

Pendrell Corp
Form PRE 14A
October 04, 2012
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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

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

Pendrell Corporation

(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

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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:

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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 STOCKHOLDERS

To Be Held On November 14, 2012

Dear Stockholder:

You are cordially invited to attend the 2012 Annual Meeting of Stockholders (the Annual Meeting) of Pendrell Corporation, a Delaware corporation (the Company or Pendrell). The meeting will be held on Wednesday, November 14, 2012, at 10:00 a.m. local time at The Woodmark Hotel, 1200 Carillon Point, Kirkland, WA 98033. At the meeting, stockholders will be asked to:

1. elect eight (8) directors,
2. participate in an advisory vote to approve named executive officer compensation,
3. approve the reincorporation of the Company from Delaware to Washington,
4. approve the Pendrell Corporation 2012 Equity Incentive Plan,
5. ratify the selection of the Company s independent registered public accounting firm, 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 September 20, 2012. Only stockholders 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

/s/ Robert S. Jaffe

Robert S. Jaffe

Corporate Secretary

Kirkland, Washington

, 2012

Important Notice Regarding Availability of Proxy Materials for the Stockholder Meeting to Be Held on November 14, 2012. You may access an electronic, searchable copy of the proxy statement and the Annual Report to Stockholders for the year ended December 31, 2011 at: www.RRDEZProxy.com/2012/Pendrell.

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PENDRELL CORPORATION

2300 Carillon Point

Kirkland, Washington 98033

PROXY STATEMENT

FOR THE 2012 ANNUAL MEETING OF STOCKHOLDERS

NOVEMBER 14, 2012

QUESTIONS & ANSWERS ABOUT THE ANNUAL MEETING & VOTING

This proxy statement contains information about the 2012 Annual Meeting of Stockholders of Pendrell Corporation (the Annual Meeting) to be held at The Woodmark Hotel, 1200 Carillon Point, Kirkland, Washington 98033 on Wednesday, November 14, 2012, 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 (which is 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 Pendrell's Annual Report on Form 10-K for the fiscal year ended December 31, 2011 are being mailed to all stockholders entitled to vote at the Annual Meeting on or about , 2012.

Who can vote at the Annual Meeting?

Only stockholders of record at the close of business on September 20, 2012 (the Record Date) will be entitled to notice of and to vote at the Annual Meeting. On the Record Date, there were 206,882,958 shares of Class A common stock outstanding and entitled to vote (one vote per share) and 53,660,000 shares of Class B common stock outstanding and entitled to vote (ten votes per share).

Stockholders of Record: Shares Registered in Your Name

If on the Record Date your shares were registered directly in your name with Pendrell's transfer agent, Computershare Shareowner Services LLC, then you are a stockholder of record. As a stockholder of record, you may vote in person at the meeting or vote by proxy.

Beneficial Owner: 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 and these proxy materials are being forwarded to you by your Broker. As a beneficial owner, you have the right to direct your Broker regarding how to vote the shares in your account. You are also invited to attend the Annual Meeting. However, because you are not the stockholder 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 eight directors;

A proposal to approve named executive officer compensation on an advisory basis;

A proposal to approve the reincorporation of the Company from Delaware to Washington;

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A proposal to approve the Pendrell Corporation 2012 Equity Incentive Plan; and

A proposal to ratify the selection of Deloitte & Touche LLP as the Company's independent registered public accounting firm for fiscal 2012.

How do I vote?

Stockholder of Record: Shares Registered in Your Name

If you are a stockholder 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 still attend the meeting to 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 1-866-540-5760 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 November 13, 2012, the day prior to the Annual Meeting, to be counted.

To vote on the Internet, go to <http://www.proxyvoting.com/pendrell> 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 November 13, 2012, the day prior to the Annual Meeting, to be counted.

Beneficial Owner: Shares Registered in the Name of Broker

If you are a beneficial owner of shares registered in the name of your Broker, you received these proxy materials from your Broker rather than from Pendrell. 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 are Broker non-votes ?

A broker non-vote generally occurs when a broker, who holds shares for the account of a customer with beneficial ownership of the shares, has not received voting instructions from such customer. If your shares are held by your Broker as your nominee (that is, in street name) and you do not provide instructions to your Broker, your Broker can vote your shares with respect to the ratification of the Company's independent registered public accounting firm, which is a discretionary item, but not with respect to any of the other four proposals presented at the Annual Meeting, all of which are non-discretionary items.

Who is paying for this proxy solicitation?

The Company will pay for the entire cost of soliciting proxies. Our directors, officers and employees may solicit proxies, either personally or by telephone, facsimile or written or electronic mail, but will not be paid any additional compensation for soliciting proxies. The Company also

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reimburses Brokers for the cost of forwarding proxy materials to beneficial owners.

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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 registered in more than one name or are registered in different accounts. Please sign and return all proxy cards or voting instruction forms you receive to ensure that all of the shares you hold 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 the Company's 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 proposal to approve the reincorporation of the Company from Delaware to Washington; (iv) For, Against, and Abstain with respect to the proposal to approve the Pendrell Corporation 2012 Equity Incentive Plan; and (v) For, Against, and Abstain with respect to the ratification of the Company's independent registered public accounting firm. Abstentions will be counted towards the vote total for each proposal and will have the same effect as Against votes. Broker non-votes will have the effect of a vote Against the proposal to approve the reincorporation of the Company from Delaware to Washington, but will have no effect and will not be counted towards the vote total for any other proposal. Withholds have no effect and will not be counted toward the vote total for any proposal.

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

If you are a stockholder 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 eight nominees for director, **For** the advisory (non-binding) resolution on executive compensation, **For** the approval of the reincorporation of the Company from Delaware to Washington, **For** the approval of the Pendrell Corporation 2012 Equity Incentive 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 or her best judgment.

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How many votes are needed to approve each proposal?

Assuming that a quorum is present at the meeting, the following votes are required under our governing documents and Delaware state law to approve each proposal:

Proposal	Vote Required	Effect of Abstentions, Withheld Votes 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 will have the effect of a vote against the proposal. Any 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 Approval of the reincorporation of the Company from Delaware to Washington	Approval of the majority of shares entitled to vote	Abstentions and Broker non-votes will have the effect of a vote against the proposal.
Proposal 4 Approval of the 2012 Equity Incentive Plan	Approval of the majority of votes cast	Abstentions will have the effect of a vote against the proposal. Any 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 selection of our independent registered public accounting firm	Approval of the majority of votes cast	Abstentions will have the effect of a vote against 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 the Company, the Company's Board of Directors (the Board) or the Compensation Committee of the Board (the Compensation Committee). However, the Board and the Compensation Committee will review the voting results and take 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 stockholders is necessary to hold a valid meeting. A quorum will be present if stockholders 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,

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there were 206,882,958 shares of Class A common stock (one vote per share) outstanding and 53,660,000 shares of Class B common stock (ten votes per share) outstanding, representing an aggregate of 743,482,958 potential votes, thereby requiring holders of shares representing 371,741,480 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.

Householding

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

This year, a number of Brokers with account holders who are Pendrell's stockholders will be householding our proxy materials. A single annual report to stockholders and proxy statement will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your Broker that it will be householding communications to your address, householding will continue until you are notified otherwise or until you 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 stockholders and proxy statement, please notify your Broker. Upon written or oral request, we will promptly deliver a separate copy of the annual report to stockholders and proxy statement to a stockholder 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. Stockholders 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 U.S. Securities and Exchange Commission (SEC) within four business days after the conclusion of the meeting, or any postponement or adjournment of the meeting.

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The following table sets forth certain information, as of September 20, 2012, 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 2011 named executive officers and (iv) all of our directors and 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 206,882,958 shares of Class A common stock and 53,660,000 shares of Class B common stock outstanding at September 20, 2012.

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 September 20, 2012. See footnote 7 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.

Name and Address of Beneficial Owner(2)	Class A Common Stock		Class B Common Stock		% Total Voting Power(3)
	Number of Shares Beneficially Owned(7)	Percent of Class	Number of Shares Beneficially Owned	Percent of Class	
5% Stockholders					
Eagle River Satellite Holdings, LLC and affiliates(4)	43,968,412	20.9%	44,360,000	82.7%	65.3%
James D. Dondero, Highland Capital Management, L.P., and affiliates(5)	52,679,362	25.5%			7.1%
Mente, L.L.C.(6)	1,912,080	*	9,300,000	17.3%	12.8%
Named Executive Officers					
Benjamin G. Wolff	3,670,454	1.8%			*
Thomas J. Neary	187,500	*			*
Timothy P. Leybold					*
R. Gerard Salemmé	2,099,875	1.0%			*
Joseph K. Siino	2,074,666	1.0%			*
Timothy M. Dozois	202,500	*			*
Directors (other than Mr. Wolff and Mr. Salemmé indicated above)					
Richard P. Emerson	178,675	*			*
Richard P. Fox	211,027	*			*
Nicolas Kauser	179,690	*			*
Craig O. McCaw(8)	44,336,821	21.1%	44,360,000	82.7%	65.3%
Stuart M. Sloan	170,530	*			*
H. Brian Thompson	386,867	*			*
All directors and executive officers as a group (11 persons)	53,496,105	25.0%	44,360,000	82.7%	66.2%

* 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 2011 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) 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 stockholders 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 stockholders, 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.
- (4) Includes the 20,696,037 shares of Class A common stock beneficially owned by Eagle River Satellite Holdings, LLC; 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; and 3,000,000 shares of Class A common stock that may be acquired upon exercise of a warrant, as described in footnote 7 below. Mr. McCaw is the sole manager and beneficial member of Eagle River Investments, LLC, which is the controlling member of Eagle River Satellite Holdings, LLC, the controlling shareholder of Eagle River, Inc. and the manager and voting member of Eagle River Partners, LLC. The address for Eagle River is 3000 Carillon Point, Kirkland, Washington 98033.
- (5) Information based on Schedule 13D/A filed with the SEC on September 1, 2010 by Highland Capital Management, L.P. (Highland Capital) and Forms 4 filed with the SEC by Highland Capital prior to September 20, 2012 and by James Dondero on March 22, 2010. 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, 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 the securities covered on the Schedule 13D/A filed with the SEC on September 1, 2010, except to the extent of any pecuniary interest therein. The address of Mr. Dondero and Highland is Two Galleria Tower, 13455 Noel Road, Suite 800, Dallas, Texas 75240.
- (6) Based on its 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.

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- (7) The number of shares of Class A common stock beneficially owned by our named executive officers and directors includes (i) shares issuable upon the exercise of outstanding options held by such individuals that are exercisable within 60 days of September 20, 2012, and (ii) shares issuable to certain directors as compensation for services in the third quarter of 2012, as set forth in the table below. Grants of restricted stock that are conditioned upon stockholder approval of the Pendrell Corporation 2012 Equity Incentive Plan are not included.

Name	Options Exercisable	Shares Issuable as Director Compensation
Mr. Wolff	1,335,500	
Mr. Neary	37,500	
Mr. Salemme	1,070,000	
Mr. Siino	354,166	
Mr. Dozois	52,500	
Mr. McCaw	277,500	
Mr. Kauser	172,500	7,190
Mr. Thompson	357,500	8,628
Mr. Emerson	135,000	12,831
Mr. Fox	172,500	17,256
Mr. Sloan	122,500	14,601
All directors and executive officers as a group	4,034,166	60,506

The number of shares beneficially owned by Eagle River Investments, LLC includes 3,000,000 shares of Class A common stock that it may acquire upon exercise of a warrant at an exercise price of \$0.01 per share, which expires on December 12, 2012.

- (8) Includes (i) 90,909 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 Eagle River Satellite Holdings, LLC and its affiliates. See footnote 4 above. Mr. McCaw is the sole manager and beneficial member of Eagle River Investments, LLC, which is the controlling member of Eagle River Satellite Holdings, LLC, the controlling shareholder of Eagle River, Inc. and the manager and voting member of Eagle River Partners, LLC.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our executive officers, directors and ten percent stockholders 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 of our executive officers, directors and ten percent stockholders complied with the applicable filing requirements.

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Our Board proposes the election of eight directors of the Company, each to serve until the next annual meeting of stockholders or until his successor is duly elected and qualified. All nominees have been recommended by our Nominating and Governance Committee for nomination by our Board of Directors as candidates for election as directors at the Annual Meeting, and all are currently serving as directors of the Company. All nominees were elected by the stockholders at the 2011 annual meeting of stockholders.

Each person nominated for election as a director has agreed to serve if elected, and management 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 of our directors, 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 of Directors 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 of Directors as demonstrated by his past service.

Name	Age	Position Held with the Company
Richard P. Emerson	50	Director
Richard P. Fox	65	Director
Nicolas Kauser	72	Director
Craig O. McCaw	63	Chairman of the Board of Directors
R. Gerard Salemme	58	Chief Strategy Officer and Executive Vice President; Director
Stuart M. Sloan	68	Director
H. Brian Thompson	73	Director
Benjamin G. Wolff	43	President, Chief Executive Officer and Director
Richard P. Emerson		

Became Director: October 2010

Mr. Emerson has spent his entire career in investment banking and corporate finance. Most recently, 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 Smith Barney, 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. In addition, in his role as a former member of the Audit Committee for Clearwire and the Board of Trustees of California Academy of Science, he provides oversight and review of financial policy and reporting of the type required of the Company's Audit Committee. As such, the Board of Directors has appointed Mr. Emerson to serve as a member of its Audit Committee.

Richard P. Fox

Became Director: October 2010

Since 2001, Mr. Fox has been an independent consultant with both public and private companies, and he specializes in financial reporting. For more than 28 years, Mr. Fox served in various roles with Ernst & Young, a major international accounting firm, including partner-in-charge of the audit department in Seattle from 1989 through 1995, and managing partner of Ernst & Young's Seattle office from 1995 to 1997. Thereafter, he served as Senior Vice President of PACCAR, Incorporated, a manufacturer of premium commercial vehicles, with responsibility for the accounting, treasury, and information systems functions. In 1998, he joined Wall Data, Incorporated, a developer of enterprise software products and associated application tools, as its Chief Financial Officer and director, where he initiated a study of strategic alternatives that led to the sale of the company in early 2000. Following the sale of Wall Data, Mr. Fox became President and Chief Operating Officer of CyberSafe Corporation, a global security software provider, a role that he held until launching an independent consulting practice in late 2001. Mr. Fox also served on the boards of directors and audit committees for Shurgard Storage Centers, Inc., a self-storage company, from 2004 to 2006, aQuantive Inc., a digital marketing service and technology company, from 2003 to 2007 and Orbitz Worldwide, Inc., a leading online travel company, from March 2008 to April 2011. In August 2012, Mr. Fox joined the board of directors of Acxiom Corporation, a marketing services and technology company, and he continues to serve on the boards of directors and audit committees of Flow International Corporation, a manufacturer of ultrahigh-pressure waterjet technology, and various private companies.

Qualifications and Skills: With more than 40 years of experience reviewing, auditing and implementing financial systems and financing structures, Mr. Fox has the experience to assist the Company with its financial planning and future investment opportunities. Moreover, his experience with financial reporting systems and accounting functions 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. Fox to serve as chair of the Audit Committee. The Board of Directors has also appointed Mr. Fox to serve as a member of the Compensation Committee.

Nicolas Kauser

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

Mr. Kauser has spent over 40 years in the communications industry, including as President of Clearwire International LLC, Chief Technology Officer of Clearwire, Executive Vice President and Chief Technology Officer for AT&T Wireless Services, Inc. (formerly McCaw Cellular Communications, Inc.) and Senior Vice President of Operations and Vice President of Engineering of Cantel, Inc. 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. Mr. Kauser has served on the Board of Directors of TriQuint Semiconductor, Inc., a provider of radio frequency solutions and technology, since 1999, where he also chairs the Nominating and Governance Committee and serves on the Audit Committee. 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 with 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

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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. As such, the Board of Directors has appointed Mr. Kauser to serve as Chair of the Nominating and Governance Committee.

Craig O. McCaw

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

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 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.

R. Gerard Salemme

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

Mr. Salemme has served as our Chief Strategy Officer and Executive Vice President since March 2011. Mr. Salemme has 30 years of experience in business and government, having served as a senior leader for strategy and business development for public corporations and private investment firms. As an executive with Craig McCaw from 1997 until July 2011 in Eagle River, a private investment firm, Mr. Salemme was a founding shareholder of Clearwire and a senior executive at XO. At Clearwire, Mr. Salemme was an Executive Vice President responsible for transactions valued at over \$10 billion that resulted in Clearwire becoming the largest holder of spectrum in the United States and a leader in the wireless broadband industry. Prior to his work with Clearwire, Mr. Salemme served as an executive at AT&T and McCaw Cellular Communications. He also held the position of Senior Telecommunications Policy Analyst for the U.S. House of Representatives Subcommittee on Telecommunications and Finance (1987-1991) and served as Chief of Staff to Congressman Ed Markey of Massachusetts (1976-1984). From 1982-1984, he taught Economics at the University of Massachusetts, Salem and held key management positions in national political campaigns.

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. He has also served on the boards of directors of a number of private companies.

Stuart M. Sloan

Became Director: October 2010

Since 1994, 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

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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. 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 also serves on the board of directors of The Ohio State University Medical Center and 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 Global Telecom & Technology, a global telecommunications carrier and network integrator. 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. 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 June 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-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 Global Telecom & Technology 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. As such, the Board of Directors has appointed Mr. Thompson to serve as chair of the Compensation Committee.

Benjamin G. Wolff

Became Director: December 2009 (also served as Chairman from December 2009 to June 2011 and as a director from 2005 to 2008) Mr. Wolff has served as our President and Chief Executive Officer since January 2010. Mr. Wolff was a co-founder of Clearwire, where he served in a variety of capacities, including as a member of the board of

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directors, Executive Vice President, President, Co- Chief Executive Officer, Chief Executive Officer and finally Co-Chairman, a position he held until March 2009. Mr. Wolff again served on the Clearwire board of directors as the designated representative of Eagle River from January 2011 until October 2011. Mr. Wolff also served as the President of Eagle River from 2004 until July 2011, a position from which he resigned in connection with his full-time engagement with the Company. He continues to serve on the Boards of Directors of some of Eagle River's privately held portfolio companies. From 1994 to 2004, Mr. Wolff was a lawyer with Davis Wright Tremaine LLP, a national law firm, where he became a partner in 1998. Mr. Wolff's practice focused on mergers and acquisitions, corporate finance, intellectual property licensing, and strategic alliance transactions. He also co-chaired the firm's Business Transactions department and served on the firm's Executive Committee.

Qualifications and Skills: Mr. Wolff brings to our Board of Directors extensive senior management, finance, legal and industry experience, in addition to having served on our Board of Directors from 2005 to 2008 and since December 2009. In particular, having served as our President, Chief Executive Officer and Chairman, and previously as Co-Chairman and Chief Executive Officer of Clearwire, Mr. Wolff possesses the operational, financial, strategic and governance experience needed to make significant contributions to our Board of Directors.

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

Table of Contents**DIRECTOR COMPENSATION****Overview of Director Compensation Program*****Compensation Earned by Non-Employee Directors During the First Half of 2011***

Pursuant to the Board of Directors Compensation Policy in effect during the first half of 2011, each director determined to be independent within the meaning of the applicable NASDAQ listing standards received an annual retainer of \$30,000, payable in quarterly installments of \$7,500. Our directors did not receive any additional fees for their committee service or number of meetings attended.

Compensation Earned by Non-Employee Directors During the Second Half of 2011

During the second half of 2011, a new Board of Directors Compensation Policy (the 2011 Policy) was adopted which provides for (i) an annual retainer of \$250,000, paid annually, to the Chairman of our Board of Directors, (ii) an annual retainer for Board service, paid quarterly, to each of our independent directors (other than the Chairman of the Board of Directors), and (iii) 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*

* Fees for Nominating and Governance Committee Chair and Members approved in February 2012 for their service period commencing January 1, 2012.

The annual retainer earned by 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 applicable period. Non-employee directors are also reimbursed for reasonable travel and accommodation expenses incurred in connection with Company business.

The 2011 Policy also provides for the grant of stock options to our independent directors under the terms of the Company's 2000 Stock Incentive Plan, as amended and restated (the 2000 Plan). At the time of their election to the Board of Directors, all independent directors receive an initial option to purchase 75,000 shares of Class A common stock that vests over four equal annual installments. In addition, all independent directors receive an annual option to purchase 60,000 shares of Class A common stock on October 1 of each year that fully vests on the one-year anniversary of the grant date. All options granted have an exercise price equal to the fair market value of our Class A common stock on the grant date, have a term of ten years, and fully accelerate in connection with a change in control if they are not assumed or substituted by the successor company.

To further align the interests of our directors with the interests of our stockholders, commencing July 1, 2011, our non-employee directors may elect to receive all or part of their director fees in the form of Class A common stock. The number of shares issued is equal to the amount of the fee to be paid 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.

Table of Contents**Director Compensation for 2011**

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 2011. During 2011, Messrs. Wolff and Salemm were employees of Pendrell, and therefore they did not receive additional compensation for their services as directors of the Company in 2011. 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 or Paid in Cash(1)	Option Awards (3)(4)	Total
Richard P. Emerson	\$ 44,000	\$ 66,000	\$ 110,000
Richard P. Fox	\$ 54,000	\$ 66,000	\$ 120,000
Nicolas Kauser(5)(6)	\$ 12,500	\$ 66,000	\$ 78,500
Craig O. McCaw(6)	\$ 250,000	\$	\$ 250,000
Stuart M. Sloan	\$ 44,000	\$ 66,000	\$ 110,000
H. Brian Thompson	\$ 54,000	\$ 66,000	\$ 120,000
Barry L. Rowan(7)	\$ 15,000	\$	\$ 15,000

- (1) Director fees were paid at the end of the quarter for which services were provided. As noted above, beginning with third quarter of 2011, directors may elect to receive all, or a portion of, their cash compensation in the form of stock. The amounts in the Fees Earned or Paid in Cash column represent the amounts paid to directors in cash, unless otherwise indicated, as follows:

Name	Fees Earned or Paid in Cash			Total
	Fees Paid in Cash	Stock in Lieu of Cash (#)	Value of Stock (2)	
Richard P. Emerson	\$ 15,000	12,108	\$ 29,000	\$ 44,000
Richard P. Fox	\$ 34,000	8,350	\$ 20,000	\$ 54,000
Craig O. McCaw	\$	90,909	\$ 250,000	\$ 250,000
Stuart M. Sloan	\$ 15,000	12,108	\$ 29,000	\$ 44,000
H. Brian Thompson	\$ 34,502	8,141	\$ 19,498	\$ 54,000

- (2) The Value of Stock column reflects the value of the stock issued in lieu of cash based on the closing market value of our common stock on the last trading day of the quarter in which the fees were earned.
- (3) Amounts reported reflect the grant date fair value of each stock option granted during 2011 computed in accordance with ASC 718, excluding estimated forfeitures. See Note 8 to our consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, for the assumptions underlying the grant date fair value. The amounts reported do not reflect the compensation actually received by the directors. 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.
- (4) The aggregate number of stock option awards outstanding held by each director (representing unexercised stock options, both vested and unvested) at December 31, 2011, is as follows:

Name	Number of Shares Subject to Outstanding Option Awards
Richard P. Emerson	210,000
Richard P. Fox	285,000
Nicolas Kauser	220,000
Craig O. McCaw	300,000
Stuart M. Sloan	185,000

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H. Brian Thompson	380,000
Barry L. Rowan(6)	375,000

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- (5) Mr. Kauser did not receive director fees until the fourth quarter of 2011, when the Board of Directors determined that he was independent under applicable NASDAQ listing standards.
- (6) Although Mr. McCaw and Mr. Kauser did not begin receiving director fees until the third and fourth quarter, respectively, of 2011, the Company's advisory services agreement with Eagle River was in effect until July 2011. This agreement required (i) payment of an annual fee of \$500,000 in quarterly installments in stock or cash, and (ii) reimbursement of out-of-pocket expenses. The Company elected to make all quarterly payments in Class A common stock, and total payments for the year ended December 31, 2011 consisted of 105,595 shares of Class A common stock and \$100,000 in reimbursable expenses.
- (7) Mr. Rowan did not stand for re-election to the Board of Directors at our 2011 annual meeting of stockholders. The amount reported in the Fees Earned or Paid in Cash column reflects compensation earned for a partial year of service. Mr. Rowan did not receive any option awards during 2011. Upon Mr. Rowan's departure from the Board, the Compensation Committee approved the continued vesting of his outstanding option awards for a period of two years following the date he ceased providing services as a director.

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CORPORATE GOVERNANCE

Controlled Company

Eagle River controls approximately 65.2% of the voting power of our outstanding common stock as of September 20, 2012. 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 stockholders may not have the same protections afforded to stockholders of companies that are subject to all of the NASDAQ corporate governance requirements.

Nomination Process

In December 2011, the Board of Directors established a Nominating and Governance Committee comprised solely of independent directors and adopted a corresponding charter. For the Annual Meeting, the Nominating and Governance Committee recommended that the Board of Directors nominate the Company's existing directors for re-election. In addition to nominations by the Board of Directors, stockholders may nominate directors or recommend nominees to the Board of Directors in a manner provided by Delaware law and by the Company's Bylaws. During the year ended December 31, 2011, there were no changes to the procedures by which stockholders may nominate directors or recommend nominees to our Board of Directors.

Independence of the Board of Directors

Messrs. Emerson, Fox, Kauser, Sloan and Thompson are independent directors within the meaning of the NASDAQ listing standards. As such, a majority of the Company's directors are currently independent, as are all members of the company's Audit Committee, Compensation Committee and Nominating and Governance Committee. Members of the Audit Committee also satisfy a separate independence requirement pursuant to the Securities Exchange Act of 1934 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 or her 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. Wolff and Mr. Salemme due to their employment relationship 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

Mr. Wolff, our President and CEO, served as our Chairman until June 2011, at which time the Board appointed Mr. McCaw as Chairman of the Board of Directors, thereby providing non-executive 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.

The non-executive Chairman serves as the principal representative of the Board and presides at all meetings of the Board.

Table of Contents**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 Investor Relations 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 of Directors has 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 of Directors 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 executive compensation plans and arrangements. The Audit Committee oversees the management of financial risks and enterprise risks. The chairmen of these committees regularly inform the entire Board of Directors 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 of Directors and with managing our risk profile on a daily basis.

Policy Regarding Director Attendance at Annual Meetings of Stockholders

We have a policy that at least one member of our Board of Directors will attend each annual meeting of stockholders, and all directors are encouraged to attend such meetings. We will reimburse directors for reasonable expenses incurred in attending annual meetings of stockholders. Seven directors attended the annual meeting of stockholders held on June 14, 2011.

Board Committees and Meetings

During fiscal year 2011, the Board of Directors had two principal committees – the Audit Committee and the Compensation Committee. In December 2011, the Board of Directors established a 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. All of the members of the Audit Committee, the Compensation Committee and the Nominating and Governance Committee are independent under NASDAQ listing requirements. The charters of the current committees can be reviewed on our website at www.pendrell.com, by clicking on Investor Relations and then Corporate Governance and are also available free of charge in print to any stockholder who requests them.

During fiscal year 2011, the Board of Directors met seven times and took action by unanimous written consent on three other occasions. During fiscal year 2011, each director attended, in the aggregate, more than 75% of the Board meetings and meetings of the Board committees on which the director served.

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

Name(1)	Board of Directors	Audit	Compensation	Nominating(2)
Richard P. Emerson	X	X		
Richard P. Fox	X	Chair	X	
Nicolas Kauser	X			Chair
Craig O. McCaw(3)	Chair			
R. Gerard Salemme	X			
Stuart M. Sloan	X		X	X
H. Brian Thompson	X	X	Chair	
Benjamin G. Wolff(4)	X			
Number of Meetings in Fiscal Year 2011	7	5	10	

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- (1) Barry L. Rowan also served on our Board and as a member of the Audit Committee until our 2011 annual meeting of stockholders, when he did not stand for re-election as a director.
- (2) No meetings of the Nominating and Governance Committee were held in fiscal year 2011, as this committee was formed in December 2011.
- (3) Mr. McCaw was elected Chairman of the Board in June 2011.
- (4) Mr. Wolff served as Chairman of the Board until June 2011.

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; (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 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 of Directors; (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 of Directors delegates to the Audit Committee.

During fiscal year 2011, the Audit Committee met five times and took action by unanimous written consent on two other occasions.

The Board of Directors has determined that each member of the Audit Committee is independent under the independence requirements of NASDAQ and the SEC. In addition, the Board of Directors has determined that Richard P. Fox qualifies as an Audit Committee financial expert as defined by the SEC rules. The background and experience of Mr. Fox is set forth above in Proposal 1 Election of Directors.

Compensation Committee

The Compensation Committee: (i) acts on behalf of the Board of Directors in fulfilling the Board'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

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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 2011, the Compensation Committee met ten times and took action by unanimous written consent on three other occasions.

No member of the Compensation Committee is, or was during 2011, an officer or employee of Pendrell, and none of the Company's executive officers serves, or during 2011 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.

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 stockholder 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.

All members of the Nominating and Governance Committee are independent under the independence requirements of NASDAQ and the SEC.

Stockholder Communications with the Board of Directors

Stockholders may communicate directly with the Board of Directors through the Investor Relations page on the Company's website. Stockholders may also contact the Vice President Investor and Public Relations directly. The Company believes these communication channels provide for the views of its stockholders to be heard by the Board of Directors or individual directors, as applicable, and that appropriate responses are provided to stockholders in a timely manner. Stockholders may submit questions to the Board of Directors by going to the Investor Relations section of the Company's website at www.pendrell.com, by clicking on "Investor Relations" and then "Corporate Governance" or by writing to Board of Directors, Pendrell Corporation, c/o General Counsel and Corporate Secretary, 2300 Carillon Point, Kirkland, Washington 98033.

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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, the Company is required to periodically conduct a non-binding advisory vote on the compensation of its named executive officers. This proposal, commonly known as a "say-on-pay" proposal, gives stockholders the opportunity to endorse or not endorse the compensation of the Company's named executive officers. At the Company's 2011 annual meeting of stockholders, the Company's stockholders voted on the frequency of future advisory "say on pay" votes and agreed with the Company's recommendation that such "say on pay" votes be conducted annually. At the Annual Meeting, an advisory (non-binding) stockholder resolution to approve the compensation of our named executive officers as disclosed in this proxy statement will be presented to the Company's stockholders for consideration as follows:

RESOLVED, that the stockholders 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 2012 Annual Meeting of Stockholders.

This vote will not be binding on our Board of Directors or Compensation Committee and may not be construed as overruling a decision by the Board of Directors 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 of Directors 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 stockholder value. We believe that our compensation policies and procedures are strongly aligned with the long-term interests of our stockholders. As discussed in the Compensation Discussion and Analysis, the Board of Directors and Compensation Committee believe that the executive compensation for 2011 is reasonable and appropriate, is justified by the Company's 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.**

Table of Contents**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
Benjamin G. Wolff	43	Director; President and Chief Executive Officer
Thomas J. Neary	53	Vice President and Chief Financial Officer
Robert S. Jaffe	66	Vice President, General Counsel and Corporate Secretary
R. Gerard Salemme	58	Director; Executive Vice President and Chief Strategy Officer
Joseph K. Siino	49	Chief IP Officer

Set forth below is certain additional information concerning the persons listed above (other than information concerning Mr. Wolff and Mr. Salemme, which has been provided above in Proposal 1, Election of Directors).

Thomas J. Neary

Mr. Neary has served as our Vice President and Chief Financial Officer since July 2011. From January 2009 to December 2010, Mr. Neary served as Chief Financial Officer and Chief Operating Officer for Coast Crane Corporation, a company specializing in the sales, rental and services of construction cranes. From 2007 to January 2009, Mr. Neary served as a Chief Financial Officer consultant at CFO Selections, a provider of financial management consulting services. From 2005 to 2007, Mr. Neary served as Chief Financial Officer for Marketrange Corporation, the parent corporation of PerfectMatch.com, a subscription-based online lifestyle community. From 1992 to 2005, Mr. Neary served in various finance, operations, marketing, business development, and international roles for Microsoft Corporation.

Robert S. Jaffe

Mr. Jaffe has served as our Vice President, General Counsel and Corporate Secretary since June 20, 2012. Mr. Jaffe's career spans nearly 40 years as an attorney. In August 2011, Mr. Jaffe retired from K&L Gates, an international law firm, following 25 years with the firm and its predecessor firm, Preston Gates & Ellis, where his practice focused on corporate governance and on mergers, acquisitions, reorganizations and financing transactions. His technology practice included the formation and financing of start-up companies and the acquisition and protection of intellectual property rights. Mr. Jaffe currently serves on the boards of directors of Flow International Corporation, a manufacturer of ultrahigh-pressure waterjet technology, and Cascadia Capital LLC, an independent investment bank. Mr. Jaffe was named a Washington Law & Politics Super Lawyer in 2003 and in 2005-2011, and was recognized by Best Lawyers 2007-2011. He holds a J.D. from the University of Washington School of Law, Order of the Coif and a B.A. from the University of Washington.

Joseph K. Siino

Mr. Siino was appointed our Chief IP Officer in June 2011, following Pendrell's acquisition of Ovidian Group, LLC, an IP services company which Mr. Siino founded in March 2009 and thereafter served as its Chief Executive Officer. Prior to founding Ovidian, Mr. Siino served as Senior Vice President of Intellectual Property of Yahoo!, a digital media company, from 2005 to February 2009. Before joining Yahoo!, Mr. Siino was a partner at Brobeck, Phleger & Harrison, where he led the IP strategy and technology transactions practice.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This compensation discussion and analysis provides information regarding the compensation program for our named executive officers. Our named executive officers for 2011 were Mr. Wolff, our Chief Executive Officer; Mr. Neary, our Chief Financial Officer; Mr. Leybold, our former interim Chief Financial Officer; and Mr. Salemme, Mr. Siino and Mr. Dozois, our three other most highly compensated executive officers. This section includes information regarding the overall objectives of our compensation program and each element of compensation that we provide. 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 fiscal year 2011.

Overview of Executive Compensation Program

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. Therefore, the primary goals for our executive compensation program are to attract and retain qualified executives who are well suited to lead the Company as it evolves and that are able to contribute to our long-term success, induce performance consistent with clearly defined corporate and individual performance goals, and align our executives' long-term interests with those of our stockholders. 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 stockholders. In more detail, our compensation program is designed to:

provide effective Board of Directors and Compensation Committee oversight;

avoid rigid or formulaic incentives that could create unintended consequences;

offer compensation to attract, retain and develop individuals with the leadership abilities and skills to successfully execute our business strategy and build long-term stockholder value;

encourage and reward outstanding initiative, achievement and teamwork;

motivate individuals to perform at their highest level;

provide compensation and incentive packages to our executives that are competitive with our current and anticipated peer companies;

emphasize performance-based pay that aligns incentives with the strategic objectives of the Company; and

provide a meaningful ownership stake in the Company to appropriately align executive interests with stockholder interests.

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Elements of Compensation

Our executive compensation program consists of the following primary elements: base salary, annual cash bonuses and equity-based compensation awards. Each element is designed to achieve one or more of our Company's performance, retention and alignment goals as described below.

Compensation Element	Designed to Reward	Relationship to Compensation Philosophy
Base Salary	Executive officer's experience, responsibilities, and contributions to the Company	Attract and retain talented executives through competitive pay programs
Annual Cash Bonuses	Achievement of discretionary corporate and individual performance goals	Motivate executives to achieve and exceed annual business and personal objectives
Long-term Equity Incentives (<i>options and stock awards</i>)	Increased stockholder value through achievement of long-term strategic goals such as revenue growth, return on invested capital and stock price appreciation	Align executive and stockholder interests to optimize stockholder return; motivate executives to achieve and exceed business objectives

Addressing Risk-Taking

We recognize that incentive-based compensation arrangements may encourage risk-taking by senior management. For this reason, the Compensation Committee regularly assesses our executive compensation program to ensure that our executives' incentive compensation and performance-based compensation does not encourage excessive risk-taking. The Compensation Committee manages this concern by 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 cash bonuses. Through application of these checks and balances, the Compensation Committee has determined that our compensation arrangements do not lend themselves to unnecessary or excessive risk-taking.

Executive Compensation Decision-Making Process***Say on Pay Feedback from Stockholders***

Stockholders holding over 92% of the votes cast at the Company's 2011 annual meeting of stockholders approved, on an advisory basis, the compensation of our named executive officers. The Compensation Committee reviewed the vote of the stockholders and, given the significant level of stockholder support, made no changes to our executive compensation policies or decisions as a result of the vote. At the 2011 annual meeting, our stockholders also approved, on an advisory basis, our recommendation for an advisory vote on executive compensation of our named executive officers on an annual basis. Consistent with our recommendation and the approval by our stockholders, on an advisory basis, we have determined to hold an advisory vote on executive compensation of our named executive officers on an annual basis.

Determining Compensation for Chief Executive Officer and Other Named Executive Officers

At the beginning of 2011 and again at mid-year when the majority of our executives were hired, Mr. Wolff and our Compensation Committee jointly developed a set of objectives for Pendrell and its executive officers. These objectives were derived largely from financial and strategic planning sessions, during which in-depth reviews of the Company's opportunities were analyzed and goals then established for the upcoming year. The resulting objectives include both quantitative financial measurements and qualitative strategic and operational considerations that are evaluated subjectively, without any formal weightings, and are focused on factors that our Compensation Committee and our Board of Directors believe create long-term stockholder value.

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