

NATIONAL PRESS CLUB LUNCHEON WITH TIM ARMSTRONG AND ARIANNA HUFFINGTON

SUBJECT: LESS THAN SIX MONTHS SINCE THE BIGGEST MERGER IN ONLINE NEWS HISTORY, AOL CHIEF EXECUTIVE TIM ARMSTRONG AND HUFFINGTON POST FOUNDER ARIANNA HUFFINGTON APPEAR TOGETHER TO DISCUSS THE DEAL, ITS AFTERMATH AND THE FUTURE OF JOURNALISM.

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MARK HAMRICK: (Sounds gavel.) Good afternoon, and welcome to the National Press Club. My name is Mark Hamrick, and I'm the 104th president of the National Press Club. We are the world's leading professional organization for journalists, committed to our profession's future through our programming, events such as this, while also working to foster a free press worldwide. For more information about the National Press Club, please visit our website at www.press.org. And to donate to programs offered to the public through our National Journalism Library, please visit www.press.org/library.

So on behalf of our members worldwide, I'd like to welcome our speakers today, as well as those of you attending today's event. Our head table includes guests of our speakers, as well as working journalists who are Club members. So, if you hear applause in the audience today, we would like to note that members of the general public are attending. So it's not necessarily a lack of journalistic objectivity that you're seeing.

I'd also like to welcome our C-SPAN, and Public Radio audiences today. Our luncheons are featured on our member-produced weekly Podcast from the National Press Club, and that's available for free download on iTunes. You can also follow the action on Twitter using the hash tag #NPCLUNCH. After our guest speeches conclude we'll have Q&A and I'll ask as many questions as time permits.

So now it's time to introduce our head table guests. And I'd like to ask each of you here to stand up briefly as your name is announced from your right. We begin with Brian Doyle, who is a web producer at Politico. [applause] Vanessa Fox is CEO of 9 by Blue. [applause] Eric Morass is reporter with Dow Jones Newswire. [applause] A guest of our speaker, who will also have remarks today, is Walter Isaacson, CEO of the Aspen Institute and Chairman of the Broadcasting Board of Governors. [applause] Marilyn Geewax is Senior Business Editor at NPR. [applause]

Skip over our speaker for just a moment, over the podium as well, Melissa Charbonneau with News Hook Media. She is our fantastic Speakers Committee Chair. And for that, we'll be eternally grateful. [applause] Skip over our second speaker for a moment, Bob Keith is Senior Press Secretary with the Natural Resources Defense Council. He's also the organizer of today's event. And we thank you for that, Bob. [applause]

We're told there is a vote. And we're awaiting another guest of the speaker, Congressman Brad Miller of North Carolina. So that'll add to the drama today, whether he actually makes it to the head table.

Then, moving on down, Andrea Stone is Senior National Correspondent for Huffington Post. [applause] Chloe LaCose(?) is Washington Director of Reporters Without Borders and a vital member of our Press Freedom Committee. And then, Al Eisele is Editor at Large with The Hill, who tells me he's been blogging for Huffington Post since day one.

Now, please, a larger round of applause.

[applause]

Well, if there were a king and queen of online journalism, our headline duo of guest speakers today could be considered candidates for members of the royal family. When Tim Armstrong and Arianna Huffington announced they purchased the Huffington Post in February, it marked not just yet another reshaping of AOL, but a redefinition of the online news business.

Less than six months after that \$315 million dollar deal, AOL now boasts a news staff reportedly as large as that of the *New York Times*. As if to add insult to *The Times'* injury, Huffington Post, just last month, surpassed *The Times* as the most visited news site on the Internet.

Just last week, HuffPo made its boldest attempt, yet, to export some of its success that it has had here overseas, opening a U.K. edition of becoming the newest addition to London's interesting journalism scene. [laughter] Just as one as its oldest fixtures, the 168 year old *News of the World* was printing its final edition. And, given all that's happening there, one could imagine there is an opportunity for a new player on the scene.

Huffington Post is the biggest and most noticeable part of AOL's media empire, but it is not the only part. AOL's tax division is a closely watched experiment in hyper-local citizen journalism today, while sites such as Tech Crunch, AOL Energy, AOL Defense, and the planned AOL Government News Sites are helping to shape a new type of highly specialized journalism.

All of this, of course, reshaping and redefining and restructuring, has come with some anxiety. Along with hiring some of the biggest names in journalism, and building out a large news staff, AOL has also had to let go of more than 700 workers since its purchase, and squelched the careers of some budding writers and editors. While it reportedly pays huge salaries to some of its top journalists, it also pays bloggers the opportunity of being online, and some of its contributors also get relatively low money.

Huffington Post's tendency toward dramatic presentation, while also sometimes blurring the lines between opinion and fact, has drawn some scorn from some traditional journalists. Let's get to our speakers now.

As Chairman and CEO of AOL, Tim Armstrong may be a new media mogul. But he got his start in an old school style writing a newspaper. Fresh out of college, he and a friend started a tabloid called *Bib* in Boston in the early '90s that was aimed at new graduates entering the workplaces.

Years later, Tim was tapped to take over and run another Boston paper called *The Square Deal*. Yet Tim realized the future, both his and that of media, during one day a visit to a computer lab at MIT, where researchers were working on the mosaic web browser that would become the foundation for searching for content, and then fledgling Internet, had a realization. And he immediately began working on ways to build a major online news operation and sell advertising online, and he's now doing that. Prior to joining AOL, he served as President of America's Operations for Google, and also worked at Disney's ABC-ESPN Internet venture.

Beside her namesake website, Arianna is perhaps best known for her sometimes sharply worded political-- let's say comments. [laughter] She straddles the worlds of politics, media and Hollywood like few others. As if to prove wrong those who might try to define her for all time, she ran for Governor of California as an independent, at one point teaming up with a Green Party candidate, in an attempt to beat another out of the box candidate, Arnold Schwarzenegger.

She is the author of more than 13 books, including best-selling biographies of Pablo Picasso, opera star Maria Callas, some self-help books based on her own personal experiences, and political commentaries, the most recent of which is called *Third World America*, was published last year.

Her first book, called *The Female Woman*, was published by Random House back in 1974, not long after she graduated from Cambridge with a masters in economics. And,

interestingly enough, she served as President of the university's famed Debating Society. Perhaps what is most intriguing is that her life so far, or what I might say is that there may be more surprises in store down the line coming from Arianna.

Finally, we have a special guest here who will help to put all of this in perspective, Walter Isaacson, the former Chairman and CEO of CNN and managing editor of *Time Magazine*, who cut his journalistic teeth at *The Sunday Times of London* and *The Times Picayune* in New Orleans.

He's also author of a number of books, including biographies of Albert Einstein, Benjamin Franklin, and Henry Kissinger. He currently serves as Chairman of the Broadcasting Board of Governors, which runs The Voice of America and other broadcasting operations with the federal government. He's also President and CEO of The Aspen Institute, the non-partisan public policy organization. And I thought I had trouble balancing two jobs.

So, we're looking forward to hearing from all these individuals before we get to Q and A at roughly the bottom of the hour. And Tim, you'll lead us off.

[applause]

TIM ARMSTRONG: So, first and foremost, I think it's-- This is a very special institution. And we are honored to be here today, and a special thanks to Walter for coming with us. And I just want to say one thing quickly about Arianna. I think that she is a very special person, and is a very special day. And thanks, Arianna, for spending your birthday. She came from Calgary, Canada down here for this. So this will be a memorable day for Arianna and both of us.

So generally, whenever I follow Ted Leonsis doing something, I usually have to do a tremendous amount of clean-up. [laughter] But that's not the case. And everything was perfectly set up when I got here. So that was nice. I'm kidding. Ted is a very good friend of mine and has been one of my mentor. And I know he was here yesterday and one of the key people that led AOL through a really global success, and is a big part of this community. And I was grateful to see him here.

Today, before I turn it over to Arianna, who I think is the expert on journalism and editorial, I wanted to go through a few points of the real big things that we're betting on as a company. And not talk about AOL, but really talk about the things we see in the future, and why we're putting such a big investment in journalism.

The number one question I get from Wall Street all the time is, "Why journalism? Why are you choosing, when the rest of the world seems to be going away from journalism, why are you opening up 1,000 patches? Why did you buy the Huffington Post? Why are you hiring people in the journalism field?" And I think the things I'm about to talk about are really at the core essence of what we believe in.

The first is really a bet on the human needs state, which is, if you woke up and today was your first day on Planet Earth, what would you notice, and what would you see? And I think there are some very stark things that you would come to the realization of. One is there's four or five billion phones in people's pockets, and a lot of smart phone growth across the world, which means people are going to be connected full-time to information all the time. And I think even five, six, seven, eight years ago, that was a big difference.

And information is probably one of the most powerful things that allows people to live their lives properly, to drive the economy, and those things. So the first bet we're making is that consumers are really going to want more and better information. And they're going to want it from people who know about the information that they need. And I'll talk more about that in one moment.

The second piece is that the human needs state is really about connecting offline as the new online. And really, you know, technology has put a big change across many of our industries and many of the things we do. But, at the end of the day, we're really pointed at, what is going to make physical changes in people's lives, and make their lives better, hopefully more open?

And I was at a panel last week, where somebody said something that I probably won't forget for the rest of my life. They said, "Social media is really, really important. And social media 2.0 and the things that are happening today are really important. But bullet 8.0 is more important."

And, what the person meant was, the things that have happened in the Middle East, the other things that are happening in this country right now, is that, you know, without really valuable information and clear information about what's happening, is other things start to become more important. The physical state of how people live their lives offline is the most important state of human beings. And information is the thing that, actually, people share the most to try to improve their lives. So we're making a big bet on that.

Second, kind of, meaning there is, we're really betting big on local. And, why we're betting big on local is that's because where people live their lives. And one of the investments we're making is around Patch. Brian Farnham's here, who's the lead editor on Patch. And 86 percent of commerce gets done locally. But 100 percent of people's lives live locally. And their families are local.

And there's been a giant, I would say, white space created by the changes that have happened in the media landscape. And I think local is something that's important. It's important to Patch. It's important to Huffington Post. But, most importantly, it's important to all of us. Where you live is the key aspect for the future.

The third thing is brands matter a lot. And, coming from Silicon Valley, you know, and working in technology and Internet for the last 15 or 20 years, one of the

reasons that got me to leave Google was I did not believe that everything is going to be user generated and that brands weren't going to matter in the information space. And I saw people retreating from some of the major brands around information and decreasing investments in them.

And I think brands are going to be more important in the future. I think brands are the way that people navigate their lives. And the research that we've looked at recently points to the fact that the majority of users on the Internet today use less than 30 sites. And about 50 percent of people use around 10 to 14 sites.

And, if you think about that from a macro standpoint, as the Internet's exploding, people are starting to use brands to more navigate where they get information, how they get information. And I get this question, also, from investors a lot, is "What is the big focus on brands when it seems like everybody is going away from information brands?"

And I think it's just the opposite. I think consumers are going to demand the best, highest quality brands in the information and journalism space. And the companies that do that the best are going to be the most successful. That's the opposite of what a lot of the investment community thinks. But I think that's where things are going. And Arianna believes in it as well.

And I just wanted to close with a few important points about the future of journalism from where we sit in our chairs. One is that journalists need technology. And I think there is a big fear from the journalism community around technology. And I think it's incorrect.

And we have a bunch of investments we've made as a company in technology. And I think, if you look at where the journalists sit versus all the other people in the media food chain, everybody else in that food chain has scaled desktops and technologies and data. Vanessa, who I used to work with at Google, we were just talking about this earlier. Journalists need to understand technology and how technology can help them do a better job. And we need journalist desktops as an industry. And I think that's one of the things that we're working on.

The second data point for the future is transparency. And one of the experiences we did at Patch when we founded Patch was to have all of the journalists put up their transparency of what they believed, who they voted for, what religion they are, and those things.

And I think, in the journalism space right now, there is a lot of stories looking for data. And I think one of the things that comes from is that people aren't transparent about what they believe in before they write things. And that's something that we would like to see in the future, is more transparency around journalists and what they believe in, before stories get written. That might be controversial, but that is something that we've talked to consumers about, and the like.

And then the business models going forward, there is a giant debate about all the business models and the content space. And I think the business models in the content space, in the long haul, are probably going to look like the current business models in the content space, where free is going to be very, very big. There's room for paid, which will probably be big. And I think, as an industry, that debate is important.

But, what's more important in the business model is what we have delivered. What is the product we put out every day? And I think a maniacal focus on the product of journalism is really important, and defining what that journalism is. What is journalism to four billion people with smart phones? When you get up in the morning, when we get up in the morning, do we think about creating journalism for that space? Or do we think about it in the way we used to think about it? I think that's a really important piece.

And I would just finally end by, a lot of journalists ask us, also, "Why are you investing in journalism if they've lost self-confidence in what journalism is?" And I always say one thing to people, is a journalist is not a single entity. A journalist is a network.

And every time I meet a journalist, Andrea Stone, who I was a big fan of before we started working together, my guess is Andrea Stone has a convening power. And there's certain people in the world in the journalism field who are able to convene the most important information as a society. And are able to synthesize it, and get it out to people in a way that's very manageable and focused.

And I think journalists cannot lose confidence in the value they bring to the world. And I think you got to separate business models and technology and those things, because the most important thing we have in this country, and other countries have, and some countries need, is journalists who care, who go for the truth, and who focus on that. And that's the secret sauce of what we're investing in, and why we're investing in content, comes down very simply to great content from great people.

And I want to turn it over to Arianna. It's a pleasure to be here. And I'll look forward to hearing comments and questions as we move forward. Thank you.

[applause]

ARIANNA HUFFINGTON: Thank you, Tim. It's actually great to be here. I can't think of a better place to be on my birthday. And I'm delighted to be sharing this stage with Tim and Walter. And with Tim, I work with every day and love it every day. With Walter, I've known him ever since the '70s, when he was working for *The Sunday Times* pre-Rupert Murdoch. [laughter] And I just left Cambridge. And I was in London, dreaming of one day becoming a blogger in America. [laughter]

I must say that I can't wait to read Walter's new book on Steve Jobs. It's safe to say that, right now, Walter is probably the only man in Washington who is making jobs a priority. [laughter/applause] And I also loved his other biography on Henry Kissinger,

partly because Henry Kissinger was the first man to reassure me, when I moved to New York, that having an accent was not a problem. [laughter] And he said to me, “You can never underestimate, in American public life, the complete advantages of utter incomprehensibility.” [laughter]

There is no question that-- not just at this time, but particularly this week, media is in an incredible time of transition. I happened to be in London that we were launching the Huffington Post U.K., when the phone hacking scandal started. And it was amazing to see two things. First of all, how old-fashioned and incredibly irrelevant the debate between old media and new media is.

There was an institution of old media, 168 years old paper. Not an upstart blogger who didn't have heavy enough supervision, but an incredible institution of the British press that was acting in ways that would have been utterly disgusting coming from anywhere in the media universe. And it was new media that played a huge part in bringing the *News of the World* down so fast.

It was amazing watching what was happening on Twitter. The Hashtag NOTW, within moments, started getting thousands of Tweets and pressure on advertisers to leave. And literally, I was watching as advertiser after advertiser was leaving. And I stopped counting at number 39, because I knew that was going to probably be enough, and it was.

And, at the same time, to see that that story was broken by another major, almost 200 year old institution, *The Guardian*, and it was broken at the time when *The Guardian* had announced that it was going to embrace a digital first strategy, this was an old institution that had completely embraced new media. And, indeed, broke the story by doing what new media does best, which is obsessively staying on a story.

This story is years old. Most publications have moved on. Most politicians had moved on. But the unique ability of new media is to stay on a story and doggedly stay on a story until we have an impact, until we break through. And that's what *The Guardian* did, demonstrating what I've always believed, which is that the future belongs to those who bring together the best of old media, fact-checking, accuracy, transparency, and the best of new media, which is interactivity, engagement with our leaders, and real-time provision of information.

That was all demonstrated over the last week, and the story is still unfolding. One more thing that was demonstrated was that social media and about accountability. The reason, ultimately, why Rupert Murdoch had to withdraw his bid for *The British Sky Broadcasting* is because the entire Parliament, and all three leaders of major parties, urged him to do so.

Now, they did not urge him to do so because they suddenly had an epiphany about news corp. They urged him to do so because of the pressure they were getting from social media, their constituencies, and everywhere. So, all that happened so fast, which is the other thing. Everything is accelerated in the brave new world of media.

And this is really why I'm so excited about the fact that social media and new media are all about engagement. Tim mentioned Patch. And I was in love with Patch even before I became part of the AOL-Huffington Post Media Group. And Patch is really about hyper-local. We are now in almost 850 towns all across America. We launched 33 Patches in primary states, to be able to cover, even more obsessively, the 2012 election.

And together, with Patch, we launched a citizen journalist initiative last week. Within 48 hours, with 600 people sign up, to be citizen journalists, bringing the news to all of you, bringing the local voices into the national dialogue, which is one of the things that we are so excited about, being able to have, now, a total of over 1,300 professional journalists working with us. While, at the same time, being a platform that provides a distribution channel to thousands of people, including Al Eisele, I'm very glad to say, to blog about anything that they care about.

So that's really the hybrid future that we are betting on, professional journalists-- ultimately, it could be thousands of them-- with the best understanding of how to break a story, how to stay on a story, often mentoring younger journalists, and a platform with tens of thousands of people blogging, commenting.

And it's really that universe that sometimes people in the mainstream media have trouble understanding, because they don't quite see what has happened, which is that self-expression has, for many people, now, become the new entertainment and a major source of fulfillment.

So, you know, in the past, nobody ever wondered, "Why are people watching television, often bad television, for hours on end, and not being paid?" Did anybody ever ask that question? [laughter] But people are constantly asking the question, "Why are people updating Wikipedia entries or writing on the Huffington Post or writing on the FaceBook profiles without being paid?" And that really misses what drives human beings to do certain things. And it really misses how much people now want to be part of the story of their times.

They want to really bear witness. And that's what brings me to my last point. Which is, ever since I was at Cambridge, even before I met Walter, I read a book which was pivotal to me. It was a book by Benjamin Disraeli, who ended up becoming Prime Minister of England, called *Sybil*. It was a novel that he wrote because he believed that, before he ran for Prime Minister, he needed to capture the imagination of the people in his country, to help them understand the social injustices that were going on.

And he was a Tory, which was also part of the "Beyond Left and Right" editorial position of the Huffington Post. You don't have to be on the left to care about social injustice. You don't have to be on the left to care about what's happening to the middle class. So Benjamin Disraeli, in the 19th century, in 1845, used a novel to touch people's hearts and minds, and to bear witness to what was happening in his time.

Today, new media are arming tens of thousands of people around the world to bear witness to what is happening in their countries, to what is happening in their time. And ultimately, bearing witness is the highest responsibility we have as journalists. Bearing witness is actually the highest responsibility we have as citizens. And we've never had more and better truths and greater opportunities to bear witness at a time of multiple crises, and at a time when millions of people are living lives of extreme deprivation. So, we should be grateful that we are living during this extraordinary time with transition, when all of us have the opportunity to bear witness. Thank you.

[applause]

WALTER ISAACSON: Thank you very much. I was wondering why I was chosen to put in perspective, as I was told, Arianna. And then, I realized I've written about Ben Franklin, Albert Einstein, and now Steve Jobs. And I guess that's the perspective we should view Arianna in, in that pantheon.

One of the things about the hybrid of old media and new media that I think we have to remember is that old media isn't really that old. It's only about 60-70 years old in this country. At the beginning of this country, there was a social vibrant media in which there wasn't some mainstream publication.

When Ben Franklin arrived in Philadelphia as a 17 year old runaway, there were 11 newspapers, one for each faction, be it the Anglicans or the Proprietors or the Quakers or the-- you know, different groups. And he started the 12th, representing the Market Street middle class.

And he also relied on contributions, social media. People for his paper were basically writing, as Arianna said, because they wanted to bear witness to the struggle that was happening in the 1700s in America. They also occasionally, as on the Internet, wrote anonymously. Ben Franklin famously used the pseudonym Silence Dogood.

But, as they were doing it, they had a hybrid, as Arianna and Tim have created, at AOL and the Huffington Post, of the values of journalism that were then emerging, as well as the value of social media and contributing and being part of a broad sheet that would come out each day. So they would slip, sometimes, their contributions under the door anonymously. But others were reporters and had big names.

They also, though-- and this is what Tim is trying to do at AOL, now-- had a hybrid of a business model as well. One of the things Benjamin Franklin did is he always made sure he charged a bit for the newspaper and had great advertisers in the newspaper. He said that, if we were totally beholden on advertisers, the freedom of expression he would have would sometimes be cramped. He said it would hurt to be an advertising-only model. And this started the model in America of having a variety of revenue streams. And I think we're feeling our way back to that position now.

When I was-- I was present at the creation of many AOL milestones. I was at *Time Magazine* when, in the early 1990s, AOL was coming up and just getting started. It was the fifth largest service at the time, right behind-- those of us who are old enough to remember-- Prodigy and Delphi and CompuServe and many others.

And I made a deal, because I was a deputy editor of *Time Magazine*, that we would try this out. We'd put *Time Magazine* online, made the deal with Steve Case. The final deal point, as Arianna reminded me, is they only had 200,000 users. But I still couldn't get my name. So I finally said to Leonsis, who had just arrived, and Steve Case was there, "Final deal point is I want my name at AOL.com." And I still have it. Some poor guy got kicked off or had his email account-- it's now directly sent to Rupert Murdoch or whatever his email account is.

But part of that arrangement that we made was great for *Time Magazine* because, as I said, for 60 years, had been this monopoly-type of mainstream media, where information was handed down as if on tablets. It happened because of the rise of the broadcast media, where any 17 year old could start a press in Philadelphia. But it was hard to start a TV network or even a radio network.

And metropolitan newspapers, for a variety of economic reasons we won't go into, consolidated. So there would generally be just one or two newspapers. So it became a mainstream. And people in the media handed down the words as if they were engraved, and never got much feedback.

The most interesting thing that happened when we went on AOL was, in the early 1990s, the feedback, the discussion, the challenging, the correcting of our facts, the people who added information, and that whole wonderful bulletin board culture it was called back then.

But the other thing we had back then was the deal we made, which is, when you went on AOL in the early 1990s, you paid a certain amount per hour. I can't remember exactly what it was, but you were charged by the hour for being on. And AOL was in competition with five or six other major Internet service providers. So they wanted to have our content. And they would pay us for the amount people stayed online. If we kept people's eyeballs stuck to AOL for another hour, we got a percentage of that revenue.

It was a small thing, but it was a dual revenue model that worked. That was undermined when the web came along. And everybody could basically put up all their content on the web. Many people started creating things. And the Internet service providers realized-- not AOL, but the people who were then getting you online to go to the web service said it didn't make any difference to them whether they paid the content creators at all, because they would get more money if all the content were out there for free, and you weren't paying your phone company or your cable company to get you online.

That was all right, because we started Pathfinder, Time.com. We moved away from AOL and CompuServe and others to be online for free. And we thought, eventually, we'd start charging. But people from Madison Avenue came with large baskets of money to say, "Oh, we want those banner ads." And so, we kept it for free.

The problem is, that business model is not totally sustainable in the long run. You need the hybrid business model that we've heard a little bit about today, where most stuff is free. But, if you want a special type of information, it'll be good to find some way to have consumer revenues instead of having it be advertising only.

When I was down in New Orleans after the storm, and we were trying to rebuild, we tried to get everybody involved in social media. But, what it was, was that people in the wealthier neighborhoods and the Home Depots wanted a certain set of eyeballs. But, in the poorer neighborhoods, it was a little bit harder to get people to blog or write about which houses needed rebuilding, what the services were.

And they kept saying to us, "Excuse me, you want us to do this for free?" And, you know, so that tension that Arianna mentioned, that some people love to do this because they're part of the conversation. But I do believe that we have to develop, in the future, some sort of hybrid model.

I'll end by saying, in the Broadcasting Board of Governors, which runs Voice of America, Radio For Europe, we look back too, over 60 years, in which authoritarian regimes controlled their people by controlling the free-flow of information. Radio For Europe was invented to break through the censorship. So was Voice of America.

We just had a meeting yesterday of all of our boards and all of our entities. And we have a new strategic plan in which we are shifting large amounts of our resources into social media, into breaking down the firewalls in Iran, China and other places. So that many people around the world can have the same freedoms we have in this country, freedoms to post their thoughts, share information, and accelerate the free-flow of ideas.

And, if you look, this is truly a noble cause. Whether or not we figure out the business model this decade or next decade, the move towards digital media and more people having access and less control and fewer gatekeepers, as we had for the past six years, is a great thing, whether it's in Iran or even the United States.

And, if you look at the long arc of history, from Gutenberg to Arianna Huffington, the free-flow of information and ideas has always tended to bend the arc of history towards democracy and towards freedom. And you're seeing that with the Tweeting that's coming out of Tahrir Square. You're seeing it with the bloggers throughout the Middle East. You're seeing that by the fact that, in Iran, it's the fifth largest per capita user of the Internet. And, in the end, people cannot control the free-flow of information, will not be able to control their people.

I, in 1989, covered the fall of the Berlin Wall. I was in a hotel in Bratislava. And one of the people working there, where they put foreigners, said, "Can you open up your room in the afternoon so the kids come in? Because it's the only place they can see outside satellite TV. And they like watching music videos." I said, "Sure." And I came home early and met some of the students who were using the room to watch. But they weren't watching the music videos, they were watching what was happening in the Godam(?) Shipyard.

And more recently, I was in Kashgar on a-- Well, it wasn't recently, it was about ten years ago, because it was on a news tour we did, in which Gary Levin and Steve Case started talking about merging AOL and Time Warner. But I was watching, in the Internet Cafés, in these tiny parts of China, how people were using the Internet. I'd go up to them and type in AOL.com or CNN.com or Time.com and be blocked.

And one of them elbowed me aside and said, "Pshew" and CNN pops up. And Time pops up. I said, "What'd you do?" "We know how to go through proxy servers in Hong Kong that the censors are clueless about." Anyway, this is what you're watching in America as new people get to be part of the discourse, and around the world. And that's why I want to congratulate Arianna and Tim. Thank you.

[applause]

HAMRICK: I'm going to invite Arianna and Tim to come back to the podium, now, Arianna and Tim, if you might come up to the podium. I'm mic'd separately, so I have the ability to dance up and down the stage here. And I, you know, continuing that analogy with Benjamin Franklin-- he didn't exactly set the bar too high. Now you need only make a scientific discovery on par with that of electricity and found a democracy that can be sustained for more than 200 years. [laughter]

So we'll begin with questions that we've had either given to us over the Internet, or from our audience here today. And the first question is-- and you two can kind of decide amongst yourselves, because many of these, I think, are appropriate to both of you. And related to the Murdoch scandal and journalism practices-- I actually think this question stands alone without that. But it says, how does the Huffington Post and, by extension, the entire AOL media landscape, draw the line between the interest of the public and the public interest?

HUFFINGTON: The interest of the public. Well, I suppose what the questioner means here is the fact that the public is interested in highbrow and lowbrow things. The fact that, as we are finding, the public wants to click on stories about Lindsay Lohan and Charlie Sheen, which you may obviously conclude are not entirely in the public interest. But they are in the interest of the public.

And we are sort of unabashedly both highbrow and lowbrow. We basically feel that that's human nature. And, in fact, we discovered, when we made a deal with FaceBook, that we would make it possible for our readers to be able to see what their

friends were reading and what their friends were commenting on. That they often did not like their friends to know that they were clicking on Lindsay Lohan and Charlie Sheen.
[laughter]

So, we had to actually add a [00:39:31] button, so that people could go and click on the stories, while their friends assumed they're only clicking on stories about [00:39:39]. [laughter]

HAMRICK: Do you want to back up on that?

ARMSTRONG: I think we'll leave it at that.

HAMRICK: Okay. Well, let me ask you to refine that answer a little bit, to the extent that, how much of the highbrow stuff is right? And, where do you cut the line off at the bottom on the lowbrow stuff?

HUFFINGTON: Oh, when you say right, you mean-- ?

HAMRICK: In other words, what's the mix that's ideal for you?

HUFFINGTON: Oh. We feel that the mix at the moment, if you go on any of our sections, and we now have, in the combined AOL-Huffington Post media universe, over 50 different sites that cover everything, from politics to books, style, entertainment, celebrity.

This week alone, we launched three new sections, half for celebrity, and half for San Francisco. We're doing a lot of regional sites that are working closely with our Patches. Around San Francisco, for example, we have 24 Patches. So stories can surface from the hyper local level to the regional level and then to the national level.

So, by covering the entire waterfront, by having this splash, which is a very familiar feature to those of you who come to the Huffington Post sites, you basically immediately let the world know what you consider important. And then, under that, on the left hand side, you have the blogs. In the middle you have the serious in the public interest stories. And, on the right hand side, you have the lowbrow stories. And, if you are in an entirely highbrow public interest mood, you can ignore them.

HAMRICK: How do you decide whether something is too lowbrow?

HUFFINGTON: Oh actually, we have some pretty strict editorial standards, in terms of nudity, for example, in terms of--

HAMRICK: Is that a good thing or bad thing?

[laughter]

HUFFINGTON: Not an entirely good thing for online publication like ours. So some of it, of course, as it was famously said, is in the eye of the beholder. But we regularly review our standards.

HAMRICK: Okay. This is a question for both of you. With the recent acquisition, how do you plan to balance the two editorial brands simultaneously? Is it unreasonable to expect that, at some point, that one of them gets essentially phased out?

ARMSTRONG: I think we spend a lot of time, basically, on the brands. I think one of the things that, when I got to AOL, there was about 300 consumer-facing brands at the companies. And we went down to 50. And recently we announced that we were going to be continuing to go down to fewer, more powerful brands.

So I think right now, what we basically program each site for, and what the site audiences-- and I think audience attractions are very different across different properties-- tech crunch and gadget, Huffington Post, AOL, and we're working on that. And I think one of the things that's actually beneficial, though, is we're able to use really scaled technology platforms and also really scaled journalist platforms, to basically populate all of these different sites.

And one of the funny stories that-- it wasn't funny, actually-- but Chris Christie, when he landed his helicopter in New Jersey at his son's baseball game, was a really amazing example of how we can combine program, which was-- We had a Patch reporter at the field, actually. And Chris Christie had landed his helicopter. Within a couple minutes, we had it on Patch. It was up on the Huffington Post. A few minutes after that, it was on CNN.

And I ran into Chris Christie last week, actually. And I asked him about it. And, you know, I said, "We're from AOL. And we own Patch." And he said, "Oh, I'm familiar with Patch." [laughter] But the second thing he said was, "You know, I read Patch every morning. I get a Patch report every morning in New Jersey, because it's the powerful way to connect with the local communities."

And I think, from the standpoint of how we program the brands, I think we're actually just-- if you'd comment on this-- I think we're just at the beginning of how all these brands are going to be in the future, and how we're going to use these platforms in journalism to meet consumer needs.

HUFFINGTON: Yeah. Actually, this is one of the most exciting things for me, to see how we now have, at our disposal, about 1,000 professional journalists on the ground because of Patch. And Tim O'Brien, who came to us from the *New York Times* and to oversee our regional reporting, is leading this integration from our end. Which means that, how do we surface the local stories, whether it's a story about Governor Christie or a story about the unemployed?

When, for example, the latest unemployment numbers came out, we had amazing stories that put flesh and blood on the data from the Patch editors and the Patch reporters, which then we would surface and bring them together, connect the dots, and write national stories.

It's really an incredible opportunity for journalism. And now, if you bring in the bloggers, we introduced the Huff-Post blogging platform onto Patch. And we now have over 7,000 bloggers at the local level. They can range from the mayor to the high school kid. Plus the commenting platform. We are about to hit 100 millionth comment.

And that, for me, is what we are betting on. It's really that engagement, that sense that people increasingly want to be part of the conversation, part of the story of their times, and not just consume news passively.

HAMRICK: And do you feel like you want to draw engagement in at a higher rate than what you're getting now? Or do you feel like that's pretty good with that number you have?

HUFFINGTON: Well, we are really incredibly happy with the engagement we are getting. But we always want more. And I feel that, in fact, there is going to be more and more engagement, because it is addictive. Those of you who blog, those of you who comment, know how really exciting it is to be part of the conversation.

And we are finding that, and we are finding new ways and introducing new tools to make our content more engaging. We call it more addictive, in a good sense. [laughter]

ARMSTRONG: There was one other quick comment-- Walter brought it up-- which was, you know, when I spent time with Steve Case and Ted Leonsis when I was coming to AOL. And they've both been incredibly helpful. One of the things they said, which is what Arianna has done, and one of the big interests in AOL and Huffington Post, but Walter mentioned it with the Time, Inc. deal on AOL, is one of the first things people said to me was, "AOL lost its way, not because of the business model or other things, it lost its way because of the community and the ability for people to actually comment on what was happening."

And, as I traveled around-- and have traveled around with AOL-- whether it's people commenting on articles they saw or things they did, I think one of the most disappointing things that happened at AOL, to the community base, was not having the ability to comment on stories.

When I got to AOL, basically all of the commenting technology was stripped off of the company. And you went from the most engaged community in the world to the least engaged community in the world. And I think Arianna has brought that back to the company.

And I would say, also, as some of the other successful Internet companies, when AOL went down, they took that opportunity and community-- If you look at FaceBook a lot of the features on FaceBook, and Mark Zuckerberg has said this publicly, were things that he grew up using on AOL. So I think it's a really important part of our business in the future.

HAMRICK: Well, and to go back to the branding question I had a few minutes ago, for those of us that are old enough, we can remember the time when we would dial up to AOL, and we'd hear that iconic modem sound, and then the "you've got mail" piece. And you were housed, essentially, within that. And, to go back to the piece that, in some ways, you have a start-up incubator that you're within a large corporation. Is it important for the user to know that end gadget is part of AOL.com? And how do you intend to leverage that?

ARMSTRONG: So just to be transparent about it, we did a brand study last year. And this will lead back to the Huffington Post, also. But AOL-- most major brands in the world have three attributes. If you look at any of the big brands, they usually have three. AOL only has two at this point. And the two attributes are trust and brand awareness.

And, when the brand people came back to us after they did the brand study, they said, "We've never seen anything like this before. You have over 95 percent trust with consumers. And you have 95-plus percent awareness with consumers. And you have no other attribute."

So the secret sauce, for us, is they said, "If you can connect a third attribute to that experience, you will go back to being one of the most powerful brands on the planet." And I think what we're hoping the third attribute of AOL will be is, really, content, and the voice around content.

And maybe like Disney, where you don't know, necessarily, that Disney owns ESPN or ABC or some of those brands. But I think, over all, I'm hoping AOL, at some point, will stand for magic in the information communication space and entertainment space.

And I think one thing Arianna-- a big interest of mine personally with Arianna, was I like the obsessive focused nature of the Huffington Post and the voice it has. So I think, to a large degree, that third attribute is going to come from the voice from the content brand. So I think it's really key experience for all of our users in the AOL brand.

HUFFINGTON: In fact, you know, that's how my conversations with Tim, before the acquisition started. Because I remember listening to Tim at a quadrangle conference in New York, making this point about trust, brand awareness, and now identity.

And the next day, he and I met and talked for hours. And that began the conversation that went on for a couple of months until Tim emailed me. Not a conversation about buying the Huffington Post, just conversation about what mattered in the space that we're occupying, what would be the future of media, etcetera, etcetera.

And it was amazing how his vision for what he wanted to do, and my vision for what I wanted to do with the Huffington Post, were unbelievably aligned. And then, just after Christmas, I had an email from him saying, "I'd like to come out to L.A. and meet with you and discuss something." And I invited him to lunch. And then, he met me, and he said, "Can I bring our CFO?" And I said yes. So he said, "Anything you don't eat?"

ARMSTRONG: Our CFO likes lunch a lot. [laughter]

HUFFINGTON: He said, "Yes, he didn't eat mushrooms." So there were no mushrooms. And, before we even-- [laughter]-- before we even started eating, he said to me, "I want to buy the Huffington Post and bring the Huffington Post and AOL content together." And it all happened unbelievably fast. And, for those of you who maybe read the story of our announcement, we closed the deal at the Super Bowl.

ARMSTRONG: At halftime.

HUFFINGTON: At halftime.

[laughter]

ARMSTRONG: Literally at the Super Bowl at halftime.

HAMRICK: In the washrooms I saw.

ISAACSON: By the way this was February first, so we had Arianna's first Super Bowl together. We had corporate videoconferencing. We did Arianna's first corporate video conference. We did Arianna's first analyst call. And today is the first day we're having a birthday together. So it's a special moment.

HAMRICK: So I wanted to talk about something, you know, you're here at the National Press Club. And we're extremely grateful that you came here today. A lot of members sort of came to me before this event and wanted me to sort of ask the question about the value of a professional journalist versus the one who essentially participates for no financial benefit to them.

How do you balance that? How do you decide where the value comes from having a professional? And, for those who, like me, who are professional journalists who worry that the people who can work for free might push them aside, are you okay with that? Are you-- Or how do you preserve the added value that only we'd like to think a professional can bring to the table?

HUFFINGTON: Well, as I said earlier, we are very committed to professional journalism. We have over 1,300 of them on the payroll. That's an indication of our commitment. Since the merger, we have added over 160 professional journalists to the team. So the fact that we are a very robust journalistic enterprise, and does not in any way mitigate the fact that we are also a platform, very simply, a distribution mechanism for people with something to say, to be able to use it.

Some of them are journalists cross-posting what they're already posting on their own personal blogs. Many of them have nothing to do with journalism, I would say the majority of them. They are politicians. They are people who've just written a book, and they want to publicize it. They're high school kids. We have a very robust college section and partnership with over 100 colleges. We have many academics. We have many students. And we have actors. We have every possible profession you can imagine represented.

I would like to invite all of you here to blog. I mean, Tim has a quota of bloggers he is supposed to bring in to us because we love having people's voices. Whenever they want, for as long as they want. If you decide to blog for us, nobody is going to bug you and ask you why didn't you blog.

Again, we have, here, some of our star reporters. I see Sam Stein, a White House correspondent, who had an interesting conversation with the President the other day. Josh Hearsh, John Ward, Andrea Stone here, who have an incredibly-- an incredible team of professional journalists. And that is in tandem with our platform. And we're kind of unapologetically love both.

HAMRICK: I just realized, as you were speaking, that I write a President's Blog for free for the National Press Club. So I'm speaking out of both sides of my mouth. [laughter] Someone asked, what competitive threats are you most concerned about right now?

ARMSTRONG: I think probably the biggest one is internal. And I don't mean that from we're having issues internally, I mean that from-- I don't think anyone is putting as big an investment in the areas we're investing in right now. And I think it's our opportunity to lose.

And I think when we take a step back and look at the competitive landscape, this is a high level-- you have Silicon Valley in an absolute war with each other. And data getting more commoditized. And I think the future of that war is going to be about content. They are going to need content platforms just as Walter was saying, how AOL needed content in the early days, to attract users, FaceBook, Google, those things.

The secondary underlying thing, under that war, which I don't think has been appreciated enough, is Google's panda release of their index, focused very heavily on real time and quality. And I think you're going to start to see, as Google has done a focus on quality and real time. It's going to force all the other platforms to do that. So we

believe, by having very premium brands and quality content, you know, we will grow there.

And I think the second piece of competition is, instead of focused on each other, other media properties, is that human needs state. Which is, how do we fulfill real needs for real people with real content every day? And I'll give you one thing that keeps me awake at night right now is, if you-- the phone in my pocket, I used to be connected to a journalists and content once a day or twice a day, and with the Internet multiple times a day.

My relationship with journalists that I follow-- not just on our properties but other properties-- I'm with them all day, and they're with me all day. And I just, from a competitive landscape, if you can be the person who's connected with somebody all day and be next to them all day, I think that's the real significant opportunity.

HAMRICK: And Tim, will you just reaffirm that for my wife, when I'm on the laptop at 11 p.m.--[simultaneous conversation]

ARMSTRONG: Every time Mark is on his BlackBerry, he has a relationship with somebody. [laughter] It's an information relationship.

HUFFINGTON: No, I agree with everything Tim said, except the part about him being kept awake at night. Because we have a major commitment, editorial commitment to sleep. You know, this is really one of the things that we write about constantly. One of the first things I did, when I moved into the AOL fifth floor, and created a fabulous newsroom there-- I want to invite you to come and visit us-- is installed two nap rooms. Because we own MapQuest, we call them NapQuest One and NapQuest Two. [laughter]

And the point is, actually, editorially, the way we cover obsessively, the questions of life/work balance, the questions of being able to get enough sleep, being able to take care of yourself, is very, very important right now. At the Aspen Institute this summer, Walter had a fantastic track around the pursuit of happiness. You know, why does happiness? Which, after all, goes back to the founding fathers. And every day, at the Aspen Institute, ideas festival. Interesting psychologists, doctors, scientists were debating that issue.

So we are also debating that and discussing it and covering it every day in all our different sites, the AOL Healthy Living, Huff-Post Women. And we believe that, increasingly, this is going to be a very important conversation that people want to engage in as they are trying to redefine success and happiness.

HAMRICK: Tim, quick question for you. And then, we'll go-- I'll have a little announcement, and then we'll ask Arianna the last question, which tends to be on the lighter side, although I won't make any guarantees. Tim, Google, as you know last night, reported earnings. I looked this morning. It has a market capitalization of about \$190

billion dollars as of this morning, thanks to a 10 percent bump. AOL was once the leaders in its space. And its market cap-- and we understand these things fluctuate over time-- less than what Google earned in that quarter.

My question is, is Google getting too big?

ARMSTRONG: So I don't know whether or not Google is too big or too small. But I think we should make our market cap bigger. [laughter] I think the reality is, I think Google's market cap, and probably the other market caps in the companies that are at the top of their space, you know, reflect real consumer interest use and revenue behind them. And I think the secret, you know, to our success is that same-- You know, there's three things that really matter: number of consumers you have on your properties, and who those consumers are; two is what the revenue is you're able to generate per consumer; and three is what does your brand stand for.

And I think Google has done a very nice job of staying very focused on those three things. I think those earnings were spectacular. You know, we're still in the midst of doing our turnaround. And hopefully things won't be bumpy forever. But we have a clear vision of where we're going and a clear vision, I think, to a large degree, a very Google-esque vision of content. I think there'll be multiple content players. Google is kind of a winner-take-all, at this point, on their market share.

But, you know, we have a very clear vision of what we're doing. And I think our vision matches very closely to consumer growth, advertiser growth, or revenue growth, and great brands. And so, I'm hoping, you know, we'll close that cap at some point.

HAMRICK: Absolutely. So now is the point in which we present our guests with our truly token appreciation of your presence here today. And so, I'll have one for both of you. And that's the NPC coffee mug, Tim. Thank you. And Arianna. So don't have any coffee before you take the nap. Okay?

ARMSTRONG: Is it accurate to say we got mugged? [laughter]

HAMRICK: You can blog that, certainly. So, I'll have my last question, now, for Arianna. And that is, you know, you were so gracious at appearing here today for your birthday. And the cameras didn't necessarily see that our audience sang happy birthday to you before. So, again, happy birthday. My question is, did you have a wish? And, if you can't share with us what that wish was, can you share with us another wish? [laughter]

HUFFINGTON: Well first of all, as anybody here with children knows, your first wish is always about your children. And they say that you're only as happy as your least happy child. [laughter] And I have two daughters in college. And then, they went through, like most kids, the ups and downs in their other lessons.

And so, I'm very happy to say that my first wish on my birthday was about them. And about their lives. And, as you know, no matter how old they are, one of them is going to graduate next year, they never stop being your babies. And I have pictures of them on my phone when they were babies and less problematic. [laughter] And they are my main joy trigger.

So, as everybody here who works with me knows, I love my work. I don't make a separation between my work and my life. But the first wish is always for Christina and Isabella.

[applause]

HAMRICK: Very nice. How about a round of applause for our guests here today.

[applause]

HAMRICK: Tim, Walter, Arianna, thank you very much. I'd like to thank our National Press Club staff for helping to organize today's event. Thank you to all of you. And we're adjourned.

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