THE GAWKER MEDIA GROUP

Executive Summary

Company

Gawker Media Group, Inc is the parent company of Gawker Media, LLC and Kinja KFT. Kinja KFT owns and develops intellectual property (including a publishing technology platform) which is licensed to Gawker Media, LLC for publishing editorial properties.

Gawker Media Group's eight owned and operated editorial brands include Gawker, Gizmodo, Lifehacker, Deadspin, Kotaku, Jezebel, Jalopnik, and io9. Former *Financial Times* journalist and Silicon Valley entrepreneur, Nick Denton, founded the company in 2002. Today the Gawker Media Group, Inc subsidiaries employ 250+ staff internationally. The company is unencumbered by investment from or ownership by outside interests such as venture capital, public parent companies, or major media conglomerates by having self-funded all of its growth to date. As such, it is the largest completely independent media company in the United States by audience and probably by revenue.

History

Journalist and entrepreneur, Nick Denton, founded the company as a suite of blogs in 2002. The first property, gadget blog Gizmodo, launched to much acclaim among the early web media literati. It was quickly deemed the first success at "professional blogging." With that, Denton began to transform blogging from hobbyist activity to the future of online media publishing. The early blog gave way to what is now the standard syntax for online publishing: streams of articles in reverse chronological order, sorted by topic, author, and relevancy. Over the last 12 years, Gawker Media Group has expanded its early suite of blogs to a professional publishing stable of eight owned and operated online media properties in multiple consumer verticals reaching over 126 million global unique visitors each month.

Influence

The company is recognized as the originator of professional blogging, the method by which most online media is now published. Over the years, the company and its online media success have been profiled by mainstream media outlets *The New York Times, The Wall Street Journal, Washington Post,* NPR, TechCrunch, Aol, Huffington Post, *Sports Illustrated, Forbes, The Guardian* and advertising trade media outlets *Advertising Age, AdWeek,* and Digiday. Gawker Media Group's brands and stories have appeared on news and entertainment shows such as "The Today Show" (NBC), "The Daily Show" (Comedy Central), "Entourage" (HBO), "Girls" (HBO), and "Californication" (Showtime). Personalities from actor Daniel Radcliffe to science fiction author William Gibson have admitted a fondness for Gawker Media Group properties.

Vision

Gawker Media Group aims to be the platform for and guardian of intelligent, independent media. In the online media industry, most of its competitors are primarily media companies backed by short term-minded venture capital concerns or media subsidiaries beholden to large media conglomerates. Gawker Media Group aims to protect editorial freedom by enabling sustainable journalism that is free of influence. Gawker Media Group will achieve this by being the largest and liveliest destination for collaborative publishing and discussion of news on the web.

Market and Opportunity

The company operates as an online media publisher that captures advertising spend from the digital advertising industry, the fastest growing area of the overall advertising market at 16.6% CAGR for the last 10 years.[1] Gawker Media Group intends to maintain its position as the largest independent media publisher while also building out a publishing

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[1] Interactive Advertising Bureau and Pricewaterhouse Coopers. "IAB Internet Advertising Revenue Report: 2013 Full Year Results." April 2014.

platform to attract third party publishers that will increase its overall inventory and enable it to take additional share in key advertising formats (display, sponsored content, mobile, video) as well as grow emerging revenue streams for the company (commerce, licensing).

Gawker Media Group leverages its competitive advantage of 126 million unique visitor audience,[2] strong editorial brands, proprietary technology, a decade of media expertise, and strong cultural and financial independence to compete against media publishers, media distributors, and publishing platforms as a sustainable media ecosystem.

Products and Services

The company operates in the online media space as a leading independent publisher with eight owned and operated brands: Gawker, Gizmodo, Lifehacker, Kotaku, Deadspin, Jezebel, Jalopnik, and io9 that have collectively published 77 million pieces of information over 12 years. Through these brands, the company publishes online editorial content to hundreds of millions of readers each year and generates revenue by selling this valuable audience to hundreds of national advertisers. In recent years, the company has successfully diversified its revenue beyond the display advertising model and into emerging and nontraditional models: Ecommerce, sponsored content advertising, mobile advertising, performance advertising, content licensing, creative services, international partnerships, and more. With multiple strong and growing revenue streams bolstered by an impressive audience, Gawker Media Group is positioned to continue to take share of the overall online advertising market.

In 2007, the company began investing capital and headcount into a proprietary, professional content management system to improve upon hobbyist third party content management systems. The early system has

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[2] Quantcast. Audience measurement for Gawker Media Network. http://quantcast.com/p-d4P3FpSypJrlA. January 2015.

evolved into a fully featured publishing technology, Kinja, which supports each of the Gawker Media Group brands. As the company seeks to enrich its editorial offerings by deploying new verticals within successful categories, it benefits from a scalable, modularly designed system that allows horizontal expansion into new verticals with marginal technical resource. The effect is similar to that of a cloud services provider where additional client instances require simply replication and additional (low cost) storage space.

Audience

Gawker Media Group has pursued steadily aggressive editorial growth through news reporting, optimization of social and search distribution, and leverage of its stable of titles to refer traffic between them. Since inception, Gawker Media Group has grown its audience from the ground up to more than 126 million unique visitors and 575 million pageviews around the world each month.[3] Gawker Media Group stands among the Top 50 Properties by audience on the Internet according to industry online media measurement source ComScore.[4] It shares this key industry berth with major platform players like Facebook, YouTube, and Wikipedia and with major news publishers considered to be at the height of news publishing and consumption: *The New York Times*, Buzzfeed, Aol, TIME Inc, Turner, ESPN, Hearst, and Condé Nast.

Strategic Growth

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. Audience growth will increase

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[3] Quantcast. Audience measurement for Gawker Media Network. http://quantcast.com/p-d4P3FpSypJrlA. January 2015.
[4] comScore Media Metrix,November 2014, US.

overall advertising opportunity by allowing sales to capture greater advertiser spend from more advertising categories. Additional investment in the operations of the business will support the hiring, training, and programs that the departments require to lead and support the overall growth.

Management Team

The Company is managed by a group of seven Partners who are led by founding CEO Nick Denton, the former *Financial Times* journalist and Silicon Valley entrepreneur with two successful exits. Other Managing Partners include President & General Counsel Heather Dietrick, Chief Technology Officer Tom Plunkett, President of Advertising & Partnerships Andrew Gorenstein, Chief Operating Officer Scott Kidder, Chief Strategy Officer Erin Pettigrew, and Executive Editor Tommy Craggs with additional executives at VP and Executive Director levels with experience from Condé Nast, Hearst, and Aol. The Editorial Team is led by Tommy Craggs with eight Editors in Chief of the owned and operated properties. Their editing and reporting skills draw on experience at major media publishers such as *The New York Times*, ESPN, MTV, *New York Magazine,* and *Washington Post.*

Employees

The company employs 239 full time staff and 50+ independent contractors across Editorial, Technology, Sales, and Operations departments in New York City, Budapest, and various other remote locations. In New York City, the company attracts the nation's and world's strongest editorial, business, and technology talent. In Budapest, the company is positioned as one of the strongest employers in the Hungarian market, which enables Gawker Media Group to provide strong employment opportunities for technology talent in the region. Average employee tenure across the entire company is longer than peer organizations with the seven-person managing Partnership in particular averaging 7.2 years of service per Partner to Gawker Media Group.

Ownership

Gawker Media Group is privately held with ownership distributed amongst present and former employees of the company. The company has never issued an equity offering to outsiders in the past, which makes Gawker Media Group one of the largest and most influential independent media companies in the world.

Financials

The company has a long track record of strong revenue growth and has been consistently profitable since 2006. The company has grown revenue from $5.3 million in 2006 to an estimated $45.4 million in revenues and $6.7 million in operating income for 2014. Revenue growth over those last eight years has been strong with a CAGR of 30.5%.

The company's accounting firm as of 2011 is Citrin Cooperman. Estimated financials are available for 2014. For prior years, audited financials are available for 2013 and reviewed financials are available for 2011 and 2012.

Gawker Media Group Key Financials, 2012-2014			
	2012	2013	2014[5]
Revenue	$26,355,834	$34,999,653	$45,387,688
Expenses	$23,238,538	$29,047,745	$37,096,189
Operating Income	$3,117,296	$5,951,908	$6,700,109
Headcount	138	186	239

While Gawker Media Group has seen aggressive revenue growth in advertising since its founding, more recently the company has also aggressively diversified its revenue mix with strong streams developed in commerce and licensing under Chief Strategy Officer Erin Pettigrew.

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[5] 2014 financials are estimated. Audit will be completed no later than 6/30/2015.

Additionally, the company's balance sheet is strong. In September 2012, the company began a relationship with Silicon Valley Bank to establish the following credit facilities:

- A term loan with just under $200,000 remaining due. The loan matures in December 2015.
- A working capital line of $6,000,000 against eligible accounts receivable. The company has historically only drawn on the working capital line for no more than 14 days at a time and no more than once a year for the sole purpose of facilitating fees owed between our wholly-owned subsidiaries.

With impressive revenue performance, a strong balance sheet, and an immense strategic expansion opportunity ahead of it, the company seeks growth capital to accelerate its business to $137.3 million in revenue and $45.1 million in operating income in 2019.

There is significant enterprise value in Gawker Media Group with comparable public and private companies valued at four to six times revenues. With superior historical growth and profitability as well as a robust outlook for the future, the company expects enterprise value to continue to grow significantly.

Market and Opportunity

Industry

While the overall advertising market tracks steadily as a percentage of GDP, growth in the digital advertising sector is strongly positive as it takes share from traditional advertising sectors. Of all advertising types, Internet advertising at 16.6% CAGR has shown the strongest growth from 2005 to 2013. Broadcast television, newspaper, and radio have all declined. As such, digital advertising is very clearly taking share faster than any other advertising sector and will only continue to do so as mobile digital advertising accelerates that growth rate.

The $42.8 billion US digital advertising market represents the fastest growing sector of the US advertising market and one of the fastest growing sectors of overall US GDP. In 2013, digital advertising grew at a rate of 17%[6] year over year while US GDP tracked at 2.2%.[7] Digital advertising now outpaces spending at $42.8 billion in 2013 compared to competing media types with broadcast at $40.1 billion, cable television at $34.4 billion, and all other media falling far below. 2013 marked the first year that digital advertising eclipsed broadcast television spending, which had long been the leading category of spend since the medium's introduction decades ago.

As a digital advertising seller, the company is positioned in the fastest growing area of the overall advertising market. Further, Gawker Media Group has consistently grown its digital advertising revenues at a rate that is more than double that of the growth of the overall digital advertising market.

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[6] Interactive Advertising Bureau and Pricewaterhouse Coopers. "IAB Internet Advertising Revenue Report: 2013 Full Year Results." April, 2014.
[7] World Bank. "GDP Growth Annual % 2013." http://data.worldbank.org

Revenue Growth of Digital Ad Industry in Billions, Last 10 Years
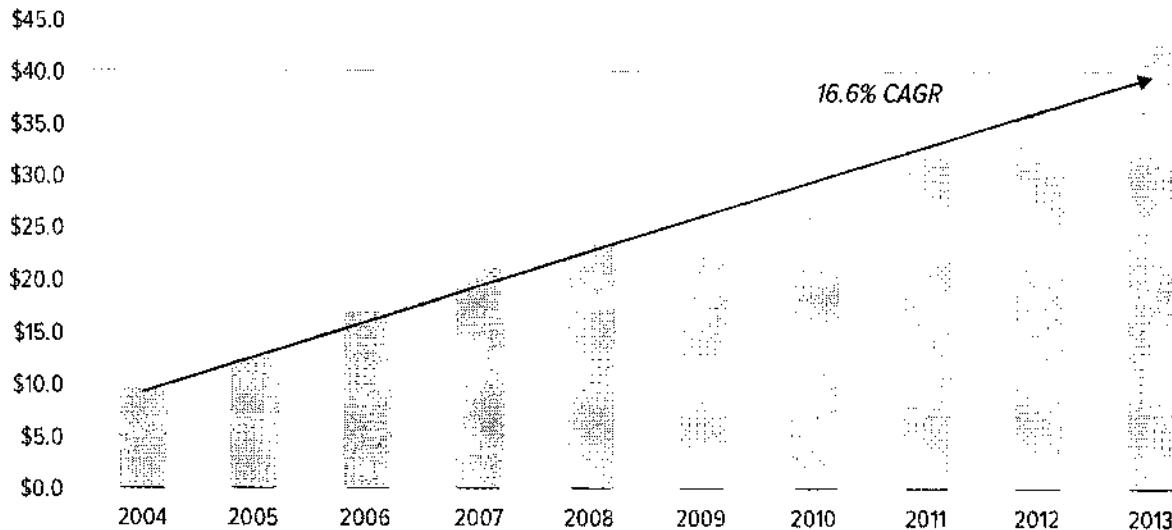
Source: Interactive Advertising Bureau and Pricewaterhouse Coopers

As growth continues, analysts predict that digital advertising's share of the overall advertising market will more than double to 37% of the total by 2018.[8] Digital advertising is expected to eclipse both broadcast *and* cable television advertising combined by $4.3 billion to become the largest advertising sector in the United States in 2018. Total digital revenues in 2018 are projected to reach $82.9 billion.[9] Gawker Media Group is well positioned to be a leading participant in that growth trend.

Impact of Technology

Technology has supported digital advertising's growing share of the US advertising market by enabling all components of the ecosystem. It has enabled supply-side online media publishers to quickly scale content distribution to more quickly take audience from traditional publishers and broadcasters. The buy-side advertisers and associated procurement technologies are able to more accurately target their advertising buys through digital advertising and to more quickly scale them across leading

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[8] eMarketer. "US Ad Spending: Q4 2014 Complete Forecast." Alison McCarthy. December 2014.

[9] eMarketer. "US Ad Spending: Q4 2014 Complete Forecast." Alison McCarthy. December 2014.

publishers. As online media continues to mature, technology is becoming more than ever a point of differentiation for both the buy and sell sides of digital advertising. Gawker Media Group plans significant investment in technology to position itself to take further advantage of the changes that technology has reaped on the media landscape.

Growth Opportunity

Opportunity in the digital advertising market comes through investment in the fastest and other growing advertising formats. Mobile advertising, video advertising, and sponsored content advertising led increases in digital advertising in 2013. Gawker Media Group offers strong advertising products in each of these key industry formats.

Mobile advertising shows the strongest growth opportunity for online media businesses. With a 123% compound annual growth rate from 2004 – 2013 and a 100% YOY growth rate from 2012 to 2013[10], mobile advertising is the fastest growing ad format. Mobile advertising revenues in 2013 totaled $7.1 billion, which is 16.5% of the $42.8 billion digital advertising market. Mobile spending has just passed an inflection point and will see exponential growth over the coming years up to an estimated $32 billion by 2018.[11] Gawker Media Group presently offers multiple mobile advertising formats for its mobile web presence and intends to launch in-app mobile advertising in the coming year to capture growth opportunity.

Video advertising is the second fastest growing advertising format in the digital marketing industry. The format saw an estimated $3.3 billion in spending in 2014 and will rise to an estimated $5.6 billion in spending in 2018 (15.1% CAGR). Gawker Media Group intends to invest significantly in video advertising products in the coming years to grow its overall opportunity to capture video advertising spend.

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[10] Interactive Advertising Bureau and Pricewaterhouse Coopers. "Highlights from Pricewaterhouse Coopers: 2013 Full Year Results." April, 2014.
[11] Mark Hoelzel for Business Insider Intelligence. "Forecast: Mobile, Social, and Video Will Drive U.S. Advertising Revenue." September 2014.

Sponsored content (or "native advertising" in industry parlance) has received increased attention from advertising buyers as they seek to better integrate with media owners' environments. Sponsored content is particularly attractive as it elicits higher response rates than standard display advertising. Spending on this format is expected to increase from approximately $1 billion in 2014 to an estimated $3.4 billion in 2018 (33% CAGR).[12] Gawker Media Group has been a leader in the sponsored content advertising space since being one of the first to launch this format online through partnerships with HBO in 2009 and with Nike as early as 2004.[13] The company's Sales department staffs a 17-person inhouse creative agency, Studio@Gawker, to concept, craft, and produce sponsored content advertising.

Pricing

The average cost-per-thousand-impression (CPM) pricing of digital advertising saw a decline of 2% in the overall industry between 2012 and 2013.[14] Commoditization of advertising by the major platforms and ad exchanges contributes to this. Gawker Media Group, however, has increased its advertising pricing (CPM) during the same period. It has done this by improving the value of its offering and successfully increasing prices to support that value. As overall brand advertising spend increases, Gawker Media Group has the opportunity to take more share of dollars through both volume of advertising orders and overall pricing of orders.

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[12] Mark Hoelzel for Business Insider Intelligence. "The Native Advertising Report: Spending Trends, Format Breakdowns, and Audience Attitudes." November 2014.

[13] AdWeek. "HBO, Gawker Team up for 'True Blood' Promo." Brian Morrissey. May 2009.

[14] Interactive Advertising Bureau and Pricewaterhouse Coopers. "Highlights from Pricewaterhouse Coopers: 2013 Full Year Results." April, 2014.

Gawker Media Group Advertising Pricing Surpasses Industry Average in 2014

Legend: ■ Gawker Media Group eCPM   Industry Average eCPM (price per thousand units)
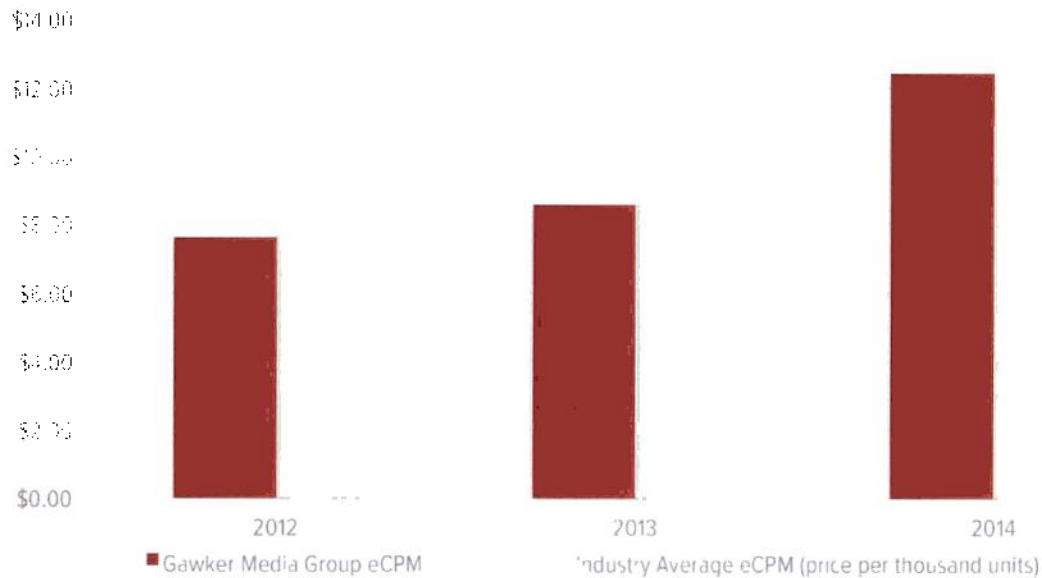
Competitors

The competitive landscape to Gawker Media Group is fragmented in definition but consolidated in spending power among few players. In fact, the top 10 competitors in the market generate 71% of digital advertising revenue.[15] Competing against players at this scale requires tremendous talent, skill, and capital. Gawker Media Group's capital deployment will be aimed at maturing and leveraging its competitive advantages against the majority of the market in order to compete with these top players to take more advertising spend share.

Gawker Media Group competes against several classes of businesses as it seeks to grow its influence in the media industry and its share of overall advertising dollars. These competitor classes include media publishers, media distributors, and publishing platforms.

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[15] Interactive Advertising Bureau and Pricewaterhouse Coopers. "IAB Internet Advertising Revenue Report: 2013 Full Year Results." April, 2014.

1. *Media Publishers*

   Media publishing companies compete against Gawker Media Group to create strong online brands that attract engaged audiences. These companies sell their audiences directly to advertisers. Key competitors include traditional players like *The New York Times*, Hearst Publishing, and Condé Nast and digital players like AoL, Buzzfeed, VICE, and VOX Media. Gawker Media Group has long been a strong competitor in this space, regularly being seen as a "must buy" for various advertisers in its most important categories. As the originator of online blogging, the predecessor to major online media publishing, Gawker Media Group continues to be strongly positioned as an influencer in the digital media publishing space.

2. *Media Distributors*

   Media distributors have arisen in the last decade as distribution channels for online media. These platforms, led by Google, Facebook, Twitter, YouTube, etc, both partner with and compete against Gawker Media Group by distributing content from media publishers, aggregating audience around these experiences, and then selling this audience to advertisers. Gawker Media Group intends to leverage its branded editorial environment to provide differentiated advertising programs that grow its value proposition against the standardized advertising offerings of the media distributors. It further intends its technology platform to afford it an entrée into supporting other publishers, thereby enabling the company to become a distributor equipped to take advertising share in the same way that media distributors do.

3. *Publishing Platforms*

   Publishing platforms compete with Gawker Media Group's plan to scale its publishing technology beyond its owned and operated properties, thereby offering publishing software to third party media publishers. Platforms like WordPress, Tumblr, and Medium provide

publishing technology to upstart media publishers who in turn sell the audiences they aggregate. Gawker Media Group intends to leverage 12 years of media publishing experience and nearly six years of publishing platform development expertise to compete with publishing platforms to offer publishing software to content creators. Most importantly, Gawker Media Group will leverage its monetization expertise to enable publishers on its platform to enjoy revenue generation and revenue sharing features that are presently not offered by any of the other publishing platforms in the space.

Competitive Advantages

1. *Audience and distribution*

   The company's strongest competitive advantage is a 126 million monthly unique visitor audience[16] that it has cultivated for over a decade. In the same way that traditional media brands built relationships with their audiences through repeated demonstrations of commitment, engagement, and trust, so have Gawker Media Group brands built relationships with their respective readers. Gawker Media Group reaches 25% of the entire US population[17] and has an additional 48 million readers in top global markets.[18] As the company seeks to grow, it plans to leverage its existing audience and distribution to edge out competitors with smaller or less cohesive audiences. For every new growth title that the company launches, it can leverage the entirety of its readership to grow adoption around new publishing brands rapidly. Importantly, Gawker Media Group's audience size at 126 million unique visitors per month is already near competitive with that of major media distributors that presently take the bulk of advertising revenue.

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[16] Quantcast. Audience measurement for Gawker Media Network. http://quantcast.com/p-d4P3FpSypJrlA. January 2015.

[17] World Bank. "Population, total 2013." http://data.worldbank.org

[18] Quantcast. Audience measurement for Gawker Media Network. http://quantcast.com/p-d4P3FpSypJrlA. January 2015.

2. *Proprietary publishing technology*

It is highly unusual for news publishers to own and operate both their editorial publishing *and* their publishing technology. Many of the company's media publisher competitors create content through third party services like WordPress rather than a proprietary publishing technology. Gawker Media Group benefits from a vertical integration of content production and publishing technology in multiple ways. Chief among these is the ability to scale rapidly across verticals by launching new brands and deploying new products across the network. While many media publishers own multiple brands and maintain separate content management, product suites, and presentation designs for each, Gawker Media Group has standardized front end design, publishing management, and back end delivery and scaling systems for all of its editorial titles. As the company seeks to support third party media publishing businesses, it is advantaged by its strong existing platform.

3. *Media and advertising expertise*

Certain of Gawker Media Group's competitors from the publishing platform side of the industry are aimed at providing services to media publishers but are disadvantaged by lack of media expertise. Gawker Media Group is uniquely positioned as a media publisher with full knowledge of the online media space from infancy to maturity and has better understanding of publisher needs than many of its competitors. As it seeks to evolve its platform by deepening and enriching its content experiences, Gawker Media Group benefits from this combination of strong technology and deep media expertise. As it courts third party publishers, it is uniquely positioned to develop and offer features to those publishers.

4. *Independence*

Independence of finances and independence of spirit are of strong strategic importance to the company. Financial independence allows Gawker Media Group to pursue its next phase of growth without

pressure from unrelated, uncommitted, or uninformed outside interests. The company's independent spirit is imbued in its culture and hiring practices, its editorial experience, its technology development, and its business strategy. These aspects also form the basis for the company's corporate brand value today and tomorrow in its mission to be the guardian and enabler of the voices of independent media. In the same way that the company's readers and customers are attracted to the brands for their independent spirit, so will the company's current future customers align with that purpose. Contrast this to most other media publishers who are subsidiaries of larger conglomerates, are beholden to public or secondary shareholders, or are simply driven by short term motivations that do not ally well with long term independence. Gawker Media Group values strongly, benefits immensely from, and intends to continue its longstanding tradition of independence.

Products and Services

Editorial Titles

The stable of Gawker Media Group properties includes leading editorial brands in technology, lifestyle, gaming, automotive, and more. The titles are known chiefly for their irreverent, authentic, "say anything" tone. This has engendered loyal audiences with strong affinities for the editorial brands, authors, and stories.

Each editorial brand is led by an Editor in Chief and supported by various deputies, managing editors, reporters, staff writers, contributors, graphic artists, and videographers.

Gawker

General news and entertainment
Founded 2003
18.4 million unique visitors per month
Gawker is the definitive gossip sheet for followers of entertainment, media, and news. The site reveals the story behind the story, publishing the news before other news outlets even know it and when other news outlets won't dare. As the flagship property for Gawker Media Group, Gawker leads in setting the expectation for unadulterated, honest conversation about the events happening in our world.

Gizmodo

Technology and culture
Founded 2002
25.7 million unique visitors per month
Gizmodo is a guide to the most exciting, inventive, beautiful, and awe-inspiring technologies that give shape to the world around us. From everyday electronics to the cities of tomorrow, from breakthrough science to smarter design, Gizmodo explores the past, present, and future of technology in our lives.

Lifehacker

Productivity, software, finance
Founded 2005
20.7 million unique visitors per month

Lifehacker is dedicated to living life better in the digital age. The site delivers tips, tricks, and advice on apps, gadgets, financial tools, and shortcuts to improve productivity. Founded as a collection of "life hacks" for web gurus and software developers, Lifehacker is now the expert guide for anyone looking to get things done. Its readership consists of technologists, business decision makers, and productivity enthusiasts.

Kotaku

Video game
Founded 2004
13.0 million unique visitors per month

Kotaku is the most thought-provoking, unabashedly excited game culture outlet on the planet. It's the only destination that embraces not only game news and reviews but also the gamer community as a whole. Game culture isn't just a subculture anymore; with mobile and casual gaming at an all-time high, games are everywhere. Kotaku reaches both game players and game developers.

Deadspin

Sports lifestyle
Founded 2005
15.1 million unique visitors per month

Deadspin covers sports on and off the field. Much more than statistics and scores, Deadspin dispatches game gossip, athlete profiles, investigative reporting, and original cultural essays that make it a unique take on men's lifestyle publishing. Its maverick and encompassing approach to sports media was once spurned by its sports media peers but is now renowned. There's more to life than the score. That's Deadspin.

Jezebel

Women's interest

Founded 2007

14.2 million unique visitors per month

Jezebel is dedicated to what contemporary women want to talk about. It brings its readers what traditional women's magazines won't: savvy pop culture, fashion truths, progressive advice, female heroes, entertainment realities, cultural criticism, and a healthier take on female aspiration. It is unquestionably recognized as the most energizing and progressive voice in women's media. Unhesitatingly honest, Jezebel is changing women's conversation.

Jalopnik

Automotive

Founded 2004

8.1 million unique visitors per month

Jalopnik is about cars and all the ways people love them. Unlike the usual press-release driven reviews and spec comparisons found in other automotive enthusiast publications, Jalopnik delivers an informative and irreverent perspective on the automobile in our lives. Freedom and the lifestyle of the open road – that is the ethos of Jalopnik. Its loyal readership includes automotive enthusiasts but also influential auto makers, dealers, marketers, and critics.

Io9

Science fiction

Founded 2008

13.6 unique visitors per month

Io9 is futuristic culture and entertainment. Io9 covers sci-fi shows and movies, concept art, digital gadgetry, and brave new world breakthroughs as well as issuing its own predictions on the future. Io9 attracts readers from the professional fields of science, technology, and entertainment as well as enthusiasts looking for an outlet for their science fiction and futurism interests.

Technology Platform

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.

Becoming a platform for other publishers will naturally position the company as a key player in all three of its competitive approaches: media publishing, media distribution, and publishing platforms. The media industry currently has very few players that perform all three of the major media functions: media creation, media distribution, and media monetization. The company endeavors to position through its Kinja platform as a media organization that leverages its media creation expertise to build media distribution and provide media monetization to third party media creators.

The company's technology platform is built with backend programming language Scala on the Play framework, a combination that supports large web services at scale. The backend leverages a variety of large databases for user and publishing data. The front end or user-facing aspects of the web product are created in web standard languages HTML, CSS, and Javascript. A robust system of owned servers and leased cloud storage are utilized to deliver the user-facing web products and content to end users at unthinkable speed. This array of technologies comprises the company's "stack." This same stack or a variant on it is used by similar large scale consumer media and product companies like Twitter, foursquare, Gilt Groupe, and LinkedIn.

Target Audience

Since its founding in 2002, the company has grown its audience from a few thousand onlookers to what is now a significant percentage of the United States population and the world: 126 million global unique visitors per month. Audience growth has been aggressive but steady, marked by the cultivation of genuine relationships between readers and writers and not by short term or opportunistic development tactics.

Audience Growth in Global Unique Visitors, 2007-2014

Source: Quantcast audience measurement
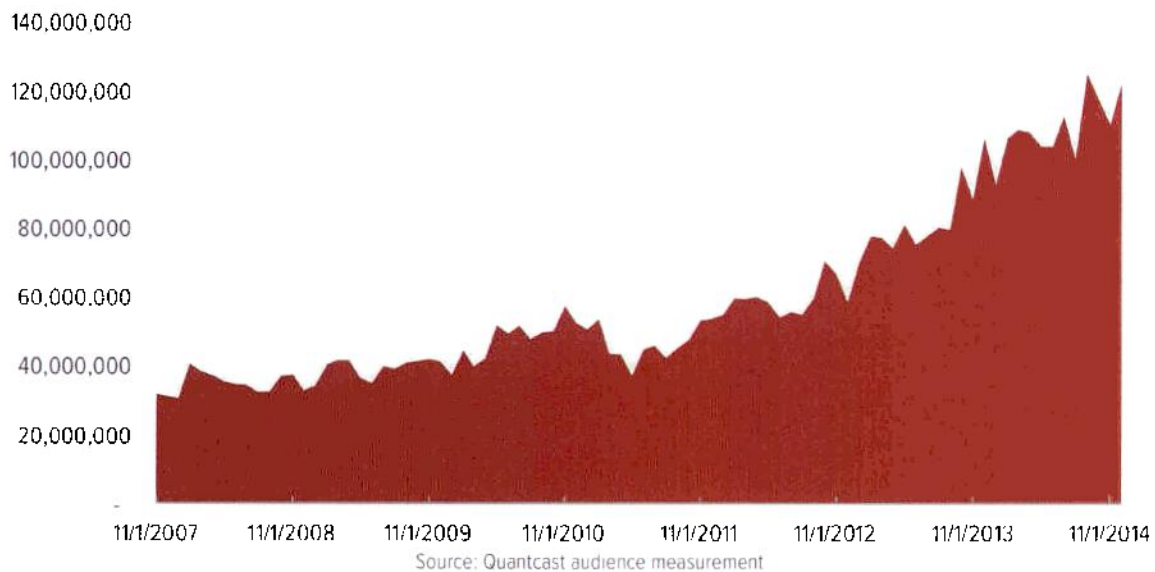
Gawker Media Group's audience has expanded in size and demographic while still retaining a very healthy hold on advertisers' prized target: millennials. With 51% of its audience categorized as millennials, the company's overall reach into this valuable cohort is the second largest amongst its media publisher peers.[19]

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[19] Digiday. "Turns out traditional publishers do just fine with millennials." John McDermott. August 2014.

Media Publishers and Their Millennial Audiences (in 000s)
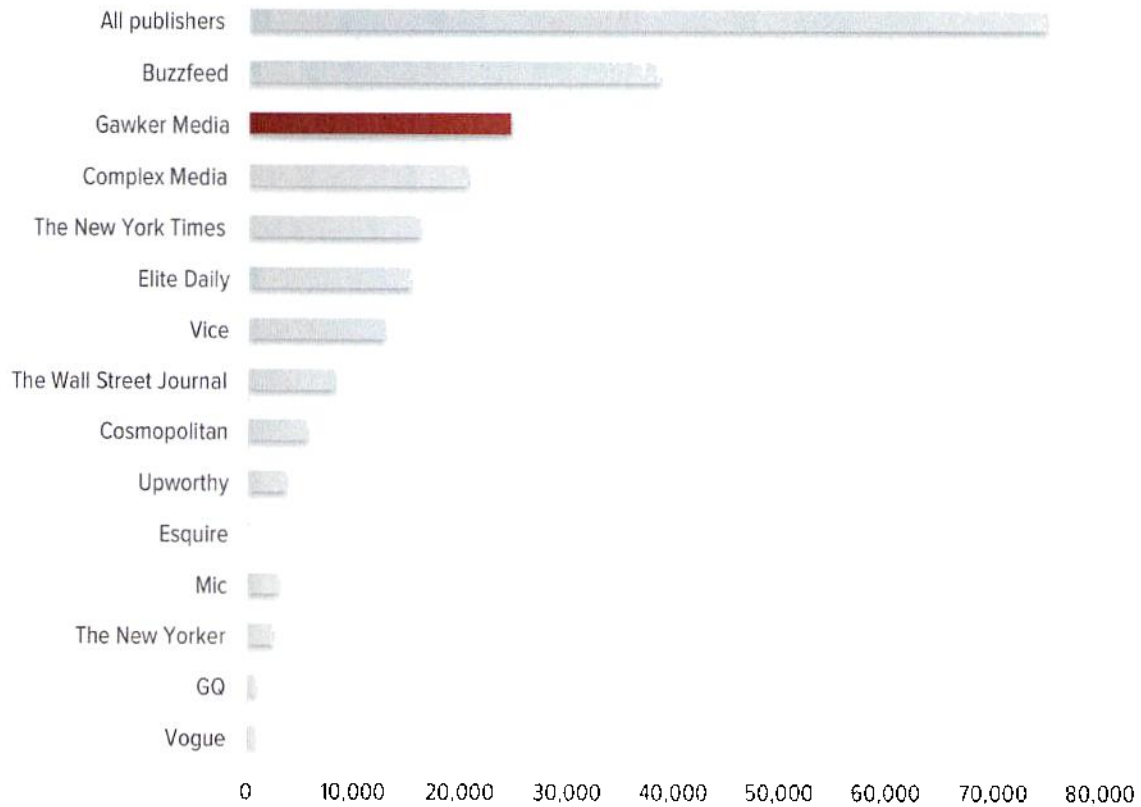
Source: ComScore US July 2014, Digiday.

The audience is generally considered to be cosmopolitan, curious, intellectual, technology-savvy, contemporary, progressive, and opinionated. They are highly interactive with 9.5 million of them following Gawker Media Group properties on Facebook and Twitter and 2.87 million registered users leaving over 26,700 comments per day to drive news discussion.

The company's audience over-indexes against the average Internet user for behavior and influence in digital consumption of entertainment, business decision making for technology purchases, digital literacy and mobile

device ownership, online shopping and transacting, and many other key categories of value to advertisers.[20]

Sample Audience Indices for Gawker Media Group's Top Ad Categories

Consumption Behavior	Index
Consumer Electronics	
Web / Internet software purchased for work (last 12 months)	340
Laptop purchased for work (last 12 months)	337
Business purchase decision maker / influencer for Internet	301
Heavy spending on computer hardware online (last 6 months)	293
Business purchase decision maker / influencer for software	265
Shopped online for home electronics (last 30 days)	253
Entertainment	
Computer used for movie or TV show download (yesterday)	325
Watched online video for TV or broadcast (last 30 days)	306
Computer used for Amazon Prime video watching	274
Shopped online for video games (last 30 days)	208
Telecommunications	
Business purchase decision maker / influencer for telephone services	211
Near field communications (NFC) capability on wireless device	208
Shopped online for cell phones / service plans (last 6 months)	199
Internet shopping on cell phone (last 30 days)	190
Automotive	
Business purchase decision maker / influencer for cars/vans/trucks	212
Purchased automobile online	180

Source: Nielsen @Plan Q3 2014. Indices indicate likelihood of Gawker Media Group audience to perform the selected consumption behavior relative to the average web user, e.g. index of 300 indicates thrice likelihood.

[20] Nielsen @Plan Audience Metrics. Q3 2014.

Overall, the company's audience is enviably large, educated, and digitally connected which provides strong attraction for online advertisers who seek broad reach into their coveted mass and niche targets.

Revenues

The company's sales focus in the last few years has been on increasing the strength of its primary revenue stream, direct advertising, to an estimated $32.7 million in 2014 and on expanding into new revenue streams, commerce and licensing, in order to generate a further $10.9 million in 2014. Overall revenue strength and diversification of revenue streams are at record highs for the company.

Gawker Media Group has seen the health of its direct advertising increase markedly with the arrival of President of Advertising & Partnerships Andrew Gorenstein in 2011. The department in 2014 produced 319 advertising campaigns with an average order size of $112,154. The upward trend in order size over the years (in addition to the previously discussed upward pricing metric) has been a strong indicator of the quality and attractiveness of the advertising programs developed by the company.

Average Revenue per Advertising Order, 2011-2014
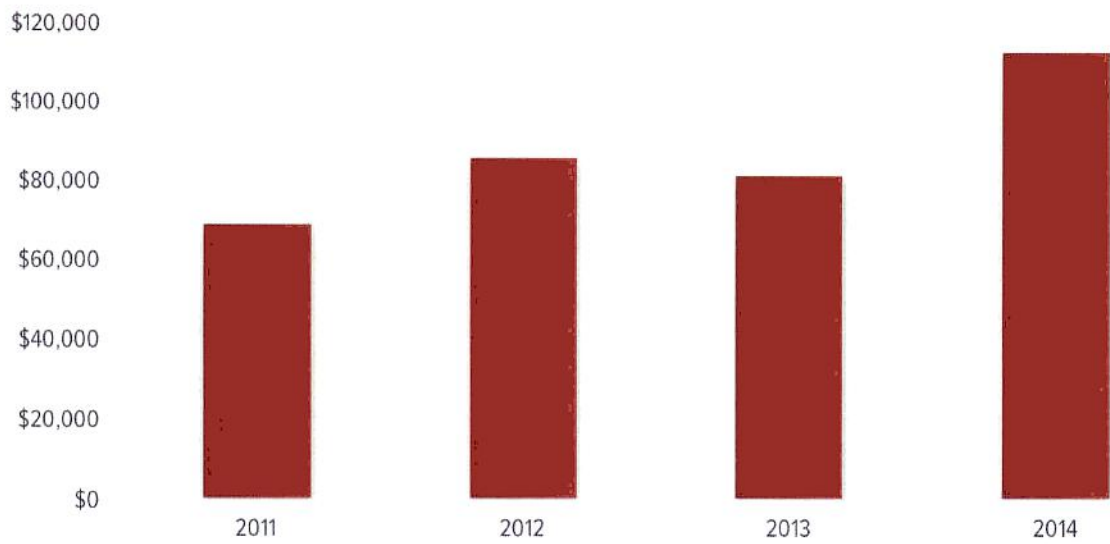
Key advertising product components include display advertising, sponsored content advertising, video advertising, mobile advertising, and a variety of scalable and custom solutions beyond these formats. Several of Gawker Media Group's advertising programs have received critical acclaim from advertising trade publications in addition to customers. These include sponsored content programs for Ford which invited audience collaboration through discussion[21] and for Netflix which earned the partner agency the award "Advertising Week's Media Plan of the Year 2014."[22]

Emerging revenue streams from business development programs include commerce (affiliate marketing), programmatic display advertising, content licensing, and international licensing. Importantly, the department has sought to decrease the organization's overall dependence on direct advertising by building a healthy secondary revenue mix that now comprises 25% of overall revenues. The company's work in these revenue diversification areas has been recognized by coverage in industry publications Digiday[23] and *The Guardian.*[24]

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[21] *AdWeek.* "Ford Puts Blog Fans in Driver's Seat: Fusion spots featuring auto enthusiasts' reviews debut on Gawker sites." Christopher Heine. March 2013.

[22] *AdWeek.* "When Clients Let Media Agencies Take Risks, Good Things Happen. Presenting Adweek's 2014 Media Plan of the Year winners." AdWeek Staff authors. November 2014.

[23] Digiday. "These publishers blend e-commerce with content – and make it work." Lucia Moses. August 2014.

[24] *The Guardian.* "Gawker links up with Future to launch Lifehacker and Kotaku in the UK." John Reynolds. March 2014.

Gawker Media Group Revenue Diversification, 2010-2014
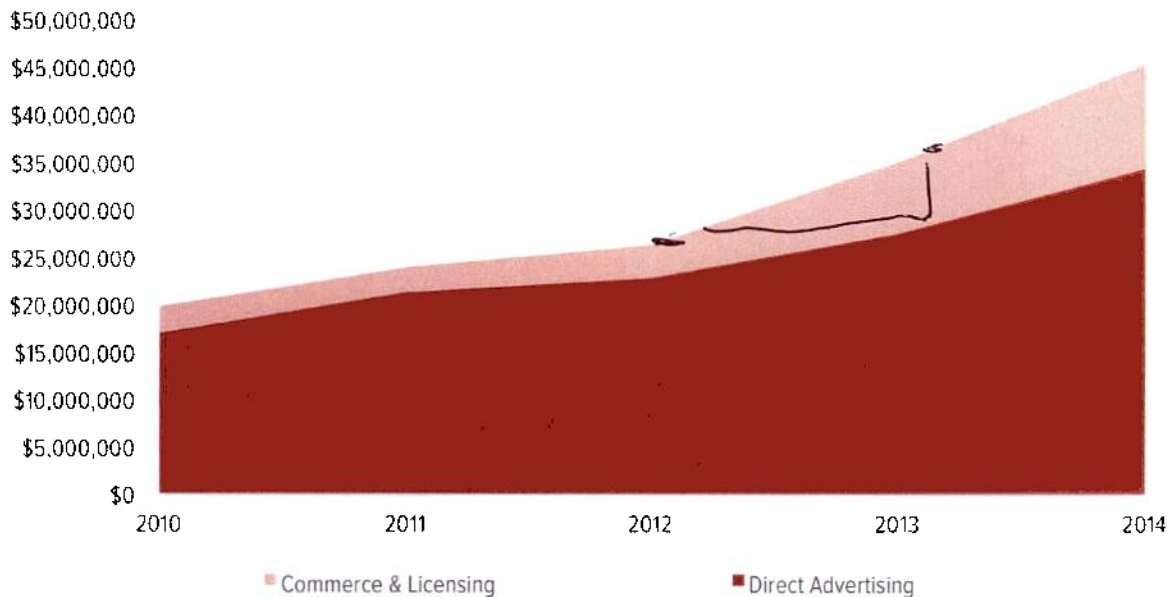
Customers

Gawker Media Group's customers are broadly companies looking to distribute paid messaging and products to its valuable audience. Specifically, those customers include partners in its direct advertising business and its commerce and licensing businesses.

1. Direct advertising agencies and brands: The company's primary customers are advertising agencies and brands that buy high production value display and sponsored content advertising from Gawker Media Group. The company's advertisers span a healthy spectrum of categories with consumer electronics, entertainment, telecommunications, and automotive leading the spending. The company's sales group sells directly to these advertisers earning the name "direct advertising" and in so doing protecting the

company's most strategic revenue relationships from industry intermediaries such as advertising networks.

    a. Key advertising clients in 2014 included Microsoft, Verizon Wireless, State Farm, Jaguar, Sony, and Netflix. The company's top clients averaged an advertising a total advertising spend of $1.2 million annually. No single advertiser represents more than 6.5% of total revenues.

2. Merchants & Licensors: The company's business development group has invested two and a half years in developing strong new revenue streams to diversify the company's opportunity. In total, customers of the Commerce & Licensing businesses generated $10.9 million in revenue for Gawker Media Group in 2014.

    a. The company's Commerce business services several hundred large retailers and smaller merchants with affiliate marketing relationships that drive diverse and high volume product sales. In 2014, the company drove over $96 million in gross product sales for partner merchants of which the company retained a percentage commission (net revenue) through its affiliate relationships. Industry statistics show that retail advertising is the largest and fastest growing advertising spend category at 21% of the advertising market in 2014.[25] Gawker Media Group's strengthening relationships with merchants positions the company to increasingly capture share of this retail revenue.

    b. The company's Licensing business services brands and media companies by selectively licensing the company's content, marks, and intellectual property in the US and key international markets.

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[25] Interactive Advertising Bureau and Pricewaterhouse Coopers. "IAB Internet Advertising Revenue Report: 2013 Full Year Results." April, 2014.

Top 10 Direct Advertisers, 2014

Advertiser
Microsoft
Netflix
State Farm
Jaguar
Sony
Verizon Wireless
Pringles
IBM
US Cellular
LogMeIn

Direct Advertising Spend by Category, 2014

Industry	Spend
Consumer Electronics / Technology	$7,816,430
Entertainment / Film / TV	$7,247,527
Telecommunications	$4,100,619
Automotive	$3,414,501
Financial Services	$2,492,751
Retail	$2,215,776
Gaming	$1,696,373
Beer & Spirits	$1,365,011
Food & Beverage	$1,261,036
Consumer Packaged Goods	$1,231,048
Miscellaneous	$1,011,654
Travel	$191,314

Publishers	$151,150
Education / Non-Profit	$49,999
Quick Serve Restaurants	$953

Strategic Growth Plan

Gawker Media Group seeks to increase its influence, audience, and commercial opportunity in the online media space with a growth strategy that capitalizes on its long history of success in editorial, technology, and advertising. It aims to extend its reach beyond its eight owned and operated brands and into broad new categories and deep new niches that allow it to capture long tail publishing and advertising activity. This is a horizontal growth strategy that sees Gawker Media Group extending its audience through more brands which allows it to capture more categories of advertiser spend against greater overall audience reach. In addition, the company will increasingly allow users to publish news and discussion to the platform, which expands its overall opportunity in a bottom-up, scalable manner. The growth strategy will be achieved by company-wide investment and implementation plans in technology, editorial, sales, and operations with an emphasis on technology.

Technology Growth Plan

The Technology department is the company's second largest and will see the bulk of the investment. It develops and maintains products and systems for delivering news and information to over 126 million people each month. The department will extend its accountability to users with the launch and development of platform products that increase publishing and consumption activity. The aim is to augment the company's media publishing business with both distribution channels and content creation software built into its ecosystem.

To achieve the company's long term vision of building an independent media organization with a proprietary publishing technology that scales for both its owned and operated brands and third party publishers, the Technology department seeks to increase its competitiveness in talent, performance, and infrastructure. As the competitiveness of the hiring market both locally and nationally has increased, the company will require

more capital to recruit and hire top tier technology talent. As the skill with which competitors operate has increased, the company will also need to grow its existing talents' skill sets. As the importance of vertical integration of content production and technology becomes clear, the company will continue to invest in server and related infrastructure to own the delivery of its digital experience to its users.

1. *Recruiting*: The company's Technology department aims to elevate its hiring standards and the value of its offer packages to be able to recruit top talent from Silicon Valley, New York City, and beyond. The majority of investment in Technology will go toward the overall advancement of the talent pool. The company intends to hire several senior level managers and contributors who can bring trusted experience in larger organizations to help the Technology department to scale.

2. *Product*: The company will specifically hire expertise in the Product function (design, user experience, user research, analytics, product management, project management) to ensure that it is leading strategically in its space by meeting user needs with successful technology products.

3. *Engineering*: The company today employs over 30 engineers and will continue to build its competency in front-end and back-end engineering.

4. *Mobile*: As Gawker Media Group's audience chooses mobile devices as their primary consumption mode, the company's Technology department will re-orient to support mobile. The company intends to invest in both native mobile application and mobile web development. In doing so, it will both invest in new staff as well as offer training in mobile languages and build processes to existing staff. The overall goal is to transform the engineering group's competency and confidence with mobile development.

5. *Scaling & Infrastructure*: The company operates at immense scale successfully today and will continue to invest in servers, colocation facilities, load balancers, cloud services, content distribution

networks, etc in order to maintain its ability to deliver information to its users at a very competitive speed.

Editorial Growth Plan

The Editorial department at Gawker Media Group drives the independent news journalism and opinion writing that have earned the company both acclaim and scorn for publishing what few others will. Through that radical authenticity, the company's Editorial teams have attracted loyal, outspoken audiences. Absolute independence from financial, corporate, and social obligation is the key to maintaining and increasing the company's editorial and audience-building success.

The company's editorial expansion will be driven primarily by hiring and by providing resources to those new hires. A large part of the success of the organization is giving writers the freedom and financial comfort of being able to write without fear of losing employment or not having the company's support behind their work. Therefore, the majority of the investment in Editorial will go toward further securing the staff's authorial independence and financial stability.

1. *Editorial Management*: The company's Editorial leadership will invest in strong, senior editorial management talent.
2. *Editorial Recruitment*: The company's Editorial leadership will continue to seek strong special talent in investigative reporting, opinion writing, and various domains of subject matter expertise.
3. *Publishing Services*: The company will invest in a shared service model to provide each of its editorial teams with graphic arts, video, production, events, and other capabilities. The overall effort will be moving more of the editorial capabilities in-house to increase efficiency and to avoid third party dependencies. These services -- graphic arts, video, and events -- improve the overall storytelling efficacy and production value for Gawker Media Group editorial properties. They also serve to advance the needs of the company's

advertising base, which specifically requests alignment with high production value editorial experiences on a regular basis.

4. *Distribution*: The Editorial department will move to use additional instances or 'subsites' on the Kinja platform to both drive new distribution and enhance distribution to the larger brand sites. Examples include expanding into men's interest (Deadspin's subsite Adequate Man) and outdoor technology (Gizmodo's subsite Indefinitely Wild). By exploring new topics on subsites, the larger brands can test stories against smaller audiences before bringing them to main sites. This will allow the cultivation of more original reporting, niche topic coverage, and audience affinities.

5. *Audience Development*: The Editorial department in conjunction with the Product team will continue to explore media platform distribution channels like Facebook, Twitter, Pinterest, Instagram, email newsletters, and content partnerships as audience development avenues. It will additionally explore optimization and delivery tools that enable editorial stories to be pushed to audiences more relevantly and quickly.

6. *Editorial Analytics*: With recent staffing in the Analytics discipline, the Editorial department will continue to leverage more data in its publishing and distribution efforts.

Sales Growth Plan

The Sales department at Gawker Media Group aims to provide its advertising clients with the most effective, creative, high-performing, and premium programs in the market that are then delivered to the company's massive, valuable audience. In doing so, the department generates steady, purposeful revenue to support the company's continued investment in its platform for intelligent, discursive, independent media. Unlike at many other media organizations, advertisers are viewed as equal platform participants with full access to sponsored publishing toolsets and promotion programs.

The Sales department will seek to expand its revenue generation through the following strategies across both its owned and operated properties and third party publisher properties. It will aim to capture more advertising spend across growing digital advertising formats such as mobile advertising, video advertising, sponsored content advertising, and programmatic transaction of advertising. The Sales department will continue to explore its emerging revenue streams of commerce and licensing. And with the investment in the technology platform, the Sales department will monetize third party publishers on the platform by extending the advertising, commerce, and licensing practices of its owned and operated business to the larger network of content creators. The Sales department will deploy capital over the next several years to support its strategy with the following investments:

1. *Sales Talent*: The Sales department will hire salespeople and sales support people across all territories to broadly increase Gawker Media Group's capacity to onboard new advertising partners and manage more advertising spend from existing partners.
2. *Creative and Marketing Talent*: The Sales department and its creative arm Studio@Gawker will continue investing in sponsored content and integrated marketing to continue to shore up Gawker Media Group's position as a premium, brand-safe, creative marketing studio that is differentiated from the standardized advertising offerings of competitors but is still eminently scalable.
3. *Video Talent*: As the contribution of video advertising to overall advertising growth increases, the Sales department will hire and invest in video creation and distribution to capture advertising spend in the fastest growing area of the online advertising market.
4. *Programmatic Sales Talent*: The Sales department will invest in programmatic sales leadership to ensure the company is well positioned to continue to take advertising spend as partnerships move from manual to automated, programmatic sales technology.
5. *Training*: Continuing the company's strong history of elevating within, the Sales department will invest in continued training in

leadership and various industry subject matters across the Sales department. Training will also help as the company looks to improve its sellers' consultative, creative approach to solving advertisers' challenges.

6. *Publisher Development*: The Sales department will hire a publisher development group to source, onboard, and monetize new publishing partners on the platform.

7. *Sales Technology*: As industry standards mature, the Sales department will continue to explore new technology partners to better automate creation of video, mobile, sponsored content, and other types of emerging advertising.

8. *Analytics*: The Sales department will contract new analytics partners to better communicate advertising clients' return on investment with the company.

Operations Growth Plan

The Operations department at Gawker Media Group supports the overall operations of the company by finding, growing, and retaining the best talent in the industry and by providing that talent the resources, facilities, financial support, and legal leadership to do their very best in achieving the company's mission.

The Operations department will grow its capabilities in supporting the company's overall productivity by investing in its various functions at a pace that scales with the company's overall expectation of growth. People & Culture aims to improve the overall talent pool of the company with focuses on recruitment and performance management in a market that has become particularly competitive. Facilities aims to create and maintain a productive environment for all employees that also serves as a cultural recruitment vehicle. Finance aims to provide financial analysis, planning, budgeting, and collections support for all of the company's revenues and

expenses. Legal supports the company's work with counsel on a variety of matters.

The Operations department will grow headcount and increase spending on pace with the overall expected growth of the company. Its major investment will be in increasing and improving the company's people and in facilities to accommodate this growing talent pool.

1. *People & Culture*
   a. Recruitment: The company will continue to invest in growing its inhouse recruiting group to improve its ability to meet hiring needs. The company will also continue to contract with top tier outside recruiting firms in areas of functional expertise such as sales and technology. As the New York City market sees increasing competition for senior talent in media and particularly in technology, investing in recruiting is a key tactic for winning the country's best talent.
   b. Talent Management: The company has recently begun to develop its talent management program. It plans to invest in training (public speaking, sales, design, engineering, mobile) to improve the skills of its employees. It will also invest in management training to encourage junior and mid-level employees to mature into senior leaders within the organization. The company has a long history of elevating from within and intends to continue supporting its employees as they seek management roles internally.
2. *Facilities*
   a. Office Management: As the company intends to grow its overall headcount, it plans to continue investing in office maintenance, furnishings, and spaces. Earlier this year, Gawker Media Group signed a lease for 57,978 square feet on floors 2-4 at 114 Fifth Avenue for its New York headquarters. The lease is a 15-year term with an option for the company to cancel at the end of 10 years. The company expects to sublet the fourth floor

for 3-5 years and expand into it later. The average rent cost for all three floors is $4,882,400 a year. The office will include an entertainment space for everything from staff events to client entertainment to movie screenings.

b. Information Technology: The company provides wireless Internet, videoconference, teleconferencing, and electronic screens throughout its open office spaces and conference rooms. The company will continue to invest in IT needs as overall headcount grows.

3. *Finance*

a. The company intends to improve its financial planning and analysis functions in addition to maintaining strong budgeting and collections functions.

4. *Legal*

a. The company continues to professionalize its approach to legal matters with strong in-house counsel and relationships with several outside counsel. The company will continue to fund counsel as necessary for transactional, intellectual property, employment, First Amendment, international, and other legal matters.

Management Team

CEO & Founder, Nick Denton
2002 - present

Nick Denton founded Gawker Media in 2002. He was drawn to Internet media in 1996, first writing on the subject for the *Financial Times* for eight years and then founding two Internet technology startups and selling them at the top of their respective cycles. Denton launched First Tuesday as an Internet era networking events business with branches in 80 cities and sold before the peak in 2000. Denton launched Moreover Technologies, which provided news search to Fortune 500 companies and was sold to Verisign in 2005. Denton is also the author of *All That Glitters*, an account of the collapse of a major UK investment bank. Nick Denton has been profiled, featured, and interviewed by *The New York Times, The New Yorker, The Today Show, The Wall Street Journal,* and many more. Denton is today considered the originator of blogging as a viable business, which has been emulated by mainstream media to startup media alike and is the mostly widely practiced form of Internet publishing. Nick Denton is a graduate of Oxford University.

President & General Counsel, Heather Dietrick
2013 - present

Heather Dietrick brings 8 years of wide-ranging legal experience with particular specialization in the legal issues related to the First Amendment, digital publishing, advertising, trademark, copyright, and privacy. She served as in-house counsel for global publishing house Hearst Corporation and as an associate at the international law firms Goodwin Procter and Heller Ehrman. Dietrick completed a clerkship for the Honorable Sandra Townes in the Eastern District of New York and an internship for Chief Justice William Rehnquist of the Supreme Court of the United States. Heather Dietrick holds a B.A. from Georgetown University and a J.D./M.B.A. from University of Michigan.

Chief Technology Officer, Tom Plunkett
2005 - present

Tom Plunkett brings 16+ years of experience in producing technology products and engineering processes to his role at Gawker Media. He presently leads a multinational department of 60+ staff in product, engineering, and systems operations. Plunkett architected the early publishing platform and back-end tools to support Gawker Media Group that have formed the model for online publishing applications across the web. He continues to develop toward the future of online media publishing and monetizing for Gawker Media Group. Previously Plunkett was CTO of Bolt Media, an early social networking, messaging, and video sharing site that attracted tens of millions of users and served as the early message board for FOX's "American Idol." At Bolt, Plunkett led a team that oversaw all aspects of platform development, product planning, user experience, and scaling for rapid user growth. He has also co-founded two startups, video platform Motionbox and music service SuperGlued, which were acquired by Snapfish and Complex Media respectively. Tom Plunkett holds a B.S. from the University of Connecticut and a M.A. from the University of Connecticut.

President, Advertising & Partnerships, Andrew Gorenstein
2011 - present

Andrew Gorenstein brings 15+ years of online advertising experience in online media and advertising. He presently leads 50+ sales and marketing professionals in delivering industry-acclaimed brand marketing programs and strong, year-over-year revenue growth for Gawker Media. Gorenstein has held leadership and corporate roles in advertising sales and revenue generation across premium media brands. Most recently he was Condé Nast's Senior Executive Director of Digital Sales, where he ran digital sales and strategy across all of the company's publications from *Wired* to *Vanity Fair*. Gorenstein brings additional experience in online advertising sales at business publication *Forbes* and at CMP Media. Gorenstein has been featured in numerous publications and was named as one of *Advertising*

Age magazine's 40 Under 40. Andrew Gorenstein holds a B.A. from Boston University.

Chief Operating Officer, Scott Kidder
2005 – present

Scott Kidder brings 15+ years experience in managing Internet media and technology organizations to Gawker Media. As head of all operations for the business, Kidder oversees domestic and international finance, legal, people and culture, facilities, and numerous special projects. Kidder has additional experience in startups through his business operations role at The Hype Machine and in television programming and operations through early roles at ABC News and Scripps-Howard Broadcasting. He previously founded a successful web development firm that retained numerous clients in the publishing, technology, and service industries. He has been twice named to *Forbes'* 30 Under 30 in Media. Scott Kidder holds a B.A. from New York University.

Chief Strategy Officer, Erin Pettigrew
2005 – present

Erin Pettigrew brings 10+ years experience in online media and technology businesses to her role at Gawker Media. She leads a business development and strategy team that both concepts and implements new revenue programs, partnerships, and products. Pettigrew has held leadership positions throughout the business side of the organization with focuses on sales marketing, business development, advertising technology, and hiring strong executive talent. She was recognized with the Digital Media Leadership Award for her career in the industry and profiled in a recently released business book. Pettigrew and has been featured in publications such as Digiday and Business Insider and speaks regularly at industry conferences and events. Erin Pettigrew holds a B.A. from Yale University.

Executive Editor, Tommy Craggs
2010 – present

Tommy Craggs brings five years experience in leading Gawker Media Group editorial property Deadspin as well as outside experience from key publications to his role as the company's most senior editorial manager. Craggs previously worked in editorial at *SF Weekly* and *ESPN Magazine*. He has been published in *The New York Times, Slate, New York Magazine,* and his work has twice been anthologized in annual editions of *The Best American Sports Writing.* Tommy Craggs holds a B.A. in Journalism from Northwestern University.

Editorial Team

Editor in Chief of Gawker, Max Read

2010 - present

Max Read became Editor in Chief of Gawker in 2014 before which he served as a staff writer for the site. He has overseen the site's continued evolution into one of the most widely read general news sites on the web. He previously wrote for The Daily Beast. Max Read holds a B.A. from Occidental College.

Editor in Chief of Gizmodo, Brian Barrett

2009 - present

Brian Barrett joined Gizmodo in 2009 and took over as Editor in Chief in 2013. He has supported and led the site's rise as one of the pre-eminent technology publications in the world. Barrett was previously an international business reporter for Japanese newspaper *Yomiuri Shimbun*. Brian Barrett holds a B.A. from Princeton University.

Editor in Chief of Lifehacker, Whitson Gordon

2009 - present

Whitson Gordon is the Editor in Chief of Lifehacker, he manages one of the web's most beloved sites on technology, software, and productivity. Gordon was previously a contributor at Macworld and worked in television programming. Whitson Gordon holds a B.A. from University of Michigan.

Editor in Chief of Kotaku, Stephen Totilo

2009 - present

Stephen Totilo oversees the team at Kotaku, which covers the explosive rise of video games and gaming culture. Totilo is also a contributor on video games to *The New York Times*. He previously spent nine years as an editorial and on-air reporter for MTV News. Before that he led various entertainment programming initiatives at VH1. Stephen Totilo holds a B.A.

from New York University and a Masters in Journalism from Columbia University.

Editor in Chief of Deadspin, Tim Marchman
2013 - present

Tim Marchmann took over as the Editor in Chief of Deadspin in 2015 after a successful tenure as deputy to Tommy Craggs since 2013. Previously he wrote for the *Wall Street Journal*, the *New York Sun*, *Sports Illustrated*, and *Slate*, among other publications; was an editor at *New York Press*; and co-founded *The Classical*. A 2011-12 Knight-Wallace Fellow at the University of Michigan, he lives in Chicago's Hyde Park neighborhood with his wife and two children.

Editor in Chief of Jezebel, Emma Carmichael
2010 - present

Emma Carmichael leads the team at Jezebel and is known for both her writing and managing of lifestyle and culture sites. Her writing has been published by *The Atlantic*, *Slate*, *Sports Illustrated*, and more. Carmichael was previously Managing Editor of Deadspin and Gawker and was Editor in Chief of women's interest site The Hairpin. Emma Carmichael holds a B.A. from Vassar College.

Editor in Chief of Jalopnik, Matt Hardigree
2007 - present

Matt Hardigree began writing for Jalopnik in 2007 and took over as Editor in Chief in 2012. His writing has appeared in *Fast Company* and NBC Sports and can be seen in an upcoming book. He was previously Managing Director of a political lobbying firm in Chicago and an analyst at a financial due diligence firm. Hardigree has been interviewed on Bloomberg TV, CNN, CNBC, NPR, Fox Business Network, and ABC affiliate WXYZ-TV in Detroit. Matt Hardigree holds a B.A. from University of Texas.

Editor in Chief of io9, Annalee Newitz
2007 - present

Annalee Newitz is the founder of io9 and a well-regarded journalist who covers science, technology, and their intersections in our culture. She has also held leading editorial roles at *Popular Science* and *Wired* and has been published by *Washington Post, Smithsonian Magazine, Slate* and more. She was previously a Knight Science Journalism Fellow at Massachusetts Institute of Technology. Newitz is the author of several books including her latest *Scatter, Adapt, and Remember,* which was a finalist for the *Los Angeles Times* Book Prize. Annalee Newitz holds a B.A. and Ph.D. from U.C. Berkeley.

Appendices

1. Financial Model
2. Audited 2013 Financials for Gawker Media Group, Inc

Gawker Media Group, Inc.
Historical Financials and Projections

	2012	2013	2014	2015	2016	2017	2018	2019
				BASE CASE				
Direct Advertising (Gross)	22,828,044	27,475,688	34,123,744	40,948,492	47,090,766	54,154,385	62,277,538	71,619,169
Direct Advertising Campaign Costs	(670,701)	(1,361,362)	(1,591,390)	(1,909,660)	(2,196,118)	(2,525,536)	(2,904,366)	(3,340,021)
Direct Advertising (Net Campaign Costs)	22,157,343	26,114,526	32,532,354	39,038,824	44,894,648	51,628,845	59,373,172	68,279,148
Commerce & Licensing	3,527,790	7,523,765	11,263,944	12,953,536	14,896,567	17,131,052	19,700,709	22,655,816
Platform / Non-Owned & Operated	-	-	-	-	-	-	-	-
Total Revenue	25,685,133	33,638,291	43,796,298	51,992,360	59,791,214	68,759,897	79,073,881	90,934,963
Business	5,657,832	7,947,952	10,554,455	12,137,624	13,958,267	16,052,007	18,459,809	21,228,780
Technology	5,158,966	5,817,515	7,983,807	9,181,378	10,558,585	12,142,372	13,963,728	16,058,287
Editorial	9,196,775	10,736,361	13,211,697	15,193,452	17,472,470	20,093,340	23,107,341	26,573,442
Operations	2,554,265	3,184,555	5,346,229	8,447,043	9,291,747	10,220,921	11,243,014	12,367,315
Total Expenses	22,567,837	27,686,383	37,096,189	44,959,496	51,281,068	58,508,641	66,773,891	76,227,824
EBIT / Operating Income	3,117,296	5,951,908	6,700,109	7,032,864	8,510,146	10,251,255	12,299,990	14,707,139
Mock EBITDA (capitalizing tech labor)	4,153,624	6,733,447	8,057,611	8,024,599	9,135,212	10,970,081	13,126,639	15,557,786
Margin on EBIT	12%	18%	15%	14%	14%	15%	16%	16%
Margin on EBITDA	16%	20%	18%	15%	15%	16%	17%	17%
Total Headcount	141	184	239	277	305	339	374	414

Gawker Media Group, Inc.
Historical Financials and Projections

	2012	2013	2014	GROWTH PLAN 2015	2016	2017	2018	2019
Direct Advertising (Gross)	22,828,044	27,475,888	34,123,744	40,948,492	49,138,191	61,422,738	76,778	3,029
Direct Advertising Campaign Costs	(670,701)	(1,361,362)	(1,591,390)	(1,909,668)	(2,291,502)	(2,864,502)	(3,580,628)	(4,475,794)
Direct Advertising (Net Campaign Costs)	22,157,343	26,114,526	32,532,354	39,038,824	46,846,589	58,558,236	73,197,796	91,497,244
Commerce & Licensing	3,527,790	7,523,765	11,263,944	12,953,536	15,544,243	18,653,092	23,316,365	29,145,456
Platform / Non-Owned & Operated	-	-		500,000	1,500,000	4,500,000	11,250,000	16,875,000
Total Revenue	**25,685,133**	**33,638,291**	**43,796,298**	**52,492,360**	**63,890,833**	**81,711,328**	**107,764,161**	**137,517,701**
Business	5,657,832	7,947,952	10,554,455	12,665,347	15,831,683	18,998,020	22,797,624	26,217,267
Technology	5,158,966	5,817,515	7,983,807	10,378,949	14,011,581	18,215,055	23,679,572	29,599,465
Editorial	9,196,775	10,736,361	13,211,697	15,854,037	18,232,142	20,966,964	23,063,660	25,370,026
Operations	2,554,265	3,184,555	5,346,229	8,447,043	9,460,688	10,595,970	11,867,487	13,291,585
Total Expenses	**22,567,837**	**27,686,383**	**37,096,189**	**47,345,375**	**57,536,094**	**68,776,009**	**81,408,342**	**94,478,343**
EBIT / Operating Income	**3,117,296**	**5,951,908**	**6,700,109**	**5,146,986**	**6,354,738**	**12,935,320**	**26,355,818**	**43,039,357**
Mock EBITDA (capitalizing tech labor)	4,153,624	6,733,447	8,057,611	6,517,548	7,882,676	14,839,560	28,749,251	45,776,292
Margin on EBIT	12%	18%	15%	10%	10%	16%	24%	31%
Margin on EBITDA	16%	20%	18%	12%	12%	18%	27%	33%
Total Headcount	141	184	239	289	335	384	437	490