

IN THE CIRCUIT COURT OF THE SIXTH JUDICIAL CIRCUIT
IN AND FOR PINELLAS COUNTY, FLORIDA

TERRY GENE BOLLEA professionally
known as HULK HOGAN,

Plaintiff,

vs.

Case No. 12012447CI-011

HEATHER CLEM; GAWKER MEDIA, LLC
NICK DENTON; and A.J. DAULERIO,

**AFFIDAVIT OF
JAMES DONOHUE**

Defendants.

James Donohue, being duly sworn, deposes and says:

1. I am a Vice President of Charles River Associates (“CRA”), a global consulting firm that offers economic, financial, and strategic expertise. I am a Certified Public Accountant and have a Bachelor of Science degree in accountancy from Villanova University. I am also a Certified Valuation Analyst and am accredited in Business Valuation. I have been responsible for consulting assignments in a wide range of areas, including intellectual property, valuation, securities, breach of contract, fraud investigations, professional negligence, bankruptcy, and forensic accounting. My experience has included assessing value in numerous engagements, including the value of intellectual property and intangible assets for tax and financial reporting purposes. I have personal knowledge of the facts set forth herein, and if called as a witness, I could and would competently testify to the matters stated herein.

2. I am informed that the Court has ordered an in camera inspection of a December 12, 2011 document titled “Economic Analysis of Royalty Payments Between Gawker Media LLC and Blogwire Hungary KFT” (the “Economic Analysis”). This affidavit is intended to assist the Court in its review of this Economic Analysis.

3. The Economic Analysis was referenced in a license agreement between Blogwire Hungary KFT (now known as Kinja) as licensor, and Gawker Media LLC as licensee (the

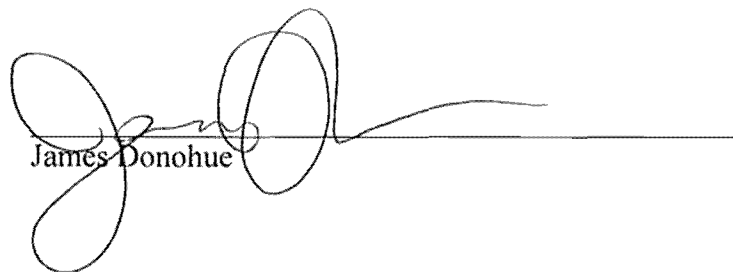
“Kinja/Gawker Media License”).¹ The Kinja/Gawker Media License also stated that the Economic Analysis was from Mayer Brown LLP and analyzed the appropriate arms’ length pricing for the royalty payable between the licensor and licensee. This reference in the Kinja/Gawker Media License suggests that the Economic Analysis is a “transfer pricing study” that was prepared to provide support for the large related-party payments from Gawker Media to Kinja.²

4. Transfer pricing studies are generally used to help determine arm’s length pricing for transactions between related parties in different tax jurisdictions. The arm’s length standard essentially requires that payments between related parties be consistent with prices that unrelated parties would pay in the same transaction. In my experience as a valuation expert, transfer pricing studies generally consist of an economic analysis of the market price for the asset. This economic analysis (as to whether a price paid is an arm’s length price) is routinely made by an accountant, an economist or a person trained in finance.

5. Furthermore, transfer pricing studies can be made available to the tax authorities in order to support the taxpayer’s position should a tax return audit or other tax proceeding take place. Transfer pricing studies are also sometimes provided to audit firms as part of financial statement audits.

I declare under penalty of perjury that the foregoing is true and correct.

Executed December 1, 2015.


James Donohue

¹ Attached as Exhibit 1.

² The Kinja/Gawker Media License refers to the Economic Analysis as the “Study”.