

NATIONAL PRESS CLUB LUNCHEON WITH STAN KASTEN

SUBJECT: THE WASHINGTON NATIONALS

MODERATOR: SYLVIA SMITH, PRESIDENT, NATIONAL PRESS CLUB

LOCATION: NATIONAL PRESS CLUB BALLROOM, WASHINGTON, D.C.

TIME: 1:00 P.M. EDT

DATE: THURSDAY, JUNE 25, 2009

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DONNA LEINWAND: (Sounds gavel.) Good afternoon, welcome to the National Press Club. My name is Donna Leinwand, and I'm a reporter with *USA Today* and the President of the National Press Club. We are the world's leading professional organization for journalists and are committed to a future of journalism by providing informative programming, journalism education and fostering a free press worldwide. For more information about the National Press Club, please visit our website at www.press.org.

On behalf of our 3,500 members worldwide, I'd like to welcome our speaker and our guests in the audience today. I'd also like to welcome those of you who are watching on C-Span. We're looking forward to today's speech and afterwards, I will ask as many questions from the audience as time permits. Please hold your applause during the speech so that we have time for as many questions as possible.

For our broadcast audience, I'd like to explain that if you hear applause, it may be from the guests and the general public who attend our luncheons, and not necessarily from the working press.

I'd now like to introduce our head table guests and ask them to stand briefly when their names are called. From your right, Peter Blank, editor of *The Kiplinger Tax Letter* and a former first baseman of the NPC softball team; Karrye Braxton, president of Global Business Solutions, Inc., and a current member of the NPC softball team; Lisa Pagano, communications manager for the Nationals, and a guest of our speaker; Jon Allen, a reporter for *Congressional Quarterly* and the shortstop of the NPC softball team.

(Laughter) I sense a theme; Chartese Burnett, vice president of communications and community relations for the Nationals, also a guest of our speaker.

Skipping over the podium for just a moment, we have Jonathan Salant of *Bloomberg News*, former NPC president, the speakers committee member who organized today's lunch and the coach of the division-winning, division championship NPC softball team. (Laughter) Skipping over our speaker for just a second, we have Jess Dufour, columnist for the *Washington Examiner*. Are you a member of the NPC softball team?

MR. DUFOUR: ... (inaudible) other softball team.

MS. LEINWAND: Whoa, okay, disloyal. All right. Israel Negron, community relations director for the Nationals; Paul Dickson, author of *The Dickson Baseball Dictionary* and other books; and finally, we have Amy Fickling from *Platts*, an original member of the NPC softball team. (Applause)

Of the old Washington Senators, it was often said, "Washington, first in war, first in peace and last in the American League." Substitute Nationals for Senators and National League for American, and you can describe the situation for our local major league team today, and today's speaker. In fact, it's hard to think of anyone that has had a worst season than the Washington Nationals, except for perhaps the Republicans. (Laughter) Today's speaker, Stan Kasten, formerly served as President of the Atlanta Braves, who ran off an unprecedented 14 straight division titles. The Braves haven't won since Mr. Kasten brought his baseball expertise to the Nationals.

So far, however, success on the ball field has eluded the nation's capital. Despite a new stadium, attendance is down unless you count the Red Sox fans, and so is the Nat's won/lost record. Still, they did beat the Yankees two out of three earlier this month. (Applause) By the way, that's the team that Mr. Kasten rooted for as a kid.

When Mr. Kasten spoke at the club three years ago, he talked about how he was building a club through the farm system. You can look at Ryan Zimmerman, the star third baseman and pitchers like Jordan Zimmerman, and start seeing the fruit of those efforts. Still, the Nats remain mired in last place. Rumors are swirling that their manager, Manny Acta, will be fired. General Manager Jim Bowden has already left, and a permanent replacement has yet to be named. And questions abound. Will they be able to sign their first round draft pick, pitcher Stephen Strasburg, considered the best prospect in a generation? Will the Lerner family, the Bethesda real estate developers who own the team, open their pocketbooks a bit wider and bring in some better players so that the Nats aren't talked about in the same sentence as the 1962 New York Mets?

Mr. Kasten himself has been the subject of criticism in *The Washington Post* and *The Washington Times*. Then again, *The Atlanta Journal Constitution* once questioned why he had gotten a contract extension. That was in 1991, two years before the Braves began that unprecedented winning streak. Mr. Kasten got his start in baseball by walking up to the Braves owner, Ted Turner, and offering to work for nothing. As Ted Turner

once told *The Atlanta Journal and Constitution*, "That was an offer even I couldn't refuse."

Besides the Braves, Mr. Kasten has also served as President of the Turner-owned Atlanta Hawks basketball team and the Atlanta Thrashers hockey team, becoming the first person ever to serve as the head of three major league teams simultaneously.

The son of Holocaust survivors, Mr. Kasten grew up in New Jersey and graduated from New York University and Columbia Law School. That law degree probably comes in handy when he has to negotiate contracts with agent Scott Boras, who is representing the aforementioned Stephen Strasburg. Today's questions probably won't be as hard as those negotiations, so let's welcome Stan Kasten to the National Press Club. (Applause)

MR. KASTEN: Thank you, Donna. It's always great being here at the Press Club, I always enjoy whether I'm speaking here, whether I'm coming for speeches, this is always great fun for me. I see so many friendly faces out here in the audience today. I also see plenty of media. (Laughter) You know, when I do speeches, I often ask-- I often start by asking, "Do we have any media in the room today?" And the reason I do it, a couple reasons. First of all, when there's no media in the room, I can tell people things that I might not otherwise. But the main reason is you often see people getting in trouble for their quotes, for their stories and the routine, the knee jerk defense is, "I was misquoted. I didn't say that. I was misquoted."

Let me tell you something. I've been in this business for 30 years. That has never happened to me. Every time I've gotten into trouble, it's because they quoted me exactly correctly. (Laughter) So, I always have to be careful when I'm in a group like this.

I'm heartened that today we have Jonathan Salant here, he'll be helping decide the questions later. And as the erstwhile coach of the National Press Club softball team, he's promised me softball questions. And so, really, really looking forward to that.

I was here a couple of years ago. I want to talk to you about the things I said then, the plan that we enunciated back then, how we proceeded on that and why the future I think for the franchise continues to be exceptionally rosy, why I continue to be so optimistic about where we're heading and all the things that will fall into place for us.

First, let me start by saying, again, I came here three years ago. I cannot tell you how much I love D.C. It's just thrilling being here. Even on a slow, boring day for most people, everything here is exciting; the pace, the people. Not just national and international politics, the local politics gets quite exciting from time to time. So everything about the city has been fun. I live right downtown, and what I think is the most beautiful downtown in America, so it has nothing but a joy, nothing but a pleasure to spend as much time as I get to spend here. That's been a great part of my experience here.

When the Lerner family bought this franchise, we set a course, I think, to have success across the broad spectrum, across the many metrics that there are for measuring success, for long-term success, for sustained success. And we talked about three things that are critically important to us. The first was the product on the field, obviously; the team, building through a program, long-term development of player development scouting.

The second was the customer experience and what they go through night in, night out. And the third was community relations. Those three elements, in the business setting you translate those as product, customer, brand. In our setting, it's the team on the field, it's the customer experience, and it's our community relations effort. I want to talk about all three today and talk to you about some things that maybe haven't been covered well enough by all of the media outlets. So, I'm here to share with you things that you may not have heard about before.

But let's start with what everyone knows the most about, what everyone follows the most, and that's the team. I don't need to go through the history of where we were when we got this franchise and what the condition, the long-term condition, was. It was clear, though, that we needed to spend a lot of time and effort on our scouting and player development apparatus. We set about to do that right away. We put a lot of money into that, we hired a lot of people, the best people that we could find to do that job.

And we said at the time, and you'll go back and check, that our emphasis would be not just young players, but young pitchers. And the reason for that is it's been true for a century and a half that they've played baseball. It's always been about your pitchers, it's always going to be about your pitchers. It's the hardest thing to get, and after you do that, everything else gets much easier. So, we've spent all our time and attention on finding young pitchers.

I have a very firm belief that of the ways to acquire talent, the least efficient is free agent. First, you scout and develop on your own. Second, you try to acquire through trades. And then finally, when you're in a position to really take advantage of a jump, then you go after free agency. And I think we've followed a course that has this very close, much closer than you would think by just looking at the standings to doing that.

I also feel strongly, and I think I have about 150 years of evidence to back me up, you can't buy a pitching staff, you can't buy a rotation. You have to grow them. You can buy one pitcher, you can do that, but you can't buy a rotation. And so that was our challenge when we got here. How do we develop a young staff? How do we get there?

Well, as I said, we hired a lot more scouts. We hired the best player development people that we could. And we knew it was going to take time. When I went through this in Atlanta, I told you all this story before, when I went through this in Atlanta with my last owner, and I explained how I thought we had to go forward to producing a good team, I told him, "For the next three, four years on the talk shows, and in the newspapers," this was before there was internet, back in the good old days, you know? I

said, "While we're growing, you know, for the next three, four years every night, I'm going to be the village idiot." And for those of you keeping score at home, I'm currently in my village idiot phase in Washington, okay? That's where we are as we develop. Until we see the record on the field, it's easy to be critical, it's easy to be impatient. I totally understand that. But I think those of you who aren't limited to just looking at the standings, who are really looking at the pieces of the franchise and the things you need to be successful can start to see what those of us on the inside have long suspected, and now we are seeing.

We now have, today, a rotation. Four of them are rookies, three of them are 22. This is what we set out to do three years ago, and you can't snap your fingers and make it happen overnight. It takes time to develop the scouts to sign and then develop kids and get them ready for the major leagues. But you can start to see just the five kids here today. And between that crop and the crop that is right behind them in Syracuse and then the dozen 15, 20 names that you don't yet know behind them, we are building a franchise that is defined by young pitching, by pitching coming forward.

I had a great conversation yesterday with a pitcher you probably all know named John Smoltz, played for me once upon a time. And he and I went through this. And we had great fun talking about this, because I reminded him, which he didn't have to be reminded of, what his record was at the age of 21. And I also know the following statistics; three pretty good pitchers, Glavine, Maddux, Smoltz that we had in Atlanta, three pretty good pitchers, all three going to the Hall of Fame. When they were 21 and 22 years old, those three pitchers in the major leagues had a record of 19-46, three pretty good pitchers. And I'm not comparing anyone that we have today to any of them, that's not my point. My point is even the best pitchers have to go through the crucible of learning how to pitch up here. They need their starts, they need 20, 30, 40 starts before it kicks in, before they learn how to maximize the talent that they have.

And so that's what we're going through now with 22-year-olds. It's going to still take some time. We've really been encouraged by what we've seen so far, but there are going to be dips, there'll be some ups and downs until they turn the corner, until we decide on the five final guys who compromise our rotation going forward. But that's what it's all going to be about: getting the solid rotation.

I said this winter that for me, the '10 season was dedicated to finding three consistent, solid, long-term major league starters. Because if I got three and I got some help in the draft, then we'd be ready to go. And let me tell you, it's clear to me now, and I think those of you who are fans would agree, not only are we going to find three solid starters out of this group, we're going to find more than three starters. You know the names that are up here. You probably also know about the kids in Syracuse, Balester, Mock, Chico, those. You don't know about Atwood and Malone and Demne (?) and Meyers and Peacock and McGearly (?) and Smoker and on and on, because that's what we're focused on, having kids who are ready to pitch up here, stay with us for a long time. Homegrown kids, and no fan enjoys anything more than homegrown talent, kids that we brought and developed on our own.

I often say when we won the world champion in '95 in Atlanta, the most thrilling aspect of that was that the pitcher standing on the mound, we threw a one-hitter for the final game of the World Series. The hitter who hit the home run for the only run of the night, and the pitcher standing on the mound closing out the game, Mark Wohlers; Tom Glavine, Dave Justice, Mark Wohlers. All three of them were scouted by us, drafted by us, signed by us. That's the kind of franchise that we're trying to build, that we've set out to build, and that we are building.

And so yes, I know what our record is today. Believe me, it's more frustrating to me than any hundred fans could possibly feel. And I still don't sleep after losses because it's just how I am. But every night, especially in the last month or so, I go home encouraged by another quality start, or by stuff I see that is going to develop into being a big time starter.

We set out this off season knowing that we had young starters coming. We set out this off season to work on our offense. I thought we did a good job at that. And I think our owners stepped up, as they always said they would, when the time was right. There were two left-handed bats out there that would fill the need that we had for the middle of the order, left-handed bat. Mark Teixeira, Adam Dunn. We tried to get both of them, we only needed one, and we got one. I'm very happy, and I think all of you have seen the kind of impact a big left-handed bat has made in our lineup.

And so, I think we have our offense in place, or about to fall into place. I do think our rotation is really close to coming together in a long-term, permanent, successful way. Now, that leaves our bullpen, which had an almost historic implosion the month of April that kind of ruined our season. I think it has settled down now quite a bit, but there's no question. Once we get our standard rotation, once our offense settles in, we will need to make sure we have a bullpen that can get these kids who've given us seven good innings, they need their win. So that's the thing we have to do either this season or in this next off season.

And of course, like any championship team, we have to get the best defense that we can. It's instructive, I think, to me. Back in '91 when the Braves had their first championship year, their first year in the World Series, the only change that was made from '90, which was a last place team to '91, which was a World Series team, was we signed three pieces, three free agents, but pieces, not big free agents, three defensive players. We signed Sid Bream and Rafael Belliard and Terry Pendleton, three defensive players. And you know what? All of a sudden, our pitching was a heck of a lot better. It's amazing how that works. Believe me, we understand that connection. We're aware of that and we are on the lookout for those final pieces once we get the rotation put into place.

And I think it's happening. And that's why I'm as excited as I am about the future and about how close we are. That's my observation. But I tell you what encourages me even more, just in the last two weeks; our new pitching coach, Steve McCatty, was once a part, in 1980, of a phenomenon like this, five great young starters who wound up to have great success in Oakland. He was once one of those kids. And he says to me sitting

in the dugout during one of our innumerable rain delays this year, he says, “Stan, this is very exciting to watch. This is exactly what we went through at Oakland. This is really happening.”

And two days later, I was on the phone with Bobby Cox, the great Hall of Fame manager in Atlanta who, unsolicited, said the same thing to me. He had never seen Ross Detwiler pitch. He knew all our other guys from personal experience. He then watched Ross Detwiler that night, or the night before, and he called me to say, “Man, it's really happening.” So, we have people like that who feel that way.

And the last guy, the most recent guy who said that to me was just yesterday, who's starting tonight for the Boston Red Sox, John Smoltz, who again went through this himself, was one of those people himself. He sees that we're so much closer than our standings today would suggest. And that's what gives me even more encouragement. I feel pretty good about the way things are going there myself, but to hear people I really respect like that see the same things I do, again, makes me more encouraged than I could be just standing on my own. So that's where I think the team is going and how far we've progressed.

Now let me talk about the customer experience, because this is something I'm very, very proud of as well. You remember three years ago when I got here, we were playing at RFK which was RFK and many of you loved it for your own emotional ties to it. But it clearly wasn't what modern day customers have come to want or expect. And so, the process was already in place to design and build this great new stadium.

And I have to tell you, as I travel around the country to all the new stadiums, our stadium is as fine a stadium as there is anywhere in baseball. It's more beautiful than virtually any stadium I can think of. The ease of access, the sight lines are spectacular, and I think more and more people recognize that. Irrespective of how that night's score is, you're going to have a good time when you come to a ball game at the Nationals Park. Assuming it's not raining that night. You know, and for about a third of our games so far this year, it's been raining. I understand that's going to put a little bit of a damper, pun intended, on our night. But there's no finer way to spend an evening than at the ballpark, and that's especially so at Nationals Park.

I understand, as I've said in the past, that when I sell people a ticket, it's not just their money that I'm asking for, it's the four hours of their time. And so, we have to be prepared, and I think we are, to make sure that all of that time is easy and convenient and safe and clean and entertaining. And yes, most important among all those things, affordable. Baseball has always been, and remains, the most affordable of all sporting entertainment alternatives. We're very proud of that. We're very proud to have \$5 tickets for every game all year, including tonight, including the big games. We're very proud that we have thousands of \$10 tickets because we do want to remain accessible to the widest possible spectrum of our fans.

You know about stadiums, last year, its first year, it was glorious. We've continued to work on the game presentation. And the things you see on the board and the music you hear you may not love all of it, but we work very hard on the mix, we work very hard on the board. We have staffs of people who spend all their time trying to work on what goes up on that board and in what sequence. And again, as I travel around the country and look at other games, our game presentation, I think, is up there with any. Our magnificent screen and other LED boards matches any stadium in baseball. And the sequencing, the way we do things, I think is as good as you can get in terms of game presentation.

We have this silly president's race that you all know about, which still is-- (Applause) Can't explain exactly why, but it's still the single most popular thing we do. People are now starting to know our formula, they know what we do in the middle of the fourth inning with the president's race. They know every night in the middle of the third inning, we're going to salute our returning officers and soldiers coming back from various fronts. They know in the seventh inning we're going to have a "God Bless America," and then some other song so that our ushers can get up and dance. You know, so we have a program there that makes you have a great time, no matter, as I said, what the score is.

We also spend an inordinate amount of time and money on the friendliness program of our ushers. And I can tell you, I get complaints about many things. The thing I get the fewest complaints about is our ushers. I would say 99.9 percent of the comments I get are that we have the friendliest ushers that anyone has ever seen. That's not an accident, it's something we work hard as we're identifying people to hire, and we work harder training them once we do hire them. I'm very proud of the ushers we have.

Food, I will tell you this. Last year, we opened up the ballpark with a lot more in terms of alternatives, lot more variety, much better quality than we were able to provide at RFK. And yet still, it wasn't good enough for us. It wasn't good enough for me, it wasn't good enough for the Lerner family, we needed to do better. And so this year, we replaced our former concessionaire with the Levy Company out of Chicago who's renowned across the world for doing good things. And again this year, we've increased and expanded and improved our food offerings, both in quality and in variety. We have as many different cool things, we have budget items, we have health items, and we have the good old basics, as many different kind of hotdogs as you can imagine. We have it all, I think, at the park.

One thing that continues to disappoint me, frankly, we're still not fast enough, not smooth enough, not good enough in our transactions across the counter. I think we're good, we've gotten better since last year. We have many, many, many excellent employees, but too many of them are not yet excellent. And that's what we're working on. We are still searching for the exact right crowd. We work very hard in who we hire. It's a tricky process. We've replaced a lot of them already this year because we have to get to the mix where all of our people are excellent. We're not there yet, but I assure you it's our goal, we're going to keep working on that.

So that's a little bit about the game experience and the customer experience. I hope you're all having a good time any night you're coming to the ballpark. I thought by now it'd be better in terms of our neighborhood. And the economy, which has hit all of us in so many ways has certainly hit the business of going out to a Nats' game. The development that we all thought we'd see by now hasn't happened yet. We all know it's going to happen, but it's been delayed for a couple of years. And when that happens, that's going to make the evening experience of coming to the ball game even better than it is now.

And the last thing I want to talk about is the most important in many ways, and the thing which is least talked about, and so I want to spend some time there. I even brought some paper, and if you know anything about me, I never read. You know, I didn't know what I would talk about when I got up here. I like to talk extemporaneously. But, I wanted to bring some materials to talk about, because I didn't want to leave anything out. And this is our community relations effort, the things we do in our city for our neighbors, for the citizens not just of the city, but also of Maryland and Virginia, all our fans and all the people that we can reach out to. Because we do, the Nationals do, a superb job of reaching out across the many ways that we can.

We do literally hundreds of programs over the course of a year to reach out, mostly to D.C., but again, also in Maryland, also in Virginia, in so many ways, and most of you never hear about it, never read about it because there's not a lot of media interest in many of these things, and yet they're touching the lives of kids, of seniors, of fans and non-fans throughout our area.

First, let me talk about the business side. We have about a thousand people a night working a game, between ushers and vendors and ticket takers and food people and staff. Two-thirds of our people are D.C. residents, two-thirds of the people are hired from D.C. We're very proud of that. We've held a number of job fairs and typically within six blocks of the ballpark. We're trying as hard as we can to hire right from our neighbors. That's a real important thing to us, and we've been doing it, we've succeeded at that. As I said, we need to continue to refine our mix of our employees, but we work very hard at bringing in people who are citizens of the district because we think that's a very good thing.

In terms of economics, it's worked out great. The bonds are being more than paid off with the revenues that have been brought in by the team and by the tickets and all that. So on the business side, things have been moving along just great, and we're very proud of what we've been able to do for our neighborhood and for our community.

On the charitable, the philanthropic side, I want to talk a little about that. Let's start with the Dream Foundation, which does so much good work; again, most of you don't know about yet. I want to read just a few of the things that we do. Let's start with the three big goals, the three big programs that the Dream Foundation is involved with. First, of course, is the Urban Academy. It's been slow because we haven't yet been able to secure the land that we've identified because it's currently owned by the National Park Service. But the plans are in place and we've identified some more funding to make it

happen. We've been working with Chairman Gray of the City Council to make it happen. It is going to happen, and we're going to be very proud to have America's third urban baseball academy bringing baseball back to the inner cities as we know we need, not just in this city, but all cities across America. That's their first big project.

The second is the juvenile diabetes wing that we've committed to build at Children's Hospital. This is something, again, terribly important to us and one of the centerpieces of all the Dream Foundation fundraising activities.

And the third big thing is our relationship with the Boys and Girls Clubs of Greater Washington, specifically we work with the chapter closest to the ballpark, but we reach out to all of them. As you know, they're also an official charity of major league baseball, so we're proud to do all this work. And again, the three anchor programs are all for kids and for D.C., D.C. kids, that's what we're spending all our time and fundraising efforts to achieve the benefit.

But they also do so many little things. Let me just give you a small list of the grants they've issued in the last year to this wide variety of groups: The Arlington Little League, Centronia, Center City Schools, Children's Cancer Foundation, Covenant House, D.C. RBI, the Everybody Wins program, Facilitating Leadership in Youth, Hispanic Scholarship Fund, Living Classrooms Foundation, the Mopise (?) Foundation at Jocelyn Diabetes Center; Media's Kids Program, Rebuilding Together Program, Thurgood Marshall Academy, and the Tyler Elementary School Partnership Project. That's just a partial list of the grants that our foundation have given out in the last year or two.

In addition to that, the stuff we do with our players, with our coaches, with our managers, in the neighborhood is extremely important to us. This year along, we're going to give out between 50 and 60 thousand tickets to D.C. kids. We are going to hold six free clinics, baseball and softball, boys and girls, at our ballpark. We have six different drives over the course of the year raising money for different things. And every month, we choose another cause to get behind. This is June, and so we're working with the American Cancer Society and the Leukemia and Lymphoma Society.

I can go on and on, because as I said, we literally do hundreds of programs. My favorite is a new one this year, we tried to kick it off on a small basis in RFK. We've really been able to ramp it up, and that's this year's D.C. High School Initiative. It's one of the only things I've been able to get the mayor and the city council president to agree on. You know, we all love the D.C. High School Initiative, and under this program, every D.C. public high school, their baseball team is invited to come and spend a day, having a full baseball team practice at our expense at Nationals Park. It's a great thrill for the kids, it's a great motivator for these kids.

And in addition, each high school, each D.C. public high school, for every child in that school, baseball player or not, every child will get a ticket to a game on that high school's day at the ballpark. Thousands of tickets, thousands of kids come to Nationals Park that would have no other way to do it, except for this exciting program that we're

doing at our expense. We're happy to do it, I hope it's building future fans. I hope it's increasing morale, and I hope it's helping with our basic themes of helping kids, working on health initiatives, working on baseball and softball initiatives. We found ways to combine all of these things in a charitable, friendly, community relations way, building our things.

Now, this is going to be a lot more exciting and probably a lot more newsworthy when the record of the team gets better, I understand how that works. Everything feels better when the team on the field gets better. But until then, we're not going to stop. We're going to continue doing our work in the neighborhoods, with our communities, keeping our customers happy, having the best experience they can at the ballpark so that when this team, which again is not very far now from being not just competitive but contending, once they're here, everything else will be in place and I'm looking forward to that day because I, again, learned something in Atlanta that I've used here.

While I was in my village idiot phase in Atlanta, the one thing I learned carrying forward here is that they've invented no new insult, okay? (Laughter) I've been called everything before, okay? And so I'm being called those things again. Believe me, and I have to tell this to people in the front office, I tell this to our owners, I tell this to our staff members. Interesting thing that I remember from 2004, ESPN did a review of all franchises in sports, about 121, I think, in the four major sports. And they had many categories of rankings, and one category was owners, how good are the owners in that sport?

And the number three owner that year, of the 121 franchise, was the owner of the Detroit Redwings coming off of a championship. Number three, pretty darn good, pretty good owner, too. Alas, number 115 out of 121 was the owner of the-then lowly Detroit Tigers, okay? What's fascinating to me is those are the same guy. Mike Ilitch owned both teams. (Laughter) Okay? Which should be a lesson that, I assure you, I've kept in mind because it really does say it all about the job we're in.

So I'm going to now turn it over to the people who want to ask me questions. I will be mindful that, again, they've invented no new insults. But if anyone wants to try, I'm ready. Take your best shot, I'm looking forward to anything you've got. (Applause)

MS. LEINWAND: Okay. What are the magic ingredients used by the Boston Red Sox and the New York Yankees that put them to the top every year? Is money one of the elements?

MR. KASTEN: I can talk about this for hours. Let me sum up my feeling on this. What do I have? I have until two, right? I will tell you from doing this for a long time in many sports over many years, I have a very strong belief that smart always beats rich, okay, if you're smart. And there are many, many examples of this. But when you're smart and rich, that's a tough combination. Both of those franchises are extremely smart, as well as being extremely rich and they're able to parlay that into continuous success.

The Yankees had a good streak going. Last year, they didn't make the post season for the first time in 13 years. It was a good streak, it wasn't quite 14, like another team once accomplished, but it was a good streak and I give them a lot of credit.

MS. LEINWAND: If my recollection is correct, and this is definitely not my recollection, that the Mets ascendancy took seven years, '62 to '69. Where are the Nationals now on that timeline?

MR. KASTEN: Well, I wish I could give you a year. Of course in baseball, as in all sports, everything is so dependent on not just the development of players, but also injuries and not just your injuries, but your competitors' injuries. Having said that, as I said all during my remarks, I firmly believe once we get a consistent, stable, mature, ready to go rotation of pitches, anything is possible immediately. Like, once you get that, you don't have to wait two years or five years after that. Then you're ready to go. Then, you only have to have missing pieces filled in. And I assure you, both I and all of my owners are ready to fill in any missing pieces we need just as soon as we establish that base.

MS. LEINWAND: While you were president of the Atlanta Braves, you put together one of the greatest pitching staffs in major league history, consisting of future Hall of Famers Greg Maddux, Tom Glavine, John Smoltz-- Glevin (sic), Glavine? Okay. John Smoltz and others. I guess he's not in my particular Hall of Fame. And you have often stated that putting together a strong starting rotation is the key to the long-term success of the ball club. Yet on your current roster, the seven highest paid players are not pitchers. For example, you gave a \$20 million contract to outfielder Adam Dunn, an outfielder who has led the league in strikeouts three times and is, putting it nicely, a defensive liability. are you going against the blueprint that made the Braves the team of the '90s?

MR. KASTEN: No, I'm following exactly that blueprint. And the blueprint that so many other teams are using. By the way, we're not the only team that is pinning their hopes, and succeeding, on the backs of a young pitching staff. Oakland is doing a great job of that, Cincinnati is doing a great job of that, Toronto is doing a good job. And let me say that really soon now, you're also going to see Baltimore has done a great job of exactly that.

But in baseball, call it fair, call it unfair, your younger players don't make much money. They're not eligible for salary arbitration until their fourth year in the majors. And so if you're building through young pitchers, you may have your very best players as your most affordable players. So I think we're exactly on track, doing it exactly as we should.

MS. LEINWAND: As president of the Washington Nationals, how much blame do you shoulder for the poor performance of the team?

MR. KASTEN: Well, I mean, I shoulder all of it. As I said, I will take that responsibility because until we get it right, it's not right and I've got to keep working until we do. But, as I said, right now I'm the village idiot. I get that, I wear that mantel. Not proudly, but with resignation, I get that. Because we're in the phase, there are no shortcuts. As I said, no shortcuts with pitchers, can't buy a pitching rotation, you have to develop them. We've done, I think, an excellent job so far doing that. They're now at the phase where they're making the impact at the major leagues. Another year or two, and I think they'll stop calling me bad names.

MS. LEINWAND: To hear *The Washington Post* tell it, the owners of the Nationals are very happy to make money with a mediocre product and won't spend money needed to build a winner. What's your response?

MR. KASTEN: Well, I think that's unfair. It's a common theme by people who don't look behind the real events that are happening and are looking for a cheap headline. That was a little editorial there. (Laughter) I think the truth is that this-- The lie was put to that this past off season when we did make-- Again, we identified a need that could be satisfied by a free agent acquisition and we went very hard in at least two cases trying to do that. We also added a free agent in the spring once we identified this glaring need in the bullpen.

The most important thing to remember is young pitchers, if they're successful, grow and grow and grow and become more and more expensive. In Atlanta, we started out with a very low payroll because we had young kids. But they all grew up together and they all became expensive together, and we kept them together because we were winning. And I can assure you, that's exactly what will happen here just as soon as we get this nucleus put together.

MS. LEINWAND: Who will succeed Manny Acta, and when?

MR. KASTEN: You know, I can't explain-- This obviously has come up. There were media reports last week. I never comment on media reports, it can make you nuts if you try to do that. I've been asked about Manny's status every day since the first week of the season when we got off to a small start. And I never comment on the status of someone. I support everyone we have every day, and I always will. In Manny's case, I happen to be a big fan of his. I think he has the demeanor to be a long-term solution as a manager, the demeanor of a Bobby Cox and others who have been successful. I had this great talk around the batting cage last night with Terry Francona, the young, possibly genius, manager of the Boston Red Sox.

And we were talking, I said, "Terry, I remember when you were a dunce as the manager of the Phillies." And he said, "Stan, I promise you, I'm still a dunce, I just have better players." (Laughter) It's so true. It's so true, and I have always been, and continue to support Manny. I can't predict whether it's going to work here, but I think it will and I think he's going to-- He certainly has the potential to be a long-term manager here and that's my hope.

MS. LEINWAND: Your first round pick in the draft this year, Stephen Strasburg, has been called The One, the Savoir of the Nationals.

MR. KASTEN: Mostly by his agent. (Laughter)

MS. LEINWAND: And less dramatically, one of the greatest college prospects in the history of baseball.

MR. KASTEN: Yeah, yeah, yeah.

MS. LEINWAND: His agent, Scott Boras, is well aware of this. The largest contract ever given to an amateur player is 10.5 million; that was to Mark Prior of the Cubs back in 2001. Now, people are throwing around numbers like 20, 30 and even 50 million for Strasburg. How are negotiations going? And more importantly, is there a limit to how much you can invest in one player, especially for someone who's never played a professional game?

MR. KASTEN: Well, obviously I never negotiate in the press, and I'm not going to today. I will talk about Stephen, though. One of the really cool things, and again this is something I discussed with Steve McCatty and Bobby Cox and John Smoltz. One of the cool things about the rotation that we're putting together here is four rookies and one 24-year-old, is that we're developing the same kind of atmosphere that we had in Atlanta. Great closeness, great friendship, but also the other side of that, great competitiveness where they want to outdo the other. But they also want to pick the other one up.

That kind of cohesion really bodes well for the future. It's exactly what we had in Atlanta, and many other places. As I said, Steve had it in Oakland. It's what we're developing here. And what's very cool about this is what a perfect environment for Stephen Strasburg. He couldn't have a better place in which to grow and contribute. No quicker path to a major league rotation than here in Washington. And he'll be a very good addition to this crop that we have here. And the other side is they'll be a great environment for him to thrive as well.

MS. LEINWAND: According to Boswell's column in this morning's *Washington Post*, the Lerner's have very little equity in the team and no incentive to really raise payroll. How much equity do you and they have? Will the payroll be increased, and by how much?

MR. KASTEN: Okay, I forgot to bring my W-2 with me today. (Laughter) Ownership is tricky. I will tell you, sports reporters have a tough time on business stories. That's all I'm going to say, okay? And I'm not being critical, it's just as any of you cover business know, it's more complicated than can fit into a sports story. And so, I don't want to go into that too much.

I do say this; there's no one more competitive than the Lerner family, or more successful at long-range building projects, which is what we're not only on, but close to the finish line with right now. No one wants to win more than them. I assure you, as I assured Tom when I spoke to him just yesterday, that we make a lot more money if we win, okay? Just trust me on that. No matter how you want to run the numbers, we're going to make a lot more money if we win, and so we're trying to do that just as fast as we can.

MS. LEINWAND: Compare the Braves in the late '80s to the Nats now?

MR. KASTEN: It's a fair comparison. You know, the circumstances were different. The Braves were a mature organization that needed complete reforming in the middle '80s. And here in Washington, it was really kind of a new thing that had to be started up. But I think the themes are the same, the themes of working on player development and scouting, being aggressive in signing talent and waiting until the moment was right to strike for free agents. Let's remember, we made an effort in 1990, the year before we started winning, to sign a free agent that really didn't work out well because of injuries. But we didn't sign our first prominent free agent until '93 when we'd already been to two World Series, and we did that without free agents. And so I think we're on course here, again, through young pitching to achieve, hopefully, the same kind of success.

MS. LEINWAND: Can you give us some thoughts on what could be done to improve an underperforming defense?

MR. KASTEN: Yeah, we need better defensive players. That's the story. I assure you, we have as many quality coaches as any team does, specifically for the positions on the field. I will tell you as a fact, we work more with players on defense and drills than any team. I will tell you that as a fact. That's a particular focus of ours. But still, there are some players who aren't very good and never will be good. And so if you want to really get to the top echelon, you have to figure out how you mix the players who might be good offensively but less good defensively. There's room, and everyone in franchise has players who aren't good defensively. But, there are parts of the ball club that have to be good defensively. We think we can do that, we can achieve a good defense while still be effective offensively. It may mean some additions and some name changes and some new players, whether this season or next. But it can be done, and we intend to do it.

MS. LEINWAND: What happened to the apparent promise to acquire at least two top-rated free agents each season? Is Adam Dunn all there is to show after two years? Wasn't he available because nobody else wanted him? That's not nice. (Laughter)

MR. KASTEN: What happened to my softball questions, okay? I know of no such promise. In fact, it's contrary to everything I believe, so I know that promise was never made. But it was an inventive question, anyway.

All we can do is look at the holes we have and try to fill them. Again, the preference is to fill holes internally. Now, because our organization until now, and scouting and player development has been oriented toward pitching, we're very deep in pitching and future pitchers. But, we have holes in the other areas. And so for those holes, you fill them up either through trades, that's the more efficient of your next two alternatives. And the next way would be through free agency. And that's what we looked to do this off season, we really did, and did with some success and we'll continue to do that in the future.

MS. LEINWAND: When you spoke here a few years ago, you talked about working with foreign embassies to identify good talent overseas. What's your assessment of how that's worked out?

MR. KASTEN: Well, the working with the embassies has worked out great, we still have not developed the pipeline that we need to have. And this, I will tell you on the player development front, this has been my biggest disappointment so far. We had a stumbling, and this is something that I think people ought to recognize and ought to give the Lerner family more credit than they get.

Three years ago when we came in, we almost right away, before we were even given the franchise formally in July, in June the general manager came to us and said, "Look, we have an opportunity to sign this young phenom." And we sat down, and sat down with the owners and they said, "If that's what you think we should do, let's do it." And so they plunged ahead. And they spent \$1.4 million on a phenom. They had the right instant, they did the exact right thing and they still got burned. That's kind of a tragedy, they didn't deserve that happening to them. And so that story has yet to unfold fully, there's so many people looking into-- And again, not just us, but team after team after team that has been subject to the problems that we have in the Dominican Republic and internationally in general.

So to sum up, we have great relations with all the embassies in D.C. who play baseball in their countries, we really do. I've become personal friends with a number of these ambassadors. We need to step up our efforts, which were certainly set back by the missteps of the first couple years. But we know it's still a critical part of success in baseball; players not just from the Dominican Republic, but all through Latin America and increasingly the Pacific Rim. It's of critical importance to us. Because this year, we're so heavily weighted in the draft and what the draft expenses are going to be, we know that we won't be able to make our next big international push until '10, but it's a job that remains to be done, and very important.

MS. LEINWAND: Speaking of the Pacific Rim, the World Baseball Classic this year displayed major league talent from several countries, especially Japan and Korea. Are the Nats pursuing players from Korea and Japan? And if not, why not?

MR. KASTEN: Well, we're not pursuing players that I can identify particularly, but we're scouting. We're all over the place. Not every team scouted the Olympics, we

did, and we have two people that make trips there annually to stay on top of things that are happening in the Pacific Rim. It is becoming more and more important. Seven years ago, we didn't know that position players could really succeed here, and then Ichiro came and everyone realized the kind of talent that was there.

At the Braves, we signed lower level guys that never panned out quite like Ichiro did, and then he kind of broke the logjam. So yes, we're aware of it, we're on top of it, there's no players in particular that I can identify. We did draft a Japanese national last week out of a U.S. college, but so far that's the closest we've gotten to an international player.

MS. LEINWAND: You see the same replays we do. Do teams have a mechanism to call terrible calls to the attention of the league officials?

MR. KASTEN: You know, we do. But let me-- I have enough time to tell you this story. I was once a GM in the NBA and I was one of those crazy people, always criticizing the refs and always questioning every call, just like all of us have been taught. You know, the oldest baseball tradition is to go to a ballpark and yell, "Kill the umpire." As far as I know, that's what baseball's all about. So we all grow up thinking that's how you should act.

And that ended for me. Again, when I was a young GM, twice I was involved in on-court arguments with the referee. Both were initiated by them, both times they called me out. In one case, the referee was fined. But yes, I didn't need to be out there. You know, so that's the kind of attitude I had back then. That all changed for me, and let me tell you this quick story. One time, the Harlem Globetrotters were playing the Washington Generals at the Omni in Atlanta. And it was in January and their legendary coach, the Generals' legendary coach, Red Klotz, was snowed in in Rochester and he couldn't get to the game. Oh my God, who was going to coach the Generals that day? Well, they picked their veteran player, their oldest player, to be the player/coach that day.

And so because I was young and a little bit of a pain in the neck, I went to the kid and I said, "You know, you could get into the history books. The Generals have lost 10,000 consecutive games to the Globetrotters. And, you know, you call a couple of plays, you exhort your troops. You come out and win this game, you'll be in the record books forever." And you could see him getting fired up. This was going to be-- This was his opportunity. And so he said, "You're right, I can do it, I can do it."

And so the first half goes on and he's screaming and he's calling out plays and the Globetrotters, they do "Sweet Georgia Brown," they take their half court shot and they do the bucket of confetti, they do all that. And half time comes and they're up by seven, eight points. So, as the team is walking out for the second half, I'm there in the corner and again I go the coach, "Coach, you're right in this thing, okay? You can do it, you can do it." He says, "You're right. I know I can, I know I can."

So he's out there the second half and he's screaming and yelling and he's doing all this stuff. And, you know, the Globies, dribble the ball and they throw the flat basket and they have the ball on the rubber band and they throw the bucket of water. They do all their stuff and they end the game sitting on someone's shoulder with a dunk and the Globies win for the 10,001st consecutive time by 15, 16 points.

And so the Globies walk off the court and the Generals walk off the court. And the last player to walk off the court is this player/manager, this player/coach. And I say to him, "Way to go, Coach. Good job, you almost had him. Good job." And he looks at me and he says, "Damn referees." (Laughter) That's a true story, but I just said to myself when that happened, "You know what? I've got to stop, okay?" We're all nuts, we're all nuts on the subject of referees, umpires, and so I just stopped. (Laughter)

MS. LEINWAND: What should happen to all the players who did steroids? Specifically, should Mark McGwire, Barry Bonds, Sammy Sosa, Roger Clemens and A-Rod be kept out of the Hall of Fame?

MR. KASTEN: Well, that's a question I came here to ask all of you today, because it's the writers who decide who goes into the Hall of Fame. So, can we get some opinions out there? Because this is really out of my bailiwick. I have strong opinions, if any of you would like to hear them some day, I'd be happy to share. But that's really all of your responsibility, and I await a responsible answer to it. (Laughter)

MS. LEINWAND: Why don't you share your opinions with us now?

MR. KASTEN: I'm waiting for you guys to decide. It's your job.

___: We need advice.

MS. LEINWAND: Sure, okay.

MR. KASTEN: You don't take any of my other advice.

MS. LEINWAND: The Nats have emerged from the steroid scandal relatively unscathed. What's your secret?

MR. KASTEN: I don't want to make jokes about steroids because it's really not a funny subject, it never has been. Forget its impact on the game, it has such a more far-reaching impact on society in general, particularly kids. So, we don't have any secret. We don't now that we haven't been touched by it. I do know the most chilling thing for me about the Mitchell Report was Senator Mitchell's declaration that, "I don't represent at all that the names in this report are all of the names in baseball. I'm not telling you we got them." Well, as a manager, what am I supposed to do with that knowledge, you know?

And so we haven't had any particular answer. It's something all of us in baseball are working hard to get through. I do think that now we have the most stringent and

effective testing and enforcement program in all of professional sports. I think we finally have a handle on it, I think the steroid era is by and large behind us. But I don't take it lightly. I think Bud Selig worked for years to try to get the solution. Finally, now we have the very commendable cooperation of the union. I think we've gotten a handle on it, but it's nothing that we take lightly. And we also have to be vigilant for the next scourge, the next designer drug that comes along. We're trying to stay ahead of the miscreants, but it's a tough full time job.

MS. LEINWAND: Any thoughts of suiting up Rob Dibble any time soon?

MR. KASTEN: Yes, but you don't want to know what kind of suit I had in mind. (Laughter) I was with a broadcaster the other day who said, "I'll say this for some other broadcaster." I don't remember who he was commenting on, he said, "At least he has fewer tattoos than Dibble." And I go, "Do you know that for sure? How do you know that?" That's all I have on Rob.

MS. LEINWAND: What is your season ticket base, above or below 12,000 this year?

MR. KASTEN: It's a number that we just haven't publicized this year, as all of our industry struggles with the economics. We're clearly down from last year, and we understand all the reasons. First reasons, of course, coming off 102 loss season. That's going to happen. Another reason is, as we all experience, second year in a new ballpark, there was going to be a drop-off, and clearly that's a factor. But the biggest reason is a factor here, and it's a factor everywhere, that's what the economy did. All three of these things happening at the same time gave us quite a hit.

I'm pleased to say we're still far, far above what teams in our position get, but we need to get it back up. And as we grow, I know we will because the one thing I say for sure about this market, I was certain when I moved here, about how great it was, how great the fans are, how much support there would be. I've had that reinforced every day since I've been here. And so as soon as we do our job, which we haven't done well enough yet, as soon as we do our job on the field, we're going to be one of those teams that can sell out the stadium night in and night out. I feel firmly about that.

MS. LEINWAND: The Nats are losing and tickets are plentiful. Why should I renew my season tickets?

MR. KASTEN: Well, that's a good question, and I mean this sincerely because I had these conversations 20 years ago with groups of people in Atlanta. And I think the people who listened to me then never regretted it. I'm going through this building process with young kids. And I talked before about how fans identify with and appreciate more homegrown kids that they can grow up with. That's what's going on. I feel like a part of the building process, I hope all our fans buy into this and feel part of the building process. Feel that these kids are part of their team, their hometown team, that we're growing up with together.

So come on board, be part of this. It is your team, and the seats you get today, the seats that you can keep for a generation and beyond as the team gets good, you will not regret growing up with this young team.

MS. LEINWAND: What's happening with the naming rights for Nationals' Park? Has the recession delayed a deal?

MR. KASTEN: Clearly, the recession has delayed a deal. We had serious conversations up to maybe last summer with a variety of things. We were very good about not giving away any of our prime real estate within the ballpark in terms of sponsorship. Of course, we wanted to hold out the key areas for the eventual naming rights sponsor, and we didn't want to just give it to anyone. This naming rights partner has to be strategic, has to do something not just for our ballpark, but also for our fans, as well as the exposure that we give the company. So yes, that's very much on the back burner now as everyone in the media knows about. You know, your ad pages are down across all media, radio and TV buys are down. We're experiencing the same thing, and for the big ticket items like naming, obviously those things are going to take longer than ever before.

MS. LEINWAND: Okay, we are almost out of time. But before asking the last question, we have a couple of important matters to take care of. First of all, let me remind our members of future speakers, on June 26th, Robert Hurst, Chairman of the Financial Accounting Standards Board will address regulatory reform in the financial markets. On July 1st, Wayne Cluff, Secretary of the Smithsonian Institution will be here. And finally, on July 8th, Admiral Mike Mullen, Chairman of the Joint Chiefs of Staff.

Second, I'd like to present our guest with the traditional NPC mug. (Applause)

MR. KASTEN: I now have a matching set, imagine my pride. This is awesome. Thank you very much, Donna.

MS. LEINWAND: Okay. And for our final question, we have someone asking, didn't your parents ever teach you not to play outside in the rain? What's with the playing outside during the downpours?

MR. KASTEN: Yeah, did I tell you how great Nationals Park is to come to, no matter--? You know, we have games, we have stuff going on on the board. It's so great. But it doesn't have a roof, alas. Didn't think we'd need a roof in Washington. It's always a tough thing, and as you saw last week in Yankee Stadium when they made us sit for six hours in a rain delay, these things are difficult in every city. We have an ethic in baseball that if there's any way to play the game, we're going to play the game. And that's because of all the workers who have prepared to be there, all the people who did buy tickets, who made their plans, who did travel here to get to the game. Those people should do with the expectation that if there's any way, we're going to play the game.

Now, this often inconveniences other people, and that's awful for us and we try to do our best in those circumstances. But there's no really good alternative to playing the game if there's any way that you can. And so, I think whether it's rain or shine, if you have tickets or you're planning to come to the game, you should come because we're going to be playing the game. Thank you very much. (Applause)

MS. LEINWAND: I'd like to thank you all for coming today. I'd also like to thank the National Press Club staff members Melinda Cooke, Pat Nelson, JoAnn Booz and Howard Rothman for organizing today's lunch. Also, thanks to the NPC Library for its research.

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