

# EXHIBIT 6

To

DEFENDANTS' MOTION FOR STAY OF  
EXECUTION OF JUDGMENT PENDING APPEAL

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

TERRY GENE BOLLEA, professionally known  
as HULK HOGAN,

Plaintiff,

v.

GAWKER MEDIA, LLC aka GAWKER MEDIA;  
NICK DENTON; and A.J. DAULERIO,

Defendants.

Case No. 12012447CI-011

**Expert Report of James J. Donohue**

**December 11, 2015**

*Confidential*

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Terry Gene Bollea v. Gawker Media et al**

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**I. Introduction**

1. The following is the Expert Report of James J. Donohue, a Vice President of Charles River Associates (“CRA”), submitted for punitive damages purposes in the matter of Terry Gene Bollea professionally known as Hulk Hogan (“Bollea”) v. Gawker Media, LLC (“Gawker Media”), Nick Denton and A.J. Daulerio, collectively referred to as the “Defendants.”
2. I have been retained by Harder Mirell & Abrams LLP on behalf of Mr. Bollea to estimate Mr. Nick Denton’s net worth as of November 30, 2015, as well as the value of Gawker Media, for punitive damage purposes. My analysis was largely based on information provided by Mr. Denton, Gawker Media Group, Inc. (“GMGI”), and GMGI’s wholly owned subsidiaries, Gawker Media and Kinja. A list of the information I have relied upon is attached as Exhibit 2.
3. My opinions are based on the information available as of the date of this report. I will consider other information that becomes available to determine whether such data impact my opinions. I therefore reserve the right to amend or supplement this report as necessary based on this additional information and additional discovery which may be obtained in this action.
4. My curriculum vitae including a list of my testimony experience over the last four years is attached as Exhibit 1. I am a Certified Public Accountant and have a Bachelor of Science degree in accountancy from Villanova University. I am also a Certified Valuation Analyst and am Accredited in Business Valuation. I have been responsible for substantial consulting assignments in a wide range of areas, including intellectual property, valuation, securities, breach of contract, fraud investigations, professional negligence, bankruptcy, and forensic accounting. My experience has included assessing value in numerous engagements. I have been involved in numerous valuation engagements for transactional, litigation, tax, and financial reporting purposes.
5. My valuation experience has involved many industries, ownership interests, and asset classes. My financial reporting valuation experience includes valuation and impairment

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analysis with respect to Accounting Standards Codification (“ASC”) Topic 805 (formerly FASB 141R), ASC Topic 350 (formerly FASB 142) and ASC Topic 360 (formerly FASB 144). I have also provided a variety of non-litigation related due diligence services, including valuations and strategic consulting for tax, financial reporting, and bankruptcy matters. I have performed intellectual property related fairness opinions.

6. CRA is being compensated on a rate-times-hours basis for the work my staff and I perform. My hourly rate is \$565. The hourly rates of other consultants engaged on this project range from \$100 to \$465. This compensation is unrelated to the outcome of this matter.

## **II. Summary of Opinions**

7. Based on the information available, Mr. Denton’s net worth as of November 30, 2015 is at least \$121 million. As illustrated at Exhibit 3, my analysis considered Mr. Denton’s various bank and investment accounts, Mr. Denton’s New York City condominium and related mortgage, 5,000 shares of privately held Vox Media, Inc. shares, and the value of Mr. Denton’s direct ownership in GMGI.
8. The vast majority of Mr. Denton’s net worth is due to Mr. Denton’s direct ownership in GMGI. GMGI is a private company and I have therefore prepared a valuation of Mr. Denton’s direct ownership in GMGI for use in my net worth estimate for purposes of punitive damages. My analysis of the value of Mr. Denton’s direct ownership in GMGI as of November 30, 2015 is attached as an Appendix to this Expert Report.

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**III. Estimated Net Worth of Nick Denton**

**A. Assets**

1) Checking and Savings Accounts

9. Mr. Denton has various checking and savings accounts that contained approximately \$325,000 in early 2015.<sup>1</sup> The specific accounts are listed at Exhibit 4.
10. Nearly all of Mr. Denton's cash is reportedly held in U.S. bank accounts. While Mr. Denton does have several bank accounts in the United Kingdom, the more recent balances in these accounts were reported by Mr. Denton to be immaterial.<sup>2</sup>
11. As shown at Exhibit 4, Mr. Denton's cash bank balances increased to over \$2 million in December 2013. I understand that this increased balance was due to the receipt of \$2 million from a cash-out mortgage on his property in late 2013. His cash bank balance later declined to less than \$500,000 in December 2014. While Mr. Denton has testified that the decline in this cash bank balance was generally due to renovations on his condominium, wedding expenses, and other spending, financial records concerning the decline in assets were not made available to me.<sup>3</sup>

2) Investment and Retirement Accounts

12. Mr. Denton has investment and retirement accounts at Fidelity and VOYA. The total value of these accounts in early 2015 was approximately \$124,000.<sup>4</sup>
13. As summarized in Exhibit 6, Mr. Denton's investment account balances were above \$400,000 in early 2012, but declined to under \$5,000 by the end of that year. Aside

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<sup>1</sup> November 2015 bank and investment account balances, and other asset and liability information, have not been made available. I understand that Mr. Denton and the other defendants may provide updated information and I may update my report accordingly at that time. Also see Mr. Denton's responses to financial worth interrogatories.

<sup>2</sup> See for example DENTON 447\_C. Also see Exhibit 5.

<sup>3</sup> See Deposition of Nick Denton, dated June 16, 2015, pp. 83-85.

<sup>4</sup> See Exhibit 6. Also see Mr. Denton's responses to financial worth interrogatories.

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from Mr. Denton's references to condo renovation and other expenses, financial records concerning this decline in investment assets were not made available.<sup>5</sup>

3) Real Estate Holdings

14. Mr. Denton's real estate holding consists of a 2,556 square foot luxury condo unit in the SOHO section of New York City.<sup>6</sup> Mr. Denton purchased this property in 2004 for \$1.87 million.<sup>7</sup> An October 2013 appraisal, prepared in connection with the cash-out mortgage, indicated that the property's value was \$4.1 million at that time. An updated appraisal estimated that the value of this property was approximately \$5 million.<sup>8</sup>
15. The cash-out mortgage provided Mr. Denton with approximately \$2 million in proceeds. These proceeds were deposited in Mr. Denton's Chase bank account in December 2013 and are discussed in the bank account section above. Mr. Denton testified that he invested some \$500,000 to \$1 million to renovate his property.<sup>9</sup>

4) Stock Holdings

*a. Mr. Denton's GMGI Shares*

16. Mr. Denton's most valuable asset is his direct ownership in GMGI. Mr. Denton is the founder and largest shareholder in GMGI. He also leads the organization and is one of the company's three board members.<sup>10</sup> Mr. Denton's direct equity interests includes nearly half of the preferred and common shares, along with some preferred and common options. Mr. Denton directly owns 42.6% of the outstanding shares and issued options.<sup>11</sup>

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<sup>5</sup> For example, the bank and investment account made available to me were generally year end statements. I therefore did not have access to all transactions during the year and was unable to analyze transfers into or out of the various accounts.

<sup>6</sup> See DENTON 032\_C

<sup>7</sup> See DENTON 031\_C

<sup>8</sup> Barenholtz & Company, Inc. appraisal, as of November 25, 2015.

<sup>9</sup> See Deposition of Nick Denton, dated June 16, 2015, p 85.

<sup>10</sup> See Deposition of Scott Kidder, dated April 14, 2015, pp 78, 81-82.

<sup>11</sup> DENTON 104\_C. Also see Mr. Denton's responses to financial worth interrogatories.

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17. As more fully described in my valuation, attached as an Appendix to this Expert Report, the value of Mr. Denton's direct equity interests in GMGI as of November 30, 2015 is at least \$117 million.
18. My net worth analysis does not include the value of GMGI shares owned by a trust that was established by Mr. Denton for Mr. Denton's family. This trust, referred to as the "Weinbrecht Family Trust," owns more than 20% of GMGI on a fully diluted basis.<sup>12</sup>

*b. Vox Media, Inc. Shares*

19. Mr. Denton owns 5,000 common shares of Vox Media, Inc. ("Vox Media").<sup>13</sup> Vox Media is a privately held digital media company and recently received a \$200 million investment from NBCUniversal at a reported \$1 billion valuation.<sup>14</sup> Despite being a shareholder, Mr. Denton did not provide valuation or financial information for this investment.<sup>15</sup>
20. Mr. Denton received his Vox Media shares in connection with Vox Media's purchase of Curbed.com in 2013.<sup>16</sup> Mr. Denton's tax return, which contain information concerning the gain on his Curbed.com investment due to the Vox Media transaction, provides some general information concerning the possible value of the Vox Media shares. Mr. Denton had invested \$50,000 in Curbed.com and recognized more than a \$100,000 capital gain in connection the Vox Media acquisition.<sup>17</sup> The investment and gain figures would suggest that the Vox Media compensation at the time of the Curbed acquisition was roughly \$150,000. Assuming that the compensation was largely stock, the Vox Media shares that Mr. Denton received would be worth roughly \$150,000 at that time.<sup>18</sup>

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<sup>12</sup> See DENTON 104\_C.

<sup>13</sup> See Denton's responses to financial worth interrogatories.

<sup>14</sup> "NBC Universal Invests \$200 Million in Vox Media," New York Times, dated August 12, 2015.

<sup>15</sup> See Denton's responses to financial worth interrogatories.

<sup>16</sup> See, Deposition of Scott Kidder, dated June 16, 2015, p 88.

<sup>17</sup> See Deposition of Nick Denton, dated June 16, 2015, p. 98; Denton tax returns at DENTON 338\_C and DENTON 366\_C.

<sup>18</sup> See Exhibit 10.



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21. Vox Media's value has also increased meaningfully since that time and the shares are likely more valuable as of November 30, 2015.<sup>19</sup> Regardless, due to the lack of information, I have utilized \$150,000 as a rough approximation for the value of Mr. Denton's Vox Media shares as of November 30, 2015.<sup>20</sup>

**B. Liabilities**

1) Mortgage on Real Estate

22. Mr. Denton's only meaningful debt is a \$1.9 million mortgage on his New York City luxury condominium. The cash out mortgage was obtained in December 2013.<sup>21</sup>

**C. Net Worth Calculation**

23. As summarized in Exhibit 3, Mr. Denton's net worth as of November 30, 2015 is at least \$121 million.

**IV. Nick Denton Income Activity**

24. I have also prepared a summary of Mr. Denton's wage, capital gain, interest, and dividend receipts. This summary was prepared using Mr. Denton's tax returns and is attached as Exhibit 9.



James Donohue, December 11, 2015

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<sup>19</sup> See for example, <http://fortune.com/2015/08/12/vox-media-comcast-nbcu-unicorn/> discussing Vox Media's reported valuation increasing from \$380 million in 2014 to \$1 billion in 2015.

<sup>20</sup> Mr. Denton and GMGI, which also owns Vox Media shares, did not produce information concerning Vox Media's valuation or financial results.

<sup>21</sup> See Denton's responses to financial worth interrogatories.

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information was only available for the 14 transactions, I identified over 35 transactions involving some \$2.7 billion in total investments since the start of 2010. During the last two years, the identified investments number 16 and total approximately \$1.8 billion.<sup>67</sup>

75. With respect to control, while Mr. Denton's direct interests do not mathematically exceed 50% of outstanding shares, Mr. Denton has nearly 50% of the Series A Preferred Shares and exerts significant influence in the subject.<sup>68</sup> For instance, Mr. Denton is one of three board members and continues to be CEO. Furthermore, Mr. Denton's family controls more than 20% of GMGI shares via the Weinbrecht Family trust.<sup>69</sup> While trust documents and voting information for the trust have not been provided, collectively Mr. Denton and his family would own roughly 65% of the fully diluted shares and about 75% of the Series A Preferred Shares.<sup>70</sup>

76. Furthermore, my market valuation is in part based on non-control transactions and the available control transactions were generally at higher multiples. Given Mr. Denton's preferred share ownership and his ability to influence the direction of the company, lack of control adjustments are not required.

**X. GMGI Valuation Conclusion**

**A. GMGI Enterprise Value**

77. Based on my analysis, I have concluded that the value of GMGI's operating business was at least \$271 million as of November 30, 2015. Adjusting this value to consider cash, debt, and non-operating assets would result in a value of at least \$276 million for all of GMGI's equity.<sup>71</sup>

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<sup>67</sup> See Schedule 35.

<sup>68</sup> See for example, GAWKER 28846\_C-28887\_C, GAWKER 29024\_C-29040\_C, and GAWKER 29009\_C – 29023\_C.

<sup>69</sup> DENTON 104\_C and GAWKER 28950\_C-28958\_C.

<sup>70</sup> See Schedule 32.

<sup>71</sup> See Schedule 1.

