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SUPERIOR COURT OF CALIFORNIA

ALAMEDA COUNTY

RICHARD IRVIN, on behalf of himself and all others similarly situated, Plaintiff, vs. PANDORA MEDIA, INC., GREGORY B. MAFFEI, ROGER CONANT FAXON, DAVID J. FREAR, JASON HIRSCHHORN, TIMOTHY LEIWEKE, ROGER J. LYNCH, MICHAEL M. LYNTON, JAMES E. MEYER, MICKIE ROSEN, SIRIUS XM HOLDINGS INC., and WHITE OAKS ACQUISITION CORP. Defendants.	CASE NO.: RG18927947 JUDGE DEPT.: CLASS ACTION COMPLAINT FOR: (1) BREACH OF FIDUCIARY DUTY; and (2) AIDING AND ABETTING BREACH OF FIDUCIARY DUTY **JURY TRIAL DEMANDED**

Plaintiff, Richard Irvin ("Plaintiff"), by his attorneys, on behalf of himself and those similarly situated, files this action against the defendants, and alleges upon information and belief, except for those allegations that pertain to him, which are alleged upon personal knowledge, as follows:

SUMMARY OF THE ACTION

1. Plaintiff brings this stockholder class action on behalf of himself and all other public stockholders of Pandora Media, Inc. ("Pandora" or the "Company"), against Pandora, the Company's Board of Directors (the "Board" or the "Individual Defendants"), for breaches of

BY FAX

fiduciary duty as a result of Defendants' efforts to sell the Company to Sirius XM Holdings Inc. ("Parent"), and White Oaks Acquisition Corp. ("Merger Sub," collectively with Parent, "Sirius" and collectively with Pandora and the Individual Defendants, the "Defendants") as a result of an unfair process for an unfair price, and to enjoin an upcoming stockholder vote on a proposed all-stock transaction valued at approximately $3.5 billion (the "Proposed Transaction").

2. The terms of the Proposed Transaction were memorialized in a September 24, 2018, filing with the Securities and Exchange Commission ("SEC") on Form 8-K attaching the definitive Agreement and Plan of Merger (the "Merger Agreement"). Under the terms of the Merger Agreement, Pandora will become an indirect wholly-owned subsidiary of Sirius, and Pandora stockholders will receive 1.44 shares of Sirius common stock for each share of Pandora common stock they own, resulting in a merger consideration of approximately $10.14 per share of Pandora common stock based upon the 30-day volume-weighted average price of $7.04 per share of Sirius common stock preceding the entry into the merger agreement. As a result of the Proposed Transaction, Pandora shareholders will own only approximately 8% of Sirius.

3. Thereafter, on October 31, 2018, Sirius filed a Registration Statement on Form S-4 (the "S-4") with the SEC in support of the Proposed Transaction.

4. The Proposed Transaction represents an effort by Sirius, which already owns 15.6% of Pandora, to freeze out all other public stockholders of Pandora. To that end the Proposed Transaction was orchestrated by Sirius, whose own executives and Board members hold no less than three seats on the Pandora Board, in order to maximize the benefit to Sirius above any and all other concerns, including the rights of Pandora public stockholders and the interests of Pandora itself.

5. The dubious nature of the Proposed Transaction is laid bare considering the sharp drop in price of Sirius common stock that has resulted since the announcement of the deal. Here, the Merger Agreement contains a ***fixed*** exchange ratio of 1.44 which means that Pandora stockholders will receive 1.44 shares of Sirius common stock for each of their shares, ***regardless of Sirius' stock price at the close of the transaction***. Thus, the consideration payable to Pandora

stockholders is not insulated from fluctuations in Sirius' stock price, and shareholders are left in the precarious position of not knowing whether the consideration payable to them will decline further.

6. The failure of the Board to negotiate a collar to establish parameters to minimize the impact of stock price fluctuations on the value of the consideration payable to shareholders has proved extremely prejudicial to Pandora stockholders. On September 21, 2018, the last trading day before the deal was announced, Sirius closed at $6.98 per share. Since that time, Sirius has dropped sharply and has recently closed as low as $5.65 per share and by the end of October was only trading at $6.02 per share. So, rather than the $10.14 lauded to Pandora stockholders at the announcement of the deal, the Sirius stock drop has resulted in a merger consideration of approximately $8.67 per share, a value roughly 4.62% ***less than*** Pandora's stock price of $9.09 per share on September 21, 2018, the last full day of trading before the announcement of the Proposed Transaction. The fact that the Proposed Transaction now represents a clear loss to Pandora's public stockholders seems to be of no concern to Sirius, or its executives who exert undue influence on the Pandora Board.

7. In addition, the Proposed Transaction is unfair and undervalued for a number of reasons. Significantly, the S-4 describes an insufficient sales process in which the Board rushed through an inadequate "sales process" in which the only end goal was a sale to Sirius, and in which no market check whatsoever was conducted.

8. Moreover, no committee of disinterested directors was created to run the process. Such a failure is especially problematic given Sirius's significant prior investment in Pandora before the Proposed Transaction and the fact that three Sirius executives hold the positions of CEO, CFO and Chair of the Pandora Board.

9. Further evidence of the conflicted nature of the sales process is the fact that Pandora unnecessarily retained two financial advisors in regards to the sales process, Centerview Partners ("Centerview") and Liontree Advisors LLC ("Liontree"). While an unnecessary waste of Pandora capital in its own right, the fact that Liontree has significant ties to Liberty Media, the corporate

parent of Sirius, indicates that its retention as a financial advisor by Pandora was to ensure that any fairness determination made by a financial advisor would reflect favorably upon an acquisition of Pandora by Sirius.

10. Such a sales process, or lack thereof, clearly indicates that the only end-goal acceptable to the Defendants was an acquisition of Pandora by Sirius.

11. In approving the Proposed Transaction, the Individual Defendants have breached their fiduciary duties of loyalty, good faith, due care and disclosure by, *inter alia*, (i) agreeing to sell Pandora without first taking steps to ensure that Plaintiff and Class members (defined below) would obtain adequate, fair and maximum consideration under the circumstances; and (ii) engineering the Proposed Transaction to benefit themselves and/or Sirius without regard for Pandora public stockholders. Accordingly, this action seeks to enjoin the Proposed Transaction and compel the Individual Defendants to properly exercise their fiduciary duties to Pandora stockholders.

12. Next, it appears as though the Board has entered into the Proposed Transaction to procure for themselves and senior management of the Company significant and immediate benefits with no thought to the Company's public stockholders. For instance, pursuant to the terms of the Merger Agreement, upon the consummation of the Proposed Transaction, Company Board Members and executive officers will be able to exchange all Company equity awards for equity awards in Sirius with significant value. Moreover, certain Directors and other insiders will also be the recipients of lucrative change-in-control agreements, triggered upon the termination of their employment as a consequence of the consummation of the Proposed Transaction.

13. In further violation of their fiduciary duties, Defendants caused to be filed the materially deficient S-4 on October 31, 2018 with SEC in an effort to solicit stockholders to vote their Pandora shares in favor of the Proposed Transaction. The S-4 is materially deficient, deprives Pandora stockholders of the information they need to make an intelligent, informed and rational decision of whether to vote their shares in favor of the Proposed Transaction, and is thus in breach of the Defendants fiduciary duties. As detailed below, the S-4 omits and/or misrepresents material

information concerning, among other things: (a) the sales process and in particular certain conflicts of interest for management; (b) the financial projections for Pandora, provided by Pandora to the Company's financial advisors Centerview Partners ("Centerview") and Liontree Advisors LLC ("Liontree") for use in their financial analyses; and (c) the data and inputs underlying the financial valuation analyses that purport to support the fairness opinions provided by the Company's financial advisors, Centerview and Liontree.

14. Absent judicial intervention, the Proposed Transaction will be consummated, resulting in irreparable injury to Plaintiff and the Class. This action seeks to enjoin the Proposed Transaction or, in the event the Proposed Transaction is consummated, to recover damages resulting from violation of the federal securities laws by Defendants.

PARTIES

15. Plaintiff is a citizen of Arizona and, at all times relevant hereto, has been a Pandora stockholder.

16. Defendant Pandora provides music discovery platform services in the United States and internationally. Pandora is incorporated under the laws of the State of Delaware and has its principal place of business at 2100 Franklin Street, Suite 700, Oakland, CA 94612. Shares of Pandora common stock are traded on the New York Stock Exchange ("NYSE") under the symbol "P."

17. Defendant Gregory B. Maffei ("Maffei") has been a Director of the Company since September 2017. In addition, Maffei serves as the Company's Chairman of the Board and as a member on the Board's Nominating and Corporate Governance Committee. Notably, Maffei has also served as a director on Sirius' Board of Directors since 2009, and as the Parent's Chairman of the Board since 2013.

18. Defendant Roger Conant Faxon ("Faxon") has been a director of the Company at all relevant times. In addition, Faxon serves as the Chair of the Board's Audit Committee ad as a member on the Board's Compensation Committee.

19. Defendant David J. Frear ("Frear") has been a director of the Company since September 2017. Notably, Frear has served as a Senior Executive Vice President and Chief Financial Officer ("CFO") of Sirius since 2015, and has held other executive positions at Parent since 2003.

20. Defendant Jason Hirschhorn ("Hirschhorn") has been a director of the Company at all relevant times. In addition, Hirschhorn serves as member on the Board's Audit Committee.

21. Defendant Timothy Leiweke ("Leiweke") has been a director of the Company at all relevant times. In addition, Leiweke serves as the Chair of the Board's Compensation Committee and as a member of the Board's Nominating and Corporate Governance Committee.

22. Defendant Roger J. Lynch ("Lynch") has been a director of the Company at all relevant times. In addition, Lynch serves as the Company's President and Chief Executive Officer ("CEO").

23. Defendant Michael M. Lynton ("Lynton") has been a director of the Company at all relevant times. In addition, Lynton serves as a member on the Board's Audit and Nominating and Corporate Governance Committees.

24. Defendant James E. Meyer ("Meyer") has been a director of the Company since September 2017. In addition, Meyer serves as a member on the Board's Compensation Committee. Of significant note, Meyer is the CEO of Sirius, a position he has held since 2012, and has been on the Board of Sirius since 2013. Meyer has held previous executive positions at Sirius dating to 2004.

25. Defendant Mickie Rosen ("Rosen") has been a director of the Company at all relevant times. In addition, Rosen serves as the Chair of the Board's Nominating and Corporate Governance Committee and as a member on the Board's Compensation Committee.

26. Defendants identified in ¶¶ 17 - 25 are collectively referred to as the "Individual Defendants."

27. Defendant Sirius XM Holdings, Inc. provides satellite radio services in the United States. Parent is a corporation organized under the laws of the state of New York and has its

principal place of business at 1290 Avenue of the Americas, 11th Floor, New York, NY 10104. Parent common stock is traded on the NYSE under the ticker symbol "SIRI."

28. Defendant Merger Sub is a wholly owned subsidiary of Parent created to effectuate the Proposed Transaction.

JURISDICTION AND VENUE

29. This Court has personal jurisdiction over the Defendants inasmuch as Defendants' principal place of business is in California, directly or by agents transact business in California, caused tortious injury in California and by an act or omission outside the State while regularly doing and/or soliciting business, engaging in other persistent course of conduct in the State, and/or deriving substantial revenue from goods or manufactured products used or consumed in California.

30. Venue is proper in this Court inasmuch as the Defendants' principal place of business is in this County and it regularly transacts business in this County and there are multiple defendants with no single venue applicable, and thus can be sued for damages in this County.

CLASS ACTION ALLEGATIONS

31. Plaintiff brings this action as a class action individually and on behalf of all holders of Pandora common stock who are being and will be harmed by the Individual Defendants' actions, described herein (the "Class"). Excluded from the Class are Defendants and any person, firm, trust, corporation or other entity related to or affiliated with any Defendant.

32. Class actions are certified when the question is one of a common or general interest, of many persons, or when the parties are numerous, and it is impracticable to bring them all before the court. Cal. Civ. Proc. Code § 382. The California Supreme Court has stated that a class should be certified when the party seeking certification has demonstrated the existence of a "well-defined community of interest" among the members of the proposed class. *Richmond v. Dart Indus., Inc.*, 29 Cal.3d 462, 470 (1981); *see also Daar v. Yellow Cab Co.*, 67 Cal.2d 695, 704 (1967).

33. Class actions are especially valuable in a context such as this one, in which individual damages may be modest. It is well settled that a plaintiff need not prove the merits of the action at the class certification stage.

34. Rather, the decision of whether to certify a class is "essentially a procedural one" and the appropriate analysis is whether, assuming the merits of the claims, they are suitable for resolution on a class-wide basis.

> As the focus in a certification dispute is on what types of questions common or individual are likely to arise in the action, rather than on the merits of the case, in determining whether there is substantial evidence to support a trial court's certification order, we consider whether the theory of recovery advanced by the proponents of certification is, as an analytical matter, likely to prove amenable to class treatment.

Sav-On Drug Stores, Inc. v. Superior Court, 34 Cal.4th 319, 327 (2004) (citations omitted).

35. This action is properly maintainable as a class action because, *inter alia:*

a. The Class is so numerous that joinder of all members is impracticable. According to the S-4, as of July 27, 2018, there were over 266 million shares of common stock outstanding. Pandora stock is publicly traded on the NYSE and Plaintiff believes that there are hundreds if not thousands of holders of such shares. Moreover, the holders of these shares are geographically dispersed throughout the United States;

b. There are questions of law and fact which are common to the Class and which predominate over questions affecting any individual Class member. These common questions include, *inter alia*: (i) whether the Individual Defendants have engaged in self-dealing, to the detriment of Pandora public stockholders;

(ii) whether the Proposed Transaction is unfair to the Class, in that the price is inadequate and is not the fair value that could be obtained under the circumstances; and (iii) whether the Class is entitled to injunctive relief and/or damages as a result of the wrongful conduct committed by Defendants;

c. Plaintiff is committed to prosecuting this action and has retained competent counsel experienced in litigation of this nature. The claims of Plaintiff are typical of the claims of the other members of the Class and plaintiff has the same interests as the other members of the Class. Accordingly, Plaintiff is an adequate representative of the Class and will fairly and adequately protect the interests of the Class;

d. The prosecution of separate actions by individual members of the Class would create the risk of inconsistent or varying adjudications with respect to individual members of the Class which would establish incompatible standards of conduct for Defendants, or adjudications with respect to individual members of the Class which would, as a practical matter, be dispositive of the interests of the other members not parties to the adjudications or substantially impair or impede their ability to protect their interests; and

e. Defendants have acted, or refused to act, on grounds generally applicable to, and causing injury to, the Class and, therefore, preliminary and final injunctive relief on behalf of the Class as a whole is appropriate.

THE INDIVIDUAL DEFENDANTS' FIDUCAIRY DUTIES

36. By reason of the Individual Defendants' positions with the Company as officers and/or directors, said individuals are in a fiduciary relationship with Pandora and owe the Company the duties of due care, loyalty, and good faith.

37. By virtue of their positions as directors and/or officers of Pandora, the Individual Defendants, at all relevant times, had the power to control and influence, and did control and influence and cause Pandora to engage in the practices complained of herein.

38. Each of the Individual Defendants are required to act with due care, loyalty, good faith and in the best interests of the Company. To diligently comply with these duties, directors of a corporation must:

a. act with the requisite diligence and due care that is reasonable under the circumstances;

b. act in the best interest of the company;

c. use reasonable means to obtain material information relating to a given action or decision;

d. refrain from acts involving conflicts of interest between the fulfillment of their roles in the company and the fulfillment of any other roles or their personal affairs;

e. avoid competing against the company or exploiting any business opportunities of the company for their own benefit, or the benefit of others; and

f. disclose to the Company all information and documents relating to the company's affairs that they received by virtue of their positions in the company.

39. In accordance with their duties of loyalty and good faith, the Individual Defendants, as directors and/or officers of Pandora, are obligated to refrain from:

a. participating in any transaction where the directors' or officers' loyalties are divided;

b. participating in any transaction where the directors or officers are entitled to receive personal financial benefit not equally shared by the Company or its public stockholders; and/or

c. unjustly enriching themselves at the expense or to the detriment of the Company or its stockholders.

40. Plaintiff alleges herein that the Individual Defendants, separately and together, in connection with the Proposed Transaction, violated, and are violating, the fiduciary duties they owe to Pandora, Plaintiff and the other public stockholders of Pandora, including their duties of loyalty, good faith, and due care.

41. As a result of the Individual Defendants' divided loyalties, Plaintiff and Class members will not receive adequate, fair or maximum value for their Pandora common stock in the Proposed Transaction.

SUBSTANTIVE ALLEGATIONS

Company Background

42. Pandora provides music discovery platform services in the United States and internationally.

43. The Company offers streaming radio and on-demand music services, which enable the listeners to create personalized stations and playlists, as well as search and play songs and albums on-demand.

44. The Company also provides Pandora Ad-Supported Radio Service, an ad-supported service that allows listeners to access a catalog of music, comedy, livestreams, and podcasts through its personalized playlist generating system for free across its various delivery platforms, as well as Premium Access, a service to listeners to access on-demand listening experience; and Pandora Plus, a subscription radio service, which also includes replays, additional skipping of songs, offline listening, higher quality audio on supported devices, and longer timeout-free listening. In addition, the Company offers Pandora Premium, an on-demand subscription service that provides users the ability to search, play, and collect songs and albums; build playlists on their own or with the tap of a button; listen to curated playlists; and share playlists on social networks.

45. The Company's most recent financial performance press release before the announcement of the Proposed Transaction indicated sustained and solid financial performance.

For example, in a July 31, 2018 press release announcing its 2018 Q2 Financial results, the Company highlighted such milestones as revenue for the quarter of $384.8 million, a 12% increase year-on-year from 2017 Q and an increase in subscription revenue of 67% year-on-year.

46. Speaking on these positive results, CEO Defendant Lynch noted on the Company's positive financial results as follows, "We made continued progress against our strategy with total revenue growing 12%, subscription revenue up 67% and ad hour trends improving for the third straight quarter."

47. Defendant Lynch went on to comment on a strong future outlook for Pandora noting "New partnerships with top brands like Snap and AT&T, as well as enhancements to our ad tech and programmatic offerings, position us to further accelerate growth and ownership of the expanding digital audio marketplace."

48. Those in the financial media took note of this strong showing, with Steve Symington, a financial analyst at the *Motley Fool*, penning an August 1, 2018 article categorizing the Q2 2018 financial results for Pandora as "strong."

49. These positive results are not an anomaly, but rather, are indicative of a trend of continued financial success by Pandora. For example, in a May 3, 2018, press release announcing the Company's Financial 2018 Q1 financial results, Pandora reported such positive results as an increase in revenue for the quarter of 12% increase year-on-year from 2017 Q1 and an increase in subscription revenue of 63% year-on-year.

50. Speaking on these results, Defendant Lynch stated, "Music streaming and digital audio continue to see massive growth, and this quarter we took key steps to position Pandora to capture this significant opportunity." Flora went on, speaking positively about executing the Company's strategic plan, noting that, "We improved audience metrics—in part by increasing usage of Premium Access, which gives ad-supported listeners the ability to enjoy Pandora Premium after viewing a 15-second ad. We also accelerated our ad-tech roadmap with the acquisition of AdsWizz, and launched exciting new product features like personalized playlists.

Looking ahead, Pandora is exactly where we want to be: at the center of a growing market with huge potential."

51. Clearly, based upon these positive financial results, the Company is likely to have tremendous future success and should command a much higher consideration than the amount contained within the Proposed Transaction.

52. Despite this upward trajectory and continually increasing financial results, the Individual Defendants have caused Pandora to enter into the Proposed Transaction for insufficient consideration.

The Flawed Sales Process

53. As detailed in the S-4, the process deployed by the Individual Defendants was flawed and inadequate, was conducted out of the self-interest of the Individual Defendants, and was designed with only one concern in mind – to effectuate a sale of the Company to Sirius, who purchased a large minority stake of 19.99% of Pandora in 2017.

54. First, it appears that no market check whatsoever was conducted by Company or its financial advisors during the sales process. In fact, the S-4 indicates that neither Pandora nor its financial advisors even attempted to initiate a market check for potentially interested third parties prior to entry into the merger agreement. The deal was with Sirius the entire time.

55. In addition, the S-4 indicates that no committee of independent board members was created to run the sales process. This is especially concerning given that Individual Defendants Frear and Meyer are employed as high-level executives of Sirius and Individual Defendant Maffei is the President and CEO of Liberty Media, the corporate parent of Sirius. Critically, Maffei represented Sirius in the discussions with the Pandora Board, while simultaneously sitting on the Pandora Board.

56. The S-4 is unclear as to the nature of any specific standstill restrictions arising out of the terms of the Sirius XM investment in Pandora in mid-2017, and if the terms of any included "don't-ask, don't-waive" provisions or standstill provisions in any such agreements, and if so, the specific conditions, if any, under which such provisions would fall away.

57. The S-4 does not divulge why Pandora retained two separate financial advisors, at significant cost. Specifically, the S-4 does not disclose why it was necessary to retain Liontree in addition to Centerview at a cost of $6 million, or why it was appropriate to retain Liontree given that the firm had extensive prior dealings with Liberty Media and/or Liberty Media affiliated entities, including Sirius. Notably the S-4 should disclose the specific reasoning for retaining Liontree.

58. Finally, the S-4 provides inadequate information regarding the go-shop process undertaken by Pandora, failing to provide such information as to who ran the go-shop and outreach processes at the time as between the Board, Pandora executives, Centerview and Liontree, the breakdown of the contacted potential counter parties as between financial and strategic, and how said parties were chosen to be contacted.

59. It is not surprising, given this background to the overall sales process, that it was conducted in a completely inappropriate and misleading manner.

The Proposed Transaction

60. On September 24, 2018, Sirius and Pandora issued a press release announcing the Proposed Transaction. The press release stated, in relevant part:

> **NEW YORK and OAKLAND, Calif. – September 24, 2018** — Sirius XM Holdings Inc. (NASDAQ: SIRI) and Pandora Media, Inc. (NYSE: P) today announced a definitive agreement under which SiriusXM will acquire Pandora in an all-stock transaction valued at approximately $3.5 billion. The combination creates the world's largest audio entertainment company, with more than $7 billion in expected pro-forma revenue in 2018 and strong, long-term growth opportunities.
>
> This strategic transaction builds on SiriusXM's position as the leader in subscription radio and a critically-acclaimed curator of exclusive audio programming with the addition of the largest U.S. audio streaming platform. Pandora's powerful music platform will enable SiriusXM to significantly expand its presence beyond vehicles into the home and other mobile areas. Following the completion of the transaction, there will be no immediate change in listener offerings.
>
> The combined company will drive long-term growth by:

- Capitalizing on cross-promotion opportunities between SiriusXM's base of more than 36 million subscribers across North America and 23 million-plus annual trial listeners and Pandora's more than 70 million monthly active users, which represents the largest digital audio audience in the U.S.

- Leveraging SiriusXM's exclusive content and programming with Pandora's ad-supported and subscription tiers to create unique audio packages, while also utilizing SiriusXM's extensive automotive relationships to drive Pandora's in-car distribution.

- Continuing investments in content, technology, innovation, and expanded monetization opportunities through both ad-supported and subscription services in and out of the vehicle.

- Supporting and strengthening Pandora's highly relevant brand.

- Creating a promotional platform for emerging and established artists, curated and personalized in ways to deliver the most compelling audio experience that connects artists to their fan bases, as well as new listeners.

Jim Meyer, Chief Executive Officer of SiriusXM, said, "We have long respected Pandora and their team for their popular consumer offering that has attracted a massive audience, and have been impressed by Pandora's strategic progress and stronger execution. We believe there are significant opportunities to create value for both companies' stockholders by combining our complementary businesses. The addition of Pandora diversifies SiriusXM's revenue streams with the U.S.'s largest ad-supported audio offering, broadens our technical capabilities, and represents an exciting next step in our efforts to expand our reach out of the car even further. Through targeted investments, we see significant opportunities to drive innovation that will accelerate growth beyond what would be available to the separate companies, and does so in a way that also benefits consumers, artists, and the broader content communities. Together, we will deliver even more of the best content on radio to our passionate and loyal listeners, and attract new listeners, across our two platforms."

Roger Lynch, Chief Executive Officer of Pandora, said, "We've made tremendous progress in our efforts to lead in digital audio. Together with SiriusXM, we're even better positioned to take advantage of the huge opportunities we see in audio entertainment, including growing our advertising business and expanding our subscription offerings. The powerful combination of SiriusXM's content, position in the car, and premium subscription products, along with the biggest audio streaming service in the U.S., will create the world's largest audio entertainment company. This transaction will deliver significant value to

> our stockholders and will allow them to participate in upside, given SiriusXM's strong brand, financial resources and track record delivering results."
>
> **Transaction Details**
>
> Pursuant to the agreement, the owners of the outstanding shares in Pandora that SiriusXM does not currently own will receive a fixed exchange ratio of 1.44 newly issued SiriusXM shares for each share of Pandora they hold. Based on the 30-day volume-weighted average price of $7.04 per share of SiriusXM common stock, the implied price of Pandora common stock is $10.14 per share, representing a premium of 13.8% over a 30-day volume-weighted average price. The transaction is expected to be tax-free to Pandora stockholders. SiriusXM currently owns convertible preferred stock in Pandora that represents a stake of approximately 15% on an as-converted basis.
>
> The merger agreement provides for a "go-shop" provision under which Pandora and its Board of Directors may actively solicit, receive, evaluate and potentially enter negotiations with parties that offer alternative proposals following the execution date of the definitive agreement. There can be no assurance this process will result in a superior proposal. Pandora does not intend to disclose developments about this process unless and until its Board of Directors has made a decision with respect to any potential superior proposal.
>
> **Approvals**
>
> The transaction has been unanimously approved by both the independent directors of Pandora and by the board of directors of SiriusXM.
>
> The transaction is expected to close in the first quarter of 2019. It is subject to approval by Pandora stockholders, expiration or termination of any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act and certain competition laws of foreign jurisdictions and other customary closing conditions.

The Inadequate Merger Consideration

61. Significantly, the Company's financial prospects and opportunities for future growth, and synergies with Sirius establish the inadequacy of the merger consideration.

62. First, the compensation afforded under the Proposed Transaction to Company stockholders significantly undervalues the Company. The proposed valuation does not adequately reflect the intrinsic value of the Company. Moreover, the valuation does not adequately take into

consideration how the Company is performing, considering key financial improvements and increases in the cash position of the Company in recent years.

63. For example, the Company has traded as high as $10.07 per share within the past fifty-two weeks, a value that indicates that virtually no premium is being paid to Pandora stockholders.

64. Moreover, according to *MarketBeat.com*, within the last 52-weeks analysts at both FBR & Co. as well as Citigroup have set a price target for Pandora at $11.00 per share.

65. Additionally, Pandora's future success is extremely likely, given the consistent positive financial results it has posted over the past several quarters. Obviously, the opportunity to invest in such a company on the rise is a great coup for Sirius, however it undercuts the investment of Plaintiff and all other public stockholders.

66. Finally, the Proposed Transaction represents a significant synergistic benefit to Sirius, which operates in the same industry as Pandora, and will use the new assets, operational capabilities, and brand capital to bolster its own position in the market. Specifically, Defendant Meyer, CEO of Sirius (who also sits on the Pandora Board) stated in the press release announcing the Proposed Transaction, "The addition of Pandora diversifies SiriusXM's revenue streams with the U.S.'s largest ad-supported audio offering, broadens our technical capabilities, and represents an exciting next step in our efforts to expand our reach out of the car even further."

67. Additionally, Defendant Lynch noted in the same press release, "The powerful combination of SiriusXM's content, position in the car, and premium subscription products, along with the biggest audio streaming service in the U.S., will create the world's largest audio entertainment company."

68. This lack of proper consideration has not gone unnoticed by those in the financial media. Emily Bary, a financial reporter with *Market Watch*, penned a September 25, 2018 article which quoted WedBush financial analyst Michael Pachter describing the Proposed Transaction as "inadequate."

69. Clearly, while the deal will be beneficial to Sirius it comes at great expense to Plaintiff and other public stockholders of the Company.

70. Moreover, post-closure, Pandora stockholders will see their voting power diluted significantly as stockholders of Sirius, their ownership share in the surviving entity being significantly smaller than their current holdings, thus shrinking any future benefit from their investment in Pandora.

71. It is clear from these statements and the facts set forth herein that this deal is designed to maximize benefits for Sirius at the expense of Pandora stockholders, which clearly indicates that Pandora stockholders were not an overriding concern in the formation of the Proposed Transaction.

Preclusive Deal Mechanisms

72. The Merger Agreement contains certain provisions that unduly benefit Sirius by making an alternative transaction either prohibitively expensive or otherwise impossible. Significantly, the Merger Agreement contains a termination fee provision that is especially onerous and impermissible. Notably, in the event of termination, the merger agreement requires Pandora to pay up to $105 million to Sirius, if the Merger Agreement is terminated under certain circumstances. Moreover, under one circumstance, Pandora must pay this termination fee even if it consummates any competing Company Acquisition Proposal (as defined in the Merger Agreement) *within 12 months following the termination* of the Merger Agreement. The termination fee will make the Company that much more expensive to acquire for potential purchasers. The termination fee in combination with other preclusive deal protection devices will all but ensure that no competing offer will be forthcoming.

73. The Merger Agreement also contains a "No Solicitation" provision that restricts Pandora from considering alternative acquisition proposals by, *inter alia*, constraining Pandora's ability to solicit or communicate with potential acquirers or consider their proposals. Specifically, the provision prohibits the Company, after the brief "go-shop period," from directly or indirectly soliciting, initiating, proposing or inducing any alternative proposal, but permits the Board to

consider an unsolicited bona fide *"Company Acquisition Proposal"* if it constitutes or is reasonably calculated to lead to a *"Company Superior Proposal*" as defined in the Merger Agreement.

74. Moreover, the Merger Agreement further reduces the possibility of a topping offer from an unsolicited purchaser. Here, the Individual Defendants agreed to provide Sirius information in order to match any other offer, thus providing Sirius access to the unsolicited bidder's financial information and giving Sirius the ability to top the superior offer. Thus, a rival bidder is not likely to emerge with the cards stacked so much in favor of Sirius.

75. These provisions, individually and collectively, materially and improperly impede the Board's ability to fulfill its fiduciary duties with respect to fully and fairly investigating and pursuing other reasonable and more valuable proposals and alternatives in the best interests of the Company and its public stockholders.

76. In addition, the Merger Agreement does not include protections to ensure that the consideration payable to shareholders will remain within a range of reasonableness. In a conventional transaction which contemplates stock of the acquiring company as a whole or part of the consideration offered in the Proposed Transaction, the parties often negotiate and implement a "floor" on the value of the consideration payable to shareholders, which establishes the lowest possible price payable. Such transactions also often include a "collar," which establishes parameters that attempt to minimize the impact of stock price fluctuations on the value of the consideration payable to shareholders. The Merger Agreement contains none of these protections. Rather, the Merger Agreement contains a *fixed* exchange ratio of 1.44 which means that Pandora stockholders will receive 1.44 shares of Sirius common stock for each of their shares, *regardless of Sirius' stock price at the close of the transaction.* Thus, the consideration payable to Pandora stockholders is not insulated from fluctuations in Sirius' stock price, and shareholders are left in the precarious position of not knowing whether the consideration payable to them will decline further.

77. Of significant note, Sirius' stock price has fallen from $6.98 per share on September 21, 2018, the last trading day prior to the announcement of the Proposed Transaction, to $6.02 per share on October 31, 2018, ***a drop of more than 13.75%***. This has resulted in a corresponding drop in the current merger consideration, to a value of approximately $8.67 per share. Notably this value now represents a ***negative premium*** to Pandora stockholders whatsoever, and is in fact approximately 4.62% less than Pandora's stock price of $9.09 per share on September 21, 2018, the last full day of trading before the announcement of the Proposed Transaction.

78. Notably, this value of $8.67 is far less than the $10.00 per share floor that Pandora executives demanded of Sirius in its bids before even entering into discussions to sell the Company, as indicated in the S-4. Such a precipitous drop in price from the initial negotiating point gives serious misgivings as to the propriety of the process through which the Proposed Transaction was entered into and in the motivations and actions of the Individual Defendants. Furthermore, the S-4 does not provide specific enough information as to how Pandora executives determined that $10.00 per share would be an appropriate price for the Company during the sales process.

79. Accordingly, the Company's true value is compromised by the consideration offered in the Proposed Transaction.

Potential Conflicts of Interest

80. The breakdown of the benefits of the deal indicate that Pandora insiders are the primary beneficiaries of the Proposed Transaction, not the Company's public stockholders. The Board and the Company's executive officers are conflicted because they will have secured unique benefits for themselves from the Proposed Transaction not available to Plaintiff and the public stockholders of Pandora.

81. First, the Proposed Transaction represents an effort by Sirius, which already owns 15.6% of Pandora, to freeze out all other public stockholders of Pandora. To that end the Proposed Transaction was orchestrated by Sirius, whose own executives and Board members hold no less than three seats on the Pandora Board, in order to maximize the benefit to Sirius above any and all

other concerns, including the rights of Pandora public stockholders and the interests of Pandora itself.

82. This conflict in executive and board control, exerted by Sirius and/or its corporate parent, over Pandora is clearly evidenced by the fact that no committee of disinterested directors was created to run the process. Such a failure is especially problematic given Sirius's significant prior investment in Pandora before the Proposed Transaction and the fact that three Sirius executives hold the positions of CEO, CFO and Chair of the Pandora Board.

83. This control was further exacerbated by the retention of Liontree as an unnecessary second financial advisor – a move designed solely to allow Liontree, a longtime partner with Liberty Media and Sirius, to act as a conduit to funnel information from Pandora to Sirius and to ensure that the Proposed Transaction would be executed with no issues for Sirius. This interconnectedness between Liontree, Liberty Media, and Sirius is not simply relegated to a client-customer relationship, both Defendant Maffei, Chairman of both Pandora and Sirius, and Jon C. Malone, who owns a significant ownership interest in Liberty Media, have personally invested in, or alongside with, investment vehicles established by one or more of Liontree's affiliates.

84. Furthermore, the S-4 indicates that Pandora may pay Liontree some additional amount of fees at its discretion for services rendered in relation to the Proposed Transaction. Such a vague statement regarding this payment is insufficient, especially in light of the numerous connections Liontree has to Sirius, Liberty Media, and several of the Individual Defendants. As such the S-4 should give more information regarding the amount of this additional fee, and the criteria upon which Pandora will decide to award it.

85. The dubious nature of the Proposed Transaction is laid bare considering that, as of the filing of this complaint, the sharp drop in price of Sirius common stock has resulted in a merger consideration of approximately $8.67 per share, a value roughly 4.62% less than Pandora's stock price of $9.09 per share on September 21, 2018, the last full day of trading before the announcement of the Proposed Transaction. The fact that the Proposed Transaction now

represents a clear loss to Pandora's public stockholders seems to be of no concern to Sirius, or its members who exert undue influence on the Pandora Board.

86. Certain insiders stand to receive massive financial benefits as a result of the Proposed Transaction. Notably, Company insiders, including the Individual Defendants, currently own large, illiquid portions of Company stock that will be exchanged for large cash pay days upon the consummation of the Proposed Transaction.

87. Furthermore, upon the consummation of the Proposed Transaction, each outstanding Company option or equity award, will be canceled and converted into the right to receive certain consideration according to the merger agreement

88. Notably, Non-Employee Directors will receive compensation under the Proposed Transaction in exchange for their equity awards as per the following schedule:

Non-Employee Director Equity Summary Table

Non-Employee Directors	Number of RSUs (#)(1)	Value of RSUs ($)(1)
Roger Faxon	39,293	364,246
David J. Frear	39,293	364,246
Jason Hirschhorn	39,293	364,246
Timothy Leiweke	39,293	364,246
Michael M. Lynton	39,293	364,246
Gregory B. Maffei	39,293	364,246
James E. Meyer	39,293	364,246
Mickie Rosen	39,293	364,246

89. Additionally, non-director executives with Pandora will receive compensation under the Proposed Transaction in exchange for their equity awards as per the following schedules:

Executive Officer Vested Equity Awards Summary Table

Executive Officers	Number of Vested Stock Options (#)(1)	Value of Vested Stock Options ($)(1)
Roger Lynch*	322,062	347,827
Naveen Chopra	75,718	-
Stephen Bené	27,916	-
David Gerbitz	81,666	-
Aimée Lapic	-	-
Christopher Phillips	33,750	-
Kristen Robinson	75,366	-
John Trimble	231,813	76,488

Executive Officer Unvested Equity Awards Summary Table

Executive Officers	Number of Unvested Stock Options (#)(1)	Value of Unvested Stock Options ($)(1)	Number of RSUs (#)(2)	Value of RSUs ($)(2)	Number of Performance Awards (#)(3)	Value of Performance Awards ($)(3)	Estimated Total Value of Unvested Equity Awards ($)
Roger Lynch*	2,368,013	6,727,740	510,169	4,729,267	-	-	11,457,007
Naveen Chopra	308,570	818,320	771,518	7,151,972	-	-	7,970,292
Stephen Bené	136,084	411,280	424,368	3,933,891	150,000	-	4,345,171
David Gerbitz	147,334	525,760	466,014	4,319,950	175,000	-	4,845,710
Aimée Lapic	172,000	729,280	499,002	4,625,749	-	-	5,355,029
Christopher Phillips	199,250	644,480	559,925	5,190,505	200,000	-	5,834,985
Kristen Robinson	113,334	381,600	404,993	3,754,285	150,000	-	4,135,885
John Trimble	185,250	585,120	553,787	5,133,605	200,000	-	5,718,725

90. Moreover, certain employment agreements with certain Pandora executives, entitle such executives to severance packages should their employment be terminated under certain circumstances. These 'golden parachute' packages are significant, and will grant each director or officer entitled to them millions of dollars, compensation not shared by Pandora's common stockholders.

91. Notably, certain Pandora insiders will receive payment of Golden Parachute packages as a consequence of the consummation of the Proposed Transaction as follows:

Golden Parachute Payments (1)

Name	Cash ($)(2)	Equity ($)(3)	Pension/ NQDC (4)	Perquisites/ Benefits ($)(5)	Tax Reimbursement (6)	Other	Total
Roger Lynch *Chief Executive Officer and President*	1,172,671	11,457,007	-	29,110	-	-	12,658,788
Naveen Chopra *Chief Financial Officer*	833,277	7,970,292	-	21,368	-	-	8,824,937
Aimée Lapic *Chief Marketing Officer*	698,667	5,355,029	-	21,368	-	-	6,075,064
Christopher Phillips *Chief Product Officer*	788,477	5,834,985	-	30,307	-	-	6,653,769
John Trimble *Chief Revenue Officer*	696,363	5,718,725	-	30,144	-	-	6,445,232
Tim Westergren (7) *Former Chief Executive Officer*	-	-	-	-	-	-	-

Michael Herring (7)
Former President and Chief Financial Officer

92. Next, given that several Sirius Board members and executives sit on the Pandora Board, it is likely that several Pandora Insiders will receive employment agreements to continue at the surviving entity.

93. Thus, while the Proposed Transaction is not in the best interests of Pandora stockholders, it will produce lucrative benefits for the Company's officers and directors.

The Materially Misleading and/or Incomplete S-4

94. On October 31, 2018, the Sirius and the Board caused to be filed with the SEC a materially misleading and incomplete S-4 that, in violation their fiduciary duties, failed to provide the Company's stockholders with material information and/or provides them with materially misleading information critical to the total mix of information available to the Company's stockholders concerning the financial and procedural fairness of the Proposed Transaction.

Omissions and/or Material Misrepresentations Concerning the Sales Process leading up to the Proposed Transaction

95. Specifically, the S-4 fails to provide material information concerning the process conducted by the Company and the events leading up to the Proposed Transaction. In particular, the S-4 fails to disclose:

a. The nature of specific standstill restrictions arising out of the terms of the Sirius XM investment in Pandora in mid-2017, and if the terms of any included "don't-ask, don't-waive" provisions or standstill provisions in any such agreements, and if so, the specific conditions, if any, under which such provisions would fall away;

b. The reasoning as to why no market check whatsoever was conducted Company or its financial advisor during the sales process.

c. Why no committee of independent board members was created to run the sales process;

d. Information as to how Pandora executives determined that $10.00 per share would be an appropriate price for the Company during the sales process;

e. Why Pandora retained two separate financial advisors. Specifically, the S-4 does not disclose why it was necessary to retain Liontree in addition to Centerview at a cost of $6 million, or why it was appropriate to retain Liontree given that the firm had extensive prior dealings with Liberty Media and/or Liberty Media affiliated entities, including Sirius;

f. Information as to the amount of the discretionary additional fee that Pandora may award Liontree, and the criteria upon which Pandora will decide to award it;

g. Communications regarding post-transaction employment during the negotiation of the underlying transaction must be disclosed to stockholders. This information is necessary for stockholders to understand potential conflicts of interest of management and the Board, as that information provides illumination concerning motivations that would prevent fiduciaries from acting solely in the best interests of the Company's stockholders; and

h. The S-4 gives provides inadequate information regarding the go-shop process undertaken by Pandora, failing to provide such information as to who ran the go-shop and outreach processes at the time as between the Board, Pandora executives, Centerview and Liontree, the breakdown of the contacted potential counter parties as between financial and strategic, and how said parties were chosen to be contacted.

Omissions and/or Material Misrepresentations Concerning Pandora's Financial Projections

96. The S-4 fails to provide material information concerning financial projections provided by Pandora's management and relied upon by Centerview and Liontree in their analyses. The S-4 discloses management-prepared financial projections for the Company which are materially misleading. The S-4 indicates that in connection with the rendering of Centerview's fairness opinion, Centerview reviewed "certain internal information relating to the business, operations, earnings, cash flow, assets, liabilities and prospects of Pandora, including certain financial forecasts, analyses and projections relating to Pandora prepared by management of Pandora and furnished to Centerview by Pandora for purposes of Centerview's analysis." Moreover, the S-4 indicates that in connection with the rendering of Liontree's fairness opinion, Liontree reviewed, "reviewed certain internal financial forecasts, estimates, and other data relating to the business and financial prospects of Pandora that were provided to LionTree by the management of Pandora, approved for LionTree's use by Pandora, and not publicly available, including financial forecasts and estimates for the fiscal years ending December 31, 2018 through December 31, 2025, prepared by the management of Pandora." Accordingly, the S-4 should have, but fails to provide, certain information in the projections that Pandora management provided to the Board, Centerview and Liontree. Courts have uniformly stated that "projections ... are probably among the most highly-prized disclosures by investors. Investors can come up with their own estimates of discount rates or [] market multiples. What they cannot hope to do is replicate management's inside view of the company's prospects." *In re Netsmart Techs., Inc. S'holders Litig.*, 924 A.2d 171, 201-203 (Del. Ch. 2007).

97. With respect to the "Pandora Scenario 1a Forecasts" and the "Pandora Scenario 2 Forecasts", the S-4 fails to provide material information concerning the financial projections prepared by Pandora management. Specifically, the S-4 fails to disclose the material line items for Adjusted EBITDA

98. Specifically, the S-4 provides non-GAAP financial metrics, including Adjusted EBITDA, but fails to disclose a reconciliation of all non-GAAP to GAAP metrics.

99. This information is necessary to provide Company stockholders a complete and accurate picture of the sales process and its fairness. Without this information, stockholders were not fully informed as to Defendants' actions, including those that may have been taken in bad faith, and cannot fairly assess the process.

100. Without accurate projection data presented in the S-4, Plaintiff and other stockholders of Pandora are unable to properly evaluate the Company's true worth, the accuracy of Centerview and Liontree's financial analyses, or make an informed decision whether to vote their Company stock in favor of the Proposed Transaction. As such, the Board has breached their fiduciary duties by failing to include such information in the S-4.

Omissions and/or Material Misrepresentations Concerning Sirius's Financial Projections

101. The S-4 fails to provide material information concerning financial projections provided by Sirius management and relied upon by Centerview and Liontree in their analyses. The S-4 indicates that in connection with the rendering of Centerview and Liontree's fairness opinions, Centerview reviewed "certain internal information relating to the business, operations, earnings, cash flow, assets, liabilities and prospects of Sirius XM" and Liontree "conducted limited discussions with members of the senior management of Sirius XM concerning near term financial prospects of Sirius XM." Accordingly, the S-4 should have, but fails to provide, certain information in the projections that Sirius management provided to the Board, Centerview and Liontree. Courts have uniformly stated that "projections ... are probably among the most highly-prized disclosures by investors. Investors can come up with their own estimates of discount rates or [] market multiples. What they cannot hope to do is replicate management's inside view of the company's prospects." *In re Netsmart Techs., Inc. S'holders Litig.*, 924 A.2d 171, 201-203 (Del. Ch. 2007).

102. Despite the S-4 indicating that Centerview and Liontree were provided with Sirius's projections, and that they were relied upon in performing its financial analyses, the S-4 provides

no information whatsoever regarding the Sirius projections. This complete lack of information regarding Sirius's potential future financial performance is highly relevant, given that the entirety of the merger consideration under the Proposed Transaction is payable in Sirius common stock, and that stock has experienced a precipitous decline since the date of the merger announcement.

103. This information is necessary to provide Company stockholders a complete and accurate picture of the sales process and its fairness. Without this information, stockholders were not fully informed as to Defendants' actions, including those that may have been taken in bad faith, and cannot fairly assess the process.

104. Without accurate projection data presented in the S-4, Plaintiff and other stockholders of Pandora are unable to properly evaluate Sirius's true worth (which is highly relevant, given that the merger consideration consists entirely of Sirius stock), the accuracy of Centerview and Liontree's financial analyses, or make an informed decision whether to vote their Company stock in favor of the Proposed Transaction.

Omissions and/or Material Misrepresentations Concerning the Financial Analyses by Centerview

105. In the S-4, Centerview describes its respective fairness opinion and the various valuation analyses performed to render such opinion. However, the descriptions fail to include necessary underlying data, support for conclusions, or the existence of, or basis for underlying assumptions. Without this information, one cannot replicate the analyses, confirm the valuations or evaluate the fairness opinions.

106. Additionally, the S-4 fails to disclose why Pandora retained multiple financial advisors.

107. With respect to the *Selected Public Companies Analysis*, the S-4 fails to disclose the following:

a. Why only three companies were chosen to compare;

b. The specific benchmark multiples for Pandora on a standalone basis;

108. With respect to the *Selected Transactions Analysis*, the S-4 fails to disclose the following:

a. The total value of each selected transaction;

b. The specific date on which each selected transaction closed;

c. The transaction multiples;

109. With respect to the *Discounted Cash Flow Analysis*, the S-4 fails to disclose the following:

a. As to the Pandora Scenario 1a Forecasts,

i. The specific inputs and assumptions used to calculate the discount rate range of 9.50% to 11.50%; including

ii. The specific inputs and assumptions used to calculate Pandora's illustrative terminal value range of 10.0x to 12.5x;

b. As to the Pandora Scenario 2 Forecasts,

i. The specific inputs and assumptions used to calculate the discount rate range of 9.50% to 11.50%; including:

ii. The specific inputs and assumptions used to calculate Pandora's illustrative terminal value range of 10.5x to 13.0x:

110. These disclosures are critical for stockholders to be able to make an informed decision on whether to vote their shares in favor of the Proposed Transaction.

<u>Omissions and/or Material Misrepresentations Concerning the Financial Analyses by Liontree</u>

111. In the S-4, Liontree describes its respective fairness opinion and the various valuation analyses performed to render such opinion. However, the descriptions fail to include necessary underlying data, support for conclusions, or the existence of, or basis for, underlying assumptions. Without this information, one cannot replicate the analyses, confirm the valuations or evaluate the fairness opinions.

112. Additionally, the S-4 fails to disclose why Pandora retained multiple financial advisors.

113. With respect to the *DCF Analysis for Pandora on a Stand-Alone Basis*, the S-4 fails to disclose the following:

a. As to the Pandora Scenario 1a Forecasts,

i. The specific inputs and assumptions used to calculate the discount rate range of 9.00% to 10.50%; including

ii. The specific inputs and assumptions used to calculate Pandora's illustrative terminal value range of 9.5x to 11.5x;

b. As to the Pandora Scenario 2 Forecasts,

i. The specific inputs and assumptions used to calculate the discount rate range of 9.00% to 10.50%; including:

ii. The specific inputs and assumptions used to calculate Pandora's illustrative terminal value range of 10.0x to 12.0x:

114. With respect to the *Selected Publicly Traded Companies Analysis*, the S-4 fails to disclose the following:

a. The reasoning for utilizing different benchmarks than the Centerview analysis;

115. These disclosures are critical for stockholders to be able to make an informed decision on whether to vote their shares in favor of the Proposed Transaction.

116. Without the omitted information identified above, Pandora's public stockholders are missing critical information necessary to evaluate whether the proposed consideration truly maximizes stockholder value and serves their interests. Moreover, without the key financial information and related disclosures, Pandora's public stockholders cannot gauge the reliability of the fairness opinion and the Board's determination that the Proposed Transaction is in their best interests. As such, the Board has breached their fiduciary duties by failing to include such information in the S-4.

FIRST COUNT

Claim for Breach of Fiduciary Duties

(Against the Individual Defendants)

117. Plaintiff repeats all previous allegations as if set forth in full herein.

118. The Individual Defendants have violated their fiduciary duties of care, loyalty and good faith owed to Plaintiff and the Company's public stockholders.

119. By the acts, transactions and courses of conduct alleged herein, Defendants, individually and acting as a part of a common plan, are attempting to unfairly deprive Plaintiff and other members of the Class of the true value of their investment in Pandora.

120. As demonstrated by the allegations above, the Individual Defendants failed to exercise the care required, and breached their duties of loyalty and good faith owed to the stockholders of Pandora by entering into the Proposed Transaction through a flawed and unfair process and failing to take steps to maximize the value of Pandora to its public stockholders.

121. Indeed, Defendants have accepted an offer to sell Pandora at a price that fails to reflect the true value of the Company, thus depriving stockholders of the reasonable, fair and adequate value of their shares.

122. Moreover, the Individual Defendants breached their duty of due care and candor by failing to disclose to Plaintiff and the Class all material information necessary for them to make an informed decision on whether to vote their shares in favor of the Proposed Transaction.

123. The Individual Defendants dominate and control the business and corporate affairs of Pandora, and are in possession of private corporate information concerning Pandora's assets, business and future prospects. Thus, there exists an imbalance and disparity of knowledge and economic power between them and the public stockholders of Pandora which makes it inherently unfair for them to benefit their own interests to the exclusion of maximizing stockholder value.

124. By reason of the foregoing acts, practices and course of conduct, the Individual Defendants have failed to exercise due care and diligence in the exercise of their fiduciary obligations toward Plaintiff and the other members of the Class.

125. As a result of the actions of the Individual Defendants, Plaintiff and the Class will suffer irreparable injury in that they have not and will not receive their fair portion of the value of Pandora's assets and have been and will be prevented from obtaining a fair price for their common stock.

126. Unless the Individual Defendants are enjoined by the Court, they will continue to breach their fiduciary duties owed to Plaintiff and the members of the Class, all to the irreparable harm of the Class.

127. Plaintiff and the members of the Class have no adequate remedy at law. Only through the exercise of this Court's equitable powers can Plaintiff and the Class be fully protected from the immediate and irreparable injury which Defendants' actions threaten to inflict.

SECOND COUNT

Aiding and Abetting the Board's Breaches of Fiduciary Duty

Against Defendants Pandora Media, Inc., Sirius XM Holdings Inc., and White Oaks Acquisition Corp.

128. Plaintiff incorporates each and every allegation set forth above as if fully set forth herein.

129. Defendants Pandora Media, Inc., Sirius XM Holdings Inc., and White Oaks Acquisition Corp., knowingly assisted the Individual Defendants' breaches of fiduciary duty in connection with the Proposed Acquisition, which, without such aid, would not have occurred.

130. As a result of this conduct, Plaintiff and the other members of the Class have been and will be damaged in that they have been and will be prevented from obtaining a fair price for their shares.

131. Plaintiff and the members of the Class have no adequate remedy at law.

WHEREFORE, Plaintiff demands injunctive relief, in its favor and in favor of the Class, and against the Defendants, as follows:

A. Ordering that this action may be maintained as a class action and certifying Plaintiff as the Class representatives and Plaintiff's counsel as Class counsel;

B. Enjoining the Proposed Transaction;

C. In the event Defendants consummate the Proposed Transaction, rescinding it and setting it aside or awarding rescissory damages to Plaintiff and the Class;

D. Declaring and decreeing that the Merger Agreement was agreed to in breach of the fiduciary duties of the Individual Defendants and is therefore unlawful and unenforceable;

E. Directing the Individual Defendants to exercise their fiduciary duties to commence a sale process that is reasonably designed to secure the best possible consideration for Pandora and obtain a transaction which is in the best interests of Pandora and its stockholders;

F. Directing defendants to account to Plaintiff and the Class for damages sustained because of the wrongs complained of herein;

G. Awarding Plaintiff the costs of this action, including reasonable allowance for Plaintiff's attorneys' and experts' fees; and

H. Granting such other and further relief as this Court may deem just and proper.

DEMAND FOR JURY TRIAL

Plaintiff hereby demands a jury on all issues which can be heard by a jury.

Dated: November 7, 2018

BRODSKY & SMITH, LLC

By: ______________________

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