

EXHIBIT L

Plaintiff's Trial Exhibit 466

BUSINESS

Gawker Reels Amid Identity Crisis

Outside investors, advertisers keep distance in light of Hulk Hogan suit, recent blog disaster



'It's regrettable what has happened,' said Nick Denton, founder and CEO of Gawker Media, an interview. *PHOTO: MATTEO PRANDONI/BFA*

By **LUKAS I. ALPERT**

July 21, 2015 6:14 p.m. ET

Seven months ago Gawker Media said it would stop “pandering to the Facebook masses” and return to its roots as an edgy blog network that speaks truth to power. The transition has been anything but smooth.

In the wake of a blog post that blew up on the company last week, Nick Denton, founder and CEO, said in an interview Tuesday, “Tabloid gossip stuff no longer works and has really been where Gawker has been at its worst.”

Fallout from last week threatens to aggravate Gawker Media’s mounting financial woes. Legal costs, which at times have hit hundreds of thousands of dollars a month, related to an invasion-of-privacy lawsuit filed by former professional wrestler Hulk Hogan already have precipitated a need for outside investment, Mr. Denton said. But outside investors

have opted to remain on the sidelines until the Hogan case—postponed until the late fall—is resolved, he said.

The current disaster stems from last week’s post on Gawker about a little-known media executive who allegedly tried to hire a gay escort. The story—which had opened the floodgates of opprobrium from the public—was later taken down by management. Mr. Denton said he was uncomfortable with the nature of the post before it went up but didn’t expect such a strong backlash. The post’s removal set off an internal rift, precipitating the resignation of two top editors and an outcry from the staff, which recently voted to unionize, about allowing business concerns to interfere with the editorial process. The site was built on the notion that it should post anything it knows to be true.

The post led some marketers to put their Gawker advertising on hold. Mr. Denton insisted he would have pulled the post—which he described as “pure poison”—regardless of how advertisers reacted because of the damage to Gawker Media’s reputation, but told staff in a memo on Monday that it could have caused seven-figure losses in ad revenue had it remained up.

“It’s regrettable what has happened,” Mr. Denton said in the interview. “But hopefully it will allow us to have a proper discussion about what Gawker should be in the future. I’ve wanted a gentler Gawker for a while.”

Mr. Denton said he worried whether the fallout from the gay-escort post could cause problems for Gawker’s defense in the Hogan case, which has largely been built around a First Amendment argument that Mr. Hogan is a well-known figure who has openly discussed his sex life in public. The subject of the taken-down post isn’t a high-profile figure.

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Founded in 2002, Gawker Media has grown into a network of eight sites focusing on subjects including cars, technology, sports and feminism. But while Mr. Denton says the

company's seven other sites have registered strong audience growth and solid advertising revenue, the namesake Gawker site that focuses on gossip has foundered in its focus and its mission.

While all the sites combined registered a nearly 7% increase in unique visitors in June from a year earlier, the Gawker site declined 13% to just under 14 million unique visitors, according to comScore Inc.

Gawker, more than any of the other sites, has been facing an internal identity crisis, subject to the whims of its founder. In the Monday staff memo, Mr. Denton said "the editorial ethos of Gawker needs a calibration more than a radical shift," and envisioned the end result as being somewhere between "a stolid Vox Media and a more anarchic Ratter; close to the edge, but not over it."

A pioneer in digital media, Gawker Media now finds itself battling with a slew of well-financed new-media outlets. Last year alone, investors pumped \$50 million into BuzzFeed, \$500 million in to Vice Media and \$46.8 million in Vox Media.

Gawker had resisted taking outside money, but the legal expenses stemming from the Hulk Hogan litigation forced the company to secure an \$8 million bank loan and seek an outside minority investor for the first time. The case centers on a 90-second video clip that Gawker posted in 2012 of Mr. Hogan—real name Terry Gene Bollea—having sex with the wife of a radio shock jock named Bubba the Love Sponge. Costs also have been mounting for a planned move to expensive new headquarters near Union Square in Manhattan.

The financial squeeze has resulted in the company falling behind in the industrywide rush to develop robust video capabilities, Mr. Denton said. The company says it has shown steady revenue gains over the past five years, taking in \$44.3 million in 2014, and posted consistent, if modest, profitability.

Mr. Denton described the development of the Gawker site—which was the second created at the company following tech site Gizmodo—like the building of the city of Troy, with newer variations being built upon older ones with the result being that vestigial traits from earlier times would periodically re-emerge. In its earliest days, Gawker focused heavily on media water-cooler gossip. Later it pivoted to more tabloidy scandal coverage. He hopes it can now evolve into more of a "guide to culture and for looking at the world by critiquing the way media presents it."

He said the site would never shy away from controversy. "We've been through a lot of

drama before,” he said, pointing to contentious stories that prompted heavy blowback in the past like when it procured a leaked prototype on the iPhone 4, or posted an internal Scientology video featuring actor Tom Cruise discussing the church’s inner workings, or revealed that Toronto Mayor Rob Ford had been caught on video smoking crack cocaine.

If the latest storms ultimately blow over, Mr. Denton said he is interested in eventually expanding Gawker Media’s portfolio into areas like travel and fashion, but, for now, he said he needs to right the ship.

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2 Gawker Editors Resign Over Article's Removal



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MEDIA

? Gawker Editors Resign Over Article's Removal

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Tommy Craggs, above, executive editor of Gawker Media, and Max Read, editor of Gawker, resigned.

When Gawker posted an article on Thursday night about a married male media executive's futile attempt to hire a gay escort, it was hoping to create a scandal.

But this was not the scandal it had in mind.

In the face of opprobrium across the Internet, Gawker's founder, Nick Denton, voluntarily took down the post on Friday, a highly unusual step for the 12-year-old company.

This may have helped quell one controversy, but it created another. Monday morning, the quit in protest. The inflammatory post was now at the center of a debate over journalistic integrity, with Mr. Craggs and Mr. Read saying that the decision to delete it, against their wishes, constituted an unforgivable violation of the site's editorial independence. It made for a strange spectacle — two editors standing on principle in defense of such an unsavory article.

Gawker, which is known for nothing if not flouting the conventions of good taste, has generated plenty of controversy in the past. But this scandal seems especially ill timed.



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Gawker's Moment of Truth



Nick Denton and Heather Dietrick, Gawker Media's managing partners

The company is about to move into much larger and more expensive offices in Manhattan. And Mr. Denton, who with his family owns about 68 percent of Gawker, has been hoping to sell a minority stake in the company.

Maybe most significant, Gawker faces a \$100 million lawsuit brought by Hulk Hogan, claiming that the site violated his privacy by posting excerpts from a videotape of him having sex with a woman who was then the wife of a friend of Mr. Hogan's. The latest scandal may not have a material effect on the case, but from at least a public relations standpoint, it is not going to help Gawker advance its image as torchbearer for the values of the First Amendment. (In the midst of the controversy on Friday, Mr. Hogan sent a one-word Twitter post: "Gawker.")

Mr. Craggs first told Mr. Denton about the initial post concerning the media executive at a meeting Thursday afternoon, a few hours before it went up. Mr. Denton expressed qualms about the article at the time. "I couldn't imagine the headline and couldn't see the point," he said in an email. "What was revealed?"

Nevertheless, he did not interfere with the editorial process or ask to see a copy of the article before it was published that evening.

The next day, as criticism of the article intensified, Mr. Craggs proposed that he issue a statement. It was not exactly an apology. In the statement, which Mr. Craggs sent to Mr. Denton but which was never published, Mr. Craggs noted that Gawker was founded as a media gossip site and had always covered the lives — "unapologetically and often mercilessly" — of the people who work in and run the industry. "We stand by the story, which meets our simple, unwavering standard of being both true and interesting," he wrote. "But too many people whose opinions we trust were appalled by the post for us not to have a conversation about how we approach these kinds of stories going forward."

Mr. Denton never responded. Instead, he called a vote of the company's six managing partners about whether to retract the post. Mr. Craggs, the only strictly editorial employee in the group, learned about the vote while on a plane to California. He was one of two partners who opposed taking down the article. (The other was Heather Dietrick, Gawker's president and general counsel.)

"That this post was deleted at all is an absolute surrender of Gawker's claim to 'radical transparency,'" Mr. Read wrote in his letter of resignation. "That noneditorial business executives were given a vote in the decision to remove it is an unacceptable and unprecedented breach of the editorial firewall, and turns Gawker's claim to be the world's largest independent media company into, essentially, a joke."

It was the first time, Gawker said, it had ever deleted a post for anything other than factual or legal reasons.

The reversal speaks to how much both the company and the culture of the Internet have changed since Mr. Denton started Gawker from his living room in 2002. At the time, Gawker had two part-time employees and no advertisers; today, it has about 260 full-time staff members and some \$50 million in advertising revenue. What is more, the rise of social media sites like Facebook and Twitter has provided a platform for people to gather and express their outrage en masse.

On Friday, Mr. Denton issued a measured statement about the decision to take down the post, noting that he considered it true and

FROM THE ARCHIVE


MEN WALK ON MOON

well reported. (For his part, the subject of the article disputed its accuracy.) "In light of Gawker's past rhetoric about our fearlessness and independence, this can be seen as a capitulation," Mr. Denton wrote of removing the article. "And perhaps, to some extent, it is."

On Monday, however, he struck a different tone in a long note to Gawker's editorial staff. "I was ashamed to have my name and Gawker's associated with a story on the private life of a closeted gay man who some felt had done nothing to warrant the attention," he wrote.

Mr. Denton acknowledged that business concerns were a factor — "If the post had remained up, we probably would have triggered advertising losses this week into seven figures" — but he said that his view of the article was informed to a greater degree by his vision for the company's future.

"Some humane guidelines are needed — in writing — on the calculus of cruelty and benefit in running a story," he wrote. "We do not seem to expose every personal secret — only those that reveal something interesting."

These sentiments stand in stark contrast with many things Mr. Denton has said in the past about Gawker. He has boasted in interviews about the "shamelessness" of certain Gawker articles, and has long characterized the site's mission as one of "putting truths on the Internet" — whether or not these truths have any redeeming social value, and regardless of the damage they might cause.

"My view of the original post was that it fell solidly within the traditions and practices that Nick had established through the years at Gawker Media," said Tom Scocca, the executive features editor at Gawker.

In this sense, the decision to take down the post was less a capitulation than a repudiation of Gawker's identity.

"Nick saw this as a pretext for remaking Gawker in the way that he wanted to remake it," Mr. Craggs said in an interview. "If it cost him the core values of the company, then so be it."

For the moment, Gawker's editorial employees seem less interested in debating the merits of the initial post than in criticizing Mr. Denton's handling of it and in bemoaning the loss of two of the company's most admired editors.

"Nick has a long road ahead of him in terms of gaining back the trust of editorial employees," said Lacey Donohue, the executive managing editor of Gawker Media, "if he ever does."

Ravi Somaiya contributed reporting.




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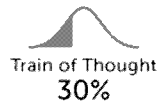
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