

EXHIBIT B

(Plaintiff's Trial Exhibit 475)

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BUSINESS DAY

A Blog Revolution? Get a Grip

By TOM ZELLER JR. MAY 8, 2005

DON'T ask Nick Denton, publisher of Gawker Media and its growing list of popular Web logs, about his empire. "People come up to me as if it's witty and say, 'How is the empire going?'" Mr. Denton said, "which is pretty pathetic."

Don't ask him about his business plan, either. He says he never had one. The only reason he formed the company, he said, was to make his network of blogs -- which includes Gawker, the flagship chronicle of Manhattan news and gossip; Fleshbot, the thinking person's diary of smut; and about 10 other titles -- more attractive to advertisers.

"It doesn't help with readers," he said. "It's actually a disadvantage, because it looks corporate."

At a time when media conferences like "Les Blogs" in Paris two weeks ago debate the potential of the form, and when BusinessWeek declares, as it did on its May 2 cover, that "Blogs Will Change Your Business," Mr. Denton is withering in his contempt. A blog, he says, is much better at tearing things down -- people, careers, brands -- than it is at building them up. As for the blog revolution, Mr. Denton put it this way: "Give me a break."

"The hype comes from unemployed or partially employed marketing professionals and people who never made it as journalists wanting to believe," he

said. "They want to believe there's going to be this new revolution and their lives are going to be changed."

For all of the stiff-arming and disdain that Mr. Denton brings to the discussion of this nonrevolution, however, there is no question that he and his team are trying to turn the online diarist's form -- ephemeral, fast-paced and scathingly opinionated -- into a viable, if not lucrative, enterprise. Big advertisers like Audi, Nike and General Electric have all vied for eyeballs on Gawker's blogs, which Mr. Denton describes as sexy, irreverent, a tad elitist and unabashedly coastal.

He says that there is no magic behind Gawker Media, his three-year-old venture based in New York. To his mind, it is built around a basic publishing model. But like it or not in the overheated atmosphere of blog-o-mania, Mr. Denton, 38, remains one of the most watched entrepreneurs in the business.

If his reluctance to be interviewed is theater, it is deft theater. A British expatriate and former Financial Times reporter, Mr. Denton is tall, slim, and salt-and-pepper handsome, with the slightly embarrassed air of someone who invested in the dot-com boom and came out unscathed. (He made millions in two previous ventures -- including a company called Moreover Technologies, an online news aggregator that presaged the twitchy, check-this-out linking that now make blogs de rigueur reading for desk jockeys worldwide.)

STRIDING toward the unadorned third-floor TriBeCa loft that is the closest thing to a Gawker nerve center, Mr. Denton reiterated, in a polite, sometimes halting staccato that often fades into a string of inaudible syllables, that he would not discuss money. He declined to say if Gawker was profitable, or how much he paid Gawker's dozen or so bloggers -- editors, as the company calls them.

He fired up a Marlboro Light and, hustling across Canal Street, chattered obliquely about overhead (minimal in the blogging business), libel (always a concern) and Fred Durst.

In March, Mr. Durst, the Limp Bizkit front man, sued Gawker, among other sites, for linking to a sex video in which he appeared.

"Honestly, though, we don't know why you're so mad at us," Gawker's editor, Jessica Coen, sneered in a March 4 entry. "The situation is really rather simple. Someone sent us a link to a video of your penis, we went into shock, and we shared it with the world for about two hours. Then we wept, found God, took a hot bath, and removed the video from our site."

Mr. Durst eventually dropped the suit.

A grueling climb led to the quiet, whitewashed loft space where a few Gawker Media hands -- including Lockhart Steele, the company's managing editor, and Gina Trapani, the editor of one of the company's newest blogs, Lifehacker -- were plucking away at laptops. (Gawker shares the space with another blogger, Maxwell Gillingham-Ryan of Apartment Therapy.)

Mr. Steele, who joined the company in February, is the den mother for Gawker's far-flung collection of bloggers and is in near constant communication with them throughout the day via Instant Messenger. About half of the editors live in New York. The rest are distributed around the country. In California, Mark Lisanti edits Defamer, the Los Angeles counterpart to Gawker, and in Colorado, Brian D. Crecente edits one of the newer sites, Kotaku, dedicated to video games. In New Orleans, John d'Addario edits Fleshbot, while Ana Marie Cox covers political gossip from Washington on Wonkette.

Each editor is under contract to post 12 times a day for a flat fee, Mr. Steele said. (Gawker has two editors and now posts 24 times a day.) It is best to have eight posts up before noon, if possible, to keep readers coming back, he said.

The editors scan the Web for the best tidbits. Readers, and apparently even published authors, send in tips. When a Gawker site highlights articles from, say, The Wall Street Journal or The New York Times, it is likely, both Mr. Steele and Mr. Denton said, that the article's author sent an e-mail message to Gawker pointing out its existence. (This reporter's naiveté about this process was met with gentle laughter.)

Site traffic is a particular obsession. Gawker draws just over a million unique visitors a month; Fleshbot, the most popular site, lures nearly twice that number, and

Gizmodo, a site dedicated to gadgets, roughly 1.5 million. All editors can earn bonuses if they manage to generate spikes in traffic -- say, with a link to the latest Paris Hilton crisis or Fred Durst's anatomy.

Ms. Trapani's hour-by-hour traffic statistics serve as the desktop image on her computer. "It's extremely fast paced," she said. "It's a lot of output. Some days it's overwhelming without a doubt. Other days it goes really smoothly if I get some good reader tips and there's something great going on."

Like Mr. Denton, she was careful not to discuss specifics of Gawker's business, including how much its editors are paid. But a published interview with Mr. Steele earlier this year provides some insight. Bloggers are paid a set rate of \$2,500 a month, he told a digital journalism class at New York University taught by Patrick Phillips, the editor and founder of I Want Media, a Web site focusing on media news.

When asked in the class if the company was in the black, his response was straightforward. "It is profitable," Mr. Steele said. "We're very small, have no overhead, no office space. Everybody works from home. And you heard what we pay our writers. Nick founded Gawker very specifically with the idea of starting a whole bunch of blogs in very niche topic areas, hire freelance writers to write each of them, hopefully draw a lot of eyeballs and then sell advertising around it. He had the idea that no one site would probably ever make a fortune. But if you have 10 sites each making \$75,000 a year, then, O.K., maybe it's not like Condé Nast money, but it's a nice little business."

Mr. Denton chafed at the mention of Mr. Steele's interview. He said it was misreported and was supposed to be off the record. Mr. Phillips said that no such arrangement existed, and that the posted interview was an exact transcript from a recording of the session.

Whatever the circumstances, for those quivering about the revolutionary potential of blog publishing, or wondering what makes ventures like Gawker tick, there couldn't have been a plainer explanation.

The simplicity of the model may be why Mr. Denton is alternately guarded and dismissive of all the hype surrounding blogs. He seems to recognize that he is not up

to anything particularly trailblazing, and that it's only a matter of time before others catch on. Competitors like Jason Calacanis's Weblogs, with its network of more than 70 consumer and niche blogs, are already copying the Gawker model.

The idea of grouping the blogs, Mr. Denton said, was to give the company an air of respectability. "The only reason we're listed as a group at all is for advertisers," he said. "Advertisers treat Gawker titles more seriously because it's part of a group."

In other words, Gawker speaks their language. It has a publication schedule and can traffic in digital marketing babble like "frequency capping" (how often an advertising spot runs) and "skyscrapers" (tall, thin ads).

Such familiarity with the ways of Madison Avenue makes a difference in the world of blogs, where marketers still fear to tread, said Jill Griffin, who is now a senior vice president and group account director at Media Contacts, the interactive division of the Media Planning Group of Havas. Earlier, when she was a digital strategist at the marketing firm OMD, Ms. Griffin was one of the first advertising executives to bring big-name clients to blogs -- including Absolut and G.E. to Gawker.

"I think it was in mid-2003," Ms. Griffin said. "It was just myself and some friends and business associates in the professional advertising community. We just started reading Gawker because we thought it was a hoot." She said that after realizing that they were all single, young, well-paid and casting their gaze on this fertile space, she thought, "We've got to get on that."

On the Gawker sites, C.P.M. rates -- the cost for every 1,000 times an ad is presumably seen by visitors -- can run anywhere from \$4 for a small, button-sized ad to \$50 for exclusive-sponsorship ads, in which an advertiser helps underwrite the debut of a new Gawker site. (Sony did this for Gawker's blog Lifehacker.)

Mr. Denton says that a clear line is drawn between news and advertising, and that so far none of the companies buying space on the sites -- including the Times auto section, which advertised on the car blog Jalopnik -- have ever tried to influence content. The editors are expected to write a "thank-you to our sponsors" at the end of each week, although this is typically done sarcastically -- for example, thanking advertisers for keeping the staff well-stocked in crack cocaine.

"It goes beyond any kind of question of church and state or journalistic ethics that the whole editorial tone of the Gawker sites is absolutely wrapped up in the notion of take no prisoners," Mr. Denton said. "It owes nothing to anybody, and if one ever started compromising that, it would be grim."

But others have begun to wonder if the brand itself is a form of compromise. Stowe Boyd, president of Corante, a daily online news digest on the technology sector, suggests that there may be something lost when networks like Gawker Media and Weblogs turn blogs into commodities, churned out for a fee, owned by an overlord and underwritten by advertisers.

"They're pursuing a very clear agenda and they've done very well with that," Mr. Boyd said of Gawker. "But they're just an old media company in new media clothes, and I still maintain that they are missing part of the point."

The point, Mr. Boyd said, is that blogging is unique because of its spontaneity and individualism, and that bloggers, like dancers and sculptors, are most interesting because they are "pursuing their muse."

The editors on Gawker are talented, entertaining and informative, Mr. Boyd said, but also indistinguishable from any freelance writer, with no ownership of what they produce. "These people are hirelings," he said. "What they are cranking out are the 700 words they signed on to produce."

Other critics of the blog movement wonder whether the hoopla over the commercial viability of blogs -- particularly as publishing ventures -- is overstated. "Blogs primarily excel at marketing and promotion for companies or individuals," Mr. Phillips of I Want Media said. "I think blogging can catapult unknown writers, and it can give them a platform if they're talented. But as a stand-alone business, I think the jury is still out on that."

Mr. Denton, who says that no one, least of all him, is becoming rich publishing blogs, would seem to agree with that notion. It's not about the money, he said -- or about corrupting the art of the blogger. "If someone is saying that we publish according to a routine of at least 12 posts a day and begin in the morning and if

someone is sick we replace them, then I plead guilty," he said. "We believe in regular posting schedules."

But he also says that nothing he is doing prevents other blogging models from taking shape, or independent bloggers from logging on and doing what they have always done. "Some of my own favorite sites are ones that have no consistency beyond the wit and charm of the writer," he said. "There's room for both."

And there is, apparently, a ceiling on Gawker's expansion. Last month, the company started Sploid, a Drudge-like headline news blog with a tabloid look, and Mr. Denton says two more titles are planned for the short term, although he would not be specific about the particular consumer itches he'll be scratching this time. Having covered everything from BlackBerries to Beltway gossip, it's hard to imagine what else looms, but he said writers had already been lined up.

That will bring the number of titles to 14, and Mr. Denton indicated that 17 seemed a good stopping point, if for no other reason than that is the number of titles published by Condé Nast.

He also plans to reintroduce Gawker's "blog of blogs," called Kinja -- a service that even Mr. Denton says was rather badly deployed and even more awkwardly explained in its original form. A team of programmers has been working for the last two years to revamp the service, which allows users to explore and scan their favorite blogs in one place. The new version will be ready in about a month.

SO, onward goes the nonrevolution. "If you take the amount of attention that has been devoted in the last year to Web logs as a business and something that's going to change business and compare that with the real effect and the real money, it's totally disproportionate," Mr. Denton said, "in the same way all the coverage of the Internet in the late 90's was out of whack.

"There are too many people looking at blogs as being some magic bullet for every company's marketing problem, and they're not," he added. "It's Internet media. It's just the latest iteration of Internet media."

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