

NORTHERN TRUST CORP
Form 4
October 29, 2009

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
WELSH KELLY R

2. Issuer Name and Ticker or Trading Symbol
**NORTHERN TRUST CORP
[NTRS]**

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
50 SOUTH LASALLE STREET

(Street)

3. Date of Earliest Transaction (Month/Day/Year)
10/27/2009

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
EVP & General Counsel

CHICAGO, IL 60603

(City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
Common Stock ⁽¹⁾				(A) or (D) Price	18,143	D	
Common Stock	10/27/2009		G	V 1,336 D \$ 0	32,591	I	By Trust
Common Stock					644 ⁽²⁾	I	By 401(k)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned (Instr. 5)
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Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
WELSH KELLY R 50 SOUTH LASALLE STREET CHICAGO, IL 60603			EVP & General Counsel	

Signatures

Paul A. Bernacki Attorney-in-Fact for Kelly R. Welsh
 10/29/2009
 **Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Represents stock units payable automatically on a 1-for-1 basis in shares of the Corporation's common stock.
- (2) as of 9/30/2009

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. /TD> 1,920,000 500,000(13) 1,280,000 950,000(14) 2,432,000

Mr. Neary

0(4) 150,000 2.56 08/15/21 150,000(14) 384,000

Explanation of Responses:

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Mr. Salemm

120,000(1)	0	4.25	11/14/15	500,000(5)	0	4.25	11/14/15	30,000(1)	0	5.85	10/01/16	20,000(1)	0	5.90	10/03/16
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Mr. Siino

0(9)	1,000,000	2.81	06/17/21	500,000(11)	6.00	06/17/21	350,000(11)	10.00	06/17/21
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Mr. Dozois

7,500(10) 22,500 1.50 06/15/20 0(3) 150,000 2.78 07/15/21 150,000(14) 384,000

- (1) Reflects option grants made in connection with services provided as a director, prior to joining the Company as an executive officer. The stock options vest at the rate of 25% each year. The 7,500 unvested options vest in one remaining installment on October 1, 2012.
- (2) The stock options vest at the rate of 25% each year, beginning January 1, 2010.
- (3) The stock options vest at the rate of 25% each year, beginning June 17, 2012.
- (4) The stock options vest at the rate of 25% each year, beginning July 21, 2012.
- (5) Reflects an option grant made in connection with services provided as a consultant, prior to joining the Company as an executive officer.
- (6) Reflects option grants made in connection with services provided as a director, prior to joining the Company as an executive officer. The stock options vest at the rate of 25% each year, beginning July 30, 2011.
- (7) Reflects option grants made in connection with services provided as a director, prior to joining the Company as an executive officer. The stock options vest at the rate of 25% each year, beginning October 1, 2011.
- (8) Mr. Salemme's stock option and restricted stock award vest at the rate of 25% each year, beginning March 4, 2012.
- (9) The stock options vest at the rate of 25% on June 17, 2012 and 1/48th on each monthly anniversary thereafter.
- (10) Reflects an option grant made in connection with services provided as a consultant, prior to joining the Company as an executive officer. The stock option vests at the rate of 25% each year, beginning June 15, 2011.
- (11) See footnote (7) to the Grants of Plan-Based Awards in 2011 table above for the performance based vesting terms of these stock appreciation rights. The number of stock appreciation rights indicated is the maximum number of shares that could vest under the award.
- (12) The market value of stock was computed by multiplying the number of shares by our closing stock price on December 30, 2011 (the last business day of the year), of \$2.56 per share.
- (13) The vesting conditions under this restricted stock award are as follows: 750,000 are time-based and vest in three remaining equal annual installments on January 1, 2012, January 1, 2013 and January 1, 2014; 500,000 are subject to vest upon specific performance criteria.
- (14) See footnote (2) to the Grants of Plan-Based Awards in 2011 table above for the performance based vesting terms of these restricted stock units. The number of restricted stock units shown is the maximum number of shares that could vest under the award.

Option Exercises and Stock Vested in 2011

The following table provides information on the value of stock awards that vested for Mr. Wolff, the only named executive officer who acquired shares on vesting of stock awards during 2011. None of our named executive officers exercised any of their outstanding stock options during 2011.

Name	Number of Shares Acquired on Vesting (#)	Stock Awards		Value Realized on Vesting (\$)(1)
		Shares Withheld to Cover Withholding (#)	Net Number of Shares Received (#)	
Mr. Wolff	750,000	69,115	680,885	1,630,000

- (1) Calculated based upon the gross number of shares acquired upon vesting (without taking into account shares withheld to cover taxes) and the closing price of our common stock on the respective vesting date(s).

Pension Benefits

During 2011, the Company did not provide pension benefits for any named executive officer.

Non-Qualified Deferred Compensation

During 2011, the Company did not provide non-qualified deferred compensation benefits for any named executive officer.

Potential Payments Upon Termination or Change in Control

The following summaries and tables set forth certain compensation that would have become payable under existing plans and arrangements if the named executive's employment had terminated on December 31, 2011.

Change in Control

All employees, including the named executive officers, are entitled to acceleration of the shares underlying their stock option grants upon the occurrence of certain events. Specifically, under the terms of the 2000 Stock Incentive Plan, in the event of a Corporate Transaction (as defined in the 2000 Stock Incentive Plan), outstanding awards will either automatically vest, or, depending on the type of Corporate Transaction, may be replaced with essentially equivalent awards from the surviving entity in the Corporate Transaction.

Termination

Mr. Wolff, Mr. Salemme and Mr. Dozois are the only named executive officers who have severance provisions in their employment letters that may be triggered upon termination of employment. The following descriptions are based upon the terms of each such employment letter:

Benjamin G. Wolff. Mr. Wolff's employment is at-will, and he is subject to termination with or without cause. However, if we terminate Mr. Wolff without Cause, or if he terminates his employment due to Disability or resigns from the Company for Good Reason (as those terms are defined in his employment letter), upon execution of a release of claims, he is entitled to: (i) payment of an amount equal to two times the sum of his base salary then in effect (which is currently \$750,000) plus 100% of his target bonus (which is currently \$750,000); provided that the payments will be accelerated to the extent necessary to comply with Section 409A, plus a full gross up for all taxes and other payments that may be due pursuant to Section 409A; (ii) continuation of health benefits for up to two (2) years; and (iii) vesting of all options and shares of restricted stock in which he would have vested had he remained actively employed through the second anniversary of the date of termination (with the exception of the July 5, 2011 grant of performance based restricted stock).

R. Gerard Salemme. Mr. Salemme's employment is at-will, and he is subject to termination with or without cause. However, if we terminate Mr. Salemme without Cause, or if he terminates employment due to Disability or resigns from the Company for Good Reason (as those terms are defined in his employment letter), upon execution of a release of claims, he is entitled to: (i) payment of an amount equal to his base salary then in effect (which is currently \$400,000) plus 100% of his target bonus (which is currently \$400,000); provided that the payments will be

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accelerated to the extent necessary to comply with Section 409A and (ii) vesting of all options and shares of restricted stock in which he would have vested had he remained actively employed through the second anniversary of the date of termination (with the exception of the July 5, 2011 grant of performance based restricted stock).

Timothy M. Dozois. Mr. Dozois' employment is at-will, and he is subject to termination with or without cause. However, if we terminate Mr. Dozois without Cause, or if he resigns from the Company for Good Reason (as those terms are defined in his employment letter), upon execution of a release of claims, he is entitled to payment of an amount equal to his base salary then in effect (which is currently \$250,000).

Estimated Payments

The tables below set forth potential benefits that each named executive officer would be entitled to receive upon termination of employment or change in control in the situations outlined above. These disclosed amounts are estimates only and do not necessarily reflect the actual amounts that would be paid to the named executive officers at the time they become eligible for payment. The amounts shown in the table are the amounts that could be payable under existing plans and arrangements if the named executive officer's employment had terminated at December 31, 2011. Values for equity awards are based on our closing price on December 30, 2011, the last business day of the calendar year. The table below does not include amounts to which the named executive officers would be entitled that are already described in the compensation tables appearing earlier in this Amendment, including the value of equity awards that have already vested.

Name	Employment Termination Events (2)				Total	
	Change in Control Accelerated Vesting of Equity Awards	Severance Payment(3)	Accelerated Vesting of Equity Awards	Health Insurance Coverage	Change in Control	Termination
Mr. Wolff	\$ 7,743,625	\$ 2,250,000	\$ 3,971,625	\$ 48,103	\$ 7,743,625	\$ 6,269,728(4)
Mr. Neary	\$ 384,000	\$ 0	\$ 0	\$ 0	\$ 384,000	\$ 0
Mr. Leybold(1)						
Mr. Salemme	\$ 2,787,800	\$ 800,000	\$ 265,360	\$ 0	\$ 2,787,800	\$ 1,065,360
Mr. Siino	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Mr. Dozois	\$ 407,850	\$ 250,000	\$ 0	\$ 0	\$ 407,850	\$ 250,000

- (1) Mr. Leybold, our former interim Chief Financial Officer, was not entitled to any of the above benefits upon change in control or termination as he was engaged indirectly by the Company under a consulting fee arrangement with Tatum LLC.
- (2) As described above, Mr. Wolff, Mr. Salemme and Mr. Dozois are entitled to certain severance payments in the event they are terminated without Cause, or if they resign from the Company for Good Reason (as those terms are defined in their employment letter); Mr. Wolff and Mr. Salemme are also entitled to these payments in the event their employment is terminated due to Disability (as defined in their employment letter).
- (3) Mr. Wolff's severance payment is equal to two times the sum of his annual base salary plus 100% of his annual target performance bonus; Mr. Salemme's severance payment is equal to the amount of his annual base salary plus 100% of his annual performance bonus; Mr. Dozois's severance payment is equal to the amount of his annual base salary.
- (4) The total amount Mr. Wolff would be entitled to receive in the event of certain termination events (as described above), does not include a gross up amount for taxes that may become due under 409A.

Overview of Director Compensation Program**Compensation Earned by Non-Employee Directors During the First Half of 2011**

Pursuant to the Board of Directors Compensation Policy in effect during the first half of 2011, each director determined to be independent within the meaning of the applicable NASDAQ listing standards, received an annual retainer of \$30,000, payable in quarterly installments of \$7,500. Our directors did not receive any additional fees for their committee service or number of meetings attended.

Compensation Earned by Non-Employee Directors During the Second Half of 2011

During the second half of 2011, a new Board of Directors Compensation Policy (the 2011 Policy) was adopted which provides for (i) an annual retainer of \$250,000, paid annually, to our Board of Directors Chair and (ii) an annual retainer, paid quarterly, to each of our independent directors (who are not the paid Board of Directors Chair) for their Board of Directors and committee service, as follows:

Board of Directors and Committee Service	Annual Retainer
Independent Director	\$ 50,000
Audit Committee Chair	\$ 20,000
Compensation Committee Chair	\$ 20,000
Nominating and Governance Committee Chair	\$ 15,000*

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Audit Committee Member	\$	8,000
Compensation Committee Member	\$	8,000
Nominating and Governance Committee Member	\$	8,000*

* Fees for Nominating and Governance Committee Chair and Members approved in February 2012 for their service period commencing January 1, 2012.

The annual retainer earned by our independent directors is paid in four equal quarterly installments on or about the first day of July, October, January and April to those directors who served on our Board of Directors through the end of the applicable period. Non-employee directors are also reimbursed for customary and usual travel expenses incurred attending company meetings.

The 2011 Policy also provides for the grant of stock options to our independent directors under the terms of our 2000 Stock Incentive Plan. All independent directors receive an initial option to purchase 75,000 shares of Class A common stock, vesting over four equal annual installments. In addition, all independent directors receive an annual option to purchase 60,000 shares of Class A common stock on October 1 of each year, vesting 100% on the one-year anniversary. All options granted have an exercise price equal to the fair market value of our Class A common stock on the date of grant, have a term of 10 years and fully accelerate following a change in control, if they are not assumed or substituted by the successor company.

To further align the interests of our directors with the interests of our stockholders, our non-employee directors may elect to receive all or part of their director fees in the form of Class A common stock. The Class A common stock portion of the payment of the fee earned each quarter is issued on the first trading day of the following quarter. The number of shares issued is equal to the amount of the fee that would have been paid to the non-employee director during the preceding quarter divided by the fair market value of a share of Class A common stock (the closing price of our stock as reported on NASDAQ) on the final business day of the quarter for which payment is earned. Only whole numbers of shares of Class A common stock are issued; fractional shares are paid in cash.

Director Compensation for 2011

The table below sets forth certain information regarding the compensation earned by, or awarded to, each non-employee director who served on our Board of Directors in 2011. During 2011, Messrs. Wolff and Salemme were each employees of Pendrell, so were not compensated for their services as directors of the Company. We also reimburse directors for reasonable travel and accommodation expenses incurred in connection with Company business, the values of which are not included in the table below.

Name	Fees Earned	Option	Total
	or Paid in Cash(1)	Awards (3)(4)	
Richard P. Emerson	\$ 44,000	\$ 66,000	\$ 110,000
Richard P. Fox	\$ 54,000	\$ 66,000	\$ 120,000
Nicolas Kauser(5)(6)	\$ 12,500	\$ 66,000	\$ 78,500
Craig O. McCaw(6)	\$ 250,000	\$	\$ 250,000
Stuart M. Sloan	\$ 44,000	\$ 66,000	\$ 110,000
H. Brian Thompson	\$ 54,000	\$ 66,000	\$ 120,000
Barry L. Rowan(7)	\$ 15,000	\$	\$ 15,000

- (1) Director fees were paid at the end of the quarter for which services were provided. As noted above, beginning with third quarter, directors may elect to receive all, or a portion of, their cash compensation in the form of stock. The amounts in the Fees Earned or Paid in Cash column represent the amounts paid to directors in the form of cash, unless otherwise indicated as follows:

Name	Fees Earned or Paid in Cash			Total
	Fees Paid in Cash	Stock in Lieu	Value of	
		of Cash (#)	Stock (2)	
Richard P. Emerson	\$ 15,000	12,108	\$ 29,000	\$ 44,000
Richard P. Fox	\$ 34,000	8,350	\$ 20,000	\$ 54,000
Craig O. McCaw	\$	90,909	\$ 250,000	\$ 250,000
Stuart M. Sloan	\$ 15,000	12,108	\$ 29,000	\$ 44,000
H. Brian Thompson	\$ 34,502	8,141	\$ 19,498	\$ 54,000

- (2) The Value of Stock column reflects the value of the stock issued in lieu of cash based on the closing market value of our common stock on the last trading day of the quarter in which the fees were earned.

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- (3) Amounts reported reflect the grant date fair value of each stock option granted during 2011 computed in accordance with ASC 718, excluding estimated forfeitures. See Note 8 to our consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, for the assumptions underlying the grant date fair value. The amounts reported do not reflect the compensation actually received by the directors. There can be no assurance that stock options will be exercised (in which case no value will be realized by the individual) or that the value on vesting of exercise will approximate the compensation expense recognized by the Company.

- (4) The aggregate number of stock option awards outstanding held by each director (representing unexercised stock options, both vested and unvested) at December 31, 2011, is as follows:

Name	Number of Shares Subject to Outstanding Option Awards
Richard P. Emerson	210,000
Richard P. Fox	285,000
Nicolas Kauser	220,000
Craig O. McCaw	300,000
Stuart M. Sloan	185,000
H. Brian Thompson	380,000
Barry L. Rowan(6)	375,000

- (5) Mr. Kauser did not receive director fees until the fourth quarter of 2011, when the Board of Directors determined that he was independent under applicable NASDAQ listing standards.
- (6) Although Mr. McCaw and Mr. Kauser did not begin receiving director fees until the third and fourth quarter, respectively, of 2011, the Company's advisory services agreement with Eagle River was in effect until July 2011. This agreement required (i) payment of an annual fee of \$500,000 in quarterly installments in stock or cash, and (ii) reimbursement of out-of-pocket expenses. The Company elected to make all quarterly payments in Class A common stock, and total payments for the year ended December 31, 2011 were 105,595 shares of Class A common stock and \$100,000 in reimbursable expenses.
- (7) Mr. Rowan did not stand for re-election to the Board of Directors at our June 2011 meeting. The amount reported in the Fees Earned or Paid in Cash column reflects a partial year of service. Mr. Rowan did not receive any option awards during 2011. Upon Mr. Rowan's departure, the Committee approved the continued vesting of his outstanding option awards for a period of two years following the date he ceased providing services as a director.

Compensation Committee Interlocks and Insider Participation

The Board of Directors currently has a Compensation Committee consisting of Messrs. Fox, Sloan and Thompson. The Compensation Committee of the Board of Directors was established by the Board of Directors to: (i) act on behalf of the Board of Directors in fulfilling the Board of Director's responsibilities to oversee the Company's compensation policies, plans and programs; (ii) review and determine the compensation to be paid to the Company's executive officers and directors; (iii) review the Compensation Discussion and Analysis (CD&A) with management and make a recommendation as to whether the CD&A should be included in the Company's annual report and/or proxy statement; (iv) prepare and review the Compensation Committee Report included in the Company's annual report and/or proxy statement in accordance with applicable rules and regulations of the SEC in effect from time to time; and (v) perform such other functions as may be deemed necessary or convenient in the efficient and lawful discharge of the foregoing. The charter grants the Compensation Committee members full access to all books, records, facilities and personnel of the Company, as well as the authority to obtain, at the expense of the Company, advice and assistance from internal and external legal, accounting or other advisors and consultants and other external resources that the Compensation Committee considers necessary or appropriate in the performance of its duties. In particular, the Compensation Committee has the authority to retain compensation consultants to assist in its evaluation of executive and director compensation, including the authority to approve the consultants' reasonable fees and other retention terms.

No member of the Compensation Committee is, or was during 2011, an officer or employee of Pendrell, and none of the Company's executive officers serves, or during 2011 served, as a member of a compensation committee (or other Board of Directors committee performing equivalent functions) of any entity that has one or more executive officers serving as a member of the Company's Compensation Committee. No member of the Compensation Committee is a former officer of the Company, nor does any executive officer of the Company serve as a director of any entity that is in any manner affiliated with a member of the Compensation Committee.

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis included in this annual report on Form 10-K/A (amendment no. 1). Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this annual report on Form 10-K/A (amendment no. 1). **The material in this report is not soliciting material, is not deemed filed with the SEC, and is not to be incorporated by reference into any filing of the Company the Securities Act of 1933, as amended or the Securities Exchange Act of 1934, as amended.**

COMPENSATION COMMITTEE

Mr. H. Brian Thompson (Chair)
Mr. Richard P. Fox
Mr. Stuart M. Sloan

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.
2011 Equity Compensation Plan Information

The following table summarizes information, as of December 31, 2011, relating to Pendrell's equity compensation plans pursuant to which grants of stock options, restricted stock, or other rights to acquire shares may be granted from time to time.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights(1) (a)	Weighted-average exercise price of outstanding options, warrants and rights(2) (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	14,233,495	\$ 2.53	898,096
Equity compensation plans not approved by security holders		\$	
Total	14,233,495	\$ 2.53	898,096

(1) Excludes 4,610,909 shares of restricted stock awards granted that remain subject to forfeiture; excludes the grant of 1,950,000 stock appreciation rights, as the awards are settled in cash and do not count toward the number of shares outstanding under the plan; and excludes warrants to purchase 3,200,000 shares of the Company's Class A common stock with an exercise price of \$0.01 per share which expire on December 12, 2012.

(2) Excludes the impact of 4,610,909 shares of restricted stock awards that have no exercise price.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information, as of April 16, 2012, as to shares of common stock beneficially owned by: (i) each person who is known by us to own beneficially more than 5% of either our Class A common stock or Class B common stock, (ii) each of our directors, (iii) each of our named executive officers and (iv) all of our directors and named executive officers as a group. The information provided in the table is based on our records, information filed with the SEC and information furnished by the respective individuals or entities, as the case may be.

Applicable percentage ownership is based on 207,464,324 shares of Class A common stock and 53,660,000 shares of Class B common stock outstanding at April 16, 2012.

In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed outstanding shares of common stock that a person has the right to acquire within 60 days of April 16, 2012. See footnote 8 for a description of these rights. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

Name and Address of Beneficial Owner (2)	Shares Beneficially Owned(1)				
	Class A Common Stock		Class B Common Stock		% Total Voting Power (3)
	Number of		Number of		
	Shares	Percent	Shares	Percent	
	Beneficially	of	Beneficially	of	
Owned(8)	Class	Owned	Class		
5% Stockholders					
Eagle River Satellite Holdings, LLC and affiliates(4)	43,968,412	20.9%	44,360,000	82.7%	65.3%
James D. Dondero, Highland Capital Management, L.P., and affiliates (5)	52,679,332	25.4%			7.1%
CDR-SATCO, LLC(6)	11,311,120	5.5%			1.5%
Mente, L.L.C.(7)	1,912,080	*	9,300,000	17.3%	12.8%
Named Executive Officers					
Benjamin G. Wolff	3,925,454	1.9%			*
Thomas J. Neary	150,000	*			*
Timothy P. Leybold					*
R. Gerard Salemme	1,884,875	*			*
Joseph K. Siino	1,767,000	*			*
Timothy M. Dozois	165,000	*			*
Directors (other than Mr. Wolff and Mr. Salemme indicated above)					
Richard P. Emerson	55,163	*			*
Richard P. Fox	68,431	*			*
Nicolas Kauser	97,500	*			*
Craig O. McCaw(9)	44,314,321	21.0%	44,360,000	82.7%	65.3%
Stuart M. Sloan	49,679	*			*
H. Brian Thompson	286,876	*			*
All directors and executive officers as a group (12 persons)	52,764,299	24.7%	44,360,000	82.7%	66.2%

* Less than one percent of the outstanding Class A or Class B common stock, respectively.

- (1) We have determined beneficial ownership in accordance with the rules of the SEC. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named have sole voting and investment power with respect to all shares of common stock that they beneficially own. Holders of restricted shares have sole voting power, irrespective of whether the restricted shares have vested. See the Outstanding Equity Awards at 2011 Fiscal Year-End table for information on outstanding restricted stock awards that remain subject to vesting and forfeiture restrictions.
- (2) Unless otherwise indicated, the address of each beneficial owner indicated is c/o Pendrell Corporation, 2300 Carillon Point, Kirkland, Washington 98033.
- (3) Percentage total voting power represents voting power with respect to all shares of our Class A common stock and Class B common stock, as a single class. Each holder of Class B common stock is entitled to ten votes per share of Class B common stock and each holder of Class A common stock is entitled to one vote per share of Class A common stock on all matters submitted to our stockholders for a vote. The Class A common stock and Class B common stock vote together as a single class on all matters submitted to a vote of our stockholders, except as may otherwise be required by law. The Class B common stock is convertible at any time by the holder into shares of Class A common stock on a share-for-share basis.
- (4) Includes the 20,696,037 shares of Class A common stock beneficially owned by Eagle River Satellite Holdings, LLC; 2,339,724 shares of Class A common stock held by Eagle River, Inc.; 17,932,651 shares of Class A common stock held by Eagle River Partners, LLC; and 3,000,000 shares of Class A common stock that may be acquired upon exercise of a warrant, as described in footnote 8 below. Mr. McCaw is the sole manager and beneficial member of Eagle River Investments, LLC, which is the controlling member of Eagle River Satellite Holdings, LLC, the controlling shareholder of Eagle River, Inc. and the manager and voting member of Eagle River Partners, LLC. The address for Eagle River is 4400 Carillon Point, Kirkland, Washington 98033.
- (5) Information based on Schedule 13D/A filed with the SEC on September 1, 2010 by Highland Capital Management, L.P. (Highland Capital) and Form 4s filed with the SEC by Highland Capital as of April 16, 2012 and by James Dondero on March 22, 2010. Includes shares of Class A common stock beneficially owned and/or held by or for the account of James D. Dondero, (including through family trusts), Highland Capital, and Strand Advisors, Inc. Highland Capital serves as an investment adviser to, and manages investment and trading accounts of, other persons and may be deemed, through investment advisory contracts or otherwise, to beneficially own securities owned by other persons. Strand Advisors is the general partner of Highland Capital and may be deemed to beneficially own securities owned by Highland Capital. Mr. Dondero is the President and a director of Strand Advisors and may be deemed to beneficially own securities owned by Strand Advisors. Mr. Dondero, Highland Capital and Strand Advisors disclaim beneficial ownership of the securities covered on the Schedule 13D/A filed with the SEC on September 1, 2010, except to the extent of any pecuniary interest therein. The address of Mr. Dondero and Highland is Two Galleria Tower, 13455 Noel Road, Suite 800, Dallas, Texas 75240.

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- (6) Based on information as of December 31, 2011, contained in a Schedule 13G/A filed with the SEC February 14, 2012, by CDR-SATCO, LLC. CDR-SATCO, LLC shares voting and dispositive power over the Company's shares owned by CDR-SATCO, LLC with Clayton, Dubilier & Rice Fund VI Limited Partnership (Fund VI), CD&R Associates VI Limited Partnership (Associates VI LP), and CD&R Investment Associates VI, Inc. (Associates VI, Inc.). Fund VI is the sole member of CDR-SATCO, LLC. Associates VI LP is the general partner of Fund VI. Associates VI, Inc. is the general partner of Associates VI LP. As a result, each of Fund VI, Associates VI LP and

Associates VI, Inc. may be deemed to be the beneficial owner of the shares owned by CDR-SATCO, LLC. Each of Associates VI LP and Associates VI, Inc. disclaims beneficial ownership of those shares. Associates VI, Inc. is managed by a Board of Directors comprised of over fifteen individuals, and all action relating to the voting or disposition of these shares requires approval of a majority of the Board of Directors. As a result, no person controls the voting and disposition of Associates VI, Inc. with respect to the shares shown as beneficially owned by CDR-SATCO, LLC. The address of CDR-SATCO, LLC is 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

- (7) Based on its Schedule 13G/A filed with the SEC on February 14, 2011, wherein Mente, L.L.C. reported all common stock held may be deemed to be beneficially owned by William H. Gates, III as the sole member of Mente, L.L.C. The address of Mente, L.L.C. is 2365 Carillon Point, Kirkland, Washington 98033.
- (8) The number of shares beneficially owned by our named executive officers and directors, include shares issuable upon exercise of outstanding options held by such individual that are exercisable within 60 days of April 16, 2012. Restricted stock awards granted, the vesting of which are conditioned upon stockholder approval of an amendment and restatement of the 2000 Stock Incentive Plan to increase the number of shares available for issuance under the Plan, are not included.

Name	Options Exercisable
Mr. Wolff	1,112,500
Mr. Neary	0
Mr. Salemm	855,000
Mr. Siino	0
Mr. Dozois	15,000
Mr. McCaw	255,000
Mr. Kauser	97,500
Mr. Thompson	275,000
Mr. Emerson	37,500
Mr. Fox	56,250
Mr. Sloan	31,250

The number of shares beneficially owned by Eagle River Investments, LLC includes 3,000,000 shares of Class A common stock that it may acquire upon exercise of a warrant at an exercise price of \$0.01 per share, which expires on December 12, 2012.

- (9) Includes (i) 90,909 shares of Class A common stock held directly by Mr. McCaw and (ii) 43,968,412 shares of Class A common stock and 44,360,000 shares of Class B common stock beneficially owned by Eagle River Satellite Holdings, LLC and its affiliates. See footnote 4 above. Mr. McCaw is the sole manager and beneficial member of Eagle River Investments, LLC, which is the controlling member of Eagle River Satellite Holdings, LLC, the controlling shareholder of Eagle River, Inc. and the manager and voting member of Eagle River Partners, LLC.

Item 13. Certain Relationships and Related Transactions, and Director Independence. Director Independence

Director Independence. Messrs. Emerson, Fox, Kauser, Sloan and Thompson are independent directors within the meaning of the NASDAQ listing standards. As such, a majority of the Company's directors are currently independent, as are all members of the Company's Audit Committee, Compensation Committee and Nominating and Governance Committee. Members of the Audit Committee also satisfy a separate independence requirement pursuant to the Securities Exchange Act of 1934 which requires that they may not accept directly or indirectly any consulting, advisory or other compensatory fee from us or any of our subsidiaries other than their directors' compensation or be an affiliated person of ours or any of our subsidiaries.

Each year, our directors are obligated to complete a questionnaire which requires them to disclose any transactions with us in which the director or any member of his or her immediate family might have a direct or potential conflict of interest. Based on its analysis of the responses, the Board of Directors determined that all directors, except for Mr. Wolff and Mr. Salemm, because of their employment relationship with the Company and Mr. McCaw because of his ownership of Eagle River, are independent under its guidelines and free from any relationship that would interfere with the exercise of their independent judgment.

Review, Approval and Ratification of Transactions with Related Persons

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All proposed related-party transactions are subject to review and approval by the Audit Committee. In determining whether to approve or ratify a related-party transaction, the Audit Committee will take into account, among other factors deemed appropriate, whether the related-party transaction is on terms no more favorable to the counterparty than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related party's interest in the transaction. To assist with the identification of potential related-party transactions, we solicit information through questionnaires in connection with the appointment of new directors and executive officers and on an annual basis with respect to existing directors and executive officers.

Related Party Transactions

Eagle River Satellite Holdings, LLC (ERSH), Eagle River Investments, LLC, Eagle River, Inc., and Eagle River Partners, LLC (ERP) ERSH is the Company's controlling stockholder. ERSH, together with its affiliates Eagle River Investments, LLC, Eagle River, Inc. and ERP (collectively, Eagle River) holds an economic interest of approximately 32.8% and a voting interest of approximately 65.2% in the Company as of December 31, 2011. In addition, Eagle River Investments, LLC holds warrants exercisable through December 12, 2012 to purchase an aggregate of three million shares of the Company's Class A common stock at an exercise price of \$0.01 per share.

Until its termination on July 11, 2011, the Company had an agreement with Eagle River, Inc. to provide advisory services to the Company (Advisory Services Agreement). This Advisory Services Agreement required (i) payment of an annual fee of \$500,000 in quarterly installments in stock or cash, at the Company's option, and (ii) reimbursement of out-of-pocket expenses. The Company elected to make all quarterly payments in Class A common stock. During the year ended December 31, 2011, the Company issued 105,595 shares of Class A common stock to Eagle River, Inc. as compensation for advisory services. The Company and Eagle River, Inc. mutually agreed to terminate the Advisory Services Agreement effective as of July 11, 2011. The Company was not required to make any payments to Eagle River, Inc. as a result of the termination of the Advisory Services Agreement.

Effective December 15, 2010, the Company subleases from Eagle River, Inc. the office space for the Company's headquarters in Kirkland, Washington. The sublease is a pass-through agreement, pursuant to which the Company pays rent to Eagle River, Inc. and reimburses costs and expenses to Eagle River, Inc. that Eagle River, Inc. pays to its third-party landlord. The sublease expires contemporaneously with the expiration of the underlying prime lease in July 2012. Total payments made to Eagle River, Inc. under this agreement during the year ended December 31, 2011 totaled \$300,000. During the year ended December 31, 2011, the Company also paid \$100,000 to Eagle River, Inc. for the purchase of certain office furniture and equipment in the sub-leased space.

Benjamin G. Wolff, the Company's President and Chief Executive Officer, was previously the President of Eagle River, Inc., and was compensated by both the Company and Eagle River. Effective July 11, 2011, Mr. Wolff resigned as President of Eagle River, Inc. and no longer receives compensation from Eagle River other than compensation for serving as a representative on certain Boards of Directors at Eagle River's request.

R. Gerard Salemme, the Company's Chief Strategy Officer, was previously a vice president of Eagle River, Inc., and was compensated by both the Company and Eagle River. Effective July 11, 2011, Mr. Salemme resigned as vice president of Eagle River, Inc. and no longer receives compensation from Eagle River other than compensation for serving as a representative on certain Boards of Directors at Eagle River's request.

Davis Wright Tremaine Mr. Wolff is the spouse of a partner at the law firm Davis Wright Tremaine LLP, which provides the Company with ongoing legal services. Total payments made to Davis Wright Tremaine LLP for 2011 were \$300,000.

Indemnification Agreements

The Company has entered into an indemnification agreement with each executive officer and director which provides, among other things, that the Company will indemnify such officer or director, under the circumstances and to the extent provided for therein, for expenses, damages, judgments, fines and settlements he or she may be required to pay in actions or proceedings which he or she is or may be made a party by reason of his or her position as a director, officer or other agent of the Company, and otherwise to the fullest extent permitted under Delaware law and the Company's Bylaws.

Under an indemnification agreement between the Company and Eagle River Investments, LLC, we are required to indemnify, defend, and hold harmless Eagle River Investments, LLC, its affiliates, and their respective members, directors, officers, agents, employees and controlling persons against claims, liabilities, losses, damages and fees and expenses incurred resulting from, or in connection with, the fact that such entity or person is or was a stockholder, director, officer, or employee of the Company or any of its subsidiaries, or based on an alleged breach of his or her fiduciary duty as a director or officer of the Company or any of its subsidiaries. The indemnification obligation is subject to certain exceptions, including losses and damages incurred through certain violations of the U.S. securities laws and damages caused by acts that a court determines to be a breach of fiduciary duties, gross negligence, or willful misconduct. We agreed to advance reasonable costs and expenses incurred for defending any claim upon receipt of an undertaking to repay the advanced amounts if it is ultimately determined the indemnitee was not entitled to indemnification under the agreement.

Under an indemnification agreement with Cascade Investment, we are similarly required to indemnify Cascade Investment, its affiliates (including Mente), and their respective members, directors, officers, agents, employees and controlling persons.

Item 14. Principal Accounting Fees and Services.
Principal Accountant Fees and Services

The following table represents aggregate fees and expenses billed to the Company for the fiscal years ended December 31, 2011 and 2010 by Deloitte & Touche LLP.

	Fiscal Year Ended	
	December 31,	
	2011	2010
Audit Fees (1)	\$ 470,285	\$ 457,500
Audit-related Fees (2)	8,015	
Tax Fees		
All Other Fees		
Total Fees	\$ 478,300	\$ 457,500

- (1) Audit Fees consist of fees and expenses for professional services rendered by Deloitte & Touche LLP in connection with: (i) the audit of the Company's annual financial statements included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2011, and review of the interim financial statements included in the quarterly reports on Form 10-Q; (ii) the audit of the Company's internal control over financial reporting; and (iii) services that are normally provided in connection with statutory and regulatory filings or engagements.
- (2) Audit-related Fees consist of fees for assurance and related services rendered by Deloitte & Touche LLP that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under Audit Fees. This category includes fees related to audit and attest services not required by statute or regulations, including accounting and tax due diligence related to mergers, acquisitions and investments, and consultations concerning financial accounting and reporting standards.

Pre-Approval Policies and Procedures

The Audit Committee charter permits the Audit Committee to delegate pre-approval authority to subcommittees consisting of one or more individuals, as well as to pre-approve defined categories of services. However, the Audit Committee has not done so, but has instead pre-approved all audit and non-audit services rendered by Deloitte & Touche LLP as part of the scope of the independent registered public accounting firm engagement or on a case-by-case basis prior to engagement for service. All of the services provided by Deloitte & Touche LLP in 2011 were pre-approved by the Audit Committee.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a)(3) Exhibits

Ex. 31.1* Certification of the principal executive officer required by Rule 13a-14(a) or Rule 15d-14(a).

Ex. 31.2* Certification of the principal accounting and financial officer required by Rule 13a-14(a) or Rule 15d-14(a).

* Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PENDRELL CORPORATION
(Registrant)

Date: April 27, 2012

By:

/s/ **BENJAMIN G. WOLFF**
Benjamin G. Wolff
Chief Executive Officer and President
(Principal Executive Officer)

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