

Exhibit 8

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

TERRY GENE BOLLEA professionally)
 known as HULK HOGAN,)
 Plaintiff,) Case No.
 vs.) 12012447-CI-011
 HEATHER CLEM; GAWKER MEDIA, LLC aka)
 GAWKER MEDIA; et al.,)
 Defendants.) (Pages 1-315)
 -----)

VIDEOTAPED DEPOSITION OF:

JEFF ANDERSON
TUESDAY, MARCH 24, 2015
10:07 A.M.

REPORTED BY:

SUSAN NELSON
C.S.R. No. 3202

1 Videotaped deposition of JEFF ANDERSON, the witness,
2 taken on behalf of Defendants, commencing at
3 10:07 A.M., on TUESDAY, MARCH 24, 2015, at 1925
4 Century Park East, Los Angeles, California, before
5 SUSAN NELSON, C.S.R. No. 3202.

6

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20

21

22

23

24

25

1 Q. And what kind of company was that? 10:18:51

2 A. It's a pharmaceutical technology company. 10:18:54

3 It created robotics for pharmacies. 10:18:57

4 Q. Robotics that would help fill prescriptions? 10:19:01

5 A. Store and fill prescriptions, yes. 10:19:03

6 Q. And how long did you work at RXSafe? 10:19:06

7 A. I want to say two or -- two or three years. 10:19:10

8 Q. So you continued to work there after you 10:19:12

9 graduated from San Diego State? 10:19:13

10 A. Yeah, for part -- for sometime after 10:19:16

11 graduating, yes. 10:19:16

12 Q. What did you do after you left RXSafe? 10:19:19

13 A. I went to CONSOR. 10:19:23

14 Q. When did you start at CONSOR? 10:19:25

15 A. I started at CONSOR right after I graduated. 10:19:30

16 So that was May? May of 2011? There's a little 10:19:36

17 overlap between RXSafe and CONSOR. I was still doing 10:19:39

18 some work for them. 10:19:40

19 Q. Still doing some work for Con- -- for 10:19:42

20 RXSafe? 10:19:42

21 A. For RXSafe. I was helping to wrap a couple 10:19:45

22 things up, yeah. 10:19:46

23 MR. BERRY: Okay. I'm going to go ahead 10:19:48

24 here and we'll mark the first document. 10:19:49

25 MR. HARDER: The last depo exhibit was 167.

1 of bio above "Memberships, Speeches and 10:21:36
2 Publications," it says: 10:21:36
3 "Prior to joining CONSOR, 10:21:38
4 Mr. Anderson was a finance manager 10:21:40
5 in the pharmacy technology 10:21:41
6 industry" -- 10:21:42
7 That was your experience in RXSafe? 10:21:43
8 A. That's correct. 10:21:44
9 Q. And then the next part of that sentence 10:21:46
10 says: 10:21:47
11 -- "and has had extensive 10:21:48
12 experience in the mortgage and 10:21:49
13 banking industry." 10:21:50
14 Is that referring to your experience at 10:21:52
15 Wells Fargo and at Bridge Bank? 10:21:53
16 A. That's correct. 10:21:54
17 Q. Okay. Anything else for those two things? 10:21:56
18 A. No. 10:22:00
19 Q. Since the time that you started at CONSOR, 10:22:04
20 have you worked there continuously? 10:22:06
21 A. I have. 10:22:07
22 Q. What is CONSOR? 10:22:13
23 A. We're an intellectual asset management firm. 10:22:16
24 Q. Intellectual asset management firm? 10:22:17
25 A. (Nods head.)

1 Q. What does that mean? 10:22:19

2 A. So we do intellectual property valuation, 10:22:21

3 licensing. Help with sale, disposal of intellectual 10:22:25

4 property assets. We focus solely on intellectual 10:22:28

5 property. 10:22:28

6 Q. So if you were going to try and explain this 10:22:31

7 to my mom who -- you know, 65-year-old woman down in 10:22:35

8 Birmingham, Alabama, what would you say you do at 10:22:39

9 CONSOR? 10:22:39

10 A. We do intellec- -- we do anything that 10:22:42

11 touches intellectual property and money. So where 10:22:45

12 intellectual property and money meet, whether that's 10:22:46

13 licensing, sale, expert testimony, valuation for 10:22:52

14 transactional purposes, that's what we do. 10:22:54

15 So we are experts when it comes to the value 10:22:57

16 of intellectual property. 10:22:58

17 Q. And when you talk about intellectual 10:23:01

18 property, what are you talking about? 10:23:04

19 A. The whole gamut of intellectual property. 10:23:07

20 So patents, trademarks, copyrights, rights of 10:23:11

21 publicity, trade secrets, know-how, databases, 10:23:15

22 Web sites. Any piece of IP. 10:23:18

23 Q. How many people work at CONSOR? 10:23:23

24 A. There's approximately ten. 10:23:26

25 Q. Has that number stayed the same since the

1 time that you've been there? 10:23:31

2 A. It's fluctuated by one or two. 10:23:33

3 Q. I take it from what you said that CONSOR 10:23:37

4 advises in some business transactions? 10:23:41

5 A. (Nods head.) 10:23:42

6 Q. "Yes"? 10:23:42

7 A. Yes. 10:23:42

8 Q. What kind of transactions? 10:23:45

9 A. It -- it depends. It could be a bankruptcy. 10:23:47

10 It could be a buyer wanting to buy an intellectual 10:23:51

11 property asset. It could be a seller wanting to sell 10:23:53

12 and wanting to know what to value it at. It could be 10:23:56

13 somebody that wants to license a piece of their 10:23:59

14 intellectual property. Really any form of 10:24:01

15 monetization of IP. 10:24:11

16 Q. Has it -- what percentage of the company's 10:24:12

17 work involves expert witness services? 10:24:16

18 A. About half, I'd say. 10:24:17

19 Q. Do you know what percentage of the company's 10:24:20

20 revenue has come from expert witness services over 10:24:22

21 the past three years? 10:24:23

22 A. I -- I don't know exactly. 10:24:26

23 Q. Your title at CONSOR I understand is 10:24:30

24 director of valuation and analytics. Is that right? 10:24:32

25 A. That is correct.

1 Q. How long have you held that position? 10:24:35

2 A. I want to say going on two years now. 10:24:37

3 Q. What were you before? 10:24:38

4 A. Before that, I was a senior financial 10:24:41

5 analyst. 10:24:42

6 Q. Did you do anything at CONSOR before being a 10:24:45

7 senior financial analyst? 10:24:47

8 A. No. That was my only other title. 10:24:49

9 Q. How many people at CONSOR hold the title 10:24:52

10 director of valuation and analytics? 10:24:55

11 A. Just me. 10:24:56

12 Q. Who do you report to at CONSOR? 10:24:58

13 A. I report to our chairman. 10:25:00

14 Q. And who is that? 10:25:01

15 A. Weston Anson. 10:25:03

16 Q. And is that the fellow you referred to 10:25:05

17 earlier when I'd talked about getting tips for 10:25:07

18 deposition testimony? 10:25:07

19 A. That's correct. 10:25:08

20 Q. And what is his -- his title is chairman? 10:25:12

21 A. Correct. 10:25:12

22 Q. Do any people at CONSOR report to you? 10:25:15

23 A. Yes. 10:25:17

24 Q. How many people? 10:25:18

25 A. I have four or five direct reports.

1 Q. And when you talk about content Web sites, 10:56:51
2 what do you mean by a content Web site? 10:56:52

3 A. So content Web site would be a Web site that 10:56:55
4 has just that. It's content driven. There's 10:56:57
5 stories, videos, images. It's the content that 10:57:01
6 drives the user to the Web site as opposed to 10:57:04
7 ECommerce where -- like an Amazon where you're 10:57:07
8 actually selling products, or as opposed to like a 10:57:10
9 Wall Street Journal which has content but it's 10:57:10
10 subscription based. 10:57:13

11 Q. So this would be like just your typical 10:57:16
12 local newspaper Web site? 10:57:19

13 A. Could be that, sure. 10:57:20

14 Q. Or it could be like ESPN.com? 10:57:22

15 A. Sure. 10:57:24

16 Q. In the other two seminars or speeches for 10:57:27
17 the brand establishment conference and then this 10:57:29
18 other business valuation resources, did you discuss 10:57:34
19 Web site valuation at either of those? 10:57:39

20 A. I believe we touched on it, but I don't know 10:57:42
21 for certain. 10:57:43

22 Q. The book that's mentioned here, "Rights of 10:57:51
23 Publicity," that has yet to be published? 10:57:53

24 A. That's correct. It's coming out I believe 10:57:55
25 next month.

1 Q. And no adjustment is made on the back side 11:59:43
2 based on any differences between the comps. Right? 11:59:47
3 MR. VOGT: Objection to form. 11:59:48
4 BY MR. BERRY: 11:59:48
5 Q. Once you get the -- 11:59:49
6 A. I'm not sure. 11:59:50
7 Q. -- the value based on the market multiple 11:59:53
8 you've come up with with unique user, there's no 11:59:55
9 adjustment made for differences in revenue, profits, 11:59:58
10 income. Right? 12:00:00
11 MR. VOGT: Objection to form. 12:00:01
12 THE WITNESS: Again, revenue and profits 12:00:02
13 don't come into play in this valuation. 12:00:04
14 BY MR. BERRY: 12:00:04
15 Q. Okay. All right. And touching on this same 12:00:15
16 point and coming back to something we just mentioned, 12:00:20
17 in the market approach, you used -- sorry, let me 12:00:29
18 start again. 12:00:30
19 In the market approach, you're using a 12:00:32
20 market multiple to value comparable assets based on a 12:00:37
21 ratio of some common denominator. Right? 12:00:39
22 A. We're looking to the common denominator 12:00:43
23 being monthly unique users. 12:00:44
24 Q. Just in general, though, you're looking at a 12:00:46
25 common denominator when you use the market approach.

1 Webinars."

12:06:57

2 Earlier we talked about what you had taught
3 personally. That is covered by this sentence?

12:06:59

12:07:01

4 A. That's correct.

12:07:08

5 Q. Has CONSOR ever valued a Web site using the
6 market multiple of average unique viewers where the
7 Web site has actually sold for that amount?

12:07:16

12:07:20

12:07:23

8 A. I don't know what happens after our
9 valuation. We are typically not filled in on the
10 results of any of our advice or reports. It's just
11 it's -- that's not typical.

12:07:25

12:07:29

12:07:34

12:07:35

12 Q. Are you aware of any situation where CONSOR
13 has ever valued a Web site using this approach that
14 you used in this case where that value was actually
15 awarded as damages in litigation?

12:07:38

12:07:42

12:07:45

12:07:48

16 A. Again, when it comes to outcomes of cases, I
17 wish I knew the answers to some of them, and I don't
18 know.

12:07:51

12:07:54

12:07:55

19 Q. Outside of the work that CONSOR has done,
20 over the past five years, are you aware of any
21 situation in which a Web site was valued for
22 commercial purposes based on unique visitors?

12:08:05

12:08:08

12:08:13

12:08:15

23 MR. VOGT: Objection to form.

12:08:17

24 THE WITNESS: For commercial purposes? What
25 do you mean by that?

12:08:18

1 BY MR. BERRY: 12:08:19

2 Q. For sales. Like for the sale of the Web 12:08:23
3 site. 12:08:25

4 A. Typically they don't make public how they 12:08:27
5 came up to any valuation. I'm sure that viewership 12:08:32
6 was used in some of those sales, but I don't have 12:08:36
7 data that shows that. 12:08:37

8 Q. But you personally are not aware of any 12:08:40
9 situations? 12:08:40

10 A. I have not -- I have not seen or heard of 12:08:43
11 any. 12:08:43

12 Q. Are you aware of any situations where 12:08:45
13 investments have been made to content-based Web sites 12:08:49
14 based solely on the valuation of the Web site using 12:08:53
15 the kind of analysis that you employed here looking 12:08:55
16 strictly at unique viewers? 12:08:58

17 MR. VOGT: Objection to form. 12:08:59

18 THE WITNESS: I don't have any specific 12:09:00
19 examples. 12:09:00

20 BY MR. BERRY: 12:09:01

21 Q. But you're not aware of any? 12:09:03

22 MR. VOGT: Objection to form. 12:09:04

23 THE WITNESS: Not that I'm aware of. 12:09:05

24 BY MR. BERRY: 12:09:05

25 Q. Are you aware of any loans that have been

1 made to Web sites based on the kind of analysis that 12:09:10
2 you undertook in this case? 12:09:13

3 MR. VOGT: Objection to form. 12:09:14

4 THE WITNESS: Again, I don't know the -- how 12:09:16
5 they came up with the valuations when they did it at 12:09:18
6 the time. That was not made public. 12:09:19

7 BY MR. BERRY: 12:09:20

8 Q. But you personally are not aware of any 12:09:22
9 instances in the past five years where loans have 12:09:24
10 been made based on the analysis -- the kind of 12:09:26
11 analysis that you did in this case? 12:09:27

12 MR. VOGT: Objection to form. 12:09:28

13 THE WITNESS: Other than the articles that 12:09:30
14 I've cited to that speak to it, other than the other 12:09:33
15 investment or investment, consulting, and financial 12:09:38
16 valuation houses that also speak to using market 12:09:41
17 multiples, I don't know of any specific cases. And I 12:09:44
18 think anybody would be hard pressed to find that 12:09:47
19 because they don't make that information public just 12:09:49
20 like our valuations are not made public. 12:09:51

21 BY MR. BERRY: 12:09:54

22 Q. But the bottom line is, you're not aware of 12:09:57
23 any situation then? 12:09:58

24 MR. VOGT: Objection to form. 12:09:59

25 THE WITNESS: I don't have any specifics,

1 no. 12:10:01

2 BY MR. BERRY: 12:10:05

3 Q. I want to come back and ask you about a 12:10:07

4 couple of the articles. But first I wanted to 12:10:10

5 mention -- to ask you something about on page 9, kind 12:10:14

6 of picking up where we left off here. 12:10:17

7 In the following paragraph, which I think is 12:10:20

8 the second full paragraph on page 9 that starts 12:10:21

9 "Third-party valuation professionals." 12:10:24

10 A. Okay. 12:10:25

11 Q. The very last sentence says: 12:10:26

12 "For sites without much 12:10:28

13 revenue, price per user can often 12:10:30

14 be a more accurate gauge of a 12:10:32

15 site's value than a revenue 12:10:33

16 multiple." 12:10:34

17 Do you see that? 12:10:34

18 A. I do. 12:10:35

19 Q. Is Gawker a site without much revenue? 12:10:37

20 MR. VOGT: Objection to form. 12:10:39

21 THE WITNESS: I would say yes. 12:10:40

22 BY MR. BERRY: 12:10:42

23 Q. How so? 12:10:45

24 A. Again, we go back to the previous 12:10:47

25 conversation about maximum -- maximizing your

1 was probably the most common approach used in the 12:35:15
2 valuation of any intellectual property of tangible 12:35:19
3 real estate and other assets as well. We took the 12:35:22
4 market approach and we used benchmarking. 12:35:24

5 So while I don't know if there's any 12:35:27
6 literature that speaks to the specifics you're asking 12:35:31
7 about, I can tell you that the approach in general is 12:35:36
8 probably the most common. 12:35:38

9 BY MR. BERRY: 12:35:38

10 Q. Right. But have you -- are you aware of any 12:35:41
11 other instance in which the increase in value 12:35:44
12 attributed to a company from a single post followed 12:35:47
13 the methodology that you used in this case? 12:35:49

14 MR. VOGT: Objection to form. 12:35:50

15 THE WITNESS: It's no different from valuing 12:35:52
16 a Web site at two different points in time. So it's 12:35:56
17 the same approach we would use whether I'm going just 12:35:59
18 valuing a Web site or if I'm looking at the increase 12:36:02
19 in value that's attributable to a post, it's the same 12:36:06
20 approach. 12:36:07

21 BY MR. BERRY: 12:36:11

22 Q. Again, are you aware of any other instance 12:36:12
23 in which the increase in value attributed to a single 12:36:17
24 post followed the methodology you used in this case? 12:36:19

25 MR. VOGT: Objection to form.

1 THE WITNESS: I don't know. I don't know. 12:36:23

2 BY MR. BERRY: 12:36:24

3 Q. Sitting here today, you are not aware of any 12:36:26

4 other circumstance in which this methodology has been 12:36:29

5 used to value -- or to assess the increase of value 12:36:34

6 attributable to a single post. Right? 12:36:35

7 MR. VOGT: Objection to form. 12:36:37

8 THE WITNESS: I know that this approach is 12:36:38

9 used to value a Web site. 12:36:40

10 BY MR. BERRY: 12:36:40

11 Q. My question is about a single post. Are you 12:36:42

12 aware of any other situation in which this 12:36:46

13 methodology has been used to assess the value of a 12:36:50

14 post? 12:36:50

15 MR. VOGT: Objection to form. 12:36:51

16 THE WITNESS: I don't know. 12:36:52

17 MR. BERRY: All right. 12:36:58

18 MR. VOGT: Can we take a break? 12:37:00

19 MR. BERRY: Yeah. 12:37:00

20 THE VIDEOGRAPHER: Let's go off the record. 12:37:03

21 The time is 12:37.

22 (Whereupon at 12:37 P.M., the

23 videotaped deposition of JEFF

24 ANDERSON was adjourned for noon

25 recess.)

1 about any other theory of damages. Right? 13:13:16

2 MR. VOGT: Objection to form. 13:13:17

3 THE WITNESS: I'm not sure what you mean. 13:13:17

4 BY MR. BERRY: 13:13:18

5 Q. Other than the increase in value to 13:13:21

6 gawker.com, you're not assessing any opinion about 13:13:22

7 Plaintiff's other theory of damages. Right? 13:13:24

8 A. I don't -- 13:13:25

9 MR. VOGT: Objection to form. 13:13:26

10 THE WITNESS: I'm not an attorney, so I 13:13:27

11 don't know about theories to damages. I was asked to 13:13:31

12 value the increase in value of the Web site of 13:13:33

13 gawker.com and apportion it based on -- well, I 13:13:36

14 wasn't even asked to apportion it. We apportioned it 13:13:39

15 based on the number of users that went to the Hulk 13:13:42

16 video. That's all I was asked to do. 13:13:44

17 BY MR. BERRY: 13:13:45

18 Q. So you're not expressing any opinion on how 13:13:47

19 much profit Gawker earned from the video. Right? 13:13:50

20 A. I have not been asked to look at that, no. 13:13:53

21 Q. And you're not expressing any opinion on 13:13:54

22 what the video itself could have been sold for? 13:13:56

23 A. I'm not looking at that, no. 13:13:58

24 Q. And you're not offering an opinion on the 13:14:04

25 market value of the Hulk Hogan sex tape. Right?

1 A. Again, I was asked to value -- how the 13:14:10
2 val- -- the video impacted the value of gawker.com. 13:14:16

3 Q. And so -- this is, I think, implicit in what 13:14:19
4 you're saying -- you're not expressing any opinion on 13:14:21
5 whether Gawker or any of the other defendants are 13:14:24
6 liable in this case. Right? 13:14:24

7 A. I'm not jumping to any legal conclusions. 13:14:27
8 Again, I'm not an attorney. I was just asked to 13:14:29
9 value how the video increased the value of 13:14:29
10 gawker.com. 13:14:33

11 Q. So no opinion on whether Gawker committed an 13:14:35
12 invasion of privacy. Right? 13:14:36

13 A. I was not asked to testify to that. 13:14:38

14 Q. And no opinion on whether there was any 13:14:41
15 misappropriation of the plaintiff's image or name. 13:14:41
16 Right? 13:14:46

17 A. Correct. 13:14:47

18 Q. And no opinion on whether the defendant is 13:14:48
19 liable for infringing the plaintiff's right of 13:14:51
20 publicity. Right? 13:14:53

21 A. Was not asked to look at that. 13:14:54

22 Q. All right. So now we'll turn and talk 13:14:57
23 specifically about your report. And I'm going to go 13:15:00
24 step by step through different parts of the analysis 13:15:02
25 and just ask you about them to make sure that I

1 fluctuations in user traffic will 13:19:17
2 occur with nearly every Web site." 13:19:19
3 A. "Nearly all Web sites." 13:19:22
4 Q. Sorry. In "nearly all Web sites." And then 13:19:23
5 it continues on and explains that they would look at 13:19:27
6 the average monthly traffic the site had over some 13:19:29
7 period of time, typically, twelve months. Right? 13:19:33
8 A. Correct. 13:19:33
9 Q. Are you aware of any arm's-length buyers 13:19:36
10 that have relied on average monthly traffic data for 13:19:38
11 valuation in buying a Web site? 13:19:42
12 A. In purchasing a Web site? I don't know. 13:19:44
13 Q. Have you advised any buyers using that 13:19:47
14 valuation method? 13:19:47
15 A. We have. 13:19:48
16 Q. Do you know if the sales consummated based 13:19:52
17 on that valuation? 13:19:52
18 A. Again, I think we talked about this before, 13:19:54
19 typically, once our report or valuation is provided, 13:19:59
20 there's no more contact with the client after that. 13:20:01
21 So I have not seen in really any instance or 13:20:04
22 case we've worked on what happens post report. 13:20:08
23 Q. And the same question, are you aware of any 13:20:12
24 arm's-length investors that have relied on average 13:20:15
25 monthly traffic data for the valuation?

1 MR. VOGT: Objection to form. 13:20:21

2 THE WITNESS: That relied -- well, again -- 13:20:23

3 BY MR. BERRY: 13:20:23

4 Q. Relied solely on average monthly traffic 13:20:25

5 data for valuation? 13:20:26

6 MR. VOGT: Objection to form. 13:20:27

7 THE WITNESS: Well, again, we've done work 13:20:29

8 in this space, and I know that they used our report. 13:20:32

9 But I don't know what the outcome of the negotiation 13:20:35

10 or transaction was. 13:20:36

11 BY MR. BERRY: 13:20:37

12 Q. What the ultimate actual valuation was? 13:20:39

13 A. I don't know what they ultimately agreed to. 13:20:41

14 Q. In developing the market multiples, you 13:21:07

15 looked to find comparable companies. Right? 13:21:08

16 A. We did. 13:21:09

17 Q. And as I understand the report, you 13:21:12

18 identified six companies. Right? 13:21:13

19 A. Correct. 13:21:14

20 Q. In the Bleacher Report. Right? 13:21:16

21 A. Yes. 13:21:16

22 Q. BuzzFeed. Right? 13:21:18

23 A. Yes. 13:21:18

24 Q. Huffington Post? 13:21:20

25 A. Correct.

1	Q. Ozy?	13:21:21
2	A. Yes.	13:21:22
3	Q. Grandparents.com?	13:21:24
4	A. Yes.	13:21:24
5	Q. And Yelp. Right?	13:21:26
6	A. Correct.	13:21:26
7	MR. BERRY: I'd like to now mark this	13:21:28
8	exhibit, which we'll mark as Exhibit 176.	13:21:28
9	(The document referred to was	13:21:58
10	marked as Exhibit 176.)	13:21:58
11	BY MR. BERRY:	13:22:13
12	Q. So Exhibit 176 are the five exhibits that	13:22:16
13	were attached to your report. Right?	13:22:18
14	A. Correct.	13:22:18
15	Q. And these were the exhibits that you had	13:22:20
16	expected to be there earlier in the day when we were	13:22:23
17	first looking at your report?	13:22:24
18	A. Correct.	13:22:25
19	Q. Turning first to Exhibit 3, this exhibit is	13:22:44
20	titled "Valuation Multiple Per Monthly Unique User."	13:22:44
21	Right?	13:22:48
22	A. That is the title, yes.	13:22:49
23	Q. And it basically shows a summary of your	13:22:53
24	work to get to the market multiples that we were	13:22:55
25	talking about earlier. Right?	

1 A. That is correct. 13:22:56

2 Q. And for each company, there's several 13:23:01

3 columns across the page. 13:23:03

4 Do you see that? 13:23:03

5 A. I do. 13:23:07

6 Q. Okay. And you used the data in the first 13:23:10

7 two columns there -- "Monthly Unique Users" and 13:23:13

8 "Company Value" -- to end up calculating the monthly 13:23:16

9 unique user. Right? 13:23:17

10 A. Multiple. The monthly -- 13:23:17

11 Q. Sorry, yeah, monthly -- 13:23:19

12 A. -- unique user multiple, yeah. 13:23:20

13 Q. Yeah, I apologize. 13:23:23

14 A. Yes. Yes. 13:23:23

15 Q. So one of these columns shows the company's 13:23:25

16 value? 13:23:27

17 A. Yes. 13:23:28

18 Q. All right. And that's -- it shows the value 13:23:29

19 for each of these six companies. Right? 13:23:32

20 A. Correct. 13:23:33

21 Q. The next column right next to it says 13:23:35

22 "Valuation Date." That's the date that the valuation 13:23:37

23 was effective. Right? 13:23:39

24 A. Correct. 13:23:40

25 Q. And then there's the average monthly -- the

1 column says "Monthly Unique Users," but that reflects 13:23:47
2 the average monthly unique users based on the 13:23:51
3 preceding twelve months. Correct? 13:23:52
4 A. Correct. 13:23:53
5 Q. And I understand for a couple of these you 13:23:55
6 didn't have data from Quantcast. Right? 13:23:58
7 A. Correct. 13:24:00
8 Q. One of them, I think, was Ozy in where you 13:24:02
9 only had one month of data, or two? 13:24:05
10 A. Right. We did -- it was from Quantcast. 13:24:07
11 Q. Sorry. But you only had one month's worth, 13:24:09
12 not twelve-month -- 13:24:09
13 A. Right. 13:24:12
14 Q. -- average? 13:24:12
15 A. Right. 13:24:12
16 Q. And then for Huffington Post, the data 13:24:15
17 wasn't available on Quantcast. Right? 13:24:18
18 A. Correct. 13:24:20
19 Q. So the column, then, that says "Monthly 13:24:23
20 Unique User Multiple," the value under there is equal 13:24:27
21 to the company's value divided by the number in the 13:24:31
22 monthly unique user. Right? 13:24:34
23 A. Company value divided by monthly unique 13:24:37
24 user's column, yes. 13:24:38
25 Q. And that results in the dollar value per

1 monthly unique user. Right? 13:24:42

2 A. Correct. 13:24:43

3 Q. And so here in the -- that column, "Monthly
4 Unique User Multiple," the range is between \$6.25 and 13:24:49
5 \$41.44. Right? 13:24:55
6 A. Correct. 13:24:57
7 Q. The 6.25 is for BuzzFeed. Right? 13:24:58
8 A. Yes. 13:25:01
9 Q. And the 41.44 is for grandparents.com? 13:25:02
10 A. That is correct. 13:25:07
11 Q. And then going back to something I think you 13:25:07
12 said earlier before the break, you then added these 13:25:11
13 monthly unique user multiples for each company and 13:25:15
14 divided by 6 to come up with the average monthly 13:25:19
15 unique user multiple? 13:25:23
16 A. That's how you get an average, yes. 13:25:24
17 Q. And so, in this case, the average was 13:25:26
18 \$19.34? 13:25:28
19 A. Per monthly unique user, yes. 13:25:30
20 Q. There was nothing else that you did to 13:25:34
21 derive that 19.34 number. Right? 13:25:36
22 A. I didn't actually add them up and divide it 13:25:39
23 by 6. This was done in -- in Excel, so it's an Excel 13:25:41
24 function, but it's the same exact arithmetic you 13:25:45
25 would use to get to that, yes. 13:25:48

1 BY MR. BERRY: 13:36:31

2 Q. Would there be any reason that you'd use a 13:36:33
3 different analysis for a content-based Web site than 13:36:35
4 the one you used for Gawker? 13:36:37

5 MR. VOGT: Objection to form. 13:36:37

6 THE WITNESS: Again, everything in 13:36:39
7 valuation -- and I know we've touched on this -- but 13:36:41
8 it's all context specific. So I -- it could be used, 13:36:46
9 but to say a hundred percent that absolutely, I can't 13:36:50
10 answer it that way. 13:36:51

11 BY MR. BERRY: 13:36:52

12 Q. Okay. And just to be clear, on these 13:36:54
13 valuations that you did at gawker.com, that doesn't 13:36:58
14 show how much money Gawker actually made. Right? 13:37:02

15 A. No. This is value, the value of gawker.com, 13:37:07
16 not -- and remember, we -- revenue approach does not 13:37:10
17 work for content-based Web sites like Gawker. This 13:37:12
18 is not revenue. This is value. 13:37:14

19 Q. Right. So the value of gawker.com that you 13:37:18
20 calculate here is not actual money in Gawker's 13:37:22
21 pocket. Right? 13:37:24

22 A. Not unless they've sold it and put money in 13:37:26
23 their pocket, no. 13:37:27

24 Q. Okay. And these valuations don't measure 13:37:30
25 Gawker's revenue. Correct?

1 MR. VOGT: Objection to form. 13:37:33

2 THE WITNESS: Correct. 13:37:33

3 BY MR. BERRY: 13:37:34

4 Q. It doesn't -- these valuations are not 13:37:36

5 Gawker's profits. Right? 13:37:37

6 MR. VOGT: Objection to form. 13:37:38

7 THE WITNESS: This -- these valuations do 13:37:39

8 not have anything to do with revenue or profits. 13:37:41

9 BY MR. BERRY: 13:37:41

10 Q. Right. All it does is estimates the market 13:37:44

11 value of gawker.com. Correct? 13:37:46

12 MR. VOGT: Objection to form. 13:37:47

13 THE WITNESS: We are estimating the value of 13:37:49

14 gawker.com using the market approach and using market 13:37:53

15 comparables. 13:37:53

16 BY MR. BERRY: 13:37:57

17 Q. Right. And this would value what some 13:38:02

18 arm's-length buyer would pay for Gawker at a 13:38:03

19 particular moment in time. Right? 13:38:06

20 A. Correct. 13:38:06

21 MR. VOGT: Objection to form. 13:38:07

22 BY MR. BERRY: 13:38:07

23 Q. Do you know anybody who would pay 13:38:09

24 \$286 million for gawker.com as of April 30th, 2013? 13:38:14

25 MR. VOGT: Objection to form.

1 THE WITNESS: Do I personally know anybody? 13:38:17

2 BY MR. BERRY: 13:38:17

3 Q. Yes. 13:38:18

4 A. I -- I haven't asked. I don't know. 13:38:19

5 Q. Do you know anybody who would pay 13:38:21

6 \$92 million for gawker.com? 13:38:24

7 MR. VOGT: Objection to form. 13:38:25

8 THE WITNESS: I haven't gone out and 13:38:27

9 marketed it and tried to sell it, so I don't know. 13:38:30

10 BY MR. BERRY: 13:38:30

11 Q. So you don't know if there's actually a 13:38:32

12 buyer for gawker.com at this value. Right? 13:38:34

13 MR. VOGT: Objection to form. 13:38:35

14 THE WITNESS: I have not done that -- I have 13:38:37

15 not taken on that task, so I don't know. 13:38:39

16 BY MR. BERRY: 13:38:39

17 Q. This is all hypothetical. Correct? 13:38:41

18 MR. VOGT: Objection to form. 13:38:42

19 THE WITNESS: This is, to a reasonable 13:38:44

20 degree of certainty, what the fair value, the market 13:38:47

21 value of gawker.com would be at two points in time, 13:38:51

22 taking the difference in those two points in time, 13:38:53

23 that increase, and apportioning it based on the 13:38:56

24 traffic to the Hulk video. 13:38:59

25 BY MR. BERRY:

1 Q. As far as you know, nobody actually offered 13:39:05
2 to buy gawker.com at these values. Right? 13:39:07

3 A. I don't know if they have or haven't. 13:39:09

4 Q. And, as far as you know, no one other than 13:39:11
5 you has valued gawker.com this way. Right? 13:39:15

6 A. I only know what I know. Unless you tell me 13:39:17
7 that someone else has valued it, I don't know that 13:39:20
8 they have. 13:39:21

9 Q. Okay. Would you recommend to somebody that 13:39:22
10 they buy gawker.com for \$286 million as of 13:39:26
11 April 30th, 2013? 13:39:27

12 MR. VOGT: Objection to form. 13:39:28

13 THE WITNESS: It depends on the 13:39:30
14 circumstances. 13:39:30

15 BY MR. BERRY: 13:39:31

16 Q. Well, based on the circumstances of valuing 13:39:33
17 the company at \$286 million as of April 30th, 2013, 13:39:37
18 would you recommend that somebody buy gawker.com for 13:39:40
19 that amount of money? 13:39:40

20 MR. VOGT: Objection to form. 13:39:42

21 THE WITNESS: Who are we talking about 13:39:44
22 buying it? 13:39:44

23 BY MR. BERRY: 13:39:45

24 Q. An arm's-length buyer. 13:39:46

25 A. If there was --

1 and 285.938 million. 13:40:50

2 BY MR. BERRY: 13:40:50

3 Q. When you were getting your MBA at San Diego 13:40:52
4 State, did they suggest to advise buyers on prices 13:40:58
5 without looking at balance sheets? 13:40:59

6 MR. VOGT: Objection to form. 13:41:00

7 THE WITNESS: I don't know if there was any 13:41:01
8 class that spoke about that. 13:41:03

9 BY MR. BERRY: 13:41:03

10 Q. Would you advise a buyer without knowing 13:41:05
11 what the revenue of Gawker was? 13:41:07

12 MR. VOGT: Objection to form. 13:41:08

13 THE WITNESS: I'm sure you would look at 13:41:11
14 revenue as we looked at the revenue. 13:41:13

15 BY MR. BERRY: 13:41:13

16 Q. Would you advise a buyer to consider buying 13:41:19
17 gawker.com without knowing what its profit was? 13:41:20

18 MR. VOGT: Objection to form. 13:41:21

19 THE WITNESS: We would look at profit, but 13:41:23
20 that's not a -- again, that's not an -- an ultimate 13:41:25
21 indication, a reasonable indication of value by 13:41:28
22 looking at strictly profit or revenue. Sure, you'd 13:41:31
23 look at it as we looked at it and I looked at it, 13:41:34
24 but -- 13:41:34

25 BY MR. BERRY:

1 Q. But it didn't factor into your analysis 13:41:36
2 here? 13:41:36

3 A. But if they're going to ask me what is a 13:41:38
4 fair market value for this company, I would tell 13:41:39
5 them, again, it's between 92 million and 13:41:43
6 285.938 million, rounding here. 13:41:44

7 Q. Do you know what kind of revenue multiplier 13:41:47
8 these values would mean for Gawker? 13:41:50

9 A. I don't. 13:41:52

10 Q. And it doesn't matter in your analysis. 13:41:55
11 Right? 13:41:56

12 MR. VOGT: Objection to form. 13:41:57

13 THE WITNESS: It's -- it's not necessarily 13:42:01
14 pertinent to the analysis, no. 13:42:02

15 BY MR. BERRY: 13:42:02

16 Q. Would it matter to an arm's-length buyer? 13:42:05

17 MR. VOGT: Objection to form. 13:42:06

18 THE WITNESS: Would what matter? 13:42:07

19 BY MR. BERRY: 13:42:07

20 Q. What kind of revenue multiplier they were 13:42:09
21 looking at? 13:42:10

22 MR. VOGT: Same objection. 13:42:11

23 THE WITNESS: It could. 13:42:11

24 BY MR. BERRY: 13:42:12

25 Q. Would it matter to an arm's-length investor?

1 A. Rounded, yeah. 13:50:06

2 Q. On Exhibit 5 to your report, you did the 13:50:11

3 same calculation but for the average market multiple. 13:50:11

4 Right? 13:50:17

5 A. Correct. 13:50:17

6 Q. And there, again, in the last part of this 13:50:21

7 chart showed the change in value of Gawker was 13:50:25

8 roughly 54 million. Right? 13:50:27

9 A. Correct. 13:50:27

10 Q. And you found what 28.5 percent of that 13:50:30

11 number was. Right? 13:50:32

12 A. 28.53, yes. 13:50:34

13 Q. And the value, then, attributable to the 13:50:36

14 Hogan video at this level was 15.445 million, 13:50:42

15 rounded. Right? 13:50:43

16 A. Correct. 13:50:44

17 Q. Again, this is not money that's in Gawker's 13:50:47

18 pocket. Right? 13:50:49

19 A. No. 13:50:49

20 Q. No, it's not -- 13:50:52

21 A. No, it is not in Gawker's -- unless there's 13:50:55

22 something you want to tell me and they've sold the 13:50:58

23 company, it's in their pocket, but. 13:51:00

24 Q. But this is just the valuation. It's not 13:51:02

25 dollars that are flowing to Gawker. Correct?

1 A. It's the value of gawker.com, right. 13:51:10

2 Well, the value of the video to gawker.com. 13:51:15

3 Q. Right. 13:51:20

4 Wait, the value of the video to gawker.com 13:51:22

5 or the -- 13:51:22

6 A. How the -- 13:51:22

7 Q. How it affected -- 13:51:23

8 A. -- video affected the value of gawker.com. 13:51:28

9 Q. But it's not the value that Gawker would 13:51:30

10 place on the video. That might be something 13:51:31

11 different. Right? 13:51:32

12 MR. VOGT: Objection to form. 13:51:33

13 THE WITNESS: It's the value that gawker.com 13:51:39

14 that increased in value as a result of placing the 13:51:41

15 video on gawker.com. 13:51:43

16 BY MR. BERRY: 13:51:43

17 Q. Okay. On this Exhibit 4 and 5, when it says 13:51:48

18 "change attributable to the video," does that mean 13:51:50

19 that the video caused the increase in value? 13:51:59

20 A. The video was a portion of the increase in 13:52:02

21 value. 13:52:03

22 Q. Right. But the phrase "change attributable 13:52:09

23 to the video," does that mean that the video caused 13:52:12

24 the increase in value? 13:52:14

25 A. The video caused 28.53 percent of the

1 A. Stories, photos, some videos. Some of it 14:25:29
2 gossip related, some of it news related. General 14:25:34
3 content stories. 14:25:35

4 Q. I want to talk to you about the comps that 14:25:43
5 you selected here. Other than the six companies that 14:25:49
6 you used as comps, did you consider any other 14:25:53
7 companies? 14:25:53

8 A. Sure. We were -- we looked for as many as 14:25:57
9 we could find. 14:25:58

10 Q. Which other companies did you look at? 14:26:00

11 A. So we started with a screening of thousands 14:26:05
12 of Web sites and filtered it down based on -- there's 14:26:10
13 three or four basic criteria that had to be met in 14:26:13
14 order for them to be considered comparables for us. 14:26:17

15 One was they had to be a content-based 14:26:19
16 Web site, so not an ECommerce or a subscription-based 14:26:24
17 Web site that we talked about earlier. 14:26:26

18 Two, they had to generate revenues, the 14:26:29
19 majority of the revenues through advertising. 14:26:32

20 Three, they had to have a publicly available 14:26:35
21 valuation through a reliable source, so not just some 14:26:41
22 article placed out there in the ether. It had to be 14:26:44
23 through a -- a true valuation presented. And then 14:26:46
24 they had to have accurate monthly unique user traffic 14:26:50
25 data.

1 A. We only looked at companies that had a 14:30:12
2 valuation, a publicly available valuation. So 14:30:16
3 whether that's as a publicly traded company they have 14:30:18
4 a valuation or if there was some round of financing 14:30:21
5 or investment where there was a post-money valuation 14:30:24
6 included, so those -- that's how we got the 14:30:26
7 valuations. 14:30:27

8 Q. But you weren't able -- there were no weak 14:30:31
9 performing companies that weren't able to get 14:30:33
10 financing in this -- 14:30:34

11 MR. VOGT: Objection to form. 14:30:35

12 BY MR. BERRY: 14:30:36

13 Q. -- analysis? 14:30:36

14 A. I don't know if they're weak performing or 14:30:38
15 exceptionally well performing and not getting the 14:30:41
16 financing, but if the -- if there was a valuation 14:30:43
17 that was made public, then we did not -- then 14:30:46
18 obviously we couldn't use it. 14:30:54

19 Q. In your report, you wrote that each of those 14:30:57
20 companies has a comparable Web site with similar 14:31:00
21 monetization potential. Right? 14:31:01

22 A. Correct. 14:31:01

23 Q. And you believe that they have similar 14:31:04
24 potential because they're all content-based Web sites 14:31:07
25 that generate revenue from advertising. Right?

1 A. I believe they have the same potential -- 14:31:15
2 potentially have the same monetization potential 14:31:17
3 based on the fact that they are -- their value and 14:31:21
4 ultimately their revenue is generated as a function 14:31:25
5 of having unique users that go to their sites. 14:31:30

6 Q. But those users are only valuable to these 14:31:36
7 companies to the extent that that translates into 14:31:39
8 advertising revenue. Right? 14:31:40

9 MR. VOGT: Objection to form. 14:31:41

10 THE WITNESS: I think we talked about that 14:31:42
11 before and that's not necessarily the case. 14:31:44

12 BY MR. BERRY: 14:31:51

13 Q. Do all content-based Web sites that generate 14:31:53
14 revenue from advertising have similar monetization 14:31:56
15 potential? 14:31:57

16 A. They potentially have the same monetization 14:32:01
17 potential, sure. 14:32:01

18 Q. Why is that? 14:32:02

19 A. It's the future monetization potential. So 14:32:05
20 it's the potential to convert those users into 14:32:10
21 dollars later on through -- whether it's through 14:32:13
22 advertising means or through some other means that -- 14:32:16
23 that we're not aware of or the owners of those sites 14:32:19
24 are not aware of. 14:32:20

25 It's similar to -- you know, Facebook didn't

1 MR. VOGT: Objection to form. 14:36:41

2 THE WITNESS: No, it's not just based on 14:36:43

3 advertising revenue. We talked about this. 14:36:45

4 It's -- advertising revenue is one part of 14:36:48

5 that, but it's also the future potential which could 14:36:50

6 be beyond advertising. So I just want to make that 14:36:55

7 clear. 14:36:56

8 BY MR. BERRY: 14:36:57

9 Q. But the Web sites that you looked at as 14:37:00

10 comps were all -- generated their revenue principally 14:37:03

11 from advertising. Right? 14:37:05

12 A. Through advertising, yes. 14:37:06

13 Q. And the way that advertising works is that 14:37:19

14 advertisers try and target their ads to specific 14:37:23

15 markets. Right? 14:37:23

16 MR. VOGT: Objection to form. 14:37:24

17 THE WITNESS: Again, I'm not an advertising 14:37:28

18 expert, but that's my general understanding. 14:37:31

19 BY MR. BERRY: 14:37:32

20 Q. So they might target certain demographics. 14:37:35

21 Correct? 14:37:35

22 MR. VOGT: Objection to form. 14:37:36

23 THE WITNESS: They could. 14:37:38

24 BY MR. BERRY: 14:37:40

25 Q. Right. So did you look at whether the comps

1 are actually able to monetize their unique users? 14:37:52

2 A. What do you mean by that? 14:37:53

3 Q. Well, when you were looking at the comps, 14:37:57

4 did you look at whether they were actually able to 14:37:59

5 derive revenue from their unique users? 14:38:01

6 MR. VOGT: Objection to form. 14:38:02

7 THE WITNESS: I'm not -- I'm not sure how -- 14:38:05

8 let's look at the comps. So how would -- what 14:38:09

9 specifically are you asking? I'm not -- I'm not -- 14:38:10

10 I'm not understanding the question. I apologize. 14:38:13

11 BY MR. BERRY: 14:38:14

12 Q. For any -- for a Bleacher Report, did you 14:38:17

13 look at how it generates revenue from its unique 14:38:21

14 users? 14:38:21

15 A. Well, all of the comps, as we discussed, 14:38:25

16 generate revenue through advertising. 14:38:28

17 Q. Did you look at any of the comps' ad 14:38:31

18 inventory? 14:38:32

19 A. Ad inventory? I don't have that data. 14:38:34

20 Q. Do you know what ad inventory is? 14:38:40

21 A. I don't even know what that is. 14:38:41

22 Q. Did you look at Gawker's ad inventory? 14:38:42

23 A. What is "ad inventory"? 14:38:44

24 Q. Do you know what kind of ads the comps use? 14:38:50

25 A. What kind of ads?

1	Q. (Nods head.)	14:38:52
2	A. I don't know.	14:38:52
3	Q. Do you know what kind of ads Gawker uses?	14:38:56
4	A. I don't know.	14:38:57
5	Q. Do you know what percentage of the comps'	14:39:00
6	Web pages have ads on them?	14:39:04
7	A. I don't know.	14:39:04
8	Q. Do you know what percentage of Gawker's Web	14:39:08
9	pages have ads on them?	14:39:09
10	A. No.	14:39:09
11	Q. Do you know how many ads per Web page the	14:39:14
12	comps sell?	14:39:14
13	A. No.	14:39:14
14	Q. Do you know how many ads per page Gawker	14:39:17
15	sells?	14:39:18
16	A. No.	14:39:18
17	Q. If you were actually interested in	14:39:21
18	monetizing users, wouldn't that kind of information	14:39:24
19	be relevant?	14:39:25
20	MR. VOGT: Objection to form.	14:39:25
21	THE WITNESS: If I was interested in	14:39:27
22	monetizing users, I'd -- I might want to know that,	14:39:31
23	but I'm not here to monetize those users.	14:39:35
24	BY MR. BERRY:	14:39:35
25	Q. But in figuring out the potential, you'd	

1 want to understand that data, too, no? 14:39:40

2 MR. VOGT: Objection to form. 14:39:41

3 THE WITNESS: The potential, again, is based 14:39:42

4 on having a large unique user set. It's having -- 14:39:47

5 it's having those monthly unique users that gives you 14:39:51

6 the potential. 14:39:53

7 BY MR. BERRY: 14:39:53

8 Q. Regardless of the users' demographics. 14:39:56

9 Right? 14:39:56

10 MR. VOGT: Objection to form. 14:39:58

11 THE WITNESS: I have not seen any data that 14:39:59

12 shows the demographics are that -- that much 14:40:02

13 different. 14:40:03

14 BY MR. BERRY: 14:40:03

15 Q. Regardless of location of readers. Right? 14:40:06

16 MR. VOGT: Objection to form. 14:40:07

17 THE WITNESS: Readers regardless of what? 14:40:08

18 BY MR. BERRY: 14:40:08

19 Q. The location of where most of your readers 14:40:10

20 are? 14:40:10

21 A. What is regardless? 14:40:11

22 Q. The monetization potential. 14:40:13

23 A. Can you ask the whole question? I'm sorry. 14:40:15

24 Q. In your analysis, it's irrelevant where the 14:40:20

25 location of readers are to a Web site's monetization

1 potential. Right? 14:40:24

2 MR. VOGT: Objection to form. 14:40:25

3 THE WITNESS: This analysis stands, yes, 14:40:30
4 without that analysis that you're talking about. 14:40:32

5 BY MR. BERRY: 14:40:33

6 Q. So you didn't consider the demographic 14:40:40
7 composition of the comps' users and looked to see if 14:40:43
8 that was similar to Gawker's users, did you? 14:40:46

9 A. We considered demographics, but there was 14:40:48
10 nothing to show that the demographics of the 14:40:51
11 different comp sites we had based on the information 14:40:54
12 we had would change our analysis at all. 14:40:58

13 Q. What did you look at to determine whether it 14:41:02
14 would affect the valuation at all? 14:41:06

15 A. There was some demographic information on 14:41:08
16 Quantcast we looked at. 14:41:09

17 Q. Right. And how did that factor into whether 14:41:12
18 the value of Gawker would change? 14:41:16

19 A. It didn't. There was not sufficient 14:41:18
20 information or evidence that there would be any 14:41:22
21 change in our analysis based on the demographic 14:41:25
22 information. 14:41:26

23 Q. So -- 14:41:27

24 A. Can we take a break? I'm just going to shut 14:41:30
25 this off.

1 Q. Okay. 14:41:32

2 THE VIDEOGRAPHER: Okay. Let's go off the 14:41:33

3 record at 2:41. 14:41:36

4 (Off the record.) 14:42:09

5 THE VIDEOGRAPHER: Back on the record at 14:42:18

6 2:42. 14:42:19

7 BY MR. BERRY: 14:42:21

8 Q. So in your analysis, each unique user would 14:42:25

9 be valued the same. Right? 14:42:28

10 A. In this analysis that I've done? 14:42:29

11 Q. (Nods head.) 14:42:30

12 A. Each unique user is the same, yes. 14:42:32

13 Q. And for these purposes, the value of a 14:42:37

14 Gawker unique user is assumed to be the same as a 14:42:39

15 Bleacher Report user. Right? 14:42:43

16 I mean when you're looking -- 14:42:44

17 A. No. 14:42:44

18 Q. -- at the comps. 14:42:45

19 A. No. That's not how we did it. 14:42:48

20 So we looked at -- if you go to page 13 of 14:42:51

21 my report, Exhibit -- whatever exhibit it is, 1 -- 14:42:58

22 well, you know what exhibit it is. If you look at 14:43:01

23 Figure 2, we're not saying it's the same as Bleacher 14:43:06

24 because Bleacher Report has the 6.64 multiple. 14:43:09

25 Right?

1 Q. Right, right. No, that's a fair point. 14:43:11

2 A. So not saying that. 14:43:12

3 Q. But on the low end, it would have the same 14:43:14

4 as BuzzFeed. Right? 14:43:16

5 A. On the low end, yeah. 14:43:17

6 Q. And then on the average end, it'd have the 14:43:19

7 composite -- 14:43:20

8 A. The average -- 14:43:21

9 Q. -- average? 14:43:21

10 A. -- of the 6. 14:43:22

11 Q. Right. 14:43:25

12 Did you look at the distribution of 14:43:27

13 visitors' income for the comps to see if they were 14:43:30

14 the same as Gawker? 14:43:31

15 A. We did not. 14:43:33

16 Q. Do you see whether the average user of these 14:43:37

17 Web sites was wealthier than the average for Gawker? 14:43:40

18 A. We did not. 14:43:41

19 Q. Did you look at the distribution of users' 14:43:44

20 age for the comps to see if they were the same as 14:43:46

21 Gawker? 14:43:47

22 A. We did look at some age demographics, yes. 14:43:49

23 Q. For which sites? 14:43:51

24 A. I believe Quantcast had information for 14:43:53

25 Bleacher Report, grandparents.com, and Gawker. I

1 think those three. 14:44:00

2 Q. But that didn't factor into the analysis? 14:44:04

3 A. Well, we saw -- showed that there's no 14:44:09

4 indication that age demographics would have any 14:44:13

5 impact on the valuation. Therefore it was not a 14:44:18

6 pertinent set of data to be used that would adjust 14:44:21

7 our valuation in any way. 14:44:22

8 Q. Did you look at whether users' educational 14:44:25

9 background for the comps was comparable to Gawker? 14:44:28

10 A. We did not. 14:44:28

11 Q. For the comps, did you research how long 14:44:32

12 each user spent on the site per visit? 14:44:35

13 A. Did not have that data. 14:44:37

14 Q. Did you research whether the users were 14:44:38

15 people who regularly visited the Web site? 14:44:41

16 A. We did not have that data. 14:44:42

17 We did ask for Google Analytics data and 14:44:47

18 Vastly data from your client, but we have not 14:44:49

19 received any of that. 14:44:50

20 Q. Right. But for the -- 14:44:53

21 A. So we'd have to see the data for Gawker in 14:44:57

22 order to compare it to data from the comps. 14:45:00

23 Otherwise, it's -- we're drawing a conclusion based 14:45:03

24 on not having, to use your analogy, apples to apples. 14:45:06

25 Right?

1 And so we asked for that data and if we 14:45:09
2 receive it, I'd be happy to go back and reanalyze and 14:45:12
3 reassess based on that data, but we haven't -- we 14:45:15
4 haven't received it. 14:45:16

5 Q. Did you look on Quantcast to see what the 14:45:19
6 distribution of each Web site's users were considered 14:45:24
7 addicts? 14:45:25

8 A. I have not seen that, no. I did see 14:45:26
9 something I think on the pages you sent over on 14:45:28
10 Thursday. 14:45:29

11 Q. Okay. But that was not considered in this 14:45:31
12 analysis? 14:45:31

13 A. Not factored in. 14:45:33

14 Q. Did you consider whether the people who were 14:45:37
15 visiting these Web sites only visited occasionally? 14:45:39

16 A. No. 14:45:39

17 Q. So you didn't look on Quantcast to determine 14:45:41
18 if they were passers-by? 14:45:44

19 A. No. 14:45:44

20 Q. For the comps, did you research how users 14:45:48
21 interact with the Web sites? 14:45:50

22 A. What do you mean? 14:45:50

23 Q. Whether they can post content? 14:45:54

24 A. No. 14:45:55

25 Q. Did you research how often they post

1	content?	14:45:59
2	A. No.	14:45:59
3	Q. Did you research how many users post	14:46:02
4	comments on those sites?	14:46:04
5	A. No.	14:46:04
6	Q. For the comps, did you look at how long the	14:46:08
7	companies had been in existence?	14:46:13
8	A. We did look at their -- the date that they	14:46:15
9	were started, I believe.	14:46:16
10	Q. Did that factor into your analysis at all?	14:46:18
11	A. No.	14:46:18
12	Q. So did you consider whether a company was a	14:46:23
13	startup?	14:46:23
14	A. No.	14:46:29
15	Q. Did you look at the specific kinds of	14:46:30
16	content each of the comps posted?	14:46:32
17	A. I looked at the content of each of the	14:46:34
18	sites, yes.	14:46:35
19	Q. Did you look to see if the kinds of content	14:46:37
20	they posted were the same as Gawker?	14:46:39
21	A. They're all content, so I did look at the	14:46:42
22	sites, yes.	14:46:43
23	Q. Did you see if the kinds of content that	14:46:46
24	they posted was the same as Gawker?	14:46:48
25	A. I'm not sure what you mean.	

1 Q. Well, earlier you told me, I think, that 14:46:51
2 Gawker posts news, gossip, photos, videos. Did you 14:46:55
3 look to see whether these comps posted those kinds of 14:46:59
4 things? 14:47:00

5 A. Yes. 14:47:00

6 Q. Did they? 14:47:01

7 A. To some degree, yes. 14:47:02

8 Q. For the comps, did you look at whether the 14:47:09
9 average monthly unique users were increasing? 14:47:13

10 A. We did look at historical information on 14:47:16
11 user traffic, yes. 14:47:16

12 Q. Did you look at the rate of increase? 14:47:20

13 A. We did look at the rate of increase. 14:47:22

14 Q. Did that factor into your analysis at all? 14:47:28

15 A. Not to any effect of the conclusions we've 14:47:32
16 reached. 14:47:32

17 Q. Did you compare the rates of increase for 14:47:35
18 the comps to Gawker's trends for the number of users 14:47:38
19 that were visiting gawker.com? 14:47:40

20 A. No. 14:47:41

21 Q. I want to go through some of the specific 14:47:55
22 comps and talk about them for a couple minutes. 14:47:58

23 A. Sure. 14:47:59

24 Q. The Bleacher Report -- I think we'll just go 14:48:04
25 through the order that they're discussed in your

1 report on page 12 and 13. 14:48:09

2 A. Okay. 14:48:09

3 Q. Bleacher Report is a sports media Web site. 14:48:09

4 Right? 14:48:13

5 A. That's correct. 14:48:13

6 Q. So what kind of content does it post? 14:48:16

7 A. Typically sports-related content. 14:48:18

8 Q. Like what kinds of things? 14:48:23

9 A. They have articles on trades happening, 14:48:26

10 recaps of games, stories on players. Maybe even some 14:48:31

11 gossip on players, things happening. You know, 14:48:34

12 anything really relating to sports. 14:48:36

13 Q. In August 2012, Turner Broadcasting System 14:48:42

14 bought Bleacher Report. Right? 14:48:45

15 A. That is correct. 14:48:45

16 Q. And the value of that deal was 14:48:49

17 170 million -- or sorry. Yeah, the value of that 14:48:51

18 deal was -- let me start over. 14:48:53

19 When Turner Broadcasting System bought 14:48:58

20 Bleacher Report, the value of that deal was 14:48:59

21 \$170 million. Right? 14:49:00

22 A. Correct. 14:49:01

23 Q. Were you involved in that transaction? 14:49:04

24 A. No. 14:49:05

25 Q. Did you look at any of the documents from

1 that transaction to see how that valuation was 14:49:10

2 reached? 14:49:11

3 A. We did not have any information from that, 14:49:12

4 no. 14:49:13

5 Q. Do you know whether it was reached through 14:49:17

6 assessing average monthly unique users? 14:49:20

7 A. I don't have that information. 14:49:22

8 Q. So you don't know one way or the other? 14:49:25

9 A. I don't have that information. 14:49:26

10 Q. Do you know whether it was evaluated using 14:49:28

11 the income approach? 14:49:29

12 A. I don't know that. 14:49:30

13 Q. Did you look at Bleacher Report's balance 14:49:34

14 sheet? 14:49:34

15 A. I did not. 14:49:34

16 Q. Did you look at its income statement? 14:49:36

17 A. I did not. 14:49:37

18 Q. Did you review any of its financials? 14:49:39

19 A. I don't believe we did, no. 14:49:41

20 Q. Do you know what its revenue was at the time 14:49:45

21 it was sold? 14:49:46

22 A. I do not. 14:49:49

23 Q. Do you know what its profit was at the time 14:49:51

24 it was sold? 14:49:51

25 A. I do not.

1 Q. Do you know whether its valuation was based 14:49:56
2 on an expectation of future growth? 14:49:58

3 A. I can't know that for certain, but I can I 14:50:03
4 think safely say that most purchases are made with 14:50:08
5 the understanding that there's going to be some 14:50:09
6 future revenue or earnings generated from that. 14:50:15

7 Q. But you don't know one way or another with 14:50:17
8 respect to Bleacher Report? 14:50:18

9 A. I don't have any details pertaining to that 14:50:20
10 other than what's presented in my report. 14:50:22

11 Q. I'm going to be asking you some questions 14:50:24
12 that refer to documents that are referenced in an 14:50:28
13 Exhibit 3 to your report. 14:50:29

14 A. Sure. 14:50:29

15 Q. So if you want to grab that, we can go 14:50:32
16 through the key, decoding all these things. 14:50:35

17 For Bleacher Report, the monthly unique data 14:50:39
18 source was document 43. Right? 14:50:45

19 A. Yes. 14:50:45

20 MR. BERRY: I'd like to mark what I believe 14:51:08
21 is document number 43 as Exhibit 180. 14:51:08

22 (The document referred to was 14:51:37

23 marked as Exhibit 180.) 14:51:37

24 BY MR. BERRY: 14:51:37

25 Q. The document that is now marked as

1 Exhibit 180 is document 43 from your report? 14:51:45

2 A. It looks to be, yes. 14:51:47

3 Q. All right. If you turn to the page -- the 14:51:50

4 second page, this is a Quantcast printout concerning 14:51:57

5 Bleacher Report data. Correct? 14:51:59

6 A. Yes. 14:52:00

7 Q. And this would show the average number of 14:52:02

8 unique users over a period of time? 14:52:08

9 A. Yes. 14:52:08

10 Q. And the time period that you were looking at 14:52:10

11 was the twelve-month period preceding August 2012. 14:52:15

12 Right? 14:52:15

13 A. Right. 14:52:16

14 Q. On this chart, is it fair to say that there 14:52:20

15 is a steep increase during that time period? 14:52:26

16 MR. VOGT: Objection to form. 14:52:28

17 THE WITNESS: I don't know if you'd call 14:52:31

18 that a steep increase, but it's -- it looks to be 14:52:33

19 increasing almost linearly. 14:52:36

20 BY MR. BERRY: 14:52:38

21 Q. Linearly, meaning upward? 14:52:41

22 A. Linearly, meaning in a straight line. I 14:52:43

23 mean, there's a slight -- a slight upwards curve to 14:52:46

24 it, but I don't know that I would call it 14:52:54

25 exceptional.

1 MR. BERRY: I'd like to mark as document 14:52:58

2 Exhibit 181. 14:52:58

3 (The document referred to was 14:53:10

4 marked as Exhibit 181.) 14:53:10

5 BY MR. BERRY: 14:53:11

6 Q. This is a Quantcast printout from 14:53:14

7 Bleacher Report that shows the time period from 14:53:19

8 August 1, 2011 through July 30th, 2012, which is the 14:53:24

9 same period that you looked at. Right? 14:53:26

10 A. That is correct. 14:53:30

11 Q. And how many unique visitors went to 14:53:40

12 Bleacher Report in August of 2011? 14:53:41

13 A. August, looks like 12,152,540. 14:53:52

14 MR. BERRY: Now, I'd like to mark as 14:53:56

15 Exhibit 182. 14:53:56

16 (The document referred to was 14:54:09

17 marked as Exhibit 182.) 14:54:09

18 BY MR. BERRY: 14:54:12

19 Q. Exhibit 182 is a Quantcast printout showing 14:54:15

20 the monthly unique users for that same period of time 14:54:18

21 with the data broken out for July of 2012. 14:54:23

22 What was the number of uniques in July of 14:54:27

23 2012? 14:54:27

24 A. Twenty -- just over 25 million. 14:54:29

25 Q. So in that twelve-month period, the number

1 of unique visitors to Bleacher Report more than 14:54:35
2 doubled. Right? 14:54:36
3 A. That's safe to say. 14:54:50
4 Q. You can set that aside. 14:54:51
5 A. All Bleacher Report ones? 14:54:53
6 Q. Yeah, we'll move on to BuzzFeed. 14:54:55
7 A. Okay. 14:54:56
8 Q. BuzzFeed is the second comp that you looked 14:55:03
9 at. Right? 14:55:03
10 A. Correct. 14:55:04
11 Q. It's a media company that posts 700 pieces 14:55:07
12 of content a day. Correct? 14:55:10
13 A. Sounds close to, yes. 14:55:11
14 Q. Well, that's what your report says. Right? 14:55:16
15 A. Yes. 14:55:17
16 Q. So is that right? 14:55:19
17 A. Sounds accurate and it looks accurate, so. 14:55:21
18 Q. Do you know how many pieces of content 14:55:23
19 Gawker posts each day? 14:55:25
20 A. I don't know exactly. 14:55:26
21 Q. Have you ever been on BuzzFeed's Web site? 14:55:30
22 A. I have. 14:55:31
23 Q. What kind of content does it post? 14:55:34
24 A. Entertainment, social news, news. General 14:55:39
25 content-related topics. Articles.

1 Q. Do you know how long BuzzFeed has been in
2 existence?

14:55:47

14:55:49

3 A. I don't know exactly how many years, no.

14:55:51

4 Q. According to the report, in August 2014,
5 BuzzFeed received \$50 million in funding in a
6 Series E round of funding. Is that right?

14:55:59

14:56:02

14:56:04

7 A. That's correct.

14:56:04

8 Q. What is a Series E round of funding?

14:56:07

9 A. It's multiple rounds of funding they must
10 have had. And so this was a later round of funding
11 where they raised 50 million in capital with a post
12 money valuation of 850 million.

14:56:10

14:56:13

14:56:15

14:56:17

13 Q. And were you involved in that transaction?

14:56:19

14 A. No.

14:56:20

15 Q. And so after this funding, BuzzFeed was
16 valued at -- I think this is what you said -- at
17 \$850 million?

14:56:24

14:56:27

14:56:27

18 A. Post money valuation, yes.

14:56:29

19 Q. Did you look at any documents to see how
20 that valuation was reached?

14:56:32

14:56:33

21 A. There was no documentation as to
22 calculations or valuations done for that, no.

14:56:37

14:56:41

23 Q. Do you know whether it was reached through
24 assessing average monthly unique users?

14:56:43

14:56:46

25 A. I don't know for sure.

1 Q. Do you know whether it was evaluated using 14:56:54
2 the income approach? 14:56:56
3 A. That, I don't know. 14:56:57
4 Q. Did you look at BuzzFeed's balance sheet? 14:57:00
5 A. No. 14:57:00
6 Q. Did you look at its income statement? 14:57:02
7 A. No. 14:57:03
8 Q. Did you review any of its financials? 14:57:05
9 A. I don't think so, no. 14:57:09
10 Q. Do you know what its revenue was at the 14:57:13
11 time? 14:57:13
12 A. I do not. 14:57:14
13 Q. Do you know what its profit was at the time? 14:57:16
14 A. I do not. 14:57:17
15 Q. Do you know whether its valuation was based 14:57:21
16 on an expectation of future growth? 14:57:22
17 A. Again, I think that any purchaser is 14:57:25
18 expecting it to grow and earn additional revenues and 14:57:28
19 profits in the future, but I don't know for certain, 14:57:31
20 no. 14:57:31
21 Q. For BuzzFeed on Exhibit 3, it says that your 14:57:38
22 source for monthly unique data source was 14:57:41
23 document 44. Do you see that? 14:57:41
24 A. Yes. 14:57:42
25 MR. BERRY: I'd like to mark as Exhibit 183

1 this document that you're being handed. 14:58:04

2 (The document referred to was 14:58:06

3 marked as Exhibit 183.) 14:58:06

4 BY MR. BERRY: 14:58:07

5 Q. Is Exhibit 183 document number 44 from your 14:58:10

6 report? 14:58:14

7 A. Looks like it, yes. 14:58:15

8 Q. And the second page on there shows again 14:58:23

9 Quantcast data. Right? 14:58:24

10 A. Right. 14:58:24

11 Q. And this data in page 2 is a chart that 14:58:27

12 shows the number of unique users per month. Right? 14:58:31

13 A. Correct. 14:58:31

14 Q. And how would you describe the number of -- 14:58:36

15 the growth of unique users prior to the time of the 14:58:41

16 valuation? 14:58:43

17 A. Prior to the time of valuation? 14:58:45

18 Q. (Nods head.) In the twelve-month -- sorry. 14:58:48

19 How would you describe the growth of unique 14:58:52

20 users in the twelve-month period preceding the 14:58:57

21 valuation? 14:58:57

22 A. So August 10th. So pretty healthy growth. 14:59:05

23 Q. Did you factor that into your analysis at 14:59:08

24 all? 14:59:08

25 A. No.

1 MR. BERRY: I'd like to mark as Exhibit 184. 14:59:24

2 (The document referred to was 14:59:24

3 marked as Exhibit 184.) 14:59:24

4 BY MR. BERRY: 14:59:39

5 Q. This is Quantcast data showing the average 14:59:43

6 number of unique users from August 2013 through 14:59:47

7 July 2014. That's the same period that you used? 14:59:55

8 A. I'm not seeing through July. I'm seeing 14:59:57

9 August -- 14:59:59

10 MR. BERRY: Right. Why don't we do it this 15:00:00

11 way. I'll mark as Exhibit 185. 15:00:13

12 (The document referred to was 15:00:13

13 marked as Exhibit 185.) 15:00:13

14 BY MR. BERRY: 15:00:14

15 Q. This is Quantcast data. It's the same chart 15:00:16

16 with monthly unique users broken out for July 2014. 15:00:20

17 And 184 shows unique users as of August 2013. 15:00:26

18 Do you see that? 15:00:27

19 A. This 184 shows August 1 to August 30th, and 15:00:30

20 185 shows July 1 to July 30th, 2014. 15:00:34

21 Q. Right. It breaks out the data of unique 15:00:37

22 users for those two dates. Correct? 15:00:38

23 A. Right. 15:00:39

24 Q. But the chart itself is the same. It shows 15:00:41

25 the twelve-month period that you used in your

1 analysis. Right? 15:00:49

2 It's a little hard to tell. 15:00:50

3 A. It's hard to tell, but I'm going to take 15:00:52

4 your word for it. It looks about correct. 15:00:54

5 Q. Okay. So in August 2013, how many unique 15:00:59

6 users did BuzzFeed have that month? 15:01:00

7 A. Almost 84 million. 15:01:01

8 Q. And looking at July 2014, how much did it 15:01:06

9 have? 15:01:07

10 A. Almost 159 million. 15:01:09

11 Q. So it had almost doubled the number of 15:01:12

12 unique users in a twelve-month period. Right? 15:01:15

13 A. Not quite doubled, but almost. 15:01:31

14 Are we done with that? 15:01:33

15 Q. Yeah, yeah. 15:01:34

16 Are you aware that BuzzFeed is the 15:01:36

17 seventh-ranked site by viewers in the United States 15:01:39

18 according to Quantcast? 15:01:42

19 MR. VOGT: Objection to form. 15:01:42

20 THE WITNESS: I believe I might have seen 15:01:45

21 something to that effect. 15:01:46

22 BY MR. BERRY: 15:01:46

23 Q. Did that factor into the value of the site 15:01:48

24 at all? 15:01:51

25 A. No.

1 Q. Other than the fact that they have just a 15:01:56
2 large number of unique users, that would value into 15:01:59
3 any -- that would affect any site's value. Right? 15:02:02

4 A. Sure. 15:02:03

5 Q. The next comp you used is 15:02:07
6 huffingtonpost.com. Right? 15:02:08

7 A. That is correct. 15:02:08

8 Q. It's a media company that posts content to 15:02:12
9 the Web as well. Correct? 15:02:12

10 A. It's a content-based Web site media company, 15:02:15
11 yes. 15:02:15

12 Q. Do you know how many pieces of content it 15:02:17
13 posts each day? 15:02:17

14 A. I don't. 15:02:18

15 Q. Have you ever been on that site? 15:02:20

16 A. I have. 15:02:20

17 Q. What kind of content does it post? 15:02:24

18 A. News, entertainment. I think they even have 15:02:26
19 some sports, politics. General, you know, content 15:02:31
20 regarding a lot of different topics. 15:02:32

21 Q. In March 2011, AOL acquired Huffington Post 15:02:39
22 for \$295.9 million. Right? 15:02:43

23 A. That is correct. 15:02:43

24 Q. Were you involved in that transaction? 15:02:44

25 A. No.

1 Q. Did you look at any of the deal documents 15:02:48
2 for that transaction to see how the valuation was 15:02:50
3 reached? 15:02:52

4 A. We did not. 15:02:52

5 Q. Do you know whether it was reached through 15:02:55
6 assessing average monthly unique users? 15:02:58

7 A. I do not. 15:02:58

8 Q. Do you know whether it was reached through 15:03:02
9 using the income approach? 15:03:03

10 A. I do not. 15:03:04

11 Q. Do you know whether it was reached based on 15:03:07
12 an expectation of future growth? 15:03:09

13 A. Again, I think that the buyer is expecting 15:03:13
14 there to be future growth, revenue and profit 15:03:15
15 potential from it. But I don't know for certain. 15:03:19

16 Q. Did you look at Huffington Post's balance 15:03:22
17 sheet? 15:03:22

18 A. I do not. 15:03:22

19 Q. Did you look at its income statement? 15:03:24

20 A. No. 15:03:25

21 Q. Did you review any of its financials? 15:03:27

22 A. No. 15:03:28

23 Q. Did you know what its -- do you know what 15:03:33
24 its revenue was at the time of the sale to AOL? 15:03:36

25 A. I do not have that information in front of

1 me. 15:03:38

2 Q. Do you know what its profit was? 15:03:40

3 A. I do not know. 15:03:40

4 Q. Based on your report, I understand the data 15:03:47

5 about Huffington Post's monthly unique users was not 15:03:50

6 available on Quantcast. Right? 15:03:51

7 A. Correct. 15:03:51

8 Q. And so you used an article from 15:03:54

9 Business Insider? 15:03:54

10 A. That is correct. 15:03:55

11 Q. Did you do anything to verify the numbers 15:03:57

12 that were reported in Business Insider? 15:03:59

13 A. Business Insider has been a fairly reputable 15:04:02

14 source. We've used it before. And so we took their 15:04:06

15 -- their monthly unique user data at face value. 15:04:10

16 Q. But you did nothing to verify it? 15:04:12

17 A. We looked on Quantcast, but that information 15:04:15

18 was not available there. 15:04:16

19 Q. And so you didn't do anything to verify the 15:04:19

20 number that was reported by Business Insider? 15:04:22

21 A. I'm not sure how we would verify it. We, 15:04:25

22 again, took the information from Business Insider 15:04:27

23 that we find to be a reputable source and used it. 15:04:30

24 Q. Okay. And in that Business Insider 15:04:32

25 report -- well, actually, why don't we -- in -- I'll

1 show you the document. We'll do it this way. 15:04:38

2 On Exhibit 3 for monthly unique data source, 15:04:42

3 it points to document 13? 15:04:43

4 A. Correct. 15:04:44

5 Q. Which is that Business Insider article. 15:04:46

6 Right? 15:04:46

7 A. I'll look, but I'm -- 15:04:51

8 Yes. 15:04:51

9 MR. BERRY: I'd like to mark that as 15:04:56

10 Exhibit 186. 15:05:09

11 (The document referred to was 15:05:10

12 marked as Exhibit 186.) 15:05:10

13 BY MR. BERRY: 15:05:19

14 Q. All right. So at the bottom of the first 15:05:24

15 page -- sorry. 15:05:25

16 Exhibit 186 is document 13 that's referred 15:05:29

17 to in your report. Is that right? 15:05:32

18 A. Yes. 15:05:32

19 Q. On the bottom of the first page I think is 15:05:35

20 the sentence that we were talking about. It says: 15:05:38

21 "Its audience has more than 15:05:40

22 tripled from 25 million people 15:05:42

23 before the AOL deal to 84 million 15:05:45

24 at the end of October." 15:05:47

25 Do you see that? It runs on to the next

1	page.	15:05:49
2	A. Yes.	15:05:52
3	Q. So in that -- in the time period following	15:05:58
4	the purchase, the number of unique users to	15:06:04
5	Huffington Post more than tripled. Right?	15:06:06
6	A. That's correct.	15:06:06
7	MR. VOGT: Objection to form.	15:06:09
8	BY MR. BERRY:	15:06:15
9	Q. The next comp that you used was ozy.com.	15:06:23
10	Right?	15:06:25
11	A. Yes.	15:06:25
12	Q. And that's a media company that posts	15:06:28
13	content to the Web. Right?	15:06:29
14	A. That's correct.	15:06:29
15	Q. Have you ever been on that site?	15:06:30
16	A. I have.	15:06:31
17	Q. What do you -- what kind of content does it	15:06:35
18	post?	15:06:36
19	A. News. Current events.	15:06:38
20	Q. Do you know how many posts it does a day?	15:06:41
21	A. I don't.	15:06:41
22	Q. Do you know anything about the company?	15:06:45
23	A. Other than that they had a transaction and	15:06:48
24	when they started, no.	15:06:50
25	Q. Do you know when it started?	

1 A. Actually, I just -- I don't know exactly the 15:06:56
2 date that it started. 15:06:57
3 Q. Do you have an idea? 15:06:59
4 A. I don't. 15:06:59
5 Q. Do you have a sense of whether it's a 15:07:01
6 relatively new Web site? 15:07:05
7 A. It's fairly new, I believe. 15:07:06
8 Q. Do you have any sense of how new? 15:07:13
9 A. I don't. Sometime last year maybe. 15:07:19
10 Q. Do you know what its projected ad revenue 15:07:24
11 is? 15:07:24
12 A. I do not. 15:07:25
13 Q. Do you know whether it projects to have 15:07:29
14 future revenue streams other than advertising? 15:07:32
15 A. I do not. But that would be the potential 15:07:36
16 future monetization. 15:07:38
17 Q. In March 2014, Ozy received \$20 million in 15:07:45
18 funding. Right? 15:07:46
19 A. Yes. 15:07:46
20 Q. Were you involved in that transaction? 15:07:48
21 A. No. 15:07:49
22 Q. And at the time of that transaction, it was 15:07:53
23 valued at \$120 million. Right? 15:07:56
24 A. Post money valuation of 120 million, yes. 15:07:59
25 Q. Did you look at any of the documents in that

1 transaction to see what that valuation was based on? 15:08:06

2 A. We did not have that information, no. 15:08:08

3 Q. Do you know whether it was reached through 15:08:10

4 assessing average monthly unique users? 15:08:12

5 A. I do not have that information. 15:08:14

6 Q. So you don't know? 15:08:15

7 A. I don't know. 15:08:16

8 Q. Do you know whether it was reached by 15:08:20

9 evaluating the income approach? 15:08:21

10 A. I do not know. 15:08:22

11 Q. Do you know whether the valuation was based 15:08:25

12 on expectations of future growth? 15:08:28

13 A. Again, I would assume that a purchaser of 15:08:30

14 that is going to expect there to be future growth 15:08:34

15 potential for revenue and earnings, but I don't have 15:08:36

16 that information. 15:08:37

17 Q. Did you look at Ozy's balance sheet? 15:08:40

18 A. I did not. 15:08:40

19 Q. Did you look at its income statement? 15:08:43

20 A. I did not. 15:08:43

21 Q. Did you review any of its financials? 15:08:45

22 A. I did not. 15:08:45

23 Q. Do you know what Ozy's revenue was at the 15:08:50

24 time of this funding? 15:08:50

25 A. I do not know.

1 Q. Do you know what its profit was at that 15:08:54
2 time? 15:08:54

3 A. I don't know. 15:08:55

4 Q. For Ozy, according to Exhibit 3, footnote 2, 15:09:03
5 you only had one month of unique user visitor data 15:09:08
6 available. Right? 15:09:10

7 A. That is correct. 15:09:10

8 Q. And that was from October 2014. Is that 15:09:13
9 right? 15:09:13

10 A. Correct. 15:09:14

11 Q. You don't know what the unique user data was 15:09:16
12 for prior months. Right? 15:09:18

13 A. That's correct. 15:09:18

14 Q. On Exhibit 3, it says that the source for 15:09:28
15 monthly unique data was document 47. Do you see 15:09:31
16 that? 15:09:32

17 A. I do see that. 15:09:34

18 MR. BERRY: I'd like to go ahead and mark 15:09:51
19 that as Exhibit 187. 15:09:51

20 (The document referred to was 15:10:06
21 marked as Exhibit 187.) 15:10:06

22 BY MR. BERRY: 15:10:17

23 Q. Exhibit 187 is document 47 that you refer to 15:10:22
24 in your report? 15:10:23

25 A. That's correct.

1 Q. And this document was printed on January 15:10:27
2 21st, 2015. Right? 15:10:29

3 A. Right. 15:10:32

4 Q. So this shows monthly uniques of -- that's 15:10:40
5 less than -- sorry. Sorry. 15:10:50

6 That was roughly three months, give or take, 15:10:53
7 after the -- three to four months after the funding 15:10:55
8 that it received? 15:10:57

9 A. Well, the valuation date was March 31st, 15:11:00
10 2014, so October would be seven months later. 15:11:04

11 Q. Okay. Sorry. My question was not either 15:11:09
12 correct or well stated. Let me ask the question I 15:11:12
13 meant to ask you. 15:11:13

14 A. Sure. 15:11:13

15 Q. This document was printed in January 2015. 15:11:13
16 Right? 15:11:22

17 A. That's what the date says. 15:11:23

18 Q. Excellent. All right. So this was three 15:11:25
19 months after the data was obtained for October 2014 15:11:29
20 that you used in the calculation of average monthly 15:11:34
21 uniques for Ozy. Right? 15:11:37

22 A. Almost three months. 15:11:38

23 Q. And at that point, Ozy had roughly 5 million 15:11:44
24 monthly unique users. Right? 15:11:47

25 A. Right. And by --

1 Q. In October, two thou- -- 15:11:51

2 A. In October, correct. 15:11:51

3 Q. Correct. So if you flip to the second page 15:11:54

4 of Exhibit 187, by the end of December, it had what 15:12:02

5 looks to be at roughly 9 million. Correct? 15:12:04

6 A. Approximately, yes. 15:12:07

7 Q. Again, that's slightly less than -- it's 15:12:10

8 almost doubled the number of unique users between 15:12:13

9 October and December. Right? 15:12:17

10 A. Not quite doubled, but. 15:12:20

11 Q. 80 percent increase or so? 15:12:22

12 A. About. 15:12:32

13 Q. For each of those first four comps that we 15:12:37

14 were talking about -- Bleacher Report, BuzzFeed, 15:12:45

15 Huffington Post, and now ozy.com -- do you know what 15:12:49

16 kind of ads any of them post? 15:12:52

17 A. I do not. 15:12:53

18 Q. Do you know the value of the ads that those 15:12:56

19 companies post? 15:12:57

20 A. What do you mean by that? 15:12:58

21 Q. How much revenue per ad those companies 15:13:04

22 generate? 15:13:04

23 A. I do not have that information. 15:13:07

24 Q. The fifth company you used was 15:13:15

25 grandparents.com?

1 A. That is correct. 15:13:16

2 Q. What is comparable between grandparents.com 15:13:20

3 and gawker.com? 15:13:22

4 A. They're content-based sites. They have 15:13:24

5 stories, articles. They drive readers. They have 15:13:28

6 users that go to their site in order to absorb 15:13:31

7 content. 15:13:35

8 Q. Grandparents.com, according to your report, 15:13:38

9 serves the age 50-plus demographic market. Right? 15:13:41

10 A. That's what grandparents.com states, yes. 15:13:45

11 Q. In reality, though, don't most of 15:13:48

12 grandparents.com's users, aren't their ages even 15:13:52

13 older than 50? 15:13:53

14 A. They're actually even younger. 15:13:55

15 Q. Really? 15:13:55

16 A. Yeah. 15:13:55

17 Q. Where is that data from? 15:13:56

18 A. From Quantcast. 15:13:58

19 Q. Do you have that available? 15:14:00

20 A. I don't have it in front of me. 15:14:01

21 Q. Is it something that you relied on? 15:14:04

22 A. It's something that I -- again, I think we 15:14:06

23 mentioned this earlier, that we looked at the 15:14:08

24 demographics data of the three sites that Quantcast 15:14:12

25 had information for -- so that was Gawker,

1 grandparents.com, and Bleacher Report -- and the 15:14:19
2 grandparents.com demographics, according to the data 15:14:23
3 on Quantcast, actually, it skews fairly young. 15:14:26
4 There's actually a large position of that that's 15:14:30
5 under 18 years old. 15:14:31

6 So that's why there was no information in 15:14:33
7 that demographics data that we reviewed that showed 15:14:37
8 that demographics would have any effect on the 15:14:39
9 analysis or valuation that we did. 15:14:41

10 MR. BERRY: I'd like to mark as Exhibit 188. 15:14:41

11 (The document referred to was 15:16:34
12 marked as Exhibit 188.) 15:16:34

13 BY MR. BERRY: 15:16:39

14 Q. This is a Quantcast report for 15:16:41
15 grandparents.com that was printed on March 19th that 15:16:44
16 shows the distribution of unique users between 15:16:45
17 January 2014 and December of 2014 with the number for 15:16:50
18 December 2014 broken out separately? 15:16:53

19 A. I didn't give this to you. 15:16:54

20 Q. Correct. 15:16:55

21 A. Okay. 15:16:55

22 Q. We printed that out -- 15:16:56

23 A. Okay. 15:16:57

24 Q. -- off of grandparents.com? 15:16:59

25 A. Okay. Well, off of Quantcast.

1 Q. I'm sorry. Off of Quantcast about 15:17:02
2 grandparents.com. 15:17:02

3 If you turn to page 2, the top left-hand 15:17:08
4 corner, there's data about the demographics of 15:17:12
5 grandparents.com that shows the age distribution. 15:17:14

6 Do you see that? 15:17:15

7 A. I do. 15:17:15

8 Q. Is that the distribution that you looked at 15:17:19
9 when you said that it skews younger? 15:17:21

10 A. No, that's an index. That's different. I 15:17:23
11 actually looked at data -- it's on Quantcast -- that 15:17:26
12 shows the percentage of users that go to 15:17:29
13 grandparents.com. So what percentage of each of 15:17:31
14 these age groups are made of and that's the data I 15:17:36
15 was referring to. It was actually a very large 15:17:39
16 portion of the under 18 segment, I think it was -- I 15:17:42
17 don't want to guess, but the data was on Quantcast. 15:17:45

18 You have to click a little box. I think 15:17:47
19 maybe even the "See More" box right there, I'm not 15:17:50
20 sure there's a box, you click it and it drops down, 15:17:53
21 and then it gives you percentages of each of the 15:17:55
22 demographics. That's the data that I looked at. 15:17:57

23 Q. And what does this data here show? 15:18:00

24 A. This is an index, so it just shows that -- 15:18:03
25 I'm not sure how they're indexing it, to tell you the

1 truth. I haven't seen this before. 15:18:17

2 Are we done with this one? 15:18:19

3 Q. For now. 15:18:20

4 You've been to the grandparents.com Web 15:18:27

5 page? 15:18:27

6 A. I have. 15:18:27

7 Q. What kind of content does it post? 15:18:30

8 A. Again, there's stories, articles. Content 15:18:34

9 to be read by the user base of grandparents.com. 15:18:37

10 Q. So what kind of content? What kind of 15:18:40

11 articles? 15:18:41

12 A. I don't remem- -- I'm not going to guess the 15:18:43

13 exact stories, but I looked through four or five or 15:18:45

14 six different stories that were on there. 15:18:46

15 Q. Were they the kind of stories that you'd 15:18:49

16 also see on gawker.com? 15:18:51

17 A. I don't know if you would or not. 15:18:52

18 MR. BERRY: I'd like to mark this as 15:19:04

19 Exhibit 189. 15:19:04

20 (The document referred to was 15:19:17

21 marked as Exhibit 189.) 15:19:17

22 BY MR. BERRY: 15:19:22

23 Q. Exhibit 189 is a printout of the home page 15:19:24

24 of grandparents.com. 15:19:28

25 A. Okay.

1 Q. Grandparents.com is affiliated with this 15:19:36
2 American Grandparents Association. Right? 15:19:39
3 A. The AGA? 15:19:40
4 Q. Yes. 15:19:41
5 A. I would assume there's an affiliation. 15:19:46
6 There's a -- they're using the AGA logo and branding, 15:19:49
7 so there's probably some partnership or agreement 15:19:52
8 there. 15:19:52
9 Q. Well, you looked at the 10-K, didn't you? 15:19:54
10 A. Yeah. 15:19:55
11 Q. Isn't American Grandparents Association 15:19:58
12 grandparents.com? 15:20:00
13 They're one and the same? 15:20:01
14 A. I'd have to look at the 10-K. Do you have 15:20:03
15 it? 15:20:10
16 They very well could be. I just don't 15:20:12
17 remember off the top of my head if they're one and 15:20:14
18 the same. 15:20:15
19 Q. If you'd flip to page 4 -- or, sorry, the 15:20:19
20 last page on your 5 now. It says "Join Now." It's a 15:20:27
21 membership organization, isn't it? 15:20:29
22 MR. VOGT: Objection to form. 15:20:30
23 THE WITNESS: They're -- they want you to 15:20:32
24 join their site, sure. But it's not a 15:20:35
25 subscription-based organization.

1 BY MR. BERRY: 15:20:40

2 Q. Well, it provides promotions and discounts 15:20:42

3 for members. Right? 15:20:43

4 A. They have -- 15:20:43

5 MR. VOGT: Objection to form. 15:20:44

6 THE WITNESS: They have promotions and 15:20:46

7 discounts, sure. 15:20:47

8 BY MR. BERRY: 15:20:47

9 Q. And there's certain content that's limited 15:20:49

10 to members. Right? 15:20:50

11 A. Some of the content is, yes. 15:20:51

12 Q. Is that like Gawker? 15:20:53

13 A. I don't know if Gawker has a membership. I 15:20:58

14 don't believe they do. 15:20:59

15 Q. Right. And before when you were telling me 15:21:01

16 which comps you selected, it was ones that weren't 15:21:03

17 subscription based. Right? 15:21:05

18 A. Subscription based, not membership based. 15:21:07

19 Q. Well, certain content of grandparents.com is 15:21:11

20 off limits unless you pay a membership. Right? 15:21:14

21 MR. VOGT: Objection to form. 15:21:15

22 THE WITNESS: I don't know if that's true 15:21:16

23 for how much of the content. I don't know. 15:21:18

24 BY MR. BERRY: 15:21:19

25 Q. But that's different than Gawker?

1 A. It's not different in the sense that there 15:21:24
2 is content that you can get from grandparents.com 15:21:27
3 directly off the Web site without having a 15:21:30
4 membership. 15:21:31

5 Q. Do you know whether gawker.com sells 15:21:33
6 memberships to see certain content? 15:21:36

7 A. I don't know if they do. 15:21:37

8 Q. Grandparents.com is a publicly traded 15:21:43
9 company. Right? 15:21:44

10 A. Correct. 15:21:44

11 Q. So its value changes daily? 15:21:51

12 A. It can change daily. 15:21:52

13 Q. As the stock value fluctuates, the value of 15:21:56
14 the company fluctuates. Right? 15:21:58

15 A. That is correct. 15:21:58

16 Q. And according to your report, the value of 15:22:00
17 grandparents.com on December 31st, 2014 is 15:22:04
18 \$31,280,000. Right? 15:22:07

19 A. Correct. 15:22:08

20 Q. And using the Exhibit 3 for 15:22:16
21 grandparents.com, the valuation source refers to 15:22:20
22 document 46. 15:22:21

23 Do you see that? 15:22:22

24 A. Yes. 15:22:45

25 MR. BERRY: I'd like to mark this as

1 Exhibit 190. 15:22:46

2 (The document referred to was 15:23:00

3 marked as Exhibit 190.) 15:23:00

4 BY MR. BERRY: 15:23:00

5 Q. Exhibit 190 is document 46. Right? 15:23:08

6 A. That is correct. 15:23:09

7 Q. And the value -- this is from S&P 15:23:15

8 Capital IQ. Right? 15:23:16

9 A. Correct. 15:23:17

10 Q. This is the company you mentioned earlier? 15:23:18

11 A. I did, yes. 15:23:19

12 Q. Kind of changing gears to something I meant 15:23:22

13 to ask you earlier about S&P Capital IQ. 15:23:27

14 In the situations where there were 15:23:30

15 transactions dealing with either a sale of a company 15:23:33

16 or funding transactions as there were for Bleacher 15:23:37

17 Report, BuzzFeed, Huffington Post, or Ozy, where does 15:23:43

18 S&P Capital get the information that it provides to 15:23:46

19 you on those private funding transactions? 15:23:48

20 A. Typically, it's from public filings of some 15:23:50

21 sort. Investment houses, venture capital firms, 15:23:54

22 sometimes they make public filings. Sometimes they 15:23:57

23 make the information public. 15:23:59

24 I don't know for certain exactly where they 15:24:01

25 get the information, but it's public sources.

1 Q. Do you know where it got the information on 15:24:08
2 any of the transactions that we talked about for 15:24:10
3 those four companies? 15:24:11

4 A. Again, probably from public filings of those 15:24:13
5 companies or of the investors that are investing into 15:24:17
6 those companies or Web sites. 15:24:18

7 Q. But you don't know -- you don't have a 15:24:20
8 specific knowledge for these four companies where 15:24:24
9 S&P Capital IQ got the information that's reported in 15:24:27
10 the printouts that you used? 15:24:29

11 A. I don't know specifically where S&P Capital 15:24:33
12 IQ got that information, but Capital IQ and S&P is 15:24:37
13 one of the most reputable data sources when it comes 15:24:40
14 to information like this, and we -- we have to, and a 15:24:43
15 lot of publicly com- -- public companies that use 15:24:46
16 S&P Capital IQ for information, have to rely on their 15:24:48
17 data. It is -- it is sound data. 15:24:51

18 Q. Okay. Sorry for the little detour there. I 15:24:53
19 meant to ask you earlier. 15:24:53

20 A. Oh, sure. 15:24:55

21 Q. Going back to grandparents.com and 15:24:59
22 S&P Capital IQ, so document 1 -- Exhibit 190 shows 15:25:08
23 that the valuation as of December 31st, 2014 was 15:25:11
24 roughly \$31.3 million. Right? 15:25:13

25 A. Correct.

1 Q. Are you familiar with Yahoo Finance? 15:25:25

2 A. I am. 15:25:26

3 Q. What is Yahoo Finance? 15:25:31

4 A. It's a Web site that has financial 15:25:33

5 information on publicly traded companies, 15:25:37

6 commodities, stocks, financial-related information. 15:25:40

7 Q. Is the information on there reliable? 15:25:45

8 A. It can be, yeah. 15:25:47

9 MR. BERRY: Before we get to Yahoo Finance, 15:25:50

10 I want to mark as Exhibit 191 another document from 15:26:04

11 S&P Capital IQ. 15:26:05

12 (The document referred to was 15:26:05

13 marked as Exhibit 191.) 15:26:05

14 BY MR. BERRY: 15:26:09

15 Q. And this I believe is document 23 in your 15:26:17

16 report if you look at page 13 of the report -- 15:26:23

17 A. Page 13? 15:26:25

18 Q. -- in footnote 57. 15:26:27

19 A. Footnote 57 is document 23, the codex. 15:26:35

20 Looks correct. 15:26:41

21 Q. Okay. So this was another document from 15:26:46

22 S&P Capital IQ that you looked at. Right? 15:26:48

23 A. That's correct. 15:26:48

24 Q. All right. And this was printed on 15:26:50

25 December 23rd, 2014. Is that right?

1 A. That's -- appears to be correct, yes. Or I 15:27:02
2 don't know when it was printed. 15:27:03

3 Q. Well, it says at the bottom left-hand 15:27:06
4 corner -- 15:27:06

5 A. "Date Created"? 15:27:06

6 Q. -- "Date Created"? 15:27:07

7 A. Yeah, I'm not sure what that means, but most 15:27:11
8 likely, yes. 15:27:12

9 Q. If you look on the side of that chart, it 15:27:16
10 shows the total enterprise value under 15:27:20
11 "Capitalization"? 15:27:20

12 A. Right. 15:27:20

13 Q. The total enterprise value there is 15:27:23
14 27,260,000. Right? 15:27:25

15 A. Correct. 15:27:26

16 Q. So assuming this was printed on December 15:27:30
17 23rd, the value increased 10 percent in eight days? 15:27:37

18 A. No. That's -- that information is not quite 15:27:40
19 accurate for the total enterprise value. 15:27:43

20 You see, they're mixing data from multiple 15:27:48
21 points throughout the year. The reason we use 15:27:51

22 December 31st, 2014 for our value of grandparents.com 15:27:56

23 is because that's using -- keeping an apples and 15:28:01

24 apples, not apples and oranges. Right? We're taking 15:28:05

25 information from December 31st and comparing it with

1 information from December 31st. 15:28:09

2 The reason we didn't use this date or March, 15:28:11
3 as I believe you're going to show me with the 15:28:14
4 Yahoo Finance information, is because they're mixing 15:28:16
5 old information with current information. So current 15:28:18
6 market cap with old debt and cash information, so it 15:28:21
7 doesn't give you an accurate picture of the true 15:28:23
8 enterprise value. 15:28:24

9 So by looking at it at December 31st, 2014, 15:28:29
10 we're comparing apple data to apple data. 15:28:32

11 Q. And what -- explain to me what information 15:28:38
12 is available on December 31st that wouldn't have been 15:28:41
13 correct on December 23rd? 15:28:42

14 A. Well, companies file 10-Ks at the end of 15:28:45
15 their fiscal year, and so you're going to have 15:28:48
16 accurate -- and it takes time for companies to make 15:28:51
17 their filings. Typically, you know, a couple months 15:28:54
18 or so. And so their December 31 financials will be 15:28:58
19 complete a couple months later. 15:29:01

20 So in the March data -- or December data 15:29:05
21 here, they're likely using different debt and cash 15:29:10
22 information to come up with their enterprise value 15:29:12
23 calculation than they would, it -- so they're using a 15:29:15
24 different date for some information than other 15:29:18
25 information. Whereas if you look at the December

1 31st information that's presented, it's using 15:29:24
2 December 31st information and comparing it to 15:29:26
3 December 31st information. 15:29:28

4 So it's a more accurate representation of 15:29:29
5 value at that point in time. 15:29:31

6 Q. Do you know if the values used in 15:29:38
7 Exhibit 191 for those things that you said might 15:29:40
8 change, whether they did change between December 23rd 15:29:43
9 and December 31st? 15:29:46

10 A. I don't know if they did. But -- well, they 15:29:49
11 must have changed because, as you said, the values 15:29:52
12 are slightly different. 15:29:53

13 Q. Well, couldn't that also just be the value 15:29:57
14 of the stock changing? 15:29:58

15 A. It could be stock mixed with other items 15:30:00
16 that go into the enterprise value. 15:30:02

17 So that's why, to keep things consistent and 15:30:06
18 to have a common denominator of time, we used 15:30:09
19 December 31, 2014 as it's a more accurate 15:30:12
20 representation of the value of the company. 15:30:14

21 Q. Is that data also available in SEC quarterly 15:30:25
22 files? 15:30:26

23 A. It can be. 15:30:27

24 Q. Did -- looking at this Exhibit 191, the 15:30:46
25 share price of grandparents.com on that date was 21

1 cents. Right? 15:30:52

2 A. That's correct. 15:30:52

3 Q. So this is sold as an over-the-counter 15:30:55

4 stock. Right? 15:30:59

5 A. I believe so, yes. 15:31:01

6 Q. I mean, in common parlance, when we talk -- 15:31:01

7 A. OTCPK, yeah. 15:31:01

8 Q. Yeah, people talk about these as penny 15:31:03

9 stocks? 15:31:03

10 A. Sure. 15:31:04

11 Q. Is the value of the stock contingent on 15:31:11

12 anything that's posted on grandparents.com? 15:31:15

13 MR. VOGT: Objection to form. 15:31:15

14 THE WITNESS: I'm not sure what you mean by 15:31:17

15 that. 15:31:17

16 BY MR. BERRY: 15:31:17

17 Q. Well, as the stock price changes, does it 15:31:19

18 change based on any posting to grandparents.com? 15:31:22

19 MR. VOGT: Objection to form. 15:31:24

20 THE WITNESS: I don't know if that's true or 15:31:26

21 not. 15:31:26

22 BY MR. BERRY: 15:31:39

23 Q. Jumping now to the Yahoo Finance. 15:31:40

24 A. Oh, we're going to do Yahoo now? 15:31:42

25 Q. Yeah.

1 A. Okay. 15:31:43

2 MR. BERRY: Which we'll mark as Exhibit 192. 15:31:43

3 (The document referred to was 15:31:56

4 marked as Exhibit 192.) 15:31:56

5 THE WITNESS: I can put this one away? 15:31:58

6 MR. BERRY: Yeah. 15:31:59

7 BY MR. BERRY: 15:32:08

8 Q. So Exhibit 192 is a printout from 15:32:10

9 Yahoo Finance from March 19th, 2015. 15:32:21

10 Here in the first box under "Valuation 15:32:26

11 Measures," it reports that the enterprise value as of 15:32:28

12 March 19th, 2015 is 26.17 million? 15:32:33

13 Do you see that? 15:32:33

14 A. Yes. 15:32:36

15 Q. And I guess for the reasons that you 15:32:38

16 explained a couple moments ago, you feel that that 15:32:41

17 enterprise value number may not be accurate. Right? 15:32:44

18 A. It's not as accurate as looking at a 15:32:47

19 December 31st, 2014. You'll see there's a footnote 3 15:32:51

20 next to that number there? 15:32:51

21 Q. Hm-hm. 15:32:54

22 A. And so that footnote 3 says: 15:32:57

23 "Data derived from multiple 15:32:59

24 sources or calculated by 15:33:00

25 Yahoo Finance." 15:33:00

1 So the multiple sources there would be, 15:33:04
2 likely, and I don't -- I'm not -- I haven't seen the 15:33:07
3 data, but I know through Capital IQ how it works 15:33:10
4 because we actually looked at this and I thought 15:33:12
5 about this before selecting December 31st as the date 15:33:16
6 for the valuation, that they will draw data from an 15:33:20
7 older filing and incorporate it with market 15:33:24
8 information, including the current share price as of 15:33:27
9 today. And so you're mixing old information with 15:33:30
10 current information and it's not as accurate as 15:33:32
11 taking a December 31st where I have actual filings 15:33:35
12 for December 31st. So all the data necessarily go -- 15:33:38
13 necessary to go into that enterprise valuation is 15:33:40
14 from the same point in time. 15:33:41
15 Q. Do you know what the stock price of 15:33:43
16 grandparents.com was on December 31st? 15:33:46
17 A. I don't know the exact stock price. 15:33:49
18 Q. On March 19th -- or March 18th, according to 15:33:55
19 Yahoo Finance, it was a little over 20 cents a share. 15:33:55
20 Right? 15:33:59
21 A. March 19th? March 18th? Yes. 15:34:02
22 Q. And, again, that would -- the value of that 15:34:06
23 stock price would affect the overall valuation of the 15:34:08
24 company. Correct? 15:34:09
25 MR. VOGT: Objection to form.

1 THE WITNESS: The value of the stock price 15:34:13
2 would have an effect on the value of the company, 15:34:16
3 sure. 15:34:16

4 BY MR. BERRY: 15:34:16

5 Q. So if the stock price was higher on 15:34:19
6 December 31st, the valuation would be higher than on 15:34:23
7 March 18th? 15:34:24

8 MR. VOGT: Objection to form. 15:34:26

9 THE WITNESS: That could be true. 15:34:28

10 BY MR. BERRY: 15:34:28

11 Q. And the converse could be true, too. Right? 15:34:31

12 If the valuation of the stock price was 15:34:33
13 lower, then it might be lower, overall valuation? 15:34:36

14 MR. VOGT: Objection to form. 15:34:37

15 THE WITNESS: It could be true. There's 15:34:39
16 also cash and debt that gets factored into the 15:34:42
17 calculation of enterprise value. So I say it could 15:34:45
18 be true 'cause I'd have to see specifically what 15:34:47
19 other items are included in that. 15:34:48

20 But it also should be noted that earnings 15:34:52
21 were negative for grandparents.com. In other words, 15:34:55
22 they had negative EBITDA. And this is just another 15:34:59
23 reason why to do an income approach on 15:35:03
24 grandparents.com, it wouldn't work. You have to do a 15:35:08
25 market approach.

1	BY MR. BERRY:	15:35:12
2	Q. Hm-hm. Was any --	15:35:39
3	A. Done with these?	15:35:41
4	Q. Yeah. The last comp that you used was Yelp.	15:35:41
5	Right?	15:35:49
6	A. Correct.	15:35:49
7	Q. Tell me what Yelp is.	15:35:52
8	A. It's a content-based Web site. Has	15:35:57
9	information relating to services, restaurants,	15:36:01
10	businesses, stores.	15:36:03
11	Q. So you've been on the Yelp Web site?	15:36:07
12	A. I have.	15:36:07
13	Q. Do you use Yelp in your personal life?	15:36:11
14	A. Sometimes.	15:36:11
15	Q. How is Yelp comparable to Gawker?	15:36:14
16	A. It's a content-based site. Drives revenue	15:36:17
17	through advertising. It has the potential to	15:36:20
18	monetize those users in the future. Again, it's a	15:36:24
19	content-based site.	15:36:25
20	Q. Yelp offers, I guess as you said, reviews	15:36:30
21	and information on restaurants. Right?	15:36:31
22	A. Correct.	15:36:32
23	Q. It offers reviews and information on	15:36:35
24	different shops. Correct?	15:36:37
25	A. Correct.	

1 Q. Offers reviews and information on spas and 15:36:41
2 salons, doesn't it? 15:36:43

3 A. I don't know if I've looked at a spa or 15:36:45
4 salon, but I'll believe you that you say that. 15:36:47

5 Q. You can go on Yelp and see when a business 15:36:50
6 is opened. Right? 15:36:51

7 A. I believe you can, yes. 15:36:52

8 Q. You can see where the business is located. 15:36:54
9 Right? 15:36:54

10 A. Correct. 15:36:55

11 Q. You can see for restaurants what's on the 15:36:58
12 restaurant menu. Right? 15:37:00

13 A. At times, yes. 15:37:01

14 Q. You can go and see what other people thought 15:37:04
15 of the business. Right? 15:37:05

16 A. Correct. 15:37:06

17 Q. For some restaurants, you can make 15:37:08
18 reservations through Yelp. Right? 15:37:11

19 A. I don't know for sure, but possibly. 15:37:13

20 Q. Basically with Yelp, people go there to find 15:37:17
21 places where they're going to spend their money. 15:37:17
22 Right? 15:37:20

23 A. Go there -- 15:37:20

24 MR. VOGT: Objection to form. 15:37:21

25 THE WITNESS: They go there to find the

1	information.	15:37:24
2	BY MR. BERRY:	15:37:24
3	Q. When you go to Yelp, why do you go to Yelp?	15:37:26
4	A. If I'm looking for information.	15:37:27
5	Q. On?	15:37:30
6	A. A restaurant. A store.	15:37:31
7	Q. 'Cause you're considering going there?	15:37:33
8	A. Possibly, yes.	15:37:34
9	Q. And you're looking to spend your money at a	15:37:36
10	restaurant. Right?	15:37:38
11	A. Could be, yes.	15:37:38
12	Q. And you might be looking to spend your money	15:37:41
13	at a store. Right?	15:37:41
14	A. Possibly.	15:37:42
15	Q. There's no articles on Yelp, are there?	15:37:47
16	A. I do not know that there are any articles,	15:37:49
17	no.	15:37:49
18	Q. There's no news content on Yelp, is there?	15:37:52
19	A. No news -- well, I mean, reviews could be	15:37:56
20	considered news of sorts. It's information. It's --	15:37:59
21	people go to Yelp to find information just as people	15:38:02
22	go to gawker.com to find information.	15:38:04
23	Q. Is there celebrity gossip on Yelp?	15:38:07
24	A. It's a different -- different type of	15:38:10
25	information. I don't think there's any celebrity	

1 gossip, but there could be in the reviews on Yelp. 15:38:15

2 Q. Do you know what kind of ads Yelp posts? 15:38:17

3 A. I do not know. 15:38:18

4 Q. Do you know the revenue that's generated by 15:38:21

5 individual ads on Yelp? 15:38:22

6 A. Total aggregate revenue? 15:38:25

7 Q. Aggregate, individual, any way? 15:38:27

8 A. I don't have the exact number, but I know 15:38:29

9 that it's -- 95 percent of revenue is derived from 15:38:33

10 advertising. 15:38:33

11 Q. But do you know for any individual ad what 15:38:36

12 the revenue is? 15:38:37

13 A. I don't. 15:38:38

14 Q. Yelp has roughly a hundred million average 15:38:42

15 monthly unique users. Right? 15:38:44

16 A. 136 million. 15:38:46

17 Q. And that's more than six times as many 15:38:49

18 monthly uniques as Gawker has. Right? 15:38:51

19 A. And about the same as BuzzFeed, yes. 15:38:54

20 Q. Right, but does that affect valuation? 15:38:58

21 A. There's -- 15:39:00

22 MR. VOGT: Objection to form. 15:39:01

23 THE WITNESS: There was no indication that 15:39:05

24 the monthly unique user base or the size, whether 15:39:08

25 it's a million or a hundred million, had any effect

1 A. I don't know the exact dates that they 15:41:23
2 started. 15:41:24

3 Q. Do you know whether anything has happened at 15:41:26
4 BuzzFeed over the past several years that would 15:41:28
5 affect its valuation? 15:41:31

6 MR. VOGT: Objection to form. 15:41:32

7 THE WITNESS: They received an investment. 15:41:34
8 I don't -- other than that, I don't know. 15:41:37

9 BY MR. BERRY: 15:41:44

10 Q. Yelp is a publicly traded company. Right? 15:41:47

11 A. Correct. 15:41:47

12 Q. And so its valuation changes each day as its 15:41:51
13 stock price changes. Right? 15:41:52

14 A. Correct. 15:41:53

15 Q. Yelp also is one of the largest Internet 15:41:58
16 companies in the country. Is that right? 15:42:00

17 A. It's a large company. Large Web site. 15:42:02

18 Q. It's in the top ten most visited Web sites 15:42:06
19 according to Quantcast. Is that right? 15:42:10

20 A. It's a -- it's a popular Web site. I don't 15:42:12
21 know if -- 15:42:12

22 Q. The point is -- 15:42:12

23 A. -- it's top ten. I -- I don't remember 15:42:15
24 seeing that data. 15:42:27

25 Q. Do you know whether Yelp's valuation changes

1 at all based on any single post? 15:42:33

2 A. I do not know. 15:42:34

3 Q. Do you know whether the unique views for any 15:42:38

4 post affects Yelp's valuation? 15:42:40

5 A. I don't know. 15:42:41

6 Q. Do you know how many different pages there 15:42:44

7 are in Yelp? 15:42:45

8 A. I do not. 15:43:02

9 Can we take a quick break? 15:43:04

10 Q. Yeah, why don't we take a break. It's 15:43:06

11 actually a good time. 15:43:07

12 (Recess taken.) 15:58:31

13 THE VIDEOGRAPHER: Back on the record at 15:58:34

14 3:58. 15:58:34

15 BY MR. BERRY: 15:58:39

16 Q. So shifting gears, during the break, I asked 15:58:48

17 you to take a look at Exhibit 177, which is this 15:58:54

18 Gawker 1148 which shows the page views to the 15:59:01

19 Hulk Hogan video. 15:59:02

20 Do you have that in front of you now? 15:59:03

21 A. I do. 15:59:04

22 Q. Okay. This is the page that shows that the 15:59:07

23 number of unique views for the Hogan post was 15:59:11

24 5,357,572. Right? 15:59:14

25 A. That is correct.

1 a unique user for gawker.com for that particular
2 month. Right?

3 A. So you're asking would they have been
4 counted as a unique -- on Quantcast, would the unique
5 viewers of that page be counted as a unique monthly
6 user of gawker.com?

7 Q. Well, that's a slightly different question,
8 but you can answer that one first.

9 A. Yes. They would -- they would be --
10 they're -- they're of the same common denominator.

11 Q. Earlier in the day, you told me that the
12 unique users per month on Quantcast could view ten
13 articles. Right?

14 A. They could.

15 Q. But they could only view one article, too.
16 Right?

17 A. They could.

18 Q. Your analysis assumes that unique page views
19 for this particular post were unique visits to Gawker
20 as a whole on the Quantcast data. Right?

21 MR. VOGT: Objection to form.

22 THE WITNESS: No, it doesn't have to be a
23 unique -- okay. So now I understand your question.

24 No, it does not have to be that one unique
25 viewer of the 5.4 million that saw the video is also

1 one unique end user per Quantcast data. 16:29:14

2 BY MR. BERRY: 16:29:14

3 Q. But in your analysis, you assume those two 16:29:17

4 things are the same. Right? 16:29:17

5 MR. VOGT: Objection to form. 16:29:19

6 THE WITNESS: We assume that one unique 16:29:26

7 viewer of the video would be counted as a unique user 16:29:35

8 that's presented in the Quantcast data. 16:29:37

9 BY MR. BERRY: 16:29:38

10 Q. Even though they're counting two different 16:29:39

11 things. Right? 16:29:41

12 MR. VOGT: Objection to form. 16:29:41

13 THE WITNESS: I'm not sure. I'm not 16:29:44

14 understanding the question completely and I apologize 16:29:47

15 for that, so. 16:29:48

16 BY MR. BERRY: 16:29:48

17 Q. That's all right. 16:29:49

18 Just a couple minutes ago, you said that a 16:29:52

19 unique viewer of the Hogan post may have looked at 16:29:56

20 other posts on gawker.com that month. Right? 16:30:00

21 A. Right. 16:30:00

22 Q. For unique user data from Comcast -- from 16:30:08

23 Quantcast on a monthly basis, that's one unique user. 16:30:08

24 Right? 16:30:12

25 A. If they only viewed the Hulk video.

1 Q. And if they viewed the Hulk video and they 16:30:19
2 viewed fifteen other posts on gawker.com, that's 16:30:22
3 still one unique user on Quantcast. Right? 16:30:24

4 A. Correct. 16:30:25

5 Q. For the Hogan post, that's also one unique 16:30:29
6 viewer. Right? 16:30:29

7 A. That's -- according to the Google analytics 16:30:33
8 data? 16:30:33

9 Q. Right. 16:30:34

10 A. Right. 16:30:34

11 Q. And so your assumption is that for the 16:30:37
12 Quantcast data, which you used for valuation, that 16:30:39
13 one unique user for the Hogan post is the equivalent 16:30:43
14 of one unique user for the month as a whole. Right? 16:30:46

15 MR. VOGT: Objection to form. 16:30:47

16 THE WITNESS: They would be a unique user on 16:30:51
17 Quantcast as well. 16:30:51

18 BY MR. BERRY: 16:30:53

19 Q. For the month? 16:30:53

20 A. Correct. 16:30:55

21 Q. Even though they may have viewed numerous 16:31:00
22 articles on gawker.com? 16:31:03

23 MR. VOGT: Objection to form. 16:31:04

24 THE WITNESS: I think Mr. Denton and Gawker 16:31:06
25 would hope they viewed other articles on gawker.com.

1 STATE OF CALIFORNIA)
2 COUNTY OF LOS ANGELES) ss.

3

4 I, SUSAN NELSON, C.S.R. 3202, in and for the
5 State of California, do hereby certify:

6 That, prior to being examined, the witness named
7 in the foregoing deposition was by me duly sworn to
8 testify the truth, the whole truth and nothing but
9 the truth;

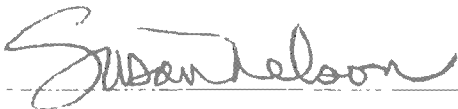
10 That said deposition was taken down by me
11 stenographically at the time and place therein named,
12 and thereafter transcribed via computer-aided
13 transcription under my direction, and the same is a
14 true, correct and complete transcript of said
15 proceedings;

16 I further certify that I am not interested in the
17 event of the action.

18 Witness my hand this 36th day of March, 2015.

19

20



21

Susan Nelson, C.S.R. No. 3202

22

Certified Shorthand Reporter

23

State of California

24

25