons and excludes cash-settled swaps disclosed in Item 5 referencing economic exposure comparable to 3,695,715 additional Shares, which, if aggregated with such beneficially owned Shares, represent an aggregate economic interest in 22,762,657 Share equivalents representing 9.95% of the outstanding Shares.

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**Item 1. Security and Issuer**

The title of the class of equity security to which this statement on Schedule 13D relates is the common stock, par value \$0.0001 per share (the "Shares"), of Pandora Media, Inc., a Delaware corporation (the "Issuer"). The address of the Issuer's principal executive offices is 2101 Webster Street, Suite 1650, Oakland, CA 94612.

**Item 2. Identity and Background**

This statement on Schedule 13D is filed on behalf of Corvex Management LP, a Delaware limited partnership ("Corvex"), and Keith Meister, a U.S. citizen (collectively, the "Reporting Persons"). This statement relates to Shares held for the account of certain private investment funds for which Corvex acts as investment adviser, including Corvex Master Fund, LP, a Cayman Islands limited partnership, the general partner of which is controlled by Mr. Meister (collectively, the "Corvex Funds"). The general partner of Corvex is controlled by Mr. Meister. The principal business address of each of Corvex and Mr. Meister is 667 Madison Avenue, New York, NY 10065. The principal business of Corvex is serving as the investment adviser of private investment funds, whose principal business is investing in securities. Mr. Meister's principal occupation is serving as the Managing Partner of Corvex. A joint filing agreement of Corvex and Mr. Meister is attached hereto as Exhibit 1.

During the last five years, none of Corvex, Mr. Meister or any of the Corvex Funds has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or has been party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

**Item 3. Source and Amount of Funds or Other Consideration**

The responses to Items 4, 5 and 6 of this Schedule 13D, to the extent applicable, are incorporated herein by reference.

The Reporting Persons used the working capital of the Corvex Funds to purchase the 9,923,142 Shares reported herein and to acquire the physically-settled call options referenced in Item 5. The total purchase price for the Shares reported herein was approximately \$112,703,699 and the purchase price to acquire such call options was approximately \$23,924,088.

Various of the Reporting Persons may effect purchases of securities through margin accounts maintained for the Corvex Funds with brokers, which extend margin credit as and when required to open or carry positions in their margin accounts, subject to applicable federal margin regulations, stock exchange rules and such firms' credit policies. Positions in Shares may be held in margin accounts and may be pledged as collateral security for the repayment of debit balances in such accounts.

**Item 4. Purpose of Transaction**

The responses to Items 3, 5 and 6 of this Schedule 13D, to the extent applicable, are incorporated herein by reference.

The Reporting Persons acquired the Shares and options over which they exercise beneficial ownership in the belief that the Shares are undervalued and are an attractive investment.

Over the past several months, the Reporting Persons have had discussions with the Issuer to express the Reporting Persons' views as to the Issuer's business and strategies, including the need to explore the value to shareholders that could be realized in a sale transaction, and to evaluate that against other options, including the risk-adjusted value of continuing to operate on a stand-alone basis.

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On May 16, 2016, the Reporting Persons delivered a letter (the "Letter") to the Issuer's Board of Directors (the "Board"). The Letter is filed as Exhibit 3 and is incorporated herein by reference.

The Reporting Persons and their representatives expect to continue to have conversations with the Issuer and may also have conversations with third parties, including other companies within or outside of the Issuer's industry, as well as shareholders of the Issuer and others.

The Reporting Persons intend to review their investment in the Issuer on a continuing basis and may from time to time and at any time in the future depending on various factors, including, without limitation, the Issuer's financial position and strategic direction, actions taken by the Board, price levels of the Shares, other investment opportunities available to the Reporting Persons, conditions in the securities market and general economic and industry conditions, take such actions with respect to their investments in the Issuer as they deem appropriate. These actions may include, without limitation: (i) acquiring additional Shares and/or other equity, debt, notes, other securities, or derivative or other instruments that are convertible into Shares, or are based upon or relate to the value of the Shares or the Issuer (collectively, "Securities") in the open market or otherwise; (ii) disposing of any or all of their Securities in the open market or otherwise; (iii) engaging in any hedging or similar transactions with respect to the Securities; or (iv) proposing or considering one or more of the actions described in subsections (a) through (j) of Item 4 of Schedule 13D.

#### **Item 5. Interest in Securities of the Issuer**

(a)-(b) Corvex may be deemed to be the beneficial owner of 9,923,142 Shares and 9,143,800 Shares underlying the call options referenced below in this Item 5, which collectively represent approximately 8.3% of the Issuer's outstanding Shares. By virtue of his position as control person of the general partner of Corvex, Mr. Meister may be considered to beneficially own such Shares. The Reporting Persons may be deemed to have sole power to vote and sole power to dispose of 19,066,942 Shares.

The percentage calculated in the immediately foregoing paragraph is calculated based on a total of 228,777,595 Shares outstanding as of April 28, 2016, as reported in the Issuer's Quarterly Report on Form 10-Q filed with the SEC on May 2, 2016.

The call options referenced above are over-the-counter market American-style call options referencing an aggregate of 9,143,800 Shares, which have an exercise price of \$6.80 per Share and expire on March 31, 2017.

In connection with the above referenced call options, Corvex sold in the over-the-counter market European-style put options referencing an aggregate of 9,143,800 Shares at an exercise price of \$6.80 per Share, which expire on the earlier of March 31, 2017, or the date on which the corresponding American-style call option described above in this Item 5 is exercised.

The Reporting Persons' advised Corvex Funds have entered into cash-settled swaps which represent economic exposure comparable to a notional interest in 3,695,715 Shares (representing economic exposure comparable to 1.62 percent of the outstanding Shares). Under the terms of the swaps, (i) the relevant Corvex entity will be obligated to pay to the counterparty any negative price performance of the specified notional number of Shares subject to the swaps as of the expiration date of such swaps, plus interest rates set forth in the applicable contracts, and (ii) the counterparty will be obligated to pay the relevant Corvex entity any positive price performance of the specified notional number of Shares subject to the swaps as of the expiration date of the swaps. All balances will be settled in cash. The swaps do not give the Reporting Persons or Corvex Funds direct or indirect voting, investment or dispositive control over any securities of the Issuer and do not require the counterparty thereto to acquire, hold, vote or dispose of any securities of the Issuer. Accordingly, the Reporting Persons disclaim any beneficial ownership of any Shares that may be referenced in the swap contracts or Shares or other securities or financial instruments that may be held from time to time by any counterparty to the contracts.

The Reporting Persons may be deemed to beneficially own \$15,000,000 principal amount of the Issuer's 1.75% Convertible Senior Note due 2020, which is convertible into Shares at a conversion ratio of 60.905 Shares per \$1,000 principal amount (the "Convertible Note"). The Reporting Persons cannot currently convert the Convertible Note into Shares as its convertibility is subject to certain material contingencies outside the control of the Reporting Persons, and the Issuer has the option in its sole discretion to settle a conversion of the Convertible Note in cash rather than Shares, and as a result the Reporting Persons do not consider the Shares underlying the Convertible Note as being beneficially owned by them.

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(c) Except as set forth in Exhibit 2 attached hereto, there have been no transactions in the Shares during the sixty days prior to the date hereof by any of the Reporting Persons.

(d) The limited partners of (or investors in) each of the private investment funds for which Corvex or its affiliates acts as general partner and/or investment adviser have the right to participate in the receipt of dividends from, or proceeds from the sale of, the Shares held for the accounts of their respective funds in accordance with their respective limited partnership interests (or investment percentages) in their respective funds.

(e) Not applicable.

**Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer**

The responses to Items 3, 4 and 5 of this Schedule 13D, to the extent applicable, are incorporated herein by reference.

Except for the arrangements described herein, to the best knowledge of the Reporting Persons, there are no contracts, arrangements, understandings or relationships (legal or otherwise) among the persons named in Item 2 and between such persons and any other person with respect to any securities of the Issuer, including but not limited to transfer or voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, division of profits or loss, or the giving or withholding of proxies.

**Item 7. Material to be Filed as Exhibits**

- Exhibit 1      Joint Filing Agreement
  - Exhibit 2      Transactions in the Shares effected in the past 60 days
  - Exhibit 3      Letter to the Board of Directors of Pandora Media, Inc.
-

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: May 16, 2016

CORVEX MANAGEMENT LP

By: /s/ Keith Meister  
Keith Meister  
Managing Partner

Date: May 16, 2016

KEITH MEISTER

By: /s/ Keith Meister  
Keith Meister



AGREEMENT  
JOINT FILING OF SCHEDULE 13D

The undersigned hereby agree to jointly prepare and file with regulatory authorities this Schedule 13D and any future amendments thereto reporting each of the undersigned's beneficial ownership of securities of Pandora Media, Inc., and hereby affirm that such Schedule 13D is being filed on behalf of each of the undersigned pursuant to and in accordance with the provisions of Rule 13d-1(k) under the Securities Exchange Act of 1934, as amended. The undersigned acknowledge that each shall be responsible for the timely filing of such amendments, and for the completeness and accuracy of the information concerning him or it contained therein, but shall not be responsible for the completeness and accuracy of the information concerning the other, except to the extent that he or it knows or has reason to believe that such information is inaccurate.

Date: May 16, 2016

CORVEX MANAGEMENT LP

By: /s/ Keith Meister  
Name: Keith Meister  
Title: Managing Partner

Date: May 16, 2016

KEITH MEISTER

By: /s/ Keith Meister

## TRANSACTIONS

The following table sets forth all transactions with respect to Shares effected in the last sixty days by the Reporting Persons or on behalf of the Reporting Persons in respect of the Shares, inclusive of any transactions effected through 4:00 p.m., New York City time, on May 16, 2016. Except as otherwise noted below, all such transactions were purchases or sales of securities effected in the open market, and the table includes commissions paid in per share prices.

NATURE OF TRANSACTION	DATE OF TRANSACTION	AMOUNT OF SECURITIES	PRICE PER SHARE / PREMIUM PER OPTION (\$)
Purchase of Call Options	03/29/2016	324,500 (1)	2.65 (2)
Sale of Put Options	03/29/2016	(324,500)(3)	0.01(4)
Purchase of Call Options	04/08/2016	250,000 (1)	1.44 (2)
Sale of Put Options	04/08/2016	(250,000)(3)	0.01(4)
Purchase of Call Options	04/27/2016	325,000 (1)	2.75 (2)
Sale of Put Options	04/27/2016	(325,000)(3)	0.01(4)
Purchase of Call Options	04/28/2016	55,000 (1)	2.74 (2)
Sale of Put Options	04/28/2016	(55,000)(3)	0.01(4)
Purchase of Call Options	05/04/2016	1,055,620 (1)	2.41 (2)
Sale of Put Options	05/04/2016	(1,055,620)(3)	0.01(4)
Purchase of Call Options	05/05/2016	4,188,888 (1)	2.47 (2)
Sale of Put Options	05/05/2016	(4,188,888)(3)	0.01(4)
Purchase of Call Options	05/06/2016	525,000 (1)	2.72 (2)
Sale of Put Options	05/06/2016	(525,000)(3)	0.01(4)
Purchase of Call Options	05/09/2016	1,272,840 (1)	2.77 (2)
Sale of Put Options	05/09/2016	(1,272,840)(3)	0.01(4)
Purchase of Call Options	05/10/2016	325,000 (1)	3.11 (2)
Sale of Put Options	05/10/2016	(325,000)(3)	0.01(4)
Purchase of Call Options	05/11/2016	300,000 (1)	3.39 (2)
Sale of Put Options	05/11/2016	(300,000)(3)	0.01(4)

- 
- (1) Represents Shares underlying American-style physically settled call options purchased in the over-the-counter market. These call options expire on March 31, 2017.
  - (2) This amount represents the cost of an applicable American-style physically settled over-the-counter call option to purchase one Share. The per Share exercise price of these call options is \$6.80. This exercise price will be adjusted to account for any dividends or other distributions declared by the Issuer prior to exercise of the options.
  - (3) Represents Shares underlying physically settled European-style put options sold in the over-the-counter market. These put options expire on the earlier of March 31, 2017 or the date on which the corresponding American-style call option described above in footnote 1 is exercised.
  - (4) This amount represents the proceeds received from an applicable physically settled European-style over-the-counter put option to sell one Share. The per Share exercise price of these put options is \$6.80. This exercise price will be adjusted to account for any dividends or other distributions declared by the Issuer prior to exercise of the options.



May 16, 2016

Pandora Media, Inc.  
2101 Webster Street, Suite 1650  
Oakland, CA 94612

To: Jim Feuille, Chairman of the Board  
CC: Board of Directors

Dear Mr. Feuille,

We felt it would be productive to reach out and share our updated views given the events which have transpired in the weeks following our last discussion on March 28, 2016. As a reminder, Corvex is an investment advisor with a fundamental-based value-oriented strategy. We focus on investing in high quality, North American businesses in industries with positive secular tailwinds, and we look for situations where change and event-specific volatility enable us to buy the securities of strong businesses at discounts to intrinsic value. We believe in engaging regularly with the management teams of our portfolio companies with the goal of developing long-term relationships underpinned by constructive two-way dialogue. As of today, Corvex funds hold beneficial or economic ownership of approximately 22.7 million shares and share equivalents of Pandora representing approximately 9.9% of the company, making us Pandora's largest shareholder<sup>1</sup>.

We are optimistic that the Board of Directors and management share our view that Pandora provides a great product with differentiated features, unique scale and engagement, rich data and targeting abilities, and strong consumer brand awareness. Ongoing share gains from terrestrial radio and the gap between consumer time spent on mobile media and the amount of dollars spent by advertisers on mobile advertising should provide a long runway of secular growth for Pandora's core internet radio business. We also hope you share some of the frustration of stockholders over the company's poor absolute stock price performance, stock price underperformance relative to the market, and stock price underperformance relative to industry peers over the last year, two years, three years, and since the company's initial public offering, respectively<sup>2</sup>.

	1 Year	2 Year	3 Year	IPO
Pandora Share Price Return	(46.5%)	(57.5%)	(35.6%)	(36.9%)
Market Relative Performance	(44.1%)	(65.4%)	(60.9%)	(95.8%)
Industry Relative Performance	(51.3%)	(84.7%)	(89.5%)	(137.4%)

**We have become increasingly concerned that the company may be pursuing a costly and uncertain business plan, without a thorough evaluation of all shareholder value-maximizing alternatives. For the reasons set forth below, we urge the company to immediately engage an independent investment bank with a fresh perspective and without any prior history of advising the company to advise on a value maximization process – including the execution of a sales process – and to evaluate the results against other options including the risk-adjusted value of continuing to operate on a standalone basis.**

Despite its many strengths, the company has been unable to date to translate its great product into a great business with an attractive public market valuation. In our discussions we have tried to thoughtfully express our concerns regarding Pandora's share price underperformance (as shown in the table above) and poor equity currency (which both reduces future capital allocation optionality and weakens employee morale); questionable capital allocation decisions (including the rich price paid for the TicketFly acquisition and the timing of the company's convertible

<sup>1</sup> Based on most recent publicly filed form 13F data, as compiled by Bloomberg.

<sup>2</sup> Based on stock price returns through May 13, 2016. Market relative performance calculated versus S&P 500 Index and industry relative performance calculated versus Dow Jones Internet Index. IPO June 14, 2011.

debt issuance); poor investor communications (including a greater than 10% stock price decline in the trading day following 12 of the 14 most recent quarterly earnings releases); lack of senior management equity ownership (former Chairman/CEO Brian McAndrews, President/CFO Mike Herring, and new CEO/Founder Tim Westergren own 0.4%, 0.3% and 1.8% of the company, respectively<sup>3</sup>); and substantial stock-based compensation (in excess of 100% of Adjusted EBITDA in recent years and expected to grow 36% year-over-year based on management's recent guidance). We believe the market is giving the company's current strategy a vote of no confidence, leaving shares 55% below their 52 week high despite the massive importance of the successful and fair conclusion of the Copyright Royalty Board (CRB) process in December 2015<sup>4</sup>. Some market participants believe Pandora's expensive push into adjacent business lines reflects a belated admission that growth in the core ad-supported internet radio business has stalled, while others simply do not trust management to execute on future opportunities in a manner which creates value for shareholders.

As you know, we delivered a Notice of Intent to Nominate Directors to the Board for election at Pandora's 2016 Annual Meeting with three nominees given how strongly we felt about adding new voices to the company's Board during this critical and uncertain time. Based on various conversations with you and other members of the Board, including former CEO and Chairman Brian McAndrews, we withdrew our notice based on our understanding of your openness to considering all paths to enhance shareholder value, and your willingness to appoint Anthony Vinciguerra (who was not one of our nominees) to the Board of Directors, feeling at the time this decision was the best path forward for shareholders. Given the nature of our various discussions, we were surprised by the appointment of Tim Westergren as CEO replacing Mr. McAndrews (as well as Mr. McAndrews's immediate departure from the Board) on the morning of Monday, March 28, 2016. As you know, this management and Board change had not been addressed in any of our conversations, including at the time of our notice withdrawal on Wednesday, March 23, 2016 – which we do not believe was a coincidence.

Exacerbating the situation, Mr. Westergren's public statements after his appointment as CEO appear to indicate a "business as usual" approach at best, while at worst they suggest an unwillingness to consider a sale regardless of the price offered to shareholders or the cost and uncertainty inherent in a standalone business plan.

*"We have never been more committed to our long-term growth strategy."<sup>5</sup>*

*"If you want to sell a company, you don't do that by spending half a billion on acquisitions and hiring a new CEO."<sup>6</sup>*

*"Being CEO is like managing my band. It's got all the same things. The chances of success are almost zero. It's a creative endeavor with lots of artistic differences. You're poor as s\*\*\*. You've got financial stress. It's the same thing."<sup>7</sup>*

*"That's the frame that we bring to this. This is something that your average musician can use. And if it's not, then it's a waste of f\*\*\*\*\* time. It's another product built by some software engineer or a music fanatic who doesn't know what it's like to be an artist."<sup>7</sup>*

We appreciated Messrs. Westergren and Herring taking the time to speak with us via conference call on April 29, 2016 and to meet with us on May 5, 2016 at Pandora's New York offices. We found Mr. Westergren to be affable and passionate in his beliefs regarding artists and the music ecosystem, and we continue to be impressed by the sheer volume of responsibilities under Mr. Herring's direct care. However, we do not understand why Mr. Westergren has not purchased stock despite Pandora's significant share price declines and his optimism and confidence in the company's business plan (nor has anyone else on the Board of Directors). More importantly, we find it difficult to reconcile Mr. Westergren's idealism and music industry evangelism with the goal of maximizing risk-adjusted shareholder value and your responsibilities to investors. Moreover, Mr. Westergren's public statements suggest he has no intention of comparing alternative options such as a sale with the company's current

<sup>3</sup> Based on the company's most recent proxy filing.

<sup>4</sup> Based on a closing stock price of \$10.10 on May 13, 2016.

<sup>5</sup> "Pandora's 'New' CEO Tim Westergren on Evangelism, Global Expansion and Working with the Music Industry: Q&A," *Billboard*. March 30, 2016.

<sup>6</sup> "Music streaming service Pandora returns to its roots," *Reuters*. April 5, 2016.

<sup>7</sup> "Inside Pandora's Plan To Reinvent Itself—And Beat Back Apple And Spotify," *Fast Company*. April 26, 2016.

strategy, which contradicts our understanding of the Board's openness to all paths to maximize shareholder value based on our previous conversations. Pandora increasingly competes against some of the largest, most sophisticated and well-capitalized companies in the world, many of whom do not need a music service to be a profitable business in its own right. We believe the company could face difficult choices and tough negotiations in its attempts to secure on-demand rights from record labels. Given the declines in equity value shareholders of Pandora have suffered in recent years, there is reason for concern about the future. We believe now is a time to thoroughly evaluate all options with objectivity and an open mind, not a time to zealously pursue a single path.

**Let us be clear – it remains our firm belief that the company should immediately explore the potential value to shareholders that could be realized in a sale transaction, and to evaluate the results of a fulsome sales process against other options including the risk-adjusted value of continuing to operate on a standalone basis.** While we are not pre-judging the outcome, we believe there is likely to be significant strategic interest in the company at a substantial premium to the company's recent stock price, as well as to the long-term, risk-adjusted standalone trading value, from multiple potential buyers including large internet platform companies, handset makers, integrated communications companies, media conglomerates, and other music companies. Pandora's logged-in mobile user base, deep reach and engagement, and differentiated song recommendation engine are unique assets, and we believe a large, well-capitalized acquirer could further accelerate the company's competitive advantages over time through synergies in areas such as technology and engineering, ad monetization, and customer acquisition and marketing. **Simply put, we believe Pandora can become an even more differentiated product and a more valuable business as a part of a larger enterprise.**

As such, we believe the Board of Directors would be doing a clear disservice to shareholders by signing potentially business-altering direct deals and spending significant additional capital on non-core growth initiatives without first obtaining an accurate measure of Pandora's value to an acquirer, particularly in the new industry landscape created by the completion of the CRB process. Due to our growing concern that management and the Board of Directors no longer appear willing to consider all paths to maximize shareholder value, we feel compelled to share our views publicly. We urge the company to immediately engage an independent investment bank with a fresh perspective and no prior relationship with the company to advise on a value maximization process including a thorough sales process. We encourage you to update shareholders on your plans as soon as possible. Additionally, we reiterate our previous offer to sign a confidentiality agreement in order to further our discussion and facilitate additional dialogue. We look forward to a shareholder discussion on these issues in the coming weeks and we welcome your feedback.

Sincerely,



Keith Meister  
Managing Partner  
Corvex Management