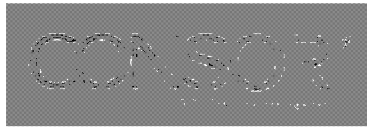


# Exhibit 7



**Terry Bollea  
v.  
Gawker Media, LLC**

**Expert Report of Jeff Anderson**

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Submitted to

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Submitted by

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March 5, 2015

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## **I. INTRODUCTION**

### **A. The Assignment**

Harder Mirell & Abrams LLP (“Counsel”) has retained CONSOR<sup>®</sup> Intellectual Asset Management (“CONSOR”) to provide expert services on behalf of Terry Bollea, professionally known as Hulk Hogan, (“Mr. Bollea”) in connection with a claim for monetary relief against Gawker Media, LLC (“Gawker”), Nick Denton, and A.J. Daulerio. The litigation referred to is Case No. 12012447-CI-011 in the Circuit Court of the Sixth Judicial Circuit in and for Pinellas County, Florida (the “Case”). Specifically, we have been asked to provide an opinion regarding the benefit to Gawker, as measured by the increase in value of the Gawker.com website (“Gawker.com” or the “Website”), that resulted from Gawker posting on the Website a video of Mr. Bollea engaged in private consensual sexual relations with Heather Clem (the “Video”).

The analysis detailed in this report is presented as of March 5, 2015 (the “Report Date”). Findings reflect our analysis of the information produced up to this date, as well as our independent research. We reserve the right to amend, expand, and/or supplement this report should additional information or data be made available.

This report contains two appendices consisting of the qualifications of the named expert and a list of the documents relied upon in this matter. Individuals at CONSOR, in addition to the named expert, assisted in the preparation of this report under the supervision of the named expert.

### **B. Qualifications of the Named Expert**

Jeff Anderson is the Director of Valuation & Analytics at CONSOR<sup>®</sup>, an intellectual asset consulting firm specializing in trademark, patent and copyright valuation, licensing, and expert testimony. The firm is headquartered in La Jolla, California, and has offices in New York and London. Mr. Anderson holds a Bachelor of Science degree in Economics from Santa Clara University, and a Master of Business Administration degree with a concentration in Finance, from San Diego State University.

Mr. Anderson has a broad view of the world of intellectual property and intangible assets. He has lectured, spoken, and written on the topic of IP valuation, as well as the licensing of various intellectual property rights. He is a contributing author to a newly published book, and he is author and co-author of several articles on intellectual property valuation. Additionally, he has served as a teaching assistant for a course on IP valuation at the Thomas Jefferson School of Law.

Mr. Anderson has performed valuations of intangible assets and intellectual properties for corporate litigation and business/transaction purposes. His project work spans the full spectrum of the intellectual property realm. Industries worked on include: government, software, banking, entertainment, construction, retail, energy, and manufacturing. He has managed projects involving: valuation for litigation; sale/purchase valuation and

negotiation; license structuring and negotiation; estate valuation; and valuation in expropriation and foreign markets.

### C. Summary of Opinions

After reviewing the documentation provided, performing research and analysis, and based upon CONSOR's and my professional background, knowledge, training, education and decades of experience in intellectual property valuation and analysis, we conclude within a reasonable degree of certainty that:

- The increase in value of Gawker.com as a result of Gawker posting the Video on the Website is between **\$4,995,000** and **\$15,445,000**.

We reserve the right to revisit this analysis and amend these conclusions should additional information and/or documents become available for review. We further reserve the right to respond to opinions and issues raised by any opposing experts. Finally, we reserve the right to use demonstrative and/or other exhibits to present the opinions expressed in this report and/or any supplemental, amended, and/or rebuttal reports.

## II. RELEVANT ENTITIES AND INDIVIDUALS

### A. Terry Bollea

Mr. Bollea, known by the stage name Hulk Hogan, is an American professional wrestler, actor, author, television personality and musician.<sup>1</sup> In 1984, Mr. Bollea (Hulk Hogan) won his first World Wrestling Entertainment, Inc. ("WWE") championship. Since then he has helped to fill wrestling stadiums throughout the world with fans, won six WWE championships and six World Championship Wrestling ("WCW") championships,<sup>2</sup> become a motion picture star and acted in television shows (including his own animated series).<sup>3</sup>

By branding himself as "the ultimate test to evil, standing up for every poor soul who had ever been beaten up or put down," he blazed the trail for character branding in the wrestling industry.<sup>4</sup> For more than 30 years, Mr. Bollea (Hulk Hogan) has remained a relevant figure of American culture by "always reinventing [him]self."<sup>5</sup> He has extended his image across movies, commercials, cartoons, merchandising and various TV appearances (including a reality TV series).<sup>6</sup> In addition, Mr. Bollea (Hulk Hogan) has

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<sup>1</sup> Doc 31

<sup>2</sup> Doc 32

<sup>3</sup> Doc 33

<sup>4</sup> Doc 35

<sup>5</sup> Doc 32

<sup>6</sup> Doc 32

appeared on the cover of Sports Illustrated Magazine,<sup>7</sup> and made numerous guest appearances on both Jimmy Kimmel Live! and The Tonight Show with Jay Leno.<sup>8</sup>

From an early stage, Mr. Bollea understood the significance of establishing and growing his brand.<sup>9</sup> Memorable slogans such as “say your prayers and eat your vitamins” caught on with a widespread fan-base.<sup>10</sup> Popular antics coupled with his desired brand landed him guest spots on MTV and Saturday Night Live.<sup>11</sup> The Hulk Hogan brand has grown across several entertainment mediums, including his role as “Thunderlips” in Rocky III,<sup>12</sup> co-hosting NBC’s American Gladiators,<sup>13</sup> and the executive producer, judge and host of Hulk Hogan’s Championship Wrestling.<sup>14</sup>

According to data published in February 2014 by promotion agency The Marketing Arm, Inc., “Hulk Hogan has a 96% awareness among a general population in the US. This is one of the highest awareness levels of any athlete/celebrity in the US.”<sup>15</sup> As of December 17, 2014, Hulk Hogan had 1,110,000 followers on Twitter<sup>16</sup> and over 3.9 million likes on Facebook.<sup>17</sup>

## B. Gawker.com

Gawker Media, LLC is an American online media company and blog network.<sup>18</sup> Its website, Gawker.com focuses on celebrities and the media industry.<sup>19</sup>

Gawker “was founded in 2002 by [Nick Denton], a Financial Times veteran, with the gadget blog [Gizmodo.com]. The company’s flagship blog, [Gawker.com], was founded later that year as a New York media and gossip blog.”<sup>20</sup>

## III. CASE BACKGROUND

In or about mid-2007, without his knowledge or consent, Mr. Bollea was videotaped while engaged in private consensual sexual relations in a private bedroom with Heather Clem.<sup>21</sup>

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<sup>7</sup> Doc 36

<sup>8</sup> Doc 32

<sup>9</sup> Doc 32

<sup>10</sup> Doc 37

<sup>11</sup> Doc 37

<sup>12</sup> Doc 33

<sup>13</sup> Doc 32

<sup>14</sup> Doc 32

<sup>15</sup> Doc 38

<sup>16</sup> Doc 39

<sup>17</sup> Doc 40

<sup>18</sup> Doc 41

<sup>19</sup> Doc 1

<sup>20</sup> Doc 42

<sup>21</sup> Doc 49

Unknown to Mr. Bollea and Ms. Clem, the private bedroom was under surveillance and the encounter was recorded.<sup>22</sup> Mr. Bollea did not give anyone permission to record him.<sup>23</sup>

On October 4, 2012, Gawker posted the Video, a one minute and forty-one second “highlight reel” of the secretly filmed recording, on the Website. Prior to publishing the Video, Gawker added English subtitles to the Video.<sup>24</sup> A 1,440-word narrative describing the Video written by former Gawker.com editor A.J. Daulerio (the “Narrative”) also was posted on the Website.<sup>25</sup>

The Video received 8,610,124 pageviews and 5,357,572 unique pageviews on the Website.<sup>26</sup> Numerous other media outlets and websites also shared and republished the Gawker edited Video on their own websites.<sup>27</sup>

Shortly after the Video was initially published on the Website, Mr. Bollea’s attorney promptly demanded Gawker remove the Video from Gawker.com; however, Gawker refused.<sup>28</sup> The Video eventually was “removed from [the Website] on or about [April 25, 2013], pursuant to a temporary injunction issued by Judge Pamela A.M. Campbell in this action,” yet Gawker linked to a third party website that was playing the Video.<sup>29,30</sup> Despite the injunction mandating that the Narrative also be removed from the Website, Gawker refused.<sup>31</sup>

#### IV. GOOGLE TRENDS

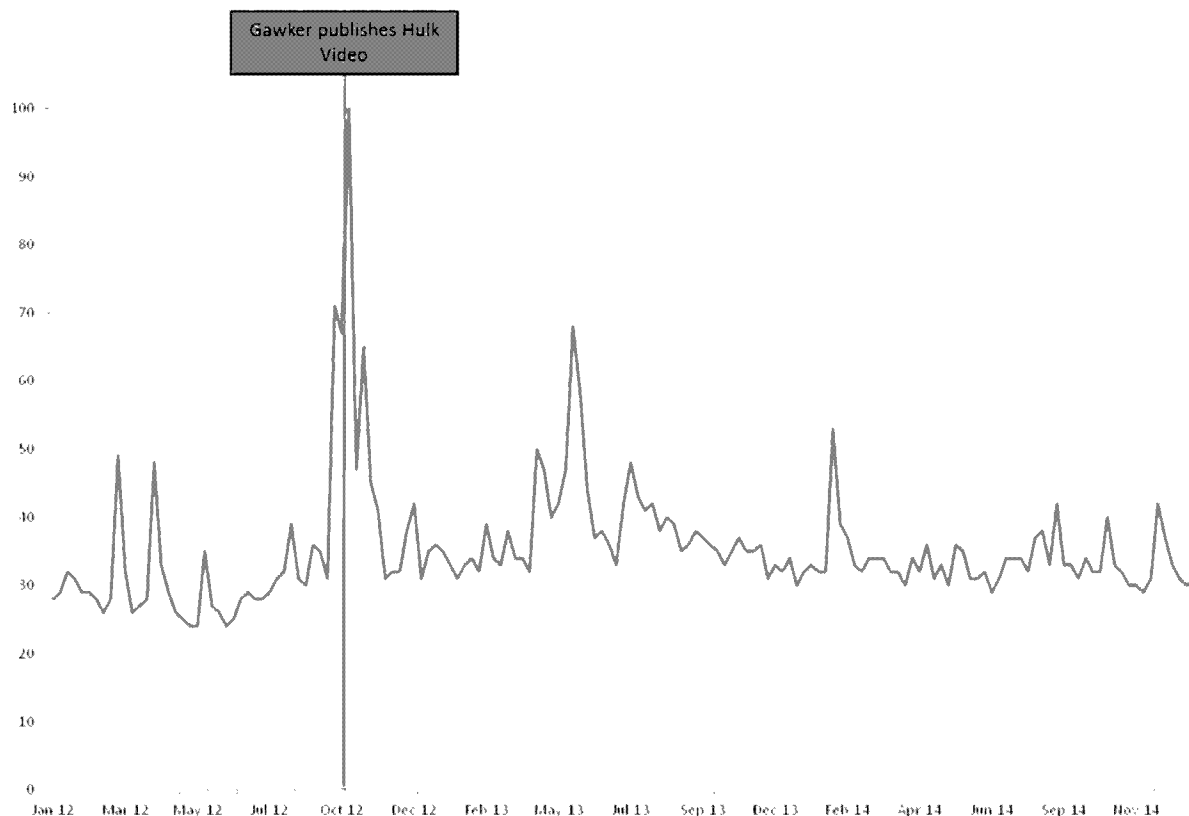
Gawker benefited from the Video by receiving more than 5 million unique pageviews. As an additional indication of the publicity generated by Gawker from posting the Video, we analyzed Google Trends, which measures search engine interest of a particular term over a period of time.

As described by Google, “the numbers on the graph reflect how many searches have been done for a particular term, relative to the total number of searches done on Google over time. They don’t represent absolute search volume numbers, because the data is normalized and presented on a scale from 0-100. Each point on the graph is divided by the highest point and multiplied by 100.”<sup>32</sup> Google Trends data from January 2012 to January 2015, using the term “gawker,” is presented at Figure 1.

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<sup>22</sup> Doc 1  
<sup>23</sup> Doc 1  
<sup>24</sup> Doc 1  
<sup>25</sup> Doc 17  
<sup>26</sup> Doc 7  
<sup>27</sup> Doc 1  
<sup>28</sup> Doc 1  
<sup>29</sup> Doc 16  
<sup>30</sup> Doc 17  
<sup>31</sup> Doc 17  
<sup>32</sup> Doc 29

Figure 1.<sup>33</sup>



As illustrated in Figure 1, the greatest level of search engine interest for “gawker” during the three year period of January 2012 to January 2015, occurred in early October 2012. This corresponds with the date Gawker posted the Video on the Website, October 4, 2012.

**V. COMMON METHODOLOGIES FOR VALUING WEBSITES**

CONSOR has been asked to provide an opinion regarding the increase in value of Gawker.com, which resulted from its posting of the Video. In this section, we will explain the methodology used to calculate the increase in value of Gawker.com that resulted from its posting of the Video on the Website.

When analyzing intellectual properties, we consider each of the generally accepted valuation methodologies, in light of the information available and the specific circumstances, in order to determine the best method for ascertaining value. The methodologies commonly used to determine the value of websites and other intellectual properties are the Cost Approach, Market Approach, and Income Approach.

<sup>33</sup> Doc 30



## Income Approach

The income approach calculates the present value of future income streams specifically attributable to the intellectual property asset. This method utilizes forecasted financial results based on factors such as historical financial results, industry trends, and the competitive environment.

The primary benefit to Gawker from posting the Video on the Website was an increase in user traffic. An increase in user traffic is generally more valuable for the future monetization potential of those additional users, because it provides a baseline for future revenue from advertisers, rather than the current income stream that is generated from those users. For this reason, the income approach does not provide an accurate indication of the value of Gawker.com, and we have not relied on it for our analysis.

## Cost Approach

The historical cost to develop an asset is sometimes used to determine its value. However, the cost to develop an intellectual asset is rarely representative of its ultimate value. This approach is less useful for intellectual properties used with products that have reached the market and generated revenues. Generally, the cost approach is better suited to analysis of intellectual properties and products that have not yet been developed commercially, or that could be re-created quickly, as it reflects the cost a company could avoid by purchasing, rather than duplicating, a similar development effort. For these reasons, the cost approach does not provide an accurate measure of the increase in value of Gawker.com that resulted from Gawker posting the Video on the Website.

## Market Approach

The market approach values intellectual properties by comparing the subject asset to publicly available transactions involving similar assets with similar uses. This provides a reasonable indication of value if an active market exists that can provide examples of recent arm's length transactions, with adequate information regarding terms and conditions. Transactions involving comparable websites can include mergers and acquisitions, or an infusion of capital where a post-money valuation is publicly disclosed. As defined:

**Post-Money Valuation:** *“A company's value after outside financing and/or capital injections are added to its balance sheet. Post-money valuation refers to a company's valuation after funds, such as investments from venture capitalists or angel investors have been added to the balance sheet.”<sup>34</sup>*

Due to the availability of information regarding transactions involving comparable websites, we relied on the market approach in this Case. Specifically, we analyzed the

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<sup>34</sup> Doc 19

increase in value of Gawker.com based on market multiples, a variation of the market approach.<sup>35</sup> The use of market multiples allows for the valuation of comparable assets based on a ratio to some common denominator. This is based on the theory that “a ratio comparing value to some firm-specific variable ... is the same across firms.”<sup>36</sup>

For the purpose of our analysis, we relied on monthly unique users as a benchmark to compare similar websites. Over the last several years, CONSOR has valued numerous websites using monthly unique user multiples in the context of litigation and private transactions. CONSOR employees have also taught this methodology extensively in valuation presentations and Continuing Legal Education (“CLE”) webinars.

Third party valuation professionals have also recognized the ability to value websites based on a multiple of monthly unique users. “For [o]nline [m]edia companies, [i]nternet advertising, primarily in the form of banners and sponsorships, is their main source of revenue...A key component to this business strategy is the expansion of web traffic to their sites. Success may ultimately be a function of the size of the audience and/or the specific target audience an [o]nline [m]edia company can generate to draw advertising interest.”<sup>37</sup> “For sites without much revenue, price per user can often be a more accurate gauge of a site’s value than revenue multiple.”<sup>38</sup>

### **Method Applied**

Based on the context of the situation, we have chosen to employ the market approach as the most reasonable method for determining the increase in value of Gawker.com. Our analysis included the following steps:

1. We relied on a market-based monthly unique user value multiple as a benchmark to compare the value of other websites similar to Gawker.com.
2. We then calculated the benefit to Gawker by analyzing the change in value of Gawker.com from September 30, 2012 (before the Video was posted on the Website), to April 30, 2013 (after the Video was taken down).
3. The change in value of Gawker.com, attributable to Gawker posting the Video on the Website, was then allocated based on the unique user traffic that was generated by the Video.

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<sup>35</sup> Doc 50

<sup>36</sup> Doc 51

<sup>37</sup> Doc 52

<sup>38</sup> Doc 53

## VI. MONTHLY UNIQUE USER ANALYSIS

### A. Overview

As is explained in Section V. Market Approach, web traffic provides the opportunity for future monetization. As such, websites are often valued based on a multiple of monthly unique users.

As defined by Quantcast Corporation (“Quantcast”), a provider of web analytics data, unique users (also referred to as “uniques”) are “[a] standard measure of audience size available from analysis tools, including Quantcast. Although many tools label them ‘visitors,’ online uniques technically count the distinct cookies received from or sent to visitors. Quantcast defines mobile app uniques as the number of distinct app instances (installs) using the app over a given time.”<sup>39</sup>

In other words, a monthly unique user is a single user that visits a website one or more times in a one month period. If an individual user visited the same website ten times in one month they would still be counted as one monthly unique user.

One of the primary avenues for content driven websites, or social media platforms, to generate revenue is through advertising. This monetization potential is directly tied to the size of the website’s user base, and the number of monthly unique users the site has.

### B. Gawker’s Use of Monthly Unique Users

Gawker uses monthly unique user data, reported by Quantcast, in the analysis of its operating performance.<sup>40</sup> As an indication of the importance Gawker places on website traffic, monthly unique user data reported by Quantcast is currently used as the principal metric for determining employee bonuses.<sup>41</sup> These bonuses are calculated based on the websites’ performance in relation to previously determined targets. As described by Gawker Chief Operating Officer Scott Kidder:

*“The bonus pool is calculated as a percentage over target. So, for example, if the site is 10 percent over target it will receive 10 percent of its payroll, its labor budget as a bonus pool.”<sup>42</sup>*

At some point between 2009 and 2011, Gawker switched from tracking website performance on total pageviews to monthly unique users.<sup>43</sup> In an internal memo, Nick Denton described monthly unique users as a more accurate representation of a website’s

<sup>39</sup> Doc 11

<sup>40</sup> Doc 8, Page 121, 9:21

<sup>41</sup> Doc 8, Page 121, 9:21

<sup>42</sup> Doc 8, Page 117, 9:13

<sup>43</sup> Doc 8, Page 120, 6

ability to attract new users. Mr. Denton also notes that this is a metric used by marketing professionals to determine where to spend their advertising dollars.<sup>44</sup>

*“[We’re] shifting to a new number that more accurately reflects the growth of our audience. This target will encourage original reporting and original thought. The system will reward sites which recruit new readers rather than pandering to a well-established clique. Our editorial will be better as a result. The target is called “US monthly uniques.” It represents a measure of each site’s domestic audience. **This is the figure that journalists cite when judging a site’s competitive position. It’s also the metric by which advertisers decide which sites they will shower with dollars. Finally, a site with plenty of genuine uniques is one that has good growth prospects. Each of those first-time visitors is a potential convert.**”<sup>45</sup>*

In the memo, Nick Denton also states that “some pageviews are worth more than others,” and suggests that publishing provocative material is one method of attracting new users.<sup>46</sup>

*“Most of the stories that resonate are also stories with high pageviews — with the flames that everyone so prizes... you have to be even more original, even more provocative or even more of a hustler than usual.”<sup>47</sup>*

Even if a website does not derive revenue directly from a unique user, an increase in traffic adds value through future monetization potential. As stated by Nick Denton, monthly unique users are “the metric by which advertisers decide which sites they will shower with dollars.”<sup>48</sup>

In addition, the fact that Gawker determines employee bonuses based on monthly unique user traffic is an indication that an increase in unique users adds value. As a result, a monthly unique user multiple is an appropriate market multiple by which to value Gawker.com.

## VII. COMPARABLE WEBSITES – MONTHLY UNIQUE USER MULTIPLE

Historical monthly unique user data for Gawker.com was obtained from Quantcast. To determine the value of the Website at various points in time, we needed to determine a market multiple per monthly unique user. This required identifying transactions involving comparable websites with similar monetization potential.

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<sup>44</sup> Doc 20

<sup>45</sup> Doc 20 (Emphasis Added)

<sup>46</sup> Doc 20

<sup>47</sup> Doc 20

<sup>48</sup> Doc 20

Six comparable websites were identified, each are described briefly below. While the experience offered by some of the comparable websites differs from that of Gawker.com, all are content-based websites and not e-commerce websites. Similarly, all generate revenue from advertising. As a result, all have similar monetization potential per monthly unique user.

Website traffic fluctuates from month to month. An arm's-length buyer or investor would not rely on a single month's performance, because vast fluctuations in user traffic will occur with nearly all websites. Instead, they would look at the average monthly traffic the site had over some prior period of time, typically 12 months. As such, it was prudent in our analysis to calculate the monthly unique user multiple using the average monthly unique users for the twelve months prior to date the Website was being valued.

**A. BleacherReport.com**

On August 6, 2012, Turner Broadcasting System, Inc. acquired Bleacher Report, Inc. ("Bleacher Report") from CrossLink Capital, Inc., Oak Investment Partners, Hillsven LLC, and SoftTech VC for \$170 million.<sup>49</sup> Bleacher Report operates a sports media website that publishes original content. The company generates revenue by offering advertising opportunities.<sup>50</sup>

**B. BuzzFeed.com**

On August 10, 2014, BuzzFeed, Inc. ("Buzzfeed") received \$50 million in funding from Andreessen Horowitz LLC in a series E round of funding. The company had a post-money valuation of \$850 million.<sup>51</sup> BuzzFeed operates as a social news and entertainment company that, on average, produces more than 700 pieces of content daily. The company generates revenue through "social advertising" by publishing sponsored content.<sup>52</sup>

**C. HuffingtonPost.com**

On March 4, 2011, AOL, Inc. acquired TheHuffingtonPost.com, Inc. ("The Huffington Post") from Ariana Huffington, Kenneth Lerer, and a group of investors for \$295.9 million.<sup>53</sup> The Huffington Post is an online provider of news, blogs, and original content on topics including politics, business, and entertainment. The company generates revenue primarily from online display advertising.<sup>54</sup>

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<sup>49</sup> Doc 14

<sup>50</sup> Doc 14

<sup>51</sup> Doc 15

<sup>52</sup> Doc 22

<sup>53</sup> Doc 13

<sup>54</sup> Doc 25

**D. Ozy.com**

On March 31, 2014, Ozy Media, Inc. (“Ozy Media”) received \$20 million in funding from Axel Springer Venture GmbH. The company had a post-money valuation of \$120 million.<sup>55</sup> Ozy Media, which operates a daily news and culture website, generates revenue through advertising.<sup>56</sup>

**E. Grandparents.com**

Grandparents.com, Inc. (“Grandparents.com”) is a publicly-traded social media company “that serves the age 50+ demographic market in the United States.”<sup>57</sup> As of December 31, 2014, Grandparents.com had a total enterprise value of \$31,280,800. In fiscal years 2012 and 2013, all revenue was generated from advertising.<sup>58</sup>

**F. Yelp.com**

Yelp, Inc. (“Yelp”) is a publicly-traded company that operates as an online guide to connect people with local business.<sup>59</sup> As of December 31, 2014, Yelp had a total enterprise value of \$3,604,851,060. In fiscal year 2013, approximately 95% of revenue was derived from advertising.<sup>60</sup>

**G. Monthly Unique User Multiple Conclusion**

A summary of our analysis of monthly unique user multiple analysis is presented in Figure 2 below.

**Figure 2.**<sup>61</sup>

Valuation Multiple Per Monthly Unique User			
Comparable Website	Monthly Unique Users	Company Value	Monthly Unique User Multiple
BleacherReport.com	25,599,849	170,000,000	6.64x
Buzzfeed.com	135,925,889	850,000,000	6.25x
HuffingtonPost.com	25,000,000	295,900,000	11.84x
Ozy.com	5,130,718	120,000,000	23.39x
Grandparents.com	754,832	31,280,800	41.44x
Yelp.com	136,283,099	3,604,851,060	26.45x
<b>Minimum</b>			<b>6.25x</b>
<b>Average</b>			<b>19.34x</b>
<b>Maximum</b>			<b>41.44x</b>

<sup>55</sup> Doc 18  
<sup>56</sup> Doc 26  
<sup>57</sup> Doc 23  
<sup>58</sup> Doc 24  
<sup>59</sup> Doc 28  
<sup>60</sup> Doc 27  
<sup>61</sup> See Exhibit 3

We have used both the minimum and average multiples for our valuation. The minimum multiple provides a conservative “no-less-than” value, whereas the average multiple provides a reasonable indication of the actual value of a single unique user. These multiples, which again represent the value of one individual unique user, will be used in our analysis of the increase in value of Gawker.com that is attributable to the posting of the Video.

## **VIII. ANALYSIS**

To determine the benefit to Gawker from posting the Video on Gawker.com, we analyzed the change in value of Gawker.com from September 30, 2012 (before the Video was posted on Gawker.com), to April 30, 2013 (after the Video was taken down). The change in value of Gawker.com attributable to the Video was then allocated based on the unique user traffic that was generated by the Video.

### **A. Value of the Video to Gawker**

To calculate the value of Gawker.com, before the Video was posted, we applied the market-based monthly unique user multiples, identified above, to the average monthly unique users for the twelve months prior to September 30, 2012. To calculate the value, after the Video was removed, we applied the same monthly unique user multiples to the average monthly unique users for the twelve months prior to April 30, 2013. Our analysis using the minimum and average multiples are presented at Exhibits 4 and 5, respectively.

Using the minimum market multiple (of 6.25x) indicates that Gawker.com increased \$17,506,329 in value between September 30, 2012 and April 30, 2013. Using the average market multiple (of 19.34x) indicates that Gawker.com increased \$54,128,315 in value during that same period. However, only a portion of the increase in value was attributable to the Video.

At September 30, 2012, the average monthly unique users to Gawker.com, for the trailing 12 months, was 11,989,092. By April 30, 2013, the average monthly unique users for the trailing 12 months had increased to 14,788,578. This represents an increase of 2,799,486 monthly unique users per month.

In total, the Video received 5,357,572 unique views on Gawker.com during the 6.71 months that it was posted on the Website. This represents an average of 798,821 unique views per month. The 798,821 monthly unique views of the Video represent 28.53% of the change in average monthly uniques from September 30, 2012 to April 30, 2013.

This indicates that the Video was responsible for 28.53% of the change in average monthly uniques from September 30, 2012 to April 30, 2013. As discussed earlier, both from an industry perspective and through Gawker’s own use of monthly unique users as a measure of value, an increase in monthly unique users has a direct and positive impact on the value of a website. As the Video was responsible for 28.53% of the increase in

monthly unique user traffic to Gawker.com, the Video was therefore responsible for 28.53% of the increase in value of the Website.

As presented in Figure 3 below, and detailed at Exhibit 4, using the minimum monthly unique user multiple of 6.25, our analysis indicates that the increase in value of Gawker.com, attributable to the Video, is \$4,995,000.

**Figure 3.**

<b>Value of Gawker.com Attributable to the Video (Lower Bound)</b>				
<b>Month Ended</b>		<b>Trailing Twelve Month Average Monthly Uniques</b>	<b>Valuation Multiple</b>	<b>Value of Gawker.com</b>
	<i>Source:</i>	<i>Doc 11</i>	<i>Exhibit 3</i>	
September 30, 2012		11,989,092	6.25x	74,972,679
April 30, 2013		14,788,578	6.25x	92,479,008
<b>Change</b>		<b>2,799,486</b>		<b>\$17,506,329</b>
<b>Value of Gawker.com Attributable to the Video</b>				
Total Unique Pageviews of the Video		5,357,572		
Months the Video was Posted on Gawker.com		6.71		
<b>Average Monthly Unique Views of the Video</b>		<b>798,821</b>		
Change in Trailing Twelve Month Average Monthly Uniques to Gawker.com		2,799,486		
Average Monthly Unique Views of the Video		798,821		
<b>Change Attributable to the Video</b>		<b>28.53%</b>		
Change in Value of Gawker.com		\$17,506,329		
Change Attributable to Video		28.53%		
<b>Value of Gawker.com Attributable to the Video (Lower Bound)</b>		<b>\$4,995,000</b>		

Alternatively, as presented in Figure 4 below, and detailed at Exhibit 5, using the average monthly unique user multiple of 19.34, our analysis indicates that the increase in value of Gawker.com, attributable to the Video, is \$15,445,000.



Figure 4.

<b>Value of Gawker.com Attributable to the Video (Upper Bound)</b>				
<b>Month Ended</b>		<b>Trailing Twelve Month Average Monthly Uniques</b>	<b>Valuation Multiple</b>	<b>Value of Gawker.com</b>
	<i>Source:</i>	<i>Doc 11</i>	<i>Exhibit 3</i>	
September 30, 2012		11,989,092	19.34x	231,810,148
April 30, 2013		14,788,578	19.34x	285,938,464
<b>Change</b>		<b>2,799,486</b>		<b>\$54,128,315</b>
<b>Value of Gawker.com Attributable to the Video</b>				
Total Unique Pageviews of the Video		5,357,572		
Months the Video was Posted on Gawker.com		6.71		
<b>Average Monthly Unique Views of the Video</b>		<b>798,821</b>		
Change in Trailing Twelve Month Average Monthly Uniques to Gawker.com		2,799,486		
Average Monthly Unique Views of the Video		798,821		
<b>Change Attributable to the Video</b>		<b>28.53%</b>		
Change in Value of Gawker.com		\$54,128,315		
Change Attributable to Video		28.53%		
<b>Value of Gawker.com Attributable to the Video (Upper Bound)</b>		<b>\$15,445,000</b>		

## IX. CONCLUSION

After reviewing the documentation provided, performing research and analysis, and based upon CONSOR's and my professional background, knowledge, training, education and decades of experience in intellectual property valuation and analysis, we conclude within a reasonable degree of certainty that:

- The increase in value of Gawker.com as a result of Gawker posting the Video on the Website is between **\$4,995,000** and **\$15,445,000**.

We reserve the right to revisit this analysis and amend these conclusions should additional information and/or documents become available for review. We further reserve the right to respond to opinions and issues raised by any opposing experts. Finally, we reserve the right to use demonstrative and/or other exhibits to present the opinions expressed in this report and/or any supplemental, amended, and/or rebuttal reports.

Sincerely,

**Jeff Anderson**  
Director, Valuation and Analytics

**APPENDIX A:  
QUALIFICATIONS****Jeff Anderson  
Director, Valuation & Analytics**

Jeff Anderson is the Director of Valuation & Analytics at CONSOR<sup>®</sup>, an intellectual asset consulting firm specializing in trademark, patent and copyright valuation, licensing, and expert testimony. The firm is headquartered in La Jolla, California, and has offices in New York and London. Mr. Anderson holds a Bachelor of Science degree in Economics from Santa Clara University, and a Master of Business Administration degree with a concentration in Finance, from San Diego State University.

Mr. Anderson has a broad view of the world of intellectual property and intangible assets. He has lectured, spoken, and written on the topic of IP valuation, as well as the licensing of various intellectual property rights. He is a contributing author to a newly published book, and he is author and co-author of several articles on intellectual property valuation. Additionally, he has served as a teaching assistant for a course on IP valuation at the Thomas Jefferson School of Law. Mr. Anderson has been designated as the testifying expert in matters pertaining to trademark, patent, database, rights of publicity (ROP), copyright, and website valuation.

Mr. Anderson has performed valuations of intangible assets and intellectual properties for corporate litigation and business/transaction purposes. His project work spans the full spectrum of the intellectual property realm. Industries worked on include: government, software, banking, entertainment, construction, retail, energy, and manufacturing. He has managed projects involving: valuation for litigation; sale/purchase valuation and negotiation; license structuring and negotiation; estate valuation; and valuation in expropriation and foreign markets.

Prior to joining CONSOR, Mr. Anderson was a finance manager in the pharmacy technology industry, and has had extensive experience in the mortgage and banking industry. In those industry roles, Mr. Anderson performed comprehensive valuations of business assets, analyzed financial statements, and created and managed accounting systems.

**Memberships, Speeches and Publications**

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**Memberships**

Member, Licensing Executives Society  
International Licensing Industry Merchandisers' Association (LIMA)  
International Trademark Association (INTA)  
Certificate of Licensing Studies (CLS)  
Association for Corporate Growth, San Diego  
National Eagle Scout Association

### **Seminars, Speeches and Presentations**

- 2014 Clear Law Institute – Valuation of Intellectual Property
- 2013 The Brand Establishment Conference - Maximizing Brand Value
- 2013 Business Valuation Resources and EPM Communications - IP Valuations for Licensed Property Acquisitions

### **Books**

Rights of Publicity: Analysis, Valuation, and the Law American Bar Association. Co-authored with Weston Anson, April 2015

### **Published Articles**

June 2014 – “What is your client really worth? Valuing the licensing potential of celebrities, characters and athletes”, co-authored with Weston Anson and Jemma Samala, The Licensing Book

April 2013 – "Putting a price on trademarks: trends in IP valuation and damages calculations", co-authored with Weston Anson and David Noble, World Trademark Review

### **Citations to Cases in Which Expert has Testified at Any Deposition, Hearing, or Trial Going Back Three Years**

---

1. Gaming Fund Group, Inc.  
California Gambling Control Commission  
Expert Report and Testimony, October 2014
2. Jason Olive v. General Nutrition Centers, Inc.  
Superior Court of California for the County of Los Angeles, Central Civil West Division  
Case No. BC482686  
Deposition Testimony, March 2014

**APPENDIX B  
 DOCUMENTS REVIEWED**

<b>Doc #</b>	<b>Description</b>
1	First Amended Complaint and Demand for Jury Trial. Filed December 28, 2012
2	GAWKER 23412-23415 (00039636xCE2FC)
3	GAWKER 23133-23175 (00039551xCE2FC)
4	GAWKER 23176-23282 (00039552xCE2FC)
5	GAWKER 23283-23411 (00039550xCE2FC)
6	Yelp, Inc. Key Stats. S&P Capital IQ McGraw Hill Financial.
7	Gawker 01148, Google Analytics
8	Videotaped Deposition of Scott Kidder. New York, New York. Tuesday, October 1, 2013
9	Videotaped Deposition of Nick Denton. New York, New York. Wednesday, October 2, 2013
10	Videotaped Deposition of Albert James Daulerio. New York, New York. Monday, September 30, 2013
11	Quantcast.com
12	TheHuffingtonPost.com, Inc. March 4, 2011 Transaction Details. S&P Capital IQ, McGraw Hill Financial
13	Saba, Jennifer, Reuters. AOL Hopes To Turn A Profit on Huffington Post Next Year. December 23, 2013. Business Insider
14	Bleacher Report Inc. August 6, 2012 Transaction Details. S&P Capital IQ, McGraw Hill Financial
15	Buzzfeed, Inc. January 3, 2013 Transaction Details. S&P Capital IQ, McGraw Hill Financial
16	Defendant Gawker media, LLC's Responses to Plaintiff's First Set of Interrogatories. May 21, 2013

<b>17</b>	Cook, John. A Judge Told Us to Take Down Our Hulk Hogan Sex Tape Post. We Won't. April 25, 2013. <a href="http://gawker.com/a-judge-told-us-to-take-down-our-hulk-hogan-sex-tape-po-481328088">http://gawker.com/a-judge-told-us-to-take-down-our-hulk-hogan-sex-tape-po-481328088</a>
<b>18</b>	Ozy Media, Inc. March 31, 2014 Transaction Details. S&P Capital IQ, McGraw Hill Financial
<b>19</b>	Post-Money Valuation. INVESTOPEDIA. <a href="http://www.investopedia.com/terms/p/postmoneyvaluation.asp">http://www.investopedia.com/terms/p/postmoneyvaluation.asp</a>
<b>20</b>	Sicha, Choire. January 5, 2010. Gawker media Moves To Uniques: Be "Even More of a Hustler," Says Nick Denton. January 5, 2010. <a href="http://www.theawl.com/2010/01/gawker-media-moves-to-unique-be-even-more-of-a-hustler-says-nick-denton">http://www.theawl.com/2010/01/gawker-media-moves-to-unique-be-even-more-of-a-hustler-says-nick-denton</a>
<b>21</b>	Gawker.com
<b>22</b>	BuzzFeed Advertising 101, BuzzFeed Resources. <a href="http://www.buzzfeed.com/advertise/resources/overview">http://www.buzzfeed.com/advertise/resources/overview</a>
<b>23</b>	Grandparents.com, Inc. Public Company Profile. S&P Capital IQ McGraw Hill Financial. <a href="https://www.capitaliq.com/CIQDotNet/company.aspx?companyId=39422140">https://www.capitaliq.com/CIQDotNet/company.aspx?companyId=39422140</a>
<b>24</b>	Grandparents.com, Inc. Form 10-K for the fiscal year ended December 31, 2013
<b>25</b>	Silver, Nate. The Economics of Blogging and The Huffington Post. FiveThirtyEight: Nate Silver's Political Calculus. <a href="http://fivethirtyeight.blogs.nytimes.com/2011/02/12/the-economics-of-blogging-and-the-huffington-post/?_r=0">http://fivethirtyeight.blogs.nytimes.com/2011/02/12/the-economics-of-blogging-and-the-huffington-post/?_r=0</a>
<b>26</b>	OZY Advertising and Partners. <a href="http://www.ozy.com/a-n-p/">http://www.ozy.com/a-n-p/</a>
<b>27</b>	YELP INC. Form 10-K for the Fiscal Year Ended December 31, 2013
<b>28</b>	Yelp: About Us. <a href="http://www.yelp.com/about">http://www.yelp.com/about</a>
<b>29</b>	About Trends Graphs. <a href="https://support.google.com/trends/answer/4355164?hl=en&amp;rd=1">https://support.google.com/trends/answer/4355164?hl=en&amp;rd=1</a>
<b>30</b>	Google Trends, gawker. <a href="http://www.google.com/trends/explore#q=gawker&amp;date=1%2F2012%2037m&amp;cmpt=q&amp;tz=">http://www.google.com/trends/explore#q=gawker&amp;date=1%2F2012%2037m&amp;cmpt=q&amp;tz=</a>
<b>31</b>	"Hulk Hogan." <i>TMZ</i> . N.p., n.d. Web.
<b>32</b>	Schawbel, Dan. "Hulk Hogan on Personal Branding, Family Life and Reality TV." <i>Forbes</i> . Forbes Magazine, 22 Aug. 2011. Web.

<b>33</b>	"Hulk Hogan." <i>IMDb</i> . IMDb.com, n.d. Web.
<b>34</b>	Cohen, Eric. "Hulk Hogan Timeline." <i>About.com Sports</i> . About.com, n.d. Web.
<b>35</b>	Goldberg, Craig. "Hulk Hogan Is a Fading Star in Today's World of Pro Wrestling." <i>Bleacher Report</i> . N.p., 26 Feb. 2011. Web.
<b>36</b>	Loos, Walter, Jr. "Pro Wrestling in the '80s." <i>SI.com</i> . Sports Illustrated, 29 Apr. 1985. Web.
<b>37</b>	"Hulk Hogan Bio." <i>WWE.com</i> . N.p., n.d. Web.
<b>38</b>	Buckler, David. "Dailywrestlingnews.com Reports New Data on Hulk Hogan's Popularity." <i>Onlineworldofwrestling.com</i> . Online World of Wrestling, 26 Feb. 2014. Web.
<b>39</b>	Hogan, Hulk. "Hulk Hogan Official Twitter Account." <i>Twitter.com</i> . Twitter, n.d. Web.
<b>40</b>	Hogan, Hulk. "Hulk Hogan Official Facebook Account." <i>Facebook.com</i> . Facebook, n.d. Web.
<b>41</b>	"Gawker Media." <i>Www.crunchbase.com</i> . CrunchBase, n.d. Web.
<b>42</b>	"Gawker Media." <i>Niemanlab.org</i> . Nieman Journalism Lab, n.d. Web.
<b>43</b>	Bleacher Report Network Global Monthly Uniques, Quantcast. <a href="https://www.quantcast.com/p-3a-0o8sJKz6Ek">https://www.quantcast.com/p-3a-0o8sJKz6Ek</a>
<b>44</b>	Buzzfeed.com Global Monthly Uniques, Quantcast. <a href="https://www.quantcast.com/buzzfeed.com">https://www.quantcast.com/buzzfeed.com</a>
<b>45</b>	Grandparents.com Network Global Monthly Uniques, Quantcast. <a href="https://www.quantcast.com/p-b3zegO6lKtGvw">https://www.quantcast.com/p-b3zegO6lKtGvw</a>
<b>46</b>	Grandparents.com, Inc. Key Stats. S&P Capital IQ McGraw Hill Financial.
<b>47</b>	Ozy.com Global Monthly Uniques, Quantcast. <a href="https://www.quantcast.com/ozy.com?qcLocale=en_US">https://www.quantcast.com/ozy.com?qcLocale=en_US</a>
<b>48</b>	Yelp Network Global Monthly Uniques, Quantcast. <a href="https://www.quantcast.com/p-M4yfUTCPeS3vn">https://www.quantcast.com/p-M4yfUTCPeS3vn</a>
<b>49</b>	Plaintiff Terry Gene Bollea's Confidential Supplemental Responses To Interrogatory Nos. 9 And 10 Propounded By Gawker Media, LLC
<b>50</b>	Hadjiloucas, Tony. IP valuation exploitation and finance. WIPO Workshop on Effective Intellectual Property Asset Management by SMEs.

	<a href="http://www.wipo.int/edocs/mdocs/sme/en/wipo_smes_tlv_11/wipo_smes_tlv_11_ref_t15.pdf">http://www.wipo.int/edocs/mdocs/sme/en/wipo_smes_tlv_11/wipo_smes_tlv_11_ref_t15.pdf</a>
<b>51</b>	Multiples Approach. Investopedia, LLC <a href="http://www.investopedia.com/terms/m/multiplesapproach.asp">http://www.investopedia.com/terms/m/multiplesapproach.asp</a>
<b>52</b>	Christopher Kim, Ryan Esposto, and Frank Wang. The Pricing of Online Media. Cogent Valuation <a href="http://www.cogentvaluation.com/pdf/ThePricingofOnlineMedia.pdf">http://www.cogentvaluation.com/pdf/ThePricingofOnlineMedia.pdf</a>
<b>53</b>	Nicholson, James. Valuation Metrics of Large vs. Small Website Acquisitions. <a href="http://seekingalpha.com/article/92809-valuation-metrics-of-large-vs-small-website-acquisitions">http://seekingalpha.com/article/92809-valuation-metrics-of-large-vs-small-website-acquisitions</a>

# Exhibit 1

## Summary of Findings

	(Lower Bound) <sup>2</sup>	(Upper Bound) <sup>3</sup>	Source
Value Attributable to the Video <sup>1</sup>	\$4,995,000	\$15,445,000	Exhibits 4 and 5

### Notes

- 1 Numbers rounded to the nearest thousand.
- 2 Calculated using the minimum monthly unique user multiple from comp set.
- 3 Calculated using the average monthly unique user multiple from comp set.



# Exhibit 2

<b>Assumptions</b>		<b>Source</b>
Date Video was Posted on Gawker.com	October 4, 2012	<i>Doc 1</i>
Date Video was Disabled on Gawker.com	April 25, 2013	<i>Doc 16</i>
Number of Days the Video was Available on Gawker.com	204	<i>Doc 16</i>
Number of Months the Video was Available on Gawker.com	6.71	<i>Doc 16</i>
Unique Pageviews	5,357,572	<i>Doc 7</i>
Pageviews	8,610,124	<i>Doc 7</i>
Market Multiple (Lower Bound)	6.25x	<i>Exhibit 3</i>
Market Multiple (Upper Bound)	19.34x	<i>Exhibit 3</i>

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# Exhibit 3

Valuation Multiple Per Monthly Unique User						
Comparable Website	Monthly Unique Users <sup>1</sup>	Company Value	Valuation Date	Monthly Unique User Multiple	Monthly Unique Data Source	Valuation Source
BleacherReport.com	25,599,849	170,000,000	8/6/2012	6.64x	Doc 43	Doc 14
Buzzfeed.com	135,925,889	850,000,000	8/10/2014	6.25x	Doc 44	Doc 15
HuffingtonPost.com	25,000,000	295,900,000	2/6/2011	11.84x	Doc 13	Doc 12
Ozy.com <sup>2</sup>	5,130,718	120,000,000	3/31/2014	23.39x	Doc 47	Doc 18
Grandparents.com	754,832	31,280,800	12/31/2014	41.44x	Doc 45	Doc 46
Yelp.com	136,283,099	3,604,851,060	12/31/2014	26.45x	Doc 48	Doc 6

Minimum	6.25x
Average	19.34x
Maximum	41.44x

## Notes

- <sup>1</sup> Average monthly unique users for the twelve months prior to the valuation date.
- <sup>2</sup> Ozy Media, Inc. received \$20 million in a round of funding from investor Axel Springer GmbH on March 31, 2014. Monthly unique user traffic was not made available on quantcast until October 2014, as a result traffic data represents October 2014 traffic.

# Exhibit 4

## Value of Gawker.com Attributable to the Video<sup>1</sup> (Lower Bound)

Month Ended	Trailing Twelve Month Average Monthly Uniques <sup>2</sup>	Valuation Multiple <sup>3</sup>	Value of Gawker.com
	<i>Source: Doc 11</i>	<i>Exhibit 3</i>	
September 30, 2012	11,989,092	6.25x	74,972,679
April 30, 2013	14,788,578	6.25x	92,479,008
<b>Change</b>	<b>2,799,486</b>		<b>\$17,506,329</b>
<b>Value of Gawker.com Attributable to the Video</b>			
Total Unique Pageviews of the Video	5,357,572		
Months the Video was Posted on Gawker.com	6.71		
<b>Average Monthly Unique Views of the Video</b>	<b>798,821</b>		
Change in Trailing Twelve Month Average Monthly Uniques to Gawker.com	2,799,486		
Average Monthly Unique Views of the Video	798,821		
<b>Change Attributable to the Video</b>	<b>28.53%</b>		
Change in Value of Gawker.com	\$17,506,329		
Change Attributable to Video	28.53%		
<b>Value of Gawker.com Attributable to the Video (Lower Bound)<sup>4</sup></b>	<b>\$4,995,000</b>		

### Notes

- <sup>1</sup> Calculates the benefit to Gawker from the Video by analyzing the change in value of Gawker.com from September 30, 2012, before the Video was posted on Gawker.com, and April 30, 2013 after the Video was taken down. The change in value of Gawker.com attributable to the Video was allocated based on website traffic generated by the Video.
- <sup>2</sup> Due to monthly fluctuations in unique users, the valuation multiple is applied to the average monthly uniques over the trailing twelve months.
- <sup>3</sup> Calculated using the minimum monthly unique user multiple.
- <sup>4</sup> Rounded to the nearest thousand.

# Exhibit 5

## Value of Gawker.com Attributable to the Video<sup>1</sup> (Upper Bound)

Month Ended	Trailing Twelve Month Average Monthly Uniques <sup>2</sup>	Valuation Multiple <sup>3</sup>	Value of Gawker.com
	<i>Source: Doc 11</i>	<i>Exhibit 3</i>	
September 30, 2012	11,989,092	19.34x	231,810,148
April 30, 2013	14,788,578	19.34x	285,938,464
<b>Change</b>	<b>2,799,486</b>		<b>\$54,128,315</b>
<b>Value of Gawker.com Attributable to the Video</b>			
Total Unique Pageviews of the Video	5,357,572		
Months the Video was Posted on Gawker.com	6.71		
<b>Average Monthly Unique Views of the Video</b>	<b>798,821</b>		
Change in Trailing Twelve Month Average Monthly Uniques to Gawker.com	2,799,486		
Average Monthly Unique Views of the Video	798,821		
<b>Change Attributable to the Video</b>	<b>28.53%</b>		
Change in Value of Gawker.com	\$54,128,315		
Change Attributable to Video	28.53%		
<b>Value of Gawker.com Attributable to the Video (Upper Bound)<sup>4</sup></b>	<b>\$15,445,000</b>		

### Notes

- 1 Calculates the benefit to Gawker from the Video by analyzing the change in value of Gawker.com from September 30, 2012, before the Video was posted on Gawker.com, and April 30, 2013 after the Video was taken down. The change in value of Gawker.com attributable to the Video was allocated based on website traffic generated by the Video.
- 2 Due to monthly fluctuations in unique users, the valuation multiple is applied to the average monthly uniques over the trailing twelve months.
- 3 Calculated using the average monthly unique user multiple
- 4 Rounded to the nearest thousand.