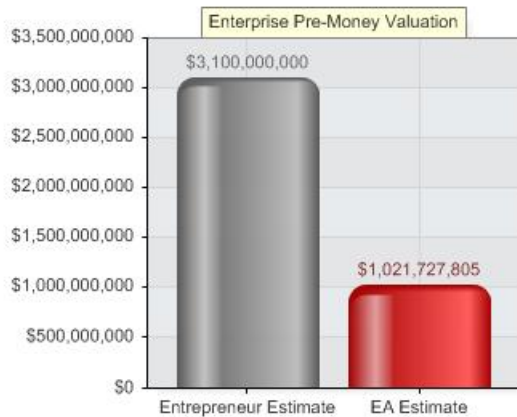


BENCHMARKING ANALYSIS

Alert Level	Alert	Location
High	Projected General & Administrative Expense is less than 5% of Total Revenue	View
Moderate	Projected Sales & Marketing Expense is less than 10% of Total Revenue	View
Moderate	Projected Research & Development Expense is less than 5% of Total Revenue	View

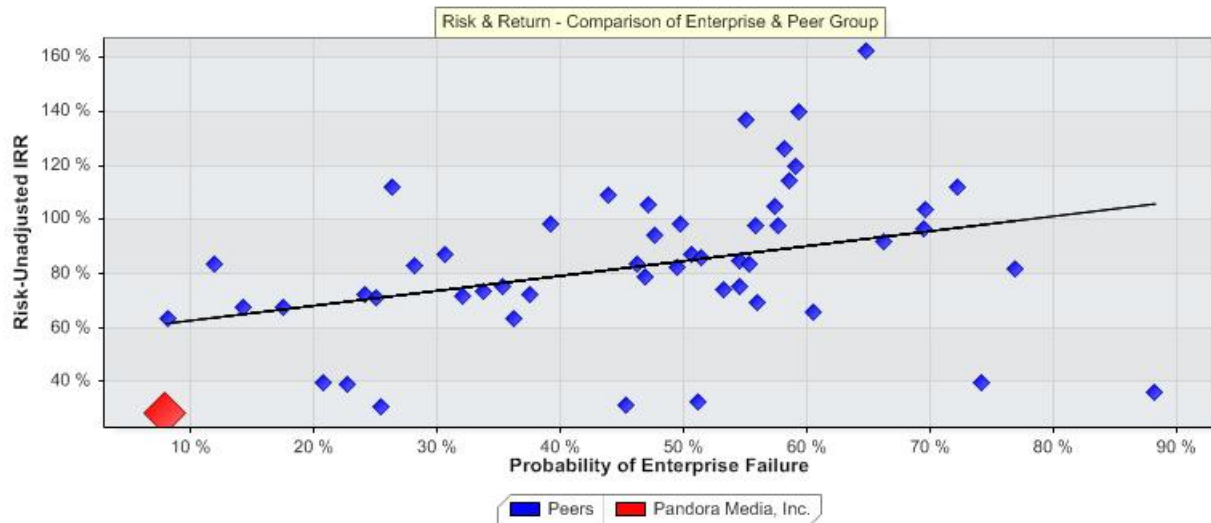
*Benchmarks derived from EquityNet's peer business database.

INVESTMENT ANALYSIS

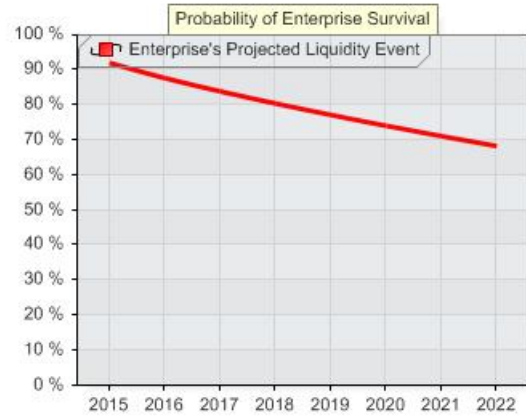


EA Valuation Estimate – EA estimated pre-money value of the enterprise based on competitive cash-flow discounting using the **Median IRR of Peer Group**.

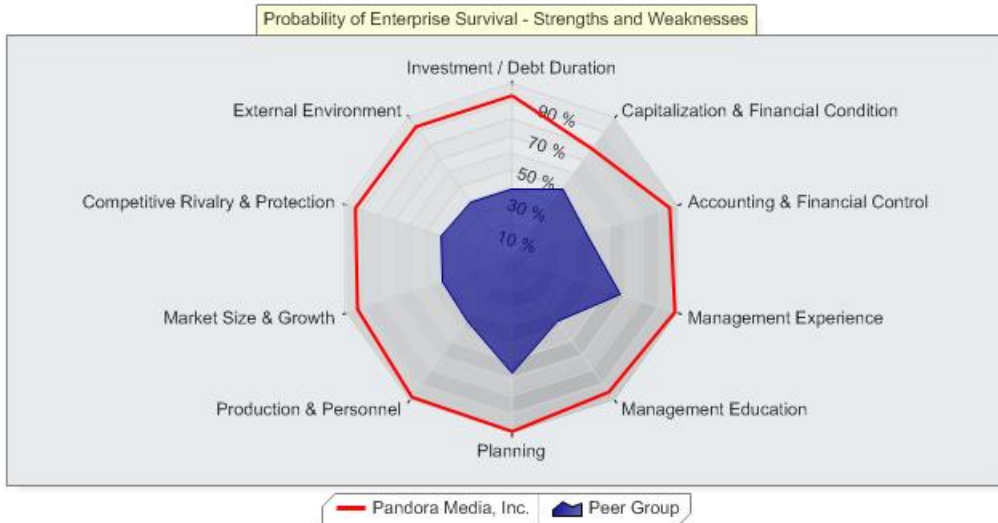
Investor Risk-Adjusted IRR – EA estimated annual rate of return for investors after accounting for the **Probability of Enterprise Survival**.



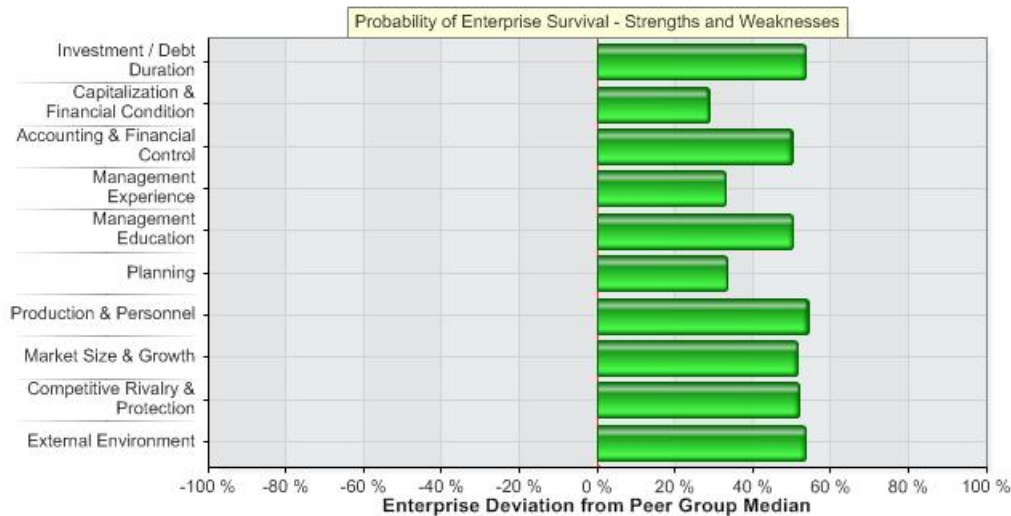
EA estimated **Probability of Enterprise Failure** is statistically determined for each enterprise by the **Risk Quantification System**.
Risk-Unadjusted IRR – EA estimated annual rate of return for investors without accounting for the **Probability of Enterprise Survival**.



EA estimated **Probability of Enterprise Survival** is statistically determined for each enterprise by the **Risk Quantification System**. It estimates the probability of enterprise survival to its projected fiscal year of liquidity event or debt maturation.



EA estimated **Probability of Enterprise Survival** is segmented into standardized **Risk Categories**. A direct comparison is provided between the enterprise and the peer group median.



EA estimated **Probability of Enterprise Survival** is segmented into standardized **Risk Categories**. A direct comparison is provided between the enterprise and the peer group median.

Summary

Company	Contact	Privacy & Confidentiality
Pandora Media, Inc. 2101 Webster Street 16th Floor Oakland, CA 94612, United States www.pandora.com	Joe Kennedy (510) 451-4100 (510) 451-4286 support@pandora.com	Personal and business information is private and confidential in EquityNet. Such information can only be viewed by an EquityNet member if specifically shared with that EquityNet member.

BUSINESS SUMMARY

Pandora is the leader in internet radio in the United States, offering a personalized experience for each of their listeners. Pandora has pioneered a new form of radio—one that uses intrinsic qualities of music to initially create stations and then adapts playlists in real-time based on the individual feedback of each listener. As of January 31, 2013, Pandora had approximately 175 million registered users, which they define as the total number of accounts that have been created for their service at period end. As of January 31, 2013 approximately 140 million registered users have accessed Pandora through smartphones and tablets. For the fiscal year ended January 31, 2013, Pandora streamed 14.01 billion hours of radio and as of January 31, 2013, had 65.6 million active users during the prior 30 day period. According to a December 2012 report by Triton, Pandora has more than a 70% share of internet radio among the top 20 stations and networks in the United States. Since they launched their free, advertising-supported radio service in 2005 listeners have created over 4.0 billion stations. In June 2012, they entered into or activated agreements which allow Pandora to launch in New Zealand, Australia and the territories associated with the two countries. The arrangements with PPNZ Music Licensing Limited, which represents recording artists and record companies, and APRA/AMCOS, which represents songwriters, composers and publishers, have not had a material effect on their results of operations to date.

Age of Enterprise (years)	13
Legal Structure	Corporation
Historical Financial Records	Complete
Financial Projections	Complete
Market Assessment	Complete
Competitive Assessment	Complete
Business Plan	Complete

MILESTONES

Month	Year	Milestone
Jan	2000	Tim Westergren's Music Genome Project begins with \$1.5 million in funding from angel investors.
Feb	2000	Savage Beast Technologies, which is would become Pandora Media on July 21,2005, was founded by Will Glaser, Jon Kraft, and Tim Westergren with idea to sell music recommendation services to businesses like Best Buy.
Jan	2002	By the end of 2001, Westergren had 50 employees and no money. Every two weeks, he held all-hands meetings to beg people to work, unpaid, for another two weeks. That went on for two years.
Mar	2004	After Westergren's 348th pitch seeking backers, Larry Marcus, a venture capitalist at Walden Venture Capital and a musician, decided to lead a \$9 million investment. Mr. Westergren took \$2 million of it and focused the capital on paying everyone back, focusing the service on consumers instead of businesses, changing the name and replacing Mr. Westergren as chief executive with Joe Kennedy, who had experience building consumer products at E-Loan and Saturn.
Jan	2005	Pandora launches on the web.
Dec	2005	Pandora sells its first ad.
Jan	2008	Pandora app becomes one of the most consistently downloaded apps in the Apple store.
Jul	2009	Together with other webcasters, Pandora negotiated new royalty rates on performances with SoundExchange for calendar years 2006 to 2015.
Jan	2010	Pandora is present on more than 200 connected consumer electronic devices ranging from smart-phones to TVs to set-top boxes to Blu-ray players and is able to stream visual, audio, and interactive advertising to computers, smart-phones, iPads, in-home connected devices and even cars.
May	2010	Pandora was named in Lead411's 2010 Hottest San Francisco companies list.
Feb	2011	Pandora filed with the SEC for a \$100mm IPO on February 11, 2011.
Jun	2011	Pandora began trading on the New York Stock Exchange with ticker symbol "P" on June 15, 2011 at a share price of \$16/share.
Jan	2012	During its 2011 fiscal year, Pandora reported \$138 million in revenue with a \$1.8 million net loss, excluding the cost of a special dividend associated with the IPO.
Nov	2012	In 2012, Pandora was reported to have over 150 million users.
Mar	2013	Pandora chief executive Joe Kennedy announced he would step down from his position, but remain until his successor is named.
Apr	2013	Pandora announced that their radio streaming service had passed 200 million users, about 70 million of whom are active monthly.
Jan	2014	SoundExchange proceedings to establish rates that will be applicable to Pandora's service after 2015, known as Webcasting IV proceedings, are expected to commence.
Mar	2014	Analysts expect Pandora to surpass \$630M in revenue by the end of the 2014 fiscal year.
Mar	2016	Analysts expect Pandora to surpass \$1B in revenue by the end of the 2016 fiscal year.

Model

BUSINESS MODEL

Unlike traditional radio stations that broadcast the same content at the same time to all of their listeners, Pandora enables each of their listeners to create up to 100 personalized stations. The Music Genome Project and their playlist generating algorithms power Pandora's ability to predict listener music preferences, play music content suited to the tastes of each individual listener and introduce listeners to music they will love. When a listener enters a single song, artist or genre to start a station—a process they call seeding—the Pandora service instantly generates a station that plays music it thinks that listener will enjoy. Based on listener reactions to the songs Pandora picks, it further tailors the station to match the listener's preferences. Pandora currently provides the Pandora service through two models: Free Service, and Pandora One. The free service is advertising-based and allows listeners access to music and comedy catalogs and personalized playlist generating system for free across all of Pandora's

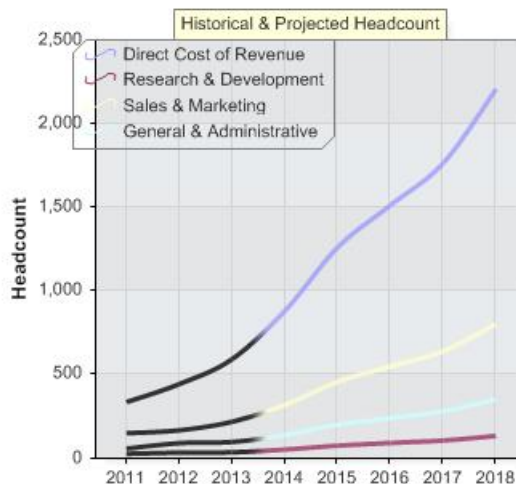
delivery platforms. Pandora One currently eliminates all external advertising from any device used to access the Pandora service. Pandora One allows unlimited listening time and provides access to higher quality 192 kbps audio on supported devices. In fiscal years 2011, 2012 and 2013, advertising accounted for 87% of Pandora's total revenue while subscription services and other revenue accounted for approximately 13%.

STRUCTURE

Enterprise Industry Sector
Peer Group Industry Sector

Other Web Service Software
Web Service Software

Number of Board of Directors /Members	7
Number of Board of Advisors	0
Number of Supplier Relationships	0
Number of Buyer Relationships	0
Number of Strategic Relationships	0



Key Supply-Chain Partners	Key Strategic Partners
Not applicable to software companies.	Facebook, Alpine Electronics, Audiovox, Clarion, JVC, Kenwood, Sony, Acura, BMW, Buick, Cadillac, Chevrolet, Ford, GMC, Honda, Hyundai, Lexus, Lincoln, Mazda, Mercedes-Benz, MINI, Nissan, and Toyota

Product / Service

GENERAL SUMMARY

Product / Service	Industry Sector	Availability	General Description	Key Features	Distribution Channel(s)	Number of Customers
Pandora Advertising	Other Web Service Software	2005	Pandora generates revenue primarily from advertising. In fiscal 2011, 2012 and 2013, advertising accounted for approximately 87%, 87% and 88% of total revenue, respectively, and Pandora expects that advertising will comprise a substantial majority of revenue for the foreseeable future. Pandora offers a comprehensive suite of display, audio and video advertising products across computer, mobile and connected device platforms. Pandora's advertising products allow both national and local advertisers to target and connect with listeners based on age, gender, zip code and content preferences.	Pandora offers three primary types of advertising: display, audio, and video. Pandora's advertising strategy focuses on developing a core suite of display, audio and video advertising products and marketing these products to advertisers for delivery across traditional computer, mobile and other connected device platforms such as automobiles and consumer electronics.	Direct Sales, Value Added Reseller, Partnership, Distributor, Sales Representative, Reseller, Systems Integrator	175,000,000
Pandora Subscriptions	Other Web Service Software	2005	Pandora currently provides the Pandora service through a free service that is advertising-based and allows listeners access to music and comedy catalogs and personalized playlist generating system for free across all of Pandora's delivery platforms. Users may upgrade their free service to purchase annual or monthly Pandora One subscriptions for \$36 per year or approximately \$4 per month, respectively. In fiscal years 2011, 2012 and 2013, subscription services and other revenue accounted for approximately 13%, 13% and 12%, respectively, of total revenue.	Pandora One currently eliminates all external advertising from any device used to access the Pandora service. Pandora One allows unlimited listening time and provides access to higher quality 192 kbps audio on supported devices.	Direct Sales, Value Added Reseller, Partnership, Distributor, Sales Representative, Reseller, Systems Integrator	5,237,050

Intellectual Property

PORTFOLIO

Status	U.S. Patents	International Patents	Trademarks	Copyrights
Pending	10	10	10	0

Granted	3	0	10	0
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PATENTS

Patent	Product/Service Relation	Status	Remaining Life (Years)	Own or License	Independent Claims	Abstract Summary
Consumer Item Matching Method and System	Pandora Advertising, Pandora Subscriptions	Granted in U.S.	8	Own	21	U.S. patent number 7,003,515 describes a method of determining at least one match item corresponding to a source item. A database of multiple items such as songs is created. Each song is also represented by an n-dimensional database vector in which each element corresponding to one of n musical characteristics of the song. A match song is selected based on the magnitude of the distance between the source song and each database songs after applying any weighted factors.

Enterprise's Planned Protection of Future Intellectual Property: Patents, Copyrights, Trade Secrets, Trademarks

Markets

Pandora Advertising

Market	Year Of Introduction	General Market Description	Drivers for Adoption	Barriers to Adoption
Global Advertising Market	1840	The market for advertising is approximately \$500 billion worldwide and \$142.5 billion in the United States. Pandora competes with other content providers on the basis of a number of factors, including perceived return on investment, effectiveness and relevance of advertising products, pricing structure and ability to deliver large volumes or precise types of ads to targeted demographics. Pandora believes that their ability to deliver targeted and relevant ads across a wide range of platforms allows them to compete favorably. However, the market for online advertising solutions is intensely competitive and rapidly changing, and with the introduction of new technologies and market entrants, Pandora expects competition to intensify in the future.	The market for online advertising is becoming increasingly competitive as advertisers are allocating increasing amounts of their overall marketing budgets to web-based advertising. Pandora competes for online advertisers with other internet companies, including major internet portals, search engine companies and social media sites. Large internet companies with greater brand recognition, such as Facebook, Google, MSN and Yahoo! have large direct sales staffs, substantial proprietary advertising technology and extensive web traffic and consequently enjoy significant competitive advantages.	Terrestrial broadcast and to a lesser extent satellite radio are significant sources of competition. Pandora also competes with other traditional media companies in television and print, such as ABC, CBS, FOX and NBC, cable television channel providers, national newspapers such as The New York Times and the Wall Street Journal and some regional newspapers. These traditional outlets present Pandora with a number of competitive challenges in attracting advertisers, including large established audiences, longer operating histories, greater brand recognition and a growing presence on the internet.



Pandora Subscriptions

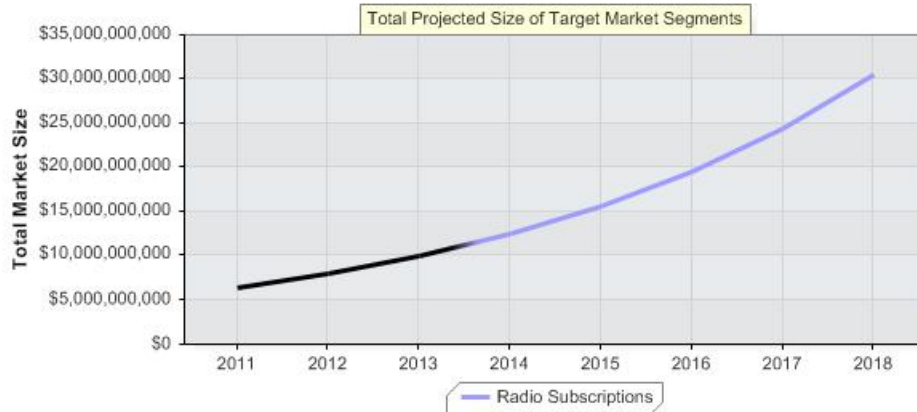
Market	Year Of Introduction	General Market Description	Drivers for Adoption	Barriers to Adoption
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Radio Subscriptions 2001

Pandora competes for the time and attention of their listeners with other content providers on the basis of a number of factors, including quality of experience, relevance, acceptance and diversity of content, ease of use, price, accessibility, perceptions of ad load, brand awareness and reputation. Pandora also competes on the basis of their visibility as compared with other providers that deliver content through the internet, mobile devices and consumer products. Pandora offers their service at no cost or through a low cost subscription plan however, many current and future competitors enjoy competitive advantages, such as greater name recognition, longer operating histories, larger marketing budgets, as well as substantially greater financial, technical and other resources.

Pandora competes for listeners with broadcast radio providers, including terrestrial radio providers such as Clear Channel and CBS and satellite radio providers such as Sirius XM. Many broadcast radio companies own large numbers of radio stations or other media properties. Unlike participants in the emerging internet radio market, terrestrial and satellite radio providers generally enjoy larger established audiences and longer operating histories.

Pandora could face additional competition if known incumbents in the digital media space choose to enter the internet radio market. Pandora also faces competition from providers of interactive on-demand audio content and pre-recorded entertainment, such as Apple's iTunes Music Store, Rhapsody, Spotify, and Amazon that allow listeners to select the audio content that they stream or purchase. The audio entertainment marketplace continues to rapidly evolve, providing listeners with a growing number of alternatives and new media platforms.



MARKET SIZE

(in thousands)

Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018
Pandora Advertising:								
Global Advertising Market	\$413,223,140	\$454,545,455	\$500,000,000	\$550,000,000	\$605,000,000	\$665,500,000	\$732,050,000	\$805,255,000
Total	\$413,223,140	\$454,545,455	\$500,000,000	\$550,000,000	\$605,000,000	\$665,500,000	\$732,050,000	\$805,255,000
Pandora Subscriptions:								
Radio Subscriptions	\$6,400,000	\$8,000,000	\$10,000,000	\$12,500,000	\$15,625,000	\$19,531,250	\$24,414,063	\$30,517,578
Total	\$6,400,000	\$8,000,000	\$10,000,000	\$12,500,000	\$15,625,000	\$19,531,250	\$24,414,063	\$30,517,578

Market	Source of Market Estimates
Global Advertising Market	Internal Research, External Industry Research, External Academic Research, Paid Consultant Research
Radio Subscriptions	Internal Research, External Industry Research, External Academic Research, Paid Consultant Research

MARKET DEVELOPMENT STRATEGY

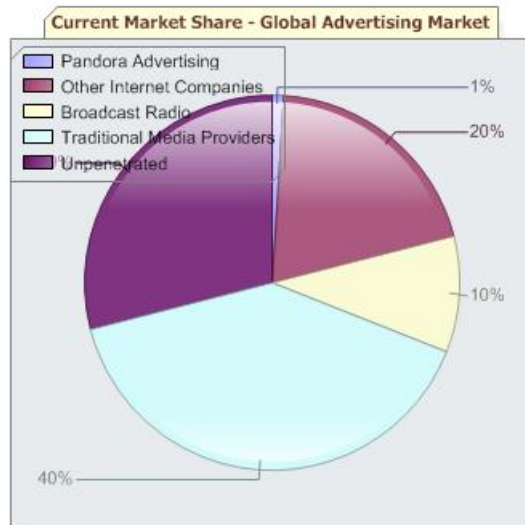
Marketing Plan: According to a December 2012 report by Triton, Pandora has more than a 70% share of internet radio among the top 20 stations and networks in the United States. In June 2012, Pandora entered into or activated agreements which allow Pandora to launch in New Zealand, Australia and the territories associated with the two countries. Since Pandora launched their free, advertising-supported radio service in 2005 their listeners have created over 4.0 billion stations. Pandora's marketing team is charged with amplifying Pandora's brand message to grow awareness and drive listening hours. Pandora organizes the marketing team into three groups focused on communications, marketing analytics, and brand marketing. Pandora's marketing team is actively seeking to grow and expand brand globally while maintaining our strong marketing share in the U.S.

Sales Plan: Pandora organizes their sales force into multiple teams that are each focused on selling advertising across traditional computer, mobile and other connected device platforms. Teams are located in Pandora's Oakland, California headquarters, in regional sales offices in Chicago, Illinois; Santa Monica, California; and New York, New York and local sales offices throughout the country. In Pandora's efforts to increase revenue as the number of listener hours has grown, Pandora has expanded and expect to continue to expand their sales force. If hiring of additional sales personnel does not result in a sufficient increase in revenue, the cost of this additional headcount will not be offset, which would harm operating results and financial condition. So, Pandora is keeping a tight watch on the performance ROI of their growing sales force.

Competition

Pandora Advertising

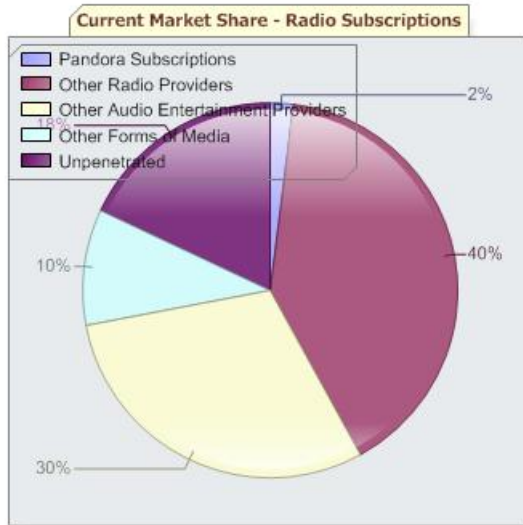
Competitor	Markets	Name of Product/Service	Competitor Description
Other Internet Companies	Global Advertising Market	Facebook, Google, MSN, Yahoo!	Pandora competes for online advertisers with other internet companies, including portals, search companies and social media sites. Large internet companies, such as Google (45% market share) Facebook (20%), MSN (10%) and Yahoo! (15%) have large direct sales staffs, substantial proprietary advertising technology and extensive traffic and consequently enjoy significant competitive advantages.
Broadcast Radio	Global Advertising Market	Terrestrial Broadcast, Satellite Radio	Terrestrial broadcast and to a lesser extent satellite radio are significant sources of competition for advertising dollars. These radio providers deliver ads across platforms that are more familiar to traditional advertisers than the internet might be. Advertisers may be reluctant to migrate advertising dollars to Pandora's Internet-based platform.
Traditional Media Providers	Global Advertising Market	Television and Print	Pandora competes for advertising dollars with other traditional media companies in television and print, such as ABC, CBS, FOX and NBC, cable television channel providers, national newspapers such as The New York Times and the Wall Street Journal and some regional newspapers.



Unpenetrated - The portion of the total market revenue opportunity that is not penetrated (i.e., captured) by the enterprise or any other competitor.

Pandora Subscriptions

Competitor	Markets	Name of Product/Service	Competitor Description
Other Radio Providers	Radio Subscriptions	Sirius XM, Last.fm, iheartradio, Slacker Radio	Pandora competes for listeners with broadcast radio providers, including terrestrial radio providers such as Clear Channel and CBS and satellite radio providers such as Sirius XM. Pandora also competes directly with other emerging non-interactive online radio providers such as CBS's Last.fm, Clear Channel's iheartradio and Slacker Personal Radio.
Other Audio Entertainment Providers	Radio Subscriptions	iTunes, RDIO, Rhapsody, Spotify, Amazon	Pandora faces competition from providers of interactive on-demand audio content and pre-recorded entertainment, such as Apple's iTunes Music Store, RDIO, Rhapsody, Spotify, and Amazon that allow listeners to select the audio content that they stream or purchase. This interactive on-demand content, is accessible in cars and homes, using portable players, mobile phones and other wireless devices.
Other Forms of Media	Radio Subscriptions	Other In-home and Mobile Entertainment	Pandora competes for the time and attention of listeners with providers of other forms of in-home and mobile entertainment. To the extent potential listeners choose to watch cable television, stream video from Hulu, VEVO or YouTube or play video games on their home system, computer or mobile phone rather than listen to the Pandora service, these content services pose a competitive threat.



Unpenetrated - The portion of the total market revenue opportunity that is not penetrated (i.e., captured) by the enterprise or any other competitor.

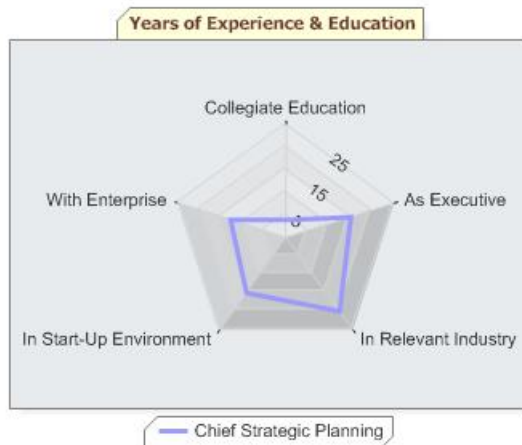
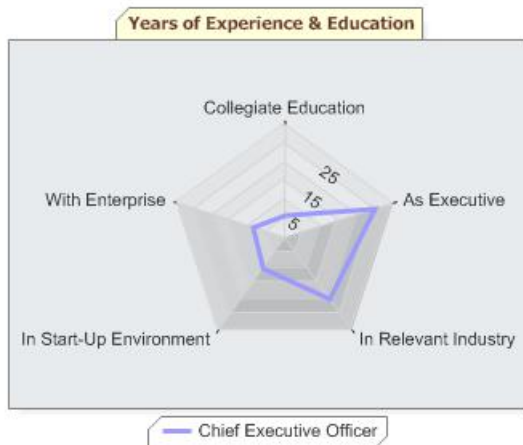
COMPETITIVE PROTECTION STRATEGY

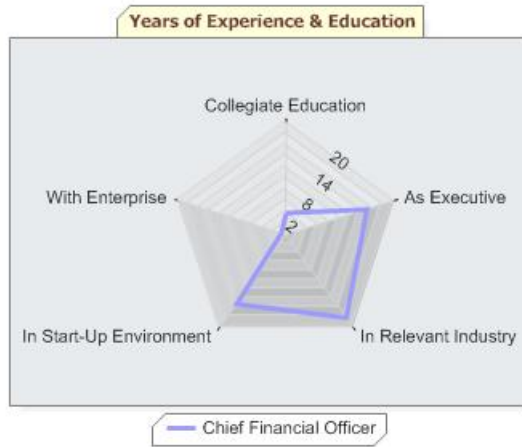
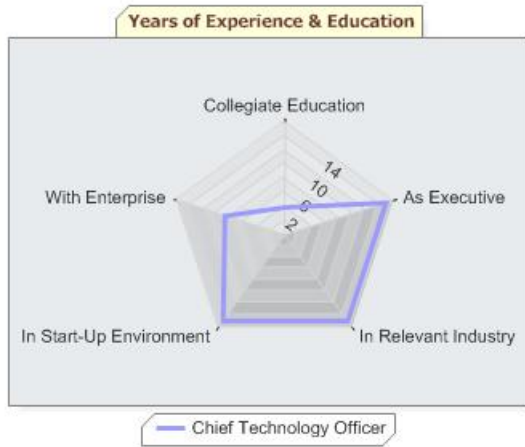
Strategy: Pandora competes for listeners on the basis of their presence and visibility as compared with other providers that deliver content through the internet, mobile devices and consumer products. Pandora believes that they compete favorably on these factors but plan to maintain their competitive distinction by continuing to offer their service at no cost or through a low cost subscription plan, leveraging their patented technology and intellectual property including their playlist generating algorithms, and continuing to grow their brand. Pandora also competes with other content providers for a share of their advertising customers' overall marketing budgets. Pandora competes on the basis of a number of factors, including perceived return on investment, effectiveness and relevance of advertising products, pricing structure and ability to deliver large volumes or precise types of ads to targeted demographics. Pandora believes that their ability to deliver targeted and relevant ads across a wide range of platforms allows them to compete favorably on the basis of these factors and justify a long-term profitable pricing structure. However, the market for online advertising solutions is intensely competitive and rapidly changing, and with the introduction of new technologies and market entrants, Pandora expects competition to intensify in the future.

Management

EXISTING MANAGEMENT

Position	Name	Employed	Age	Undergraduate Discipline	Graduate Discipline
Chief Executive Officer	Joe Kennedy	Full-Time	52	Engineering: Electrical	Business: Management/Information Systems
Chief Strategic Planning	Tim Westergren	Full-Time	46	Humanities	None
Chief Technology Officer	Tom Conrad	Full-Time	42	Computing or Computer Science	None
Chief Financial Officer	Michael Herring	Full-Time	43	Business: Economics	None





Position	Name	Biographical Information	Special Skills
Chief Executive Officer	Joe Kennedy	Joe Kennedy joined Pandora in 2004 following a five-year stint at E-LOAN, where he was President and Chief Operating Officer. From 1995 to 1999, he was the Vice President of Sales, Service and Marketing for Saturn Corporation, which he grew to over \$4 billion in revenue and established as the top brand for customer satisfaction in the auto industry. Joe joined the initial start-up team at Saturn, four months after its founding, as a marketing manager and held positions of increasing marketing responsibility over the course of his 11-year tenure there. Joe holds an M.B.A. from Harvard Business School and a B.S. degree in Electrical Engineering and Computer Science from Princeton University, where he dabbled in music theory and learned to compose his own Gregorian chants. He is Pandora's resident pop music junkie. Joe has also been playing the piano for more than 30 years, most of which has been spent attempting to master Gershwin's "Rhapsody in Blue."	Joe has been the Chief Executive Officer and President of Pandora Media, Inc. since July 2004. Mr. Kennedy has business acumen and extensive background of music discovery software. He also serves as a Technology Partner at El Dorado Ventures. Prior to this, he served as the President and Chief Operating Officer of E-LOAN Inc. from October 1999 to January 29, 2004 and as the Senior Vice President of Marketing and Business Development from February 1999 to October 1999. Prior to this, Mr. Kennedy served as the Vice President of Sales, Service and Marketing of Saturn Corporation from October 1995 to February 1999. Mr. Kennedy served as the General Director of Marketing and Product Planning at Cadillac Motor Car Division of General Motors Corporation from December 1993 to September 1995. He has been a Director of RingCentral, Inc. since August 29, 2012. Mr. Kennedy has been the Chairman of the Board of Pandora Media, Inc. since August 2005 and as its Director since July 2004.
Chief Strategic Planning	Tim Westergren	Mr. Timothy Westergren, Tim founded Pandora Media, Inc. in 2000 and serves as its Chief Strategy Officer. Mr. Westergren is an award-winning composer and record producer with 10 years experience in the music industry. He has recorded with independent labels, scored feature films, produced albums, and performed extensively. Prior to co-founding Savage Beast, he owned and operated a commercial digital recording studio and managed independent artists. Mr. Westergren has been a Director of Pandora Media, Inc. since January 2000. Mr. Westergren holds a BA degree from Stanford University, where he studied computer acoustics and recording technology.	Tim Westergren founded Pandora in January 2000 and now serves as its Chief Strategy Officer. Tim is an award-winning composer, an accomplished musician and a record producer with 20 years of experience in the music industry. He has recorded with independent labels, managed artists, owned a commercial digital recording studio, scored feature films, produced albums, and performed extensively. His main instrument is the piano, but over the years he has played the bassoon, drums and clarinet and his musical background spans such genres as rock, blues, jazz and classical music. A musician's musician, he is obsessed with helping talented emerging artists connect with the music fans most likely to appreciate their music. In addition to guiding Pandora's overall strategy and vision, Tim now spends most of his time as Pandora's chief evangelist - traveling the country to meet with listeners to collect feedback, research local music, and spread the word of the Music Genome Project.
Chief Technology Officer	Tom Conrad	Mr. Thomas Conrad has been the Chief Technical Officer of Pandora Media Inc. since August 2004 and as its Executive Vice President of Product since December 2010. Mr. Conrad has led numerous engineering and product design teams across a wide range of applications - from operating systems and enterprise software to video games and consumer web sites. Before joining Pandora, Mr. Conrad served as VP - Engineering at Kenamea, Inc. where he led the teams responsible for the design and development of an award-winning Internet-scale messaging system. He previously served as Technical Director for the successful video game series 'You Don't Know Jack.' Mr. Conrad has also held engineering management positions at Pets.com, Documentum, Relevance Technologies and Berkeley Systems. Mr. Conrad began his career at Apple developing user interface elements for the Mac OS. Mr. Conrad holds three U.S. patents and a B.S. in Computer Engineering from the University of Michigan.	Tom Conrad leads the Pandora product organization, which includes product management, user interface design, software development, and network operations. Over the years, Tom has led numerous engineering and product design teams across a wide range of applications - from operating systems and enterprise software to video games and consumer web sites. Past experience also includes engineering management positions at Berkeley Systems, Relevance Technologies, Documentum, Pets.com, and Kenamea. Tom holds both technology and music close to his heart. His personal music collection includes more than 1000 CDs - many from artists that others on the Pandora team have never heard of. He likes to say the only instrument he plays well is his stereo.
		Mr. Michael S. Herring has been the Chief Financial Officer and Executive Vice President of Pandora Media, Inc. since February 2013 and serves as its Principal Accounting Officer. Mr. Herring served as Vice President of Operations	With more than eight years of online industry experience, Mr. Herring has wealth of knowledge about financial planning, rapid growth and executive management. He served as CFO of MyFamily.com (now Ancestry.com), where he led efforts that redefined its business model and

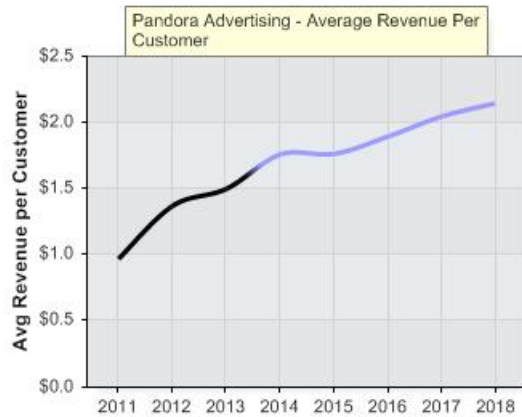
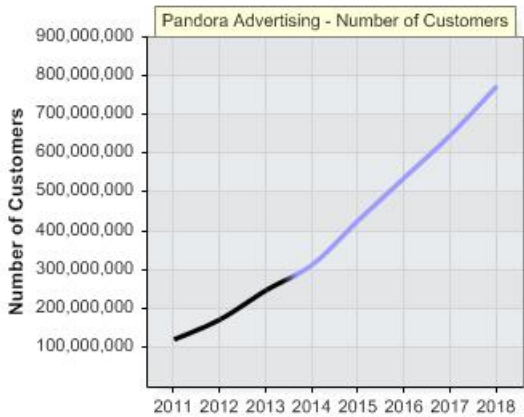
Chief Financial Officer	Michael Herring	<p>at Adobe Systems Incorporated. Mr. Herring served as an Executive Vice President of Omniture Inc. since November 2004 and served as its Chief Financial Officer since November 2004 (for five years). He served as Principal Accounting Officer and Treasurer of Omniture Inc. He was responsible for helping Omniture manage its industry leading growth, building upon its already strong financial position, to assist it in reaching new levels of market success. He is an 18-year technology industry veteran. He has deep domain expertise and executive-level leadership building global technology businesses from the ground up and steering software companies to sustainable long-term profitability and revenue growth.</p>	<p>made it one of the top five subscription businesses on the Internet. Mr. Herring joined MyFamily.com through the acquisition of Third Age Media. He served as VP of finance of Third Age Media, he helped grow it from concept to execution, serving clients such as Procter & Gamble, Johnson & Johnson, Merrill Lynch, American Century and E*TRADE, among others. Prior to Third Age Media, he served as Controller of Anergen Inc. He has been a Member of Advisory Board at Bazaarvoice, Inc. since May 2010. Mr. Herring earned his Certified Public Accountant as a senior accountant in the audit department of Ernst & Young LLP and holds a BA degree in Economics and Political Science from the University of California at Los Angeles.</p>
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ANTICIPATED MANAGEMENT

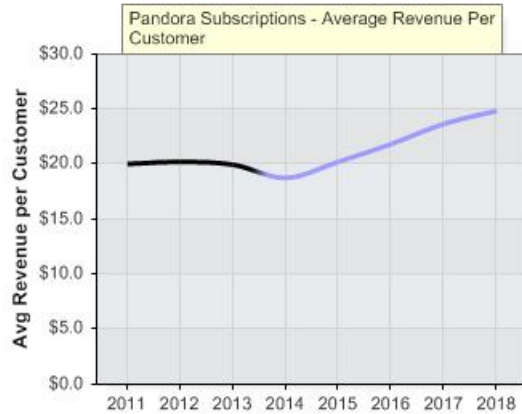
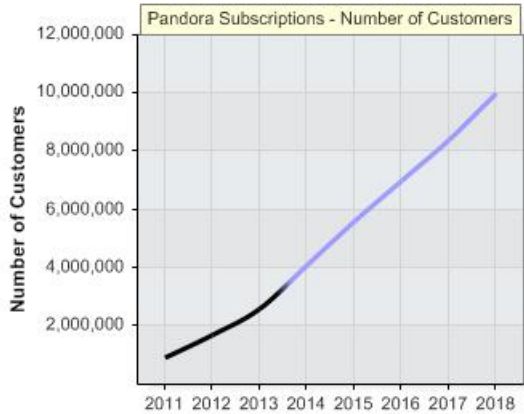
Position	Undergraduate Discipline	Graduate Discipline	Duration Until Needed
Chief Executive Officer	Sciences: Natural	Business: Management/Information Systems	3 Months
Managing Director Human Resources	Sciences: Social	None	3 Months
Managing/Manager Business Development	Business: Management/Information Systems	Business: Management/Information Systems	1 Months
Managing Director Sales	Business: Management/Information Systems	Business: Management/Information Systems	6 Months

Financial

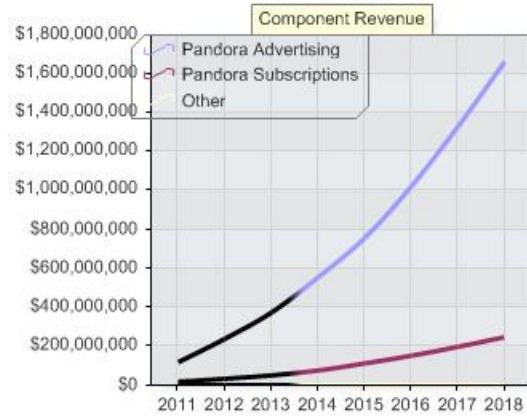
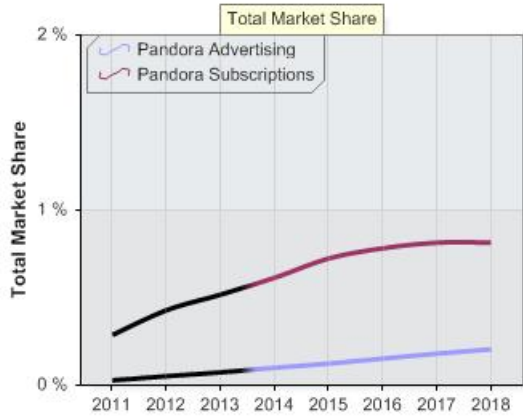
FINANCIAL CHARTS



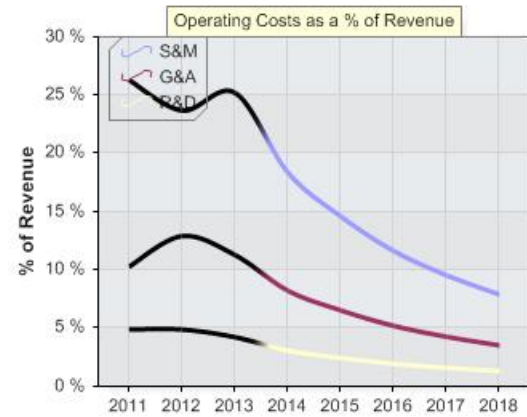
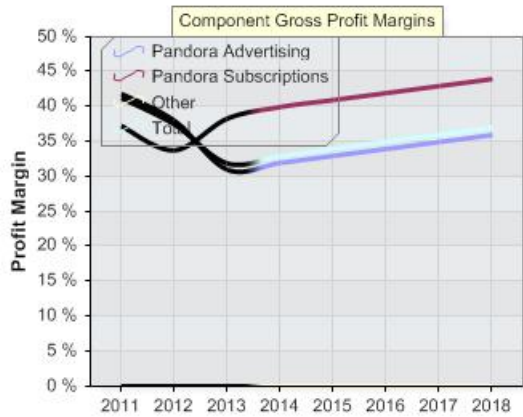
Black lines represent historical values provided by the enterprise. Blue lines represent values projected by the enterprise.



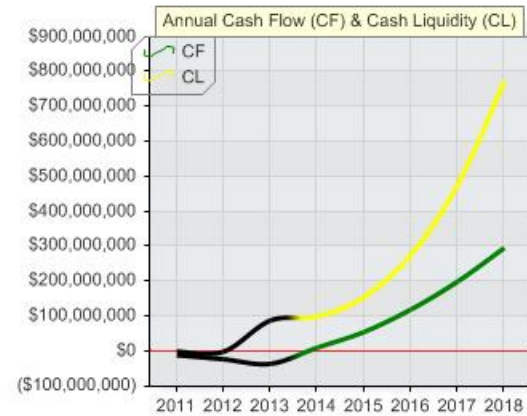
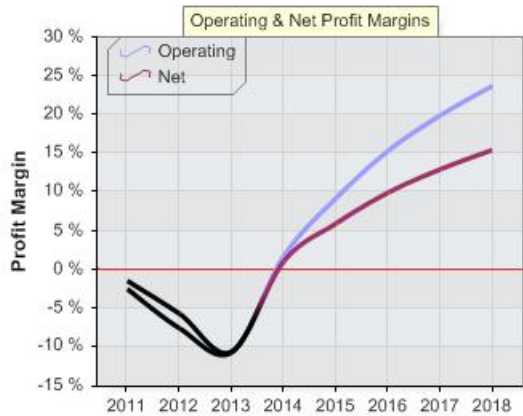
Black lines represent historical values provided by the enterprise. Blue lines represent values projected by the enterprise.



Black lines represent historical values provided by the enterprise. Blue or other colored lines represent values projected provided by the enterprise.



Black lines represent historical values provided by the enterprise. Blue or other colored lines represent values projected provided by the enterprise.



Black lines represent historical values provided by the enterprise. Blue or other colored lines represent projected values provided by the enterprise.

INCOME & CASH FLOW (nominal)

Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018
Revenue:								
Pandora Advertising	\$119,333,000	\$239,957,000	\$375,218,000	\$556,448,000	\$758,901,000	\$1,024,516,000	\$1,331,871,000	\$1,664,839,000
Pandora Subscriptions	\$18,431,000	\$34,383,000	\$51,927,000	\$77,007,000	\$113,399,000	\$153,088,000	\$199,015,000	\$248,769,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$137,764,000	\$274,340,000	\$427,145,000	\$633,455,000	\$872,300,000	\$1,177,604,000	\$1,530,886,000	\$1,913,608,000
Number of Customers:								
Pandora Advertising	123000000	175000000	250000000	316000000	430000000	540000000	650000000	775000000
Pandora Subscriptions	920000	1700000	2600000	4100000	5600000	7000000	8400000	10000000

Average Revenue per Customer:								
Pandora Advertising	\$1	\$1	\$2	\$2	\$2	\$2	\$2	\$2
Average Revenue per Customer:								
Pandora Subscriptions	\$20	\$20	\$20	\$19	\$20	\$22	\$24	\$25
Cost of Revenue:								
Pandora Advertising	\$69,357,000	\$148,708,000	\$258,748,000	\$378,384,000	\$508,463,000	\$676,180,000	\$865,716,000	\$1,065,497,000
Pandora Subscriptions	\$11,559,000	\$22,759,000	\$32,019,000	\$46,204,000	\$66,905,000	\$88,791,000	\$113,438,000	\$139,310,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$80,916,000	\$171,467,000	\$290,767,000	\$424,588,000	\$575,368,000	\$764,971,000	\$979,154,000	\$1,204,807,000
Gross Profit:								
Pandora Advertising	\$49,976,000	\$91,249,000	\$116,470,000	\$178,064,000	\$250,438,000	\$348,336,000	\$466,155,000	\$599,342,000
Pandora Subscriptions	\$6,872,000	\$11,624,000	\$19,908,000	\$30,803,000	\$46,494,000	\$64,297,000	\$85,577,000	\$109,459,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$56,848,000	\$102,873,000	\$136,378,000	\$208,867,000	\$296,932,000	\$412,633,000	\$551,732,000	\$708,801,000
Operating Expenses:								
Sales & Marketing	\$36,250,000	\$65,010,000	\$107,715,000	\$116,441,000	\$127,415,000	\$137,081,000	\$146,186,000	\$151,127,000
General & Administrative	\$14,183,000	\$35,428,000	\$48,247,000	\$52,155,000	\$57,071,000	\$61,400,000	\$65,478,000	\$67,692,000
Research & Development	\$6,736,000	\$13,425,000	\$18,118,000	\$19,585,000	\$21,431,000	\$23,057,000	\$24,589,000	\$25,420,000
Depreciation & Amortization	\$1,578,000	\$4,455,000	\$7,076,000	\$9,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Total	\$58,747,000	\$118,318,000	\$181,156,000	\$197,181,000	\$215,917,000	\$231,538,000	\$246,253,000	\$254,239,000
Operating Income								
	(\$1,899,000)	(\$15,445,000)	(\$44,778,000)	\$11,686,000	\$81,015,000	\$181,095,000	\$305,479,000	\$454,562,000
Other Income								
	(\$697,000)	(\$4,426,000)	\$94,000	\$166,000	\$290,000	\$509,000	\$890,000	\$1,559,000
Interest Expense								
	\$612,000	\$616,000	\$535,000	\$508,000	\$482,000	\$458,000	\$435,000	\$413,000
Income Tax / Member Tax Payout								
	\$134,000	\$75,000	\$5,000	\$4,089,000	\$28,354,000	\$63,382,000	\$106,916,000	\$159,095,000
Net Income								
	(\$3,342,000)	(\$20,562,000)	(\$45,224,000)	\$7,255,000	\$52,469,000	\$117,764,000	\$199,018,000	\$296,613,000
Cash Flows:								
Net Change in Working Capital								
	\$235,000	(\$5,860,000)	(\$10,850,000)	(\$5,000,000)	(\$5,000,000)	(\$5,000,000)	(\$5,000,000)	(\$5,000,000)
Operating Cash Flow								
	(\$1,999,000)	(\$10,247,000)	(\$27,298,000)	\$21,255,000	\$67,469,000	\$132,764,000	\$214,018,000	\$311,613,000
Capital Expenditures								
	\$8,211,000	\$11,644,000	\$7,580,000	\$10,000,000	\$11,000,000	\$12,000,000	\$13,000,000	\$14,000,000
Free Cash Flow								
	(\$10,210,000)	(\$21,891,000)	(\$34,878,000)	\$11,255,000	\$56,469,000	\$120,764,000	\$201,018,000	\$297,613,000
Capitalization:								
New Equity Investment								
	\$235,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grant Capital								
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Debt Borrowing								
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Principal Repayments								
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Net Capitalization								
	\$235,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Liquidity Balance								
			\$88,972,000	\$100,227,000	\$156,696,000	\$277,460,000	\$478,478,000	\$776,091,000

INCOME & CASH FLOW (relative)

Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018
Market Share:								
Pandora Advertising	0.03 %	0.05 %	0.08 %	0.10 %	0.13 %	0.15 %	0.18 %	0.21 %
Pandora Subscriptions	0.29 %	0.43 %	0.52 %	0.62 %	0.73 %	0.78 %	0.82 %	0.82 %
Annual Growth Rate in Revenue:								
Pandora Advertising	0.0 %	101.1 %	56.4 %	48.3 %	36.4 %	35.0 %	30.0 %	25.0 %
Pandora Subscriptions	0.0 %	86.5 %	51.0 %	48.3 %	47.3 %	35.0 %	30.0 %	25.0 %
Other	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Total	0.0 %	99.1 %	55.7 %	48.3 %	37.7 %	35.0 %	30.0 %	25.0 %
Gross Profit Margin:								
Pandora Advertising	41.9 %	38.0 %	31.0 %	32.0 %	33.0 %	34.0 %	35.0 %	36.0 %
Pandora Subscriptions	37.3 %	33.8 %	38.3 %	40.0 %	41.0 %	42.0 %	43.0 %	44.0 %
Other	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Total	41.3 %	37.5 %	31.9 %	33.0 %	34.0 %	35.0 %	36.0 %	37.0 %
Operating Expenses as a % of Revenue:								
Sales & Marketing	26.3 %	23.7 %	25.2 %	18.4 %	14.6 %	11.6 %	9.5 %	7.9 %
General & Administrative	10.3 %	12.9 %	11.3 %	8.2 %	6.5 %	5.2 %	4.3 %	3.5 %
Research & Development	4.9 %	4.9 %	4.2 %	3.1 %	2.5 %	2.0 %	1.6 %	1.3 %

Total Profit Margins:								
Operating Profit Margin	-1.4 %	-5.6 %	-10.5 %	1.8 %	9.3 %	15.4 %	20.0 %	23.8 %
Net Profit Margin	-2.4 %	-7.5 %	-10.6 %	1.1 %	6.0 %	10.0 %	13.0 %	15.5 %

BALANCE SHEET

Fiscal Year	1/31/2013
Current Assets:	
Cash & Short-Term Investments	\$88,972,000
Accounts Receivable	\$103,410,000
Inventory	\$0
Other Current Assets	\$6,232,000
Total Current Assets	\$198,614,000
Long-Term Assets:	
Tangible Capital Assets	\$17,758,000
Intangible Capital Assets	\$2,460,000
Accumulated Depreciation	\$0
Total Long-Term Assets	\$20,218,000
Total Assets	\$218,832,000
Current Liabilities:	
Accounts Payable	\$4,471,000
Short-Term Debt	\$0
Other Current Liabilities	\$111,499,000
Total Current Liabilities	\$115,970,000
Long-Term Liabilities	\$3,873,000
Total Liabilities	\$119,843,000
Equity & Capital:	
Paid-In Capital	\$238,552,000
Retained Earnings	\$0
Interest in Non-Consolidated Enterprise(s)	\$0
Total Equity & Capital (Net Worth)	\$238,552,000
Total Equity, Capital, & Liabilities	\$358,395,000

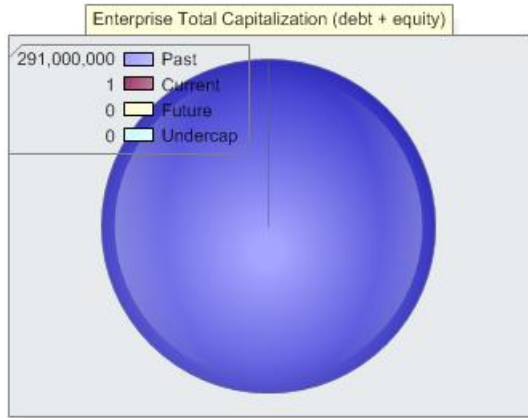
PROJECTION METHODS

Revenue Projection Method	Operational Cost Projection Method	Underlying Projection Assumptions
Extrapolated from Historical Revenue Trend	Extrapolated from Historical Cost Trends	For advertising assumptions, Pandora defines their unit of measure as customer or the total number of registered user that have created accounts for their service at period end. Pandora also assumes a \$2 per user average revenue per user in years 2014-2018, based on historical average revenue per user trends of between \$1.15 and \$1.75. For subscription projections, Pandora assumed an average selling price for Pandora One of \$20 per year based on an average of \$4 per month or \$36 per year subscription. To project employee headcount Pandora assumed similar S&M, G&A, and R&D expenses based on an historical average.

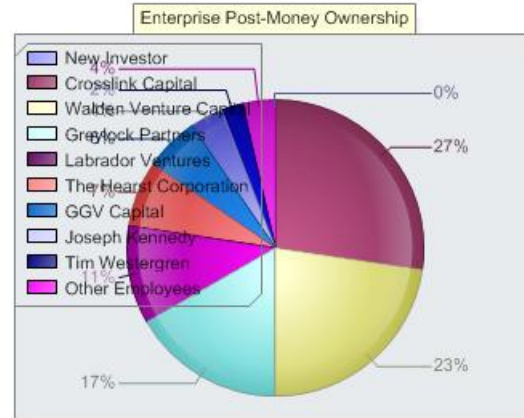
Capitalization

CURRENT CAPITALIZATION

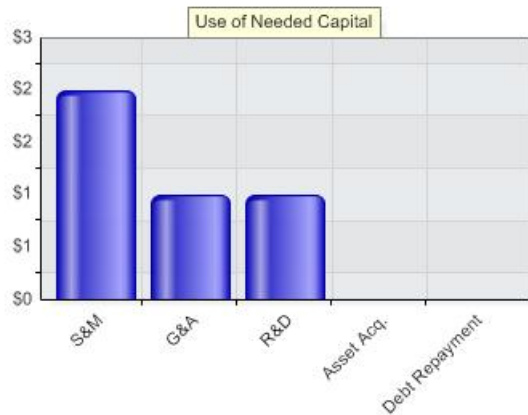
Capital Needed: \$1
Capital Type: Equity



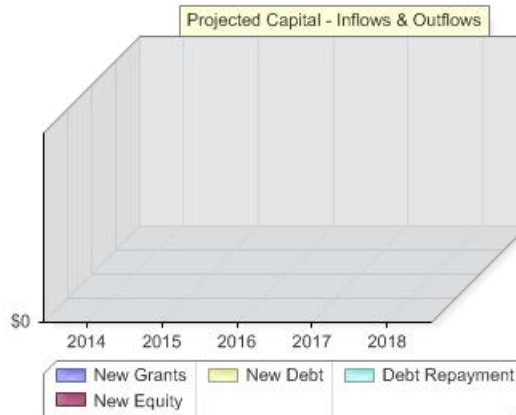
Future Capital – Enterprise’s estimate of future capital needs post investment.
Undercapitalization – EA estimated risk capital that is unaccounted for by enterprise.



Post-Money Ownership – Equity share of the enterprise after accounting for the dilution of the current capital being sought. (based on the enterprise’s estimated valuation)



S&M – Sales & Marketing | G&A – General & Administrative | R&D – Research & Development | Asset Acq. – Asset Acquisition



Area of Use	Specific Use	Amount
Sales & Marketing	Expand their sales force in Chicago, Santa Monica, and New York offices	\$1
Sales & Marketing	Expand the marketing of the Pandora brand globally	\$1
General & Administrative	Continue to attract talented employees to Oakland headquarters and satellite offices	\$1
Research & Development	Continue to expand platform to other devices globally	\$1

PAST CAPITALIZATION

Name	Relationship	Capital Type	Contributed Capital
IPO	Commercial Bank	Common Equity	\$235,000,000
Walden Venture Capital	Investment Firm	Preferred Equity	\$2,000,000
Greylock Partners	Investment Firm	Preferred Equity	\$35,000,000
Angel Investors	Individual	Preferred Equity	\$1,500,000
Other Venture Capitalists	Investment Firm	Common Equity	\$17,500,000

EQUITY EXIT STRATEGIES / DEBT TYPE & DURATION

Ranking	Equity Exit Strategy / Debt Type Desired	Year	Name of Potential Acquirers or Merger Partners
Most Likely	IPO	2013	
Likely	Merger	2012	
Least Likely	Acquisition	2012	