

## **Pandora Names Ex-aQuantive Head McAndrews as CEO**

Ryan Nakashima, AP Business Writer

LOS ANGELES (AP) — Setting its sights on accelerating growth in advertising revenue, Internet radio giant Pandora on Wednesday named the former head of digital advertising company aQuantive, Brian McAndrews, as its new chief executive.

The 54-year-old is tasked with speeding up the already rapid revenue growth at Pandora as it struggles to cover rising royalty payments to artists.

McAndrews said in an interview Wednesday it was too early to get into specifics, but that ad growth will be a focus.

"Advertising support is a key part of the equation here. I think Pandora's done a lot of great things and innovative things, particularly in the mobile space," he told The Associated Press. "I'm sure there are ways we can continue to optimize."

The executive switch comes as competition heats up to provide free music streaming. Next Wednesday, Apple will roll out an update to its mobile operating software on hundreds of millions of devices that includes a competing radio service, iTunes Radio. This week, Microsoft also made its Xbox Music streaming service free on the Web.

McAndrews replaces outgoing CEO Joe Kennedy immediately. The move is in line with succession planning after Kennedy said in March he would retire.

The stock market welcomed the news. Pandora Media Inc. shares, which closed up 5 percent at \$21.38 on Wednesday, jumped another \$1.66, or 7.8 percent, to \$23.04 in after-hours trading.

Oakland, Calif.-based Pandora has been on a roll lately, its stock more than doubling since the beginning of the year as active users in August grew past 72 million and monthly listener hours continued to grow, to 1.35 billion. But it has been pilloried by some bands like Pink Floyd for publicly trying to rally support for reducing its royalty costs.

McAndrews said that the next government-led rate-setting process to begin in January is "a ways off" but that he felt confident Pandora would "do the right thing."

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"I do share Pandora's longstanding belief that musicians should be fairly compensated for their work," he said, adding that the existing series of laws covering music streaming on the Web are "piecemeal" and "doesn't serve any one very well."

After working at General Mills and ABC, McAndrews is most well-known for taking Seattle-based digital advertising agency Avenue A and growing it into aQuantive, the digital ad business that Microsoft bought for \$6.3 billion in 2007.

McAndrews went to work for Microsoft after the transaction as a senior vice president running its advertiser and publisher solutions group. He said he couldn't speak to Microsoft's decision last July to write off \$6.2 billion, nearly the entire aQuantive purchase price, but he defended the acquisition, saying the technology remains a part of Microsoft's own advertising network.

"I'm incredibly proud of what we built at aQuantive," he said.

Pandora founder Tim Westergren said Wednesday that McAndrews was a strategic choice.

"No one better understands the intersection of technology and advertising, which he clearly demonstrated during aQuantive's meteoric rise," Westergren said in a statement.

McAndrews, who was named Advertising Age magazine's Digital Executive of the Year in 2008, also serves on the boards of The New York Times Co., Grubhub Seamless and AppNexus.

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