PENDRELL

report

2015 ANNUAL REPORT

Dear Shareholders,

Enclosed is Pendrell Corporation's Proxy Statement and Annual Report on Form 10-K for the fiscal year ended December 31, 2015. The 2016 Annual Meeting of Shareholders will be held on Thursday, July 7 in Kirkland, Washington.

As expected, 2015 was a transitional year for Pendrell. We substantially reduced our operating costs and began our investigation of businesses that are not valued primarily for their intellectual property. Meanwhile, we aggressively sought fair value for our existing intellectual property rights.

Our aggressive enforcement efforts generated mixed results. On the positive side, our ContentGuard subsidiary signed license agreements with Amazon and DirecTV, while two federal juries affirmed the validity of patents that ContentGuard asserted against Apple, Google and Samsung. On the negative side, those same federal juries concluded that Apple, Google, Samsung and other Android manufacturers do not infringe the valid patents. The verdicts were extremely disappointing, and dealt a significant blow to ContentGuard's enforcement efforts. We believe both trial results were tainted by improper argument, misleading evidence and flawed process, and we are appealing both verdicts. Briefing on our appeals will continue through the bulk of 2016, with decisions likely sometime in 2017.

While the ContentGuard trials failed to corroborate the foundational nature of ContentGuard's digital rights management innovations, we continued to validate the critical nature of our memory and storage patents. As 2015 began, we signed a license agreement with SK hynix Inc., an industry-leading maker of memory components. We followed that signing with another license agreement in 2016 with Toshiba Corporation. Those licenses reflect the relevance of our patented memory and storage inventions to mobile devices and other consumer electronic appliances.

We are encouraged by the continued strength of our memory and storage portfolio, but believe the results in the ContentGuard litigation reflect a growing unfavorable political and judicial climate for inventors, innovators and owners of intellectual property. In light of that climate, we have explored and continue to explore investment opportunities that are not premised on the value of intellectual property and are more likely to generate regular, recurring revenue.

In connection with that exploration, we divested certain businesses in 2015 that did not generate reliable cash flow, including Ovidian Group LLC and Provitro Biosciences LLC. Those divestitures, combined with other reductions in general and administrative costs, allowed us to reduce our 2015 year-over-year overhead by approximately 40%. We anticipate similar year-over-year reductions in 2016.

With our strong balance sheet and our team of experienced professionals, we will continue to focus on monetizing our intellectual property assets, tightly managing operating costs, and seeking new business opportunities that will generate solid, stable revenue.

On behalf of our management team and our Board of Directors, we thank you for your support of Pendrell.

Sincerely,

Craig O. McCaw
Executive Chairman

Lee E. Mikles
Chief Executive Officer and President

PENDRELL

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held On July 7, 2016

Dear Shareholder:

You are cordially invited to attend the 2016 Annual Meeting of Shareholders (the "Annual Meeting") of Pendrell Corporation, a Washington corporation (the "Company" or "Pendrell"). The meeting will be held on Thursday, July 7, 2016, at 10:00 a.m. local time at The Woodmark Hotel, 1200 Carillon Point, Kirkland, WA 98033. At the meeting, shareholders will be asked to:

1. elect seven directors;
2. approve, on an advisory basis, executive officer compensation;
3. approve a reverse stock split within a range of 1-for-3 and 1-for-10, which ratio will be selected at the sole discretion of our Board of Directors at any whole number in the foregoing range (the "Reverse Stock Split");
4. ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016; and
5. 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 May 16, 2016. Only shareholders of record at the close of business on that date may vote at the meeting or any adjournment thereof.

By Order of the Board of Directors

Timothy M. Dozois
Corporate Secretary

Kirkland, Washington
June 20, 2016

Important Notice Regarding Availability of Proxy Materials for the Shareholder Meeting to Be Held on July 7, 2016. You may access an electronic, searchable copy of the proxy statement and the Annual Report to Shareholders for the year ended December 31, 2015 at: www.edocumentview.com/PCO.

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PENDRELL CORPORATION
2300 Carillon Point
Kirkland, Washington 98033

PROXY STATEMENT FOR THE 2016 ANNUAL MEETING OF SHAREHOLDERS

JULY 7, 2016

QUESTIONS & ANSWERS ABOUT THE ANNUAL MEETING & VOTING

This proxy statement contains information about the 2016 Annual Meeting of Shareholders of Pendrell Corporation (the "Annual Meeting") to be held at The Woodmark Hotel, 1200 Carillon Point, Kirkland, Washington 98033 on Thursday, July 7, 2016, commencing at 10:00 a.m. local time.

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

These proxy solicitation materials and our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 are being mailed to all shareholders entitled to vote at the Annual Meeting on or about June 20, 2016.

Who can vote at the Annual Meeting?

Only shareholders of record at the close of business on May 16, 2016 (the "Record Date") will be entitled to notice of and to vote at the Annual Meeting. On the Record Date, there were 214,512,443 shares of Class A common stock outstanding with voting rights (one vote per share) and 53,660,000 shares of Class B common stock outstanding with voting rights (ten votes per share).

Shareholders of Record: Shares Registered in Your Name

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

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

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

What am I voting on?

There are four proposals scheduled for a vote:

- A proposal to elect seven directors;
- A proposal to approve named executive officer compensation on an advisory basis;
- A proposal to approve a reverse stock split within a range of 1-for-3 and 1-for-10; and
- A proposal to ratify the selection of Grant Thornton LLP as our independent registered public accounting firm for fiscal 2016.

How do I vote?

Shareholders of Record: Shares Registered in Your Name

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

- To vote in person, come to the Annual Meeting and we will give you a ballot when you arrive.
- To vote using the proxy card, complete, sign and date the enclosed proxy card and return it promptly in the envelope provided. If you return your signed proxy card to us before the Annual Meeting, we will vote your shares as you direct.
- To vote over the telephone, dial toll-free 1-800-652-VOTE (8683) using a touch-tone phone and follow the recorded instructions. You will be asked to provide the company number and control number from your enclosed proxy card. Your vote must be received by 11:59 PM Eastern Time on July 6, 2016, the day prior to the Annual Meeting, to be counted.
- To vote on the Internet, go to *www.envisionreports.com/PCO* to complete an electronic proxy card. You will be asked to provide the company number and control number from your enclosed proxy card. Your vote must be received by 11:59 PM Eastern Time on July 6, 2016, the day prior to the Annual Meeting, to be counted.

Beneficial Owners: Shares Registered in the Name of Broker

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

How many votes do I have?

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

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

If you are a beneficial owner of shares registered in the name of your Broker and you fail to provide voting instructions to your Broker, your Broker cannot vote your shares on the proposal to elect directors, the proposal to approve named executive compensation on an advisory basis, or the proposal to approve the Reverse Stock Split, which are “non-discretionary” items.

Who is paying for this proxy solicitation?

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

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

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

Can I change my vote after submitting my proxy?

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

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

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

How are votes counted?

Votes will be counted by the inspector of election appointed for the meeting, who will separately count votes as follows: (i) "For" and "Withhold" with respect to the election of directors; (ii) "For," "Against," and "Abstain" with respect to the advisory (non-binding) resolution on executive compensation; (iii) "For," "Against," and "Abstain" with respect to the approval of the Reverse Stock Split; and (iv) "For," "Against," and "Abstain" with respect to the ratification of the selection of our independent registered public accounting firm. Abstentions, withholds and broker non-votes will each be counted as present for purposes of determining the presence of a quorum but will have no effect in the outcome of Proposals 1, 2, and 4 and will have the same effect as a vote against proposal 3.

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

If you are a shareholder of record and you return a signed and dated proxy card without marking any voting selections, your shares will be voted **"For"** the election of all seven nominees for director, **"For"** the advisory (non-binding) resolution on executive compensation; **"For"** the Reverse Stock Split; and **"For"** the ratification of the selection of our independent registered public accounting firm. If any other matter is properly presented at the meeting, your proxy holder (one of the individuals named on your proxy card) will vote your shares using his best judgment.

How many votes are needed to approve each proposal?

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

Proposal	Vote Required	Effect of Abstentions and Broker Non-Votes on Vote Required
Proposal 1 — Election of directors	Plurality, or the largest number, of the votes cast	Withheld votes and broker non-votes will have no effect on the election of directors; only votes cast "for" a director will affect the outcome of the vote for the election of directors.
Proposal 2 — Advisory vote to approve named executive officer compensation*	Approval of a majority of the votes cast	Abstentions and broker non-votes will be counted as present for purposes of determining the presence of a quorum but will not have any effect on the outcome of the proposal.
Proposal 3 — Approval of reverse stock split within a range of 1-for-3 and 1-for-10	Approval of a majority of all the votes entitled to be cast	Abstentions and broker non-votes will be counted as present for purposes of determining the presence of a quorum but will have the same effect as a vote against the proposal.
Proposal 4 — Ratification of the selection of our independent registered public accounting firm	Approval of a majority of the votes cast	Abstentions and broker non-votes will be counted as present for purposes of determining the presence of a quorum but will not have any effect on the outcome of the proposal. If your Broker holds shares in your name, the Broker, in the absence of voting instructions from you, is entitled to vote your shares on this proposal.

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

What is the quorum requirement?

A quorum of shareholders is necessary to hold a valid meeting. A quorum will be present if shareholders holding shares representing a majority of the combined voting power of the outstanding Class A common stock and Class B common stock are present at the meeting in person or represented by proxy. On the Record Date, there were 214,512,443 shares of Class A common stock outstanding and 53,660,000 shares of Class B common stock outstanding, representing an aggregate of 751,112,443 potential votes, thereby requiring holders of shares representing 375,556,222 votes to be present in person or by proxy to have a quorum. Abstentions and broker non-votes are considered as shares present at the Annual Meeting for the purpose of determining a quorum. If there is no quorum, the Chairman of the meeting may adjourn the meeting to another date or time.

Shareholder Proposals for 2017 Annual Meeting

If you want to include a proposal in the Company's proxy statement for our 2017 annual meeting of shareholders, you must (i) be a record or beneficial owner of shares of common stock having a market value of at least \$2,000 (or representing at least 1% of the shares entitled to vote on the proposal), (ii) have owned such shares for at least one year prior to submitting the proposal, (iii) continue to hold the shares through the date on which the meeting is held, and (iv) comply with U.S. Securities and Exchange Commission ("SEC") Rule 14a-8 or applicable provisions of our Bylaws. Under SEC Rule 14a-8, we must receive your proposal not less than one hundred twenty (120) days prior to the first anniversary of the date that this proxy statement is released to our shareholders, or, if the date of our 2017 annual meeting of shareholders changes by more than 30 days from the date of the 2016 Annual Meeting, then not less than a reasonable time before we begin to print and mail our 2017 proxy materials. Under our Bylaws, we must receive your notice of intention no later than April 8, 2017, and such proposal must be a proper matter for shareholder action under Washington corporate law. You may obtain a copy of our Bylaws by mailing a written request to our Corporate Secretary at 2300 Carillon Point, Kirkland, Washington 98033 or by visiting the Company's website at www.pendrell.com. Proposals may be mailed to us, to the attention of the Corporate Secretary, Pendrell Corporation, 2300 Carillon Point, Kirkland, Washington 98033.

Shareholder Communication with the Board of Directors

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

Householding

The SEC has adopted rules that permit the Company and intermediaries (e.g., Brokers) to satisfy proxy statement delivery requirements by delivering a single proxy statement to two or more shareholders who share the same address. A single annual report to shareholders and proxy statement will be delivered to multiple shareholders sharing an address unless contrary instructions have been received from the affected shareholders. This process, which is commonly referred to as "householding," potentially means extra convenience for shareholders and cost savings for the Company. This year, a number of Brokers will be "householding" our proxy materials. If you receive notice from your Broker that it will be "householding" Pendrell's communications to you, "householding" will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in "householding" and would prefer to receive a separate annual report to shareholders and proxy statement, please notify your Broker. Upon written or oral request, we will promptly deliver a separate copy of the annual report to shareholders and proxy statement to a shareholder at a shared address to which a single copy of the documents was delivered. Direct your written request to Pendrell Corporation, 2300 Carillon Point, Kirkland, Washington 98033, Attn: Corporate Secretary. Shareholders who currently receive multiple copies of the proxy statement at their addresses and would like to request "householding" of their communications should contact their Brokers.

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

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

VOTING SECURITIES AND PRINCIPAL HOLDERS

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information, as of May 16, 2016, as to shares of common stock beneficially owned by: (i) each person who is known by us to own beneficially more than five percent of either our Class A common stock or Class B common stock, (ii) each of our directors, (iii) each of our named executive officers, and (iv) all of our directors and current executive officers as a group. The information provided in the table is based on our records, information filed with the SEC and information furnished by the respective individuals or entities, as the case may be.

Applicable percentage ownership is based on 214,512,443 shares of Class A common stock and 53,660,000 shares of Class B common stock outstanding at May 16, 2016.

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 May 16, 2016. See footnote 3 for a description of these rights. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

	Shares Beneficially Owned(1)				
	Class A Common Stock		Class B Common Stock		
Name and Address of Beneficial Owner(2)	Number of Shares Beneficially Owned(3)	Percent of Class	Number of Shares Beneficially Owned	Percent of Class	% Total Voting Power(4)
5% Shareholders(5)					
Eagle River Satellite Holdings, LLC and affiliates(6)	43,968,412	20.5%	44,360,000	82.7%	64.9%
James D. Dondero, Highland Capital Management, L.P., and affiliates(7)	52,679,332	24.6%	—	—	7.0%
Mente, L.L.C.(8)	1,912,080	*	9,300,000	17.3%	12.6%
Named Executive Officers					
Lee E. Mikles(9)	2,557,970	1.2%	—	—	*
Steven A. Ednie	170,406	*	—	—	*
Timothy M. Dozois	561,228	*	—	—	*
R. Gerard Salemme	2,837,805	1.3%	—	—	*
Scott G. Richardson	631,783	*	—	—	*
Directors *(other than Messrs. Mikles and Salemme indicated above)*					
Richard P. Emerson	552,049	*	—	—	*
Nicolas Kauser	512,606	*	—	—	*
Craig O. McCaw(10)	45,107,396	21.0%	44,360,000	82.7%	65.1%
Stuart M. Sloan	613,365	*	—	—	*
H. Brian Thompson	707,744	*	—	—	*
All current directors and executive officers as a group (9 persons)	53,530,569	24.4%	44,360,000	82.7%	65.7%

* 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 beneficially own. Holders of restricted shares have sole voting power, irrespective of whether the restricted shares have vested. See the *"Outstanding Equity Awards at 2015 Fiscal Year-End"* table for information on outstanding restricted stock awards that remain subject to vesting and forfeiture restrictions.

(2) Unless otherwise indicated, the address of each beneficial owner indicated is c/o Pendrell Corporation, 2300 Carillon Point, Kirkland, Washington 98033.
(3) The number of shares of Class A common stock beneficially owned by our named executive officers and directors includes shares issuable upon the exercise of outstanding options held by such individuals that are exercisable within 60 days of May 16, 2016, as set forth in the table below. Shares issuable to certain directors as compensation for Board service during the quarter ending June 30, 2016 are excluded from the tables above and below.

Name	Options Exercisable
Mr. Mikles	1,097,500
Mr. Ednie	125,000
Mr. Richardson	476,561
Mr. Dozois	372,500
Mr. Emerson	390,000
Mr. Kauser	400,000
Mr. McCaw	150,000
Mr. Salemme	1,858,750
Mr. Sloan	365,000
Mr. Thompson	560,000
All current directors and executive officers as a group (9 persons)	5,318,750

(4) Percentage total voting power represents voting power with respect to all shares of our Class A common stock and Class B common stock, as a single class. Each holder of Class B common stock is entitled to ten votes per share of Class B common stock and each holder of Class A common stock is entitled to one vote per share of Class A common stock on all matters submitted to our shareholders for a vote. The Class A common stock and Class B common stock vote together as a single class on all matters submitted to a vote of our shareholders, except as may otherwise be required by law. The Class B common stock is convertible at any time by the holder into shares of Class A common stock on a share-for-share basis.
(5) Based on a Schedule 13G filed with the SEC on February 12, 2016 by Ariel Investments, LLC ("Ariel"), Ariel reported that as of December 31, 2015, it owned an aggregate of 25,453,220 shares of Class A common stock and that its address is 200 E. Randolph Street, Suite 2900, Chicago, IL 60601. Based on representations provided by Ariel to the Company, Ariel is not the beneficial owner of the securities reported in Schedule 13G, and Ariel's clients have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, all securities reported by Ariel in Schedule 13G.
(6) Includes 20,696,037 shares of Class A common stock beneficially owned by Eagle River Satellite Holdings, LLC ("ERSH"); 2,339,724 shares of Class A common stock held by Eagle River, Inc.; 17,932,651 shares of Class A common stock held by Eagle River Partners, LLC ("ERP"); 3,000,000 shares of Class A common stock held by Eagle River Investments, LLC ("ERI"); and 44,360,000 shares of Class B common stock held by ERSH. Mr. McCaw is the sole manager and beneficial member of ERI, which is the sole member of ERSH. Mr. McCaw is the sole shareholder of Eagle River, Inc. and the beneficial member of ERP. Mr. McCaw disclaims beneficial ownership of the securities owned by ERSH, ERI and ERP, except to the extent of any pecuniary interest.
(7) Based on information provided by Highland Capital Management, L.P. ("Highland Capital"). Includes shares of Class A common stock beneficially owned and/or held by or for the account of James D. Dondero (including through family trusts), Highland Capital, Strand Advisors, Inc., and a number of investment funds for which Highland Capital serves as an investment adviser (the "Highland Funds"). Certain publicly available information indicates that Highland Capital does not maintain sole voting and investment power with respect to certain Highland Funds. Therefore, we offer no opinion or belief regarding voting control and investment power over such Highland Funds. The address of Mr. Dondero and Highland Capital is 300 Crescent Court, Suite 700, Dallas, Texas 75201.

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

(9) Includes 1,033,163 shares of Class A common stock held directly by Mr. Mikles; 79,416 shares of Class A common stock held in Mr. Mikles' individual retirement account; 61,000 shares of Class A common stock held in trusts and/or custodial accounts for the benefit of Mr. Mikles' children; 161,100 shares of Class A common stock held in a revocable trust; and 125,791 shares of Class A common stock held by Mr. Mikles' spouse. Mr. Mikles disclaims beneficial ownership of the securities owned other than directly by him except to the extent of any pecuniary interest.

(10) Includes (i) 898,984 shares of Class A common stock held directly by Mr. McCaw and (ii) 43,968,412 shares of Class A common stock and 44,360,000 shares of Class B common stock beneficially owned by ERSH and its affiliates. See footnote 6 above. Mr. McCaw is the sole manager and beneficial member of ERI, which is the sole member of ERSH. Mr. McCaw is the sole shareholder of Eagle River, Inc. and the beneficial member of ERP. Mr. McCaw disclaims beneficial ownership of the securities owned by ERSH, ERI and ERP, except to the extent of any pecuniary interest.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") requires our executive officers, directors and ten percent shareholders to file reports of ownership and changes in ownership with the SEC. The same persons are required to furnish us with copies of all Section 16(a) forms they file. Based solely on our review of such forms furnished to us during the most recent fiscal year, we believe that all reports required by Section 16(a) for transactions in the year ended December 31, 2015 were filed timely.

PROPOSAL 1

ELECTION OF DIRECTORS

Nominees

Pendrell's Bylaws provide for a Board of Directors that consists of not less than one and no more than 17 members, with the Board authorized to establish a Board size within that range. The Board size is currently set at seven, and seven directors currently serve on the Board. Our Board proposes the election of seven directors of the Company, each to serve until the next annual meeting of shareholders or until his earlier retirement, resignation, removal or until his successor is duly elected and qualified. All nominees were recommended for nomination by our Nominating and Governance Committee, and all are currently serving as directors of the Company. All nominees were also elected by the shareholders at the 2015 annual meeting of shareholders. Each nominee has agreed to serve if elected, and the Board of Directors has no reason to believe that any nominee will be unavailable to serve. However, if any nominee is unable or declines to serve as director at the time of the Annual Meeting, proxies will be voted for any nominee designated by the Board to fill the vacancy. Unless otherwise instructed, the proxy holders will vote the proxies received by them "FOR" the nominees named below.

Information Regarding the Nominees

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

Name	Age	Position Held with the Company
Richard P. Emerson	54	Director
Nicolas Kauser	76	Director
Craig O. McCaw	66	Executive Chairman of the Board of Directors
Lee E. Mikles	60	Chief Executive Officer, President and Director
R. Gerard Salemme	62	Consultant and Director
Stuart M. Sloan	72	Director
H. Brian Thompson	77	Director

Richard P. Emerson
Became Director: October 2010

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

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

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

Mr. Kauser is now retired after spending over 40 years in the communications industry. He was President of Clearwire International LLC and Chief Technology Officer of Clearwire from 2005 to 2008, and he also served on the board of directors of Clearwire. From 1990 to 1998, Mr. Kauser served as Executive Vice President and Chief Technology Officer of AT&T Wireless Services, Inc. (formerly McCaw Cellular Communications, Inc.) and from 1984 to 1990, he served as Senior Vice President of Operations and Vice President of Engineering of Rogers Cantel, Inc., a Canadian wireless service provider. He also spent 20 years in Venezuela where he first worked for the National Telephone Co. and subsequently co-founded two companies in the communications industry. From 1999 to January 2015, Mr. Kauser served on the board of directors of TriQuint Semiconductor, Inc., a provider of radio frequency solutions and technology, where at various times he served on the board's Compensation, Audit and Nominating and Governance Committees. In 1998, Mr. Kauser received the prestigious Gold Prize awarded by The Carnegie Mellon Institute and American Management Systems for excellence in the application of information technology. In recognition of his contributions to the communications industry, Mr. Kauser was inducted to the Wireless Hall of Fame in October 2011.

Qualifications and Skills: Mr. Kauser was a director of Pendrell from 2000 to 2004 and is familiar with our operations and history. He has been involved in the technology industry for many years and has particular experience with communications companies. In addition, Mr. Kauser's experience as a senior officer at Clearwire and AT&T provides him with the management experience to assist in the oversight of our operations and strategic objectives. He has served on the boards of directors of a number of companies, including TriQuint Semiconductor, Inc. and various private companies. Mr. Kauser has prior experience serving on the Audit and Nominating and Governance Committees of a publicly traded company. As such, the Board of Directors has appointed Mr. Kauser to serve as Chair of the Nominating and Governance Committee and as a member of the Audit Committee.

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

Since 1993, Mr. McCaw has been Chairman, Chief Executive Officer, and the beneficial member of the Eagle River group of investment companies which focus on strategic investments in the telecommunications industry. Mr. McCaw served as a director and Chairman of DBSD North America, Inc., a satellite communications company, from 2005 to 2008. Mr. McCaw founded Clearwire in 2003 and served as its Chairman of the Board of Directors from 2003 to December 2010. Mr. McCaw was a director of Nextel Communications, Inc., a wireless service provider that was acquired by Sprint Corporation in 2005, from 1995 until 2003, and a director of XO Communications, Inc., a communications network services provider formerly known as NEXTLINK Communications, Inc. ("XO"), from 1997 until 2002. From 1994 to 1997, he was also XO's Chief Executive Officer. From 1974 to 1994, Mr. McCaw served as Chairman and Chief Executive Officer of McCaw Cellular Communications, Inc., which he built into the nation's leading provider of cellular services in more than 100 U.S. cities, until the company was sold to AT&T in 1994.

Qualifications and Skills: Mr. McCaw brings to our Board of Directors demonstrated leadership skills and operating experience, including those acquired during more than 30 years of serving as a senior executive and director of Clearwire, XO, Nextel and McCaw Cellular Communications. As a former director of public and private companies in the telecommunications industry, Mr. McCaw also brings to the Company broad-based business experience and financial acumen.

Lee E. Mikles
Became Director: April 2014

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

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

R. Gerard Salemme
Became Director: June 2010 (also served from May 2002 through December 2008)

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

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

Stuart M. Sloan
Became Director: October 2010

Since 1984, Mr. Sloan has been a principal of Sloan Capital Companies LLC, a private investment company that serves as general partner in the redevelopment of University Village, a nationally recognized regional center for upscale shopping in Seattle, Washington. From 1986 through 1999, Mr. Sloan was an owner and executive officer of Quality Food Centers, Inc., a grocery retailer ("QFC"), which was acquired by The Fred Meyer Co. in

1997. Prior to QFC, from 1967 until 1984, Mr. Sloan owned in part and operated Schuck's Auto Supply, Inc., a retail provider of automotive maintenance and repair products that was sold to Pay 'n Save Corp in 1984. Mr. Sloan currently serves as a director of Anixter International, Inc., a global distributor of communications and security products, electrical and electronic wire and cable, fasteners and other small parts. From 2003 until March 2011, Mr. Sloan served as a director of J. Crew Group, Inc., an apparel retailer. He is active, both personally and through his private foundation, in numerous civic, cultural, educational and other philanthropic activities.

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

H. Brian Thompson
Became Director: May 2007

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

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

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

DIRECTOR COMPENSATION

Overview of Director Compensation Program

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

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

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

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

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

2015 Director Compensation

The table below sets forth certain information regarding the compensation earned by, or awarded to, our Chairman of the Board and each independent director who served on our Board of Directors in 2015. Messrs. Mikles and Salemme did not receive additional compensation for their services as directors of the Company in 2015, as Mr. Mikles is an employee of the Company and Mr. Salemme was an employee of and/or consultant to the Company in 2015.

We also reimburse directors for reasonable travel and accommodation expenses incurred in connection with Company business, the values of which are not included in the table below.

Name	Fees Earned(1)	Option Awards (2)(3)	Total
Richard P. Emerson	$ 70,000	$18,822	$ 88,822
Nicolas Kauser	$ 73,000	$18,822	$ 91,822
Craig O. McCaw	$250,000	$ —	$250,000
Stuart M. Sloan	$ 66,000	$18,822	$ 84,822
H. Brian Thompson	$ 78,000	$18,822	$ 96,822

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

	Fees Earned			
Name	Fees Paid in Cash	Stock Issued in Lieu of Cash (#)	Value of Stock (6)	Total
Richard P. Emerson	$35,003	42,729	$ 34,997	$ 70,000
Nicolas Kauser	$36,502	44,561	$ 36,498	$ 73,000
Craig O. McCaw	$ —	305,226	$250,000	$250,000
Stuart M. Sloan	$ —	80,578	$ 66,000	$ 66,000
H. Brian Thompson	$39,002	47,614	$ 38,998	$ 78,000

(2) Amounts reported reflect the grant date fair value, excluding the effect of estimated forfeitures, of each stock option granted during 2015 computed in accordance with ASC 718. See Note 2 to our consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 for the assumptions underlying the grant date fair value.

(3) The aggregate number of outstanding stock options held by each director who is not an employee of, or consultant to, the Company (representing unexercised stock options, both vested and unvested) at December 31, 2015, is as follows:

Name	Number of Shares Subject to Outstanding Option Awards
Richard P. Emerson	450,000
Nicolas Kauser	460,000
Craig O. McCaw	150,000
Stuart M. Sloan	425,000
H. Brian Thompson	620,000

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

Corporate Governance

Controlled Company

Eagle River Satellite Holdings, LLC and its affiliates ("Eagle River") control approximately 64.9% of the voting power of our outstanding common stock as of May 16, 2016. As a result, we are a "controlled company" within the meaning of the NASDAQ Stock Market ("Nasdaq") corporate governance rules and, as such, need not comply with certain Nasdaq corporate governance requirements, including (1) the requirement that a majority of the board of directors consist of independent directors, (2) the requirement that the compensation of officers be determined, or recommended to the board of directors for determination, by a majority of the independent directors or a compensation committee comprised solely of independent directors, and (3) the requirement that director nominees be selected, or recommended for the board of directors' selection, by a majority of the independent directors or a nominating committee comprised solely of independent directors with a written charter or board resolution addressing the nomination process. We do not currently rely on any of these exemptions, but reserve the right to do so in the future. If we choose to do so, our shareholders may not have the same protections afforded to shareholders of companies that are subject to all of the Nasdaq corporate governance requirements.

Identification, Evaluation and Qualification of Director Nominees

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

Shareholder Nominations and Recommendations for Director Candidates

Shareholder Nominations for Director

Pursuant to Pendrell's Bylaws, shareholders who wish to nominate one or more candidates for election as directors at an annual meeting of shareholders must give timely notice of the nomination in writing to Pendrell's Corporate Secretary. Consistent with SEC Rule 14a-8, the notice must be received no earlier than the close of business on the 120th day prior to the date of the annual meeting and no later than the close of business on the later of the 90th day prior to the date of such annual meeting, or if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, not later than the close of business on the 10th day following the day on which notice of the date of the upcoming annual meeting is publicly disclosed. To be effective, the notice must satisfy certain requirements specified in the Company's Bylaws, a copy of which will be sent to any shareholder upon written request to Pendrell's Corporate Secretary. A shareholder making a nomination must also comply with all applicable requirements of the Exchange Act, including providing a nominee's consent to being named in a proxy statement and to serve as a director if elected. No shareholder has presented a timely notice of a proposal to nominate a director this year. Accordingly, the only directors nominated for election at the Annual Meeting are the individuals named in Proposal 1, "Election of Directors." No other nominations are before, or may be brought at, the Annual Meeting.

Shareholder Recommendations for Director

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

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

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

Independence of the Board of Directors

The Board has determined that Messrs. Emerson, Kauser, Sloan and Thompson are independent directors within the meaning of the Nasdaq listing standards. As such, a majority of our directors are currently independent, as are all members of the Audit Committee, Compensation Committee and Nominating Committee. Members of the Audit Committee also satisfy a separate independence requirement pursuant to the Exchange Act which requires that they may not accept directly or indirectly any consulting, advisory or other compensatory fee from us or any of our subsidiaries other than their compensation for service as a director, or be an affiliated person of ours or any of our subsidiaries.

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

Board Leadership Structure

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

Code of Conduct and Ethics

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

Role in Risk Oversight

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

Policy Regarding Director Attendance at Annual Meetings of Shareholders

At least one member of our Board will attend each annual meeting of shareholders, and all directors are invited to attend such meetings. We will reimburse directors for reasonable expenses incurred in attending annual meetings of shareholders. Two directors attended the annual meeting of shareholders held on June 17, 2015.

Meetings of the Board

The Board meets on a regularly scheduled basis during the year to review significant developments affecting Pendrell and to act on matters requiring Board approval. It also holds special meetings when important matters require Board action between regularly scheduled meetings. During fiscal year 2015, the Board met six times and took action by unanimous written consent on four other occasions. The independent members of the Board regularly met in executive session without management present. During fiscal year 2015, each director attended, in the aggregate, more than 75% of the Board meetings and meetings of the Board committees on which the director served.

Board and Committee Composition

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

Name	Board of Directors	Audit	Compensation	Nominating
Richard P. Emerson	X	Chair		
Nicolas Kauser	X	X		Chair
Craig O. McCaw	Chair			
Lee E. Mikles	X			
R. Gerard Salemme	X			
Stuart M. Sloan	X		X	X
H. Brian Thompson	X	X	Chair	
Number of Meetings in Fiscal Year 2015	**6**	**4**	**7**	**2**

Committees of the Board

During fiscal year 2015, the Board had three principal committees — the Audit Committee, the Compensation Committee and the Nominating and Governance Committee. These committees carry out certain responsibilities as identified in their respective charters, which have been adopted by the respective committees and by the Board. The charters of the current committees can be reviewed on our website at www.pendrell.com, by clicking on "Investors" and then "Corporate Governance" and are also available free of charge in print to any shareholder who requests them. Information about the principal responsibilities of these committees appears below.

Audit Committee

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

Analysis of Financial Condition and Results of Operations" and discusses, as appropriate, any major issues as to the adequacy of the company's internal controls and the adequacy of disclosures about changes in internal control over financial reporting; (x) annually reviews the terms of the directors and executive officers insurance coverage and approves the terms prior to the renewal of the policy; (xi) reviews and assesses the adequacy of the Company's investment policy and recommends any proposed changes to the Board; (xii) ensures the company maintains an internal audit capability, at least annually evaluates the performance of the company's internal audit capability, and discusses with the independent auditor and management the internal audit capabilities responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit; and (xiii) has such other authority, duties and responsibilities as the Board delegates to the Audit Committee. During fiscal year 2015, the Audit Committee met four times. The Board has determined that each member of the Audit Committee is independent under the independence requirements of Nasdaq and the SEC. In addition, the Board has determined that Richard Emerson qualifies as an Audit Committee "financial expert" as defined by the SEC rules.

Compensation Committee

The Compensation Committee: (i) acts on behalf of the Board in fulfilling the Board of Director's responsibilities to oversee the Company's compensation policies, plans and programs; (ii) reviews and determines the compensation to be paid to the Company's executive officers and directors; (iii) reviews the Compensation Discussion and Analysis ("CD&A") with management and makes a recommendation as to whether the CD&A should be included in the Company's annual report and/or proxy statement; (iv) prepares and reviews the Compensation Committee report included in the Company's annual proxy statement in accordance with applicable rules and regulations of the SEC in effect from time to time; and (v) performs such other functions as may be deemed necessary or convenient in the efficient and lawful discharge of the foregoing. The Compensation Committee charter grants the Compensation Committee members full access to all books, records, facilities and personnel of the Company, as well as the authority to obtain, at the expense of the Company, advice and assistance from internal and external legal, accounting or other advisors and consultants and other external resources that the Compensation Committee considers necessary or appropriate in the performance of its duties. In particular, the Compensation Committee has the authority to retain compensation consultants to assist in its evaluation of executive and director compensation, including the authority to approve the consultants' reasonable fees and other retention terms. During fiscal year 2015, the Compensation Committee met seven times. The Board has determined that each member of the Compensation Committee is independent under the independence requirements of Nasdaq and the SEC.

Nominating and Governance Committee

The Nominating and Governance Committee: (i) develops qualification criteria for selecting director candidates; (ii) identifies and screens potential director candidates; (iii) consults with the Board regarding potential director candidates; (iv) after consultation with the Board Chair, recommends to the Board nominees for election or re-election at each annual shareholder meeting, or to fill Board vacancies; (v) periodically reviews and makes recommendations to the Board regarding the Company's charter or bylaws, or the governing documents of Company subsidiaries; (vi) establishes procedures for, and periodically conducts performance evaluations of Board members and members of Board committees; (vii) identifies, monitors and evaluates emerging corporate governance issues and trends and makes related recommendations to the Board as appropriate; (viii) monitors compliance with the Company's Code of Conduct and Ethics; (ix) periodically reviews and assesses the adequacy of the committee's charter; and (x) performs such other duties and fulfills such other responsibilities as the Board delegates to the Nominating and Governance Committee from time to time. During fiscal year 2015, the Nominating and Governance Committee met two times. The Board has determined that each member of the Nominating and Governance Committee is independent under the independence requirements of Nasdaq and the SEC.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee is, or was during 2015, an officer or employee of Pendrell, and none of the Company's executive officers serves, or during 2015 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.

PROPOSAL 2

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

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

> RESOLVED, that the shareholders of the Company approve, on an advisory (non-binding) basis, the compensation of the Company's named executive officers, as disclosed in the Compensation Discussion and Analysis, the compensation tables and related material in the proxy statement for the Company's 2016 Annual Meeting of Shareholders.

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

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

The Board of Directors recommends that you vote "FOR" the approval of the advisory (non-binding) resolution on executive compensation.

EXECUTIVE OFFICERS

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

Name	Age	Position Held with the Company
Lee E. Mikles	60	Director; Chief Executive Officer and President
Steven A. Ednie	48	Vice President and Chief Financial Officer
Timothy M. Dozois	54	Corporate Counsel and Corporate Secretary

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

Steven A. Ednie

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

Timothy M. Dozois

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

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This compensation discussion and analysis describes the compensation of our named executive officers in 2015, the principles underlying our executive compensation program, and the manner by which those principles influenced our policies and decisions regarding the compensation of our named executive officers.

Our named executive officers for 2015 are listed in the *Summary Compensation Table* and include the following individuals:

- Lee E. Mikles, our Chief Executive Officer and President;
- Steven A. Ednie, our Vice President and Chief Financial Officer;
- Timothy M. Dozois, our Corporate Counsel and Corporate Secretary;
- R. Gerard Salemme, our former Executive Vice President and Chief Strategy Officer; and
- Scott G. Richardson, our former Vice President and Chief Product Officer.

Executive Summary for 2015

Overview. We experienced significant changes in our executive ranks in 2015. Mr. Mikles was appointed President and Chief Executive Officer in June 2015 following his service as Interim President and Chief Executive Officer from November 2014 to June 2015. In February 2015, Mr. Salemme left his position as Chief Strategy Officer to assume a consulting role. Similarly, Mr. Richardson left his position as Chief Product Officer to become a consultant at the end of 2015. By year end, we had three executive officers, which is a number we deem appropriate for our current size and operations. In connection with the reduction in size of our executive team, we implemented a plan to substantially reduce our costs and simplify our operations while retaining the resources we deem critical to the generation of revenue from our existing intellectual property assets and the pursuit of new business opportunities. We divested certain businesses that did not generate reliable cash flow, we continued to abandon intellectual property assets that do not support our existing licensing programs, we lowered our facilities costs, and we significantly reduced the size of our work force. We also established core objectives for our employees to coincide with our operational initiatives, which include expanding capacity, increasing productivity, creating efficiencies and implementing tangible process improvements, and we made significant progress toward the achievement of these objectives.

Pay for Performance. Consistent with our pay-for-performance philosophy, a substantial part of our executive compensation program consists of performance-based compensation. During 2015, our named executive officers who participated in our annual performance-based cash incentive plan, which we also refer to as the 2015 Incentive Plan (the “2015 Incentive Plan”), were eligible to receive cash bonuses only upon achieving pre-established performance objectives, the majority of which were weighted toward Company financial objectives and the remainder of which were based on individual objectives. We also granted performance-based equity awards to Mr. Mikles as the principal component of his CEO compensation package, whereby the awards will become eligible to vest only upon the achievement of corporate performance and/or stock price goals (subject to continued service with us).

Financial Results. Our financial results for 2015 reflected our focus on achieving revenue targets and reducing costs. We exceeded our targets for budgeted revenue, adjusted earnings before interest, taxes, depreciation and amortization (“AEBITDA”), and non-variable cash expense by 0.2%, 62.4% and 17.4%, respectively. We also achieved profit and loss objectives for individual cost centers within the Company.

2015 Compensation Highlights

Summarized below are the highlights of our 2015 executive compensation program and related key events. Each is described more fully in later sections of this Compensation Discussion and Analysis.

- We designed a competitive compensation package for Mr. Mikles, who was appointed President and Chief Executive Officer in June 2015 following his service as Interim President and Chief Executive Officer from November 2014 to June 2015. Mr. Mikles' compensation package consists almost exclusively of long-term equity incentive compensation, a majority of which is performance-based, to align his interests with those of our shareholders.
- In lieu of salary increases, we increased the performance-based cash incentive compensation targets by 3.5% for Messrs. Ednie and Dozois and 3% for Mr. Richardson in order to increase the performance-based portion of their compensation. There were no salary increases awarded to any named executive officer in 2015.
- We awarded 2015 cash incentive awards under the 2015 Incentive Plan to Messrs. Ednie and Dozois at 93.5% and 97.5% of target, respectively, based on the achievement of 2015 stated corporate objectives and on individual performance. Messrs. Mikles, Salemme, and Richardson were not eligible to receive cash incentive awards under the 2015 Incentive Plan.
- We awarded long-term equity compensation to Messrs. Ednie, Dozois, and Richardson to reward individual contributions to our key strategic initiatives, align the interests of these executives with those of our shareholders, encourage retention, and motivate these executives to enhance the long-term value of Pendrell.
- We entered into a retention agreement with each of Messrs. Salemme and Richardson in connection with their transitions from executive officer to consultant on February 16, 2015 and December 31, 2015, respectively, pursuant to which each of these individuals is paid a monthly consulting fee. Mr. Salemme also received lump-sum payment of $455,000 in connection with his transition from executive officer to consultant.
- The advisory vote on executive compensation at our 2015 annual meeting of shareholders received approval from over 92% of the votes cast.

Executive Compensation Philosophy and Objectives

Our executive compensation program is designed to balance achievement of near-term results with positioning for long-term success by encouraging executives to achieve key corporate and individual objectives. Pendrell believes that the skill, talent, judgment, and dedication of its executive officers are critical factors affecting the long-term value of our company. In furtherance of this belief, the primary goals of our executive compensation program in 2015 were to (i) provide compensation at competitive levels in order to attract and retain qualified executives who can manage the evolution of our business and contribute to our long-term success, (ii) motivate performance consistent with clearly defined corporate and individual performance goals, and (iii) provide incentives to help align the long-term interests of our executives with those of our shareholders. We believe our executive compensation program provides a solid framework for implementing and maintaining a balanced approach to compensation, has been instrumental in helping us accomplish our business objectives, and is strongly aligned with the long-term interests of our shareholders. In detail, our compensation program is designed to:

- provide a balance between fixed and variable compensation elements that encourage performance while discouraging excessive risk-taking;
- provide incentives that encourage our executives to appropriately balance short-term and long-term strategic goals;
- attract and retain individuals with the leadership abilities and skills to successfully execute our business strategy and build long-term shareholder value;

- encourage and reward outstanding initiative, achievement, and teamwork, and motivate individuals to perform at their highest level;
- reflect varying degrees of executive responsibility, accountability and impact on our business;
- provide compensation and incentive packages to our executives that are competitive with our peer companies;
- emphasize performance-based pay that aligns incentives with our strategic objectives; and
- provide a meaningful ownership stake to appropriately align executive interests with shareholder interests.

Role of the Compensation Committee

The Compensation Committee of the Board of Directors is responsible for the oversight of our executive compensation program. Each director who served on the Compensation Committee in 2015 continues to serve on the Compensation Committee as of the date of this discussion, is a non-employee director within the meaning of SEC Rule 16b-3, is an outside director within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), and is an independent director under Nasdaq stock exchange listing rules. The Compensation Committee's purpose is to discharge the Board's responsibilities relating to executive compensation and to administer policies that govern our compensation and benefit programs. The Compensation Committee has overall responsibility for approving and evaluating our executive officer compensation plans, policies, and programs, including:

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

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

Say on Pay Feedback from Shareholders

Shareholders holding more than 92% of the votes cast at our 2015 annual meeting of shareholders approved, on an advisory basis, the compensation of our named executive officers. The Compensation Committee considered the results of the 2015 vote and, based in part on the significant shareholder support, made no changes to our executive compensation policies or decisions as a result of the vote. As in prior years, and consistent with the 2011 decision of the Company's shareholders to hold annual say-on-pay votes, we will hold an advisory vote on executive compensation at our 2016 annual meeting of shareholders.

Role of Compensation Committee Consultants in Compensation Decisions

The Compensation Committee periodically engages independent compensation consultants to provide assistance and advice as it discharges its responsibilities. Compensation consultants may review our compensation programs to confirm consistency with our executive compensation philosophy and objectives, may advise the Compensation Committee on emerging trends and issues related to the compensation of executive officers, and may recommend peer group and market data as reference points for executive compensation decisions. In 2015, the Compensation Committee retained Board Advisory, LLC ("Board Advisory") as its independent third party consultant to assist with the establishment of the compensation of Mr. Mikles, our Chief Executive Officer and President. Before engaging Board Advisory, the Compensation Committee determined that Board Advisory is independent of the Company under independence guidelines established by the SEC and Nasdaq, and that the retention of Board Advisory did not give rise to any conflict of interest.

Role of Management in Compensation Decisions

Our Chief Executive Officer and President periodically assesses the performance of our executive officers (other than himself) and makes recommendations to the Compensation Committee regarding the compensation of these executive officers. In early 2015, Mr. Mikles assessed the contributions of our executive officers toward the achievement of our business and strategic objectives in 2014, as well as each executive officer's effectiveness in overseeing the function for which the executive officer is responsible. In lieu of increases in annual base salary, Mr. Mikles recommended that the Compensation Committee increase the cash incentive target compensation for these executives to increase the portion of their compensation that is performance-based. He also made recommendations regarding 2015 performance goals for these executive officers, and in July 2015 he recommended the granting of long-term equity incentive awards to Messrs. Ednie, Dozois, and Richardson. In January 2016, Mr. Mikles assessed the individual performance of Messrs. Ednie and Dozois for 2015 and the contributions of these executives to our 2015 business and strategic objectives, and thereafter made recommendations to the Compensation Committee regarding cash incentive awards for Messrs. Ednie and Dozois pursuant to the 2015 Incentive Plan. Mr. Mikles did not make recommendations regarding his own compensation, nor was he present for any executive sessions or discussions regarding his own compensation.

Peer Companies and Benchmarking

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

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

Mr. Mikles. Effective June 1, 2015, the Board of Directors appointed Mr. Mikles as our Chief Executive Officer and President following his service as Interim Chief Executive Officer and President from November 19, 2014 to June 1, 2015. In establishing compensation for Mr. Mikles upon his transition from interim status, our Compensation Committee considered the total direct compensation of chief executive officers in a group of 11 companies in the technology and intellectual property sector (the "Compensation Peer Group"). Our human resources staff and the Compensation Committee selected these companies based on a number of factors, including revenue, industry, stage of development, and market capitalization. The companies in the Compensation Peer Group are:

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

Messrs. Ednie, Dozois, and Richardson. The Compensation Peer Group was used for the purpose of comparing the 2015 cash compensation of Messrs. Ednie and Dozois to the market. The Radford Global Technology Survey for technology companies with revenues between $200 million and $500 million (the “Radford Survey”) was used to compare the 2015 cash compensation of Mr. Richardson to the market. These resources are widely utilized by similarly situated companies in determining executive compensation levels. The Compensation Committee also considers each executive’s experience, skills, role, and responsibilities when it determines the compensation of each executive.

Mr. Ednie’s annual base salary for 2015 was slightly above the 50^{th} percentile of the annual base salaries of chief financial officers in the Compensation Peer Group. His total target cash compensation for 2015 was established between the 50^{th} and 60^{th} percentiles of the total target cash compensation for chief financial officers in the Compensation Peer Group. Mr. Dozois’ annual base salary and total target cash compensation for 2015 were below the 50^{th} percentile of the annual base salaries and total target cash compensation of individuals serving as general counsel for the companies in the Compensation Peer Group. Mr. Richardson’s annual base salary for 2015 was at the 50^{th} percentile of the annual base salaries of similarly situated executives in the Radford Survey, and his total target cash compensation for 2015 was below the 50^{th}percentile as reflected in the Radford Survey.

The Radford Survey was used to compare the competitive annual long-term value of the equity incentive awards granted to each of Messrs. Ednie, Dozois, and Richardson in July 2015. The comparison assumed a price of $1.25 per share for the Company’s Class A common stock and a 50% Black Scholes value. The equity awards granted to Mr. Ednie were significantly below the 50^{th} percentile as compared to chief financial officers in the Compensation Peer Group, however, the Compensation Committee considered the size of the equity awards granted to Mr. Ednie at the time of his hiring in September 2014 when determining the size of the equity awards granted to Mr. Ednie in 2015. The equity awards granted to Mr. Dozois were below the 50^{th} percentile and the equity awards granted to Mr. Richardson were at the 50^{th} percentile as compared to similarly situated executives in the Radford Survey. The equity awards granted to Messrs. Ednie, Dozois, and Richardson in July 2015 are described under the caption *“Long-term Equity Incentive Awards”* in this Compensation Discussion and Analysis.

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

Elements of Compensation

Our 2015 executive compensation program for Messrs. Ednie, Dozois, and Richardson consisted of the following primary elements: base salary, short-term performance-based cash incentive compensation, and long-term equity incentive compensation awards. The 2015 compensation for Mr. Mikles consisted primarily of long-term equity incentive awards (the “Equity Awards”), a majority of which are performance-based. The 2015 compensation for Mr. Salemme consisted primarily of consulting fees and a retention award as described in a retention agreement between the Company and Mr. Salemme dated February 16, 2015 (the “Salemme Agreement”). The Salemme Agreement is further described under the caption *“Other Compensation-Employment, Severance and Change in Control Arrangements-Mr. Salemme”* of this Compensation Discussion and Analysis.

Each element of our executive compensation program is designed to achieve one or more of our performance, retention, and alignment goals as described below. These elements provide incentives to encourage our executives to appropriately balance their focus between our short-term and long-term strategic goals.

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

Each executive's compensation, including the mix of cash compensation, equity awards and compensation that is performance-based, ultimately reflects the Compensation Committee's business judgment in consideration of these factors and shareholder interests.

With the exception of nominal monthly stipends to assist with commuting and/or lodging expenses incurred by Mr. Dozois, and for a portion of 2015, Mr. Richardson, who reside outside the state of Washington, Pendrell has not established programs under which executive perquisites are offered. Mr. Richardson's stipend was discontinued effective August 1, 2015. Pendrell does not offer guaranteed payouts under its cash incentive program or other benefit programs to its executives that are not provided to the general employee population.

2015 Executive Compensation

Compensation of the Chief Executive Officer and President

Mr. Mikles was appointed our Chief Executive Officer and President in June 2015, following his service as our Interim Chief Executive Officer and President from November 2014 to June 2015. In May 2015, the Compensation Committee developed a proposed compensation package for Mr. Mikles (the "CEO Compensation") that was almost exclusively comprised of long-term equity incentive compensation, and engaged Board Advisory to evaluate the CEO Compensation. In evaluating the CEO Compensation, Board Advisory applied three methodologies in its analysis of whether the CEO Compensation was reasonable and competitive as described below.

1. A conservative valuation scenario for the Equity Awards was applied to assume a share price value for each award of $1.00 per share, which was the approximate market value of a share of the Company's Class A common stock at the time the evaluation was conducted. The resulting total value of the Equity Awards was then divided by four years of vesting time. Board Advisory determined the annualized value of the CEO Compensation to be $3.26 million, or 17.4% above the median total direct compensation of $2.78 million for the Compensation Peer Group, which Board Advisory deemed to be reasonable and competitive.

2. A discount was applied to the value of the nonqualified stock options to account for the likelihood of performance goal achievement, which reduced the annualized value of the CEO Compensation to $2.36 million, or 15% below the median total direct compensation for the Compensation Peer Group. Board Advisory also deemed the CEO Compensation to be reasonable and appropriate using this approach.
3. Board Advisory compared the Equity Awards, which represent a 6.1% ownership stake in the Company, to the typical CEO ownership stake of 4% to 7% in early-stage start-up companies based on private equity and venture capital compensation data. Board Advisory determined that the CEO Compensation is reasonable, particularly in light of the nominal cash component of the CEO Compensation.

The CEO Compensation includes:

- An annual base salary of $6,000, which is sufficient to cover employee contributions to Company-sponsored healthcare plans and required tax withholding;
- Nonqualified stock options for the purchase of 2,000,000 shares of Class A common stock that are scheduled to vest over four years;
- Nonqualified stock options for the purchase of 2,000,000 shares of Class A common stock that are scheduled to vest over four years, provided that the Company achieves its performance objectives for the preceding calendar year under the Company's then-applicable incentive plan;
- 500,000 restricted shares that were scheduled to vest on January 1, 2016;
- 500,000 restricted shares that were scheduled to vest on February 15, 2016, but only to the extent the Company achieved its performance objectives under the 2015 Incentive Plan;
- 3,000,000 restricted stock units ("RSUs") that are scheduled to vest over three years, with one-third vesting on each of January 1, 2017, January 1, 2018 and January 1, 2019;
- 3,000,000 RSUs that are scheduled to vest over three years, with up to one-third vesting on each of February 15, 2017, February 15, 2018 and February 15, 2019, but only to the extent the Company achieves its performance objectives for the preceding calendar year under its then-applicable incentive plan; and
- 2,000,000 RSUs that will fully vest when both of the following have occurred: (i) the average closing price of the Company's Class A common stock, measured over any period of 60 consecutive calendar days, has reached or exceeded $3.00 per share (the "Price Trigger") and (ii) the date is January 1, 2017 or later. If the Price Trigger is not achieved by December 31, 2019, then none of these RSUs will vest.

The foregoing equity awards are described in more detail under the caption *"Long-Term Equity Compensation-Mr. Mikles"* in this Compensation Discussion and Analysis.

After considering the analysis and recommendations of Board Advisory, the Compensation Committee determined that the CEO Compensation was competitive, reasonable, and appropriate, particularly in light of its nominal cash component and the fact that a majority of the Equity Awards are performance-based. The Compensation Committee believes that establishing most of Mr. Mikles' compensation in the form of long-term equity incentive awards, a majority of which are performance-based, aligns Mr. Mikles' interests with those of our shareholders, motivates him to achieve corporate objectives, and encourages his retention through the additional element of time-based vesting. Based on these considerations and the analysis and recommendations of Board Advisory, in June 2015, the Compensation Committee approved the CEO Compensation.

From time to time, Mr. Mikles utilizes private chartered aircraft for business travel in order to avoid travel delays, work productively and efficiently while in transit, minimize time away from the office, and maximize time for business purposes while traveling. In 2015, the Compensation Committee approved the reimbursement of private chartered aircraft expenses incurred by Mr. Mikles for Pendrell business travel subject to limits set forth in the Company's Travel and Reimbursement Policy. Reimbursement is conditioned upon proper substantiation and documentation of business-related travel, including all documentation required (by the Internal

Revenue Service or otherwise) to allow the Company to deduct the corresponding travel expense, and compliance with such other requirements that the Compensation Committee may impose. Personal travel (that is, travel without a substantiated business-related purpose) is not eligible for reimbursement.

Compensation of Named Executive Officers Other than the CEO and President

General Considerations

In establishing the 2015 compensation of our named executive officers other than our Chief Executive Officer and President, the Compensation Committee considered Mr. Mikles' assessment of each executive's fulfillment of his responsibilities, demonstrated leadership, management experience and effectiveness, as well as overall company and individual performance. When translating performance to compensation, the Compensation Committee awarded cash incentive compensation to eligible executives under the 2015 Incentive Plan based on the achievement of pre-established and objective financial performance goals, and exercised its discretion in assessing the individual performance of these executives. The following describes the primary components of our 2015 executive compensation program.

Base Salary

We provide our executive officers and other employees with base salary to compensate them for services to the Company, with the goal of attracting and retaining the executive talent needed to run our business, and to mitigate the risks associated with variable cash incentive and equity incentive compensation. Base salaries for executives are determined based on position, responsibility, experience, individual performance, overall company budgets, competitive market data, and internal equity issues. We believe that the salaries paid to our executives are sufficient to meet their essential commitments. Consequently, our incentive compensation arrangements are intended to reward their performance if, and only to the extent that, performance objectives are achieved. The Compensation Committee generally reviews base salaries annually and makes adjustments from time to time within the context of our overall compensation system. Base salary adjustments for executives are at the discretion of the Compensation Committee.

The Compensation Committee did not adjust base salaries for our named executive officers during 2015, as Mr. Ednie's salary was determined in connection with his hire in September 2014, Mr. Salemme's service as Chief Strategy Officer concluded in February 2015 and he became a non-employee consultant to the Company, and Messrs. Ednie, Dozois, and Richardson each received increases in target cash incentive compensation in lieu of annual base salary adjustments. The Compensation Committee believes that emphasizing pay for performance motivates our executives to achieve important business objectives of the Company and better aligns the interests of our executives with those of our shareholders.

The annualized base salaries of our named executive officers at the end of 2015 are set forth below. Actual base salaries earned by our named executive officers in 2015 are reflected in the *"Summary Compensation Table*."

Named Executive Officer and Principal Position	2015 Annual Base Salary (as of 12/31/15)
Lee E. Mikles, Chief Executive Officer and President(1)	$ 6,000
Steven A. Ednie, Vice President and Chief Financial Officer	$350,000
Timothy M. Dozois, Corporate Counsel and Corporate Secretary	$280,675
R. Gerard Salemme, Former Executive Vice President and Chief Strategy Officer(2)	$ —
Scott G. Richardson, Former Vice President and Chief Product Officer(3)	$346,080

(1) Mr. Mikles was appointed Chief Executive Officer and President effective June 1, 2015, following his service as Interim Chief Executive Officer and President effective November 19, 2014.

(2) Mr. Salemme resigned from his position as Executive Vice President and Chief Strategy Officer effective February 15, 2015, after which date he became a consultant to the Company. From January 1, 2015 through February 15, 2015, Mr. Salemme's annual base salary was $424,360. Mr. Salemme earns compensation in his role as a consultant to the Company as described under the caption *"Other Compensation-Employment, Severance and Change in Control Arrangements-Mr. Salemme"* in this Compensation Discussion and Analysis.
(3) Mr. Richardson resigned from his position as Vice President and Chief Product Officer effective December 31, 2015. Mr. Richardson earns compensation in his role as a consultant to the Company as described under the caption *"Other Compensation-Employment, Severance and Change in Control Arrangements-Mr. Richardson"* in this Compensation Discussion and Analysis.

Performance-based Cash Incentive Compensation

In March 2015, the Compensation Committee adopted the 2015 Incentive Plan for employees and executive officers other than the Chief Executive Officer and President, whose compensation is primarily comprised of long-term equity incentive awards. The 2015 Incentive Plan was designed to reward participants for achievement against 2015 performance objectives, promote a strong connection between employee contributions and the Company's financial performance at all levels of the organization, encourage and support achievement of the business objectives of the Company, and promote retention of Company employees. The 2015 Incentive Plan provided for cash and/or stock incentive awards, calculated as a percentage of annual base salary, based upon the achievement of specified Company objectives for 2015 that were aligned with expense control, revenue, AEBITDA, and profit and loss objectives for individual cost centers within the Company, together with individual performance objectives. Awards under the 2015 Incentive Plan were not automatic and were dependent on the achievement of identified goals and objectives. Notwithstanding the performance of individual executives, the Compensation Committee had discretion to increase or decrease payments under the 2015 Incentive Plan if certain factors warranted variation from the formula established under the 2015 Incentive Plan. Participants were required to be employed by the Company on the date payments were made under the 2015 Incentive Plan in order to be eligible to receive awards under the 2015 Incentive Plan.

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

Name	Target Cash Incentive Award as a Percentage of Annual Base Salary
Steven A. Ednie	53.5%
Timothy M. Dozois	36.5%
Scott G. Richardson	43.0%

Although Mr. Richardson participated in the 2015 Incentive Plan, he did not receive an incentive award for 2015 because of his transition from employee to consultant effective December 31, 2015, prior to the payment of awards under the 2015 Incentive Plan. Mr. Salemme did not participate in the 2015 Incentive Plan due to his transition from employee to consultant effective February 16, 2015; he did, however, receive a cash payment in 2015 in the amount of $455,000 as consideration for his agreement to relinquish all past and future benefits described in the employment letter agreement dated July 1, 2011 between the Company and Mr. Salemme, as supplemented by addenda dated August 25, 2014 and January 1, 2015.

Performance Criteria. The performance criteria for Messrs. Ednie, Dozois, and Richardson pursuant to the 2015 Incentive Plan consisted of both Company and individual performance objectives, with the achievement of Company objectives weighted at 85% and the achievement of individual objectives weighted at 15%. The performance criteria used to determine the individual payouts for eligible named executive officers were as follows:

- Company financial objectives, including:
  - Challenging expense control objectives, the achievement of which required us to substantially reduce year-over-year costs between 2014 and 2015;
  - AEBITDA objectives that required management to operate the business in a manner that moved the Company substantially closer to profitability than in prior years;
  - Revenue objectives as set forth in the Company's 2015 budget; and
  - Profit and loss objectives for each executive's respective cost center that the Compensation Committee deemed to be challenging but achievable.
- Individual performance goals established in each executive's 2015 performance plan that align with our core objectives of expanding capacity, increasing productivity, creating efficiencies, implementing tangible process improvements, and capitalizing on new opportunities.

The Compensation Committee established expense control and AEBITDA goals to reward our executives for maintaining fiscal responsibility and implementing our cost reduction initiatives. The Compensation Committee established a revenue goal because we consider revenue to be a key driver of our growth and success. The Compensation Committee established cost center profit and loss objectives to render each executive accountable for the corporate function for which he is responsible. The Compensation Committee established individual performance objectives to motivate each executive to accomplish specific goals that are consistent with the Company's objectives of growth and strong financial performance.

The following table shows (a) the Company performance objectives established under the 2015 Incentive Plan for eligible named executive officers, the achievement of which contributes 85% to the target payout, (b) the individual performance objectives under the 2015 Incentive Plan, the achievement of which contributes 15% to the target payout, and (c) the weighting of each objective.

Company Performance Objectives – 85% of Target Payout

Objective	Weighting
Expense Control	40%
Revenue	40%
AEBITDA	10%
P&L Objectives	10%

Individual Performance Objectives – 15% of Target Payout

Objective	Weighting
Fulfillment of the executive's responsibilities within his specific function; the executive's contributions in support of Company objectives; demonstrated leadership; management experience; achievement of core objectives	100%

The Compensation Committee measured individual performance of our eligible named executive officers for 2015 using a rating scale consisting of four tiers, each of which translates to an achievement range as set forth in the following table. An employee performing below expectations was not eligible for an incentive award regardless of the achievement of Company performance objectives.

Rating	Achievement Percentage Range
Exceeds Expectations (consistently exceeds expectations in essential areas of responsibility)	75% – 125%
Meets Expectations (consistently meets expectations in essential areas of responsibility)	35% – 65%
Needs Improvement/New in Role (in position less than 90 days)	0% – 40%
Below Expectations (does not consistently meet expectations; failed in one or more areas of responsibility)	0%

Performance Objectives and Actual Performance. The Company performance objectives were determined based on objectives in our 2015 operating plan. The following table shows the 2015 Company performance objectives and actual 2015 achievement:

Company Objective	Favorable Variance to Budget	Achievement Percentage	Plan Weighting	Payout Percentage
Expense	17.4%	110.0%	40%	55.0%
Revenue	0.2%	100.0%	40%	40.0%
AEBITDA	62.4%	175.0%	10%	17.5%

Calculated Company Performance Payout:	**112.5%**
***Actual Company Performance Payout:**	**100.0%**

* As described in the section captioned *"Payout Structure"* below, and pursuant to its discretionary authority under the 2015 Incentive Plan, the Compensation Committee determined that achievement against the Company performance objectives for 2015 would be capped at 100%.

In addition, Messrs. Ednie and Dozois each had a component of their 2015 cash incentive payout based on the achievement of profit and loss objectives for the cost center for which each of these executives is responsible. The cost center objectives had a plan weighting of 10%. Messrs. Ednie and Dozois each achieved their P&L target objectives at a level of 100%.

In January 2016, the Compensation Committee and our Chief Executive Officer and President assessed the individual performance of Messrs. Ednie and Dozois for 2015 as part of our company-wide performance evaluation process. In light of the considerations described above, the Compensation Committee and our Chief Executive Officer and President determined that Mr. Ednie's and Mr. Dozois' bonus payments should be 93.5% and 97.5% of their respective targets.

Payout Structure. The payout structure under the 2015 Incentive Plan was based on the achievement of Company and individual performance objectives. The payout mechanics of the 2015 Incentive Plan based on the achievement of Company objectives were as follows:

Objective: Meet or exceed 2015 budget for non-variable cash expenses*:

Variance to Expense Budget	Achievement Percentage
>30% over expense budget	30% (minimum)
30% over expense budget	60%
20% over expense budget	75%
10% over expense budget	90%
At expense budget	100%
10% under expense budget	110%
20% under expense budget	120%
30% under expense budget	130%
40% or > under expense budget	140%

* Extraordinary expenses associated with unbudgeted initiatives may be excluded.

Objective: Meet or exceed 2015 budget for revenue:

Percentage of Annual Revenue	Achievement Percentage
100% or less of target	50% (minimum)
101% – 116% of target	100%
116% – 144% of target	125%
144% – 197% of target	135%
197% or greater of target	150%

Objective: Meet or exceed 2015 budget for AEBITDA:

Variance from AEBITDA Target	Achievement Percentage
20% or greater adverse variance	20% (minimum)
12% – 19% adverse variance	50%
1% – 11% adverse variance	80%
0% – 13% favorable variance	90%
14% – 32% favorable variance	110%
33% – 57% favorable variance	135%
58% or more favorable variance	175%

Objective: Achieve favorable variance from 2015 cost center profit and loss budget:

P&L Target	Achievement Percentage
Unfavorable variance to budget	25%
Favorable variance to budget	125%

Notwithstanding these detailed economic parameters, payouts were not based solely on mathematical application. The Compensation Committee exercised discretion to award less than the amounts calculated under the 2015 Incentive Plan primarily because of the significant decline in the Company's value following the unsuccessful outcomes in the Company's 2015 patent infringement trials. Specifically, the Compensation Committee determined that achievement against the Company performance objectives for 2015 would be capped at 100%.

The payments earned for performance under the 2015 Incentive Plan by Messrs. Ednie and Dozois were therefore as follows:

Name	Target Payout under 2015 Incentive Plan (as a % of annual base salary)	Actual Payout under 2015 Incentive Plan (as a % of annual base salary)	Actual Payout under 2015 Incentive Plan (as a % of target payout)	Actual Payout under 2015 Incentive Plan ($)
Steven A. Ednie	53.5%	50.0%	93.5%	$175,000
Timothy M. Dozois	36.5%	35.6%	97.5%	$100,000

Long-Term Equity Incentive Compensation

Our long-term incentive program is designed to attract a highly skilled and talented executive team, encourage long-term retention of executive officers, motivate our executive officers to focus on long-term company performance, and to enable us to recognize efforts put forth by executives who contribute to the achievement of our business objectives. We believe the periodic vesting of long-term equity incentive compensation, which is contingent upon continued employment and/or the achievement of specific performance criteria, directly aligns executive officer interests with our shareholders' interests by rewarding the creation and preservation of long-term shareholder value. In 2015, all awards of long-term equity incentive compensation were made pursuant to our 2012 Equity Incentive Plan (the "2012 Plan").

Mr. Mikles. Mr. Mikles joined us as our Chief Executive Officer and President in June 2015 following his service as our Interim Chief Executive Officer and President from November 2014 to June 2015. His employment offer letter provided for grants of both time-based and performance-based nonqualified stock options, restricted shares, and RSUs. The Compensation Committee determined that the mix of time- and performance-based equity awards was appropriate to recruit and retain Mr. Mikles and to align his interests with the interests of our shareholders by motivating him to achieve Company performance objectives.

Below is a description of each type of equity award granted to Mr. Mikles by the Compensation Committee in June 2015 and the Compensation Committee's rationale for granting each award.

Time-Based Nonqualified Stock Options. A stock option is the right of a recipient to purchase a specified number of shares of our Class A common stock at a price designated on the date of grant. Stock options have value only to the extent the price of our stock on the date of exercise exceeds the stock price on the grant date. The Compensation Committee believes that stock options motivate our executive officers to improve and maintain Company performance, which in turn may drive stock price appreciation and increase the value of any unexercised stock options. The Compensation Committee granted nonqualified stock options to Mr. Mikles for the purchase of 2,000,000 shares of our Class A common stock that will vest over four years, with 25% of the award vesting on each of January 1, 2016, January 1, 2017, January 1, 2018 and January 1, 2019. The Compensation Committee believes that this award aligns Mr. Mikles' interests with those of our shareholders and encourages his retention through time-based vesting.

Performance-Based Nonqualified Stock Options. The Compensation Committee granted nonqualified stock options to Mr. Mikles for the purchase of 2,000,000 shares of our Class A common stock that are scheduled to vest over four years, with 25% of the award vesting on each of February 15, 2016, February 15, 2017, February 15, 2018 and February 15, 2019, but only to the extent Pendrell meets its performance objectives for the preceding calendar year under its then-applicable incentive plan. If Pendrell's performance achievement is less than 100%, then the annual vesting will be limited to the extent to which Pendrell achieves its performance objectives. The Compensation Committee awarded these performance-based stock options to Mr. Mikles in order to establish a linkage between Company performance in 2015, 2016, 2017 and 2018 to the vesting of the award, which encourages Mr. Mikles to achieve Company performance objectives established for each of these years. In January 2016, the Compensation Committee determined that the Company performance objectives under the 2015 Incentive Plan were achieved at a level of 100%, and therefore, 25% of the award vested on February 15, 2016.

Time-Based Restricted Shares. Restricted shares are issued at the time the award is granted, however, the recipient's rights in the stock are restricted until the restrictions lapse and the shares vest. Once the vesting requirements are met, the recipient owns the shares outright. The Compensation Committee awarded 500,000 restricted shares to Mr. Mikles that vested on January 1, 2016 to compensate him for his service as our Interim Chief Executive Officer and President from November 2014 to June 2015 and as our Chief Executive Officer and President through the remainder of 2015. The Compensation Committee believes that aligning the interests of our executives with those of our shareholders through ownership of our common stock is an important consideration when awarding long-term equity incentive compensation to our executives.

Performance-Based Restricted Shares. The Compensation Committee awarded 500,000 performance-based restricted shares to Mr. Mikles that were scheduled to vest on February 15, 2016, but only to the extent Pendrell achieved its performance objectives under the 2015 Incentive Plan. In granting this award, the Compensation Committee desired to motivate Mr. Mikles to achieve the Company's performance objectives as set forth in the 2015 Incentive Plan. The award became fully vested on February 15, 2016 following the Compensation Committee's determination that Company performance objectives under the 2015 Incentive Plan had been achieved at a level of 100%.

Time-Based RSUs. An RSU, or restricted stock unit, is a grant valued in terms of Class A common stock, but shares of stock are not issued at the time the RSU is granted. After an RSU grant recipient satisfies applicable vesting requirements, shares of Class A common stock are issued to the award recipient. The Compensation Committee granted 3,000,000 time-based RSUs to Mr. Mikles that are scheduled to vest over three years, with one-third vesting on each of January 1, 2017, January 1, 2018 and January 1, 2019. The Compensation Committee believes that RSUs directly link executive officer interests with those of our shareholders because the value of these awards is tied to the market value of our common stock, and encourage executive officer retention through time-based vesting.

Performance-Based RSUs. The Compensation Committee believes that the achievement of key corporate goals should directly and materially impact the total compensation opportunity for our executive officers in order to closely align their interests with those of our shareholders. Therefore, the Compensation Committee granted 3,000,000 performance-based RSUs to Mr. Mikles, of which one-third of the award will vest on each of February 15, 2017, February 15, 2018 and February 15, 2019, but only to the extent Pendrell achieves its performance objectives for the preceding calendar year under its then-applicable incentive plan. Any RSUs that do not vest on an annual vesting date because of Company performance achievement below 100% will be forfeited.

The Compensation Committee also granted 2,000,000 market-based RSUs that will fully vest when both of the following have occurred: (i) the average closing price of Pendrell's Class A common stock, measured over any period of 60 consecutive calendar days, has reached or exceeded $3.00 per share (the "Price Trigger"), and (ii) the date is January 1, 2017 or later. If the Price Trigger is not achieved by December 31, 2019, then none of the RSUs will vest. If the Company terminates the employment of Mr. Mikles without Cause or Mr. Mikles resigns for Good Reason (as such terms are defined in the employment letter agreement between the Company and Mr. Mikles) or Mr. Mikles' employment is terminated for Good Reason before January 1, 2017, and the Price Trigger has been achieved prior to the date of termination, the RSUs will immediately vest. The Compensation Committee granted this award in order to motivate Mr. Mikles to create shareholder value through stock price appreciation. The Compensation Committee believes these stock price goals are aggressive but do not encourage risk-taking or require performance outside of what the Compensation Committee believes is reasonable for the Company.

All RSUs shall, at Mr. Mikles' option, be immediately convertible into restricted shares, on a 1-for-1 basis (the "Conversion Shares"), if: (i) Pendrell declares a dividend on its common stock; (ii) Pendrell or its shareholders enter into an agreement to merge or consolidate Pendrell with another entity, after which Pendrell is not the surviving entity, or (iii) Pendrell undergoes a change in voting control such that Eagle River and its affiliates no longer own or control at least 51% of the voting power of Pendrell. Upon such conversion, Mr. Mikles will participate in the event that triggered the conversion as though he owned the Conversion Shares immediately prior to such triggering event, but his Conversion Shares will be subject to the same vesting conditions that applied to the converted RSUs. If Mr. Mikles receives dividends on account of Conversion Shares prior to the vesting of such Conversion Shares, and such Conversion Shares never vest, then Mr. Mikles will be required to repay to Pendrell the aggregate amount of dividends paid on such Conversion Shares within thirty 30 days after it is determined that such Conversion Shares will not vest.

If the Company terminates Mr. Mikles' employment without Cause or he resigns or is terminated for Good Reason (as such terms are defined in the employment letter agreement between the Company and Mr. Mikles), and if Mr. Mikles executes and delivers to the Company a separation agreement in a form acceptable to Pendrell that includes a full release of claims, then any time-based or performance-based stock options, restricted shares, or RSUs that would have vested within twelve months after such employment termination will vest, with the time-based options, restricted shares, and RSUs vesting immediately. The performance-based stock options, restricted shares, and RSUs that cannot be measured as of the date of employment termination (i.e. because Pendrell performance has not yet been measured), will vest on the date that performance is measured, which will be no later than the next succeeding February 15.

Messrs. Ednie, Dozois, and Richardson. In July 2015, the Compensation Committee awarded nonqualified stock options and RSUs to each of Messrs. Ednie, Dozois, and Richardson. In determining the size of the awards granted to each of these executives, the Compensation Committee considered the potential retention value of their existing long-term equity compensation awards, their opportunity to benefit from future equity appreciation, the vested versus unvested equity holdings of each executive, the tenure of each executive, and the role of each executive in supporting the Company's key strategic initiatives. With respect to Mr. Ednie, the Compensation Committee considered the fact that he had received significant long-term equity incentive compensation awards at the time of his hire in September 2014. Of the total awards granted to each of Messrs. Ednie, Dozois, and Richardson, the Compensation Committee determined to grant 90% of the awards in the form of nonqualified stock options and 10% in the form of RSUs to motivate executives to focus on increasing shareholder value through stock price appreciation. The stock options and RSUs vest over three years, with 50% of the awards vesting on the first anniversary of the grant date and 25% of the awards vesting on each of the second and third anniversaries of the grant date. The Compensation Committee established a total award pool for all employees equal to approximately 1% of our outstanding capital stock and considered that equity awards had not been granted to employees over the previous 17 months, with the exception of Mr. Ednie, who received long-term equity incentive awards in connection with his hire in September 2014. The Compensation Committee assessed the overall proposed awards as meaningful, motivational, and reasonable.

The nonqualified stock options and RSUs granted to Messrs. Ednie, Dozois, and Richardson represented approximately 1%, 8%, and 5%, respectively, of the total award pool. The Compensation Committee determined that this allocation of the total award pool to these executives appropriately reflected their roles in supporting the Company's current initiatives, their tenure, and the motivational and retentive value of the awards.

The nonqualified stock options and restricted stock unit awards granted to Messrs. Ednie, Dozois, and Richardson in July 2015 are as follows:

Name	Number of Options	Number of Restricted Stock Units
Mr. Ednie	31,500	3,500
Mr. Dozois	180,000	20,000
Mr. Richardson	108,000	12,000

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

As a consultant to the Company, Mr. Richardson will retain and continue to vest in his outstanding equity awards through the duration of his relationship with us. While Mr. Salemme did not receive equity awards in 2015, he continues to serve as a consultant and member of our Board of Directors and will also retain and continue to vest in his outstanding equity awards through the duration of his relationship with us.

The grant date fair value of long-term equity compensation awards is not necessarily reflective of actual compensation realized by an executive in a specific year or even the ultimate value of the awards. Accordingly, our *Summary Compensation Table* should be read in conjunction with our *2015 Options Exercised and Stock Vested Table*, which includes more information on compensation actually realized by our named executive officers in 2015.

Compensation Mix

For 2015, the mix of the total compensation elements for each of our named executive officers was as follows:

	Percent of Total 2015 Compensation		
Named Executive Officer	**Base Salary and Other Compensation(1)**	**Annual Cash Incentive Compensation(2)**	**Equity and Long-Term Incentive Awards**
Mr. Mikles	1%	—	99%
Mr. Ednie	65%	31%	4%
Mr. Dozois	57%	18%	25%
Mr. Salemme	100%	—	—
Mr. Richardson	83%	—	17%

(1) Percentages shown in this column reflect (a) for Mr. Mikles, prorated salary earned for a partial year of service as Chief Executive Officer and President between June 1, 2015 and December 31, 2015; and (b) for Mr. Salemme (i) salary earned between January 1, 2015 and February 15, 2015, (ii) a retention payment made in connection with his transition from an employee to a consultant effective February 16, 2015, following his resignation as Executive Vice President and Chief Strategy Officer, and (iii) compensation earned as a consultant between February 16, 2015 and December 31, 2015.

(2) Messrs. Mikles, Salemme, and Richardson were not eligible to receive cash incentive compensation payments for 2015.

Other Compensation

Employment, Severance and Change in Control Arrangements

Each of our executive officers is employed on an "at will" basis, which means that his employment may be terminated at any time, at the election of either the executive officer or Pendrell, for any reason or no reason, with or without any advance notice. We issued employment letters to each of our named executive officers at the time of hire that contain general employment terms. The employment letters for Messrs. Mikles, Ednie, Dozois, Salemme, and Richardson describe certain benefits payable in connection with a termination of employment under certain circumstances, such as termination without "cause" or for "good reason." The employment letter for Mr. Mikles includes additional severance and change in control benefits applicable to his long-term equity incentive awards as described above under the caption *"Long-term Equity Incentive Compensation-Mr. Mikles"* in this Compensation Discussion and Analysis. These severance benefits are intended to provide competitive compensation and to ensure that key executives are focused on our goals and objectives, as well as the interests of our shareholders, by removing uncertainties related to unexpected termination of employment. The named executive officers are also subject to the confidentiality, noncompetition, and non-solicitation obligations set forth in our standard employee inventions agreement, some of which survive termination of employment.

All equity awards granted to our executive officers and non-executive employees under our 2000 Stock Incentive Plan, as amended and restated, provide for 100% vesting acceleration upon a change in control if the equity obligation is not assumed, continued, or substituted by the acquiring company. Conversely, under our 2012 Plan, the vesting of an equity award accelerates upon a change of control only if such acceleration is contemplated by the agreement evidencing the award. The vesting of an equity award granted pursuant to the 2012 Plan may also be accelerated in the event of certain sales or dispositions of assets or securities, mergers, consolidations or similar transactions, unless otherwise provided in the agreement evidencing an equity award or any other written agreement between us and the holder of such equity award, or unless otherwise expressly provided by the plan administrator of the 2012 Plan at the time an equity award is granted.

We entered into a Retention Agreement with each of Messrs. Salemme and Richardson in February 2015 and December 2015, respectively, in connection with their transitions from employees to independent consultants. These agreements are described below.

• *Mr. Salemme.* Effective February 15, 2015, Mr. Salemme completed his service as our Executive Vice President and Chief Strategy Officer and became a non-employee consultant to the Company. He also continues to serve as a member of our Board of Directors. The Salemme Agreement describes the terms of Mr. Salemme's employment termination and his consulting relationship, and supersedes Mr. Salemme's Amended and Restated Employment Letter Agreement dated July 1, 2011, as supplemented by addenda dated August 25, 2014 and January 1, 2015. Under the Salemme Agreement, Mr. Salemme relinquished any termination benefits under his Employment Letter and agreed to identify and assess business opportunities and provide strategic advice for the Company, for which he will: (i) be paid a monthly consulting fee of $20,000, (ii) receive a lump sum payment of $455,000, (iii) retain and continue to vest in his outstanding equity awards through the first anniversary of the termination of the Salemme Agreement, and (iv) receive an additional future lump sum payment of $455,000 if the Company terminates the Salemme Agreement without Cause (as defined in the Salemme Agreement), or if Mr. Salemme terminates the Salemme Agreement for Good Reason (as defined in the Salemme Agreement). Mr. Salemme will retain and continue to vest in his outstanding equity awards through the duration of his relationship with the Company as a member of its Board of Directors and as a consultant to the Company.

• *Mr. Richardson.* Effective December 31, 2015, Mr. Richardson completed his service as our Vice President and Chief Product Officer and became a non-employee consultant to the Company. The Company and Mr. Richardson entered into a retention agreement (the "Richardson Agreement") that describes the terms of Mr. Richardson's employment termination and his consulting relationship with the Company, and which supersedes Mr. Richardson's Amended and Restated Employment Letter Agreement dated July 11, 2012, as supplemented by addenda dated January 1, 2015 and February 25, 2015. Under the Richardson Agreement, Mr. Richardson will provide strategic advice regarding certain product initiatives, and identify and assess business opportunities for which he will be paid a monthly consulting fee of $15,000. Mr. Richardson will retain and continue to vest in his outstanding equity awards through December 31, 2016, or through the duration of his consulting relationship with the Company should it extend beyond December 31, 2016.

Benefits

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

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

Our executive officers participate in the benefit programs described above on the same basis as our other employees. We have no defined benefit pension plans or supplemental retirement plans for executives.

Perquisites and Personal Benefits

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

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

As negotiated at the time of hire and reflected in their employment offer letters, we have provided compensation to each of Messrs. Dozois and Richardson, who are based outside the state of Washington, to assist with commuting and/or lodging expenses incurred by these executives in connection with their frequent travel to our headquarters in Kirkland, Washington. Effective January 2013, this compensation is paid in the form of a monthly stipend in the amount of (i) $1,920 for Mr. Dozois to assist with commuting expenses, and (ii) $3,200 for Mr. Richardson to assist with commuting and lodging expenses. These amounts have been reported as taxable income to Messrs. Dozois and Richardson. Mr. Richardson's stipend was discontinued effective August 1, 2015. There were no other perquisites provided to any named executive officer in 2015.

Taxation of "Parachute" Payments and Deferred Compensation

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

Other Policies and Considerations

Assessment of Risk in our Compensation Program

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

Stock Ownership Guidelines

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

Policies Regarding Granting of Equity Awards

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

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

- the awards will be granted on the 15th day of the month that falls on or follows an individual's employment start date;
- the individual cannot report directly to the Chief Executive Officer or be subject to the reporting requirements of Section 16 (a) of the Exchange Act;
- the total number of shares granted under all awards to an individual during a single period may not exceed certain levels, as approved in advance by the Compensation Committee;
- the total number of shares granted under all awards by the Chief Executive Officer during a calendar year may not exceed 1,000,000 shares; and
- each stock option must have an exercise price equal to the closing share price on the date of grant.

Tax and Accounting Implications

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

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

Policies on Hedging Economic Risk

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

Recovery of Incentive-Based Compensation

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

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis for fiscal 2015. Based on this review and discussion, the Compensation Committee recommended to our Board of Directors that the Compensation Discussion and Analysis be included in Pendrell's annual report on Form 10-K and proxy statement relating to the 2016 annual meeting of shareholders.

COMPENSATION COMMITTEE

Mr. H. Brian Thompson, Chair
Mr. Stuart M. Sloan

Summary Compensation Table

The following table sets forth information regarding compensation earned by our named executive officers during 2015, 2014 and 2013, whether or not such amounts were paid in such year.

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)(2)	Stock Awards ($)(3)	Option Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)(4)	All Other Compensation ($)(5)	Total ($)
Lee E. Mikles(6)	2015	3,500	—	6,860,000	1,591,325	—	30	8,454,855
Chief Executive Officer and	2014	—	—	—	107,909	—	48,066	155,975
President	2013	—	—	—	—	—	—	—
Steven E. Ednie(7)	2015	350,000	—	4,585	19,062	175,000	11,440	560,087
Vice President and Chief	2014	110,160	37,217	395,000	351,044	—	210	893,631
Financial Officer	2013	—	—	—	—	—	—	—
Timothy M. Dozois(8)	2015	280,675	—	26,200	108,924	100,000	34,648	550,447
Corporate Counsel and	2014	277,778	62,520	—	163,273	—	34,448	538,019
Corporate Secretary	2013	—	—	—	—	—	—	—
R. Gerard Salemme	2015	53,045	—	—	—	—	676,055	729,100
Former Chief Strategy	2014	422,815	286,443	—	306,137	—	11,408	1,026,803
Officer, Executive Vice	2013	411,000	—	—	—	123,600	11,208	545,808
President								
Scott G. Richardson(9)	2015	360,324	—	15,720	65,354	—	34,008	475,406
Former Vice President and	2014	344,820	83,059	—	204,092	—	49,808	681,779
Chief Product Officer	2013	—	—	—	—	—	—	—

(1) The amount reported in this column for Mr. Richardson for 2015 includes $14,244 paid in respect of accrued but unused paid time off.

(2) The amounts reported in this column represent discretionary cash incentive compensation that was based on performance in 2014.

(3) Reflects the aggregate grant date fair value, excluding the effect of estimated forfeitures, of awards granted in the year shown, computed in accordance with applicable accounting guidance for stock and option awards granted during each year, rather than an amount paid to or realized by an executive officer. These equity grants are described in the Compensation Discussion and Analysis under the caption *"Long-Term Equity Incentive Compensation"* and in the *"2015 Grants of Plan-Based Awards"* and *"Outstanding Equity Awards at December 31, 2015"* tables below. We have disclosed the assumptions made in the valuation of the restricted stock and option awards under Note 2 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015. The amounts reported do not reflect the compensation actually received by our named executive officers. There can be no assurance that stock options will be exercised (in which case no value will be realized by the individual) or that the value on vesting of exercise will approximate the compensation expense recognized by the Company.

(4) The amounts reported in this column represent cash incentive compensation that is based on performance in 2015 with respect to Messrs. Ednie and Dozois and 2013 with respect to Mr. Salemme.

(5) Amounts reported for 2013, 2014 and 2015 that represent *"All Other Compensation"* for each of the named executive officers are described in the table below captioned *"Detail of 'All Other Compensation' in the Summary Compensation Table."*

(6) Mr. Mikles was designated as a named executive officer of Pendrell in 2014. In 2014, Mr. Mikles was compensated pursuant to the Company's Board Compensation Policy, as further described under the caption *"Director Compensation."*

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

(8) Mr. Dozois was designated as a named executive officer of Pendrell in 2014.

(9) Mr. Richardson was designated as a named executive officer of Pendrell in 2014.

Detail of "All Other Compensation" in the Summary Compensation Table

Name	Year	Company Contribution 401(k) Plan ($)(1)	Term Life Insurance Premium ($)	Director Service Fees ($)(2)	Consulting Fees ($)	Retention Payment ($)(3)	Taxable Commuting and Housing Benefits ($)	Total ($)
Mr. Mikles	2015	—	30	—	—	—	—	30
	2014	—	—	48,066	—	—	—	48,066
	2013	—	—	—	—	—	—	—
Mr. Ednie	2015	10,600	840	—	—	—	—	11,440
	2014	—	210	—	—	—	—	210
	2013	—	—	—	—	—	—	—
Mr. Dozois	2015	10,600	1,008	—	—	—	23,040	34,648
	2014	10,400	1,008	—	—	—	23,040	34,448
	2013	—	—	—	—	—	—	—
Mr. Salemme	2015	10,600	455	—	210,000	455,000	—	676,055
	2014	10,400	1,008	—	—	—	—	11,408
	2013	10,200	1,008	—	—	—	—	11,208
Mr. Richardson	2015	10,600	1,008	—	—	—	22,400	34,008
	2014	10,400	1,008				38,400	49,808
	2013	—	—	—	—	—	—	—

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

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

(3) Pursuant to a retention agreement between the Company and Mr. Salemme, upon Mr. Salemme's transition from an employee of the Company to a consultant, Mr. Salemme received a lump sum payment of $455,000 as consideration for relinquishing any termination benefits contemplated by his employment agreement with the Company.

2015 Grants of Plan-Based Awards

The following table provides information concerning the equity awards and cash incentive compensation earned by each of our named executive officers in 2015.

Name	Grant Date	Approval Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1) Threshold ($)	Target ($)	Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Awards(2) Threshold (#)	Target (#)	Maximum (#)	All Other: Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)(3)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)(4)
Mr. Mikles(5)	06/15/15(8)	06/08/15	—	—	—	—	2,000,000	2,000,000			1.34	318,265
	06/15/15(9)	06/08/15				—	500,000	500,000				670,000
	06/15/15(10)	06/08/15				—	3,000,000	3,000,000				—
	06/15/15(11)	06/08/15				—	2,000,000	2,000,000				1,500,000
	06/15/15(12)	06/08/15								2,000,000	1.34	1,273,060
	06/15/15(13)	06/08/15							500,000			670,000
	06/15/15(14)	06/08/15							3,000,000			4,020,000
Mr. Ednie	—	03/12/15	58,094	187,250	267,487	—	—	—				
	07/24/15(15)	07/24/15							3,500			4,585
	07/24/15(15)	07/24/15								31,500	1.31	19,062
Mr. Dozois	—	03/12/15	31,784	102,446	146,345	—	—	—				
	07/24/15(15)	07/24/15							20,000			26,200
	07/24/15(15)	07/24/15								180,000	1.31	108,924
Mr. Salemme(6)	—	—	—	—	—	—	—	—	—	—	—	—
Mr. Richardson(7)	—	03/12/15	46,170	148,814	212,581	—	—	—				
	07/24/15(15)	07/24/15							12,000			15,720
	07/24/15(15)	07/24/15								108,000	1.31	65,354

(1) The amounts reported in these columns represent the threshold, target and maximum amounts of performance-based cash incentive compensation that might have been paid to each named executive officer under the 2015 Incentive Plan. The actual amounts paid for 2015 are shown in the *"Non-Equity Incentive Compensation* column of the *"Summary Compensation Table."* These awards are described in further detail in the Compensation Discussion and Analysis in the section entitled *"Performance-based Cash Incentive Compensation."*

(2) The amounts reported in these columns represent the threshold, target and maximum amounts of performance-based equity awards granted to Mr. Mikles in 2015. The awards are described in further detail in the Compensation Discussion and Analysis in the section entitled *"Long-Term Equity Incentive Compensation."*

(3) There is no threshold payout for the performance-based and market-based equity incentive awards granted to Mr. Mikles in 2015.

(4) The amounts reported in this column reflect the aggregate grant date fair value, excluding the effect of estimated forfeitures, of the awards granted in 2015, determined in accordance with financial statement reporting rules rather than an amount paid to or realized by the executive officer. For a discussion of valuation assumptions, see Note 2 to our consolidated financial statements included in our annual report on Form 10-K for the year ended December 31, 2015. The option exercise price has not been deducted from the amounts indicated above. Regardless of the value placed on a stock option on the grant date, the actual value of the option will depend on the market value of Pendrell Class A common stock at such date in the future when the option is exercised. The proceeds to be paid to the individual following the exercise of the option do not include the option exercise price.

(5) Mr. Mikles did not participate in the 2015 Incentive Plan.

(6) Mr. Salemme did not participate in the 2015 Incentive Plan because of his transition from employee to consultant effective February 16, 2015.

(7) Mr. Richardson did not receive an incentive award pursuant to the 2015 Incentive Plan because of his transition from employee to consultant effective December 31, 2015, prior to the payment of awards under the 2015 Incentive Plan.

(8) The stock options vest in four equal annual installments beginning February 15, 2016, but only to the extent Pendrell achieves its performance objectives for the preceding calendar year under its then-applicable incentive plan. If Pendrell's performance achievement is less than 100%, then the annual vesting will be limited to the extent to which Pendrell achieves its performance objectives. Any stock options that do not vest on an annual vesting date due to Pendrell performance achievement below 100% will expire.

(9) The performance-based restricted stock award was scheduled to vest on February 15, 2016, but only to the extent Pendrell achieved its performance objectives under its 2015 Incentive Plan. Pendrell's 2015 performance objectives were achieved at a level of 100%, and 100% of the restricted shares vested on February 15, 2016.

(10) The performance-based restricted stock units vest in three equal annual installments beginning February 15, 2017, but only to the extent Pendrell achieves its performance objectives for the preceding calendar under its then-applicable incentive plan. If Pendrell's performance achievement is less than 100%, then the annual vesting will be limited to the extent to which Pendrell achieves its performance objectives. Any restricted stock units that do not vest on an annual vesting date due to Pendrell performance achievement below 100% will be forfeited.

(11) The restricted stock units will fully vest when both of the following have occurred: (i) the average closing share price of the Company's Class A common stock for any 60 consecutive calendar days, as reported on Nasdaq, is $3.00 or higher (the "Mikles Price Trigger"), and (ii) the date is January 1, 2017 or later. If the Mikles Price Trigger is not achieved by December 31, 2019, then none of the restricted stock units will vest.

(12) The stock options vest in four equal annual installments beginning January 1, 2016.

(13) The restricted stock award vested as to 100% of the shares on January 1, 2016.

(14) The restricted stock units vest in three equal annual installments beginning January 1, 2017.

(15) The stock options and restricted stock units vest as to 50% of the shares on July 24, 2016, 25% of the shares on July 24, 2017, and 25% on July 24, 2018.

Outstanding Equity Awards at December 31, 2015

The following table shows certain information regarding outstanding equity awards at December 31, 2015, for the named executive officers.

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Share of Stock That Have Not Vested (#)	Market Value of Shares of Stock That Have Not Vested ($)(1)	Equity Incentive Plan Awards: Number of Unearned Shares That Have Not Vested (#)	Equity Incentive Plan Awards: Market Value of Unearned Shares That Have Not Vested ($)(1)
Mr. Mikles	18,750(2)	56,250		1.76	04/10/24				
	60,000(3)	—		1.27	10/01/24				
	—	2,000,000(4)		1.34	06/15/25				
			2,000,000(5)	1.34	06/15/25				
						500,000(6)	250,550		
						3,000,000(7)	1,503,300		
								500,000(8)	250,550
								3,000,000(9)	1,503,300
								2,000,000(10)	1,002,200
Mr. Ednie	125,000(11)	375,000		$1.31	09/15/24				
	—	31,500(12)		$1.31	07/24/25				
						187,500(11)	93,956		
						3,500(12)	1,754		
								150,000(13)	75,165
Mr. Dozois	150,000(14)	—		$2.78	07/15/21				
	7,500(15)	2,500		$2.64	02/15/22				
	112,500(16)	37,500		$1.21	08/24/22				
	50,000(17)	150,000		$1.52	02/28/24				
	—	180,000(12)		$1.31	07/24/25				
						5,000(15)	2,506		
						6,250(16)	3,132		
						20,000(12)	10,022		
								75,000(18)	37,583
								12,500(19)	6,264
Mr. Salemme	30,000(20)	—		5.85	10/01/16				
	20,000(20)	—		5.90	10/03/16				
	30,000(20)	—		3.50	10/01/17				
	30,000(20)	—		1.01	10/01/18				
	100,000(20)	—		1.61	06/30/20				
	30,000(20)	—		1.63	10/01/20				
	400,000(21)	—		1.93	03/04/21				
	700,000(14)	—		2.78	07/15/21				
	37,500(15)	12,500		2.64	02/15/22				
	281,250(16)	93,750		1.21	08/24/22				
	93,750(17)	281,250		1.52	02/28/24				
						25,000(15)	12,528		
						15,625(16)	7,830		
								350,000(18)	175,385
								31,250(19)	15,659
Mr. Richardson	168,750(22)	56,250		1.24	08/15/22				
	182,811(16)	60,939		1.21	08/24/22				
	62,500(17)	187,500		1.52	02/28/24				
	—	108,000(12)		1.31	07/24/25				
						10,157(16)	5,090		
						12,000(12)	6,013		
								75,000(18)	37,583
								20,312(19)	10,178

(1) Represents the closing price of a share of our Class A common stock on December 31, 2015 ($0.5011) multiplied by the number of shares or units that have not vested.

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

(3) Reflects stock options granted pursuant to the Company's Board Compensation Policy in connection with services provided as a director prior to appointment as an executive officer. The stock options vested as to 100% of the shares on October 1, 2015.
(4) The stock options vest in four equal annual installments beginning January 1, 2016.
(5) The stock options vest in four equal annual installments beginning February 15, 2016, but only to the extent Pendrell achieves its performance objectives for the preceding calendar year under its then-applicable incentive plan. If Pendrell's performance achievement is less than 100%, then the annual vesting will be limited to the extent to which Pendrell achieves its performance objectives. Any stock options that do not vest on an annual vesting date due to Pendrell performance achievement below 100% will expire.
(6) The restricted stock award vested as to 100% of the shares on January 1, 2016.
(7) The restricted stock units vest in three equal annual installments beginning January 1, 2017.
(8) The performance-based restricted stock award was scheduled to vest on February 15, 2016, but only to the extent Pendrell achieved its performance objectives under its 2015 Incentive Plan. Pendrell's 2015 performance objectives were achieved at a level of 100%, and 100% of the restricted shares vested on February 15, 2016.
(9) The performance-based restricted stock units vest in three equal annual installments beginning February 15, 2017, but only to the extent Pendrell achieves its performance objectives for the preceding calendar under its then-applicable incentive plan. If Pendrell's performance achievement is less than 100%, then the annual vesting will be limited to the extent to which Pendrell achieves its performance objectives. Any restricted stock units that do not vest on an annual vesting date due to Pendrell achievement below 100% will be forfeited.
(10) The restricted stock units will fully vest when both of the following have occurred: (i) the average closing share price of the Company's Class A common stock for any 60 consecutive calendar days, as reported on Nasdaq, is $3.00 or higher (the "Mikles Price Trigger"), and (ii) the date is January 1, 2017 or later. If the Mikles Price Trigger is not achieved by December 31, 2019, then none of the restricted stock units will vest.
(11) The stock options and restricted stock units vest in four equal annual installments beginning September 15, 2015.
(12) The stock options and restricted stock units vest as to 50% of the shares on July 24, 2016, 25% of the shares on July 24, 2017, and 25% on July 24, 2018.
(13) The restricted stock units will fully vest when both of the following have occurred: (i) the average closing price of Class A common stock, measured over any 60 consecutive calendar days, as reported on Nasdaq, has reached or exceeded $3.00 per share (the "Price Trigger"), and (ii) the first anniversary of the grant date has occurred (the "Anniversary Date"). If the Price Trigger is not achieved by the third Anniversary Date, then none of the shares will vest.
(14) The stock options vested in four equal annual installments beginning June 17, 2012 and were fully vested at December 31, 2015.
(15) The stock options and restricted stock award vest in four equal annual installments beginning February 15, 2013.
(16) The stock options and restricted stock units vest in four equal annual installments beginning August 24, 2013.
(17) The stock options vest in four equal annual installments beginning February 28, 2015.
(18) The performance-based restricted stock awards will vest on the earlier of (i) when the Company's trailing 12-month net income reaches $100 million, and (ii) when the average closing share price of the Company's Class A common stock for any 60 consecutive calendar days, as reported on Nasdaq, is $3.00 or higher. If any one of, or all of, the performance targets are not met within seven years, the unvested awards will be forfeited.
(19) The restricted stock units will vest when the average closing share price of the Company's Class A common stock for any 60 consecutive calendar days, as reported on Nasdaq, is $3.00 or higher. If the performance target is not met within four years, the unvested restricted stock units will be forfeited.
(20) Reflects stock options granted in connection with services provided as a director prior to joining the Company as an executive officer. The stock options vested in four equal annual installments and were fully vested at December 31, 2015.
(21) The stock options vested in four equal annual installments beginning March 4, 2012 and were fully vested at December 31, 2015.
(22) The stock options vest in four equal annual installments beginning August 15, 2013.

2015 Option Exercises and Stock Vested

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)(1)**	**Number of Shares Acquired on Vesting (#)(2)**	**Value Realized on Vesting ($)(3)**
Mr. Mikles	—	—	—	—
Mr. Ednie	—	—	62,500	85,625
Mr. Dozois	30,000	—	11,250	13,925
Mr. Salemme	—	—	103,125	113,063
Mr. Richardson	—	—	10,156	13,609

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

(3) Represents the number of shares vesting multiplied by the fair market value of Pendrell Class A common stock on the vesting date.

Pension Benefits

During 2015, we did not provide pension benefits for any named executive officer.

Non-Qualified Deferred Compensation

During 2015, we did not provide non-qualified deferred compensation benefits for any named executive officer.

2015 Potential Payments Upon Termination or Change in Control

The following table reflects the amount of compensation that would have been payable to each of the named executive officers in the event of the termination of such executive's employment under certain circumstances, assuming that (1) the triggering event took place on December 31, 2015, the last business day of the 2015 fiscal year, (2) the price per share of our Class A common stock was $0.5011, which was the closing market price on December 31, 2015, and (3) that all cash payments are made in a lump sum.

	Change in Control	Employment Termination Events(1)	
	Accelerated Vesting of Equity Awards	Severance Payment	Accelerated Vesting of Equity Awards
Mr. Mikles(2)	$501,100	—	$501,100
Mr. Ednie(3)	—	$175,000	—
Mr. Dozois(4)	$ 37,583	$280,675	—
Mr. Salemme(5)	$175,385	$455,000	$ 20,358
Mr. Richardson(6)	—	$173,040	—

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

(2) If the Company terminates Mr. Mikles without Cause, or if he is terminated or resigns from the Company for Good Reason (as such terms are described below), upon a release of claims provided by Mr. Mikles, any time-based or performance-based options, restricted shares or RSUs that would have vested within twelve months after such employment termination shall vest, with the time-based options, restricted shares and RSUs vesting immediately. The performance-based options, restricted shares and RSUs that cannot be measured as of the date of employment termination (i.e., because Pendrell performance has not yet been measured) will vest on the date that performance is measured, which shall be no later than the next succeeding February 15. In addition, if the Company terminates Mr. Mikles without Cause, or if he is terminated or resigns from the Company for Good Reason before January 1, 2017 and the performance criteria applicable to 2,000,000 RSUs granted to Mr. Mikles on June 15, 2015 have been achieved prior to Mr. Mikles' termination date, then these RSUs will immediately vest.

(3) Mr. Ednie's severance payment is equal to 50% of his annual base salary ($350,000 at December 31, 2015) and will be paid in the event of Mr. Ednie's involuntary termination without Cause (as described below).

(4) Mr. Dozois' severance payment is equal to his annual base salary ($280,675 at December 31, 2015) and will be paid in the event of the involuntary termination of his employment other than for Cause or his resignation for Good Reason (as such terms are described below).

(5) In February 2015, the Company and Mr. Salemme entered into the Salemme Agreement which supersedes Mr. Salemme's employment agreement with the Company. Under the Salemme Agreement, if the Company terminates the Salemme Agreement without Cause (as described below), or if Mr. Salemme terminates the Salemme Agreement for Good Reason (as described below), then Mr. Salemme will (a) receive a lump sum payment of $455,000, and (b) continue to vest in any outstanding equity awards through the first anniversary of the termination date. Regardless of whether the Salemme Agreement terminates, Mr. Salemme will retain and continue to vest in his outstanding equity awards through the duration of his relationship with the Company as a member of its Board of Directors or as a consultant to the Company.

(6) In December 2015, the Company and Mr. Richardson entered into the Richardson Agreement which supersedes Mr. Richardson's employment agreement with the Company. The severance payment set forth in the above table and described in Mr. Richardson's employment letter with the Company was equal to 50% of his annual base salary ($346,080 at December 31, 2015) and would have been paid if the Company elected to enforce the noncompetition provisions of the Employee Intellectual Property Agreement between the Company and Mr. Richardson in the event of Mr. Richardson's involuntary termination of employment for any reason other than for Cause (as described below). Pursuant to the Richardson Agreement, if the Company terminates the Richardson Agreement without Cause prior to December 31, 2016, Mr. Richardson will (a) receive a lump sum payment equal to the amount that would otherwise have been payable if the consulting relationship had continued through December 31, 2016, which payment would be calculated based on the consulting fee described in the Richardson Agreement ($15,000 per month), and (b) continue to vest in any then-outstanding equity awards through December 31, 2016. Upon Mr. Richardson's transition from an employee to a consultant effective December 31, 2015, Mr. Richardson was paid $14,244 for accrued but unused paid time off.

Change in Control

All equity awards granted to our named executive officers and non-executive employees under the 2000 Plan provide for 100% vesting acceleration in the event the Company is subject to a change in control and the equity obligation is not assumed, continued or substituted by the acquiring company. Under the 2012 Plan, the vesting of an equity award may accelerate upon a change of control only if acceleration is contemplated by the agreement evidencing an award. The vesting of an equity award granted pursuant to the 2012 Plan may also be accelerated in the event of certain corporate transactions, including certain sales or dispositions of assets or securities, mergers, consolidations or similar transactions unless otherwise provided in the agreement evidencing an equity award or any other written agreement between the Company and the holder of such equity award, or unless otherwise expressly provided by the plan administrator of the 2012 Plan at the time an equity award is granted.

Termination

Messrs. Mikles, Ednie, Dozois, Salemme and Richardson each have certain severance provisions in their employment or retention letter agreements that may be triggered upon termination of their respective employment or consulting relationship with the Company, as described below.

Lee E. Mikles. Mr. Mikles' employment is at-will, and he is subject to termination with or without Cause (as described below). However, if we terminate Mr. Mikles without Cause, or if he is terminated or resigns from the Company for Good Reason (as such terms are described below), upon a release of claims provided by Mr. Mikles, any time-based or performance-based options, restricted shares or RSUs that would have vested within twelve months after such employment termination shall vest, with the time-based options, restricted shares and RSUs vesting immediately. The performance-based options, restricted shares and RSUs that cannot be measured as of the date of employment termination (i.e., because Pendrell performance has not yet been measured) will vest on the date that performance is measured, which shall be no later than the next succeeding February 15. In addition, if the Company terminates Mr. Mikles without Cause, or if he is terminated or resigns from the Company for Good Reason before January 1, 2017 and the performance criteria applicable to 2,000,000 RSUs granted to Mr. Mikles on June 15, 2015 have been achieved prior to Mr. Mikles' termination date, then these RSUs will immediately vest.

Steven A. Ednie. Mr. Ednie's employment is at will, and he is subject to termination with or without Cause (as described below). However, if we terminate Mr. Ednie's employment without Cause, upon a release of claims provided by Mr. Ednie, he is entitled to payment of an amount equal to 50% of his annual base salary then in effect (which was $350,000 at December 31, 2015).

Timothy M. Dozois. Mr. Dozois' employment is at will, and he is subject to termination with or without Cause. If we terminate Mr. Dozois' employment without Cause, or if he resigns from the Company for Good Reason (as such terms are described below), upon a release of claims provided by Mr. Dozois, he is entitled to payment of an amount equal to his annual base salary then in effect (which was $280,675 at December 31, 2015).

R Gerard Salemme. If the Company terminates the Salemme Agreement without Cause, or if Mr. Salemme terminates the Salemme Agreement for Good Reason, then Mr. Salemme will (a) receive a lump sum payment of $455,000, and (b) continue to vest in any outstanding equity awards through the first anniversary of the termination date. Mr. Salemme will retain and continue to vest in his outstanding equity awards through the duration of his relationship with the Company as a member of its Board of Directors and as a consultant to the Company.

Scott G. Richardson. If the Company terminates the Richardson Agreement without Cause prior to December 31, 2016, Mr. Richardson will (a) receive a lump sum payment equal to the amount that would otherwise have been payable if the consulting relationship had continued through December 31, 2016, which payment would be calculated based on the consulting fee described in the Richardson Agreement ($15,000 per month), and (b) continue to vest in any then-outstanding equity awards through December 31, 2016.

Certain Defined Terms

Cause. For purposes of the arrangements described above, "Cause" means dismissal due to willful material misconduct or failure to effectively discharge duties, conviction or confession of a crime punishable by law (except minor violations), the performance of an illegal act while purporting to act in the Company's behalf, or engaging in activities directly in competition or antithetical to the best interests of the Company.

Good Reason. For purposes of the arrangements with Messrs. Mikles, Dozois, and Salemme, "Good Reason" has the meanings set forth below.

• *Mr. Mikles.* Resignation by Mr. Mikles for "Good Reason" means, without Mr. Mikles' consent, (i) a relocation of Mr. Mikles' principal office to a location more than 30 miles away from his current office that increases the distance from his principal office to his residence, not undertaken at his direction or with his agreement, (ii) a change in reporting relationship to someone other than the current Executive Chairman of the Company's Board of Directors, or (iii) a change in voting control of the Company such that Eagle River and its affiliates no longer own or control at least 51% of the Company's voting power. Termination for "Good Reason" means termination of employment by reason of death or disability that renders Mr. Mikles incapable of performing the duties described in his employment agreement with the Company for a period of time that is reasonably expected to exceed eight weeks.

• *Mr. Dozois.* "Good Reason" means, without Mr. Dozois' consent, a reduction of salary not agreed to by Mr. Dozois, or a material diminution of other employee benefits, other than any employee benefits approved by the Board of Directors and implemented in a non-discriminatory fashion with respect to all participating employees, and subject to the terms and provisions set forth in the employment letter agreement between the Company and Mr. Dozois.

• *Mr. Salemme.* "Good Reason" means Mr. Salemme's involuntary removal from the Company's Board of Directors, a change in Mr. Salemme's reporting relationship to someone other than the Chairperson of the Board of Directors, or an ownership change at the Company as defined in Section 382 of the Internal Revenue Code.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table summarizes information, as of December 31, 2015, relating to Pendrell's equity compensation plans pursuant to which grants of stock options, restricted stock, or other rights to acquire shares may be granted from time to time:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights(1) (a)	Weighted-average exercise price of outstanding options, warrants and rights(2) (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	26,144,995	$1.62	20,551,286
Equity compensation plans not approved by security holders	—	—	—
Total	26,144,995	$1.62	20,551,286

(1) Excludes 1,702,875 shares subject to restricted stock awards that remain subject to forfeiture.

(2) Excludes the impact of 1,702,875 shares subject to restricted stock awards and 8,827,763 shares subject to restricted stock unit awards that have no exercise price.

PROPOSAL 3

APPROVAL OF REVERSE STOCK SPLIT WITHIN A RANGE OF 1-FOR-3 AND 1-FOR-10

General

Our Board has approved, and is recommending shareholder approval of, a reverse split of our issued and outstanding shares of Class A common stock (the "Class A Stock") and Class B common Stock (collectively with the Class A Stock, the "Common Stock") at a ratio of between 1-for-3 and 1-for-10, inclusive (the "Reverse Stock Split"), if needed to maintain listing of our Class A Stock on The NASDAQ Capital Market. The ratio for the Reverse Stock Split will be selected at the sole discretion of our Board of Directors at any whole number in the foregoing range (the "Approved Range"), with cash paid in lieu of any fractional shares that would otherwise be issuable as a result of the Reverse Stock Split. A vote "FOR" the Reverse Stock Split will constitute approval of the Reverse Stock Split. If our shareholders approve the Reverse Stock Split, our Board will have the authority, but not the obligation, in its sole discretion and without further action on the part of our shareholders, to select the Reverse Stock Split ratio in the Approved Range and implement the Reverse Stock Split. The Board reserves the right to abandon the Reverse Stock Split at any time prior to implementation if it determines, in its sole discretion, that the Reverse Stock Split is not needed to maintain listing of our Class A Stock on The NASDAQ Capital Market and is no longer in the best interests of the Company and its shareholders. Except for any changes that may result from the treatment of fractional shares as described below, each shareholder will hold the same percentage of Common Stock outstanding immediately following the Reverse Stock Split as such shareholder held immediately prior to the Reverse Stock Split.

In determining which Reverse Stock Split ratio to implement, if any, following receipt of shareholder approval, our Board may consider, among other things, various factors such as:

- the historical trading price and trading volume of our Class A Stock;
- the then prevailing trading price and trading volume of our Class A Stock and the expected impact of the Reverse Stock Split on the trading market for our Class A Stock;
- our ability to maintain listing of our Class A Stock on The NASDAQ Capital Market;
- which Reverse Stock Split ratio would result in the least administrative cost to us; and
- prevailing general market and economic conditions.

The Reverse Stock Split will not change the number of authorized shares of Common Stock or preferred stock as designated by our Articles of Incorporation, as amended. Therefore, because the number of issued and outstanding shares of Common Stock will decrease, the number of shares of Common Stock available for future issuance will increase, which in turn will enable us to issue and sell equity securities from time to time as our Board deems advisable.

If our shareholders approve the Reverse Stock Split, and if the Board determines that the Reverse Stock Split is necessary to maintain listing on the NASDAQ Capital Market, we expect to implement the Reverse Stock Split prior to October 31, 2016. However, the Board reserves the right to abandon the Reverse Stock Split at any time prior to implementation if it determines, in its sole discretion, that the Reverse Stock Split is not needed to maintain listing of the Class A Stock on The NASDAQ Capital Market and is no longer in the best interests of the Company and its shareholders. The Board also reserves the right to delay the Reverse Stock Split.

Our Board believes that a Reverse Stock Split at a ratio in the Approved Range, as currently proposed, will increase the per share trading price of our Class A Stock above NASDAQ's minimum bid price requirement of $1.00 per share to be listed on The NASDAQ Capital Market.

Purpose of the Reverse Stock Split

Our Class A Stock currently trades on The NASDAQ Capital Market under the symbol "PCO." Therefore, we are subject to The NASDAQ Marketplace Rules in order to maintain listing, one of which requires that our Class A Stock have a bid price that is greater than or equal to $1.00 per share. The purpose of the Reverse Stock Split is to increase the per share trading price of our Class A Stock significantly above $1.00.

On November 5, 2015, we received a letter from NASDAQ indicating that the bid price of our Class A Stock for 30 consecutive trading days had closed below the minimum $1.00 per share required for continued listing under NASDAQ Listing Rule 5450(a)(1). NASDAQ provided an initial period of 180 calendar days, or until May 3, 2016, for us to regain compliance. We did not regain compliance with NASDAQ Listing Rule 5450(a)(1) by May 3, 2016. We therefore requested, and NASDAQ granted, an additional 180 days to achieve compliance. We qualified for this extension by meeting NASDAQ's continued listing requirement for market value of publicly held shares and all other initial listing standards for The NASDAQ Capital Market, with the exception of the bid price requirement, and we provided NASDAQ with written notice of our intention to cure the deficiency. If we do not regain compliance during the additional period, NASDAQ will provide us with written notice that our securities are subject to delisting. At that time, we may appeal the determination to delist our securities to a Listing Qualifications Panel, which would require that we provide the Listing Qualifications Panel with a plan to regain compliance. We believe the only credible plan would be a reverse stock split to increase the per share trading price of our Class A Stock above NASDAQ's minimum bid price requirement of $1.00 per share.

Our Board has considered the potential harm to us and our shareholders should NASDAQ delist our Class A Stock. Delisting from NASDAQ would adversely affect our ability to raise additional financing through the public or private sale of equity securities and would significantly affect the ability of investors to trade our securities. Delisting would also negatively affect the value and liquidity of our Common Stock because alternatives, such as the OTC Bulletin Board and the pink sheets, are generally less efficient markets.

IF OUR SHAREHOLDERS DO NOT APPROVE THIS PROPOSAL, WE WOULD LIKELY BE DELISTED FROM THE NASDAQ CAPITAL MARKET DUE TO OUR FAILURE TO MAINTAIN A MINIMUM BID PRICE FOR OUR CLASS A STOCK OF $1.00 PER SHARE AS REQUIRED BY THE NASDAQ MARKETPLACE RULES.

Impact of the Reverse Stock Split if Implemented

If approved and implemented, the Reverse Stock Split will be realized simultaneously and in the same ratio for all of our issued and outstanding shares of Common Stock. In lieu of any fractional shares that would otherwise be issuable as a result of the Reverse Stock Split, the Company will pay cash equal to such fraction multiplied by the average of the high and low bid prices of the Common Stock as reported on NASDAQ during regular trading hours for the five trading days immediately preceding the Effective Time, as defined below. The Reverse Stock Split will affect all holders of our Common Stock uniformly and will not affect any shareholder's percentage ownership interest in the Company (subject to the treatment of fractional shares), or any shareholders' proportionate voting power (subject to the treatment of fractional shares).

Our authorized capital stock currently consists of 900,000,000 shares of Class A Stock, par value $0.01, 150,000,000 shares of Class B common stock, par value $0.01, and 75,000,000 shares of preferred stock, par value $0.01. Although the Reverse Stock Split will not affect the rights of shareholders or any shareholder's proportionate ownership interest in the Company, the number of authorized shares of our Common Stock and preferred stock will not be reduced, thereby effectively increasing the number of shares of Common Stock available for future issuance. Similarly, the total number of authorized shares of preferred stock will remain unchanged. The conversion ratio of our issued and outstanding shares of preferred stock will adjust proportionately with the ratio of the Reverse Stock Split.

The table below sets forth, as of May 16, 2016 and for illustrative purposes only, certain effects of potential Reverse Stock Split ratios within the Approved Range, including on our total outstanding Common Stock equivalents (without giving effect to the treatment of fractional shares).

	Common Stock and Equivalents Outstanding Prior to Reverse Stock Split		Common Stock and Equivalents Outstanding Assuming Certain Reverse Stock Split Ratios		
	Shares	Percent of Total	1-for-3	1-for-7	1-for-10
Class A Stock outstanding	214,512,443	73.4	71,504,148	30,644,635	21,451,244
Class B common stock outstanding	53,660,000	18.4	17,886,667	7,665,714	5,366,000
Class A Stock underlying options	15,108,650	5.2	5,036,217	2,158,379	1,510,865
Class A Stock underlying restricted stock units	8,827,138	3.0	2,942,379	1,261,020	882,714
Total Common Stock and equivalents	292,108,231		97,369,411	41,729,748	29,210,823
Common stock available for future issuance	757,891,769		952,630,589	1,008,270,252	1,020,789,177

As illustrated by the table above, the Reverse Stock Split would significantly increase the ability of our Board of Directors to issue authorized and unissued shares in the future without further shareholder action.

The issuance in the future of additional authorized shares may dilute earnings or loss per share and book value per share, as well as the ownership and voting rights of the holders of our then-outstanding shares of Common Stock. In addition, an increase in the number of authorized but unissued shares of our Common Stock may have a potential anti-takeover effect, as our ability to issue additional shares could be used to thwart takeover attempts, or otherwise dilute the stock ownership of shareholders seeking to control us. The Reverse Stock Split is not being recommended by our Board as part of an anti-takeover strategy.

The principal effects of the Reverse Stock Split will be as follows:

- each three (3) to ten (10) shares of Common Stock, as determined in the sole discretion of our Board, owned by a shareholder, will be combined into one new share of Common Stock, with cash paid in lieu of any fractional shares that would otherwise be issuable as a result of the Reverse Stock Split;
- the number of shares of Common Stock issued and outstanding will be reduced accordingly, as illustrated in the table above;
- proportionate adjustments will be made to the per share exercise prices and number of shares issuable upon exercise or conversion of outstanding options, warrants, and any other convertible or exchangeable securities entitling the holders to purchase, exchange for, or convert into, shares of Common Stock, which will result in approximately the same aggregate price being required for such securities upon exercise or conversion as had been payable immediately preceding the Reverse Stock Split;
- the number of shares reserved for issuance or under the convertible securities described above will be reduced proportionately; and
- the number of shares of Common Stock available for future issuance will increase, as illustrated in the table above.

Certain Risks Associated with the Reverse Stock Split

The Reverse Stock Split may have risks, including the following:

- There is no assurance that the market price per share of our Class A Stock after the Reverse Stock Split will increase and remain in proportion to the reduction in the number of shares of our Class A Stock outstanding before the Reverse Stock Split. For example, based on the closing price of our Class A Stock on May 16, 2016 of $0.5375 per share, if the Reverse Stock Split at a ratio of 1-for-3 is approved and implemented, there is no assurance that the post-split market price of our Class A Stock will be $1.6125 or greater. Moreover, in the future, the market price of our Class A Stock following the Reverse Stock Split may not exceed or remain higher than the market price prior to the Reverse Stock Split.

- If the Reverse Stock Split is approved and implemented, the aggregate market price of our Class A Stock might decline. Accordingly, the total market capitalization of our Class A Stock after the Reverse Stock Split may be lower than the total market capitalization before the Reverse Stock Split. There is no assurance that the Reverse Stock will yield any particular price for our Class A Stock.
- We will have fewer shares that are publicly traded. As a result, the trading liquidity of our Class A Stock may decline.
- The Reverse Stock Split may result in some shareholders owning "odd lots" of less than 100 shares of Class A Stock. Odd lot shares may be more difficult to sell, and brokerage commissions and other costs of transactions in odd lots are generally somewhat higher than the costs of transactions in "round lots" of even multiples of 100 shares.
- The number of shares of Common Stock available for future issuance will increase from 757,891,769 shares to between 952,630,589 and 1,020,789,177 shares, depending on the ratio of the Reverse Stock Split selected by our Board, significantly increasing the ability of our Board to issue authorized and unissued shares in the future without further shareholder approval.

Effective Time

The Reverse Stock Split, if implemented, will become effective as of the filing (the "Effective Time") of Articles of Amendment to the Company's Articles of Incorporation, as amended, with the Secretary of State of the State of Washington. Except for treatment of fractional shares, at the Effective Time, shares of our Common Stock issued and outstanding immediately prior thereto will be combined, automatically and without any action on the part of our shareholders, into a smaller number of shares of our Common Stock, in accordance with the Reverse Stock Split ratio determined by the Board.

After the Effective Time, our Common Stock will have a new committee on uniform securities identification procedures ("CUSIP") number, which is a number used to identify our equity securities, and stock certificates with the older CUSIP numbers will need to be exchanged for stock certificates with the new CUSIP numbers by following the procedures described below.

After the Effective Time, we will continue to be subject to periodic reporting and other requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Also, so long as the Reverse Stock Split cures our minimum bid price deficiency, our Class A Stock will be listed on The NASDAQ Capital Market under the symbol "PCO."

Cash Payment in Lieu of Fractional Shares

No fractional shares of Common Stock will be issued as a result of the Reverse Stock Split. Instead, in lieu of any fractional shares to which a holder of Common Stock would otherwise be entitled as a result of the Reverse Stock Split, the Company will pay cash equal to such fraction multiplied by the average of the high and low bid prices of the Common Stock as reported on NASDAQ during regular trading hours for the five trading days immediately preceding the Effective Time.

No Going-Private Transaction

Our Board does not intend to use the Reverse Stock Split as a first step in a "going-private transaction" within the meaning of Rule 13e-3 of the Securities Exchange Act of 1934, as amended.

Effect on Beneficial Holders of Common Stock (i.e., Shareholders Who Hold In "Street Name")

Upon the Reverse Stock Split, we intend to treat shares held by shareholders in "street name," through a bank, broker or other nominee, in the same manner as registered shareholders whose shares are registered in their own names. Banks, brokers or other nominees will be instructed to effect the Reverse Stock Split for their beneficial holders. However, these banks, brokers or other nominees may have different procedures than registered shareholders for processing the Reverse Stock Split. If a shareholder holds shares of our Class A Stock with a bank, broker or other nominee and has any questions in this regard, they are encouraged to contact their bank, broker or other nominee.

Effect on Registered "Book—Entry" Holders of Common Stock (i.e., Shareholders Who Are Registered on the Transfer Agent's Books and Records but Do Not Hold Stock Certificates)

Some of our registered holders of Class A Stock hold shares electronically in book-entry form with our transfer agent. These shareholders do not have stock certificates evidencing their ownership of Class A Stock. They are, however, provided with a statement reflecting the number of shares registered in their accounts.

If a shareholder holds registered shares in book-entry form with our transfer agent, no action needs to be taken in connection with the Reverse Stock Split. A transaction statement will automatically be sent to the shareholder's address of record indicating the number of shares of Class A Stock held following the Reverse Stock Split.

Exchange of Stock Certificates

As soon as practicable after the Effective Time, shareholders will be notified that the Reverse Stock Split has been effected. Computershare, our transfer agent, will act as exchange agent for purposes of implementing the exchange of stock certificates. Holders of pre-split shares will be asked to surrender to the exchange agent certificates representing pre-split shares in exchange for certificates representing post-split shares in accordance with the procedures to be set forth in a letter of transmittal that will be delivered to our shareholders. No new certificates will be issued to a shareholder until the shareholder has surrendered to the exchange agent his, her or its outstanding certificate(s) together with the properly completed and executed letter of transmittal. Any request for new certificates to be issued into a name different from that of the registered holder will be subject to normal stock transfer requirements and fees, including proper endorsement and signature guarantee, if required.

SHAREHOLDERS SHOULD NOT DESTROY ANY STOCK CERTIFICATES AND SHOULD NOT SUBMIT THEIR STOCK CERTIFICATES UNTIL THEY RECEIVE A TRANSMITTAL FORM FROM OUR EXCHANGE AGENT. SHAREHOLDERS ARE ENCOURAGED TO PROMPTLY SURRENDER CERTIFICATES TO THE EXCHANGE AGENT FOLLOWING RECEIPT OF TRANSMITTAL FORMS IN ORDER TO AVOID HAVING SHARES POSSIBLY BECOMING SUBJECT TO ESCHEAT LAWS.

Shareholders whose shares are held by their stockbroker do not need to submit old share certificates for exchange. These shares will automatically reflect the new quantity of shares based on the selected Reverse Stock Split ratio. Beginning on the effective date of the Reverse Stock Split, each certificate representing pre-split shares will be deemed for all corporate purposes to evidence ownership of post-split shares.

Accounting Matters

The Reverse Stock Split will not affect the par value of a share of our Common Stock. As a result, as of the Effective Time of the Reverse Stock Split, the stated capital attributable to Common Stock on our balance sheet will be reduced proportionately based on the Reverse Stock Split ratio (including a retroactive adjustment for prior periods), and the additional paid-in capital account will be credited with the amount by which the stated capital is reduced. Reported per share net income or loss will be higher because there will be fewer shares of Common Stock outstanding.

No Appraisal Rights

Under Washington law, shareholders are not entitled to dissenters' or appraisal rights with respect to the Reverse Stock Split, and we will not independently provide shareholders with any such rights.

Material United States Federal Income Tax Considerations

Subject to the risks summarized below, we do not believe there are any material United States federal income tax consequences of the Reverse Stock Split to holders of our Common Stock.

This summary is based upon provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and Treasury regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income tax consequences different from those summarized below.

This summary does not address all aspects of United States federal income taxes that may be applicable to holders of Common Stock and does not deal with foreign, state, local or other tax considerations that may be relevant to shareholders in light of their particular circumstances. In addition, it does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws (including if you are a dealer in securities or currencies; a financial institution; a regulated investment company; a real estate investment trust; an insurance company; a tax-exempt organization; a person holding shares as part of a hedging, integrated or conversion transaction, a constructive sale or a straddle; a trader in securities that has elected the mark-to-market method of accounting for your securities; a person liable for alternative minimum tax; a person who owns or is deemed to own 10% or more of our voting stock; a partnership or other pass-through entity for United States federal income tax purposes; a person whose "functional currency" is not the United States dollar; a United States expatriate; a "controlled foreign corporation"; or a "passive foreign investment company").

We cannot assure you that a change in law will not alter significantly the tax considerations that we describe in this summary. No ruling from the Internal Revenue Service or opinion of counsel will be obtained regarding the federal income tax consequences to shareholders as a result of the Reverse Stock Split.

If a partnership (or other entity treated as a partnership for United States federal income tax purposes) holds our Common Stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our Common Stock, you should consult your own tax advisors.

We believe that the Reverse Stock Split, if implemented, will be a tax-free recapitalization under the Code. If the Reverse Stock Split qualifies as a tax-free recapitalization under the Code, then, generally, for United States federal income tax purposes, no gain or loss will be recognized by the Company in connection with the Reverse Stock Split, and no gain or loss will be recognized by shareholders who exchange their shares of pre-split Common Stock for shares of post-split Common Stock. The post-split Common Stock in the hands of a shareholder following the Reverse Stock Split will have an aggregate tax basis equal to the aggregate tax basis of the pre-split Common Stock held by that shareholder immediately prior to the Reverse Stock Split. A shareholder's holding period for the post-split Common Stock will be the same as the holding period for the pre-split Common Stock.

Alternative characterizations of the Reverse Stock Split are possible. For example, shareholders who receive cash in lieu of fractional shares may recognize gain for United States federal income tax purposes. However, we believe that, in such case, the resulting tax liability will not be material in view of the low value of the fractional interest. Shareholders should consult their own tax advisors regarding characterization of the Reverse Stock Split for United States federal income tax purposes.

Required Vote

Approval of the Reverse Stock Split Proposal requires the affirmative vote of the holders of a majority of the votes outstanding and entitled to vote at the Annual Meeting. Abstentions and broker non-votes will have the same effect as votes against the Reverse Stock Split.

The Board of Directors recommends that you vote "FOR" the approval of a reverse stock split within a range of 1-for-3 and 1-for-10.

PROPOSAL 4

RATIFICATION OF THE SELECTION OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors has selected the independent registered public accounting firm of Grant Thornton LLP as our independent auditor for the fiscal year ending December 31, 2016, and has further directed that management submit the selection of the independent auditor for ratification by the shareholders at the Annual Meeting. Grant Thornton LLP audited our financial statements for the year ending December 31, 2015. We expect representatives of Grant Thornton LLP to be available at the Annual Meeting to make a statement if they so desire and to be available to respond to appropriate questions.

Neither our Bylaws nor other governing documents or law require shareholder ratification of the selection of Grant Thornton LLP as our independent auditor. However, we are submitting the selection of Grant Thornton LLP to our shareholders for ratification as a matter of good corporate practice. If our shareholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent auditor at any time during the year if it determines that such a change would be in the best interests of us and our shareholders.

Principal Accountant Fees and Services

The following table represents aggregate fees billed to us for the fiscal year ended December 31, 2015 and December 31, 2014 by Grant Thornton LLP and Deloitte & Touche LLP.

	Fiscal Year Ended December 31,	
	2015	**2014**
Audit Fees(1)	$377,100	$397,580
Audit-related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
Total Fees	**$377,100**	**$397,580**

(1) Audit Fees consist of fees and expenses for professional services rendered by Grant Thornton LLP and Deloitte & Touche LLP in connection with: (i) the audit of our annual financial statements included in the Annual Report on Form 10-K for the fiscal years ended December 31, 2015 and December 31, 2014, and the review of the interim financial statements included in the quarterly reports on Form 10-Q; (ii) the audit of our internal controls over financial reporting; and (iii) services that are normally provided in connection with statutory and regulatory filings or engagements.

Pre-Approval Policies and Procedures

The Audit Committee charter permits the Audit Committee to delegate pre-approval authority to subcommittees consisting of one or more individuals, as well as to pre-approve defined categories of services. However, the Audit Committee has not done so, but has instead pre-approved all audit and non-audit services rendered by Grant Thornton LLP and Deloitte & Touche LLP as part of the scope of the independent auditor engagement or on a case-by-case basis prior to engagement for service. All of the services provided by Grant Thornton LLP and Deloitte & Touche LLP in 2014 and 2015, as described under Audit Fees above, were pre-approved by the Audit Committee.

Report of the Audit Committee

The Audit Committee has reviewed and discussed the audited consolidated financial statements for the fiscal year ended December 31, 2015 with management of the Company. The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed by the Public Company Accounting Oversight Board (United States) ("PCAOB") Audit Standard AU Section 380 Communication with Audit Committees and Rule 2-07 of SEC Regulation S-X. The Audit Committee has also received the written disclosures and the letter from the independent registered public accounting firm required by the applicable requirements of the PCAOB regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence and has discussed with the independent registered public accounting firm their independence. Based on the foregoing, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Form 10-K for the fiscal year ended December 31, 2015.

AUDIT COMMITTEE

Mr. Richard P. Emerson (Chair)
Mr. Nicolas Kauser
Mr. H. Brian Thompson

The Board of Directors recommends that you vote "FOR" the ratification of the selection of our independent registered public accounting firm.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Related-Person Transactions Policy and Procedures

All related-party transactions are subject to review and approval by the Audit Committee. In determining whether to approve or ratify a related-party transaction, the Audit Committee will take into account, among other factors, whether the related-party transaction is on terms no more favorable to the counterparty than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related party's interest in the transaction. To assist with the identification of potential related-party transactions, we solicit information through questionnaires in connection with the appointment of new directors and executive officers and on an annual basis with respect to existing directors and executive officers.

Related Party Transactions

Eagle River Satellite Holdings, LLC ("ERSH"), Eagle River Investments, LLC, Eagle River, Inc. and Eagle River Partners, LLC ("ERP")

ERSH is the Company's controlling shareholder. ERSH, together with its affiliates Eagle River Investments, LLC, Eagle River, Inc. and ERP, holds an economic interest of approximately 33.2% of the Company's outstanding common stock and a voting interest of approximately 65.0% in the Company as of December 31, 2015. Mr. McCaw, our Chairman of the Board of Directors, is the sole shareholder of Eagle River, Inc., the sole manager and beneficial member of Eagle River Investments, LLC, which is the sole member of ERSH, and the beneficial member of ERP.

Indemnification Agreements

Under indemnification agreements between the Company and each of our executive officers and directors, we have agreed to indemnify our executive officers and directors for expenses, damages, judgments, fines and settlements that he may be required to pay in actions or proceedings to which he is or may be made a party by reason of his position as a director, officer or agent of the Company, and otherwise to the fullest extent permitted under Washington law and the Company's Bylaws.

Under an indemnification agreement between the Company and Eagle River Investments, LLC, we are required to indemnify, defend, and hold harmless Eagle River Investments, its affiliates, and their respective members, directors, officers, agents, employees and controlling persons against claims, liabilities, losses, damages and fees and expenses incurred resulting from, or in connection with, the fact that such entity or person is or was a shareholder, director, officer, or employee of the Company or any of its subsidiaries, or based on an alleged breach of his or her fiduciary duty as a director or officer of the Company or any of its subsidiaries. The indemnification obligation is subject to certain exceptions, including losses and damages incurred through certain violations of the U.S. securities laws and damages caused by acts that a court determines to be a breach of fiduciary duties, gross negligence, or willful misconduct. We agreed to advance reasonable costs and expenses incurred for defending any claim upon receipt of an undertaking to repay the advanced amounts if it is ultimately determined the indemnitee was not entitled to indemnification under the agreement.

Under an indemnification agreement with Cascade Investment, we are similarly required to indemnify Cascade Investment, its affiliates (including Mente L.L.C.), and their respective members, directors, officers, agents, employees and controlling persons.

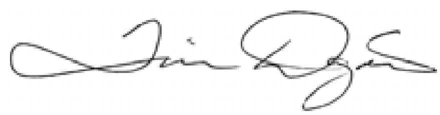
OTHER BUSINESS

The Board of Directors knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their best judgment.

The information contained above under the captions "Compensation Committee Report" and "Report of the Audit Committee" shall not be deemed to be "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Exchange Act except to the extent that the Company specifically incorporates it by reference into such filing.

IT IS IMPORTANT THAT PROXIES ARE RETURNED PROMPTLY AND THAT YOUR SHARES ARE REPRESENTED. SHAREHOLDERS ARE URGED TO MARK, SIGN AND DATE THE ENCLOSED PROXY CARD AND MAIL IT PROMPTLY IN THE ENCLOSED RETURN ENVELOPE.

By Order of the Board of Directors



Timothy M. Dozois
Corporate Secretary

JUNE 20, 2016

A COPY OF PENDRELL'S ANNUAL REPORT ON FORM 10-K FOR THE 2015 FISCAL YEAR, AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, IS AVAILABLE WITHOUT CHARGE TO ANY SHAREHOLDER UPON WRITTEN REQUEST TO:

CORPORATE SECRETARY
PENDRELL CORPORATION
2300 CARILLON POINT
KIRKLAND, WASHINGTON 98033

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

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2015

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 001-33008

PENDRELL CORPORATION
(Exact name of registrant as specified in its charter)

Washington	**98-0221142**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**

2300 Carillon Point, Kirkland, Washington 98033
(Address of principal executive offices including zip code)

(425) 278-7100
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Class A common stock, par value $0.01 per share	**The Nasdaq Global Market**

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒.

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒.

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer, accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒.

As of June 30, 2015, the aggregate market value of common stock held by non-affiliates of the registrant was approximately $237,203,993

As of February 26, 2016, the registrant had 214,311,266 shares of Class A common stock and 53,660,000 shares of Class B common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Definitive Proxy Statement for its 2016 Annual Meeting of Shareholders are incorporated by reference in Part III of this Form 10-K.

PENDRELL CORPORATION

2015 ANNUAL REPORT ON FORM 10-K

INDEX

Annual Report

PART I

This Annual Report on Form 10-K ("Form 10-K") contains certain forward-looking statements regarding future events and our future operating results that are subject to the safe harbors created under the Securities Act of 1933, as amended ("Securities Act"), and the Securities Exchange Act of 1934, as amended ("Exchange Act"). These statements may include words such as "anticipate," "estimate," "expect," "project," "plan," "intend," "believe," "may," "will," "should," "likely" and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. All of these forward-looking statements are subject to risks and uncertainties that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Factors that might cause or contribute to such a difference include, but are not limited to, those discussed under "Item 1A of Part I – Risk Factors" and elsewhere in this Form 10-K. The forward-looking statements included in this document are made only as of the date of this report, and we undertake no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

Item 1. Business.

Overview

Pendrell Corporation ("Pendrell"), with its consolidated subsidiaries, is referred to as "us," "we," or the "Company." Pendrell has, for the past four years, invested in, acquired and monetized intellectual property ("IP") rights. We are continuing our efforts to monetize our IP assets. We are also evaluating our IP investments to determine whether retention or disposition is appropriate. We no longer advise clients on IP strategies and transactions.

Pendrell was originally incorporated in 2000 as New ICO Global Communications (Holdings) Limited, a Delaware corporation. In July 2011, we changed our name to Pendrell Corporation. On November 14, 2012, we reincorporated from Delaware to Washington. Our principal executive office is located at 2300 Carillon Point, Kirkland, Washington 98033, and our telephone number is (425) 278-7100. Our website address is www.pendrell.com. The information contained in or that can be accessed through our website is not part of this Form 10-K.

Our Business

Revenue Generating Activities

We generate revenues by licensing and selling our IP rights to others. Prior to 2016, we also generated revenue by advising clients on various IP matters. Our subsidiaries hold patents that support four IP licensing programs that we own and manage: (i) digital media, (ii) digital cinema, (iii) wireless technologies, and (iv) memory and storage technologies.

Our digital media program is supported by patents and patent applications designed to protect against unauthorized duplication and use of digital content that is transferred from a source to one or more electronic devices. The majority of our digital media patents and patent applications came to us through our October 2011 purchase of a 90.1% interest in ContentGuard Holdings, Inc. ("ContentGuard"), where we partnered with Time Warner to expand the development and licensing of ContentGuard's portfolio of digital rights management ("DRM") technologies. Our digital media licensees include manufacturers, distributors and providers of consumer products, including Amazon, Casio Hitachi Mobile Communications, DirecTV, Fujitsu, LG Electronics, Microsoft Corporation, Nokia, Panasonic, Pantech, Sharp, Sony, Toshiba, Technicolor, S.A., Time Warner and Xerox Corporation. Other companies that manufacture, distribute or provide DRM-enabled consumer products and that we believe use ContentGuard's innovations, including Apple, Google, HTC, Huawei, Motorola Mobility and Samsung (the "ContentGuard Defendants"), did not take a license to our digital media assets, which prompted us to file claims against them for patent infringement.

Our digital cinema program is supported by patents and patent applications designed to protect against unauthorized creation, duplication and use of digital cinema content that is authored and distributed to movie theaters globally, many of which also came to us through our acquisition of ContentGuard. Potential digital cinema licensees include distributors and exhibitors of digital content, including motion picture producers, motion picture distributors and equipment vendors. We launched our digital cinema program in June 2013, and have engaged in licensing discussions with leading feature film studios.

Our wireless technologies program is supported by U.S. and foreign patents and patent applications, many of which enable key functionality in cellular and digital wireless devices and infrastructure. These patents and patent applications were developed by leading innovators in the wireless space, including Philips, IBM and ETRI, and cover key innovations in the cellular industry and digital wireless arena. Key technologies covered include 3G (e.g., W-CDMA, HSDPA, HSUPA), 4G (e.g., LTE, VoLTE), Bluetooth, Wi-Fi, and NFC technologies. Potential licensees include suppliers, manufacturers, distributors, and providers of wireless devices and infrastructure, including manufacturers and distributors of handsets, tablets, laptops, and other connected devices. We launched our wireless technologies program in Fall 2012, but have not yet generated material revenue through the program.

Our memory and storage technologies program is supported by patents and patent applications, the majority of which were acquired from Nokia Corporation in March 2013, of which 81 have been declared by Nokia to be essential to standards that are applicable to memory and storage technologies used in electronic devices. These patents cover embedded memory components and storage subsystems. Potential licensees include flash memory component suppliers, solid state disk manufacturers and device vendors. We commenced discussions with potential licensees in late 2013, and subsequently entered into two license agreements with leading technology companies in 2014 and another license with a leading technology company in early 2015.

We typically license our patents via agreements that cover entire patent portfolios or large segments of portfolios. We expect licensing negotiations with prospective licensees to take approximately 12 to 24 months, and perhaps longer, measured from inception of technical discussions regarding the scope of our patents. If we are unable to secure reasonable, negotiated licenses, we may resort to litigation to enforce our IP rights. For example, in late 2013 and early 2014, ContentGuard asserted infringement claims against the ContentGuard Defendants. Those claims resulted in two separate jury trials in the Eastern District of Texas during the fall of 2015. Both juries determined that the patents asserted by ContentGuard are valid, but both juries also concluded that the ContentGuard Defendants did not infringe the asserted patents. We are appealing both verdicts. However, as a result of the verdicts, we evaluated the financial statement carrying value of our entire IP portfolio. This evaluation resulted in an $82.3 million impairment of our IP, as well as a $21.2 million impairment of goodwill.

Our IP revenue generation activities are not limited to licensing and litigation. Patents that we believe may generate greater value through a sales transaction may be sold. Although our revenue may occur in different forms, we regard our IP monetization activities as integrated and not separate revenue streams.

Product Development Activities

In early 2015, we suspended further development of the Provitro™ proprietary micro-propagation technology and related laboratory processes that were designed to facilitate production on a commercial scale of certain plants, particularly timber bamboo. Near the end of 2015, we discontinued efforts to further develop ephemeral photo and messaging applications. Neither of these product initiatives generated revenue, and we are not currently pursuing any other product initiatives.

Business Outlook

From 2011 through 2015, we focused on acquiring and growing companies that developed or possessed unique, innovative technologies that could be licensed to third parties or could provide a competitive advantage to products we were developing. During 2015, we moderated those efforts and reduced our costs by eliminating certain positions, abandoning certain patent assets that do not support our existing licensing programs, and lowering facilities costs. We are continuing to reduce costs in 2016.

We have explored and continue to explore investment opportunities that are not premised on the value of IP, with the goal of investing our capital in operating companies that can generate solid, stable income streams. Due to high valuations that we attribute to inexpensive and widely available capital, we did not acquire any such operating companies in 2015. With the cost of capital rising in early 2016, we may encounter more suitable opportunities in 2016, and we therefore intend to increase our exploratory activity while keeping our costs contained.

Although our focus may evolve away from companies that develop or possess unique, innovative technologies, we will continue to dedicate effort and resources to generate revenue from our existing IP assets.

Competition

Due to the unique nature of our IP rights, we do not compete directly with other patent holders or patent applicants. However, to the extent that multiple parties seek royalties on the same product or service, we might as a practical matter compete for a share of reasonable royalties from manufacturers and distributors.

As we pursue opportunities that are not premised on the value of IP, we may compete with well-capitalized companies pursuing those same opportunities.

Divestiture of Satellite Assets

When we were formed in 2000, our intent was to develop and operate a next generation global mobile satellite communications system. In 2011, we started selling assets associated with the satellite business, including our interests in DBSD North America, Inc. and its subsidiaries (collectively referred to as “DBSD”) to DISH Network Corporation for $325 million, from which we recognized a gain of approximately $301 million associated with the disposition. During 2012, we divested the remaining vestiges of our satellite business, including the sale of our remaining medium earth orbit (“MEO”) satellites and related equipment and our real property in Brazil, the transfer to a liquidating trust (the “Liquidating Trust”) of certain former subsidiaries associated with the satellite business (the “International Subsidiaries”) to address the winding down of the International Subsidiaries, and the settlement of our litigation with The Boeing Company (“Boeing”).

The 2012 divestiture and the corresponding transfer to the Liquidating Trust of the International Subsidiaries triggered tax losses of approximately $2.4 billion, which we believe can be carried forward for up to twenty years. Under the sales agreement for the MEO assets, the Company is entitled to a substantial portion of any proceeds generated from the resale of the MEO assets. In January 2015, the party that acquired the MEO assets from the Company resold the MEO assets and as a result, the Company received $3.9 million during 2015, which has been recorded in gain on contingencies in the statement of operations for the year ended December 31, 2015. On February 23, 2016, the buyer received the final scheduled payment for the MEO assets, which will result in the Company’s recognition of an additional $2.0 million gain on contingency in the first quarter of 2016.

Employees

As of December 31, 2015, on a consolidated basis, we had the equivalent of 16 full-time employees located in Washington, California, Finland and Texas.

Available Information

The address of our website is www.pendrell.com. You can find additional information about us and our business on our website. We make available on this website, free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, as soon as reasonably practicable after we electronically file or furnish such materials to the Securities and Exchange Commission ("SEC"). You may read and copy this Form 10-K at the SEC's public reference room at 100 F Street, NE, Washington, DC 20549-0102. Information on the operation of the public reference room can be obtained by calling the SEC at 1-800-SEC-0330. These filings are also accessible on the SEC's website at www.sec.gov.

We also make available on our website in a printable format the charters for certain of our various Board of Director committees, including the Audit Committee, the Compensation Committee and the Nominating and Governance Committee, and our Code of Conduct and Ethics in addition to our Articles of Incorporation, Bylaws and Tax Benefits Preservation Plan. This information is available in print without charge to any shareholder who requests it by sending a request to Pendrell Corporation, 2300 Carillon Point, Kirkland, Washington 98033, Attn: Corporate Secretary. The material on our website is not incorporated into or part of this Form 10-K.

Item 1A. Risk Factors.

The risks below address some of the factors that may affect our future operating results and financial performance. If any of the following risks develop into actual events, then our business, financial condition, results of operations or prospects could be materially adversely affected.

Risks Related to our Patents and Monetization Activities

Success of our licensing efforts depends on our ability to enter into new license agreements or otherwise enforce our intellectual property rights.

IP licensing revenues are dependent on our ability to enter into new license agreements with, or otherwise enforce our intellectual property rights against, users of our patented inventions. If users refuse to sign or renew license agreements, we may need to resort to litigation or other measures to compel the payment of fair consideration, which to date has not been effective, and may not be effective in the future. This risk applies not only to new license agreements, but to existing license agreements with fixed expiration dates. If we fail to sign or renew license agreements on terms that are favorable to us or obtain favorable outcomes through litigation or other enforcement actions, the value of our IP could be further impaired.

Revenue opportunities from our IP monetization efforts are limited.

Patents have finite lives. Our IP portfolio currently consists of patents that expire between 2016 and 2033. If we fail to develop or acquire new patentable inventions prior to the expiration of our patents, our IP revenue opportunities will be limited.

We may have a limited number of prospective licensees.

The patent portfolios that we own are applicable to only a limited number of prospective licensees. As such, if we are unable to enter into licenses with this limited group, licensing revenue will be adversely impacted. For instance, if the trial results in the Google Litigation and Apple Litigation (as such terms are defined below in Item 3 of Part I) are affirmed on appeal, there will be very few mobile device manufacturers that have not either signed a license with ContentGuard or otherwise resolved ContentGuard's claims against them.

Our licensing cycle is lengthy, and our licensing efforts may be unsuccessful.

The process of licensing to customers can be lengthy, sometimes spanning a number of years. We have incurred and expect to incur significant legal and sales expenses prior to entering into license agreements and generating license revenues. We also expect to spend considerable resources educating prospective licensees on the benefits of a license arrangement with us. As such, we may incur significant losses in any particular period before any associated revenue is generated. Moreover, if our portfolio is not demonstrably applicable to prospective licensees' products or services, whether due to poor quality, lack of breadth or otherwise, parties may refuse to enter into license agreements.

Enforcement proceedings may be costly and ineffective and could lead to impairment of our IP assets.

We may choose to pursue litigation or other enforcement action to protect our intellectual property rights, such as the Apple Litigation and Google Litigation. Enforcement proceedings are typically protracted and complex, and might require cooperation of inventors and others who are unwilling or unable to assist with enforcement. Litigation also involves several stages, including the potential for a prolonged appeals process. The costs are typically substantial, and the outcomes are unpredictable. As occurred during our fourth quarter in 2015, we might receive rulings or judgments, or enter into licenses or settlement agreements, that compel us to revalue the IP assets that we are enforcing, which in turn might result in a reduction to the financial statement carrying value of such assets through a corresponding impairment charge. Enforcement actions will likely divert our managerial, technical, legal and financial resources from business operations. In certain cases, we may conclude that these costs and risks outweigh the potential benefits that would arise from successful enforcement, in which event we may opt not to pursue enforcement.

Our business could be negatively impacted by product composition and future innovation.

Our licensing revenues have been generated from manufacturers and distributors of products that use our patented inventions. Our business prospects could be negatively impacted if prospective licensees do not use our inventions in their products, or if they later modify their products to eliminate use of our inventions. Moreover, changes in technology or customer requirements could alter product composition and render our patented inventions obsolete or unmarketable.

Our staff reductions could harm our IP monetization efforts.

As we continue to explore investment opportunities that are not premised on the value of IP, we have significantly reduced our IP licensing and legal staff. The smaller staff might be less capable of pursuing and concluding IP license transactions. Even if our remaining team effectively pursues IP license transactions, certain users of our patented inventions might conclude that we will be less diligent in protecting our rights, and therefore may be reluctant to engage in licensing discussions. This in turn might render enforcement of our rights more time-consuming and costly.

Challenges to the validity or enforceability of our key patents could significantly harm our business.

Our assets include patents that are integral to our business and revenues. Prospective licensees or competitors may challenge the validity, scope, enforceability and ownership of our patents. Their challenges may include review requests in the relevant patent and trademark office, such as the inter partes review and covered business method proceedings initiated by ZTE, Apple and Google. Review proceedings are costly and time-consuming, and we cannot predict their outcome or consequences. Such proceedings may narrow the scope of our claims or may cancel some or all of our claims. If some or all of our patent claims are canceled, we could be prevented from enforcing or earning future revenues from such patents. Even if our claims are not canceled, enforcement actions against alleged infringers may be stayed pending resolution of reviews, or courts or tribunals reviewing our patent claims could make findings adverse to our interests based on facts presented in review proceedings. Irrespective of outcome, review challenges may result in substantial legal expenses and diversion of management's time and attention away from our other business operations, including our ability to evaluate and acquire other businesses. Adverse decisions could impair the value of our inventions or result in a loss of our proprietary rights and may adversely affect our results of operations and our financial position.

Changes in patent law could adversely impact our business.

Patent laws may continue to change, and may alter protections afforded to owners of patent rights, impose additional enforcement risks, increase the costs of enforcement, or increase our licensing cycles. For instance, during 2013 and 2015, legislative initiatives were introduced to address perceived patent abuses by non-practicing entities. Even if legislative initiatives do not directly impact our business, such initiatives might encourage manufacturers to infringe our IP rights, lengthen our licensing cycles, increase the likelihood that we will litigate to enforce our IP rights, or make it more difficult and expensive to license our patents or enforce our patents against parties using our inventions without a license. Moreover, increased focus on the growing number of patent-related lawsuits may result in legislative changes which increase our costs and related risks of asserting patent enforcement actions.

Changes of interpretations of patent law could adversely impact our business.

Our success in review and enforcement proceedings relies in part on the historically consistent application of patent laws and regulations. Interpretations of patent laws and regulations by the courts and applicable regulatory bodies have evolved, and may continue to evolve, particularly with the introduction of new laws and regulations. Changes or potential changes in judicial interpretation could have a negative impact on our ability to monetize our patent rights.

Risks Related to our Acquisition Activities

We may over-estimate the value of assets or businesses we acquire.

We make investments from which we intend to generate a return. We estimate the value of these investments prior to acquisition, using both objective and subjective methodologies. If we over-estimate such value, we may not generate desired returns on our investment, or we may need to adjust the value of the investments to fair value and record a corresponding impairment charge, either of which could adversely affect our results of operations and our financial position.

We may not capitalize on acquired assets.

Even if we accurately value the investments we make, we must succeed in generating a return on the investments. Our success in generating a return depends on effective efforts of our employees and outside professionals. If we do not generate desired returns on our investments or if we are compelled to adjust the value of the investments to fair value and record a corresponding impairment charge, it could adversely affect our results of operations and our financial position.

We may pursue other acquisition or investment opportunities that do not yield desired results.

We intend to continue investigating potential acquisitions that support our business objectives and strategy. Acquisitions are time-consuming, complex and costly. The terms of acquisition agreements tend to be heavily negotiated. As a result, we may incur significant transactional expenses, regardless of whether or not acquisitions are consummated. Moreover, the integration of acquired companies prompts significant challenges, and we can provide no assurances that the integration of acquired businesses with our business will result in the realization of the full benefits we anticipate from such acquisitions. Investigating businesses and assets and integrating newly acquired businesses or assets may be costly and time-consuming, and such activities could divert our attention from other business concerns. In addition, we might lose key employees while integrating new organizations. Acquisitions could also result in potentially dilutive issuances of equity securities or the incurrence of debt, the assumption or incurrence of contingent liabilities, possible impairment charges related to goodwill or other intangible assets or other unanticipated events or circumstances, any of which could negatively impact our financial position. We might not be successful in integrating acquired businesses and might not achieve desired revenues and cost benefits.

The financing of our acquisition activities could threaten our ability to use NOLs to offset future taxable income.

We have substantial historical net operating losses ("NOLs") for United States federal income tax purposes. As explained in greater detail below, our use of our NOLs will be significantly limited if we undergo a "Tax Ownership Change," as defined in Section 382 of the Internal Revenue Code. If and to the extent we finance acquisitions through the sale or issuance of stock, we will likely cause an ownership shift that increases the possibility that a future Tax Ownership Change might occur. If a Tax Ownership Change occurs, we will be permanently unable to use most of our NOLs.

We rely on representations, warranties and opinions from third parties that might not be accurate.

When we acquire assets or businesses or establish relationships with inventors or strategic partners, we may rely on representations and warranties made by third parties. We also may rely on opinions of lawyers and other professionals. We may not have the opportunity to independently investigate and verify the facts upon which such representations, warranties and opinions are made. By relying on these representations, warranties and opinions, we may be exposed to unforeseen liabilities that could have a material adverse effect on our operating results and financial condition.

Risks Related to our Operations

Our financial and operating results have been and may continue to be uneven.

Our operating results may fluctuate and, as such, our operating results are difficult to predict. You should not rely on quarterly or annual comparisons of our results of operations as an indication of our future performance. Factors that could cause our operating results to fluctuate during any period or that could adversely affect our operating results include the timing of license and sales agreements, compliance with such agreements, the terms and conditions for payment under those agreements, our ability to protect and enforce our intellectual property rights, costs of enforcement, changes in demand for products that incorporate our inventions, the time period between commencement and completion of license negotiations or enforcement proceedings, revenue recognition principles, and changes in accounting policies.

Our revenues have not and may not offset our operating expenses.

Through the first quarter of 2015, we acquired IP assets and expanded the reach and scope of our IP business. We also incurred expenses to hire new personnel, including employees for IP services, patent research and analysis, development of reporting systems and general and administrative functions and to pay legal fees for IP enforcement activities. As a result, our costs exceeded our revenues, and although we substantially scaled back our expansion efforts and our costs in 2015, we anticipate that costs may continue to exceed revenues. If we are not successful in generating revenue that is sufficient to offset our expenses, our financial position will be negatively impacted.

Failure to effectively manage the composition of our employee base could strain our business.

Our success depends, in large part, on continued contributions of our key managers and employees, many of whom are highly skilled and would be difficult to replace. Our success also depends on the ability of our personnel to function effectively, both individually and as a group. Recently, we terminated the employment of certain individuals (including IP consultants) whose roles we believe were unnecessary to advance our current and anticipated business strategies. If we misjudged our ongoing personnel needs or lose any of our remaining senior managers or key personnel, it could lead to dissatisfaction among our clients or licensees, which could slow our growth or result in a loss of business. Moreover, if we fail to manage the composition of our employee base effectively or otherwise strain our relationships with our personnel, our business and financial results may be materially harmed.

If we need financing and cannot obtain financing on favorable terms, our business may suffer.

We have relied on revenues from clients and licensees and existing cash reserves to finance our operations. If we deploy a significant portion of our capital or encounter unforeseen difficulties in the future that deplete our capital resources more rapidly than anticipated, we may need to obtain additional financing. Financing might not be available on favorable terms, if at all, may dilute our existing shareholders, and may prompt us to pursue structural changes that could impact shareholder concentration and liquidity. If we fail to obtain additional capital as and when needed, such failure could have a material adverse impact on our business, results of operations and financial condition.

Future changes in standards, rules, practices or interpretation may impact our financial results.

We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. These principles are subject to interpretations by the SEC and various accounting bodies. In addition, we are subject to various taxation rules in many jurisdictions. The existing taxation rules are generally complex, voluminous, frequently changing and often ambiguous. Changes to existing taxation rules, changes to the financial accounting standards, or any changes to the interpretations of these standards or rules, or changes in practices under these standards and rules, may adversely affect our reported financial results or the way we conduct our business.

Unauthorized use or disclosure of our confidential information could adversely affect our business.

We rely primarily on a combination of license agreements, nondisclosure agreements, other contractual relationships and patent, trademark, trade secret and copyright laws to protect our confidential and proprietary information, our technology and our intellectual property. We cannot be certain that these protections have not been and will not be breached, that we will be able to timely detect unauthorized use or transfer of our trade secrets or intellectual property, that we will have adequate remedies for any breach, or that our trade secrets will not otherwise become known or be independently discovered by competitors. If we are unable to detect in a timely manner the unauthorized use or disclosure of our proprietary or other confidential information or if we are unable to enforce our rights under our agreements or applicable laws, the misappropriation of such information could harm our business.

Our company has an evolving business model, which raises doubt about our ability to increase our revenues and grow our business.

We have recently shifted our principal focus away from the IP business and are evaluating opportunities that provide more reliable cash flow with greater growth potential. As a result of our evolving business model, our opportunities must be considered in light of the risks, expenses, and difficulties frequently encountered by companies in an early stage of development. We may not be successful in addressing such risks, and the failure to do so could have a material adverse effect on our business, operating results and financial condition. There can be no assurance that we will be able to increase our revenues and otherwise grow our business as we execute on new business opportunities in the future.

Risks Related to our Tax Losses

We cannot be certain that our tax losses will be available to offset future taxable income.

A significant portion of our NOLs were triggered when we disposed of our satellite assets. We believe these NOLs can be carried forward to offset certain future taxable income. However, the NOLs have not been audited or otherwise validated by the Internal Revenue Service (“IRS”). We cannot assure you that we would prevail if the IRS were to challenge the amount or our use of the NOLs. If the IRS were successful in challenging our NOLs, all or some amount of our NOLs would not be available to offset future taxable income which would result in an increase to our future income tax liability. The NOL carryforward period begins to expire in 2025 with the bulk of our NOLs expiring in 2032. If the tax laws are amended to limit or eliminate our ability to carry forward our NOLs for any reason, or to lower income tax rates, the value of our NOLs may be significantly reduced.

An Ownership Change under Section 382 of the Internal Revenue Code may significantly limit our ability to use NOLs to offset future taxable income.

Our use of our NOLs will be significantly limited if we undergo a Tax Ownership Change. Broadly, a Tax Ownership Change will occur if, over a three-year testing period, the percentage of our stock, by value, owned by one or more 5% shareholder increases by more than 50 percentage points. For purposes of this test, shareholders that own less than 5% of our stock are aggregated into one or more separate "public groups," each of which is treated as a 5% shareholder. In general, shares traded within a public group are not included in the Tax Ownership Change test. Despite our adoption of certain protections against a Tax Ownership Change (such as our Tax Benefits Preservation Plan), we cannot control the trading activity of our significant shareholders. If shareholders acquire or divest their shares in a manner or at times that do not account for the loss-limiting provisions of the Internal Revenue Code or regulations adopted thereunder, a Tax Ownership Change could occur. If a Tax Ownership Change occurs, we will be permanently unable to use most of our NOLs.

Our NOLs cannot be used to offset the Personal Holding Company tax.

The Internal Revenue Code imposes an additional tax on the undistributed income of a Personal Holding Company ("PHC"). In general, a corporation is classified as a PHC if 50% or more of its outstanding shares, measured by value, are owned directly or indirectly by five or fewer individual shareholders at any time during the second half of a calendar year ("Concentrated Ownership") and at least 60% of its adjusted ordinary gross income is Personal Holding Company Income ("PHCI"). Broadly, PHCI includes items such as dividends, interest, rents and royalties, among others. Pendrell or ContentGuard may meet the Concentrated Ownership test in 2016. Also, it is possible that action or inaction by our significant shareholders or by Time Warner (the 10% owner of ContentGuard) could cause Pendrell or ContentGuard to meet the Concentrated Ownership test. If Pendrell or ContentGuard meet the Concentrated Ownership test and generate positive net PHCI, Pendrell or ContentGuard will be subject to the PHC tax on undistributed net PHCI. The PHC tax, which is in addition to the income tax, is currently levied at 20% of the net PHCI not distributed to the corporation's shareholders.

Our NOLs cannot be used to completely offset the Alternative Minimum Tax or other taxes.

We may also be subject to the corporate Alternative Minimum Tax ("AMT") in a year in which we have net taxable income because the AMT cannot be completely offset by available NOLs, as losses carried forward generally can offset no more than 90% of a corporation's AMT liability. In addition, our federal NOLs will not shield us from foreign withholding taxes, state and local income taxes, or revenue-based taxes incurred in jurisdictions that impose such taxes.

Our ability to utilize our NOLs is dependent on the generation of future taxable income.

Our ability to utilize our NOLs is dependent upon the generation of future taxable income before the expiration of the carry forward period attributable to the NOLs, which begin to expire in 2025. We did not generate taxable income in 2013, 2014 or 2015, and we may not generate sufficient taxable income in future years to use the NOLs before they begin expiring.

Risks Related to Our Class A Common Stock

If we are delisted from Nasdaq, our ability to access the capital markets could be negatively impacted.

Our common stock is listed for trading on the Nasdaq Global Select Market ("Nasdaq"). We must satisfy Nasdaq's continued listing requirements, including, among other things, Listing Rule 5450(a)(1) (the "Listing

Rule”), which requires listed companies to maintain a minimum closing bid price of $1.00 per share. On September 24, 2015, the closing bid price of our Class A Common Stock fell below $1.00 and has remained below $1.00. On November 5, 2015, Nasdaq notified us that we do not comply with the Listing Rule and that we have 180 days to comply with the Listing Rule. We may regain compliance if the price of our Class A Common Stock closes at $1.00 per share or more for a minimum of 10 consecutive business days at any time during the 180 day cure period. If we fail to comply with the Listing Rule within that time period, and fail to extend the compliance time period, Nasdaq may delist our stock, in which case our stock (i) may be more thinly traded, making it more difficult for our shareholders to sell shares, (ii) may experience greater price volatility, and (iii) may not attract analyst coverage, all of which may result in a lower stock price. In addition, delisting could harm our ability to raise capital through financing sources on terms acceptable to us, or at all, and result in the potential loss of confidence by investors, increased employee turnover, and fewer business development opportunities.

If we remedy our Class A common stock price deficiency with a reverse stock split, our Class A common stock price might decrease.

In order to regain compliance with the Listing Rule, we may need to implement a reverse stock split. A reverse stock split could decrease the trading volume in our Class A common stock, which could cause the price of the Class A common stock to decrease following the reverse stock split.

Future sales of our Class A common stock could depress the market price.

The average trading volume of our Class A common stock is low in relation to the number of outstanding shares of Class A common stock. As a result, the market price of our Class A common stock could decline as a result of sales of a large number of shares. These sales might also make it more difficult for us to sell shares in the future at a time and price that we deem appropriate.

A sale of a large number of shares by our largest shareholders could depress the market price of our Class A common stock.

A small number of our shareholders hold a majority of our Class A common stock and our Class B common stock, which is convertible at the option of the holders into Class A common stock. The sale or prospect of the sale of a substantial number of these shares could have an adverse effect on the market price of our Class A common stock.

The interests of our controlling shareholder may conflict with the interests of other Class A holders.

Eagle River Satellite Holdings, LLC, together with its affiliates Eagle River Investments, LLC, Eagle River, Inc. and Eagle River Partners, LLC (collectively, “Eagle River”) controls approximately 65% of the voting power of our outstanding capital stock. As a result, Eagle River has control over the outcome of matters requiring shareholder approval, including the election of directors, amendments to our governing documents, the adoption or prevention of mergers, consolidations or sales of all or substantially all of our assets, or control changes. Eagle River is not restricted or prohibited from competing with us.

We are a “controlled company” within the meaning of the Nasdaq Marketplace Rules and, as a result, will qualify for, and may rely on, exemptions from certain corporate governance requirements.

Eagle River controls approximately 65% of the voting power of our outstanding capital stock. As a result, we are a “controlled company” within the meaning of the Nasdaq corporate governance standards, and therefore may elect not to comply with certain Nasdaq corporate governance requirements, including (i) the requirement that a majority of the board of directors consist of independent directors, (ii) 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 (iii) the requirement that director nominees be selected, or recommended for the board of directors' selection, by a majority of the independent directors or a nominating committee comprised solely of independent directors with a written charter or board resolution addressing the nomination process. We do not currently rely on any of these exemptions, but reserve the right to do so in the future. If we choose to do so, our shareholders may not have the same protections afforded to shareholders of companies that are subject to all of the Nasdaq corporate governance requirements.

Our Tax Benefits Preservation Plan ("Tax Benefits Plan"), as well as certain provisions in our restated articles of incorporation, may discourage takeovers, which could affect the rights of holders of our Class A common stock.

Our Tax Benefits Plan is intended to act as a deterrent against any person or group acquiring or otherwise obtaining beneficial ownership of more than 4.9% of our securities without the approval of our board of directors. In addition, our articles of incorporation require us to take all necessary and appropriate action to protect certain rights of our common shareholders, including voting, dividend and conversion rights and rights in the event of a liquidation, merger, consolidation or sale of substantially all of our assets. Our articles of incorporation also provide that we will not avoid or seek to avoid the observance or performance of those rights by charter amendment, entry into an inconsistent agreement or reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution or the issuance or sale of securities. The rights protected by these provisions of the articles of incorporation include our Class B common shareholders' right to ten votes per share on matters submitted to a vote of our shareholders and option to convert each share of Class B common stock into one share of Class A common stock. The provisions of the Tax Benefits Plan and our articles of incorporation could discourage takeovers of our company, which could adversely affect the rights of our shareholders.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our corporate headquarters are located in Kirkland, Washington, where we lease 8,050 square feet in Kirkland under a lease which expires on July 31, 2019. We currently sublease 2,882 square feet of that space and occupy the remaining 5,198 square feet.

Additionally, we have a lease for 2,995 square feet of office space in Plano, Texas which expires December 31, 2018.

We believe our facilities are adequate for our current business and operations.

Item 3. Legal Proceedings.

ContentGuard Enforcement Actions—On December 18, 2013, ContentGuard filed a patent infringement lawsuit against Amazon.com, Inc., Apple Inc., Huawei Device USA, Inc. and Motorola Mobility LLC in the Eastern District of Texas ("EDTX"), in which ContentGuard alleged that these entities infringed and continue to infringe nine of its patents by making, using, selling or offering for sale certain mobile communication and computing devices (the "Apple Litigation"). On January 17, 2014, ContentGuard filed an amended complaint in the Apple Litigation adding certain affiliates of the original defendants, along with HTC Corporation, HTC America Inc., Samsung Electronics Co., Ltd., Samsung Electronics America, Inc. and Samsung Telecommunications America, LLC (collectively, "Samsung"). On January 31, 2014, Google Inc. ("Google") filed a declaratory judgment suit in the Northern District of California alleging that Google does not infringe the nine patents asserted in the Apple Litigation. On February 5, 2014, ContentGuard filed a patent infringement action in the EDTX against Google, in which ContentGuard alleged that Google has infringed and continues to infringe the same nine patents (the "Google Litigation"). From and after April 2014, the presiding judge in the EDTX has administered the cases in parallel.

Amazon Settlement. In August 2015, ContentGuard settled its claims against Amazon by granting to Amazon a license to use the ContentGuard patents. In connection with the settlement, ContentGuard released Amazon from the Apple Litigation. The settlement and license with Amazon is not impacted by the adverse jury findings in the Apple Litigation and Google Litigation that are described below.

DirecTV Settlement. In August 2014, DirecTV intervened in the Apple Litigation and thereby became an additional defendant, against whom ContentGuard asserted additional infringement claims. In January 2016, ContentGuard settled its claims against DirecTV by granting to DirecTV a license to use the ContentGuard patents. In connection with the settlement, ContentGuard released DirecTV from the Apple Litigation. The settlement and license with DirecTV is not impacted by the adverse jury findings in the Apple Litigation and Google Litigation that are described below.

Google and Samsung Verdict. On September 23, 2015, a jury in the Google Litigation found that the patents asserted against Google and Samsung in the Apple Litigation and Google Litigation are valid, but that Samsung products and Google products accused in the litigation do not infringe the patents. The judge entered judgment consistent with the verdict on October 13, 2015. The non-infringement decision, if not reversed or overturned in post-trial practice or on appeal, applies to all defendants in the Google Litigation and Apple Litigation that manufacture, sell or distribute Android devices that run Google Play services. If the verdict and judgment are not overturned, we will be liable for approximately $0.5 million of court costs and expenses incurred by Google and Samsung in the defense of the Google Litigation.

Apple Verdict. On November 20, 2015, a jury in the Apple Litigation found that the patents asserted against Apple in the Apple Litigation are valid, but that Apple products accused in the litigation do not infringe the patents. The judge entered judgment consistent with the verdict in December 2015. If the verdict and judgment are not overturned, we will be liable for approximately $0.5 million of court costs and expenses incurred by Apple in the defense of the Apple Litigation.

Post-Trial Activities. ContentGuard is challenging the juries' findings in the Google Litigation and Apple Litigation through motions for judgment as a matter of law (the "JMOL Motions"). The JMOL Motions will be reviewed and resolved by the presiding judge from the Google Litigation and Apple Litigation. If the JMOL Motions are unsuccessful, we intend to appeal the jury verdicts to the federal circuit court. We cannot predict the outcome of any post-trial activities in the Google Litigation or Apple Litigation.

IPR and CBM Petitions filed by Apple and Google—In December 2014, Apple filed with the USPTO twenty-nine inter partes review ("IPR") petitions and three covered business method ("CBM") petitions, through which Apple challenged the validity of all nine patents asserted in the Apple Litigation. Also in December 2014, Google filed three CBM petitions, challenging the validity of three of the nine asserted patents. Between March and July 2015, all of Apple's IPR and CBM petitions were terminated or withdrawn. All but one of Google's petitions were also terminated or withdrawn, leaving just one Google CBM petition, relating to patent number 7,774,280, that proceeded to trial before the USPTO's Patent Trial and Appeal Board ("PTAB"). The trial took place on February 24, 2016, and we are waiting for the PTAB to issue its findings.

ZTE IPRs —In early 2012, ContentGuard and its subsidiaries filed lawsuits in United States and German courts, alleging that ZTE Corporation, ZTE (USA) Inc. and ZTE Deutschland GmbH (collectively "ZTE") infringed and continue to infringe ContentGuard patents by making, using, selling or offering for sale certain mobile communication and computing devices. ZTE subsequently filed IPR petitions with the USPTO, challenging the validity of six U.S. patents asserted by ContentGuard against ZTE. The PTAB terminated proceedings with respect to two patents, both of which emerged with valid patent claims. ZTE's claims against the other four patents went to trial. Following trial, the PTAB rejected ZTE's remaining challenges, and confirmed the validity of all claims in the four patents. ZTE's time for appeal expired with no appeals filed. Apple then challenged the same four patents in new IPRs, as described in the paragraph above, which the PTAB rejected. As a result, the favorable decisions of the PTAB, as against ZTE's and Apple's petitions, are final.

ZTE Enforcement Actions—In response to the claims filed against ZTE in Germany, in which ContentGuard Europe GmbH alleged infringement of three European patents, ZTE filed a nullity action against two of the patents and an opposition proceeding against the third patent. ZTE prevailed in the opposition proceeding, resulting in the revocation of one European patent, which ContentGuard has appealed. The infringement and nullity proceedings in Germany, along with all U.S. court actions, were "put to rest" or stayed as the result of a standstill agreement signed by ContentGuard and ZTE in December 2013. The standstill agreement has been extended through the end of the post-trial motion phase of the Google Litigation.

J&J Collection — In November 2012, we obtained an arbitration judgment in the U.K. against Jay and Jayendra (Pty), a South African corporation ("J&J Group") for approximately $4.0 million. J&J Group submitted multiple appeals to the U.K. courts, the last of which was rejected in July 2013. In December 2014, we obtained an enforcement judgment against J&J Group from a South African court, and commenced collection efforts. In November 2015, we entered into a settlement agreement with the J&J Group whereby we received approximately $1.6 million, net of collection costs, in full and final settlement of all claims against the J&J Group. As a result, we recorded a gain of $1.6 million for the year ended December 31, 2015, which is included in gain on contingencies in the consolidated statements of operations.

Item 4. Mine Safety Disclosures.

Not Applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market for Our Class A Common Stock

Our Class A common stock trades on the Nasdaq Global Select Market ("Nasdaq") under the symbol "PCO."

The table below sets forth the high and low sales prices of our Class A common stock in U.S. dollars for each of the periods presented. Stock prices represent amounts published on the Nasdaq Global Select Market. As of February 26, 2016, the closing sales price of our Class A common stock was $0.5713 per share.

	2015		2014	
Period	**High**	**Low**	**High**	**Low**
First Quarter	$1.36	$0.99	$1.91	$1.34
Second Quarter	$1.45	$0.96	$1.85	$1.39
Third Quarter	$1.61	$0.72	$1.84	$1.31
Fourth Quarter	$0.80	$0.50	$1.67	$1.26

As a result of our listing on Nasdaq, we must satisfy Nasdaq's continued listing requirements, including, among other things, Listing Rule 5450(a)(1) (the "Listing Rule"), which requires listed companies to maintain a minimum closing bid price of $1.00 per share. On September 24, 2015, the closing bid price of our Class A Common Stock fell below $1.00 and has remained below $1.00. On November 5, 2015, we received written notice from the Listing Qualifications Department of Nasdaq stating that we are not currently in compliance with the Listing Rule based on the closing bid price of the Company's Class A common stock for the 30 consecutive business days from September 24, 2015 to November 4, 2015. The notification does not result in the immediate delisting of our Class A common stock and our Class A common stock will continue to trade on the Nasdaq Global Market. Nasdaq has provided the Company a 180 calendar day period, or until May 3, 2016, to regain compliance with the minimum bid price requirement. To regain compliance, our Class A common stock must maintain a closing bid price of at least $1.00 per share for a minimum of ten consecutive business days during the 180-day compliance period.

As of February 26, 2016, there were approximately 390 record holders of our Class A common stock.

Market for Our Class B Common Stock

There is no established trading market for our Class B common stock, of which we have 53,660,000 shares outstanding with two holders of record. Each share of Class B common stock is convertible at any time at the option of its holder into one share of Class A common stock.

Dividends

We have never paid a cash dividend on shares of our equity securities. Unless we become subject to personal holding company tax, we do not intend to pay any cash dividends on our common shares during the foreseeable future. It is anticipated that future earnings, if any, from our operations will be used to finance growth.

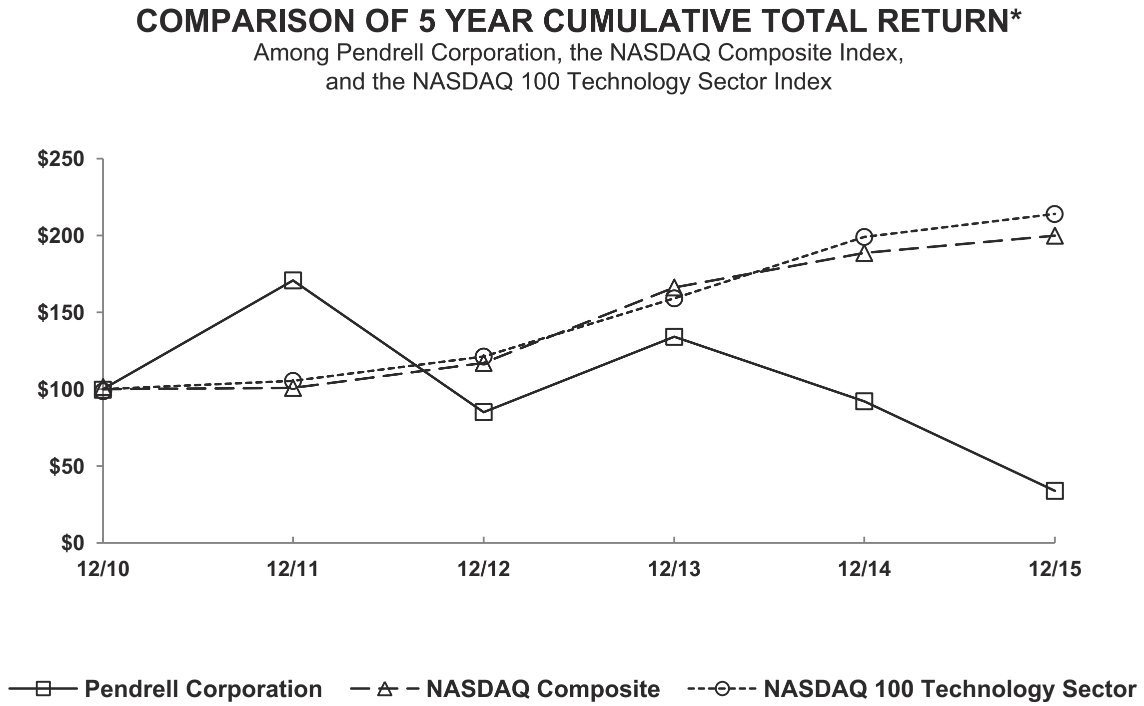
Unregistered Sales of Equity Securities and Use of Proceeds

On December 31, 2015, we redeemed 92,500 shares of our Class A common stock as partial consideration for the sale of the Ovidian Group, LLC ("Ovidian"). The closing sales price of our Class A common stock on December 31, 2015, was $0.5011 per share.

Performance Measurement Comparison

The following graph shows the total shareholder return as of the dates indicated of an investment of $100 in cash on December 31, 2010 for: (i) our Class A common stock; (ii) the Nasdaq Composite Index; and (iii) the Nasdaq 100 Technology Sector Index.

The stock price performance graph below is not necessarily indicative of future performance.



*$100 invested on 12/31/10 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

	12/10	12/11	12/12	12/13	12/14	12/15
Pendrell Corporation	100.00	170.67	84.67	134.00	92.00	33.41
NASDAQ Composite	100.00	100.53	116.92	166.19	188.78	199.95
NASDAQ 100 Technology Sector	100.00	105.21	121.15	158.80	198.87	213.99

Annual Report

Item 6. Selected Financial Data.

The following selected consolidated financial data should be read in conjunction with "Item 7— Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and accompanying notes included in this Form 10-K.

	Year Ended December 31,				
	2015	2014	2013	2012	2011
	(in thousands, except per share data)				
Revenue(1)	$ 43,519	$ 42,534	$ 13,128	$ 33,775	$ 2,637
Operating expenses:					
Cost of revenues(2)	10,215	14,170	7,872	314	—
Patent administration and related costs(2)	2,668	6,386	4,405	3,655	193
Patent litigation(2)	13,076	9,880	4,564	2,538	—
General and administrative(2)	16,750	27,467	25,939	29,844	21,822
Stock-based compensation	4,507	9,405	12,345	8,597	5,369
Amortization of intangibles	13,939	15,929	15,864	13,471	1,986
Impairment of intangibles and goodwill(3)	103,499	11,013	—	—	—
Gain on contract settlements(4)	—	—	—	—	(4,735)
Operating expenses, net	164,654	94,250	70,989	58,419	24,635
Operating loss	(121,135)	(51,716)	(57,861)	(24,644)	(21,998)
Net interest income (expense)(5)	103	(99)	(64)	(2,245)	(4,450)
Gain on deconsolidation of subsidiaries(6)	—	—	—	48,685	—
Gain on settlement of Boeing litigation(7)	—	—	—	10,000	—
Gain associated with disposition of assets(8)	—	—	—	5,599	300,886
Gain on Contingencies (9)	6,095	—	—	—	—
Other income (expense)	(14)	(16)	(55)	1,588	1,223
Income (loss) before income taxes	(114,951)	(51,831)	(57,980)	38,983	275,661
Income tax benefit (expense)(10)	(2,631)	(6,303)	—	1,034	42,925
Net income (loss)	(117,582)	(58,134)	(57,980)	40,017	318,586
Net loss attributable to noncontrolling interest	(7,902)	(7,132)	(2,918)	(67)	(274)
Net income (loss) attributable to Pendrell	$(109,680)	$ (51,002)	$ (55,062)	$ 40,084	$318,860
Basic income (loss) per share attributable to Pendrell	$ (0.41)	$ (0.19)	$ (0.21)	$ 0.16	$ 1.26
Diluted income (loss) per share attributable to Pendrell	$ (0.41)	$ (0.19)	$ (0.21)	$ 0.15	$ 1.23
Total assets	$ 180,892	$304,104	$351,994	$381,415	$435,047
Long-term obligations, including current portion of capital lease obligations(11)	—	$ 1,521	$ 6,695	$ 2,241	$ 76,406

(1) Prior to the acquisition of Ovidian and ContentGuard during the year ended December 31, 2011, we were a development stage enterprise and did not generate any revenue from operations.

(2) Certain prior period amounts have been reclassified to conform to the current year presentation of expenses in our consolidated statements of operations, including the presentation of "cost of revenues" and "patent litigation" as separate captions; as such costs were previously included in "patent administration, litigation and related costs" and "general and administrative" in 2013 and prior years.

(3) During the fourth quarter of the year ended December 31, 2015, we recorded a non-cash impairment charge of $103.5 million related to our patents, other intangible assets and goodwill. During the fourth quarter of the year ended December 31, 2014, we recorded a non-cash impairment charge of $11.0 million related to Provitro's goodwill and proprietary micro-propagation technology.

(4) During the year ended December 31, 2011, we recognized a $4.7 million gain associated with a reduction of our estimated liability for gateway obligations as a result of our agreement to purchase Deutsche Telekom AG's claim against one of our subsidiaries.

(5) Prior to 2013, certain of our subsidiaries had agreements with operators of gateways for our MEO satellite system, some of which were capital leases. We continued to accrue expenses according to our subsidiaries' contractual obligations until the liabilities were transferred to the Liquidating Trust on June 29, 2012, including interest costs resulting from capital lease obligations.
(6) During the year ended December 31, 2012, we transferred our International Subsidiaries to the Liquidating Trust and recognized a gain of $48.7 million upon their deconsolidation.
(7) We had been in litigation with Boeing regarding the development and launch of our former MEO satellites and related launch vehicles. In February 2009, the trial court entered judgment in our favor for approximately $603 million. On April 13, 2012, the California Court of Appeal overturned the judgment. The reversal was the culmination of a three year Court of Appeal process. The Court of Appeal also ordered us to reimburse Boeing for its appellate costs. On June 25, 2012, we settled our litigation against Boeing. As part of the settlement, we agreed to withdraw our petition for review to the California Supreme Court in exchange for a $10.0 million payment from Boeing and Boeing's waiver of its right to appellate costs. The settlement agreement and mutual release between ourselves and Boeing fully released and discharged any and all claims between us and Boeing. As a result of the settlement agreement, we recorded a gain of $10.0 million during the year ended December 31, 2012.
(8) In March 2011, upon the sale of our DBSD subsidiary for $325 million we recognized a $301 million gain associated with the disposition of DBSD and certain other assets pursuant to various agreements entered into with DISH Network. During the year ended December 31, 2012, we sold our real property located in Brazil for approximately $5.6 million.
(9) During the year ended December 31, 2015, we recorded a gain on contingency for the receipt of $3.9 million from the disposition of assets associated with our former satellite business and a gain of $1.6 million for the final settlement received from the J&J Group. See footnote 11- Gain on Contingencies for further discussion on gain of contingencies.
(10) During the years ended December 31, 2015 and 2014, we recorded a tax provision of $4.1 million and $6.3 million, respectively, related to foreign taxes withheld on revenue generated from license agreements executed with third party licensees domiciled in a foreign jurisdiction. Additionally, during the year ended December 31, 2015, as a result of the impairment of certain indefinite-lived intangible assets, the deferred tax liability associated with these intangibles was decreased, resulting in a tax benefit of $1.5 million. During the year ended December 31, 2011, as a result of recording net deferred tax liabilities pursuant to the acquisition of ContentGuard, we were able to reduce a portion of our deferred tax valuation allowance resulting in a tax benefit of $40.7 million.
(11) Long-term obligations consist primarily of deferred tax liabilities. Long-term obligations at December 31, 2013 also include an installment payment obligation arising from the 2013 acquisition of our memory and storage technologies portfolio and expense related to restricted stock awards that is required to be treated as a liability. Long-term obligations at December 31, 2011 also include capital lease obligations and income tax obligations associated with uncertain tax positions.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis should be read in conjunction with our consolidated financial statements and accompanying notes included elsewhere in this Form 10-K.

Special Note Regarding Forward-Looking Statements

With the exception of historical facts, the statements contained in this management's discussion and analysis are "forward-looking" statements. All of these forward-looking statements are subject to risks and uncertainties that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Factors that might cause or contribute to such a difference include, but are not limited to, those discussed under "Item 1A of Part I—Risk Factors" and elsewhere in this Form 10-K. The forward-looking statements included in this document are made only as of the date of this report, and we undertake no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

Overview

For the past four years, through our consolidated subsidiaries, we have invested in, acquired and monetized IP rights. We have generated positive returns on certain IP assets, particularly our patents applicable to memory and storage technologies, but the overall performance of our IP business has been disappointing. Specifically, we have not generated revenue from a number of companies that we believe incorporate our digital rights management ("DRM") inventions into their consumer products. Our inability to convince these companies to sign license agreements forced us to pursue time-consuming and expensive litigation. The litigation prompted two jury trials in the Fall of 2015. Both juries affirmed the validity of the DRM patents asserted by ContentGuard in the litigation, but also concluded that the named defendants did not infringe the asserted patents. We believe the process by which the juries made their non-infringement decisions and the substance of those decisions were defective, and are appealing both verdicts. Regardless of the outcome of the appeal process, the verdicts were significant setbacks to our IP initiatives. As a result of the verdicts, we evaluated the financial statement carrying value of our entire IP portfolio. This evaluation resulted in a combined $103.5 million impairment of our IP and goodwill.

We believe the results in our litigation reflect a growing unfavorable political and judicial climate for inventors, innovators and owners of IP. In light of that climate, we are shifting our primary focus to business opportunities that provide more reliable cash flow and greater growth potential. We have evaluated several opportunities with business owners and investment partners who see the benefits of working with a well-established, well-funded organization. Although we have not yet executed a formal agreement with any of these potential owners or partners, our discussions are ongoing. We will continue to take a thoughtful and measured approach to our evaluation of these opportunities.

Our focus on new business opportunities will not distract us from continuing to monetize our existing IP portfolios. We believe the licenses that we have signed in the past two years reflect the importance of our inventions, our leadership in the development of breakthrough next-generation solutions, and our commitment to entering into licenses on a reasonable and non-discriminatory basis.

To more efficiently support our business strategy, we have substantially reduced our costs and simplified our operations while retaining the resources we deem critical to the generation of revenue from our existing IP assets and the pursuit of new business opportunities. For example, in 2015, we divested certain businesses that did not generate reliable cash flow, including Ovidian and Provitro Biosciences LLC ("Provitro"), reduced the number of executive officers, and continued to abandon patents that do not support our existing licensing programs. As a result, we ended 2015 with overhead costs that were less than 2014 overhead costs, and we are continuing to reduce costs in 2016.

If we successfully implement our business strategy, we believe we will realize value from our existing IP assets and generate more reliable cash flow, while maintaining a modest cost structure.

2015 Events

During the first quarter of 2015, we licensed our memory and storage patents to SK hynix Inc. to permit the manufacture and distribution of embedded Multimedia Cards ("eMMC"). The license covers more than 169 patents and patents pending, and enables SK hynix to use both standards essential and implementation technologies. Additionally, we signed a settlement and patent license agreement with Amazon in August 2015 related to our DRM patents and negotiated with DirecTV throughout the Fall of 2015, which resulted in a settlement and license in January 2016.

In early 2015, we suspended further development of the Provitro™ proprietary micro-propagation technology and related laboratory processes that are designed to facilitate production on a commercial scale of certain plants, particularly timber bamboo. We took an impairment charge equal to our unamortized investment in the Provitro™ technology and related goodwill, reducing their fair values from approximately $11.0 million to zero at December 31, 2014. Then, later in 2015, we reached agreement with Provitro's minority partner to cancel the ownership interest in Provitro that we did not already own for nominal consideration, thereby leaving us with 100% ownership of Provitro. We then sold all of the Provitro assets, including the rights to the micro-propagation technology.

2014 Events

During 2014, we licensed our memory assets to two leading technology companies for the manufacture and sale of eMMC technologies. The license agreements yielded significant upfront license fees, and in one case the potential for future royalties.

2013 Events

In the first quarter of 2013, we acquired from Nokia Corporation 125 patents and patent applications worldwide, 81 of which have been declared by Nokia to be essential to standards that are applicable to memory and storage technologies used in electronic devices. In connection with the acquisition, we formed a wholly owned development company to continue innovation efforts in memory and storage technology begun by Nokia. Our resulting memory and storage technologies program has thus far generated three licenses.

Critical Accounting Policies

Critical accounting policies require difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Our estimates and judgments are based on information available at the time the estimates and judgments are made. Actual results could differ materially from those estimates. We make estimates and judgments when accounting for, among other matters, business combinations, goodwill and intangible assets, revenue recognition, stock-based compensation, income taxes and contingencies, as more fully described below.

Business Combinations. We account for business combinations using the acquisition method and, accordingly, the identifiable assets acquired and liabilities assumed are recorded at their acquisition date fair values. This valuation requires management to make significant estimates and assumptions, especially with respect to intangible assets. Valuation methodologies may include the cost, market or income approach. Critical estimates in valuing intangible assets include but are not limited to estimates about: future expected cash flows from customers, proprietary technology, the acquired company's brand awareness and market position and discount rates. Our estimates are based upon assumptions we believe to be reasonable, but which are inherently uncertain and unpredictable. Goodwill is calculated as the excess of the purchase price over the fair value of net assets, including the amount assigned to identifiable intangible assets. Subsequent changes to assets, liabilities, valuation allowance or uncertain tax positions that relate to the acquired company and existed at the acquisition date that occur both within the measurement period and as a result of new information about facts and circumstances that existed at the acquisition date are recognized as an adjustment to goodwill. Acquisition-related costs, including advisory, legal, accounting, valuation and other costs, are expensed in the periods in which the costs are incurred. The results of operations of acquired businesses are included in the consolidated financial statements from the acquisition date.

Intangible Assets and Goodwill. We amortize finite-lived intangible assets, including patents, acquired in purchase transactions over their expected useful lives. We assign goodwill and indefinite-lived intangible assets to our reporting units based on the expected benefit from the synergies arising from each business combination.

We evaluate finite-lived intangible assets when events or circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. These events or circumstances could include: a significant change in the business climate, legal factors, operating performance indicators, or changes in technology or customer requirements. Recoverability of an asset or asset group is measured by a comparison of the carrying amount to the future undiscounted net cash flows expected to be generated by the asset or asset group over its life. This comparison requires management to make judgments regarding estimated future cash flows. Our ability to realize the estimated future cash flows may be affected by factors such as changes in operating performance, changes in business strategy, invalidation of patents, unfavorable judgments in legal proceedings and changes in economic conditions. If our estimates of the undiscounted cash flows do not equal or exceed the carrying value of the asset or asset group, we recognize an impairment charge equal to the amount by which the recorded value of the asset or asset group exceeds its fair value.

We evaluate goodwill for impairment on an annual basis during the fourth quarter, or more frequently if circumstances indicate that the carrying value of a reporting unit may exceed its fair value. When evaluating goodwill and indefinite-lived intangible assets for impairment, we first perform a qualitative assessment to determine if fair value of the reporting unit is more likely than not greater than the carrying amount. If this assessment indicates that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then we further evaluate the estimated fair value of the reporting unit through the use of discounted cash flow models, which requires management to make significant judgments as to the estimated future cash flows utilized. Our ability to realize the future cash flows utilized in the fair value calculations may be affected by factors such as changes in operating performance, changes in business strategy, invalidation of patents, unfavorable judgments in legal proceedings and changes in economic conditions. The results of the models are compared to the carrying amount of the reporting unit. If such comparison indicates that the fair value of the reporting unit is lower than the carrying amount, impairment would exist and the impairment charge would be measured by comparing the implied fair value of the reporting unit's goodwill to its carrying value.

Revenue Recognition. We derive our operating revenue from IP monetization activities, including patent licensing and patent sales, and from IP consulting services. Although our revenue may occur in different forms, we regard our IP monetization activities as integrated and not separate revenue streams. For example, a third party relationship could involve consulting and licensing activities, or the acquisition of a patent portfolio can lead to licensing, consulting and patent sales revenue.

Our patent licensing agreements often provide for the payment of contractually determined upfront license fees representing all or a majority of the revenues that will be generated from such agreements for nonexclusive, nontransferable, limited duration licenses. These agreements typically grant (i) a nonexclusive license to make, sell, distribute, and use certain specified products that read on our patents, (ii) a covenant not to enforce patent rights against the licensee based on such activities, and (iii) the release of the licensee from certain claims. Generally, the agreements provide no further obligation for the Company upon receipt of the minimum upfront license fee. As such, the earnings process is complete and revenue is recognized upon the execution of the agreement, when collectability is reasonably assured, or upon receipt of the minimum upfront license fee, and when all other revenue recognition criteria have been met.

Certain of our patent licensing agreements provide for future royalties or future payment obligations triggered upon satisfaction of conditions. Future royalties and future payments are recognized in revenue upon satisfaction of any related conditions, provided that all revenue recognition criteria, as described below, have been met.

We sell patents from our portfolios from time to time. These sales are part of our ongoing operations. Consequently, the related proceeds are recorded as revenue. We recognize the revenue when (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred, (iii) amounts are fixed or determinable, and (iv) collectability is reasonably assured.

Fees earned from IP consulting services are generally recognized as the services are performed.

The timing and amount of revenue recognized from IP monetization activities depend on the specific terms of each agreement and the nature of the deliverables and obligations. For agreements that are deemed to contain multiple elements, consideration is allocated to each element of an agreement that has stand-alone value using the relative fair value method. We recognize revenue when (i) persuasive evidence of an arrangement exists, (ii) all material obligations have been substantially performed pursuant to agreement terms or services have been rendered to the customer, (iii) amounts are fixed or determinable, and (iv) collectability is reasonably assured. As a result of the contractual terms of our patent monetization agreements and the unpredictable nature, form and frequency of monetizing transactions, our revenue may fluctuate substantially from period to period.

Stock-Based Compensation. We record stock-based compensation on stock options, stock appreciation rights, performance stock awards, restricted stock awards, restricted stock units and other stock awards issued to employees, directors, consultants and/or advisors based on the estimated fair value on the date of grant and recognize compensation cost over the requisite service period for awards expected to vest. The fair value of stock options and stock appreciation rights is estimated on the date of grant using the Black-Scholes option pricing model (“Black-Scholes Model”) based on the single option award approach. The fair value of restricted stock awards and restricted stock units is determined based on the number of shares granted and either the quoted market price of our Class A common stock on the date of grant for time-based and performance-based awards, or the fair value on the date of grant using the Monte Carlo Simulation model (“Monte Carlo Simulation”) for market-based awards. The fair value of stock options, restricted stock awards and restricted stock units with service conditions are amortized to expense on a straight-line basis over the requisite service periods of the awards, which is generally the vesting period. The fair value of stock options, stock appreciation rights, restricted stock awards and restricted stock units with performance conditions deemed probable of being achieved and cliff vesting is amortized to expense over the requisite service period using the straight-line method of expense recognition. The fair value of restricted stock awards and restricted stock units with performance and market conditions are amortized to expense over the requisite service period using the straight-line method of expense recognition. The fair value of stock-based payment awards as determined by the Black-Scholes Model and the Monte Carlo Simulation are affected by our stock price as well as other assumptions. These assumptions include, but are not limited to, the expected stock price volatility over the term of the awards and actual and projected employee stock option exercise behaviors. Forfeitures are estimated at the date of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Income Taxes. We must make certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments occur in the calculation of tax credits, tax benefits and deductions. Significant changes to these estimates may result in an increase or decrease to our tax provision in a subsequent period.

We must assess the likelihood that we will be able to recover our deferred tax assets. If recovery is not likely, we must record a valuation allowance against the deferred tax assets that we estimate will not ultimately be recoverable. Since our utilization of our deferred tax assets is dependent upon future taxable income that is not assured, we have recorded a valuation allowance sufficient to reduce the deferred tax assets to an amount that is more likely than not to be realized. However, should there be a change in our ability to recover our deferred tax assets, our tax provision would decrease or may result in a tax benefit in the period in which we determined that the recovery was more likely than not to occur.

The application of income tax law is inherently complex. As such, we are required to make many assumptions and judgments regarding our income tax positions and the likelihood whether such tax positions would be sustained if challenged. Interpretations and guidance surrounding income tax laws and regulations change over time, and changes in our assumptions and judgments can materially affect amounts recognized in our consolidated financial statements.

Contingencies. The outcomes of legal proceedings and claims brought by and against us are subject to significant uncertainty. We accrue an estimated loss from a loss contingency, such as a legal claim against us, by a charge to income if it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. We disclose a contingency if there is at least a reasonable possibility that a loss has been incurred. In determining whether a contingent loss should be accrued or disclosed, we evaluate, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of loss. Changes in these factors could materially impact our financial position, results of operations or cash flows. For contingencies that might result in a gain, we do not record the gain until realized.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue (Topic 606)*: *Revenue from Contracts with Customers*, which supersedes existing revenue recognition guidance under GAAP. The core principle of ASU 2014-09 is to recognize as revenue the amount that an entity expects to be entitled for goods or services at the time the goods or services are transferred to customers. ASU 2014-09 defines a five step process to achieve this core principle that will likely require more judgment and estimates within the revenue recognition process than are required under existing GAAP. In August 2015, the FASB issued ASU No. 2015-14, which deferred the effective date of the amendments in ASU No. 2014-09 to the annual reporting period beginning after December 15, 2017, with early adoption permitted beginning January 1, 2017. We are currently assessing the impact, if any, of implementing ASU 2014-09.

Key Components of Results of Operations

Revenue—We derive our operating revenue from IP monetization activities, including patent licensing and patent sales, and from IP consulting services, or a combination thereof. Although our revenue may occur in different forms, we regard our IP monetization activities as integrated and not separate revenue streams. For example, a third party relationship could involve consulting and licensing activities, or the acquisition of a patent portfolio could lead to licensing, consulting and patent sales revenue. Our revenues from IP monetization activities continue to depend in large part on our ability to enter into new license agreements with third parties. Because our licensing agreements often provide for the payment of upfront license fees rather than a royalty stream and as a result of the unpredictable nature, form and frequency of our transactions, our revenue may fluctuate substantially from period to period.

Cost of revenue—Cost of revenue consists of certain costs that are variable in nature and are directly attributable to our revenue generating activities including (i) payments to third parties to whom we have an obligation to share revenue, (ii) commissions, and (iii) success fees. Additionally, in periods when patent sales occur, cost of revenue includes the net book value and other related costs associated with the sold patents. Depending on the patents being monetized, revenue share payments as a percentage of revenues may vary significantly.

Patent administration and related costs—Patent administration and related costs are comprised of (i) patent-related maintenance and prosecution costs incurred to maintain our patents, (ii) other costs that support our patent monetization efforts, and (iii) costs associated with the abandonment of patents, including the write-off of any remaining net book value.

Patent litigation—Patent litigation costs consist of costs and expenses incurred in connection with our patent-related enforcement and litigation activities. These may include non-contingent or contingent fee obligations to external counsel.

General and administrative—General and administrative expenses are primarily comprised of (i) personnel costs, (ii) general legal fees, (iii) professional fees, (iv) acquisition investigation costs, and (v) general office related costs.

Stock-based compensation—Stock-based compensation expense includes expense associated with the granting of stock options, stock appreciation rights, restricted stock awards, restricted stock units and other stock awards issued to employees, directors, consultants and/or advisors based on the estimated fair value on the date of grant and expensed over the requisite service period for awards expected to vest.

Amortization of intangible assets—Amortization of intangible assets reflects the expensing of the cost to acquire intangible assets which are capitalized and amortized ratably over their estimated useful lives. Estimating the economic useful lives of our intangible assets depends on various factors including the remaining statutory life of the underlying assets as well as their expected period of benefit.

Results of Operations

The following table is provided to facilitate the discussion of our results of operations for the years ended December 31, 2015, 2014 and 2013 (in thousands):

	Year ended December 31,		
	2015	**2014**	**2013**
Revenue	$ 43,519	$42,534	$13,128
Cost of revenues	10,215	14,170	7,872
Patent administration and related costs	2,668	6,386	4,405
Patent litigation	13,076	9,880	4,564
General and administrative	16,750	27,467	25,939
Stock-based compensation	4,507	9,405	12,345
Amortization of intangibles	13,939	15,929	15,864
Impairment of intangibles and goodwill	103,499	11,013	—
Interest income	156	94	131
Interest expense	53	193	195
Gain on contingencies	6,095	—	—
Other expense	14	16	55
Income tax expense	2,631	6,303	—

Revenue. Our revenue of $43.5 million for the year ended December 31, 2015 increased by $1.0 million, or 2%, as compared to $42.5 million for the year ended December 31, 2014. The increase was primarily due to an increase in licensing revenue during the year ended December 31, 2015 as compared to 2014.

Revenue of $42.5 million for the year ended December 31, 2014 increased by $29.4 million, or more than 200%, as compared to $13.1 million for the year ended December 31, 2013. The increase was primarily due to license agreements covering memory and storage technologies entered into during the year ended December 31, 2014 and the absence of licensing revenue during the year ended December 31, 2013, partially offset by sales of certain patent portfolios in 2013.

Cost of Revenues. Cost of revenues of $10.2 million for the year ended December 31, 2015 decreased by $4.0 million, or 28%, as compared to $14.2 million for the year ended December 31, 2014. This decrease was primarily due to lower revenue share obligations in the year ended December 31, 2015 as compared to 2014.

Cost of revenues of $14.2 million for the year ended December 31, 2014 increased by $6.3 million, or 80%, as compared to $7.9 million for the year ended December 31, 2013. This increase was primarily due to costs associated with our March 2014 license agreement with Samsung, including payments to third parties to whom we have an obligation to share revenue, partially offset by $7.9 million of costs related to certain patents sold in 2013.

In future periods, cost of revenues as a percentage of revenue may vary significantly, depending upon related revenue share obligations arising from licensing arrangements and the sales price realized compared to the net book value of patents sold.

Patent Administration and Related Costs. Patent administration and related costs of $2.7 million for the year ended December 31, 2015 decreased by $3.7 million, or 58%, as compared to $6.4 million for the year ended December 31, 2014. The decrease was primarily due to a reduction in patent maintenance and prosecution costs resulting from the abandonment of patents during 2015 and 2014 that do not support our existing licensing programs.

Patent administration and related costs of $6.4 million for the year ended December 31, 2014 increased by $2.0 million, or 45%, as compared to $4.4 million for the year ended December 31, 2013. The increase in patent administration and related costs was primarily due to write-offs of the net book value of patents abandoned in 2014, partially offset by a reduction in patent maintenance and prosecution costs.

Patent Litigation. Patent litigation expenses of $13.1 million for the year ended December 31, 2015 increased by $3.2 million, or 32%, as compared to $9.9 million for the year ended December 31, 2014. The increase in patent litigation expenses was primarily due to trial cost reimbursements and contingent fees associated with our settlement and license agreement with Amazon.

Patent litigation expenses of $9.9 million for the year ended December 31, 2014 increased by $5.3 million, or 116%, as compared to $4.6 million for the year ended December 31, 2013. The increase in patent litigation expenses was primarily due to costs incurred by our subsidiary, ContentGuard, in its litigation efforts against Amazon, Apple, DirecTV, Google, HTC, Huawei, Motorola Mobility and Samsung.

General and Administrative. General and administrative expenses of $16.8 million for the year ended December 31, 2015 decreased $10.7 million, or 39%, as compared to $27.5 million for the year ended December 31, 2014. The decrease was primarily due to (i) $3.6 million reduction in employment expenses resulting from a lower headcount in 2015, (ii) a 2014 charge of $3.2 million for a lump-sum severance payment to our CEO who departed in November 2014, (iii) $1.5 million reduction in expenses associated with Provitro, (iv) $1.4 million reduction in amortized prepaid compensation expense associated with the acquisition of Ovidian in June 2011 (which was fully amortized as of June 2014), (v) $1.2 million decrease in expense associated with researching acquisition opportunities, and (vi) $0.8 million reduction in professional fees and other expenses partially offset by $1.0 million loss on the sale of the Provitro tangible assets and the disposal of corporate office assets.

General and administrative expenses of $27.5 million for the year ended December 31, 2014 increased $1.6 million, or 6%, as compared to $25.9 million for the year ended December 31, 2013. The increase was primarily due to (i) $3.2 million lump-sum severance payment to our CEO who departed in November 2014, (ii) $0.6 million increase in bonus expense, (iii) $0.6 million increase in expenses associated with researching acquisition opportunities, and (iv) $0.6 million increase in professional fees and other expenses, partially offset by (a) $1.5 million reduction in employment expenses resulting from a lower headcount, (b) $1.4 million reduction in amortized prepaid compensation expense associated with the acquisition of Ovidian in June 2011 (which was fully amortized as of June 2014), and (c) $0.5 million reduction in expenses associated with Provitro.

Stock-based Compensation. Stock-based compensation of $4.5 million for the year ended December 31, 2015 decreased by $4.9 million, or 52%, as compared to $9.4 million for the year ended December 31, 2014. The decrease in stock-based compensation expense was primarily due to the vesting of awards during the second quarter of 2014 and the accelerated vesting of awards in November 2014 associated with the departure of our former CEO for which no expense was incurred in 2015, partially offset by expense associated with awards issued in June 2015 to our new CEO.

Stock-based compensation of $9.4 million for the year ended December 31, 2014 decreased by $2.9 million, or 24%, as compared to $12.3 million for the year ended December 31, 2013. The decrease in stock-based compensation expense was primarily due to the vesting of awards in June 2013 for which no further expense is being incurred and the recapture of expense related to terminated employees, partially offset by $2.8 million of additional stock based compensation expense associated with the accelerated vesting of stock awards and the extension of the exercise period of vested options related to the November 2014 departure of our CEO.

Amortization of Intangibles. Amortization of intangibles of $13.9 million for the year ended December 31, 2015 decreased by $2.0 million, or 12%, as compared to $15.9 million for the year ended December 31, 2014. The decrease in amortization was primarily due to the abandonments of certain patents in 2015 and 2014 that do not support our existing licensing programs, the elimination of the amortization of the Provitro™ technology that was written down to zero in the fourth quarter of fiscal 2014, as well as the elimination of the amortization of the intangible assets that were impaired in the fourth quarter of 2015.

Amortization of intangibles was $15.9 million for both the year ended December 31, 2014 and 2013, with an increase in amortization due to the March 2013 acquisition of a portfolio of memory and storage technology patents offset by a reduction in amortization associated with sales and abandonments of certain patents in 2014.

Impairment of Intangibles and Goodwill. During the fourth quarter of the year ended December 31, 2015, we recorded an impairment charge of $103.5 million due to a reduction in the carrying value of our IP and goodwill as a result of the non-infringement verdicts in the Google and Apple litigation.

During the year ended December 31, 2014, we took an impairment charge of approximately $11.0 million, which was equal to our unamortized investment in the Provitro™ technology and related goodwill. The impairment resulted from the inability to identify near-term opportunities to commercialize the technology.

The Company recorded no such impairment charges during the year ended December 31, 2013.

Interest Income. Interest income for the years ended December 31, 2015, 2014 and 2013 was nominal and primarily related to interest earned on money market funds.

Interest Expense. Interest expense of $0.1 million for the years ended December 31, 2015, and $0.2 million for the year ended December 31, 2014 and 2013, consisted primarily of interest expense resulting from the installment payment obligations associated with intangible assets acquired during 2013. The payment obligation was satisfied in March 2015 and no further interest expense is being incurred.

Gain on Contingencies. Gain on contingencies of $6.1 million for the year ended December 31, 2015 was due to (i) $3.9 million from the disposition of assets associated with our former satellite business, (ii) $1.6 million, net of collection costs, upon the full and final settlement of all claims against the J&J Group, and (iii) $0.5 million from the release of a tax indemnification liability associated with our acquisition of Ovidian in June 2011.

Other Expense. Other expense for the year ended December 31, 2015, 2014 and 2013 was due to losses on foreign currency transactions.

Income Tax Expense. We did not have a U.S. federal income tax liability for the years ended December 31, 2015, 2014 or 2013. However, we recorded a tax provision of $4.1 million and $6.3 million for the year ended December 31, 2015 and 2014 related to foreign taxes withheld on revenue generated from a license agreement executed with a licensee domiciled in a foreign jurisdiction. In general, foreign taxes withheld may be claimed as a deduction on future U.S. corporate income tax returns, or as a credit against future U.S. federal income tax liabilities, subject to certain limitations. However, due to uncertainty regarding our ability to utilize the deduction or credit resulting from the foreign withholding, at December 31, 2015 and 2014, we established a full valuation allowance against this deferred tax asset. Additionally, during the year ended December 31, 2015, as a result of the impairment of certain indefinite-lived intangible assets, the deferred tax liability associated with these intangibles was decreased, resulting in a tax benefit of $1.5 million, resulting in a net tax provision for the year ended December 31, 2015 of $2.6 million.

Liquidity and Capital Resources

Overview. As of December 31, 2015, we had cash and cash equivalents of $162.5 million. Our primary expected cash needs for the next twelve months include ongoing operating costs associated with commercialization of our IP assets, expenses in connection with legal proceedings, and other general corporate purposes. We also expect to use our cash, and may incur debt or issue equity, to acquire or invest in other businesses or assets.

We believe our current balances of cash and cash equivalents and cash flows from operations will be adequate to meet our liquidity needs for the foreseeable future. Cash and cash equivalents in excess of our immediate needs are held in interest bearing accounts with financial institutions.

Cash Flows. Cash and cash equivalents were $162.5 million at December 31, 2015, compared to $168.8 million at December 31, 2014. The following table is provided to facilitate the discussion of our liquidity and capital resources for the years ended December 31, 2015 and 2014 (in thousands):

	Year ended December 31,	
	2015	2014
Net cash used in:		
Operating activities	$ (47)	$ (13,309)
Investing activities	(1,968)	(119)
Financing activities	(4,321)	(2,346)
Net decrease in cash and cash equivalents	(6,336)	(15,774)
Cash and cash equivalents—beginning of period	168,793	184,567
Cash and cash equivalents—end of period	$162,457	$168,793

The decrease in cash and cash equivalents for the year ended December 31, 2015 of $6.3 million was primarily due to $2.0 million utilized to acquire additional intangible assets in February 2015 and a $4.0 million payment in March 2015 of an accrued obligation associated with the 2013 acquisition of our memory and storage technologies portfolio.

For the year ended December 31, 2015, the $47,000 of cash used in operating activities consisted primarily of (i) revenue generated by operations of $43.5 million, (ii) $3.9 million from the disposition of assets associated with our former satellite business and (iii) $1.6 million, net of collection costs, upon the full and final settlement of all claims against the J&J Group, partially offset by (a) foreign taxes paid of $4.1 million, (b) $3.6 million decrease in accounts payable, accrued expenses and other liabilities, (c) $1.1 million increase in accounts receivable, prepaids and other current/non-current assets, and (d) operating expenses of $164.7 million adjusted for various non-cash items including (i) $103.5 million of impairment of intangibles and goodwill, (ii) $13.9 million of amortization expense associated with patents and other intangibles, (iii) $4.5 million of stock-based compensation expense, (iv) $1.0 million of loss on the sale of the Provitro assets and the disposal of corporate office assets, (v) $1.0 million of non-cash loss associated with the abandonment of patents, (vi) $0.4 million of depreciation expense, and (vii) $0.1 million of cost associated with patents sold.

For the year ended December 31, 2014, the $13.3 million of cash used in operating activities consisted primarily of operating expenses of $94.3 million adjusted for various non-cash items, including (i) $15.9 million of amortization expense associated with patents and other intangible assets, (ii) $11.0 million of impairment of intangibles and goodwill, (iii) $9.4 million of stock-based compensation expense, (iv) $2.8 million of non-cash loss associated with the abandonment of patents, (v) $1.4 million of amortized prepaid compensation expense associated with the acquisition of Ovidian in June 2011, (vi) $0.8 million of cost associated with patents sold, and (vii) $0.6 million of depreciation and other noncash expenses, as well as foreign taxes paid of $6.3 million, partially offset by (a) revenue generated by operations of $42.5 million, (b) $1.5 million increase in accounts payable and accrued expenses, and (c) $1.2 million decrease in accounts receivable and prepaid expenses.

For the year ended December 31, 2015, the $1.9 million of cash used in investing activities was primarily due to the $2.0 million acquisition of intangible assets in February 2015, partially offset by $0.1 million of proceeds associated with the disposition of property and intangible assets. For the year ended December 31, 2014, the $0.1 million of cash used in investing activities was primarily due to the acquisition of property and intangible assets.

For the year ended December 31, 2015, the $4.3 million of cash used in financing activities consisted of a $4.0 million payment of an accrued obligation associated with the 2013 purchase of property and intangible assets and $0.4 million payment to acquire the minority partner's interest in Provitro, partially offset by net proceeds of $0.1 million related to stock option/award activities.

For the year ended December 31, 2014, the $2.3 million of cash used in financing activities consisted of a $2.0 million payment of an accrued obligation associated with the 2013 purchase of property and intangible assets and $0.8 million utilized to pay statutory taxes related to vesting of restricted stock awards, offset by $0.4 million in proceeds from the exercise of stock options.

Contractual Obligations. Our primary contractual obligations relate to operating lease agreements for our main office location in Kirkland, Washington and our office in Plano, Texas. Our contractual obligations as of December 31, 2015 were as follows (in millions):

	Years ending December 31,				
	Total	2016	2017-2018	2019-2020	2020 and Thereafter
Operating lease obligations	$1.5	$0.4	$0.9	$0.2	$—

Inflation

The impact of inflation on our consolidated financial condition and results of operations was not significant during any of the years presented.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Annual Report

Item 7A.   Quantitative and Qualitative Disclosures About Market Risk.

We have assessed our vulnerability to certain market risks, including interest rate risk associated with our accounts receivable, accounts payable, other liabilities, and cash and cash equivalents and foreign currency risk associated with our cash held in foreign currencies.

As of December 31, 2015, our cash and investment portfolio consisted of both cash and money market funds, with a fair value of $162.5 million. The primary objective of our investments in money market funds is to preserve principal, while optimizing returns and minimizing risk, and our policies require, at the time of purchase, that we make these investments in short-term, high rated securities which currently yield between zero to 15 basis points.

	December 31, 2015
Cash	$ 26,951
Money market funds	135,506
	$162,457

Our primary foreign currency exposure relates to cash balances in foreign currencies. Due to the small balances we hold, we have determined that the risk associated with foreign currency fluctuations is not material to us.

Item 8. Financial Statements and Supplementary Data.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders

Pendrell Corporation

We have audited the accompanying consolidated balance sheets of Pendrell Corporation (a Washington corporation) and subsidiaries (the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of operations, changes in shareholders' equity, and cash flows for each of the two years in the period ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Pendrell Corporation and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the two years in the period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2015, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 4, 2016 expressed an unqualified opinion.

/s/ GRANT THORNTON LLP

Seattle, Washington
March 4, 2016

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Pendrell Corporation
Kirkland, Washington

We have audited the accompanying consolidated statements of operations, cash flows, and changes in shareholders' equity for Pendrell Corporation and subsidiaries (the "Company") for the year ended December 31, 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the results of operations and cash flows of Pendrell Corporation and subsidiaries for the year ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP

Seattle, Washington
March 10, 2014

Pendrell Corporation

Consolidated Balance Sheets
(In thousands, except share data)

	December 31, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 162,457	$ 168,793
Accounts receivable	87	131
Other receivables—net of reserve of $0 and $2,750, respectively	1,329	69
Prepaid expenses and other current assets	384	774
Total current assets	164,257	169,767
Property in service—net of accumulated depreciation of $512 and $1,227, respectively	118	3,372
Other assets	2,140	54
Intangible assets—net of accumulated amortization of $54,523 and $43,567, respectively	14,377	109,702
Goodwill	—	21,209
Total	$ 180,892	$ 304,104
LIABILITIES, SHAREHOLDERS' EQUITY AND NONCONTROLLING INTERESTS		
Current liabilities:		
Accounts payable	$ 140	$ 281
Accrued expenses	4,292	5,824
Other liabilities	119	6,891
Total current liabilities	4,551	12,996
Deferred tax liability	—	1,521
Total liabilities	4,551	14,517
Commitments and contingencies (Note 9)		
Shareholders' equity and noncontrolling interests:		
Preferred stock, $0.01 par value, 75,000,000 shares authorized, no shares issued or outstanding	—	—
Class A common stock, $0.01 par value, 900,000,000 shares authorized 271,879,107 and 270,745,381 shares issued, and 214,110,215 and 212,976,489 shares outstanding	2,144	2,132
Class B convertible common stock, $0.01 par value, 150,000,000 shares authorized, 84,663,382 shares issued and 53,660,000 shares outstanding	537	537
Additional paid-in capital	1,958,376	1,952,880
Accumulated deficit	(1,780,823)	(1,671,135)
Total Pendrell shareholders' equity	180,234	284,414
Noncontrolling interests	(3,893)	5,173
Total shareholders' equity and noncontrolling interests	176,341	289,587
Total	$ 180,892	$ 304,104

The accompanying notes are an integral part of these consolidated financial statements.

Pendrell Corporation

Consolidated Statements of Operations
(In thousands, except share and per share data)

	Year ended December 31, 2015	2014	2013
Revenue	$ 43,519	$ 42,534	$ 13,128
Operating expenses:			
Cost of revenues	10,215	14,170	7,872
Patent administration and related costs	2,668	6,386	4,405
Patent litigation	13,076	9,880	4,564
General and administrative	16,750	27,467	25,939
Stock-based compensation	4,507	9,405	12,345
Amortization of intangibles	13,939	15,929	15,864
Impairment of intangibles and goodwill	103,499	11,013	—
Total operating expenses	164,654	94,250	70,989
Operating loss	(121,135)	(51,716)	(57,861)
Interest income	156	94	131
Interest expense	(53)	(193)	(195)
Gain on contingencies	6,095	—	—
Other expense	(14)	(16)	(55)
Loss before income taxes	(114,951)	(51,831)	(57,980)
Income tax expense	(2,631)	(6,303)	—
Net loss	(117,582)	(58,134)	(57,980)
Net loss attributable to noncontrolling interests	(7,902)	(7,132)	(2,918)
Net loss attributable to Pendrell	$ (109,680)	$ (51,002)	$ (55,062)
Basic and diluted loss per share attributable to Pendrell	$ (0.41)	$ (0.19)	$ (0.21)
Weighted average shares outstanding used to compute basic and diluted loss per share	265,707,324	264,407,498	262,119,403

The accompanying notes are an integral part of these consolidated financial statements.

Pendrell Corporation

Consolidated Statements of Changes in Shareholders' Equity
(In thousands, except share data)

	Common stock			Additional paid-in capital	Accumulated deficit	Shareholder's Equity	Noncontrolling interests	Total
	Class A shares	Class B shares	Amount					
Balance, January 1, 2013	211,682,074	53,660,000	$2,655	$1,929,526	$(1,563,999)	$ 368,182	$ 7,678	$ 375,860
Vesting of Class A common stock issued for Ovidian Acquisition	—	—	—	1,743	—	1,743	—	1,743
Issuance of Class A common stock from exercise of stock options	165,312	—	2	184	—	186	—	186
Class A common stock withheld at vesting to cover statutory tax obligations	(567,728)	—	(6)	(1,722)	(932)	(2,660)	—	(2,660)
Stock-based compensation and issuance of restricted stock, net of forfeitures	1,171,566	—	12	12,087	—	12,099	—	12,099
Noncontrolling interest in Provitro	—	—	—	—	—	—	7,545	7,545
Net loss	—	—	—	—	(55,062)	(55,062)	(2,918)	(57,980)
Balance, December 31, 2013	212,451,224	53,660,000	$2,663	$1,941,818	$(1,619,993)	$ 324,488	$12,305	$ 336,793
Vesting of Class A common stock issued for Ovidian acquisition	—	—	—	2,229	—	2,229	—	2,229
Issuance of Class A common stock from exercise of stock options	514,938	—	5	424	—	429	—	429
Class A common stock withheld at vesting to cover statutory tax obligations	(161,823)	—	(2)	(633)	(140)	(775)	—	(775)
Stock-based compensation and issuance of restricted stock, net of forfeitures	172,150	—	3	9,042	—	9,045	—	9,045
Net loss	—	—	—	—	(51,002)	(51,002)	(7,132)	(58,134)
Balance, December 31, 2014	212,976,489	53,660,000	$2,669	$1,952,880	$(1,671,135)	$ 284,414	$ 5,173	$ 289,587
Issuance of Class A common stock from exercise of stock options	358,350	—	4	215	—	219	—	219
Class A common stock withheld at vesting to cover statutory tax obligations	(38,813)	—	(1)	(131)	(8)	(140)	—	(140)
Stock-based compensation and issuance of restricted stock, net of forfeitures	1,156,689	—	12	4,693	—	4,705	—	4,705
Repurchase of restricted stock	(250,000)	—	(2)	—	—	(2)	—	(2)
Shares received through divesture of Ovidian	(92,500)	—	(1)	(45)	—	(46)	—	(46)
Purchase of noncontrolling interest in Provitro Biosciences LLC	—	—	—	764	—	764	(1,164)	(400)
Net loss	—	—	—	—	(109,680)	(109,680)	(7,902)	(117,582)
Balance, December 31, 2015	214,110,215	53,660,000	$2,681	$1,958,376	$(1,780,823)	$ 180,234	$(3,893)	$ 176,341

The accompanying notes are an integral part of these consolidated financial statements.

Pendrell Corporation

Consolidated Statements of Cash Flows
(In thousands, except share data)

	Year ended December 31,		
	2015	**2014**	**2013**
Operating activities:			
Net loss including noncontrolling interest	$(117,582)	$ (58,134)	$ (57,980)
Adjustments to reconcile net loss to net cash used in operating activities:			
Stock-based compensation	4,507	9,405	12,345
Amortization of prepaid compensation from Ovidian acquisition	—	1,380	2,763
Amortization of intangible assets	13,939	15,929	15,864
Impairment of intangible assets and goodwill	103,499	11,013	—
Depreciation	351	523	472
Non-cash cost of patents monetized	138	794	252
Loss associated with the abandonment and/or disposition of patents	958	2,765	46
Loss on the disposition of property	1,015	—	—
Other	3	222	198
Other changes in certain assets and liabilities, net of acquisitions:			
Accounts receivable	44	271	8,128
Other receivables	(12)	(31)	818
Prepaid expenses and other current/non-current assets	(1,096)	969	(239)
Accounts payable	(141)	115	(409)
Accrued expenses and other current/non-current liabilities	(5,670)	1,470	2,591
Net cash used in operating activities	(47)	(13,309)	(15,151)
Investing activities:			
Purchases of property and intangible assets	(2,077)	(119)	(2,356)
Proceeds associated with disposition of property	109	—	—
Acquisition of controlling interest in Provitro, net of cash acquired	—	—	(9,204)
Net cash used in investing activities	(1,968)	(119)	(11,560)
Financing activities:			
Proceeds from exercise of stock options	219	429	185
Payment of statutory taxes for stock awards	(140)	(775)	(2,660)
Payment of accrued obligations for purchased intangible assets	(4,000)	(2,000)	—
Purchase of noncontrolling interest in Provitro Biosciences LLC	(400)	—	—
Net cash used in financing activities	(4,321)	(2,346)	(2,475)
Net decrease in cash and cash equivalents	(6,336)	(15,774)	(29,186)
Cash and cash equivalents—beginning of period	168,793	184,567	213,753
Cash and cash equivalents—end of period	$ 162,457	$168,793	$184,567
Supplemental disclosures:			
Income taxes paid	$ 4,125	$ 6,272	$ —
Income taxes received	—	—	751
Supplemental disclosure of non-cash investing and financing activities:			
Accrued obligations for purchases of property and intangible assets	—	—	5,573
Note receivable for disposition of property	1,900	—	—

The accompanying notes are an integral part of these consolidated financial statements.

Pendrell Corporation

Notes to Consolidated Financial Statements

1. Organization and Business

Overview—These consolidated financial statements include the accounts of Pendrell Corporation ("Pendrell") and its consolidated subsidiaries (collectively referred to as the "Company"). Since 2011, the Company's strategy, through its consolidated subsidiaries, has been to invest in, acquire and develop businesses with unique technologies that are often protected by intellectual property ("IP") rights, and that present the opportunity to address large, global markets. The Company's subsidiaries focus on licensing the IP rights they hold to third parties and pursuing relevant product opportunities. The Company regularly evaluates its existing investments to determine whether retention or disposition is appropriate, and investigates new investment and business acquisition opportunities. Since 2011, the Company has also advised its clients on various IP strategies and transactions. However, on December 31, 2015, the Company sold its consulting business, Ovidian Group LLC, for 92,500 shares of its Class A common stock and nominal cash consideration.

The Company was formed in 2000 to operate a next generation global mobile satellite communications system. The Company began its exit from the satellite business in 2011 with the sale of its interests in DBSD North America, Inc. and its subsidiaries (collectively referred to as "DBSD") to DISH Network Corporation ("DISH Network"). During 2012, the Company completed its exit with (i) the sale of its medium earth orbit ("MEO") satellite assets ("MEO Assets") that had been in storage for nominal consideration, (ii) the transfer of its in-orbit MEO satellite ("F2") to a new operator who assumed responsibility for all F2 operating costs effective April 1, 2012 and (iii) the deconsolidation of its MEO-related international subsidiaries ("International Subsidiaries").

2. Summary of Significant Accounting Policies

Principles of Consolidation and Basis of Presentation—The consolidated financial statements of the Company include the assets and liabilities of its wholly-owned subsidiaries and subsidiaries it controls or in which it has a controlling financial interest. Noncontrolling interests on the consolidated balance sheets include third-party investments in entities that the Company consolidates, but does not wholly own. Noncontrolling interests are classified as part of equity and the Company allocates net income (loss), other comprehensive income (loss) and other equity transactions to its noncontrolling interests in accordance with their applicable ownership percentages. All intercompany transactions and balances have been eliminated in consolidation. All information in these financial statements is in U.S. dollars. These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

In February 2015, the Company acquired the minority partner's interest in Provitro Biosciences LLC ("Provitro") for nominal consideration resulting in 100% ownership of Provitro. The Company continues to have a minority partner in its ContentGuard Holdings, Inc. ("ContentGuard") subsidiary.

Segment Information—The Company operates in and reports on one segment (IP management). Operating segments are based upon the Company's internal organization structure, the manner in which its operations are managed, and the criteria used by its Chief Operating Decision Maker. Substantially all of the Company's revenue is generated by operations located within the United States, and the Company does not have any long-lived assets located in foreign countries.

Use of Estimates—The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from these estimates.

On an ongoing basis, the Company evaluates its estimates, including among others, those related to the fair value of acquired intangible assets and goodwill, the useful lives and potential impairment of intangible assets and property and equipment, the value of stock awards for the purpose of determining stock-based compensation expense, accrued liabilities (including bonus accruals), valuation allowances related to the ability to realize deferred tax assets, allowances for doubtful receivables and certain tax liabilities. Estimates are based on historical experience and other factors, including the current economic environment as deemed appropriate under the circumstances. Estimates and assumptions are adjusted when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Any changes in estimates used to prepare these financial statements will be reflected in the financial statements in future periods.

Cash and Cash Equivalents—Cash and cash equivalents are defined as short-term, highly liquid investments with original maturities from the date of purchase of 90 days or less. Cash and cash equivalents are comprised of the following (in thousands):

	December 31,	
	2015	2014
Cash	$ 26,951	$ 18,403
Money market funds	135,506	150,390
	$162,457	$168,793

The fair value of money market funds at December 31, 2015 and 2014 was classified as Level 1 in the hierarchy established by the Financial Accounting Standards Board ("FASB") as amounts were based on quoted prices available in active markets for identical investments as of the reporting date.

Accounts Receivable—Accounts receivable consists of amounts billed to customers under licensing arrangements, patent sales arrangements or consulting services. For the periods ended December 31, 2015 and December 31, 2014, the Company did not incur any losses on its accounts receivable. Based upon historical collections experience and specific client information, the Company has determined that an allowance for doubtful accounts was not required at either December 31, 2015 or December 31, 2014. Carrying amounts of such receivables approximate their fair value due to their short-term nature.

Prepaid Expenses and Other Current Assets—As of December 31, 2015 and 2014 prepaid expenses and other current assets consisted primarily of insurance prepayments and prepayments related to rent and security deposits associated with certain of the Company's leased facilities.

Property in Service—Property in service consists primarily of computer equipment, software, furniture and fixtures and leasehold improvements. Property in service is recorded at cost, net of accumulated depreciation, and is depreciated using the straight-line method. Computer equipment and furniture and fixtures are depreciated over their estimated useful lives ranging from three to five years. Software is depreciated over the shorter of its contractual license period or three years. Leasehold improvements are amortized over the shorter of their estimated useful lives or the term of the respective lease. Significant additions and improvements to property in service are capitalized. Repair and maintenance costs are expensed as incurred.

Business Combinations—The Company accounts for business combinations using the acquisition method and, accordingly, the identifiable assets acquired and liabilities assumed are recorded at their acquisition date fair values. This valuation requires management to make significant estimates and assumptions, especially with respect to intangible assets. Valuation methodologies may include the cost, market or income approach. Critical estimates in valuing intangible assets include but are not limited to estimates about: future expected cash flows from customers, proprietary technology, the acquired company's brand awareness and market position and discount rates. The estimates are based upon assumptions the Company believes to be reasonable, but which are inherently uncertain and unpredictable. Goodwill is calculated as the excess of the purchase price over the fair value of net assets, including the amount assigned to identifiable intangible assets. Subsequent changes to assets, liabilities, valuation allowance or uncertain tax positions that relate to the acquired company and existed at the acquisition date that occur both within the measurement period and as a result of new information about facts and circumstances that existed at the acquisition date are recognized as an adjustment to goodwill. Acquisition-related costs, including advisory, legal, accounting, valuation and other costs, are expensed in the periods in which the costs are incurred. The results of operations of acquired businesses are included in the consolidated financial statements from the acquisition date.

Intangible Assets and Goodwill—The Company amortizes finite-lived intangible assets, including patents, acquired in purchase transactions over their expected useful lives. The Company assigns goodwill and indefinite-lived intangible assets to its reporting units based on the expected benefit from the synergies arising from each business combination.

The Company evaluates finite-lived intangible assets when events or circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. These events or circumstances could include: a significant change in the business climate, legal factors, operating performance indicators, or changes in technology or customer requirements. Recoverability of an asset or asset group is measured by a comparison of the carrying amount to the future undiscounted net cash flows expected to be generated by the asset or asset group over its life. This comparison requires management to make judgments regarding estimated future cash flows. The Company's ability to realize the estimated future cash flows may be affected by factors such as changes in operating performance, changes in business strategy, invalidation of patents, unfavorable judgments in legal proceedings and changes in economic conditions. If the Company's estimates of the undiscounted cash flows do not equal or exceed the carrying value of the asset or asset group, an impairment charge equal to the amount by which the recorded value of the asset or asset group exceeds its fair value is recognized.

The Company evaluates goodwill for impairment on an annual basis during the fourth quarter, or more frequently if circumstances indicate that the carrying value of a Company reporting unit may exceed its fair value. When evaluating goodwill and indefinite-lived intangible assets for impairment, the Company first performs a qualitative assessment to determine if fair value of the reporting unit is more likely than not greater than the carrying amount. If this assessment indicates that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then the Company further evaluates the estimated fair value of the reporting unit through the use of discounted cash flow models, which requires management to make significant judgments as to the estimated future cash flows utilized. The Company's ability to realize the future cash flows utilized in its fair value calculations may be affected by factors such as changes in its operating performance, changes in its business strategy, invalidation of its patents, unfavorable judgments in legal proceedings and changes in economic conditions. The results of the models are compared to the carrying amount of the reporting unit. If such comparison indicates that the fair value of the reporting unit is lower than the carrying amount, impairment would exist and the impairment charge would be measured by comparing the implied fair value of the reporting unit's goodwill to its carrying value.

During 2015, the Company determined that a portion of its intellectual property assets and goodwill were impaired and recognized an impairment charge of $103.5 million for the year ended December 31, 2015. During 2014, the Company recognized an impairment charge of $11.0 million related to intangibles and goodwill of its Provitro asset group. See Note 6, Intangible Assets and Goodwill for further details. The Company recorded no such impairments during 2013.

Fair Value of Financial Instruments—The Company determines the fair value of its financial instruments based on the fair value hierarchy established by the FASB. The three levels of inputs used to measure fair value are as follows:

Level 1—Quoted prices in active markets for identical assets and liabilities.

Level 2—Quoted prices in active markets for similar assets and liabilities or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3—Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

As of December 31, 2015 and 2014, the Company's financial instruments included its cash and cash equivalents, accounts receivable, other receivables, accounts payable and certain other assets and liabilities. The Company has determined that the carrying value of its financial instruments, based on the hierarchy established by the FASB, approximates the fair value of the financial instruments as they are equivalent to cash or due to their short-term nature.

Foreign Currency Translation and Foreign Currency Transactions and Accumulated Other Comprehensive Income (Loss)—The reporting currency for the Company's operations is U.S. dollars. The Company translates the activities of its subsidiaries with functional currencies other than the U.S. dollar at the average exchange rate prevailing during the period. Gains and losses on foreign currency transactions are recognized as a component of other income (expense) in the consolidated statements of operations in the period in which they occur. Assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the balance sheet date. Translation adjustments resulting from these processes are recognized as a component of accumulated other comprehensive income (loss).

For the years ended, December 31, 2015, 2014 and 2013, there were no gains or losses on intercompany foreign currency translations.

The Company recognizes applicable cumulative translation adjustments as a component of other operating income (loss) in the period in which a subsidiary is substantially liquidated or deconsolidated. For the year ended December 31, 2015, 2014 and 2013, there were no reclassifications of cumulative translation gains or losses resulting from the deconsolidation or liquidation of subsidiaries.

Revenue Recognition—The Company derives its operating revenue from IP monetization activities, including patent licensing and patent sales, and from IP consulting services. Although the Company's revenue may occur in different forms, it regards its IP monetization activities as integrated and not separate revenue streams. For example, a third party relationship could involve consulting and licensing activities, or the acquisition of a patent portfolio can lead to licensing, consulting and patent sales revenue.

The Company's patent licensing agreements often provide for the payment of contractually determined upfront license fees representing all or a majority of the revenue that will be generated from such agreements for nonexclusive, nontransferable, limited duration licenses. These agreements typically grant (i) a nonexclusive license to make, sell, distribute, and use certain specified products that read on the Company's patents, (ii) a covenant not to enforce patent rights against the licensee based on such activities, and (iii) the release of the licensee from certain claims. Generally, the agreements provide no further obligation for the Company upon receipt of the minimum upfront license fee. As such, the earnings process is complete and revenue is recognized upon the execution of the agreement, when collectability is reasonably assured, or upon receipt of the minimum upfront license fee, and when all other revenue recognition criteria have been met.

Certain of the Company's patent licensing agreements provide for future royalties or future payment obligations triggered upon satisfaction of conditions. Future royalties and future payments are recognized in revenue upon satisfaction of any related conditions, provided that all revenue recognition criteria, as described below, have been met.

The Company sells patents from its portfolios from time to time. These sales are part of the Company's ongoing operations. Consequently, the related proceeds are recorded as revenue.

The timing and amount of revenue recognized from IP monetization activities depend on the specific terms of each agreement and the nature of the deliverables and obligations. Fees earned from IP consulting services are generally recognized as the services are performed. For agreements that are deemed to contain multiple elements, consideration is allocated to each element of an agreement that has stand-alone value using the relative fair value method. The Company recognizes revenue when (i) persuasive evidence of an arrangement exists, (ii) all material obligations have been substantially performed pursuant to agreement terms, services have been rendered to the customer or delivery has occurred, (iii) amounts are fixed or determinable, and (iv) collectability is reasonably assured. As a result of the contractual terms of our patent monetization agreements and the unpredictable nature, form and frequency of monetizing transactions, our revenue may fluctuate substantially from period to period.

Research and Development**—**The Company incurs costs associated with research and development activities and expenses the costs in the period incurred. Research and development expenses during the period were not material for separate disclosure and are included in general and administrative expenses.

Stock-Based Compensation**—**The Company records stock-based compensation on stock options, stock appreciation rights, restricted stock awards, restricted stock units and other stock awards issued to employees, directors, consultants and/or advisors based on the estimated fair value on the date of grant and recognizes compensation cost over the requisite service period for awards expected to vest. The fair value of stock options and stock appreciation rights is estimated on the date of grant using the Black-Scholes option pricing model ("Black-Scholes Model") based on the single option award approach. The fair value of restricted stock awards and restricted stock units is determined based on the number of shares granted and either the quoted market price of the Company's Class A common stock on the date of grant for time-based and performance-based awards, or the fair value on the date of grant using the Monte Carlo Simulation model ("Monte Carlo Simulation") for market-based awards. The fair value of stock options, restricted stock awards and restricted stock units with service conditions are amortized to expense on a straight-line basis over the requisite service periods of the awards, which is generally the vesting period. The fair value of stock options, stock appreciation rights, restricted stock awards and restricted stock units with performance conditions deemed probable of being achieved and cliff vesting is amortized to expense over the requisite service period using the straight-line method of expense recognition. The fair value of restricted stock awards and restricted stock units with performance and market conditions are amortized to expense over the requisite service period using the straight-line method of expense recognition. The fair value of stock-based payment awards as determined by the Black-Scholes Model and the Monte Carlo Simulation are affected by the Company's stock price as well as other assumptions. These assumptions include, but are not limited to, the expected stock price volatility over the term of the awards and actual and projected employee stock option exercise behaviors. Forfeitures are estimated at the date of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

The Company accounts for the modification of the terms or conditions of a stock-based payment award as an exchange of the original award for a new award. Compensation expense for modified stock-based payment awards is equal to the fair value of the original award plus the incremental cost conveyed as a result of the modification expensed over the remaining life of the award.

Income Taxes**—**The Company accounts for income taxes using the asset and liability method under which deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. A valuation allowance against deferred tax assets ("DTAs") is recorded when it is more likely than not that the assets will not be realized.

The Company records an unrecognized tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the tax authorities. The Company's policy is to recognize interest and/or penalties related to unrecognized tax benefits as income tax expense.

Contingencies—Outcomes of legal proceedings and claims brought by and against the Company are subject to significant uncertainty. The Company accrues an estimated loss from a loss contingency, such as a legal claim, by a charge to income if it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. The Company discloses a contingency if there is at least a reasonable possibility that a loss has been incurred. In determining whether a contingent loss should be accrued or disclosed, the Company evaluates, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of loss. Changes in these factors could materially impact the Company's financial position, results of operations or cash flows. For contingencies that might result in a gain, the Company does not record the gain until realized.

Loss Per Share—Basic loss per share is calculated based on the weighted average number of Class A common stock and Class B common stock (the "Common Shares") outstanding during the period. Diluted loss per share is calculated by dividing the loss allocable to common shareholders by the weighted average Common Shares outstanding plus dilutive potential Common Shares. Prior to the satisfaction of vesting conditions, unvested restricted stock awards are considered contingently issuable and are excluded from weighted average Common Shares outstanding used for computation of basic loss per share.

Potential dilutive Common Shares consist of the incremental Class A common stock issuable upon the exercise of outstanding stock options (both vested and non-vested), stock appreciation rights, and unvested restricted stock awards and units, calculated using the treasury stock method. The calculation of dilutive loss per share for the years ended December 31, 2015, 2014 and 2013 excludes all potential dilutive Common Shares as their inclusion would have been antidilutive.

The following table sets forth the computation of basic and diluted loss per share (in thousands, except share and per share data):

	Year ended December 31,		
	2015	2014	2013
Net loss attributable to Pendrell	$ (109,680)	$ (51,002)	$ (55,062)
Weighted average common shares outstanding	267,136,845	266,336,617	265,684,341
Less: weighted average unvested restricted stock awards	(1,429,521)	(1,929,119)	(3,564,938)
Shares used for computation of basic and diluted loss per share(1)	265,707,324	264,407,498	262,119,403
Basic and diluted loss per share attributable to Pendrell	$ (0.41)	$ (0.19)	$ (0.21)

(1) Stock options, stock appreciation rights, restricted stock awards and units totaling 27,847,870, 28,113,540 and 34,408,579 for the years ended December 31, 2015, 2014 and 2013, respectively, were excluded from the calculation of diluted loss per share as their inclusion was anti-dilutive.

New Accounting Pronouncements—In May 2014, the "FASB" issued Accounting Standard Update ("ASU") No. 2014-09, *Revenue (Topic 606)*: *Revenue from Contracts with Customers*, which supersedes existing revenue recognition guidance under GAAP. The core principle of ASU 2014-09 is to recognize as revenue the amount that an entity expects to be entitled for goods or services at the time the goods or services are transferred to customers. ASU 2014-09 defines a five step process to achieve this core principle that will likely require more judgment and estimates within the revenue recognition process than are required under existing GAAP. In August 2015, the FASB issued ASU No. 2015-14, which deferred the effective date of the amendments in ASU No. 2014-09 to the annual reporting period beginning after December 15, 2017, with early adoption permitted beginning January 1, 2017. The Company is currently assessing the impact, if any, of implementing ASU 2014-09.

3. Provitro

In February 2013, the Company acquired a 68.75% interest in Provitro, the developer of the Provitro™ proprietary micro-propagation technology that is designed to facilitate the production on a commercial scale of certain plants, particularly timber bamboo. In February 2015, the Company acquired the minority partner's interest in Provitro for nominal consideration resulting in 100% ownership of Provitro. The assets and liabilities of Provitro were measured at fair value as of the acquisition date. The assets, liabilities and activities of Provitro since the date of acquisition in February 2013 have been included in the Company's consolidated financial statements.

From acquisition through the year ended December 31, 2014, the Company attempted to develop a strategy to commercialize the Provitro™ technology, but did not generate revenue from the technology. In January 2015, the Company suspended further development of the Provitro™ technology due to the Company's inability to identify near-term opportunities for commercialization. The Company began seeking a buyer for Provitro's assets and took an $11.0 million impairment charge during the fourth quarter of its year ended December 31, 2014. The impairment charge was equal to the sum of its unamortized investment in the Provitro™ technology and the goodwill associated with its acquisition of Provitro.

In September 2015, the Company sold Provitro's facility and related tangible assets for $2.0 million, resulting in a $0.7 million loss which is included in general and administrative expenses for the year ended December 31, 2015. The purchase price will be paid in installments of which $0.1 million was paid immediately, $1.3 million will be paid within twelve months and is included in other current receivables and the remaining $0.6 million is due in March 2017 and is included in other non-current assets. Additionally, in December 2015, the Company sold its rights to Provitro's micro-propagation technology, resulting in a nominal amount of revenue.

4. Other Receivables

As of December 31, 2015, other receivables consisted primarily of a $1.3 million note receivable related to the sale of Provitro's assets in September 2015. As of December 31, 2014, other receivables consisted primarily of a receivable due from Jay & Jayendra (Pty) Ltd, a South African corporation or its designated affiliate (collectively, the "J&J Group") for reimbursement of operating expenses related to the Company's MEO Assets of $2.7 million and a corresponding full reserve against the receivable as a result of the J&J Group's failure to fulfill its obligation to reimburse the Company. In November 2015, the Company entered into a settlement agreement with the J&J Group whereby it received approximately $1.6 million, net of collection costs, in full and final settlement of all claims against the J&J Group which was recorded as a gain on contingencies in the statements of operations for the year ended December 31, 2015. Other receivables also include amounts for state income taxes, interest and other miscellaneous items.

5. Other Assets

As of December 31, 2015, other assets consisted primarily of a $1.5 million receivable for royalty revenue due in 2018 and 2019; and a $0.6 million receivable, due in March 2017, related to the sale of Provitro's assets in September 2015. Additionally, other assets as of December 31, 2015 and 2014 included long-term security deposits associated with the Company's leased facilities.

6. Intangible Assets and Goodwill

2015 Impairment of Intangibles and Goodwill

In November 2015, as a result of the non-infringement verdicts in the Google Litigation and Apple Litigation, the Company revised its projected cash flows for its intangible assets, triggering an impairment analysis of its intangible assets and goodwill. The Company records an impairment charge on its intangible assets if it determines that their carrying value may not be recoverable. The carrying value is not recoverable if it exceeds the undiscounted cash flows resulting from the use of the asset and its eventual disposition. When the Company determines that the carrying value of its intangible assets may not be recoverable, the Company measures the potential impairment based on a projected discounted cash flow method using a discount rate determined by its management to be commensurate with the risk inherent in its current business model. An impairment loss is recognized only if the carrying amount of the intangible assets exceeds its estimated fair value. An impairment charge is recorded to reduce the pre-impairment carrying amount of the intangible assets to their estimated fair value.

Determining the fair value is highly judgmental in nature and requires the use of significant estimates and assumptions considered to be Level 3 fair value inputs, including anticipated future revenue opportunities, operating margins, and discount rates, among others. The estimated fair value of the intangible assets was determined based on the income approach, as it was deemed to be most indicative of the Company's fair value in an orderly transaction between market participants. Under the income approach the Company determined fair value based on estimated future cash flows resulting from licensing its intangible assets. The estimated cash flows were discounted by an estimated weighted-average cost of capital which reflects the overall level of inherent risk of the Company and the rate of return an outside investor would expect to earn. Upon completion of the analysis, the Company concluded that the estimated fair value of its intangible assets was less than their carrying amount and recorded an impairment charge of $82.3 million, which is included in "Impairment of intangibles and goodwill" in the accompanying Consolidated Statements of Operations.

The Company then evaluated the carrying value of its goodwill by estimating the fair value of the reporting unit through the use of discounted cash flow models, which required management to make significant judgments as to the estimated future cash flows resulting from licensing its intangible assets. Upon completion of the analysis, the Company concluded that the estimated fair value of its reporting unit was less than its carrying amount and recorded an additional $21.2 million impairment charge related to goodwill in the fourth quarter of 2015.

2014 Impairment of Intangibles and Goodwill

In January 2015, the Company suspended further development of the Provitro™ technology as it had been unable to identify near-term opportunities to commercialize the technology. The Company determined that this suspension provided additional evidence about conditions that existed prior to December 31, 2014, triggering an impairment analysis of the intangibles associated with its Provitro asset group. In its impairment analysis, the Company compared the carrying amount of the Provitro™ technology to the future undiscounted net cash flows expected to be generated by the Provitro™ technology. The Company concluded that the anticipated undiscounted cash flows from the Provitro™ technology did not exceed the carrying value of the Provitro™ technology and, the Company recorded a $10.5 million non-cash impairment charge in its results of operations for the year ended December 31, 2014. Additionally, as of December 31, 2014, the company determined that the goodwill related to its acquisition of Provitro was impaired and recorded a $0.5 million non-cash impairment charge for the year ended December 31, 2014.

For the year ended December 31, 2013, the Company recorded no such impairment charges for intangible assets or goodwill.

Intangible Assets

The following table presents details of the Company's intangible assets and related amortization (in thousands):

	December 31, 2015	December 31, 2014
Cost:		
Patents	$ 67,096	$139,902
Customer relationships	1,804	6,615
Trade names	—	4,812
Trade secrets	—	1,940
Total cost	68,900	153,269
Accumulated amortization:		
Patents	(52,719)	(40,321)
Customer relationships	(1,804)	(2,680)
Trade names	—	—
Trade secrets	—	(566)
Total accumulated amortization	(54,523)	(43,567)
Intangible assets, net	$ 14,377	$109,702

The Company recorded the non-cash intangible impairment charge of $82.3 million from the gross carrying value of its patents and the full value of its other intangibles.

At December 31, 2015, the Company determined that the expected period of benefit of its patents is approximately three years.

The Company has used, and may continue to use, different structures and forms of consideration for its acquisitions of intangible assets. Acquisitions may be consummated through the use of cash, equity, seller financing, third party debt, earn-out obligations, revenue sharing, profit sharing, or some combination of these types of consideration. Consequently, the acquisition values reflected in the Company's investing activities may represent lower amounts than would be reflected, for example, in a situation where cash alone was utilized to complete the acquisition.

During the first quarter of the year ended December 31, 2015, the Company further enhanced its existing memory and storage technologies patent portfolio for an additional $2.0 million. No patents were purchased during the year ended December 31, 2014. During 2013, the Company expanded its patent holdings through the acquisition of additional patents covering memory and storage technologies for electronic devices.

During the years ended December 31, 2015, 2014 and 2013, the Company sold certain patents in several transactions and has included the gross proceeds in revenue. Cost associated with the patents sold, including any remaining net book value, are included in cost of revenues. Certain of the patents sold, as well as certain of those licensed, were subject to an obligation to pay a substantial portion of the net proceeds to a third party. These costs are also included in cost of revenues. In future periods, these third party payments as a percentage of revenues may vary significantly based on the structure utilized for any given acquisition.

During the year ended December 31, 2015 and 2014, the Company recognized $1.0 million and $2.8 million of losses, respectively, on the abandonment of certain patents that were not part of existing licensing programs or for which the Company determined that it would no longer allocate resources to their maintenance and enforcement. For the year ended December 31, 2013, patents with a combined book value of less than $0.1 million were abandoned. Costs associated with the abandonment of patents, including any remaining net book value, are included in patent administration and related costs.

The Company recorded amortization expense related to purchased intangible assets of $13.9 million, $15.9 million and $15.9 million for the years ended December 31, 2015, 2014, and 2013, respectively, which is included in amortization of intangibles in the consolidated statements of operations.

The estimated future amortization expense of purchased intangible assets as of December 31, 2015 is as follows (in thousands):

Year ending December 31,	Amount
2016	$ 9,531
2017	2,423
2018	2,423
Total	$14,377

Goodwill

Goodwill represented the excess of purchase price over the fair value of net assets acquired in the Company's acquisitions of Ovidian on June 17, 2011, ContentGuard on October 31, 2011 and Provitro on February 21, 2013. As a result of the impairments recorded in 2015 and 2014, the Company does not have a goodwill balance at December 31, 2015.

The changes in the carrying amount of goodwill for the years ended December 31, 2015 and 2014 are as follows (in thousands):

	December 31, 2015	December 31, 2014
Beginning balance	$ 21,209	$21,725
Impairment of goodwill	(21,209)	(516)
Ending balance	$ —	$21,209

7. Accrued expenses

The following table summarizes accrued expenses (in thousands):

	December 31, 2015	December 31, 2014
Accrued payroll and related expenses	$1,742	$2,570
Accrued legal, professional and other expenses	2,550	3,254
	$4,292	$5,824

8. Other liabilities

The following table summarizes other current liabilities (in thousands):

	December 31, 2015	December 31, 2014
Installment payment obligation	$—	$4,000
Restricted stock awards	—	2,254
Other	119	637
	$119	$6,891

9. Commitments and Contingencies

Lease and Commitments—The Company has operating lease agreements for its main office in Kirkland, Washington, and offices in Texas and Finland. Total rental expense included in general and administrative expenses in the Company's consolidated statements of operations for the years ended December 31, 2015, 2014 and 2013 was as follows (in thousands):

	Year ended December 31,		
	2015	2014	2013
Rent expense	$793	$662	$875

As of December 31, 2015, future minimum payments under the Company's lease agreements were as follows (in thousands):

	Operating leases
2016	$ 406
2017	415
2018	425
2019	205
Total minimum payments	$1,451

Litigation—In the opinion of management, except for those matters described below and elsewhere in this report, to the extent so described, litigation, contingent liabilities and claims against the Company in the normal course of business are not expected to involve any judgments or settlements that would be material to the Company's financial condition, results of operations or cash flows.

ContentGuard Enforcement Actions—On December 18, 2013, ContentGuard filed a patent infringement lawsuit against Amazon.com, Inc., Apple Inc., Huawei Device USA, Inc. and Motorola Mobility LLC in the Eastern District of Texas ("EDTX"), in which ContentGuard alleged that these entities infringed and continue to infringe nine of its patents by making, using, selling or offering for sale certain mobile communication and computing devices (the "Apple Litigation"). On January 17, 2014, ContentGuard filed an amended complaint in the Apple Litigation adding certain affiliates of the original defendants, along with HTC Corporation, HTC America Inc., Samsung Electronics Co., Ltd., Samsung Electronics America, Inc. and Samsung Telecommunications America, LLC (collectively, "Samsung"). On January 31, 2014, Google Inc. ("Google") filed a declaratory judgment suit in the Northern District of California alleging that Google does not infringe the nine patents asserted in the Apple Litigation. On February 5, 2014, ContentGuard filed a patent infringement action in the EDTX against Google, in which ContentGuard alleged that Google has infringed and continues to infringe the same nine patents (the "Google Litigation"). From and after April 2014, the presiding judge in the EDTX has administered the cases in parallel.

Amazon Settlement. In August 2015, ContentGuard settled its claims against Amazon by granting to Amazon a license to use the ContentGuard patents. In connection with the settlement, ContentGuard released Amazon from the Apple Litigation. The settlement and license with Amazon is not impacted by the adverse jury findings in the Apple Litigation and Google Litigation that are described below.

DirecTV Settlement. In August 2014, DirecTV intervened in the Apple Litigation and thereby became an additional defendant, against whom ContentGuard asserted additional infringement claims. In January 2016, ContentGuard settled its claims against DirecTV by granting to DirecTV a license to use the ContentGuard patents. In connection with the settlement, ContentGuard released DirecTV from the Apple Litigation. The settlement and license with DirecTV is not impacted by the adverse jury findings in the Apple Litigation and Google Litigation that are described below.

Google and Samsung Verdict. On September 23, 2015, a jury in the Google Litigation found that the patents asserted against Google and Samsung in the Apple Litigation and Google Litigation are valid, but that Samsung products and Google products accused in the litigation do not infringe the patents. The judge entered judgment consistent with the verdict on October 13, 2015. The non-infringement decision, if not reversed or overturned in post-trial practice or on appeal, applies to all defendants in the Google Litigation and Apple Litigation that manufacture, sell or distribute Android devices that run Google Play services. If the verdict and judgment are not overturned, the Company will be liable for approximately $0.5 million of court costs and expenses incurred by Google and Samsung in the defense of the Google Litigation.

Apple Verdict. On November 20, 2015, a jury in the Apple Litigation found that the patents asserted against Apple in the Apple Litigation are valid, but that Apple products accused in the litigation do not infringe the patents. The judge entered judgment consistent with the verdict in December 2015. If the verdict and judgment are not overturned, the Company will be liable for approximately $0.5 million of court costs and expenses incurred by Apple in the defense of the Apple Litigation.

Post-Trial Activities. ContentGuard is challenging the juries' findings in the Google Litigation and Apple Litigation through motions for judgment as a matter of law (the "JMOL Motions"). The JMOL Motions will be reviewed and resolved by the presiding judge from the Google Litigation and Apple Litigation. If the JMOL Motions are unsuccessful, the Company intends to appeal the jury verdicts to the federal circuit court. The Company cannot predict the outcome of any post-trial activities in the Google Litigation or Apple Litigation.

IPR and CBM Petitions filed by Apple and Google—In December 2014, Apple filed with the USPTO twenty-nine inter partes review ("IPR") petitions and three covered business method ("CBM") petitions, through which Apple challenged the validity of all nine patents asserted in the Apple Litigation. Also in December 2014, Google filed three CBM petitions, challenging the validity of three of the nine asserted patents. Between March and July 2015, all of Apple's IPR and CBM petitions were terminated or withdrawn. All but one of Google's petitions were also terminated or withdrawn, leaving just one Google CBM petition, relating to patent number 7,774,280, that proceeded to trial before the USPTO's Patent Trial and Appeal Board ("PTAB"). The trial took place on February 24, 2016, and the Company is waiting for the PTAB to issue its findings.

ZTE IPRs—In early 2012, ContentGuard and its subsidiaries filed lawsuits in United States and German courts, alleging that ZTE Corporation, ZTE (USA) Inc. and ZTE Deutschland GmbH (collectively "ZTE") infringed and continue to infringe ContentGuard patents by making, using, selling or offering for sale certain mobile communication and computing devices. ZTE subsequently filed IPR petitions with the USPTO, challenging the validity of six U.S. patents asserted by ContentGuard against ZTE. The PTAB terminated proceedings with respect to two patents, both of which emerged with valid patent claims. ZTE's claims against the other four patents went to trial. Following trial, the PTAB rejected ZTE's remaining challenges, and confirmed the validity of all claims in the four patents. ZTE's time for appeal expired with no appeals filed. Apple then challenged the same four patents in new IPRs, as described in the paragraph above, which the PTAB rejected. As a result, the favorable decisions of the PTAB, as against ZTE's and Apple's petitions, are final.

ZTE Enforcement Actions—In response to the claims filed against ZTE in Germany, in which ContentGuard Europe GmbH alleged infringement of three European patents, ZTE filed a nullity action against two of the patents and an opposition proceeding against the third patent. ZTE prevailed in the opposition proceeding, resulting in the revocation of one European patent, which ContentGuard has appealed. The infringement and nullity proceedings in Germany, along with all U.S. court actions, were "put to rest" or stayed as the result of a standstill agreement signed by ContentGuard and ZTE in December 2013. The standstill agreement has been extended through the end of the post-trial motion phase of the Google Litigation.

J&J Collection—In November 2012, the Company obtained an arbitration judgment in the U.K. against the J&J Group for approximately $4.0 million. J&J Group submitted multiple appeals to the U.K. courts, the last of which was rejected in July 2013. In December 2014, the Company obtained an enforcement judgment against J&J Group from a South African court, and commenced collection efforts. In November 2015, the Company entered into a settlement agreement with the J&J Group whereby it received approximately $1.6 million, net of collection costs, in full and final settlement of all claims against the J&J Group. As a result, the Company recorded a gain of $1.6 million for the year ended December 31, 2015, which is included in gain on contingencies in the consolidated statements of operations.

10. Shareholders' Equity

Common Stock—The Company's Articles of Incorporation authorizes two classes of common stock, Class A and Class B. The rights of the holders of shares of Class A common stock and Class B common stock are identical, except with respect to voting and conversion. Holders of shares of Class A common stock are entitled to one vote per share. Holders of shares of Class B common stock are entitled to ten votes per share. The Class B common stock is convertible at any time at the option of its holder into shares of Class A common stock. Each share of Class B common stock is convertible into one share of Class A common stock. Additionally, subject to certain exceptions, shares of Class B common stock will automatically convert into shares of Class A common stock if the shares of Class B common stock are sold or transferred. Class A common stock is not convertible. Eagle River Satellite Holdings, LLC, the Company's controlling shareholder, together with its affiliates Eagle River Investments, LLC, Eagle River, Inc. and Eagle River Partners, LLC held an economic interest of approximately 33.2% and a voting interest of approximately 65.0% in the Company as of December 31, 2015.

Stock Incentive Plan—On November 14, 2012, the Company's shareholders approved the Pendrell Corporation 2012 Equity Incentive Plan (the "2012 Plan"). Effective upon the approval of the 2012 Plan, the Company's 2000 Stock Incentive Plan, as amended and restated (the "2000 Plan") was terminated. No additional awards will be granted under the 2000 Plan.

The purpose of the 2012 Plan is to assist the Company in securing and retaining the services of skilled employees, directors, consultants and/or advisors of the Company and to provide incentives for such individuals to exert maximum efforts toward the Company's success. The 2012 Plan allows for the grant of stock options, stock appreciation rights, performance stock awards, performance cash awards, restricted stock awards, restricted stock unit awards and other stock awards (collectively, "Awards") to employees, directors, consultants and/or advisors who provide services to the Company or its subsidiaries.

Under the 2012 Plan, the aggregate number of shares of Class A common stock that may be issued pursuant to Awards from and after the effective date of the 2012 Plan will not exceed, in the aggregate, the sum of 37,952,546 shares, plus any shares subject to outstanding stock awards granted under the 2000 Plan that (i) expire or terminate for any reason prior to exercise or settlement; (ii) are forfeited, cancelled or otherwise returned due to the failure to meet a condition required to vest such shares; or (iii) are reacquired, withheld or not issued to satisfy a tax withholding obligation in connection with an award. As of December 31, 2015, 20,551,286 shares were reserved and remain available for grant under the 2012 Plan.

Stock-Based Compensation—The Company records stock-based compensation based on the estimated fair value on the date of grant and recognizes compensation cost over the requisite service period for awards expected to vest. The Company estimates its forfeiture rate for Awards based on the Company's historical rate of forfeitures due to terminations and expectations for forfeitures in the future. The Company's estimated forfeiture rate was 5% for the years ended December 31, 2015, 2014 and 2013.

Stock-based compensation expense included in the Company's consolidated statements of operations for the years ended December 31, 2015, 2014 and 2013 was as follows (in thousands):

	Year ended December 31,		
	2015	2014	2013
Stock options(1)	$2,236	$7,268	$ 5,723
Restricted stock awards(1)(2)	2,271	2,137	6,622
Total stock-based compensation expense	$4,507	$9,405	$12,345

(1) On November 19, 2014, Benjamin G. Wolff resigned from his positions as President and Chief Executive Officer of the Company. The Company entered into a separation agreement in accordance with the terms of Mr. Wolff's Amended and Restated Employment Letter Agreement (the "Agreement"). The Agreement provided for the vesting of all options, shares of restricted stock ("RSAs") and restricted stock units ("RSUs") in which Mr. Wolff would have vested had he remained actively employed by the Company through the second anniversary of his resignation, excluding any unvested performance-based RSAs or performance-based RSUs. The Agreement also provided for an extension of the exercise period for Mr. Wolff's vested stock options until December 15, 2015. The extension of the exercise period is considered a modification and resulted in additional stock-based compensation expense of $0.7 million, as determined using a Black-Scholes model, which was recognized on the modification date as the options were vested pursuant to the Agreement. The accelerated vesting of the options, RSUs and RSAs resulted in $2.1 million of additional stock-based compensation expense in the year ended December 31, 2014.

(2) Stock-based compensation expense for the year ended December 31, 2015, 2014 and 2013, includes $0.2 million, $0.8 million and $0.8 million of expense, respectively, related to 250,000 Class A common stock restricted stock awards that are required to be treated as a liability. The Company settled the related liability with a $2.5 million payment in April 2015 and no further expense will be incurred.

At December 31, 2015, the balance of stock-based compensation cost to be expensed in future years related to unvested stock-based awards, as adjusted for expected forfeitures, is as follows (in thousands):

2016(1)	$3,226
2017(1)	2,742
2018(1)	1,871
2019 and thereafter	—
	$7,839

(1) Future expense does not include expense related to 1.5 million performance-based stock options and 3.0 million performance-based restricted stock awards granted in 2015, as these awards vest upon the achievement of certain performance milestones for which the related performance targets have yet to be established. The fair value of these awards will not be known until the date the performance targets are established at which point expensing will commence.

The weighted average period over which the unearned stock-based compensation expense is expected to be recognized is approximately 2.5 years.

Stock Options and Stock Appreciation Rights—The Company has granted stock options and stock appreciation rights to employees, directors, consultants and advisors in connection with their service to the Company. Stock options to purchase the Company's Class A common stock are granted at the fair market value of the stock on the date of grant. The Company has both service-based stock options and performance-based stock options. The majority of service-based stock options granted to employees become exercisable over a four year period, while stock options granted to non-employee directors generally vest over one year. Performance-based stock options become exercisable, and stock appreciation rights will be triggered, if the Company achieves specified performance goals during the performance period and the grantee remains employed during the subsequent vesting period. Stock options generally expire 10 years after the date of grant or up to three months after termination of employment, whichever occurs earlier.

The weighted average fair value of stock options and stock appreciation rights granted during the years ended December 31, 2015, 2014 and 2013 was estimated using the Black-Scholes Model with the following assumptions:

	Year ended December 31,		
	2015	**2014**	**2013**
Weighted average expected volatility	48%	55%	55%
Weighted average risk-free interest rate	1.9%	1.9%	1.2%
Expected dividend yield	0%	0%	0%
Weighted average expected term in years	6.0	6.2	5.8
Weighted average estimated fair value per option granted	$0.47	$0.79	$0.88

The assumptions used to calculate the fair value are evaluated and revised, as necessary, to reflect market conditions and the Company's experience.

The Company's expected stock price volatility rate is based on a peer group, which the Company believes is a reasonable representation of the Company's business direction and expected future volatility as an IP investment, advisory and asset management business.

The risk-free interest rate is based upon U.S. Treasury bond interest rates appropriate for the term of the Company's employee stock options and stock appreciation rights. The expected dividend yield is based on the Company's history and expectation of dividend payments. The expected term has been estimated using the simplified method which permit entities, under certain circumstances, to continue to use the simplified method in developing estimates of the expected term of "plain-vanilla" share options and stock appreciation rights.

The Company granted the following stock options and stock appreciation rights to certain employees in connection with their continued or new employment with the Company during the years ended December 31, 2015, 2014 and 2013 (dollars in thousands):

	Year ended December 31,		
	2015	**2014**	**2013**
Service-based(1)	4,238,300	4,374,000	1,248,000
Performance-based(2)	2,000,000	—	250,000
Stock options issued as Board of Director compensation	240,000	300,000	300,000
Total granted	6,478,300	4,674,000	1,798,000
Fair value of grants	$ 3,021	$ 3,702	$ 1,585

(1) Of the 4.2 million service-based stock options granted during the year ended December 31, 2015, 2.0 million were granted to its new Chief Executive Officer ("CEO") with a grant date fair value of $1.3 million and vest at a rate of 25% per year over four years. The remaining 2.2 million of service-based stock options were granted to various employees with a grant date fair value of $1.4 million and vest 50% after one year, 75% after two years and 100% after three years.

(2) The 2.0 million performance-based stock options were all granted to the CEO and vest at a maximum rate of 25% per year over four years, but only if and to the extent the Company meets its performance objectives for the preceding calendar year under the Company's then-applicable incentive plan. Of the 2.0 million options granted, 1.5 million vest upon the achievement of certain performance milestones for which the

related performance targets have yet to be established. Accordingly, no compensation expense related to those shares has been recorded. The remaining 0.5 million options have a grant date fair value of $0.3 million.

The Company's stock option and stock appreciation rights activity for the years ended December 31, 2015, 2014 and 2013 is summarized as follows:

	Number of options/SARs	Weighted average exercise price	Weighted average remaining life (in years)
Outstanding at December 31, 2012	28,485,375	$2.19	
Granted	1,798,000	1.73	
Exercised	(165,312)	1.13	
Forfeited	(1,621,600)	2.20	
Outstanding at December 31, 2013	28,496,463	2.17	
Granted	4,674,000	1.49	
Exercised	(992,499)	1.18	
Forfeited	(6,623,938)	2.65	
Outstanding at December 31, 2014	25,554,026	1.96	
Granted	6,478,300	1.31	
Exercised	(1,045,000)	1.18	
Forfeited(1)	(13,670,094)	2.14	
Outstanding at December 31, 2015(2)	17,317,232	$1.62	6.58
Exercisable at December 31, 2015(2)	9,041,889	$1.85	4.62
Vested and expected to vest at December 31, 2015(2)	16,665,962	$1.62	6.59

(1) In connection with the departure of the Company's former CEO, Mr. Benjamin G. Wolff, in November 2014, the exercise period for Mr. Wolff's 8,927,500 vested stock options was extended until December 15, 2015. Mr. Wolff forfeited 8,277,500 of the vested options during the year ended December 31, 2015.

(2) Aggregate intrinsic value represents total pretax intrinsic value (i.e., the difference between the Company's closing stock price on the last trading day of 2015 and the exercise price, times the number of shares) that would have been received by the option holders had all option holders exercised their stock options and stock appreciation rights on the last business day of the fiscal year. As of December 31, 2015, the Company's closing stock price was lower than the exercise price, therefore, the aggregate intrinsic values of stock options outstanding, exercisable, and vested and expected to vest were zero.

The intrinsic value of stock options exercised during the year ended December 31, 2015 was $0.3 million. The total fair value of options which vested during the years ended December 31, 2015, 2014 and 2013 was approximately $2.5 million, $7.3 million and $5.8 million, respectively.

The following table summarizes significant ranges of outstanding and exercisable stock options and stock appreciation rights as of December 31, 2015:

	Outstanding stock options and stock appreciation rights			Exercisable stock options and stock appreciation rights	
Range of exercise prices	Number of options/SARs	Weighted average exercise price	Weighted average remaining life (in years)	Number of options/SARs	Weighted average exercise price
\$0.71—\$1.23	4,535,619	\$1.17	5.11	3,604,677	\$1.19
\$1.24—\$1.33	2,338,400	1.30	8.96	601,250	1.27
\$1.34—\$1.41	4,000,000	1.34	9.46	—	—
\$1.42—\$2.12	3,339,250	1.69	6.25	1,860,500	1.73
\$2.13—\$5.90	3,103,963	2.81	3.57	2,975,462	2.84
	17,317,232	\$1.62	6.58	9,041,889	\$1.85

Restricted Stock Awards—The Company has granted restricted stock awards to employees and consultants in connection with their service to the Company. The Company's stock grants can be categorized as either service-based awards, performance-based awards, and/or market-based awards.

The Company granted the following shares of Class A common stock underlying restricted stock awards to certain employees in connection with their continued or new employment with the Company and to members of its board of directors during the years ended December 31, 2015, 2014 and 2013 (dollars in thousands):

	Year ended December 31,		
	2015	2014	2013
Service-based(1)	3,748,700	250,000	211,250
Performance-based(2)	3,500,000	—	—
Market-based(3)(4)(5)	2,000,000	150,000	300,000
Shares issued as Board of Director compensation	396,060	279,349	348,698
Total granted	9,644,760	679,349	859,948
Fair value of grants	\$ 7,627	\$ 869	\$ 1,198

(1) Of the 3.7 million service-based restricted stock awards granted during the year ended December 31, 2015, 3.5 million were granted to the CEO and vest at a rate of 25% per year over four years. The remaining 0.2 million of service-based restricted stock awards were granted to various employees and vest 50% after one year, 75% after two years and 100% after three years.

(2) During the year ended December 31, 2015, the 3.5 million performance-based restricted stock awards were all granted to the CEO and vest at a maximum rate of 25% per year over four years, but only if and to the extent the Company meets its performance objectives for the preceding calendar year under the Company's then-applicable incentive plan. Of the awards granted, 3.0 million vest upon the achievement of certain performance milestones for which the related performance targets have yet to be established. Accordingly, no compensation expense related to those shares has been recorded.

(3) The market-based restricted stock awards granted during the year ended December 31, 2015 were all granted to the CEO and fully vest when both of the following have occurred: (i) the average closing price of the Company's Class A common stock, measured over any period of 60 consecutive calendar days, has reached or exceeded \$3.00 per share (the "Price Trigger") and (ii) the date is January 1, 2017 or later. If the Price Trigger is not achieved by December 31, 2019, then none of the market-based restricted stock awards will vest.

(4) The market-based RSUs granted during the year ended December 31, 2014 fully vest when both of the following have occurred: (i) the average closing price of the Company's Class A common stock, measured

over any period of 60 consecutive calendar days, has reached or exceeded $3.00 per share (the "Price Trigger"), and (ii) the first anniversary of the grant date has occurred. If the Price Trigger is not achieved by the third anniversary of the grant date, then none of the market-based RSUs will vest.

(5) The market-based RSUs granted during the year ended December 31, 2013 consisted of two awards of 150,000 units each, which would have vested only after designated time periods had elapsed and designated stock prices had been met. These awards were forfeited during the year ended December 31, 2014.

The Company's restricted stock award activity for the years ended December 31, 2015, 2014 and 2013 is summarized as follows:

	Number of restricted stock awards	Weighted average grant date fair value
Unvested—December 31, 2012	9,808,375	$1.84
Granted	859,948	1.39
Vested	(4,298,239)	1.53
Forfeited	(457,968)	1.76
Unvested—December 31, 2013	5,912,116	1.62
Granted	679,349	1.28
Vested	(1,844,012)	1.87
Forfeited	(2,187,939)	1.23
Unvested—December 31, 2014	2,559,514	1.67
Granted	9,644,760	0.79
Vested	(848,459)	2.21
Forfeited	(825,177)	1.40
Unvested—December 31, 2015	10,530,638	$0.84

During the year ended December 31, 2015, 848,459 stock awards vested as a result of the Company's employees achieving service targets. Certain holders of the vested RSAs and RSUs exercised their right to have their awards net-share settled to cover statutory employee taxes related to the vesting of the RSAs and RSUs. The settlement of these awards resulted in the Company repurchasing and/or cancelling 111,458 shares for $140,000. Of this amount, $8,000 was charged to retained earnings.

During the year ended December 31, 2014, 1,042,188 stock awards vested due to the accelerated vesting of Mr. Wolff's RSAs and RSUs and 801,824 vested as a result of the Company's employees achieving service targets. Certain holders of the vested RSAs and RSUs exercised their right to have their awards net-share settled to cover statutory employee taxes related to the vesting of the RSAs and RSUs. The settlement of these awards resulted in the Company repurchasing and/or cancelling 504,435 shares for $0.8 million. Of this amount, $0.2 million was charged to retained earnings.

During the year ended December 31, 2013, 2,780,164 market-based RSAs and RSUs vested as a result of the Company's achievement of the market condition of an average closing stock price of $2.00 for 60 consecutive calendar days and 1,518,075 service-based RSAs and RSUs vested as a result of the achievement of service targets. The net-share settlement of certain of these awards resulted in the Company repurchasing and/or cancelling 1,107,901 shares for $2.7 million. Of this amount, $1.0 million was charged to retained earnings.

11. Gain on Contingencies

During 2012, as part of the Company's exit from the satellite business, the Company sold its MEO Assets that had been in storage for nominal consideration. Under the sales agreement, the Company is entitled to a substantial portion of any proceeds that the buyer generates from the resale of the MEO Assets. In January 2015, the buyer resold the MEO Assets and as a result, the Company is entitled to receive up to $6.0 million, contingent upon the buyer's receipt of payment. On January 14, 2015, the buyer received the first of three scheduled payments for the MEO Assets, resulting in the Company's receipt of approximately $1.7 million. On July 13, 2015, the buyer received the second payment for the MEO Assets, which resulted in the Company's receipt of an additional $2.2 million. The $3.9 million of funds received have been recorded in gain on contingencies in the statements of operations for the year ended December 31, 2015. On February 23, 2016, the buyer received the final scheduled payment for the MEO Assets, which will result in the Company's recognition of an additional $2.0 million gain on contingency in the first quarter of 2016. Due to the uncertainty of collection at December 31, 2015, the Company did not recognized the gain generated by the buyer's receipt of the third scheduled payment for the MEO Assets in 2015.

In March 2012, the Company asserted claims in arbitration in London against the J&J Group to recover approximately $2.7 million in costs that J&J was required to reimburse the Company pursuant to a MEO satellite asset purchase agreement that was signed in April 2011. During 2011, the Company recorded a receivable of $2.7 million to reflect the J&J Group's reimbursement obligation and established a corresponding reserve in the full amount of the receivable pending resolution of the dispute. In November 2012, the Company obtained an arbitration judgment award for approximately $4.0 million, which includes the requested reimbursement plus costs and fees of approximately $1.3 million. J&J Group submitted multiple appeals to the UK courts, and in December 2014, the Company obtained an enforcement judgment against J&J Group, and has commenced collection efforts. In November 2015, the Company entered into a settlement agreement with the J&J Group whereby it received approximately $1.6 million, net of collection costs, in full and final settlement of all claims against the J&J Group which is included in gain on contingencies in the statements of operations for the year ended December 31, 2015.

Additionally, the Company recorded a gain of $0.5 million during the fourth quarter of 2015 as a result of the release of a tax indemnification liability associated with the acquisition of the Ovidian Group LLC in June 2011.

12. Income Taxes

The Company's income tax expense for the years ended December 31, 2015, 2014 and 2013 consists of the following (in thousands):

	Year ended December 31,		
	2015	**2014**	**2013**
United States—deferred	$(1,497)	$ 33	$—
Foreign—current	4,128	6,270	—
	$ 2,631	$6,303	$—

For the years ended December 31, 2015 and 2014, the Company recorded a tax provision of $4.1 million and $6.3 million, respectively, related to foreign taxes withheld on revenue generated from license agreements executed with third party licensees domiciled in a foreign jurisdiction. Additionally, during the year ended December 31, 2015, as a result of the impairment of certain indefinite-lived intangibles, the deferred tax liability associated with these intangibles was decreased, resulting in a federal tax benefit of $1.5 million. In general, foreign taxes withheld may be claimed as a deduction on future U.S. corporate income tax returns, or as a credit against future U.S. federal income tax liabilities, subject to certain limitations. However, due to uncertainty regarding the Company's ability to utilize the deduction or credit resulting from the foreign withholding, at December 31, 2015 and 2014, the Company established a full valuation allowance against the related deferred tax asset.

A reconciliation of the federal statutory income tax rate of 34% to the Company's effective income tax rate is as follows:

	Year ended December 31,		
	2015	2014	2013
Statutory tax rate	34.00%	34.00%	34.00%
Change in valuation allowance	(22.59)	(95.75)	(9.33)
Release of uncertain tax position	—	62.77	—
Foreign withholding taxes	(2.37)	(7.98)	—
Deferred tax adjustments	—	—	(43.17)
§338(h)(10) asset sale treatment upon DBSD sale to DISH	—	—	21.22
Goodwill impairment	(6.07)	—	—
Stock-based compensation	(3.23)	—	—
Other	(2.03)	(5.20)	(2.72)
Effective tax rate	(2.29)%	(12.16)%	—

The significant components of the Company's net deferred tax assets and liabilities are as follows (in thousands):

	December 31, 2015	December 31, 2014
Deferred tax assets:		
Net operating losses	$ 956,181	$ 938,235
Basis difference in Liquidating Trust	16,894	29,381
Accrued expenses and other	10,380	14,824
Total deferred tax assets	983,455	982,440
Valuation allowance	(981,096)	(955,133)
Net deferred tax assets	$ 2,359	$ 27,307
Deferred tax liabilities:		
Intangibles	$ (2,359)	$ (28,828)
Total deferred tax liabilities	$ (2,359)	$ (28,828)
Net deferred tax liabilities	$ —	$ (1,521)

As of December 31, 2015, the Company had federal tax net operating loss carryforwards in the United States ("NOLs") of approximately $2.6 billion. A significant portion of the NOL was triggered when the Company disposed of its satellite business and transferred the International Subsidiaries to the Liquidating Trust. The Company believes the NOL can be carried forward to offset certain future taxable income that may be generated during the NOL carryforward period. The NOL carryforward period begins to expire in 2025 with a significant portion expiring in 2032. The use of the NOL will be significantly limited if the Company undergoes a Tax Ownership Change under Section 382 of the Internal Revenue Code ("Tax Ownership Change"). Broadly, the Company will have a Tax Ownership Change if, over a three year testing period, the portion of all stock of the Company, by value, owned by one or more 5% shareholder increases by more than 50 percentage points. For purposes of this test, shareholders that own less than 5% of the stock of the Company are aggregated into one or more separate "public groups", each of which is treated as a 5% shareholder. In general, shares traded within a public group are not included in the Tax Ownership Change test. As discussed below, the Board of Directors adopted a Tax Benefits Preservation Plan designed to preserve shareholder value and the value of certain tax assets primarily associated with NOLs under Section 382. As of December 31, 2015, the Company also had tax loss carryforwards in the state of California of approximately $1.3 billion, a portion of which will expire in 2016. A significant portion of the California loss carryforward was generated when the Company disposed of its satellite business and will expire in 2032. The impacts of a Tax Ownership Change, discussed above, would apply to the California tax losses as well.

For all years presented, the Company has considered all available evidence, including the history of tax losses and the uncertainty around future taxable income. Based on the weight of the evidence available at December 31, 2015, a valuation allowance has been recorded to reduce the value of the Company's DTA, including the DTA associated with the NOL, to an amount that is more likely than not to be realized.

As of December 31, 2014, the Company had unrecognized tax benefits of $5.1 million. In October 2015, the Company filed a refund claim for approximately $10.5 million of taxes previously withheld from payments made to the Company by certain licensees and remitted to the Korean government. The Company filed the refund claim as a result of recent court decisions in Korea. Due to the uncertain nature of the refund claim, the uncertain tax position has not been recorded as an income tax benefit.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in thousands):

	December 31,		
	2015	2014	2013
Beginning of period	$ 5,132	$ 37,665	$ 19,452
Additions for tax positions taken during the current period	10,462	—	—
Additions for tax positions taken during prior periods	—	—	32,533
Reductions for tax positions taken during prior periods	—	(32,533)	(14,320)
End of period	$15,594	$ 5,132	$ 37,665

All of the unrecognized tax benefits at December 31, 2015, if fully recognized, would affect the Company's effective tax rate. The Company estimates that a reduction in its unrecognized tax benefits of approximately $15.6 million may occur within the next twelve months upon resolution of determinations by taxing authorities.

The Company and its subsidiaries file U.S. federal income tax returns and tax returns in various state and foreign jurisdictions. The Company is also open to examination for the years ended 2005 and forward with respect to NOLs generated and carried forward from those years. The Company is open to examination by foreign jurisdictions for tax years 2012 forward.

Certain Taxes Payable Irrespective of NOLs—Under the Internal Revenue Code and related Treasury Regulations, the Company may "carry forward" its NOLs in certain circumstances to offset current and future income and thus reduce its federal income tax liability, subject to certain restrictions. To the extent that the NOLs do not otherwise become limited, the Company believes that it will be able to carry forward a significant amount of NOLs. However, these NOLs will not impact all taxes to which the Company may be subject. For instance, state or foreign income taxes and/or revenue based taxes may be payable if the Company's income or revenue is attributed to jurisdictions that impose such taxes; the Company's NOLs do not entirely offset its income for alternative minimum tax; and the NOLs will not offset federal personal holding company tax liability that Pendrell or one or more of its corporate subsidiaries may incur. This is not an exhaustive list, but merely illustrative of the types of taxes to which the Company's NOLs are not applicable.

Personal Holding Company Determination—The Internal Revenue Code imposes an additional tax on the undistributed income of a Personal Holding Company ("PHC"). In general, a corporation will be classified as a PHC if 50% or more of its outstanding shares, measured by value, are owned directly or indirectly by five or fewer individual shareholders at any time during the second half of the year ("Concentrated Ownership") and at least 60% of its adjusted ordinary gross income is Personal Holding Company Income ("PHCI"). Broadly, PHCI includes items such as dividends, interest, rents and royalties, among others. For a corporate subsidiary, Concentrated Ownership is determined by reference to ownership of the parent corporation(s), and the subsidiary's income is subject to additional tests to determine whether its income renders the subsidiary a PHC. If a corporation is a PHC, generates positive net PHCI and does not distribute to its shareholders a proportionate dividend in the full amount of the net PHCI, then the undistributed net PHCI is taxed (at 20% under current law).

Due to the significant number of shares held by the Company's largest shareholders and the type of income that the Company generates, the Company must continually assess share ownership of Pendrell and its consolidated subsidiary ContentGuard to determine whether or not there is Concentrated Ownership of either corporation. For 2015, the Company determined that Pendrell, the parent company, met the Concentrated Ownership test, but that ContentGuard has not yet met the Concentrated Ownership test due to the interest held by its minority shareholder. If either Pendrell or ContentGuard is determined to be a PHC in the future, generates net PHCI, and does not distribute to its shareholders a proportionate dividend in the full amount of the net PHCI, then the undistributed net PHCI will be taxed.

Tax Benefits Preservation Plan—Effective January 29, 2010, the Board of Directors adopted the Tax Benefits Preservation Plan to help the Company preserve its ability to utilize fully its NOLs and to help preserve potential future NOLs. As discussed above, if the Company experiences a "Tax Ownership Change," as defined in Section 382 of the Internal Revenue Code, the Company's ability to use the NOLs could be significantly limited.

The Tax Benefits Plan is intended to act as a deterrent to any person or group acquiring, without the approval of the Company's Board of Directors, beneficial ownership of 4.9% or more of the Company's securities, defined to include: (i) shares of its Class A common stock and Class B common stock, (ii) shares of its preferred stock, (iii) warrants, rights, or options to purchase its securities, and (iv) any interest that would be treated as "stock" of the Company for purposes of Section 382 or pursuant to Treasury Regulation § 1.382-2T(f)(18).

Holders of 4.9% or more of the Company's securities outstanding as of the close of business on January 29, 2010 will not trigger the Tax Benefits Plan so long as they do not (i) acquire additional securities constituting one-half of one percent (0.5%) or more of the Company's securities outstanding as of the date of the Tax Benefits Plan (as adjusted to reflect any stock splits, subdivisions and the like), or (ii) fall under 4.9% ownership of the Company's securities and then re-acquire securities that increase their ownership to 4.9% or more of the Company's securities. The Board of Directors may exempt certain persons whose acquisition of securities is determined by the Board of Directors not to jeopardize the Company's tax benefits or to otherwise be in the best interest of the Company and its shareholders. The Board of Directors may also exempt certain transactions.

13. Employee Benefits

The Company provides its eligible employees with medical and dental benefits, insurance arrangements to cover death in service, long-term disability and personal accident, as well as a defined contribution retirement plan. Expense related to contributions by the Company under the defined contribution retirement plan included in general and administrative expenses in the Company's consolidated statements of operations for the years ended December 31, 2015, 2014 and 2013 was as follows (in thousands):

	Year ended December 31,		
	2015	**2014**	**2013**
Defined contribution expenses	$201	$264	$291

14. Related Parties

The Company considers its related parties to be its principal shareholder and its affiliates.

Eagle River Satellite Holdings, LLC ("ERSH"), Eagle River Investments, Eagle River, Inc. and Eagle River Partners, LLC ("ERP")—ERSH is the Company's controlling shareholder. ERSH, together with its affiliates Eagle River Investments, LLC, Eagle River, Inc. and ERP (collectively, “Eagle River”) holds an economic interest of approximately 33.2% of the Company’s outstanding common stock and a voting interest of approximately 65.0% in the Company as of December 31, 2015.

15. Quarterly Financial Data (Unaudited)

The following table contains selected unaudited statement of operations information for each quarter of the years ended December 31, 2015 and 2014. The quarterly financial data reflects all normal recurring adjustments necessary for a fair presentation of the information for the periods presented. The operating results for any quarter are not necessarily indicative of results for any future period.

Unaudited quarterly results were as follows (in thousands, except per share data):

	Three months ended							
	March 31,		June 30,		September 30,		December 31,	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenue	$25,245	$38,135	$ 2,147	$ 2,935	$15,465	$ 618	$ 662	$ 846
Impairment of intangibles and goodwill	—	—	—	—	—	—	(103,499)	(11,013)
Operating income (loss)	1,076	7,134	(8,021)	(13,563)	(2,129)	(14,096)	(112,061)	(31,191)
Net income (loss)	(1,315)	815	(7,990)	(13,588)	127	(14,117)	(108,404)	(31,244)
Net income (loss) attributable to Pendrell	(559)	1,730	(7,558)	(12,595)	1	(13,262)	(101,564)	(26,875)
Basic and diluted income (loss) per share attributable to Pendrell(1)	$ —	$ 0.01	$ (0.03)	$ (0.05)	$ —	$ (0.05)	$ (0.38)	$ (0.10)

(1) Per share amounts for the three months ended March 31, 2015 and September 30, 2015 were less than $0.01.

Annual Report

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our chief executive officer and chief financial officer have evaluated our disclosure controls and procedures as of December 31, 2015, as such terms are defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and have concluded that these disclosure controls and procedures are effective to ensure that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act (as defined in Rules 13a-15(e) and 15d-15(e)) is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management’s Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15f of the Exchange Act. These internal controls are designed to provide reasonable assurance that the reported financial information is presented fairly, that disclosures are adequate and that the judgments inherent in the preparation of financial statements are reasonable. There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and overriding of controls. Consequently, an effective internal control system can only provide reasonable, not absolute, assurance with respect to reporting financial information.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework and criteria established in *Internal Control—Integrated Framework (2013),* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2015.

Our internal control over financial reporting as of December 31, 2015 has been audited by Grant Thornton, an independent registered public accounting firm, as stated in their report which appears in “Item 9A—Controls and Procedures” within this Form 10-K.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the fourth quarter of 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders

Pendrell Corporation

We have audited the internal control over financial reporting of Pendrell Corporation (a Washington corporation) and subsidiaries (the "Company") as of December 31, 2015, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of the Company as of and for the year ended December 31, 2015, and our report dated March 4, 2016 expressed an unqualified opinion on those financial statements.

/s/ GRANT THORNTON LLP

Seattle, Washington
March 4, 2016

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this item is incorporated by reference to the sections entitled “Election of Directors,” “Executive Officers,” “Section 16(a) Beneficial Ownership Reporting Compliance” and “Corporate Governance” in our Proxy Statement relating to our 2016 Annual Meeting of Shareholders.

Item 11. Executive Compensation.

The information required by this item is incorporated by reference to the sections entitled “Executive Compensation,” “Director Compensation” and “Corporate Governance-Meetings of the Board, Committees of the Board and Compensation Committee Interlocks and Insider Participation” and “Executive Compensation—Compensation Committee Report” in our Proxy Statement relating to our 2016 Annual Meeting of Shareholders.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this item is incorporated by reference to the sections entitled “Security Ownership of Certain Beneficial Owners and Management” and “Securities Authorized for Issuance Under Equity Compensation Plans” in our Proxy Statement relating to our 2016 Annual Meeting of Shareholders.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item is incorporated by reference to the sections entitled “Certain Relationships and Related Transactions” and “Corporate Governance-Independence of the Board of Directors” in our Proxy Statement relating to our 2016 Annual Meeting of Shareholders.

Item 14. Principal Accounting Fees and Services.

The information required by this item is incorporated by reference to the section entitled “Ratification of the Selection of Our Independent Registered Public Accounting Firm” in our Proxy Statement relating to our 2016 Annual Meeting of Shareholders.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) Documents filed as part of this report

(1) Consolidated financial statements

The following consolidated financial statements are included in Part II, Item 8 of this report:

- Report of Independent Registered Public Accounting Firm
- Consolidated Balance Sheets as of December 31, 2015 and 2014
- Consolidated Statements of Operations for the years ended December 31, 2015, 2014 and 2013
- Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2015, 2014 and 2013
- Consolidated Statements of Cash Flows for the years ended December 31, 2015, 2014 and 2013
- Notes to Consolidated Financial Statements

(2) Financial statement schedules

All other consolidated financial statements schedules not listed above have been omitted because they are not applicable or are not required or the information required to be set forth in the schedules is included in the consolidated financial statements or the accompanying notes.

(3) Exhibits

The Exhibits listed in the Index to Exhibits, which appears immediately following the signature page and is incorporated herein by reference, are filed as part of this Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PENDRELL CORPORATION
(Registrant)

Date: March 4, 2016

By: /s/ LEE E. MIKLES
Lee E. Mikles
Chief Executive Officer and President
(Principal Executive Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Lee E. Mikles, Steven A. Ednie and Timothy M. Dozois, and each of them, as his true and lawful attorneys-in-fact and agents, with full power of substitution for him, and in his name in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and any of them or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1934, this report has been signed by the following persons on behalf of the Registrant in the capacities indicated on March 4, 2016:

Signature	Title	Date
/s/ LEE E. MIKLES **Lee E. Mikles**	Chief Executive Officer and President (Principal Executive Officer), Director	March 4, 2016
/s/ STEVEN A. EDNIE **Steven A. Ednie**	Vice President, Chief Financial Officer (Principal Financial and Accounting Officer)	March 4, 2016
/s/ RICHARD P. EMERSON **Richard P. Emerson**	Director	March 4, 2016
/s/ NICOLAS KAUSER **Nicolas Kauser**	Director	March 4, 2016
/s/ CRAIG O. MCCAW **Craig O. McCaw**	Executive Chairman and Chairman of the Board of Directors	March 4, 2016
/s/ R. GERARD SALEMME **R. Gerard Salemme**	Director	March 4, 2016
/s/ STUART M. SLOAN **Stuart M. Sloan**	Director	March 4, 2016
/s/ H. BRIAN THOMPSON **H. Brian Thompson**	Director	March 4, 2016

INDEX TO EXHIBITS

		Incorporated By Reference				
Exhibit No.	Exhibit Description	Form	SEC File No.	Original Exhibit No.	Filing Date	Filed Herewith
2.1	Agreement and Plan of Merger dated November 14, 2012 between Pendrell Corporation, a Delaware corporation and Pendrell Washington Corporation, a Washington corporation	8-K	001-33008	2.1	11/15/12	
3.1	Articles of Incorporation of Pendrell Corporation, a Washington corporation	8-K	001-33008	3.1	11/15/12	
3.2	Articles of Amendment to Articles of Incorporation of Pendrell Corporation	8-K	001-33008	3.1	06/19/15	
3.3	Bylaws of Pendrell Corporation, a Washington corporation	8-K	001-33008	3.2	11/15/12	
3.4	Amendment No. 1 to Bylaws of Pendrell Corporation	8-K	001-33008	3.2	06/19/15	
4.1	Tax Benefits Preservation Plan dated as of January 29, 2010, by and between ICO Global Communications (Holdings) Limited and BNY Mellon Shareowner Services, as Rights Agent	8-K	001-33008	4.1	02/01/10	
4.2	Subscription Form and Form of Rights Certificate	8-K	001-33008	4.19	02/18/10	
10.1	Form of Director and Executive Officer Indemnification Agreement of Pendrell Corporation, a Washington corporation	8-K	001-33008	10.1	11/15/12	
10.2	Indemnification Agreement, dated August 11, 2000, between ICO-Teledesic Global Limited and Eagle River Investments, LLC	10-12G	000-52006	10.14	05/15/06	
10.3	Indemnification Agreement, dated July 26, 2000, among ICO-Teledesic Global Limited, CDR-Satco, L.L.C., Clayton, Dubilier & Rice, Inc. and The Clayton, Dubilier & Rice Fund VI Limited Partnership	10-12G	000-52006	10.15	05/15/06	
10.4	Indemnification Agreement, dated July 17, 2000, between ICO-Teledesic Global Limited and Cascade Investment, LLC	10-12G	000-52006	10.16	05/15/06	
10.5*	ICO Global Communications (Holdings) Limited 2000 Stock Incentive Plan, As Amended and Restated effective June 15, 2007	10-Q	001-33008	10.20.1	08/14/07	
10.6*	Form of Class A Common Stock Option Agreement under 2000 Stock Incentive Plan	10-12G	000-52006	10.21	05/15/06	
10.7*	Form of Restricted Stock Award Agreement under 2000 Stock Incentive Plan	10-12G	000-52006	10.23	05/15/06	

10.8*	Pendrell Corporation 2012 Equity Incentive Plan	8-K	001-33008	10.1	08/28/12
10.9*	Form of Stock Option Agreement under 2012 Equity Incentive Plan	10-K	001-33008	10.9	03/08/13
10.10*	Form of Restricted Stock Unit Agreement under 2012 Equity Incentive Plan	10-Q	001-33008	10.1	10/30/15
10.11*	Form of Restricted Stock Award Agreement under 2012 Equity Incentive Plan	10-Q	001-33008	10.2	10/30/15
10.12*	Pendrell Corporation 2015 Incentive Plan	8-K	001-33008	10.1	03/13/15
10.13*	Board Compensation Policy, effective January 1, 2013	10-K	001-33008	10.11	03/08/13
10.14	Form of Securities Purchase Agreement	8-K	001-33008	10.1	06/06/08
10.15*	Employment Letter Agreement between Pendrell Corporation and Lee E. Mikles signed June 8, 2015 to be effective June 1, 2015	8-K	001-33008	10.1	06/10/15
10.16*	Amended and Restated Employment Letter Agreement between Pendrell Corporation (formerly ICO Global Communications (Holdings) Limited) and Benjamin G. Wolff dated July 1, 2011	8-K	001-33008	10.4	07/08/11
10.17*	Separation Agreement effective November 19, 2014 between Pendrell Corporation and its subsidiaries and Benjamin G. Wolff	10-K	001-33008	10.14	03/06/15
10.18*	Amended and Restated Employment Letter Agreement between Pendrell Corporation (formerly ICO Global Communications (Holdings) Limited) and R. Gerard Salemme dated July 1, 2011, as supplemented by addenda dated August 26, 2014 and January 1, 2015	10-K	001-33008	10.15	03/06/15
10.19*	Retention Agreement effective February 16, 2015 between Pendrell Corporation and R. Gerard Salemme	10-K	001-33008	10.16	03/16/15
10.20*	Employment Letter Agreement between Pendrell Corporation and Robert S. Jaffe dated June 7, 2012	8-K	001-33008	10.1	06/14/12
10.21*	Severance and Release Agreement effective April 18, 2014 between Pendrell Corporation and Robert S. Jaffe	10-K	001-33008	10.18	03/16/15
10.22*	Employment Letter Agreement between Pendrell Corporation and David H. Rinn dated February 25, 2013	8-K	001-33008	10.1	03/01/13
10.23*	Employment Letter Agreement between Pendrell Corporation and Steven A. Ednie	10-K	001-33008	10.20	03/06/15

	dated August 28, 2014, as supplemented by an addendum dated February 13, 2015					
10.24*	Employment Letter Agreement between Pendrell Corporation and Scott G. Richardson dated July 11, 2012, as supplemented by addenda dated January 1, 2015 and February 13, 2015	10-K	001-33008	10.21	03/06/15	
10.25*	Retention Agreement effective December 31, 2015 between Pendrell Corporation and Scott G. Richardson					X
10.26*	Employment Letter Agreement between Pendrell Corporation (formerly ICO Global Communications (Holdings) Limited) and Timothy M. Dozois dated July 1, 2011, as supplemented by addenda dated January 1, 2015 and February 13, 2015	10-K	001-33008	10.22	03/06/15	
21.1	List of Subsidiaries					X
23.1	Consent of Grant Thornton LLP, Independent Registered Public Accounting Firm					X
23.2	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm					X
31.1	Certification of the principal executive officer required by Rule 13a-14(a) or Rule 15d-14(a)					X
31.2	Certification of the principal financial and accounting officer required by Rule 13a-14(a) or Rule 15d-14(a)					X
32.1	Certifications required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. § 1350)					X
101	The following financial statements from Pendrell Corporation's 10-K for the fiscal year ended December 31, 2015 formatted in XBRL: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Changes in Shareholders' Equity, (iv) the Consolidated Statements of Cash Flows and (v) the Notes to Consolidated Financial Statements					X

* Management contract or compensatory plan or arrangement.

Shareholder Information

Corporate Headquarters
Pendrell Corporation
2300 Carillon Point, Kirkland, WA 98033

Stock Market Listing
Class A Common Stock (symbol: PCO) is listed on the Nasdaq Capital Market

Annual Meeting of Shareholders
10:00 a.m., Thursday, July 7, 2016
The Woodmark Hotel
1200 Carillon Point, Kirkland, WA 98033

Transfer Agent and Registrar
Computershare
P.O. Box 30170
College Station, TX 77842-3170

Toll Free Number: (877)272-1584
Outside the U.S.: (201)680-6578
www.computershare.com/investor

General Information

Pendrell Website
Pendrell's website (www.pendrell.com) contains additional information about the company and our business in the "About" and "Investor Relations" sections. The "Investor Relations" section contains many of our financial documents, including recent annual reports, quarterly reports, proxy statements, news releases, and Securities and Exchange Commission filings.

Form 10-K
Copies of Pendrell Corporation's Annual Report on Form 10-K filed with the Securities and Exchange Commission are available from the company without charge. Contact Pendrell Investor Relations by correspondence to our corporate headquarters or by telephone: (425) 278-7100.

This Annual Report contains certain forward-looking statements regarding future events and our future operating results that are subject to the safe harbors created under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. These statements may include words such as "anticipate," "estimate," "expect," "project," "plan," "intend," "believe," "may," "will," "should," "likely" and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. All of these forward-looking statements are subject to risks and uncertainties that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Factors that might cause or contribute to such a difference include, but are not limited to, those discussed under the Risk Factors section of our annual Form 10-K. All forward-looking statements are made only as of the date of this report, and we undertake no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

Board of Directors

Craig O. McCaw
Executive Chairman

Richard P. Emerson
Director

Nicolas Kauser
Director

Lee E. Mikles
Director

R. Gerard Salemme
Director

Stuart M. Sloan
Director

H. Brian Thompson
Director

Management Team

Lee E. Mikles
Chief Executive Officer
and President

Steven A. Ednie
Vice President and
Chief Financial Officer

Timothy M. Dozois
Corporate Counsel and
Corporate Secretary

PENDRELL

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