

# PENDRELL CORPORATION

## CHARTER OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

Amended and Restated on September 17, 2013

### **Purpose:**

The purpose of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Pendrell Corporation, a Washington corporation (the “Company”), shall be to: (i) act on behalf of the Board in fulfilling the Board’s responsibilities to propose, oversee and evaluate the Company’s compensation policies, plans and programs; (ii) review and determine the compensation to be paid to the Company’s executive officers and directors; (iii) review the Compensation Discussion and Analysis (“CD&A”) with management and make a recommendation as to whether the CD&A should be included in the Company’s annual report and/or proxy statement; (iv) prepare and review the Committee report included in the Company’s annual proxy statement in accordance with applicable rules and regulations of the Securities and Exchange Commission (“SEC”) in effect from time to time; and (v) perform such other functions as may be deemed necessary or advisable in the efficient and lawful discharge of the foregoing.

### **Composition:**

The Committee shall be comprised of a minimum of two (2) independent directors as the Board may from time to time determine, one of whom shall be designated by the Board as the Chairman of the Committee. Each member of the Committee shall: (i) meet the non-employee director definition of Rule 16b-3 promulgated under Section 16 of the Securities Exchange Act of 1934, as amended, (ii) be an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, and (iii) meet the independence requirements set forth in the rules and regulations of The Nasdaq Stock Market and in any other regulations applicable to the Committee from time to time. Notwithstanding the foregoing sentence, the Committee may include one or more persons who do not qualify as outside directors under Section 162(m) of the Internal Revenue Code if the Committee establishes a subcommittee that is comprised solely of at least two members that meet all of the requirements set forth above that will be responsible for determining performance-based compensation as such term is used in Section 162(m) of the Internal Revenue Code. The members of the Committee shall be appointed by the Board and will serve at the discretion of the Board and hold membership on the Committee until his or her resignation or until determined by the Board. Vacancies occurring on the Committee shall be filled by the Board.

### **Functions and Authority:**

The Committee shall have the full power and authority to carry out the following responsibilities:

1. Periodically review and advise the Board concerning the Company's overall compensation philosophy, policies, programs and practices, including a review of both regional and industry compensation practices and trends.

2. Periodically review and approve all compensation of the Chief Executive Officer and all other executive officers of the Company, with consideration of input provided by the Chief Executive Officer with respect to executive officers other than the Chief Executive Officer. In approving such compensation, the Committee shall seek to ensure that the executive officers are compensated effectively and in a manner consistent with the Company's articulated compensation strategy.

3. Review and approve the terms of any employment agreements and compensation arrangements with all executive officers of the Company, including but not limited to arrangements related to termination of employment, severance or change-in-control plans or arrangements, and all material amendments thereto.

4. Periodically review the compensation paid to non-employee directors and make recommendations to the Board for any adjustments.

5. Recommend to the Board the adoption, amendment and termination of the Company's equity incentive plans, cash incentive plans, bonus plans and similar benefit plans and programs. The Committee shall have the full power and authority to carry out the duties assigned to it under any equity-based compensation plan or other plan approved by the Company, establish guidelines, interpret plan documents, select participants, approve grants and awards, and exercise such other power and authority as may be permitted or required under such plans. The Committee may authorize one or more officers to (i) designate eligible individuals other than executive officers and directors to be recipients of equity compensation, and (ii) determine, within an amount established by the Committee or the Board, the size of the equity awards to be granted to each such recipient; provided, however, that no officer may designate himself or herself as such a recipient. Any officer to whom such authority is delegated shall regularly report to the Committee on the grants so made.

6. In its sole discretion, retain or obtain the advice of such independent compensation, legal, accounting or other professional advisors as the Committee deems appropriate without seeking Board approval with respect to the retention, termination, fees or other terms applicable to the retention of such advisors. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any such advisors and may select, or receive advice from, an advisor only after taking into consideration all factors regarding the independence of such advisors as required by the rules and regulations of the SEC and Nasdaq listing standards, provided, however, that the Committee shall not be prohibited from obtaining advice from advisors that it determines are not independent.

7. Review and discuss with the Company's management the CD&A required to be included in the Company's proxy statement and/or annual report on Form 10-K by the rules and regulations promulgated by the SEC.

8. Prepare the annual “Compensation Committee Report” for inclusion in the Company’s proxy statement and/or annual report on Form 10-K in compliance with the rules and regulations promulgated by the SEC.

9. In connection with the administration of the Company’s risk management program, as in effect from time to time, monitor and assess risks associated with the Company’s compensation policies and practices and consult with management regarding such risks.

10. Consider and make recommendations to the Board regarding proposals on the shareholder advisory vote on executive compensation (“Say-on-Pay”) and on the frequency of Say-on Pay proposals to be considered at shareholder meetings of the Company.

11. Consider and make recommendations to the Board regarding the Company’s response to the shareholder voting results from Say-on-Pay, frequency of Say-on-Pay or similar proposals.

12. Review, discuss and assess its own performance at least annually, and in light of this, consider changes in its membership or procedures. The Committee shall also (a) review and assess the adequacy of this Charter on an annual basis, (b) recommend to the Board any proposed changes in the membership of the Committee or to this Charter, and (c) provide any certification regarding the adequacy of this Charter as may be required by the rules and regulations of The Nasdaq Stock Market.

13. Fulfill the duties and responsibilities assigned to the Committee in this Charter or by the Board.

14. Perform such other functions and have such other powers as may be necessary or convenient in the efficient discharge of the foregoing.

The Committee shall have full access to all books, records, facilities and personnel of the Company as deemed necessary or appropriate by any member of the Committee to discharge his or her responsibilities hereunder.

**Meetings:**

The Committee will meet at least four times annually and hold additional meetings as the Committee deems appropriate. The Chairman of the Committee or the Chairman of the Board or Chief Executive Officer may call meetings. The Chairman shall preside at all regular meetings of the Committee and set the agenda for each Committee meeting. The Chairman of the Board and the Chief Executive Officer may attend any of the meetings of the Compensation Committee, except for portions of the meetings where his, her or their presence would be inappropriate, as determined by the Committee. In addition, the Chief Executive Officer may not be present during deliberations or voting regarding his or her compensation. A majority of the directors appointed to the Committee will constitute a quorum for the transaction of business of the Committee. The action of a majority of the directors present (in person or by telephone conference call) at a meeting where a quorum is

present, or action taken by unanimous written consent, will constitute action of the Committee. Any rules not in conflict with the above that are set forth in the bylaws of the Company applicable to the full Board of Directors shall be applicable to the Committee.

**Minutes and Reports:**

Minutes of each meeting of the Committee shall be kept and distributed to each member of the Committee and the Secretary of the Company. The Committee shall report to the Board from time to time, or whenever so requested by the Board.