

PANDORA[®]

Historical Financial Results

JUNE 30, 2016

Safe Harbor

These slides may contain forward-looking statements. All statements other than statements of historical facts contained in these slides, including statements regarding Pandora Media's ("Pandora" or the "Company") future operations, future financial position, future revenue, projected expenses, opportunities, prospects and plans and objectives of management are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "anticipate," "believe," "estimate," "expect," "intent," "may," "might," "plan," "project," "will," "would," "should," "could," "can," "predict," "potential," "continue," "objective," or the negative of these terms or similar expressions. The Company bases forward-looking statements largely on its estimates of its financial results and its current expectations and projections about future events and financial trends that it believes may affect its financial condition, results of operations, business strategy, short term and long-term business operations and objectives and financial needs. Forward-looking statements are subject to a number of risks, uncertainties and assumptions, including, but not limited to, our operation in an emerging market and our relatively new and evolving business model, our ability to evaluate our current and future prospects, our ability to generate additional revenue on a cost-effective basis, our ability to attract and retain advertisers, our ability to increase our listener base and listener hours, our ability to continue operating under existing laws and licensing regimes and a number of other factors outside of our control. Further information on these factors and other risks that may affect our business is included in filings we make with the Securities and Exchange Commission from time to time, including our Annual Report on Form 10-K and our quarterly Form 10-Q, particularly under the heading "Risk Factors." Moreover, the Company operates in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for Company management to predict all risks, nor can the Company assess the impact of all factors on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements the Company may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances and the accompanying oral presentation may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, neither the Company nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. Any forward-looking statement speaks only as of its date. Except as required by law, the Company undertakes no obligation to update publicly any forward-looking statements for any reason after the date of this presentation, to conform these statements to actual results or to changes in the Company's expectations.

Pandora Media Inc.
Consolidated Statements of Operations
Year Ended December 31
(in thousands, except per share amounts)

	Three months ended				Year ended	Three months ended				Year ended	Three months ended	
	3/31/2014 (unaudited)	6/30/2014 (unaudited)	9/30/2014 (unaudited)	12/31/2014 (unaudited)	12/31/2014 (audited)	3/31/2015 (unaudited)	6/30/2015 (unaudited)	9/30/2015 (unaudited)	12/31/2015 (unaudited)	12/31/2015 (audited)	3/31/2016 (unaudited)	6/30/2016 (unaudited)
Revenue												
Advertising	\$ 140,634	\$ 177,324	\$ 194,293	\$ 220,087	\$ 732,338	\$ 178,739	\$ 230,921	\$ 254,656	\$ 268,989	\$ 933,305	\$ 220,308	\$ 265,126
Subscription and other	53,681	41,570	45,300	47,913	188,464	52,025	54,639	56,906	57,001	220,571	54,732	55,125
Ticketing service (1)	-	-	-	-	-	-	-	-	10,167	10,167	22,265	22,771
Total revenue	194,315	218,894	239,593	268,000	920,802	230,764	285,560	311,562	336,157	1,164,043	297,305	343,022
Cost of revenue												
Cost of revenue - Content acquisition costs	108,275	111,461	111,315	115,326	446,377	126,023	130,134	211,272	142,933	610,362	171,264	176,633
Cost of revenue - Other (2)	14,979	13,989	15,453	17,206	61,627	16,233	20,043	21,414	22,168	79,858	20,999	24,833
Cost of revenue - Ticketing service (1) (2)	-	-	-	-	-	-	-	-	7,121	7,121	14,646	15,259
Total cost of revenue	123,254	125,450	126,768	132,532	508,004	142,256	150,177	232,686	172,222	697,341	206,909	216,725
Gross profit	71,061	93,444	112,825	135,468	412,798	88,508	135,383	78,876	163,935	466,702	90,396	126,297
Operating expenses												
Product development (2)	11,831	13,076	13,381	14,865	53,153	15,875	18,742	21,849	28,115	84,581	35,846	33,808
Sales and marketing (2)	61,864	66,232	72,320	76,914	277,330	84,274	94,035	107,286	112,574	398,169	117,622	123,812
General and administrative (2)	26,361	25,865	29,143	31,074	112,443	36,754	38,812	35,603	42,774	153,943	46,296	40,562
Total operating expenses	100,056	105,173	114,844	122,853	442,926	136,903	151,589	164,738	183,463	636,693	199,764	198,182
Income (loss) from operations	(28,995)	(11,729)	(2,019)	12,615	(30,128)	(48,395)	(16,206)	(85,862)	(19,528)	(169,991)	(109,368)	(71,885)
Interest expense	(129)	(138)	(130)	(131)	(528)	(131)	(124)	(131)	(1,590)	(1,976)	(6,175)	(6,247)
Other income (expense), net	221	238	174	201	834	328	380	95	(47)	756	862	255
Income (loss) before benefit from (provision for) income taxes	(28,903)	(11,629)	(1,975)	12,685	(29,822)	(48,198)	(15,950)	(85,898)	(21,165)	(171,211)	(114,681)	(77,877)
Benefit from (provision for) income taxes	(28)	(99)	(50)	(407)	(584)	(59)	(115)	(32)	1,756	1,550	(421)	1,544
Net income (loss)	\$ (28,931)	\$ (11,728)	\$ (2,025)	\$ 12,278	\$ (30,406)	\$ (48,257)	\$ (16,065)	\$ (85,930)	\$ (19,409)	\$ (169,661)	\$ (115,102)	\$ (76,333)
Basic net income (loss) per share	\$ (0.14)	\$ (0.06)	\$ (0.01)	\$ 0.06	\$ (0.15)	\$ (0.23)	\$ (0.08)	\$ (0.40)	\$ (0.09)	\$ (0.79)	\$ (0.51)	\$ (0.33)
Weighted-average basic shares	199,857	205,706	206,982	208,434	205,273	209,928	211,742	212,760	220,625	213,790	226,659	229,745
Diluted net income (loss) per share	\$ (0.14)	\$ (0.06)	\$ (0.01)	\$ 0.06	\$ (0.15)	\$ (0.23)	\$ (0.08)	\$ (0.40)	\$ (0.09)	\$ (0.79)	\$ (0.51)	\$ (0.33)
Weighted-average diluted shares	199,857	205,706	206,982	217,567	205,273	209,928	211,742	212,760	220,625	213,790	226,659	229,745

(1) The three months ended 12/31/15 consists of two months of Ticketfly activity from the acquisition date of October 31, 2015 to December 31, 2015.

(2) Includes stock-based compensation expense as follows:

	3/31/2014	6/30/2014	9/30/2014	12/31/2014	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015	12/31/2015	3/31/2016	6/30/2016
Cost of revenue - Other	\$ 881	\$ 1,032	\$ 1,063	\$ 1,438	\$ 4,414	\$ 1,207	\$ 1,406	\$ 1,427	\$ 1,491	\$ 5,531	\$ 1,477	\$ 1,544
Cost of revenue - Ticketing service	-	-	-	-	-	-	-	-	40	40	60	67
Product development	3,461	4,426	4,402	5,257	17,546	4,605	5,354	6,189	7,523	23,671	8,501	7,243
Sales and marketing	8,311	9,922	10,442	13,490	42,165	11,344	13,327	13,732	14,344	52,747	13,613	15,128
General and administrative	4,739	5,233	6,204	6,754	22,930	6,039	7,397	7,446	8,774	29,656	15,004	8,450
Total stock-based compensation expenses	\$ 17,392	\$ 20,613	\$ 22,111	\$ 26,939	\$ 87,055	\$ 23,195	\$ 27,484	\$ 28,794	\$ 32,172	\$ 111,645	\$ 38,655	\$ 32,432

Pandora Media Inc.
Consolidated Balance Sheets
Year Ended December 31
(in thousands)

	<u>3/31/2014</u> <u>(unaudited)</u>	<u>6/30/2014</u> <u>(unaudited)</u>	<u>9/30/2014</u> <u>(unaudited)</u>	<u>12/31/2014</u> <u>(audited)</u>	<u>3/31/2015</u> <u>(unaudited)</u>	<u>6/30/2015</u> <u>(unaudited)</u>	<u>9/30/2015</u> <u>(unaudited)</u>	<u>12/31/2015</u> <u>(audited)</u>	<u>3/31/2016</u> <u>(unaudited)</u>	<u>6/30/2016</u> <u>(unaudited)</u>
Assets										
Current assets										
Cash and cash equivalents	\$ 160,796	\$ 157,848	\$ 148,884	\$ 175,957	\$ 221,014	\$ 204,103	\$ 242,981	\$ 334,667	\$ 303,454	\$ 238,367
Short-term investments	180,496	166,429	167,510	178,631	160,566	168,339	120,614	35,844	45,805	54,800
Accounts receivable, net	148,320	177,218	197,516	218,437	188,470	233,715	262,910	277,075	237,760	263,654
Prepaid expenses and other current assets	15,481	10,512	11,135	15,389	19,441	16,664	17,163	35,920	48,182	43,286
Total current assets	<u>505,093</u>	<u>512,007</u>	<u>525,045</u>	<u>588,414</u>	<u>589,491</u>	<u>622,821</u>	<u>643,668</u>	<u>683,506</u>	<u>635,201</u>	<u>600,107</u>
Long-term investments	104,569	113,647	120,944	104,243	99,704	89,013	78,982	46,369	33,238	18,153
Property and equipment, net	38,697	40,147	42,292	42,921	46,718	54,741	56,424	66,370	81,412	102,016
Goodwill	-	-	-	-	-	407	23,052	303,875	304,787	306,715
Intangible assets, net	7,455	7,273	7,091	6,939	6,756	6,766	9,138	110,745	105,843	100,705
Other long-term assets	6,405	6,428	6,895	6,773	7,201	6,684	9,479	29,792	31,860	31,478
Total assets	<u>\$ 662,219</u>	<u>\$ 679,502</u>	<u>\$ 702,267</u>	<u>\$ 749,290</u>	<u>\$ 749,870</u>	<u>\$ 780,432</u>	<u>\$ 820,743</u>	<u>\$ 1,240,657</u>	<u>\$ 1,192,341</u>	<u>\$ 1,159,174</u>
Liabilities and stockholders' equity										
Current liabilities										
Accounts payable	\$ 10,087	\$ 11,395	\$ 13,001	\$ 10,825	\$ 14,879	\$ 16,386	\$ 20,131	\$ 17,897	\$ 9,922	\$ 6,132
Accrued liabilities (1)	13,929	13,147	14,993	15,754	21,789	25,006	37,099	37,185	35,375	29,723
Accrued royalties	74,698	72,259	71,509	73,693	80,574	81,351	163,047	97,390	111,554	123,583
Deferred revenue	28,123	22,763	18,243	14,412	26,740	27,097	22,682	19,939	27,579	28,751
Accrued compensation (1)	18,924	31,102	31,353	34,476	27,968	39,905	36,856	43,788	43,938	48,971
Other current liabilities	-	-	-	-	-	-	-	15,632	23,044	17,432
Total current liabilities	<u>145,761</u>	<u>150,666</u>	<u>149,099</u>	<u>149,160</u>	<u>171,950</u>	<u>189,745</u>	<u>279,815</u>	<u>231,831</u>	<u>251,412</u>	<u>254,592</u>
Long-term debt	-	-	-	-	-	-	-	234,577	239,011	243,483
Other long-term liabilities	9,826	10,374	10,814	16,773	15,246	15,177	18,270	30,862	31,521	32,804
Total liabilities	<u>155,587</u>	<u>161,040</u>	<u>159,913</u>	<u>165,933</u>	<u>187,196</u>	<u>204,922</u>	<u>298,085</u>	<u>497,270</u>	<u>521,944</u>	<u>530,879</u>
Stockholders' equity										
Common stock	21	21	21	21	21	21	21	23	23	23
Additional paid-in capital	702,301	725,776	752,048	781,009	808,124	837,356	870,511	1,110,539	1,152,577	1,186,777
Accumulated deficit	(195,522)	(207,250)	(209,275)	(196,997)	(245,254)	(261,319)	(347,249)	(366,658)	(481,760)	(558,093)
Accumulated other comprehensive loss	(168)	(85)	(440)	(676)	(217)	(548)	(625)	(517)	(443)	(412)
Total stockholders' equity	<u>506,632</u>	<u>518,462</u>	<u>542,354</u>	<u>583,357</u>	<u>562,674</u>	<u>575,510</u>	<u>522,658</u>	<u>743,387</u>	<u>670,397</u>	<u>628,295</u>
Total liabilities and stockholders' equity	<u>\$ 662,219</u>	<u>\$ 679,502</u>	<u>\$ 702,267</u>	<u>\$ 749,290</u>	<u>\$ 749,870</u>	<u>\$ 780,432</u>	<u>\$ 820,743</u>	<u>\$ 1,240,657</u>	<u>\$ 1,192,341</u>	<u>\$ 1,159,174</u>

(1) Certain changes in presentation have been made to conform the prior period presentation to current period reporting. We have reclassified goodwill and intangible assets from the other long-term assets line item to the goodwill and intangible assets, net line items. In addition, we have reclassified certain compensation-related amounts from the accrued liabilities line item to the accrued compensation line item.

Pandora Media Inc.
Consolidated Statements of Cash Flows
Year Ended December 31
(in thousands)

	Three months ended				Year ended	Three months ended				Year ended	Three months ended	
	3/31/2014 (unaudited)	6/30/2014 (unaudited)	9/30/2014 (unaudited)	12/31/2014 (unaudited)	12/31/2014 (audited)	3/31/2015 (unaudited)	6/30/2015 (unaudited)	9/30/2015 (unaudited)	12/31/2015 (unaudited)	12/31/2015 (audited)	3/31/2016 (unaudited)	6/30/2016 (unaudited)
Operating Activities												
Net income (loss)	\$ (28,931)	\$ (11,728)	\$ (2,025)	\$ 12,278	\$ (30,406)	\$ (48,257)	\$ (16,065)	\$ (85,930)	\$ (19,409)	\$ (169,661)	\$ (115,102)	\$ (76,333)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities												
Depreciation and amortization	3,346	3,763	4,115	4,207	15,431	4,340	5,025	5,829	9,264	24,458	13,277	14,360
Stock-based compensation	17,392	20,613	22,111	26,939	87,055	23,195	27,484	28,794	32,172	111,645	38,655	32,432
Amortization of premium on investments, net	694	686	726	727	2,833	619	610	483	199	1,911	140	107
Other operating activities (1)	123	323	351	569	1,366	834	110	666	524	2,134	895	579
Amortization of debt discount	-	-	-	-	-	-	-	-	1,084	1,084	4,434	4,504
Excess tax benefit from stock-based awards	-	-	-	(348)	(348)	-	-	-	-	-	-	-
Changes in operating assets and liabilities												
Accounts receivable (1)	15,629	(29,171)	(20,600)	(21,336)	(55,478)	29,182	(45,305)	(29,673)	(10,108)	(55,904)	38,514	(26,375)
Prepaid expenses and other assets (1)	(5,099)	1,846	(750)	(5,216)	(9,219)	(5,076)	2,972	(4,460)	(12,354)	(18,918)	(19,742)	3,602
Accounts payable, accrued and other current liabilities (1)	657	(854)	4,270	757	4,830	8,087	3,872	17,642	(11,521)	18,080	(3,467)	(13,942)
Accrued royalties	8,585	(2,440)	(729)	2,192	7,608	6,896	801	81,726	(65,687)	23,736	14,152	12,025
Accrued compensation (1)	(735)	11,483	1,831	1,157	13,736	(4,390)	10,287	(1,564)	3,045	7,378	2,597	2,900
Other long-term liabilities (1)	744	548	442	5,956	7,690	(1,526)	(70)	3,095	4,505	6,004	659	(658)
Deferred revenue	(14,527)	(5,360)	(4,520)	(3,831)	(28,238)	12,328	357	(4,996)	(2,743)	4,946	7,640	1,172
Reimbursement of cost of leasehold improvements	-	3,161	-	1,008	4,169	749	-	265	10	1,024	4,244	153
Net cash provided by (used in) operating activities	(2,122)	(7,130)	5,222	25,059	21,029	26,981	(9,922)	11,877	(71,019)	(42,083)	(13,104)	(45,474)
Investing Activities												
Purchases of property and equipment (1)	(10,711)	(3,684)	(5,939)	(5,131)	(25,465)	(4,339)	(10,239)	(6,758)	(2,176)	(23,512)	(14,371)	(20,193)
Internal-use software costs (1)	(1,176)	(853)	(1,116)	(1,429)	(4,574)	(1,592)	(1,777)	(2,628)	(2,565)	(8,562)	(7,177)	(7,133)
Changes in restricted cash	-	-	-	-	-	-	-	-	-	-	-	(250)
Purchases of investments	(115,589)	(78,533)	(79,305)	(67,252)	(340,679)	(56,790)	(54,751)	(27,180)	(2,259)	(140,980)	(4,993)	(6,098)
Proceeds from maturities of investments	34,010	82,821	69,836	71,851	258,518	78,489	53,630	47,680	49,199	228,998	8,332	11,675
Proceeds from sales of investments	-	-	-	-	-	640	3,022	37,655	70,039	111,356	-	500
Payments related to acquisitions, net of cash acquired	-	-	-	-	-	-	(200)	(22,828)	(246,538)	(269,566)	(676)	-
Net cash provided by (used in) investing activities	(93,466)	(249)	(16,524)	(1,961)	(112,200)	16,408	(10,315)	25,941	(134,300)	(102,266)	(18,885)	(21,499)
Financing Activities												
Proceeds from issuance of convertible notes	-	-	-	-	-	-	-	-	345,000	345,000	-	-
Payments for purchase of capped call	-	-	-	-	-	-	-	-	(43,160)	(43,160)	-	-
Payment of debt issuance costs	-	-	-	-	-	-	-	-	(8,909)	(8,909)	-	(32)
Proceeds from employee stock purchase plan	863	1,619	1,906	2,050	6,438	1,619	1,656	1,814	2,463	7,552	1,687	2,150
Proceeds from exercise of stock options	9,751	2,811	2,606	1,726	16,894	1,094	1,768	856	1,474	5,192	520	1,353
Tax payments from net share settlements of restricted stock units	-	-	(1,986)	(33)	(2,019)	(888)	(19)	(1,388)	(245)	(2,540)	(1,294)	(1,467)
Excess tax benefit from stock-based awards	-	-	-	348	348	-	-	-	-	-	-	-
Net cash provided by financing activities	10,614	4,430	2,526	4,091	21,661	1,825	3,405	1,282	296,623	303,135	913	2,004
Effect of exchange rate changes on cash and cash equivalents	15	1	(188)	(116)	(288)	(157)	(79)	(222)	382	(76)	(137)	(118)
Net increase (decrease) in cash and cash equivalents	(84,959)	(2,948)	(8,964)	27,073	(69,798)	45,057	(16,911)	38,878	91,686	158,710	(31,213)	(65,087)
Cash and cash equivalents at beginning of period	245,755	160,796	157,848	148,884	245,755	175,957	221,014	204,103	242,981	175,957	334,667	303,454
Cash and cash equivalents at end of period	\$ 160,796	\$ 157,848	\$ 148,884	\$ 175,957	\$ 175,957	\$ 221,014	\$ 204,103	\$ 242,981	\$ 334,667	\$ 334,667	\$ 303,454	\$ 238,367

(1) Certain changes in presentation have been made to conform the prior period presentation to current period reporting. We have reclassified certain compensation-related amounts from the change in accounts payable, accrued and other current liabilities line item to the change in accrued compensation line item. In addition, we have reclassified certain non-cash amounts from the amortization of debt issuance costs, the change in accounts receivable and loss on the retirement of fixed assets line items to the other operating activities line item. We have also reclassified certain non-cash amounts from the purchases of property and equipment line item to the prepaid expenses and other assets line item of our condensed consolidated statements of cash flows. Lastly, we have reclassified internal-use software costs from purchases of property and equipment to the internal-use software costs line item.

Pandora Media Inc.

RPMs

(unaudited)

	Three months ended				Year ended	Three months ended				Year ended	Three months ended	
	3/31/2014	6/30/2014	9/30/2014	12/31/2014	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015	12/31/2015	3/31/2016	6/30/2016
RPMs (1)												
Advertising RPMs	\$ 33.40	\$ 40.11	\$ 44.35	\$ 48.19	\$ 41.66	\$ 38.30	\$ 49.94	\$ 56.84	\$ 57.20	\$ 50.52	\$ 45.47	\$ 53.34
Subscription RPMs	91.59	66.97	74.14	75.65	76.89	82.07	81.15	85.28	86.07	83.66	81.48	79.79
Total	\$ 40.51	\$ 43.41	\$ 48.00	\$ 51.54	\$ 45.97	\$ 43.53	\$ 53.91	\$ 60.52	\$ 60.75	\$ 54.65	\$ 49.84	\$ 56.56
Total RPMs based on non-GAAP revenue (1)	\$ 37.55	\$ 43.41	\$ 48.00	\$ 51.54	\$ 45.26	\$ 43.53	\$ 53.91	\$ 60.52	\$ 60.75	\$ 54.65	\$ 49.84	\$ 56.56

(1) Starting in the three months ended March 31, 2016, we will no longer present disaggregated RPMs or LPMs for our computer or mobile and other connected devices platforms. Previously, we had provided this information in order to demonstrate the potential monetization expansion opportunity as mobile and other connected devices markets matured. Revenue and listener hours for mobile and other connected devices have since grown to represent the significant majority of our total revenue and listener hours. In addition, we currently manage the business to optimize revenue across our device platforms and thus we no longer assess our performance on a disaggregated basis. As such, we no longer believe this disaggregation is relevant.

Pandora Media Inc.
Reconciliation of GAAP to Non-GAAP Measures
(in thousands, except per share amounts)
(unaudited)

	Three months ended				Year ended	Three months ended				Year ended	Three months ended	
	3/31/2014	6/30/2014	9/30/2014	12/31/2014	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015	12/31/2015	3/31/2016	6/30/2016
Revenue												
GAAP total revenue	\$ 194,315	\$ 218,894	\$ 239,593	\$ 268,000	\$ 920,802	\$ 230,764	\$ 285,560	\$ 311,562	\$ 336,157	\$ 1,164,043	\$ 297,305	\$ 343,022
Subscription return reserve (1)	(14,186)	-	-	-	(14,186)	-	-	-	-	-	-	-
Non-GAAP total revenue	\$ 180,129	\$ 218,894	\$ 239,593	\$ 268,000	\$ 906,616	\$ 230,764	\$ 285,560	\$ 311,562	\$ 336,157	\$ 1,164,043	\$ 297,305	\$ 343,022
Gross profit												
GAAP gross profit	\$ 71,061	\$ 93,444	\$ 112,825	\$ 135,468	\$ 412,798	\$ 88,508	\$ 135,383	\$ 78,876	\$ 163,935	\$ 466,702	\$ 90,396	\$ 126,297
Subscription return reserve (1)	(14,186)	-	-	-	(14,186)	-	-	-	-	-	-	-
Stock-based compensation: Cost of revenue - Other	881	1,032	1,063	1,438	4,414	1,207	1,406	1,427	1,491	5,531	1,477	1,544
Stock-based compensation: Cost of revenue - Ticketing service	-	-	-	-	-	-	-	-	40	40	60	67
Amortization of intangibles - Cost of revenue - Ticketing service	-	-	-	-	-	-	-	-	937	937	1,417	1,419
Pre-1972 sound recordings settlement	-	-	-	-	-	-	-	57,947	-	57,947	-	-
RMLC publisher royalty charge	-	-	-	-	-	-	-	23,934	-	23,934	-	-
Non-GAAP gross profit	\$ 57,756	\$ 94,476	\$ 113,888	\$ 136,906	\$ 403,026	\$ 89,715	\$ 136,789	\$ 162,184	\$ 166,403	\$ 555,091	\$ 93,350	\$ 129,327
Net income (loss)												
GAAP net income (loss)	\$ (28,931)	\$ (11,728)	\$ (2,025)	\$ 12,278	\$ (30,406)	\$ (48,257)	\$ (16,065)	\$ (85,930)	\$ (19,409)	\$ (169,661)	\$ (115,102)	\$ (76,333)
Subscription return reserve (1)	(14,186)	-	-	-	(14,186)	-	-	-	-	-	-	-
Amortization of intangibles	182	182	182	181	727	183	183	438	2,593	3,397	5,133	5,138
Amortization of non-recoupable ticketing contract advances	-	-	-	-	-	-	-	-	696	696	1,162	1,280
Stock-based compensation	17,392	20,613	22,111	26,939	87,055	23,195	27,484	28,794	32,172	111,645	38,655	32,432
Pre-1972 sound recordings settlement	-	-	-	-	-	-	-	57,947	-	57,947	-	-
RMLC publisher royalty charge	-	-	-	-	-	-	-	23,934	-	23,934	-	-
Ticketfly and Rdio transaction costs	-	-	-	-	-	-	-	809	2,853	3,662	-	-
Income tax effects of non-GAAP adjustments	-	-	-	-	-	-	-	(2,332)	(8,697)	(11,029)	24,936	10,700
Non-GAAP net income (loss)	\$ (25,543)	\$ 9,067	\$ 20,268	\$ 39,398	\$ 43,190	\$ (24,879)	\$ 11,602	\$ 23,660	\$ 10,208	\$ 20,591	\$ (45,216)	\$ (26,783)
Non-GAAP EPS - basic	\$ (0.13)	\$ 0.04	\$ 0.10	\$ 0.19	\$ 0.21	\$ (0.12)	\$ 0.05	\$ 0.11	\$ 0.05	\$ 0.10	\$ (0.20)	\$ (0.12)
Non-GAAP EPS - diluted	\$ (0.13)	\$ 0.04	\$ 0.09	\$ 0.18	\$ 0.20	\$ (0.12)	\$ 0.05	\$ 0.11	\$ 0.04	\$ 0.09	\$ (0.20)	\$ (0.12)
Weighted average basic shares	199,857	205,706	206,982	208,434	205,273	209,928	211,742	212,760	220,625	213,790	226,659	229,745
Weighted average diluted shares	199,857	218,602	219,273	217,567	218,939	209,928	221,260	222,899	229,408	222,743	226,659	229,745
Adjusted EBITDA												
GAAP net income (loss)	\$ (28,931)	\$ (11,728)	\$ (2,025)	\$ 12,278	\$ (30,406)	\$ (48,257)	\$ (16,065)	\$ (85,930)	\$ (19,409)	\$ (169,661)	\$ (115,102)	\$ (76,333)
Subscription return reserve (1)	(14,186)	-	-	-	(14,186)	-	-	-	-	-	-	-
Depreciation and amortization	3,346	3,763	4,115	4,207	15,431	4,340	5,025	5,829	9,264	24,458	13,277	14,360
Stock-based compensation	17,392	20,613	22,111	26,939	87,055	23,195	27,484	28,794	32,172	111,645	38,655	32,432
Ticketfly and Rdio transaction costs	-	-	-	-	-	-	-	809	2,853	3,662	-	-
Other expense (income), net	(92)	(100)	(44)	(70)	(306)	(197)	(256)	36	1,637	1,220	5,313	5,992
Provision for (benefit from) income taxes	28	99	50	407	584	59	115	32	(1,756)	(1,550)	421	(1,544)
Pre-1972 sound recordings settlement	-	-	-	-	-	-	-	57,947	-	57,947	-	-
RMLC publisher royalty charge	-	-	-	-	-	-	-	23,934	-	23,934	-	-
Adjusted EBITDA	\$ (22,443)	\$ 12,647	\$ 24,207	\$ 43,761	\$ 58,172	\$ (20,860)	\$ 16,303	\$ 31,451	\$ 24,761	\$ 51,655	\$ (57,436)	\$ (25,093)

(1) Prior to the first quarter of 2014, the Company recognized revenue on a non-GAAP basis from a subscription return reserve, which consisted of revenue that was deferred on a GAAP basis because the Company had limited operating history with certain mobile subscription refund rights. The Company was required to defer all revenue until the refund rights lapsed or until it developed sufficient operating history to estimate a reserve. In periods prior to the first quarter of 2014, the subscription return reserve was excluded from the subscription and other revenue line of our GAAP presentation and included in this line of our non-GAAP presentation. In the first quarter of 2014, the Company established sufficient operating history to estimate a reserve for these mobile subscription refund rights. As such, the GAAP revenue results for the first quarter of 2014 included a one-time reversal of substantially all of the deferred revenue related to the subscription return reserve in the amount of \$14.2 million. This reversal was excluded from our non-GAAP revenue in the first quarter of 2014.

**Pandora Media Inc.
Quarterly Metrics**

**Ticketfly Inc.
Quarterly Metrics**

Calendar Year	Calendar Quarter	Active Users (MM)	Listener Hours (B)	US Radio Share (%) 28-day Avg	Employees	Tickets processed (excluding box office) (MM)	Live events on sale (thousands)	Gross transaction value (excluding box office) (MM)	Unique ticket buyers (MM)
2014	Q1	75.3	4.80	9.11	1205	-	-	-	-
	Q2	76.4	5.04	8.90	1305	-	-	-	-
	Q3	76.5	4.99	9.06	1380	-	-	-	-
	Q4	81.5	5.20	9.70	1414	-	-	-	-
2015	Q1	79.2	5.30	10.00	1624	-	-	-	-
	Q2	79.4	5.30	9.47	1746	-	-	-	-
	Q3	78.1	5.14	9.49	1879	-	-	-	-
	Q4 (1)	81.1	5.37	10.03	2219	3.0	32	100	1.3
2016	Q1	79.4	5.52	10.34	2269	3.8	35	170	1.6
	Q2	78.1	5.66	10.11	2334	3.7	38	160	1.6

(1) Ticketfly Q4 2015 metrics include the three months of Q4 2015, whereas the Q4 2015 financial results only include Ticketfly results from October 31, 2015, which is the date the acquisition was completed.

PANDORA[®]