

NATIONAL PRESS CLUB LUNCHEON WITH TED LEONSIS

SUBJECT: LEONSIS WILL TALK ABOUT HIS NEW ACQUISITION OF THE WASHINGTON WIZARDS AND THE VERIZON CENTER AND THE BUSINESS OF SPORTS.

MODERATOR: ALAN BJERGA, PRESIDENT, NATIONAL PRESS CLUB

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**ALAN BJERGA:** (Sounds gavel.) Good afternoon, and welcome to the National Press Club. My name is Alan Bjerga. I'm a reporter with Bloomberg News, and the President of the National Press Club. We're the world's leading professional organization for journalists and are committed to our profession's future through our programming and through fostering a free press worldwide. For more information about the Press Club, please visit our website at [www.press.org](http://www.press.org). To donate to our programs, please visit [www.press.org/library](http://www.press.org/library).

On behalf of our members worldwide, I'd like to welcome our speaker and our attendees at today's event, which includes guests of our speaker as well as working journalists. I'd also like to welcome our C-SPAN and Public Radio audiences. After the speech concludes, I will ask as many audience questions as time permits.

First, I'd now like to introduce our head table guests. From your right: Eric Moriath, reporter at Dow Jones; Pat Host, reporter for *Inside the Fence*; Drake Lundell of Kiplinger; Lori Russo of Stanton Communications; Denise Li, Associate Dean at Georgetown University; John Buckley, a guest of our speaker; Andrew Schneider, Associate Editor for Kiplinger and Chairman of the Club Speakers Committee.

Skipping, for the moment, over our speaker, we have Bob Carden, of Carden Communications and a Speakers Committee member who organized today's luncheon; Mark Hamrick of AP Broadcast. He's the Vice-President of the National Press Club; and

Jerry Zremski, of the *Buffalo News*, a former President of the National Press Club; and Vic Sesteed, Morgan Stanley's Senior Vice-President. [applause]

Earlier this week, the Washington Wizards were awarded the number one pick in the NBA draft. Hopeful Wizards fans see this as a sign of changing fortunes for the long-suffering franchise. Others might point to the seemingly magic touch that the soon-to-be Wizards' new majority-owner, Ted Leonsis, brings to business dealings. He turned the Washington Capitals into a National Hockey League powerhouse, with the team routinely selling out the Verizon Center just a few blocks down the road.

Through his sports and entertainment company, Lincoln Holdings, Mr. Leonsis also owns the Verizon Sports Center and the WNBA's Washington Mystics. Our speaker made his fortune as one of the pioneers of the Internet industry, spending 15 years at America Online, where he was Vice-Chairman and President. In addition to his sports holdings, he also chairs Clearspring Technologies, Revolution Money, and recently launched SnagFilms, which brings nonfiction films to a live audience.

He also produced the award-winning documentary *Nanking*, which dealt with atrocities committed in China during World War Two. And, he also just published a new book, *The Business of Happiness*.

Our speaker is also a committed philanthropist and is involved with numerous charities, including Best Buddies, Hoop Dreams, the See Forever Foundation, Venture Philanthropy Partners, YouthAIDS and others through the work of the Leonsis Foundation.

A self-made man, he is the son of a Greek immigrant, born in Brooklyn, New York. He is an alumnus of Georgetown University and splits his time between Northern Virginia and Florida.

Please welcome Ted Leonsis to the National Press Club.

[applause]

**TED LEONSIS:** Thank you very much. Good afternoon, everyone. It's an honor to be here. And, thank you for John Buckley attending. John was the coauthor of my book and has been a close friend and confidant for a number of years. And, hello to everyone who is watching on C-SPAN. I was honored last Sunday to be on Q & A on C-SPAN with Brian Lamb. I thought I would be the only one watching. I can tell you that lots of people watch. It's interesting to know the interactive medium works.

At one point, the interview started to talk about some documentary films and put up SnagFilms.com. And, I got an email a couple of minutes later that it went from 180 people live on the site to almost 2,000 people. So, it really does show how this traditional media world and new media world are coming together. And, people will react very, very positively. And so, thank you to Brian and all the people at C-SPAN.

This is called a Newsmakers Luncheon. My goal is not to make news. [laughter] I have had a busy week. Monday, we announced, for the Washington Capitals, that we had resigned Nicklas Bäckström to a ten-year deal. [applause] And, for those of you who were here the last time I was here with Commissioner Betman(?), and we articulated what our strategy and plan in a very transparent fashion about building a team and a system and a culture around great young players, developing them within a culture that we believed was appropriate.

And, we could play in a style and a format that the city would be proud of. And that, if those players were good, we would retain them for a long time. And, we've certainly been living up to that commitment with Alex Ovechkin and the long-term deal he signed. And, Nicklas was another touchstone to that strategy.

Then, on Tuesday, I went up to Secaucus, New Jersey. And, I never had been to Secaucus. [laughter] And now, Secaucus is one of my favorite cities in America. [laughter] I started the day earlier. And, I will tell you, I will make news today in telling you this story. I don't really believe so much in luck. And, lots of people were bringing up lucky charms and rabbits' feet, and the like with them. And, I refuse to do that.

And, on game seven when we lost to Montreal, I got dressed. And, I went downstairs. And, the phone rang. And, I leaned to pick up my phone. And, when I walked away, I somehow got a stain across my shirt and tie. And, my wife said to me, "Well, you can't go to the game like that. You need to change. And so, I ran upstairs. And, I changed my shirt. And, I put on a different tie. And, I had never changed clothes so close to the game. And, we lost two to one. [laughter] And, I just had to wonder if I contributed to the loss. [laughter]

So now, it's I'm going to be interviewed by NBA owners. And so, I bought a couple of suits, new suits. One was a blue pinstripe, one was a black pinstripe. And, they came. And, someone steamed them and put them away. And, I got dressed. And, I ran downstairs. I said, "Sweetie, I got to go. I'm late." And, she said, "You're getting interviewed by NBA owners, right?" And I said, "Yes." And she goes, "And then, you're going to be on national TV?" And I said, "Yep." And she said, "Well, you have on a black pinstripe suit top and blue pants." [laughter] "Go up and change."

And so, I said, "Yes dear." And I turn around, and I go, "No." And so, I went to New Jersey-- [laughter]-- And we got the number one pick. [applause] So, there's, I guess, I made my news today, because no one knows that story. I will say it's been an amazing couple of days since that bit of luck happened.

And, the one that I find most ironic is I honestly do work hard. You plan. You buy the team. You have to look at basketball operations. I have a women's basketball team, WNBA. Our first game is this evening at Verizon Center, busy, busy time. And, I'm really working hard. And, no one ever says anything.

And, I go to this TV game show, which is what the draft is, and we win the lottery. We had a 10% chance. And, all week, people were walking up to me, going, “Great job!” [laughter] I had nothing to do with it. But, it does start to get to a point which my book *The Business of Happiness* talks about. You know, maybe I was lucky. And, maybe there was good fortune.

But, maybe there is a higher calling associated with what we’re trying to do. And, I firmly believe that no team deserved more good fortune and good luck than the Washington Wizards. Mr. Pollin tragically passed away. He had an incident with one of our players. There were lots of injuries. We deserved it. And so, sometimes you deserve your own luck.

I’m here just to talk for ten or 15 minutes about point of view and a belief structure that I try to communicate, in my book. And frankly, since the book was published in February, I’ve come to believe it even more. So, I’m starting to border on being an evangelist. But, I promised my wife you wouldn’t see me on, like, a cable network late at night with the *Six Secrets to Extraordinary Success Can Be Yours!* [laughter]

I had a reckoning. You will all have reckonings. That is one of the basics of the journey that we’re all on. There will be good times and there will be bad times. A noted Stanford economist talked about “A crisis is a terrible thing to waste” about our economic situation. Well, I’ve learned that a crisis is a terrible thing to waste in your personal journey.

And, at a young age, I had grown up and been programmed that it was expected of me to work really hard and good things would happen. I came to Georgetown University. I was competing with very, very qualified students, certainly with backgrounds that were much more privileged than mine were, growing up in Brooklyn, to a dad who was a waiter and my mom was a secretary. No one had gone to college.

And, I was very fortunate. And, I got a mentor. He was a Jesuit priest. And, he really set me on a very, very good path. And, it showed me the power of mentoring and how small bits of time, especially with young adults in times of development, really can go a long way in creating a very positive point of view. And, I thank Father Durkin for much of what I’ve been able to achieve. And, I pay appropriate homage to him in my book.

I was blessed to be introduced to computer technology, 1976. The iPhone that I’m carrying with me today has more computing power than the one IBM 360 Mainframe that was on campus, that I was able to use to write a thesis. And, I don’t want to sound like Al Bundy reliving, like, the glory years, but I got introduced to computers while I was an American studies, kind of an English major.

It’s ironic because a couple of months ago, I was in a meeting where Steve Jobs gave a speech. And, they asked him, “Why is Apple so successful?” And he said, “Great

companies are now at the intersection where technology and liberal arts connect.” And, that’s basically what I was able to do in 1976.

I then went on and started my first company at a very young age. It was called LIST, the Leonsis Index to Software Technology. And, I was blessed. It was a publishing company, based on a metaphor of the number one selling magazine at its time, which was *TV Guide*. I was at a checkout line. I bought a *TV Guide*. Front of the book was “Interviews with Directors and Television Stars.” The back of the book was the directory, which programs work on which networks or what time.

I remember thinking, “I can’t believe this is the number one best selling magazine in America,” threw it away. And then, later that night, went in front of my Apple II computer. This was 1979. And, it had two software programs. I had just come back from a west coast computer fair. I had heard Dr. Bob Metcalf talking about protocols for an Ethernet network. And, I looked at this Apple II and really was struck that it looked like a television.

And, these were programs, and these were networks. And, during my lifetime, there would be this switch. And that you wouldn’t be able to distinguish between computers and televisions and telephones. And, it would be businesses to disrupt other industries, and that I was an entrepreneur at Spirit.

And so, I quit my job and raised some money and started this company, which was like a *TV Guide*. It was a database of all of the hardware and software and programs that worked on which computer platforms. And, it was very, very successful out of the gate. And, I was blessed and fortunate to sell that company for about \$65 million dollars. And, I made a lot of money.

And, I declared victory. I had been programmed that was the American dream. I bought my parents a new house. I bought my father, for the first time in his life, a brand new car. I bought houses. I became very popular with girls. [laughter] I had lots of friends.

And, I started losing my way a little bit. I had great empathy for a lot of our players who were equally as young and coming to a windfall, because there isn’t a how-to-handle-early-life-success-for-dummies book. And, I hoped to be able to provide mentoring, because I lived it and understand how daunting that new level of responsibility can be.

And so, I was running this company. I sold it and made a lot of money. And then, I got on the wrong airplane. And, as you’ll read in my book, I had a reckoning. Reckonings come in all sizes. Everyone here will have one, guarantee your heart will be broken. You’ll have a financial setback. You’ll lose a job. You’ll have a health scare. Someone will pass on who’s very close to you.

And, my reckoning changed me. I was on an airplane that developed all sorts of mechanical issues. And, we had 35 minutes to prepare. It's very humbling to be on a plane that's going to make an emergency landing. And, they take all the luggage out. And, they recast the plane. And then, their advice to you is, "Brace." That's it. Brace.

And, you always hear that you want to die with a smile on your face. But, everyone on the plane was weeping, crying, terrorized. Some people were praying. And, I honestly started to pray. And, when I was younger, I was more involved in organized religion, altar boy, in Sunday schools, and I stopped.

And, I started praying, and it was very inauthentic. So, I started, I said, "If there is a God, He's probably saying, 'Oh sure. Now you need me.'" [laughter] So, I reverted, honestly, to type(?). I said, "I'm going to cut a deal with you. It'll be a better deal if I live. [laughter] And, I honestly promise I will figure out how to leave more than I take. And, I certainly won't live a life without regret because I understand there's so much that I lost my way on. I'll do good."

And so, obviously, I made it through, and I didn't know what to do. How do you live up to this? So, I made this very feeble attempt to make a life list. And, the back of my book is my life list. I published it on my blog. I'm not very proud of the list 30-plus years later, because it was the ramblings of a young person who didn't have a defined point of view.

And then, my life takes different turns. My next company gets acquired by AOL. I'm here in D.C. and I take my son on a field trip. And, I go to the Library of Congress. What a wonderful resource. And, the Library of Congress has the Declaration of Independence, the original draft, which I thought was really cool. It was like, "Geez, Thomas Jefferson wrote it, and he gave it to Ben Franklin. And, Ben Franklin said, 'I wouldn't say it like that. What were you thinking, man? Edit it.'" And, if you go, they have an every black line version. And, the only line that was never edited was "Life, liberty, and the pursuit of happiness."

I went, "Wow. Our founding fathers, the smartest guys we know, they said our job was happiness." John ...(inaudible), *Forbes Magazine's* founding--

**MR. BJERGA:** Bernie(?) Forbes, who said that the purpose of business is to create happiness.

**TED LEONSIS:** -- To go back to Father Durkin, who always talked about your work here would provide the platform for your next level of happiness. I said, "You know what? I have permission to be happy." Well, what makes people happy? I know it wasn't my house or my cars or my newfound friends, because I wasn't thinking about them when the plane was going down. That wasn't what I was going to miss.

So, I became a student of happiness. And, that's what the book-- front of the book is about. I said, "I'll use all my resources and talents and business acumen to try and

figure out is there a science? Is there a best practice around happiness?" And, I'll give you the cliff notes.

Number one, that you're an active participant in multiple communities of interest. Seems simple. We're social animals. Whenever there is like a serial murderer, they always say, "He was a quiet man. He stayed by himself." [laughter] If you do something really, really bad, what's your punishment? Solitary confinement. So, I manage my communities of interest in a very formal way.

Most successful product I ever worked on was the launch of AIM, AOL's instant messaging product. What's the number one product and service for young adults today? FaceBook. What are they all about? Communities of interest. Have you ever heard the founder and CEO of Starbucks? He doesn't talk about making coffee. He talks about local micro-communities of interest.

Number two. High levels of self expression. Maybe that's why I started to make movies and wrote a book and do a blog every day. I have already published four or five blog postings early this morning. What's the number one rated show on television? *American Idol*. We all can sing in the shower.

And so, personally, I've been married almost 25 years, love my wife very much. The only time we ever fight, the core scene that's repeated is my wife says to me, "You're not listening to me." So, the higher levels of self-expression, the better.

The third, you get out of the eye. You get into the collectively. And, you tune up your empathy. Empathy is really the human trait that's under-sold. Empathy needs a good PR firm working for it, because it keeps everything working. But, people who tune up their empathy become great leaders. And, people who have inordinately high levels of empathy are looked at heroes and historic figures.

And so, being able to get out of that eye and understand your role and listening to the wisdom of crowds, and being able to connect as a leader with multiple people, that's why I answer all of my emails. It's why I mingle with our fans. I believe in it. I want to be empathetic and try to understand what our constituencies are thinking.

The show that is most offensive to me on television is *Undercover Boss*. I watched a version, I said, "Oh my God, what have we come to?" Here is a CEO of a company who goes to meet his employees and actually understands that customers use his products, and then cries at the end of the show, "I have good people working for me. And people use my products."

That connection out of the eye, I showed up today. I don't have anyone with me. I don't have a PR person. I don't have staff. I have no entourage. I don't want to be managed. I don't want to be told what to say. I don't want to be in the eye. I want to be a part of you, a part of collective friends in my community of interest.

A fourth, that you turn that empathy into volunteering and giving back. The acts of giving back, vital. The ability to exercise empathy, vital. And fifth, that you are in pursuit of the higher calling. When I was a senior exec at AOL, and take some credit for helping to build it as a big company, I honestly never wanted us to be worth \$150 billion dollars, in terms of market cap, or to get to \$10 billion dollars in revenue, which it did in less than ten years.

Those were byproducts of a higher calling, a higher calling being we can level the playing field and bring education to everyone, introduce the magic of interactivity to consumers, to even bring democracy around the world.

I don't want to make the playoffs. I don't even want to win a Stanley Cup. I want to bring our city closer together. I want to create millions and millions of lifelong, positive memories, between fathers and sons and mothers and daughters and friends. I want immortality for our players. I want to etch their name on a Stanley Cup so it can be in the Hall of Fame and be there forever.

So, as I went on this journey and started to break the code, in terms of my personal life journey, I realized I'm founding all these companies. I'm running all these companies. They're just like people. They get started. They go through adolescence. They make mistakes. They have a reckoning. Our whole economy and way of life just had a reckoning.

And, what do you do when your company has a reckoning? You make a list. Here are all the things that we have to do and change. And, that list is important. It allows you to envision. I wrote down, 30 years ago, "Make a movie. Win an Emmy Award." I made a movie. I won an Emmy Award. I wrote down, "Buy a team. Win a championship." Well, at least I got the team. [laughter]

I'm at 81 of the 101 things to do before I die. And so, I counsel young adults, especially MBAs, who I can say, "I need a business plan and a model, and a sample balance sheet in three days." And, I get the deck. And then, I sit with them a little one-on-one. I say, "Okay, metric, for me, your success in life and what's important to you, and how you'll be happy." And, they stare at me, blankly.

We lost our way. We start to manage just by numbers, which is what happened at AOL. When we merged in our first meeting with Time Warner-- not merged, we acquired Time Warner. I went into the meeting, and I said, "How will we know we're successful? What is our higher calling of the combined company?" And, I was told "\$11 billion dollars or IBIDA and \$1 billion dollars of cash flow, increased cash flow through synergy."

And I said, "You're kidding. You think like a dad gets up early in the morning and, like, sees his wife and daughter at the breakfast table. And, the little girl says, 'Daddy, what are you going to do today?' And he says, 'I'm going to go work 12 hours to generate my division's cash flow.'" We lost our way. And, enterprises that lose their

higher calling and lose their belief that they're in the business of happiness, tend to lose their way.

I'm working, now, on creating a bushel of happy companies, companies that follow and ring high on every one of these concepts of self-expression, and getting out of the I and into the we. And, you can just go through the winning companies today on why they're being successful.

And, that brought me to my final conclusion, which is that the best businesses are managed to a double bottom line. I don't invest in any company, now. I don't do anything to spend my time, effort and money that I don't see a plan that says, "I'm going to make a movie. It's going to get critical review. It's going to go into a film festival. It's going to go into movie theatres and sell a lot of tickets. HBO is going to buy it. But, it's got to right a wrong. It has to activate charitable giving. It has to activate volunteerism."

I've done that with the Caps. Yes, I want to get the most points in the NHL. Yes, I want to sell out every game. Yes, I'd like our team to really become a new spirit for this community and the greater Washington area. Yes, I'd like to lead the league in revenue growth.

But, I'd like to give back to the community. And, I want to see equally as formal plans on what we're going to do to give back, and how many charities we're going to help. And, I want to mentor the players to see what they're going to do, individually, because we're in this together. And, the more I've tuned and got in balance, both double lines, the more successful I've been.

I'm disproving this "nice guys finish last." I don't believe a lot of what we've learned in business, Nuclear Jack Welsh, the greatest businessman in history, "Lay 'em off! Cut back! You're only here for return on investors." Anybody seen GE stock of late? Is NBC doing well?

And, my core belief is that we're in it together. And, if you manage double line businesses, and your communities of interest are allowed to self-express, and you activate volunteerism, and you pursue a higher calling, your movies will win awards. Your teams will do well and sell out. Your businesses, like Revolution Money, in the worst economy ever, sold to American Express for more than \$300 million dollars.

A double bottom line business. Your book will become a bestseller. And so, I've gone from being a theorist. I'm on a personal journey. I'm an evangelist and mentor to people to now saying, "It's fact-based." And that, if you can internalize that you're in the business of happiness, your business, your family life, your productivity will increase dramatically.

Okay, I thank you for letting me do my little speech. And now, it comes to the fun part, where all these smart people in the audience get to ask me questions.

[applause]

**MR. BJERGA:** Well, thank you for your address today. And, this is, indeed, the fun part that we're all looking forward to. And, please keep the questions coming on up. It seems that the wise people of our audience are basically asking their questions in three areas. One is the local sports teams in which you have your interest. Another set of questions are coming about sports in general. And then, there are the questions about life and all there is to it. And so, we'll be getting to that right now.

First question, starting on the local sports interest, how do you plan to use your knowledge of running a successful hockey franchise to improve an NBA franchise that is currently in a bit of a state of disarray?

**TED LEONISIS:** Well, it'd be presumptuous of me to say I know. I think it's good to start out as an "idiot savant." And, I will talk to every single person in the company. I believe that there are really, really smart people everywhere. I'll talk to every owner in the NBA. I have some work going on, on best practices and what has worked. And then, I'll come to my own point of view. I intend to pay homage to the poll and legacy. But, I have to be my own person and do what I think is right.

What I do believe is that leagues that are going through major upheavals, the NHL had a reckoning, basic-- Its basic economic model wasn't working. We had to lock our players out for a year. And, we used that time of chaos to articulate a plan, which has turned out pretty well, to be honest. The Washington Capitals plan is one, now, that is being best practiced by lots of other teams.

And, I believe that young players, that you can mold and teach. And they'll know that, if they play well, they'll be the ones who are rewarded with your loyalty and money. Not strangers who have been productive for another team, free agents. And, if you just think on this business of happiness, it's anathema to reach out into the industry and bring someone in that no one knows, and overpay them and not show your love and respect to your existing community of interest.

So, getting the first pick in the draft I viewed as a harbinger or an omen that my instinct of what we need to do in the NBA was correct. And, I believe we can get a franchise player with that pick and help us to rebuild the Wizards.

**MR. BJERGA:** But you won't tell us who that franchise player might be?

**TED LEONISIS:** You know, one of the things that I've learned, everyone's an expert. I know there's bloggers in here. I'm reading all of the reports, you know, the mock drafts. And, one guy, with passion, a blogger, was emailing me over the last two days. And, he's really articulate.

And I said, "Have you ever seen one of these players you're talking about play live? Have you ever met these young men and talked to them, or their parents? Do you

know their history and background and personal makeup? And the answer was, “No, no, no and no.” And I said, “Well, that’s why it’s good to be a blogger. But, it’s not the way the real world works.”

And so, there’s consensus on who we should take, front experts. And, they might be right. But, we have to work them out. We have to interview them. We have to do our research. We have to compare and contrast. We have to articulate what kind of system would we be playing. We have to build that system and bring in other picks. My goal is to get more first round picks. And so, there’s a lot that goes into it. And so, I’d like to share empty calories with everyone and tell you who we’re going to pick. And, everyone would be excited. But, it would not be true.

**MR. BJERGA:** As you give your response, I see you gesturing toward the wall. [laughter] Could there be any subliminal significance for a John Wall? [laughter]

**TED LEONSIS:** Most certainly, he’s a talented player. And, there’s lots of talented players in the draft. And, we’ll make our decision when we make it.

**MR. BJERGA:** As evidenced by merchandise sales, Washingtons have never embraced the changed name of their basketball team. Is there any consideration of returning the team to the original name of Bullets and its colors? [applause]

**TED LEONSIS:** I get lots of emails. And, I see all the comments and quotes. I don’t want to be someone who does acts to make people like me or think I’m listening to them. And, there’s so much work to do to figure it out. And, that would be a part of everything. But, it’s not the first decision that we have to make. Probably will like red colors more than the teal blue that they have. But, there’s a lot that goes into it.

And, I intend to listen to people. But, I also think Mr. Pollin made a personal decision. And, I want to understand it. And, I want to pay the appropriate respect that a decision like that would deserve.

**MR. BJERGA:** With ownership of the arena as well, what substantive changes would you envision making with the schedules for the two primary tenants?

**TED LEONSIS:** You know, there's a lot of misinformation out there. You know, the Caps were not treated as well as they should because they were tenants. And, the truth of the matter is, is that Mr. Pollin was a hero. He built the arena downtown in an area that, when I went to Georgetown, I was told never go past Ninth Street.

And today, it’s the cultural hub of the city. It’s raised the tax base. It’s generated revenues for the city. It’s made-- It’s been one of the main engines to make the economy strong in D.C. But, he built it when the city couldn’t do what just about every other city does for a team, build the building. Let’s be honest.

The reason I was sold the Washington Capitals and had the opportunity to buy the rest was he couldn't handle the investments needed in the hockey team, the basketball team and the building. And so, the building has a big mortgage on it. The city built a \$700 million dollar baseball stadium. And, the rent that's paid is this much.

The State of Maryland built lots of stadiums for teams, and they pay this much in rent. We have this arena, and it has this much. Hence, we have to pay off the mortgage. Hence, we have to book the arena. It has to be a hot arena so we can generate revenues. That's what's happening.

Now, with that as backdrop, I think that I will try and make the Wizards, the Capitals and the Mystics the primary tenants. I'll schedule them first and then we'll build around them. I think we have the partnership group and balance sheet that we can over-index that way. But, you need to understand, there was a price to pay for having that building built with private money.

And sometimes, I get a little bit-- not miffed, but I don't like the ignorance inherent in some of the statements that are made because, you know, Mr. Pollin built that building. And, there's a sign called Pollin Way. But, it's under-appreciated as an asset to have two professional, three professional sports teams in downtown, and now have the Shakespeare Theatre across the street.

And, that hub of people all moving, 79,000 people moved into Washington, D.C. last year from the suburbs and from out of town. And, I really believe that a lot of that has to do with Mr. Pollin's vision of building that building and having the gumption to live with that decision.

**MR. BJERGA:** With the Bäckström contract in place, what is the next long-term goal for the Capitals?

**TED LEONSIS:** Well, I'm very proud to say that, when you own a team, there's so many things you have to worry about. Players, coaches, minor league affiliate, what's going on in Europe, scouting, selling tickets, selling blah-blah-blah. There's a lot that goes on. It's easy to have your bandwidth consumed by all of the things that are needed.

And now, the Washington Capitals only have one thing to deliver on and focus on. That's win the Stanley Cup. There's no other distractions for us as a team. We purely have been meeting since losing to Montreal on, "Well, what have we learned? What analytically do we see? How can we improve the team?"

We've already sold out every game for next year. We already have great uniforms. Our Hershey affiliate's already in great shape. Our scouts are doing-- there's nothing else for us to worry about. And, that singularity of purpose, I believe, makes for great companies. And, that's what I hope we can do, eventually, for the Wizards. It's certainly what I want to do for all of my personal business endeavors.

**MR. BJERGA:** The Capitals, as you've acknowledged, have been one of the NHL's more successful franchises in recent years. But, considering last year's bankruptcy of the Phoenix Coyotes and the financial struggles of other teams in the league, could you assess the financial help of the National Hockey League, overall? And, how do problems in places like Phoenix impact the Capitals' financial health?

**TED LEONSIS:** The league is very, very strong. And, I'm surprised, because now I see all of the NBA financials. And, I'd honestly have to say, at this point in time, that the NHL is stronger than the NBA, clearly because it has a CBA in place that protects owners from taking stupid pills. There's a hard cap in the NHL.

In the NBA, you can spend a lot of money. And, every dollar you're over this luxury tax, you get fined. And, there is a lot of basketball teams who are losing a lot of money. And, it's the problem with sports, that, in the past, it's always been, "These are clay things. These are sideline businesses." But now, the cost of entry and buying a team is very significant.

I have more cash in, personally, in these endeavors. I could have bought the Tribune Company, just to put it in perspective. These are now serious endeavors. And, there's new owners who come in, who have paid a lot of money. And, they are saying, "We need to have economic systems that are fair. We're partners with the players."

But, the deals are getting unfinancible. Banks don't want to lend money with the regularity that they were, because if you have a miss in one of these teams, you could lose a lot of money. And so, we're all really looking at, how can we make better business models and use prudence and manage it just like it's a real business?

At the same time, I know, from personal experience, Thanksgiving-- I'm with my family at a Thanksgiving dinner. And, I walk to sit down, and there is a beautiful 80 year old woman sitting in a wheelchair. And, she's knitting. And, it was like a Norman Rockwell painting.

And, as I walk by, she goes like this to me. I wave to her, and I sit down. And, I get up to go the men's room. And, I'm walking back, and she goes like this to me. And, I walk over. And, I go, "Happy Thanksgiving, ma'am. It's so nice to see you and your family." She goes, "Thank you. Do you really think Alex Ovechkin should be playing the point on the power play?" [laughter]

So, I'll never lose sight that, while you try to run as a business, there is a lot more involved. [laughter]

**MR. BJERGA:** Well, and there is a lot more involved. There's a lot involved in terms of community pride and in terms of people having identity with the players. There's the whole question about players being role models for youth. And, there's, of course, in professional sports today, the question of money. An awful lot of money out there.

You've made a lot of money in your life. You're dealing with a lot of young athletes who you've noticed and said have come into a lot of money, in their own way. And, as you've said about your own life and about others, some of those athletes lose their way. There have been some well-publicized incidents involving Wizards players. It's true in every major league sport.

And, the question that is before me right now, that I'd like to ask you, is, to what degree does money influence happiness?

**TED LEONSIS:** That's one of the major posits of my book. I firmly believe that, if you're happy, you can be successful. But, if you're successful, it doesn't necessarily mean you're going to be happy. I think that's a myth. And, I see it in some of my friends. I have one friend, and I said, "What's your higher calling?" And, he said, "I want to be the richest guy on my block."

And, his self worth, his self actualized being-- his portfolio went down in half over the last two years. And, he truly felt he was half the man he was. What a terrible way to live your life. He's obviously very, very unhappy. And, the news is filled with stories of very wealthy people, very successful people, who are miserable.

I think of Michael Jackson. If you go to my blog today, I watched a movie early, early this morning while I was doing my email on SnagFilms about Kurt Cobain. And, you know, he was a rock god. That was like the second line. He took his own life.

And so, what I try to preach to the players is, "You are going to make a lot of money. You are blessed. You're amongst the one percent. You get to a point where the incremental dollars won't change your life. And, these should be the best times of your life. And, what you'll look back upon is the friendships that you made, your communities of interest, the feeling and the memories that you had and shared with millions of people because of how great you were. And, were you historic? And, did you win a championship?"

That was my basic conversation with Alex Ovetchkin, I think the best player in the world. He bought in. He blurbs on my book. Yes, LeBron James also blurbs in my book. Don't get too many ideas in your head. [laughter] Nicklas Bäckström bought in. You're right. I want to be a part of something bigger than just me. I will commit to you and the fan base for a long term, all I want to do is win a Stanley Cup.

So, culturally, that's my belief. I believe that you can reach people. And, when you can't, it's not right for you, then. You know, I'm not-- I'm transparent. But, if someone doesn't buy into that, or believes I'm not in the business of happiness, I'm in the business of me, I don't care about the fans, I don't care about winning a champion-- they don't belong here, and they'll be shipped out. And, that's becoming our reputation around the leagues.

**MR. BJERGA:** What prompted you to become an entrepreneur? And, what advice would you give to young people who want to follow in your footsteps?

**TED LEONSIS:** Well, I'm certainly extroverted. And, I was programmed to see that I needed a way, a path to have some financial success. I graduated from college with a lot of debt. When I was accepted at Georgetown, it wasn't a need-blind institution. And, I had lots of jobs. I worked in a shoe store on Wisconsin Avenue. I worked in the library. I worked on the Hill for Paul Tsongas. But, I graduated with about \$40,000 dollars of debts.

That's one of the reasons my foundation and I are very active in scholarship programs, because I understand the power of education. I started my first business on the campus of Georgetown University. Also learned, never believe the experts after that first business. It was the Bicentennial summer. There's a big article in the *Washington Post* that said, "40 million additional tourists will come into Washington, D.C. because of the Bicentennial."

And, a couple of weeks later, a teacher said to me something to the effect of, "You could sell snow to the Eskimos." And I went, "Sno-Cones! Red, white and blue Sno-Cones! Be a patriot, eat a Sno-Cone!" And, that was my first venture. I still have that Eckle(?) Sno-Cone machine. I remember when the guy sold it to us, he said, "This is the Cadillac of the industry." [laughter]

**MR. BJERGA:** What are your plans for SnagFilms? And, how will it affect the film production climate in Washington, D.C.?

**TED LEONSIS:** Well, SnagFilms is, I think, a positive, double bottom line example of an entrepreneurial issue. So, I make a movie. And, I realized-- I was making a Holocaust film about westerners who stayed behind in Nanking, China when the Japanese invaded. And, a woman wrote a-- author wrote a book, Irish Chang, called *The Rape of Nanking*.

And, I read her obituary, and it activated me to do a Google search. And, I ended up buying a bunch of books. And, it was like, "This is a forgotten Holocaust." Have you ever seen those two words strung together? "Forgotten Holocaust." And, I became compelled to make the movie.

And, I soon realized documentary filmmaking, like the book publishing business, as I see the President of my publisher here, is a tough business. Yet, the people involved in it are talented and creative and so smart. So, I coined a term called "filmanthropy." A double bottom line. And, I said, "I'll become a philanthropist." And, I got actors and directors to buy into this.

And then, my movie won an award at Sundance. And, someone bought it for distribution. Then they said, "It's coming out Christmas week." I remember asking the

head of our distribution company, "Have you seen the movie? It is a shiny, subtitled Holocaust film." [laughter] "Not exactly family fare for the holiday season."

And, it was, "Hey. There's 8,000 buildings that house movie screens, 30,000 screens. And, 500 will show your kind of film." And, this was the only place we could get it into. And, all these great films were going to Sundance. I meet all these talented artists and directors. And, TV budgets were being cut. Distributors were going out of business. The industry broke.

And, one night, having a conversation with my wife, I was talking about filmanthropy. And, my wife's a good conscience to me. She said, "You know, I'd tone that conversation down because you sound like an elitist. You can make a movie. You can write the check and hire the people. But, not everyone can do that."

And, that bothered me. And so, laying in bed one night, I was thinking, "Geez, no one has a job now. No one has any money. No one has any time. What do they have?" And, I went, "Pixels. Everyone has pixels. Everyone can be a filmanthropist. Donate a pixel."

And so, I ran, put together this company called SnagFilms. And now, we have almost 2,000 films. You go and you watch the movie for free. If you like the movie, you snag it. And, you put it onto your blog or your website, 88,000 virtual movie theatres have now been opened. Those 88,000 virtual movie theatres are on more than 250 million pages, this month, and will stream more than 20 million movies this month.

We support 450 charities. We work with the filmmaker or PBS and what's your charity. And, we do a one-click connection there. And, the business is booming. I'm helping filmmakers. I'm helping charities. I think one day this company is going to be worth hundreds of hundreds of millions of dollars or billions of dollars. It's a prime example of doing well by doing good and ringing that double bottom line.

**MR. BJERGA:** Mr. Leonsis, before we ask the last question, thank you very much for your time. And, here is our National Press Club mug.

**TED LEONSIS:** I will cherish this and put it right next to Miami Award. Thank you. [applause]

**MR. BJERGA:** Just one quick final question, because we're running out of time here. But, it was just reported in the *Washington Post* this morning that our Nationals owner Ted Lerner-- excuse me, Mark Lerner, took a fly ball to the face this morning, shagging fly balls with the Nationals. What would you be willing to do, to commit to your franchise? A puck to the face? Elbow from Shaquille O'Neal? How committed are you?

**TED LEONSIS:** Mark is one of my best friends. I love Mark. And, I actually was concerned. There was a lot of blood involved. And, I talked to him this morning.

And, it was a funny conversation, 30 stitches. And, his son is graduating from law school this weekend.

And he said, “Look at me. I’ve got a black eye and stitches. I look like I’ve been in a bar fight.” And I said, “Hey, you own a piece of the hockey team. Wear an Ovetchkin jersey, say you were playing hockey.” [laughter]

**MR. BJERGA:** Thank you very much. And, thank you again to the National Press Club staff and its broadcast operation center for putting together today’s event. Tune in on Wednesday for Barbara Bush, the younger, CEO of Global Health Corp. and daughter of former President George W. Bush. Thank you very much for coming today. This meeting is adjourned. (Sounds gavel.)

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