

Exhibit 2

to the

Publisher Defendants' Opposition to Plaintiff's Motion to Exclude the Opinions and Testimony of Peter Horan

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.:

12012447 CI-011

HEATHER CLEM, GAWKER MEDIA, LLC)
AKA GAWKER MEDIA; GAWKER MEDIA)
GROUP, INC., AKA GAWKER MEDIA, et al.,)

Defendants.)

VIDEOTAPED DEPOSITION OF PETER HORAN

April 23, 2015

1 BE IT REMEMBERED THAT, the videotaped deposition of
2 PETER HORAN was reported by Bridget Montero, CSR No.
3 08-0408, on Thursday, April 23, 2015, commencing at the
4 hour of 9:33 a.m., the proceedings being reported at
5 Stoel Rives LLP, 900 SW Fifth Avenue, Suite 2600,
6 Portland, Oregon.

7 APPEARANCES

8 BAJO CAVA COHEN TURKEL

9 By Mr. Shane B. Vogt

10 100 North Tampa Street, Suite 1900

11 Tampa, Florida 33602

12 and

13 HARDER MIRELL & ABRAMS LLP

14 By Mr. Charles J. Harder

15 1925 Century Park East, Suite 800

16 Los Angeles, California 90067

17 Appearing for Plaintiff

18
19 LEVINE SULLIVAN KOCH & SCHULTZ, LLP

20 By Mr. Michael Berry

21 1760 Market Street, Suite 1001

22 Philadelphia, Pennsylvania 19103

23 Appearing for Defendants

24
25 Also Present: Mick Irwin - Videographer

1 Q. Have you received any honors, awards, or
2 acknowledgments in your profession?

3 A. I was selected as one of the top 50
4 business graduates of San Francisco State, but no.

5 Q. What is your field of expertise?

6 A. Running and investing in Internet media
7 companies and advertising companies.

8 Q. Are you an expert in any other fields?

9 A. No.

10 Q. Are you licensed in the securities
11 industry?

12 A. No.

13 Q. If you go to your résumé, or your profile,
14 the section on skills and expertise, I just wanted to
15 clarify with respect to the last answer you gave me
16 about the fields that you're an expert in.

17 A. Yeah.

18 Q. When you use "expertise" on this, you're
19 not saying you're an expert in these fields, correct?

20 A. Well, actually, interestingly, these are
21 skills and expertise that other people have
22 acknowledged me for on LinkedIn, so I didn't --

23 Q. Okay.

24 A. -- say, Oh, I'm an expert in online
25 marketing, but the way LinkedIn works is they ask: Is

1 Peter an expert in online marketing, and a number
2 folks have said, yeah, I'm an expert in these fields.

3 Q. Okay. So these aren't things that you
4 listed these are what other people would have clicked
5 on in reference to you?

6 A. Yes, sir.

7 Q. Do you hold yourself out as an expert in
8 any of the items listed under skills and expertise?

9 MR. BERRY: I guess I would just object to
10 form, but you can answer.

11 THE WITNESS: I'd say most of these, yeah.

12 BY MR. VOGT: (Continuing)

13 Q. Okay. Let's just go through some of them.

14 A. Certainly.

15 Q. What's online marketing?

16 A. A very broad phrase describing how
17 companies bring products to market using the Internet,
18 social media, E-commerce influence consumers.

19 Q. And are you an expert in that field?

20 A. Yes.

21 Q. And what qualifications do you have as an
22 expert in that field?

23 A. Regularly speak at industry conferences.
24 So I'm asked to speak at industry conferences on that
25 topic. I write on that topic fairly often, and my

1 articles are published.

2 Q. Are those included in the publications that
3 are in your résumé?

4 A. Some of them, yeah.

5 MR. BERRY: I just want to -- I mean, you
6 can continue on with this, but I just want to object
7 generally to this line of questioning. To the extent
8 that he's been retained, he's just been retained to be
9 an expert with respect to the stuff he's testified --
10 or written in his report, although, I mean, you're
11 free to go down these roads. I just want a standing
12 objection.

13 MR. VOGT: That makes it easier.

14 MR. BERRY: You can continue to answer. I
15 just --

16 BY MR. VOGT: (Continuing)

17 Q. Yeah, given that qualification, there's
18 just a few of these I just want to ask you what they
19 are.

20 A. Certainly.

21 Q. They'll come up later on in some of the
22 questioning.

23 What is online advertising?

24 A. Trying to simplify this down to a
25 digestible thing. It's the process of companies

1 On a pay-per-click basis, they would pay
2 probably a higher price, but only when somebody clicks
3 or purchases something.

4 Q. And so with a CPM type of advertising,
5 that's based on impressions, correct?

6 A. Yes, sir.

7 Q. And that advertising is based on the number
8 of people who simply view a page with the advertising
9 on it, correct?

10 A. Yes.

11 Q. And your current company is what?

12 A. Horan Media Tech Advisers.

13 Q. And you refer to that as being an umbrella
14 for your investment and consulting activities.

15 What do you mean by that?

16 MR. BERRY: Object to form.

17 THE WITNESS: Right now I advise four or
18 five different companies on -- in the media and
19 advertising and commerce space, and I also make direct
20 personal investments in a bunch of different
21 companies, and so I just wanted to have a single
22 business card that I could use to tie it all together.

23 BY MR. VOGT: (Continuing)

24 Q. So are -- your personal investments, are
25 those through yourself personally or are they through

1 your company?

2 MR. BERRY: Objection to form and also
3 relevance.

4 THE WITNESS: I'm investing my own money.

5 BY MR. VOGT: (Continuing)

6 Q. Okay. Who are the four to five companies
7 that you advise?

8 A. Is that okay?

9 MR. BERRY: Yeah. Sorry. When I object,
10 unless I tell you not to answer, I'm just doing it for
11 the record for later. So you should -- unless I tell
12 you not to, you should answer the question.

13 The other thing I should tell you is Shane
14 is asking you questions about some of your business.
15 The case has a protective order to mark stuff as
16 confidential. There's some stuff that you may talk
17 about with respect to your own business or otherwise
18 that you can deem confidential, and, you know,
19 everything will be marked confidential for a period of
20 time to allow you to review that. But if there are
21 things that you want marked confidential as we go --

22 THE WITNESS: I didn't understand what was,
23 like, okay and not okay.

24 MR. BERRY: Unless I tell you otherwise,
25 you can answer.

1 THE WITNESS: Sure. I'm on the boards of
2 three companies: Lending Tree, which is the mortgage
3 lead generation company; Viggie, which is the
4 entertainment marketing platform company; and Purch,
5 which is a large content site. And in the context of
6 those three companies, I get both equity and cash
7 compensation.

8 I'm an adviser to Topics.com, which is a
9 content site, and I'm paid for that, in addition to
10 being on the board of directors. I'm advising
11 TwelveFold Media where I'm also on the board of
12 directors, which is an ad targeting site. I'm on the
13 board of Net2TV, which is an over-the-top TV company
14 where I'm paid a monthly fee.

15 That's where I spend most of my time.

16 BY MR. VOGT: (Continuing)

17 Q. And I think those are all listed in here.

18 A. Yes, sir.

19 Q. What's an ad targeting site?

20 A. It's an ad targeting service, not a site.
21 What they -- what TwelveFold Media does is they
22 actually read pages on the Internet that are buyable
23 through realtime bidding and exchanges and helps to
24 construct content targets for advertisers so they can
25 better place their ads through programmatic ad

1 services.

2 Q. Have you ever consulted -- other than for
3 Topics, have you ever consulted for an online
4 publisher?

5 A. Consulted for, no. Run, yes.

6 Q. What online publishers have you run?

7 A. First one was Computer World in the
8 late '90s, early days of the Internet, which I was
9 running all of Computer World, including our website.
10 Then ran DevX, which was a content site for software
11 developers from 2000 to 2003. Then I ran About.com
12 from 2004 to 2005, which we ultimately sold to the New
13 York Times. And I worked for the New York Times for a
14 little while. Then I ran AllBusiness, which was a
15 content site for small business owners.

16 Then I went to IAC, and I ran the media and
17 advertising group there, which was a fairly large
18 group for a publicly traded company, which included
19 Ask, which is a search engine, City Search, which is a
20 content site.

21 Most recently I was president and chief
22 operating officer of Answers.com, which is another
23 content site.

24 Q. Do you know whether IAC Media has ever
25 worked with Gawker?

1 A. It has not, to the best of my knowledge.
2 I'm sorry. I'm sorry. Let me say it had not, when I
3 was working at IAC. They subsequently may have, but I
4 have no knowledge of that.

5 Q. You have an entity listed that you did some
6 work with called Publish This.

7 A. Oh, yes.

8 Q. What is that entity?

9 A. It's a content curation and aggregation
10 service that works with publishers to manage and
11 distribute content.

12 Q. What does that mean?

13 A. So for example, Fox News wants -- this is a
14 real example. Fox News wants to do local sports
15 newsletters for cities across America, and so they
16 want to say to Mike in Philadelphia, Hey, we'll give
17 you all the latest Philly sports news.

18 What Publish This does is it scans the
19 Internet, finds all the relevant headlines for Philly
20 sports, and then would feed that into the email server
21 for Fox News. And then they do that, like I said, 500
22 at a crack.

23 Q. And then you mentioned Topics. What does
24 Topics do?

25 A. Topics is a local news service owned by

1 Tribune, Gannett, and McClatchy; big newspaper chains.

2 Q. And is it a community news editing
3 platform?

4 A. They have a -- they don't offer it as a
5 platform service. They're a news site.

6 Q. Do users submit comment on that site?

7 A. They comment, yes.

8 Q. Is it primarily focused in smaller towns
9 across the country?

10 A. They get a lot of their traffic in smaller
11 towns. I wouldn't say they're focused on smaller
12 towns.

13 Q. Have there been lawsuits over comments
14 posted on Topics? Are you aware of those?

15 A. There have been a couple, yes, sir.

16 Q. Was Topics forced to disclose IP addresses
17 for some of the anonymous posters on its site?

18 MR. BERRY: Objection as to form.

19 THE WITNESS: I don't recall.

20 BY MR. VOGT: (Continuing)

21 Q. Was there a point in time when Topics was
22 charging people to get expedited removal of negative
23 posts about them?

24 A. Not that I recall.

25 Q. Do you know whether 30 state attorney

1 Q. What is viral marketing?

2 A. It's trying to accelerate and encourage
3 that process; trying to encourage users to talk about
4 a brand, talk about a movie, talk about an article and
5 share it with their friends.

6 Q. And I think that a gentleman that you had
7 written an article with, Jeff Rayport --

8 A. Rayport, yes, sir.

9 Q. -- did he coin that phrase, viral
10 marketing, or was he one of the people who did?

11 A. I don't know.

12 Q. You have heard that, though?

13 A. I have -- I know viral marketing. I didn't
14 know Jeff took credit for it. He and Al Gore invented
15 the Internet, perhaps.

16 I will have to check that, though.

17 Q. Are videos sometimes used as a way of viral
18 marketing?

19 A. Yes.

20 Q. Your résumé also notes that you've been a
21 CEO and an independent director as part of eight
22 profitable exits in the past ten years totaling almost
23 \$1.8 million.

24 A. Yes, sir.

25 Q. Can you tell me -- just list the eight

1 exits.

2 A. Sure. Try to do it roughly in terms of
3 size.

4 Answers we sold for just under a billion
5 dollars, 985 million, last year. About.com we sold in
6 four different chunks. The biggest was \$410 million
7 to the New York Times, but we also sold to web hosting
8 operations, Sprinx, and a Japanese operation
9 separately. That was about \$500,000,000 all in.

10 Three transactions, all on the 60,
11 70 million range. Merchant Circle to Reply, Pluck to
12 Demand Media, and AllBusiness to Dun & Bradstreet,
13 DevX to JupiterMedia.

14 I think that gets me my eight and
15 \$1.8 billion.

16 Q. You said Merchant Circle, Pluck,
17 AllBusiness, and DevX?

18 A. Yes.

19 Q. What were the range of those?

20 A. Merchant Circle, Pluck, and AllBusiness
21 were all about 70 million each.

22 Q. And what years were those?

23 A. 2007 for Pluck and AllBusiness, and two
24 thousand -- I can't remember if it was '11 or '12 for
25 Merchant Circle.

1 Q. What about DevX, what was the --

2 A. That was -- that's probably 10 million.

3 And it was 2003.

4 Q. You said Answers was close to 1 billion?

5 A. Yeah. 985 million.

6 Q. That was in 2014?

7 A. Yes.

8 Q. What was Answers revenue -- total yearly
9 revenue at the time of that sale?

10 A. \$250 million.

11 Q. And you said About.com sold to New York
12 Times for \$410 million?

13 A. Yes, sir.

14 Q. What year was that?

15 A. 2005.

16 Q. And what were its revenues at the time?

17 A. \$32 million in 2004 and 51 million in 2005.

18 Q. 51 million --

19 A. In 2005.

20 Q. -- was that at the time of the sale or
21 after the sale?

22 A. Well, the sale happened in early 2005, so
23 if you said the last -- the last full year was 2004,
24 which was \$32 million; the year in which the sale
25 happened was \$51 million.

1 Q. And then what was Merchant Circle's
2 revenues at the time of its sale?

3 A. 14 million, roughly; 14, 15 million.

4 Q. And what were Pluck's revenues at the time
5 of its sale?

6 A. 12 million.

7 Q. What were AllBusiness's revenues at the
8 time of its sale?

9 A. 12, 13 million.

10 Q. And what were DevX's revenue at the time of
11 its sale?

12 A. About 3 million.

13 Q. Other than those, have you been involved in
14 any other exits or sales of Internet media companies?

15 MR. BERRY: Objection to form. What do you
16 mean?

17 THE WITNESS: Other than? I thought that
18 was pretty good.

19 MR. BERRY: In what capacity?

20 BY MR. VOGT: (Continuing)

21 Q. That's my default question for making sure
22 I know everything.

23 A. Yeah.

24 Q. So just so you know.

25 MR. BERRY: In what capacity, I guess?

1 MR. BERRY: Object to form.

2 MR. VOGT: You can't object to form. He
3 said I did well.

4 MR. BERRY: He doesn't know anything, but
5 apparently you did well.

6 BY MR. VOGT: (Continuing)

7 Q. In your résumé for the section on Reply.com
8 it says you led a B round investment in Merchant
9 Circle. Is that what we had talked about?

10 A. Yes, sir. That's while I was at IAC.

11 Q. And it talked about you also raising
12 venture funding in AllBusiness. Is what we had talked
13 about, as well?

14 A. Yes.

15 Q. I'm almost done with your background.

16 A. I'm so old, if we go through this year by
17 year, we'll be here all day.

18 Q. I'm trying to get through that, as a
19 natural breaking point.

20 Let's talk about your publications very
21 quickly.

22 A. Sure.

23 Q. I don't think that will take very long.

24 "How To Compete Against Industry Titans" is
25 the first publication that you have listed.

1 Just in general, what's that publication
2 about?

3 A. I wrote two on that. Let me just -- okay.
4 So that's actually a follow-on to the earlier -- the
5 one just below that, "Who Rules the Web Now," that I
6 wrote with Jeff Rayport.

7 One of the things that I started to really
8 think a lot about in the 2011 time frame is how
9 Google, Apple, Amazon, and Facebook were aggregating
10 customer data, a ton of cash, and low-friction
11 logistics and were going to roll into a whole bunch of
12 other businesses.

13 Amazon went from selling books to selling
14 space heaters and swim goggles. And, you know, apple
15 and Google decided they were going to be in the cell
16 phone business, and now they want to be in the TV
17 business.

18 And so what I was looking at in those two
19 articles together was just, you know, how does an
20 individual company compete against the big platform
21 companies and what advantages did they have and what
22 might be viable strategies to not get rolled over.

23 Q. Have you written or published any materials
24 discussing how to value an Internet media business?

25 MR. BERRY: Objection to form.

1 THE WITNESS: No.

2 BY MR. VOGT: (Continuing)

3 Q. Have you authored or published any written
4 materials discussing how to value a website?

5 MR. BERRY: Objection to form. Are you
6 just asking -- for both of these things, you're asking
7 about publications like these things listed?

8 MR. VOGT: Any papers or publications.

9 THE WITNESS: Not specifically, no.

10 MR. BERRY: Sorry. But you're asking for
11 publication to a wider -- I mean, not like internal
12 business documents?

13 MR. VOGT: No, no, no.

14 BY MR. VOGT: (Continuing)

15 Q. Articles -- when I say publications, I
16 mean -- or written materials, I'm talking about
17 articles, presentations that may have written
18 materials that you've given, blogs; anything that
19 you've disseminated publicly.

20 A. I have talked quite a bit about, I'll say,
21 corporate strategy of how to be successful and
22 increase value, but I have not talked about the
23 specific metrics of valuation or written about
24 specific metrics of valuation.

25 Q. So just so I'm clear, you would not have

1 A. No. Those were -- I was teaching
2 advertising and marketing.

3 Q. If we were to define what your actual
4 profession is, what is your profession?

5 A. I think of it as being an investor and
6 adviser to Internet media and advertising companies.

7 MR. VOGT: Okay. Why don't we take a break
8 there.

9 THE VIDEOGRAPHER: The time is 10:47.

10 (Recess: 10:47 - 11:00 a.m.)

11 THE VIDEOGRAPHER: The time is eleven
12 o'clock. We are back on the record.

13 (Exhibit 301 marked for identification.)

14 BY MR. VOGT: (Continuing)

15 Q. I'm going to hand you what we're going to
16 mark as Exhibit 301 and ask you a couple of questions
17 about this, and then I'm going to move on to your
18 report.

19 Have you ever seen this article before?

20 A. Yes, I have.

21 Q. Did there come a point -- I know we had
22 talked about About was acquired by the New York Times
23 for \$410 million; correct?

24 A. Yes.

25 Q. And then did there come a point in time

1 you have for the proposition with respect to a site
2 like Gawker, revenue and value are largely synonymous?

3 A. Personal experience and market data. So,
4 you know, some of the attachments are investment
5 banking reports from leading Internet investment
6 bankers.

7 And as I believe I mentioned in the report,
8 I talk to investment bankers just about every week,
9 talking about what deals are happening, how they're
10 being priced in value, what are the drivers of value.

11 As we went through my background, I spent a
12 lot of time in the middle of deals. I'm in the middle
13 of one right now where one of my companies is out for
14 a large financing, and we're talking to third-party
15 investors on how it should be valued.

16 So I've got, like I said, both sort of
17 direct personal knowledge I'll say deal mechanics as
18 well as I spend part of each week looking at, you
19 know, what transactions are happening in the market.

20 Q. And when you referenced market data, is --
21 all of the market data, at least documentation-wise
22 that you reviewed in forming your opinions in this
23 case, is it attached to your report?

24 A. Yes.

25 Q. So what was the actual specific definition

1 of value that you used in performing your work in this
2 case?

3 A. I was trying to estimate the impact on the
4 enterprise value of Gawker Media that might or might
5 not have occurred as a result of running that video.

6 Q. And what is enterprise value?

7 A. What's the company worth.

8 Q. In what context?

9 A. What an investor might pay to own a piece
10 of the company or what another company might pay to
11 acquire the company.

12 Q. What's the source of that definition?

13 MR. BERRY: Objection to form.

14 THE WITNESS: I'll call it a working
15 definition. But if you look at analysts' reports and
16 things, they refer to EV, enterprise value.

17 BY MR. VOGT: (Continuing)

18 Q. When you say analysts' reports, are you
19 talking about Exhibit 1 to your report, RBC --

20 A. RBC uses the phrase. Pacific Crest uses
21 the phrase. But it's -- I'll call it a -- we call it
22 a term of art, but it's a --

23 Q. Why is -- the definition of value that you
24 just gave me that you used in your assignment in this
25 case, why is it appropriate for this case?

1 THE WITNESS: I'm sorry. Are you asking
2 websites as a whole?

3 BY MR. VOGT: (Continuing)

4 Q. Yes.

5 A. No.

6 Q. Why not?

7 A. Because, as evidenced by the number of
8 websites, anybody can have a website. There's no
9 special sauce to having a website.

10 Q. Have you ever personally prepared any
11 written valuation or appraisal of any website?

12 A. No.

13 Q. Have you ever personally prepared any
14 written valuation or appraisal of any Internet media
15 business?

16 A. I'm sorry. Are you asking, like, appraisal
17 as a service for another business?

18 Q. Yes.

19 A. No.

20 Q. Have you ever personally prepared a
21 valuation or an appraisal of an Internet media
22 business for yourself?

23 A. I'm struggling with the form of that
24 question because I regularly have been involved in
25 discussions about what is this business worth, how

1 much can we get for it, what price would I pay to
2 invest in that business.

3 So that's like an every-week conversation,
4 but I'm not -- but not, Oh, let me write a report
5 saying this business is worth \$20 million.

6 Q. In the context that you just told me about
7 in having these discussions, do you work with other
8 people that do research concerning the financials of
9 Internet media businesses?

10 A. Certainly.

11 Q. Do you work with other people who examine
12 things like risk factors in the Internet media
13 business industry?

14 A. Yes. By the way, I'm on the board of
15 several publicly traded companies, so we work with the
16 auditors and review the 10-Ks and 10-Qs and --

17 Q. So when you -- when we talk about your
18 personal background and experience in valuing Internet
19 media businesses, that's actually a compilation of
20 work that a number of other people have done that
21 you've been involved in, as well, correct?

22 MR. BERRY: Objection to form.

23 THE WITNESS: I would disagree with that
24 because people provide all sorts of data, and then
25 either I make a personal investment decision or a

1 A. Yahoo Finance.

2 Q. -- Yahoo Finance, you didn't engage in any
3 independent investigation to determine whether the
4 information on those sites was accurate?

5 MR. BERRY: Objection to form.

6 THE WITNESS: I did not in this case.
7 However, I've always found it to be accurate. I have
8 no reason to think it's not accurate.

9 BY MR. VOGT: (Continuing)

10 Q. On page 2 you talk about Mr. Anderson's
11 approach -- this is item No. 2 -- so valuing
12 Gawker.com based on unique visitors is outdated and
13 completely outside the realm of current industry
14 evaluation methods.

15 So when you reference Gawker.com, there
16 you're talking about the website itself?

17 A. Yes. But it also applies to Gawker Media,
18 generally.

19 Q. Is -- the website itself, Gawker.com, is
20 that an asset?

21 A. Yes.

22 Q. What are the current industry valuation
23 methods for websites?

24 A. It really falls into two categories based
25 on growth rate. For fast-growing businesses, they

1 tend be to be valued on a multiple of revenue. For
2 businesses growing in the 20 percent or less category,
3 tends to be valued at a multiple of EBITDA or profits.

4 Q. And what is your authority for those two
5 methods? What's your source?

6 MR. BERRY: Objection to form.

7 THE WITNESS: Analyst opinions, broadly;
8 the specific investment banking reports that are
9 attached to this; and my own direct experience in
10 participating in deals.

11 BY MR. VOGT: (Continuing)

12 Q. And are those the only two methods, that
13 you're aware of, current industry methods for valuing
14 websites?

15 A. Those are the -- I'll say the dominant
16 methods, and then you get into nuances based on other
17 factors, but those are the primary methods.

18 Q. And do those two methods -- or the first
19 method you talked about, the multiple of revenue
20 method, does that rely on one source of revenue from a
21 website or all of the sources of revenue for a
22 website?

23 MR. BERRY: Objection as to form.

24 THE WITNESS: Could you clarify that for
25 me, please?

1 BY MR. VOGT: (Continuing)

2 Q. So how did that factor into your
3 calculation of Gawker Media --

4 A. Okay.

5 Q. -- its growth?

6 A. The company was growing below kind of other
7 companies in the market, so it was a relatively slow
8 growing, not terribly profitable company, which is
9 kind of a bad place to be. It's okay to be growing
10 50 percent a year and not making any money. It's okay
11 to be making 40 percent profit margin and growing real
12 slowly. But it's kind of tough to be slow growing and
13 not very profitable.

14 Q. Do you take growth into consideration when
15 you are using the revenue multiple method?

16 A. Yes, sir.

17 Q. Okay. And how does it play into that
18 method?

19 A. It's what multiple -- it's like what the
20 multiple actually is, is in most cases driven by
21 growth. There's a really, really strong correlation
22 between enterprise value and growth rate for Internet
23 businesses.

24 Q. on page 3 you state that the focus is not
25 on the value of the intellectual property owned by an

1 actually has several of its sites that are news
2 businesses.

3 BY MR. VOGT: (Continuing)

4 Q. Would those types of businesses be
5 comparable to Gawker?

6 A. I would think so, sure.

7 Q. How many online news businesses have you
8 valued?

9 A. What do you mean when you say "valued"?

10 Q. Well, in terms of the opinions that you
11 reached in this case about Gawker, the company's
12 value --

13 A. Sure.

14 Q. -- how many other online news businesses
15 have you valued in a similar way?

16 A. Okay. I don't have a sort of a fixed
17 number sort of at the tip of my tongue, but I can tell
18 you that, as I said, we just did a conversation --
19 okay, Topics right now, we've retained an investment
20 banker and we try to figure out the best way -- what's
21 a fair market value for Topics as a news business.

22 **Redacted as Confidential pursuant to Agreed Protective Order**

1 Redacted as Confidential pursuant to Agreed Protective Order

25

Q. Prior to Topics, Purch, this other

1 acquisition that you were talking about, the tech news
2 business, prior to that have you ever valued any
3 Internet news businesses using the methods that you've
4 used in this case?

5 A. Have I personally? Like I said,
6 AllBusiness, which we did both investment and sale.
7 Pluck, was a little bit -- it wasn't really a news
8 business.

9 MR. BERRY: Shane, are you talking about in
10 any context, like people approaching him about buying,
11 people approaching him about selling, like in any --

12 MR. VOGT: If he's --

13 BY MR. VOGT: (Continuing)

14 Q. Any context in which you performed an
15 actual analysis of the value of a company that was
16 engaged in the online news business.

17 A. I made an investment decision in -- I
18 invested in Skift, S-K-I-F-T, which is now the leading
19 travel news site based on, you know, what we expected
20 the revenue to be and revenue growth create. Did
21 that -- actually several investments over the last two
22 or three years.

23 Q. Any others?

24 A. I'll stop there.

25 Q. Okay.

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3 Q. Did anyone assist you in preparing your
4 report?

5 A. No. I did it myself.

6 Q. Did you use any forms or materials to help
7 draft it?

8 MR. BERRY: Objection as to form.

9 THE WITNESS: I'm sorry. What do you --
10 what would --

11 BY MR. VOGT: (Continuing)

12 Q. Like any articles. Did you have any kind
13 of a presentation or something you had done in the
14 past that you cut and pasted from; anything like that?

15 A. No.

16 Q. Did you take into account any risk factors
17 in Gawker's business or its industry?

18 A. Not explicitly.

19 Q. When you say "not explicitly," what do you
20 mean?

21 A. That's all factored into the market
22 multiples. It's already baked into the numbers.

23 Q. I'm skipping over a few things because
24 you've already answered them.

25 You talk in your report about the correct

1 way to evaluate the possible impact on revenue and
2 enterprise valuation.

3 What's enterprise valuation?

4 MR. BERRY: Object to form.

5 THE WITNESS: Just so I'm answering the
6 right -- point me to a page, if you would. Or just
7 where are you referencing?

8 BY MR. VOGT: (Continuing)

9 Q. If you look at page 4, the end of the top
10 paragraph --

11 A. Okay. I'll suggest the correct way to
12 evaluate the possible impact on revenue and
13 presentation valuation?

14 Q. Yes.

15 A. Okay. Yeah. All I was saying there was
16 that I would attempt to estimate how much revenue
17 would have been derived by this video both on
18 Gawker.com and the rest of the Gawker network, and
19 then in turn using kind of market multiples, how that
20 might have affected the overall valuation of Gawker
21 Media.

22 Q. Did you make an enterprise valuation for
23 Gawker Media?

24 A. I did not make an enterprise valuation
25 overall. I just looked at -- again, it's a little bit

1 artificial to say, oh, this one article generated
2 10,000 in revenue and contributed 40,000 of enterprise
3 value, because you can't buy one article's worth of
4 enterprise value, but I estimated the change in
5 enterprise value based on running that article.

6 Q. Is there a -- what's the definition of
7 "total enterprise value"?

8 A. It's what somebody would pay or -- you
9 know, for all or a piece of the business; you know,
10 the top -- you know, the total value of the overall
11 enterprise.

12 Q. And is there a way to calculate total
13 enterprise value?

14 A. Again, until there's an actual transaction,
15 it's an estimate, but you would estimate it using the
16 types of multiples that we were discussing.

17 Q. Typically, isn't total enterprise value the
18 market cap plus the debt minority interest and
19 preferred shares less the total cash and cash
20 equivalents?

21 MR. BERRY: Objection as to form.

22 THE WITNESS: That sounds -- yeah, that
23 sounds about right.

24 BY MR. VOGT: (Continuing)

25 Q. Did you make a determination based on that

1 formula of the total enterprise value of Gawker Media?

2 A. That was not -- I was not specifically
3 asked to value the business as a whole, so I did not.

4 Q. Is there a difference between fair market
5 value and investment value?

6 A. Not typically. Actually, yeah, no. Not
7 typically.

8 Q. On page 4 you say, Achieving a significant
9 base of users is now viewed as necessary but not --
10 not a sufficient condition for achieving a premium
11 valuation of an Internet media business.

12 So the first thing I just want to know is:
13 Do you agree that an Internet media business, to
14 achieve a premium valuation, must have a significant
15 base of users?

16 MR. BERRY: Objection as to form.

17 THE WITNESS: As I say here -- again,
18 that's like a raw material, so you have to have users
19 in order to monetize, so sure, it's necessary, but
20 it's not enough all by itself.

21 BY MR. VOGT: (Continuing)

22 Q. When you use the term premium valuation,
23 what do you mean by "premium valuation"?

24 A. A multiple of revenue or profit that is the
25 high end of the range versus the midpoint or low end

1 other than advertising revenue?

2 A. This -- well, let's talk about this
3 specific exercise. So for this specific exercise I
4 was asked to look at the impact that running that
5 video had on Gawker as a business, and so, in my
6 opinion, the primary impact -- the benefit they
7 received was deriving ad revenue, not alternative
8 revenue streams. It's a little bit of apples and
9 oranges, different use cases.

10 Q. That was a decision you made to exclude the
11 other sources of revenue and only include advertising?

12 A. Yes.

13 Q. Do you know what the other sources of
14 revenue are listed in Exhibit 303 in the years 2012,
15 2013?

16 A. Not in detail, no.

17 Q. If you don't know what the other sources of
18 revenue are, how could you make the determination to
19 exclude them from your calculations?

20 A. Because they're not advertising.

21 Q. How do you know that?

22 A. Because it would be classified as
23 advertising if they were advertising.

24 Q. Do you know with whether the other revenue
25 sources listed in 2012, 2013 on Exhibit 303 include

1 who came to Gawker.com to review the Hogan sex tape in
2 October of 2012 and maybe hadn't heard about the site
3 before then came back two or three months later?

4 A. There's no good way to do that.

5 Q. So no, you don't know?

6 A. No, I don't know.

7 Q. Did you -- in reaching your opinions in
8 this case, did you ever come up with a value of what
9 you believe Gawker.com is worth?

10 A. No, I did not.

11 Q. In forming your opinions in this case, did
12 you ever come up with a value for what you thought
13 Gawker Media was worth?

14 A. No. As I mentioned earlier, that wasn't
15 part of the scope.

16 Q. Can the revenue multiple method that you
17 utilized in this case be used to determine a value for
18 Gawker Media?

19 A. May I answer?

20 MR. BERRY: Oh, yeah.

21 THE WITNESS: Yes.

22 BY MR. VOGT: (Continuing)

23 Q. How would you do that?

24 A. Basically, the same approach I used to
25 figure out what the kind of market comps and market

1 BY MR. VOGT: (Continuing)

2 Q. Is that right?

3 A. I would say you can estimate what we think
4 it would or could or should be worth, but until
5 somebody actually writes a check, you don't really
6 know.

7 Q. So as we sit here today, you're unable to
8 tell me what the fair market value of Gawker Media is?

9 MR. BERRY: Objection.

10 BY MR. VOGT: (Continuing)

11 Q. Is that correct?

12 MR. BERRY: Objection as to form.

13 THE WITNESS: So a couple of points. One
14 is, again, I was not asked to estimate the fair market
15 value of Gawker Media now. I was not asked to
16 estimate the fair market value of the overall company
17 as of the period in question.

18 Having said that, the methodology for
19 figuring what it roughly should be is what we've
20 discussed before.

21 BY MR. VOGT: (Continuing)

22 Q. As we sit here today, can you tell me what
23 the fair market value of Gawker Media was in 2012?

24 MR. BERRY: Objection as to form.

25 Go ahead.

1 THE WITNESS: I'm sorry. And, by the way,
2 I have met her before. She was one of the people
3 whose name I didn't remember until I saw the picture.

4 BY MR. VOGT: (Continuing)

5 Q. When did you meet her?

6 A. Also at an OPA conference a few years ago.
7 We sat at a table.

8 Q. Was it just a brief meeting?

9 A. Yeah. We were sitting at the same table.

10 Q. Were you aware that both Mr. Gorenstein and
11 Ms. Pettigrew had been deposed in this case?

12 A. Yes.

13 Q. Did you ask for their depositions?

14 A. I did not.

15 Q. Why not?

16 A. Because, like I said, I had a relatively
17 specific mandate, which is to look at the revenue that
18 was likely to have been derived from this post and,
19 you know, the value that might have been created as a
20 result of it.

21 Q. Don't you think it's important, in
22 determining whether the revenue figures that you were
23 using in 2012 were accurate, that you speak with the
24 two principals at Gawker who had the most knowledge of
25 Gawker's revenue sources?

1 Q. Did you determine that?

2 A. No. And we've kind of hit this three
3 times. No, I didn't do an overall valuation of the
4 business.

5 Q. At the bottom of this page, you talk about
6 unicorns, and you have a paragraph that says, To place
7 these exceptional companies in proper context, I look
8 at an analysis performed by Bill Gurley of Benchmark
9 Capital.

10 A. Yes, sir.

11 Q. Who is Bill Gurley?

12 A. A leading venture capitalist; invests
13 primarily in a lot of Internet content companies.

14 Q. Is he an expert in your field?

15 A. He's an expert of venture capital, sure.

16 Q. Is that your field?

17 A. One of my fields, yeah.

18 Q. Do you consider his works to be
19 authoritative?

20 A. Yes.

21 Q. And you speak specifically here about this
22 "Above the Crowd" blog story that he did, that you
23 have listed as Exhibit 9 to your report.

24 Is that authoritative?

25 A. Yes.

1 Do you see that?

2 A. Alone, yes, it is.

3 Q. You used revenue multiples alone in your
4 opinions in this case, didn't you?

5 MR. BERRY: Objection.

6 THE WITNESS: No. By the way, if you
7 notice, he then continues to go down and show a
8 distribution of revenue multiples. And basically
9 having said that, he then proceeds to use revenue
10 multiples.

11 So it's -- you know, it's like any -- you
12 know, one of the things I've said kind of throughout
13 the conversation is that you can't just say, Oh,
14 here's one number. I'm going to throw it in the
15 calculator and ta-da, we've got the number.

16 It's the process of saying, Okay. What are
17 the comps, what are the metrics, what's reasonable in
18 this marketplace, what deals have we actually seen get
19 done, and what do we think is reasonable.

20 Q. Doesn't he use the chart, though, that
21 you're talking about in terms of the ranges -- doesn't
22 he use the chart that you were talking about there as
23 an example of why the revenue multiple method is not
24 reliable?

25 MR. BERRY: Objection.

CERTIFICATE

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The State of Oregon)
SS.)
County of Multnomah)

I, BRIDGET MONTERO, CSR, CRR, RMR, a
Certified Shorthand Reporter for the States of Oregon
and California, hereby certify that said witness
personally appeared before me at the time and place set
forth in the caption hereof; that at said time and place
I reported in stenotype all testimony adduced and other
oral proceedings had in the foregoing matter; that
thereafter my notes were transcribed through
computer-aided transcription, under my direction; and
that the foregoing going pages constitute a full, true,
and accurate record of all such testimony adduced and
oral proceedings had, and of the whole thereof.

IN WITNESS WHEREOF, I have hereunto
set my hand and affixed my seal at Portland, Oregon,
this 29th day of April, 2015.



Bridget Montero

Bridget Montero, OR CSR No. 08-0408, CRR, RMR
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