EXHIBIT 4

To

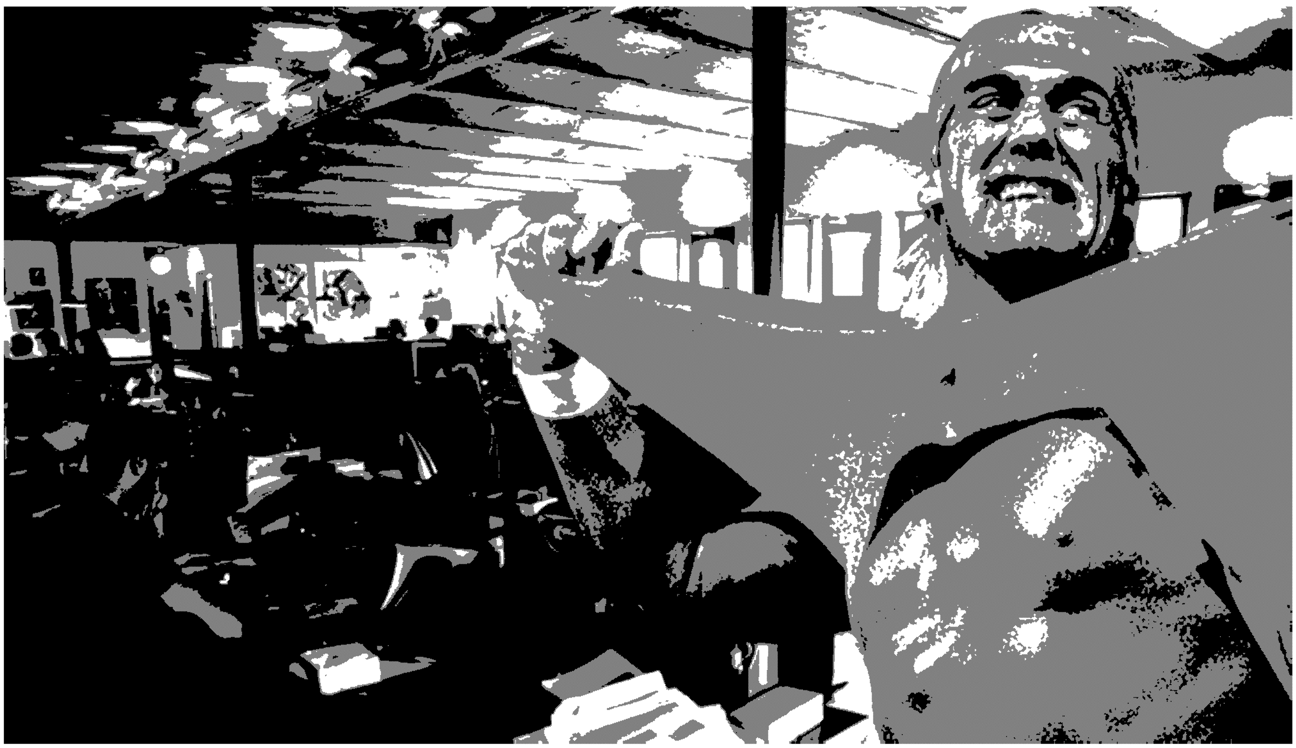
DEFENDANTS' MOTION FOR STAY OF
EXECUTION OF JUDGMENT PENDING APPEAL

POLITICO

Gawker's alternate reality

A pivot to becoming an $800 M. tech company was thwarted ... by Hulk Hogan

By **PETER STERNE** | 06/08/16 05:36 AM EDT



Hulk Hogan and the Gawker offices. | photocomposite

A year and a half ago, Gawker Media CEO Nick Denton had ample reason to be optimistic about the future of the company that he had founded more than 12 years earlier.

The company's revenue had grown from about $5.3 million in 2006 to $43.8 million in 2014. It was consistently profitable, with a 2014 operating income of $6.7 million. Most importantly, it had an ambitious plan to create a lucrative new revenue stream by monetizing third-party content on its proprietary online publishing platform, Kinja, that promised to deliver the site from many of the increasing pressures facing ad-supported digital publishing.

By 2019, according to Gawker's projections, the company would have had operating income of $43 million on revenue of $137.5 million, which could have valued the company at about $800 million.

These numbers come from a pitch deck that Gawker prepared for potential investors in early 2015, which POLITICO obtained — and they offer a window into the company's thinking as it poured $10 million into defending itself against a legal threat from wrestling star Hulk Hogan that has since become a threat to the survival of the company as Denton and his crew now know it.

For some time now, Denton has enjoyed talking about the Hogan lawsuit with anyone who might be interested, mostly because of the platform that kind of buzz provided him to demonstrate his commitment to Gawker's distinct form of journalism ($10 million in legal fees is a big commitment!).

The pitch deck was originally filed under seal as part of former professional wrestler Hulk Hogan's invasion of privacy suit against Gawker. The company faces a $140.1 million court judgement — which it is appealing — that it is unable to afford. If it cannot get the judgment reversed or reduced on appeal, it will likely be forced to sell itself or go bankrupt.

The pitch deck describes a very different Gawker — a thriving digital media company with a growing ad sales business with a risky but potentially lucrative plan to transform itself into a Medium-style publishing platform.

In 2014, much of the company's revenue came from direct advertising sales. That year, Gawker sold 319 advertising campaigns with an average order size of $112,154 (up from about $70,000 in 2011). Its average eCPM — the cost of 1,000 advertising impressions on its sites — was above $12. Its total direct ad sales revenue of $32.9 million.

Gawker's other major revenue stream was e-commerce affiliate advertising — in which Gawker places links to products on Amazon and other online merchants in its posts and then receives a cut of any resulting sales. In 2014, those affiliate links drove more than $96 million in sales at Amazon and other online retailers. Revenue from the affiliate program, combined with revenue from licensing Gawker's intellectual property, totaled $10.9 million in 2014.

Gawker said in the pitch deck that comparable public companies were valued at four to six times revenue. With total revenue of $43.8 million, that would have valued Gawker at between $175 million and $260 million in 2014.

Gawker's main pitch to potential investors was based on its plans to turn Kinja — the proprietary content management system that it began to develop in earnest back in 2007 — into a content curation and monetization platform that it could license widely to independent bloggers.

Denton explained the Kinja model to POLITICO back in October 2014. The idea was that independent bloggers could publish content on Kinja and then Gawker would sell ads against that content and give a cut of the advertising revenue to the bloggers. Gawker would also curate Kinja content, sharing the best Kinja blog posts on Gawker's seven owned and operated sites — Gawker.com, Jezebel, Deadspin and the like — in order to expose them to a larger audience. Kinja would be a full publishing, discussion and monetization platform for bloggers.

"Gawker Media Group's proprietary publishing technology, Kinja, provides it with a strong competitive advantage. In its present use, Kinja supports the owned and operated media business as publishing software. In its future use, Kinja will extend publishing software to third party publishers thereby enabling Gawker Media Group to support and monetize other content creators," the pitch deck states.

If successful, the Kinja model would have allowed both Gawker and the independent bloggers to achieve greater scale than either could achieve on their own. Gawker would have much more content, which would increase its audience and allow it to sell advertising at higher rates. Independent bloggers participating in Kinja would have access to Gawker's high advertising rates — which were much higher than they could ever hope to get on Google Adsense — and at least a chance to get their content in front of Gawker's audience.

At the end of the pitch deck, Gawker offered two financial projections through 2019 — a "base case" without any revenue from the Kinja platform and a "growth plan" that incorporated projected revenue from Kinja (and significantly higher technology costs).

Under the growth plan, Gawker projected that it would begin monetizing independent bloggers' content on Kinja in 2015. That revenue stream was projected to start at $500,000 in 2015 and reach $16.9 million in 2019. Total revenues would have reached $137.5 million in 2019, valuing the company somewhere between $550 million and $825 million.

At the time the pitch deck was prepared, Gawker had not accepted any venture capital funding — a majority of the company was owned by Denton and his family, with former employees owning the rest. It had cash on hand, a $6 million working capital line with Silicon Valley bank that it used sparingly and a term loan from SVB with less than $200,000 due. Gawker was looking to raise about $15 million in debt financing to expand the company and further develop Kinja.

"The company seeks financing through debt to raise growth capital without granting ownership to an outside party that might compromise its financial, cultural, or editorial independence. Gawker Media Group, Inc plans to deploy growth capital to mature its technology platform, which it will use to grow its editorial influence by allowing third parties to launch hundreds of smaller sites in new verticals," the pitch deck states.

In the end, Gawker never received growth capital necessary to build out the Kinja platform, though it did receive an $8 million loan from SVB to cover the cost of a new office and investment in its seven owned and operated sites.

The company's plans for Kinja took a back seat as Gawker became preoccupied with an existential threat to its business — the Hogan suit. Hogan had first sued Gawker in 2012 and litigation had dragged on for more than two years. Denton did not know it at the time, but billionaire Peter Thiel was secretly funding Hogan's suit, which gave the wrestler little incentive to settle.

In early 2015, Thiel and Hogan's grudges against Gawker seemed to be in the past. Gawker's report that Thiel was gay, which may have prompted his campaign against the company, had been published in 2007. Its post about Hogan's sex tape had been published in 2012. In early 2015, neither seemed relevant to Gawker's future as an $800 million company.

Denton, for one, did not seem particularly concerned about the suit. As late as February 2015, he brushed off questions about the case, suggesting that it could still be settled or dismissed before it was scheduled to go to trial in July 2015.

But Hogan didn't go away, and Denton began speaking publicly about the threat that Hogan's three-year-old suit posed to the freedom of the press in June of last year.

Just before the Hogan case was set to go to trial in July, it was delayed. A few days later, Gawker was plunged into another crisis after Gawker.com reported that a publishing executive, who had a wife and children, had attempted to arrange a tryst with a gay sex worker. The post received widespread criticism from others in the media, and Denton decided to remove it, over the objections of the company's editorial leadership and general counsel. Gawker Media executive editor Tommy Craggs and Gawker.com editor in chief Max Read resigned in protest and Denton held a series of sometimes heated all-hands meetings to discuss the company's editorial standards and mission.

The re-examination of Gawker's editorial mission led to a broader reconsideration of the company's strategy, as skyrocketing legal costs ate up capital that could have been spent building the Kinja platform. Gawker's legal costs for the Hogan case alone exceeded $5 million in 2015. In total, Gawker has spent about $10 million on the case.

"It definitely forced us to focus on the basics of our seven big media brands," Denton told POLITICO in a gchat conversation on Monday. "Could not invest in them, the platform and defend against the legal barrage — all at the same time. The platform plans had to go."

On Nov. 17, 2015, Gawker announced that it would lay off seven staffers, shift Gawker.com's focus from gossip to political news and abandon plans to develop Kinja as a platform for third-party bloggers. Denton's Kinja dream was dead.

"On the technology front, we will no longer seek to develop Kinja as an open blogging platform, given the competition that exists from technology companies devoted entirely to that challenge," Denton wrote in a memo announcing the changes. "Work will continue, with full focus on improving the writer and reader experience on the seven media brands along with providing relevant advertising and story recommendations."

John Cook, a Gawker veteran who had replaced Craggs as executive editor, praised the development in a memo of his own.

"For the first time in my six or so years at Gawker," he wrote, "the company is finally acknowledging what I think most of us in editorial have always known: That we are a media company."

Thanks to the legal costs and the cost of the new office, Gawker suffered a net loss in 2015, two people close to the company told POLITICO.

In January 2016, with no cash on hand, Gawker accepted outside equity investment for the first time, selling a minority stake to Columbus Nova — a technology venture capital firm with ties to Russian billionaire Viktor Vekselberg — for about $15 million.

Now faced with a $140.1 million judgment that it cannot afford, Gawker is exploring its strategic options, which could include a sale, if the judgment is upheld on appeal. The company held preliminary discussions with Univision about a possible investment or acquisition, though they broke down before the Hogan trial.

Those discussions valued Gawker in the $200 million range. If Gawker wasn't supposed to be a media company forever, it certainly became one then.