

# Ted Leonsis Looks at Creativity, Success, and the Business of Happiness

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**Monumental Sports & Entertainment**

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## Excerpts from Mr. Leonsis' Speech

**Success and Happiness:** I went to a good school and I was successful at this good school, and I got good grades and I got a good job, and I started a company, and at a very young age made a lot of money. So I declared victory. But I wasn't very happy. Then I had this reckoning. I was in a violent situation where the plane was going down, and you literally had to do your gut check. Some of the mentors at Georgetown know I'm a person of faith, but I'm not deeply religious. And as the plane was going down, people are crying. People are praying. So I started praying....A couple of weeks later, it starts to hit you that you got the second chance, this mulligan, and how do you live up to it?....And that was this feeble attempt at this list of 101 things to do....Coming out of that comes this life list, this aspirational list. And there's a power in envisioning. And so I'm at 81 of the 101 things to do. It's why I bought the sports teams. I wrote down: Own sports teams; win a championship.

**Biggest Professional Failure:** [At AOL] we acquired Time Warner....So we made a mistake. I wasn't articulate enough or forceful enough or effective enough to be able to say we'd be better off buying Google, buying Amazon, buying eBay and consolidating and being the pure-play Internet platform, with applications off of it.

**On AOL:** Two weeks ago, someone asked Steve Jobs, what's the secret to Apple's success? And he said, Apple is where technology and liberal arts come together. That's really what AOL was about — very astute.

**On Sports Team Leadership:** You set strategy. You create culture. You try to have your force of will permeate the organization. You provide the funding. You put the lines of what's acceptable and what's unacceptable. You communicate a lot. You know, I blog every day. I'm visible. And I hope I'm authentic. Players are young adults, and they can smell BS a mile away. And if they see you around and you're consistent and you're passionate and they know you live and die like they do with how the team does, this natural bond of trust happens. That's how your aura helps kind of lift the team and get it to excellence.

**On Empathy:** We as people want to be part of something and we want our voice to be heard. Empathy is another important part, in exercising that empathy by getting out of the "I" and into the "we" and volunteering and giving back, and then being in pursuit of a higher calling. At AOL, I never wanted to build a \$100 billion company. We wanted to bring democracy around the world and educate the masses and create a medium that was more valuable than the television and the telephone. Higher callings are very, very important.

DAVID RUBENSTEIN: Welcome to this event of The Economic Club of Washington here at the Renaissance Washington Hotel. Thank you all for coming today to what I think will be a very interesting lunch.

We've had a lot of distinguished guests over the couple of years that I've been the president. Generally I can prepare an introduction of them by reading their background a bit, and I know many of them. Generally it's somebody who's done something in one area, and they have a great deal of distinction in that one area.

In preparing today, I realized I couldn't do that, because our guest today, Ted Leonsis, has been so distinguished in so many different areas that it's hard to describe all the things that he's actually done. I'm not going to spend the entire presentation talking about his background, because that could take me a half an hour to talk about everything that Ted has done. Let me just give you a little bit of a summary and then we'll get into a lot of what he's done and his background.

Ted actually grew up in New York. Like I am, he's an only child; grew up with working-class parents, as I did as well. His parents ultimately thought that New York might not be the safest place, the part of New York that he was growing up in, and they moved the family to Lowell, Massachusetts. He finished high school there, then went to Georgetown, which he worked his way through, and then went back to Lowell, went to Wang, which was then a very hot company; became the head of public relations, marketing there, and then ultimately decided to start his own company, and he did; sold it, and at the age of 25 was a very, very wealthy man.

But he realized at the age of 25, even with a lot of money, he wasn't really happy, and he started pursuing other things that he might be able to do that would make him happy, other than just having money. Ultimately he had a life-changing experience when he was almost in a plane crash. After that experience, he decided he wanted to make sure that he didn't die without having done things that would make him happy; compiled a list of 101 things that would make him happy in his life, and set those as things he would like to do.

Ultimately he started another company called Redgate, sold that to AOL, joined AOL, and helped AOL become a gigantic force in the Internet and became for 13 years the dominant force at AOL. Later, when the merger occurred, he became a vice chairman but stayed at AOL. He subsequently left AOL and has done a number of other things. But before he left AOL, he, of course, bought the Washington Caps, and most recently he's bought the Wizards as well, and, of course, the Verizon Center.

So he has been an entrepreneur; started his own companies, successfully sold them; been an executive at a large company. He's a sports entrepreneur and owner. He's also a very well-known philanthropist in this area and has started a number of charitable organizations. The Leonsis Foundation itself, as well as his involvement in Best Buddies and other things, have given Ted a wide reach in the philanthropic area. In addition, he is an author. He recently wrote a book that I actually gave a comment for when the book came out, and I reread it again to make sure I understood everything about Ted's background.

TED LEONSIS: David's the only person who gave me a quote who actually read the book.  
[Laughter.]

MR. RUBENSTEIN: But it's a very interesting concept. His point is, really, and to conclude, that if you want to be happy – and happiness is a very difficult and elusive thing – and as I've often said, if you're Jewish, it's particularly difficult to be happy – [laughter] – but his point is that happiness is something you can pursue, just like you pursue a business objective. If you go about pursuing happiness in a very logical way, you can ultimately be happy. And so my first question to Ted is, are you a happy man today?

MR. LEONSIS: I'm very happy. One of the key metrics of happiness is the quality of your relationships with your family and your friends and your business associates. And when I looked out here, I saw so many friends. Thank you for all the hugs. I think that's one of the trademarks, having good, strong relationships. I'm very happy.

MR. RUBENSTEIN: Of the many things you've accomplished, what would you say you're actually the most proud of?

MR. LEONSIS: My children.

MR. RUBENSTEIN: No, no. The right answer is your children and your wife, but okay.  
[Laughter.]

MR. LEONSIS: Well, I was getting to that. [Laughter.] Quality of your relationships. I have a 21-year-old son who is just absolutely beautiful and very well-adjusted and self-motivated. He's at Penn. I have a beautiful daughter who's a freshman at Georgetown University.

I made mention of Father Kevin earlier today. She sent me the e-mail that every father would treasure yesterday. It said, Daddy, I got a 98.5 in my Problem of God exam. The Problem of God, every student at Georgetown takes it: Dad, I got a 98.5. And the teacher is using it as an example, a writing example of how to get a good grade on the exam. I'm thinking of becoming a nun. [Laughter, applause.] And I responded and said, congratulations. We love you. We're proud of you. Just act like a nun. [Laughter.]

MR. RUBENSTEIN: Well, the advantage of that is you won't have to worry about negotiating her prenuptial agreement. [Laughter.]

MR. LEONSIS: He's like Woody Allen. [Laughter.]

MR. RUBENSTEIN: So the business of happiness – why don't you do a better job than I did describing the essence of your philosophy that led you to write the book, and really your life philosophy?

MR. LEONSIS: Well, like everyone in the room, we're baby boomers. We grew up in a household and a world where you were taught you would do better than the generation before you. And the focus was on hard work and effort and go to a good school and work real hard. And

if you get good grades, you'll get a good job. And if you get a good job, you'll make a lot of money. If you make a lot of money, you'll be successful. And if you're successful, you'll be happy.

I think we're programmed that way. So I went to a good school and I was successful at this good school, and I got good grades and I got a good job, and I started a company, and at a very young age made a lot of money. So I declared victory.

But I wasn't very happy. I just was kind of checking things off. Then I had this reckoning. I was in a violent situation where the plane was going down, and you literally had to do your gut check. Some of the mentors at Georgetown know I'm a person of faith, but I'm not deeply religious. And as the plane was going down, people are crying. People are praying. So I started praying. I got about 30 seconds into prayer and I said, you know, if God's, like, listening right now, this probably sounds pretty inauthentic. [Laughter.] I could literally see God saying, oh, sure, now you need me. [Laughter.]

So I reverted to type. I started negotiating. [Laughter.] And the conversation, you know, was like, well, – if you had 10 seconds, what would the deal that you would cut be? I said, if I live, I'll play offense with the rest of my life and I'll leave more than I take. And so I made it through. And I had no tools.

A couple of weeks later, it starts to hit you that you got the second chance, this mulligan, and how do you live up to it? How do you live up to the deal that you negotiated? I didn't know. And that was this feeble attempt at this list of 101 things to do.

I started to create this basis of, well, I had a reckoning. Every company I'm associated with has some kind of reckoning. Reckonings are small, medium, and large. Some will break your heart. You'll have a financial setback. Someone will pass away; same with companies. Coming out of that comes this life list, this aspirational list. And there's a power in envisioning.

And so I'm at 81 of the 101 things to do. It's why I bought the sports teams. I wrote down: Own sports teams; win a championship. I said, make movies; win an Oscar; win an Emmy. I won an Emmy two years ago. It's amazing, the things that you write down and envision, and how they drive your life. So the list became very meaningful to me.

But as I started to get older, it felt like a lot of empty calories. I was checking things off. I was trying to find, well, why am I doing it? I said I wanted to leave more than I take, but it was to provide a second chance with more reflection of why you're here. So my son went to the Potomac School, and they had a school trip to the Library of Congress. How many people in the room have been to the Library of Congress? They have this wonderful exhibition with the Declaration of Independence. Do you buy the Declaration of Independence? [Laughter.]

MR. RUBENSTEIN: A couple of them, yeah. [Laughter.]

MR. LEONSIS: What's so great about it – it's all digitized – is we forget, like, somebody wrote a first pass at the Declaration of Independence and passed it around to the Founding Fathers.

And, you know, Ben Franklin read it and said, are you mad? I wouldn't say it like that. What were you thinking? And it was edited.

They have, like, 20 redline versions of the Declaration of Independence. The only line that wasn't edited was "life, liberty, and the pursuit of happiness." It was just what our Founding Fathers said: You have permission to be happy. Yet in the first 25 years of my life, no one ever said, you're here to be happy. So that's how I became a student of happiness.

MR. RUBENSTEIN: Well, that's a pretty good story. And you're correct. For those who want to know, the Declaration of Independence, Jefferson plagiarized a little bit, and it wasn't quite original. But what was actually written before was "life, liberty, and the pursuit of property." And he changed that to "pursuit of happiness." That's because he believed that was a very important part of his life, and ultimately that did stay in there.

You've had a great life, it seems, in so many things you've done. You must have had some disappointments, failures. What do you regard as your biggest professional failures?

MR. LEONSIS: Probably the biggest one, the most public one, was being part of a team at America Online, and I had a couple of paths to go, and we acquired Time Warner. I was one of the people that didn't think that was the right path; thought we were an Internet company and we should be buying Internet companies. I also knew I had created a shtick; you know, "Print is dead. Everything will go online." You buy Time Warner and you give a speech, and you get an e-mail from some PR guy that says, we own the world's largest publishing company. You can't say print is dead. [Laughter.]

Okay, so music should be free: We own the world's largest music publisher. If you do that again, you'll be fired.

So we made a mistake. I wasn't articulate enough or forceful enough or effective enough to be able to say we'd be better off buying Google, buying Amazon, buying eBay and consolidating and being the pure-play Internet platform, with applications off of it.

MR. RUBENSTEIN: What you did is you started a company that was called Redgate. And you ultimately met Steve Case, and he called you and said, I'd like to buy your company. You might describe how you then came from selling your company to go to AOL so quickly.

MR. LEONSIS: I will tell you quickly. Steve Case had a beautiful brother named Dan Case. In fact, Dan's nickname was "Upper Case" and Steve was "Lower Case". [Laughter.] A pretty talented family. Dan tragically passed away from brain cancer. And he represented my company. And this was such an interesting family-dynamic story. Dow Jones tried to buy my company, and Dan recommended that not happen. And then he said, you ought to meet my brother. He and you talk alike and sound alike.

So I came to Boston to give a speech, and Steve flew up. And we sat down and they poured coffee, and Steve said, I know all about you from my brother, and we should merge our companies. I remember saying, can we kiss first? [Laughter.] Do you want to get married? Can I,

like, meet your parents or something? [Laughter.] He said, look, it's going to happen anyway. We're first in the market. We'll keep going fast. And life's too short to drink that wine – or something cool like that.

So we merged our firms. Jim Kimsey, who's sitting next to us, was chairman of the company. I had to come and sell Jim. I remember Jim just kind of staring at me. I was lucky that he bought in. So it was early on, and we saw that there was something new happening, that everything from every industry could be faster, better, cheaper, if it was digitized.

And it's amazing where we are today. I mean, we were getting online at 1200 baud. I got introduced to computers at Georgetown University in 1976. They had one computer on campus, an old IBM mainframe. My iPhone today has more computing power than the registrar's office IBM mainframe back when I was a student. So we were right. We were first. We were the evangelists. We went public. We created something really fantastic.

The basic notion of our acquisition of Time Warner, I think, was articulated by my mentor at Georgetown, Father Durkin. Two weeks ago, someone asked Steve Jobs, what's the secret to Apple's success? And he said, Apple is where technology and liberal arts come together. And that's really what AOL was about – very astute.

MR. RUBENSTEIN: The model you had was subscriptions. People had to subscribe, and you gave them the service. It was a monthly subscription. When the world went more to broadband, if you had not merged with Time Warner, do you think AOL could have been a leader still in technology, or would you have had to change your business model considerably?

MR. LEONISIS: Well, we bought Time Warner so we could get distribution on cable. I think the companies that have built the great value – Google had a pretty good quarter yesterday.

MR. RUBENSTEIN: And you looked at buying Google at one point, I guess. You actually made an investment in Google. Did you think that those guys were going to build this great company? Or what made you make an investment or take a stake in Google?

MR. LEONISIS: Well, because we could. [Chuckles.] I'd like to say we were so smart, but we kind of had a shtick at AOL. We could make companies, and they would come to us. We would provide them with a small investment, a big audience. And they powered our search, and we took warrants in the company and 85% of the economics. But by giving them that deal, because we were the biggest player, it established Google or whatever other advertiser or partner at the time worked with us.

It ended up being a pretty good deal. I think the company ended up with \$5 [billion] or \$6 billion of equity value that we pulled out. They then made a billion-dollar cash investment in the company. It provided probably half a billion dollars of revenue every year that the company's been there. But at the same time, by not having our own version of that algorithm or having the foresight to acquire them at, let's say, a \$5 [billion] or \$10 billion valuation, we let them use our platform and our audience to build much bigger value than we created.

MR. RUBENSTEIN: When you left AOL not long ago, you started another company called Revolution Money. And after just a few years, you sold the company to American Express, where you're now on the board, I know. What led you to create Revolution Money? What does it really do? And why did you sell so relatively soon after you started the company?

MR. LEONSIS: Well, Steve Case and I were looking for something to work closely on together, and Steve had found a young entrepreneur that he liked and asked if I'd get involved, make an investment, become chairman. And I fell in love with the company because it was like AOL in the old days. It was trying to use the Internet to automate and disintermediate [sic] maybe older, more established competitors.

And it took 25 years for Discover Card to get into 5 million merchants as acceptance. And Revolution Money was a card that was a credit card, a debit card, a prepaid card, but, more importantly, was an online service like a Pay Pal, and they could integrate. By using the Internet, we were able to go from zero to a million merchants, and we were on our way to get the 5 million merchants very quickly.

It was launched, though, in the worst economic time imaginable. And so we were dependent on outside money. Steve put in a lot of money. I put in a lot of money. We had Citibank as a partner and Goldman Sachs as a partner and other investors. But we needed more cash. And we were diluting ourselves out of the company. So we met the people at American Express, who had an unbelievable understanding of what the landscape would move to for digital payments, and they had great infrastructure.

We thought the merger would accelerate not only our product, because as an entrepreneur, you want your product to be used by lots of people, but it could extend and enhance a good part of their franchise. So it really was a very good merger. But it also was, frankly, because of the time in the industry, a driver was hard to raise more money. And for us to – we could have raised the money, but then we would have kind of diluted ourselves out of the company.

MR. RUBENSTEIN: Now let me switch to another area some people may be interested in, which is sports. Were you just sitting in your office and Abe Pollin called you up and said, would you like to buy the Caps? Or how did that come about?

MR. LEONSIS: Actually, Dick Patrick, who's our vice chairman and partner and president of the hockey team, he approached me because I think Abe told him, I want to sell the hockey team. Dick approached me, came to my office at AOL – and AOL was red-hot at the time – and said, I read an article. Your list was on it. You want to own a sports team. Here's your chance. The opportunity to buy a sports team in your hometown comes along maybe once in your lifetime. There are a lot of people of wealth, but there aren't a lot of sports teams. This is your chance. If you don't do it, someone else will buy it and you'll never get it checked off. [Laughter.]

I actually was a little offended. I said, I'm married. I have kids. There's a lot of scrutiny. I've got this great gig at AOL. I love the company. I'm not interested. I went home. I had dinner with my family. And right before I was going to bed, I told my wife about it. And literally, just

before we shut off the light, she said, well, what if you get 99 of the 101 things done? How will you live with yourself? [Laughter.] Next day I called and said, I'm in. [Laughter.] There you go.

MR. RUBENSTEIN: So you had to learn how to own a team, and you got involved in player decisions and so forth. So what happened in the playoffs this year?

MR. LEONISIS: [Chuckles.] You know, there's no manual you're given; "Sports Ownership for Dummies." And our mayor can understand this, because you go from being a private citizen to a very public person. And in big urban centers, there's not a lot of defining, iconic brands or places that's shorthand for what that city is all about.

Universities – you know, close your eyes. Think Boston; you probably think Harvard. I'm proud to say D.C. – Georgetown; Healy, the Healy Building. It's really important. It's iconic in the landscape.

Second is big media properties. I saw the other day some movie on HBO, and they're trying to establish that this movie was happening in Manhattan. The first scene of the movie, it's early morning and a truck comes and they throw *The New York Times* on, and you immediately understand what's happening.

The third is public spaces – Central Park, Boston Common. We've got the Mall. I remember Martin Luther King giving his speech. My son remembered walking down to see Obama being inaugurated; an unbelievable lifetime experience. Then you've got iconic buildings – Statue of Liberty, Empire State Building, all of these monuments.

And then sports teams: Chicago – Chicago Bears, Chicago Cubs; New York – New York Yankees; Washington Redskins. So there aren't a lot of things that you can own as a public trust. We've got this building that activated the renaissance of downtown D.C. It is a public space. We'll have 3 million people go through there. Georgetown plays in our building. I own three sports teams. I really take it seriously. I mean, it's a big, big responsibility.

MR. RUBENSTEIN: Do you go to most of the games?

MR. LEONISIS: I go to most of the games. I've been at the arena the last 6 nights. And it's a joy to own the teams. There's no high like winning games. And it's like death when you lose game seven in a playoff series. [Chuckles.]

David and I were talking beforehand. We are very similar. We both had working families and we're only children. When you're an only child, your best friends are your parents. So my big Christmas gift from my dad was season tickets to the New York Jets – \$7 per ticket, \$14 a game, times seven games; 100 bucks, basically. The Jets won the championship, the Super Bowl, in 1969. It was an unbelievable bonding moment in our neighborhood. But for me and my dad, it really was something special.

My dad lived a long life. He died 94 years old, 4 years ago. And last year, the Jets played the Indianapolis Colts in the playoffs. The game was on a Sunday. It was Saturday morning. I'm



on the treadmill. I'm flipping through the channels. And they're replaying on the NFL channel the Super Bowl game. I stumble on it, and I start watching it. I start thinking of my dad. I have to stop the treadmill because I start weeping, thinking of my dad and all those memories.

It really honestly hit me. What other business can you create a memory that, 40 years later, makes grown men cry? That's what I have to do. That's my responsibility to all of you, to win championships so that you can say you were there. Hopefully you'll be there with your wives and husbands and children and best friends, and you'll have that to carry with you your entire life. [Applause.]

MR. RUBENSTEIN: Do you go into the locker room afterward?

MR. LEONSIS: Can you buy some tickets, by the way? [Laughter.]

MR. RUBENSTEIN: Do you go into the locker room and say, let's win one for the Gipper? Do you talk to the players and inspire them? And do the hockey players actually have any teeth? [Laughter.]

MR. LEONSIS: [Chuckles.] No, yes, and no. [Chuckles.] No, let's be honest. You know, I never played pro sports. I never coached a team. I was never a general manager. And running a sports franchise isn't that different than running other businesses, other than the scrutiny.

You know, at AOL, with \$10 billion in revenue, we create and launch a new product that would maybe do \$3 [billion], \$4 billion in revenue in a couple-of-year period, and we'd get a write-up like this in *The New York Times*. And, you know, you have a player who does something out of the box and it's like front-page news for days. It feeds the monster. So the scrutiny is high.

But I think leaders – you set strategy. You create culture. You try to have your force of will permeate the organization. You provide the funding. You put the lines of what's acceptable and what's unacceptable. You communicate a lot. You know, I blog every day. I'm visible. And I hope I'm authentic. Players are young adults, and they can smell BS a mile away. And if they see you around and you're consistent and you're passionate and they know you live and die like they do with how the team does, this natural bond of trust happens. That's how your aura helps kind of lift the team and get it to excellence.

MR. RUBENSTEIN: One last hockey question. I think I've always wanted to know, at least the last couple of years when I watched games, it seems when there's a fight, the referees are, like, looking upstairs. They're looking around. It's like the World Wrestling kind of fights where the referees don't really stop the fights. Why do they not stop these fights?

MR. LEONSIS: Well, you know, if business was like hockey, we'd be in a lot better shape, right? In hockey, there's a code. Big, tough guys only fight big, tough guys, and only when asked. There's a "you wanna go?" And you throw off your gloves. If you don't want to go, there's no fight. You'll very infrequently, very rarely see an unfair fight, a big guy fighting a

small guy, because it's against the code. There's this unwritten code of honor which really keeps law.

When you read my book, I talk about empathy as being one of the drivers of happiness and that empathy is probably the human emotion that's least understood or needs a better PR person, because when you tune up your empathy, they think you're a hero, just like a little empathy.

I'll give you a real live example that's so Washington. When Mr. Pollin passed away and we completed the purchase of the team, I talked about the building being iconic. And I wasn't happy that I thought the building was as clean as it should be. And *The Washington Post* interviewed me, and I said the wrong thing. I talked about, I think the building's dirty; it should be cleaner – showing zero empathy.

As soon as those words came out of my mouth, I said, I just violated what I believe in. I didn't spend any time with the cleaning crew. I don't understand the process of what it takes. So now I've probably offended a lot of people without having any knowledge.

So I immediately sent an e-mail and said, I want to meet the folks. And, better, I want to clean the building. I want to work with these folks and clean the building, and I don't want anyone to know about it. I just want to be part of the crew – not undercover boss, but I want to do every job in the building.

So we pick a day. And a couple of days before that, the President of the United States calls and he says, I'd like to come to the women's basketball game. Can I sit with you? Yes. [Laughter.] So I get to sit with the President of the United States and his daughter for 3 hours. I take a picture. It goes out over the AP. It's big news. It's cool.

Then he leaves, and I'm on my knees scrubbing the women's toilets at Verizon Center. It's 100 days in. No one talks about the President of the United States hanging out with me. But people in the building remember and talk about how I really care about the building. I care about their jobs. I showed empathy because I cleaned the building. I know how awful it is – what an awful environment. It's the only place in the world – you don't see it here. Imagine if, Jim, you finished that nice bottle of water there and you just threw the bottle on the floor. We encourage you to do that.

So one of the things we're going to institute is you're going to clean up and have the ushers bring garbage bags, and they'll pass the bags back and forth and we'll let the community do the work to just make the jobs easier for these people who have a really, really tough time.

I will say, the most disgusting thing I found– I was on the picking crew, and I got someone's nail clipper and either their toenails or their fingernails clipped. I like to think of it. Someone came to a game with 10,000 people and was – [chuckles] –

MR. RUBENSTEIN: So –

MR. LEONSIS: The Mayor's laughing. You know, right? [Chuckles.]

MR. RUBENSTEIN: So switching to basketball, you have your entire franchise based on a rookie now. You've drafted the number one player to come out of college, Johnny Wall. Is he as good as you thought, or is he not as good as you thought? And can a rookie really lead an NBA team?

MR. LEONSIS: I believe youth must be served. I have real-life data in building a team that was pretty good but wasn't loved with the Caps; win division titles and no one comes to games, and a locker room not being in harmony. We took a big risk with the Capitals. It was also a good case study, because I was truthful. I said, what's my deliverable to the community? What did you just clap about? It's win a championship.

I closed my eyes and said, can this team win a championship? It's a very, very tough conclusion when you say no. Then I had to grant amnesty to my executive team. I had to say, you go home this weekend and you tell me on Monday, can this team, as constructed, win a championship? Are we a few pieces away? And if you say yes and yes, tell me what we need to do. But if you don't, let's radically deconstruct and rebuild the team.

And we did that with the Caps. I hate to keep referencing *The Washington Post*. Tom Boswell wrote an article: If I was a Caps season ticket holder, I would go to Ted's house in McLean, Virginia, take my season tickets, light them on fire and throw them on the front lawn. I have that saved, in case you didn't notice. [Laughter.]

Last year we had the best record in the NHL during the regular season. We sold out every game. We now have a waiting list, 3,000 people trying to buy season tickets. That's the number one complaint to me now: I can't buy tickets.

So we had courage. We did the right thing, the right way. We're going to have a great team. I think we'll make the playoffs for the next decade. Maybe it's this year; maybe it's – we're going to win a Stanley Cup. Everyone in the organization feels that. [Applause.]

So the basketball team – and what amazes me, because they're so public, these assets, people are afraid. They're private companies, but they're public trusts with this glare of the media. And so you try to fool people almost: This is the year. You are what your record says you are. The Wizards won 19 games two years ago and 25 or 26 games last year.

So all of our messaging to the general manager was, do you think this team can win a championship? No. Blow it up and we'll build around young players. Then we won the lottery. I've won the lottery twice. One time turned out pretty good; Alex Ovechkin. It's going to turn out the exact same way.

The way you get really good is you get really bad. That's a very hard message to deliver. But because it worked with the Caps, there's believability now when we say that about the Wizards. We're the number six team in the NBA in selling new season tickets and partial tickets. We've sold 3,000 new season tickets since we bought the team, because people can imagine that

John Wall could be like an Alex Ovechkin. He can be a game changer, and we'll build around him through young players.

It should be easier to rebuild an NBA team than an NHL team. There are 23 guys on an NHL team. There are 12 or 13 guys on an NBA team. The best players in the NHL play 20, 22, 23 minutes. In the NBA they play 40, 45 minutes. So if you have a few really, really good players, they can have a disproportionate impact on the team.

MR. RUBENSTEIN: Let me switch, before I ask some questions of our guests, one last question I'd like to ask you. You invented something that you call film –

MR. LEONSIS: Filmanthropy.

MR. RUBENSTEIN: Filmanthropy, which came about after you produced a movie that became an Emmy award-winning movie. Why don't you describe what filmanthropy is and why you're interested in it, and a bit about SnagFilms.

MR. LEONSIS: Thank you. So when you read the book, you'll see the five tenets of happiness as being an active participant in multiple communities of interest, having high levels of self-expression. I blogged every day. I wrote a book. I make movies. The only time I ever get into a fight with my wife, the Return to the Course scene. She says to me, you're not listening to me.

We as people want to be part of something and we want our voice to be heard. Empathy is another important part, in exercising that empathy by getting out of the "I" and into the "we" and volunteering and giving back, and then being in pursuit of a higher calling. At AOL, I never wanted to build a \$100 billion company. We wanted to bring democracy around the world and educate the masses and create a medium that was more valuable than the television and the telephone. Higher callings are very, very important.

So I was inspired to make a movie, and I realized that the business model was really broken. You couldn't make the movie and approach it like a business. So I had to fool myself into making it. And so I said, well, I do a lot of charitable good work. Most of these movies, they're really used to shine a light on a tough subject or activate volunteerism or right a wrong. Let's merge those concepts. Let's mash up those concepts.

So I made up a word, filmanthropy. And Hollywood loved it. So I've made three movies, and they've all gone to film festivals and were bought for distribution. But then one day I said, that's kind of arrogant when you think about it. You know, I have the means to be able to make and finance and work on films. Not everyone can be a filmanthropist. And it was the worst economy ever, and none of these movies that were being made were seeing the light of day.

I was in the shower and I said, no one has any time anymore. We're always connected to our devices and we're all working hard, and companies are laying people off, so we're working more hours. No one has any money. Charitable donations are down. So people don't have time or money. What do they have?

I said, pixels. People have pixels. If we could turn pixels into a currency and people could donate their pixels to a cause. So I created a business, a double bottom-line business – it can do well by doing good – called SnagFilms.

Steve Case invested in it. And it's 2 years old. We now have 2,000 good– work movies. Go to SnagFilms.com. And I'm begging you – Snag, not StagFilms – SnagFilms. [Laughter.] My mother-in-law heard me – [chuckles] – and she went to StagFilms.com. [Laughter.] Not a good conversation. [Laughter.]

And so you go watch the movie for free. We attach a charity to the movie. So if you're watching "The Breast Cancer Diaries" or one of these films, we work with the filmmaker and we do a one-click so you can donate. Then if you like the movie, you can snag it and embed it in your blog or your website or your MySpace or Facebook page. You can open a virtual movie theater and we stream the movies. So it's 2 years old.

We have 2,000 films, 110,000 virtual movie theaters open, three times the number of physical movie screens in North America. In 2 years we've done that. There are 30,000 screens in 8,000 buildings. Five hundred screens will show documentaries and independent films. So we now have the largest library of high-quality independent movies, a distribution channel like you can't believe, 110,000 sites that reach 260 million pages per month. This month we'll stream 30 million movies.

So we've changed the distribution channel. It's going to be a really, really big, important business. We're helping people to self-express. They're sharing it with their community of interest. They're exhibiting empathy and filmanthropy as the higher calling now of all of the people that are involved with this project.

MR. RUBENSTEIN: Very impressive. We have time for two questions. Anybody want to know anything about Ted? There's a mike coming, but you can talk loud.

QUESTIONER: Are the Redskins on your list of 100 things to do? [Laughter.]

MR. LEONSIS: I have my hands quite full, and they'll never be for sale.

MR. RUBENSTEIN: All right, next question. Right there. Just yell.

QUESTIONER: I want to thank you for the bonding experience of taking my son to the Caps games. I was also there when there were far fewer fans in the stands. My question is, how did you withstand the criticism during that time? I know you have an outstanding team now. How did you withstand the criticism during that time?

MR. LEONSIS: You know, it was really, really hard. There were a couple of times when I probably didn't rise above it. You know, I read all my e-mails. I'm very transparent. I walk around by myself. I don't have security. And people are not shy about telling you what they think.

My favorite little incident like that – my family went to Thanksgiving dinner, and we sat across from a table with this beautiful family. It was like a Norman Rockwell painting. It was a grandmother, and she had, like – she was knitting. She kind of looks over at me and she waves, and I wave.

Later on, I go to the men’s room, and as I’m walking by, this lady goes like this to me. I go, hi, how are you? Happy Thanksgiving. And she goes, Happy Thanksgiving, dear. And she reaches out to hold my hand. And she pulls me closer and she goes, do you think Peter Bondra is best served on the power play on the half-board? [Laughter.] That’s when I knew this is a different business. [Laughter.]

MR. RUBENSTEIN: So Ted, one final question. You’re the only owner, I assume, with a goatee. Where did you get the goatee from?

MR. LEONSIS: Because David and I share this in common too. I skipped the eighth grade. When I went into college, I was always the youngest kid in the class, and I looked really, really young. I grew a beard. Part of the reason was so I could be taken more seriously after I graduated and was in business because I was 20 years old, 21 years old when I graduated college. I raised venture capital when I was 24. So the beard made me a look a little bit older. And I just kept it.

My daughter, on a vacation, said, dad – she was probably 10 – I’ve never seen you without a beard. Would you please shave it on this vacation? So we went into the bathroom and I shaved. I let her cut it and stuff. I walked outside. And my wife and son said, are you out of your mind? Grow that back. So this was the compromise. [Laughter.] And my daughter likes it.

MR. RUBENSTEIN: All right, Ted, thank you very much.

MR. LEONSIS: Thank you. [Applause.]

MR. RUBENSTEIN: Here’s our gift to you. It’s an antique map of Washington. Thank you very much.

MR. LEONSIS: Oh, thank you.

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## **Ted Leonsis**

**Ted Leonsis** is the founder, chairman, and majority owner of Monumental Sports & Entertainment, which comprises three professional sports teams — the Washington Capitals (NHL), the Washington Wizards (NBA), and the Washington Mystics (WNBA) — as well as Verizon Center and the Baltimore-Washington Ticketmaster franchise. The company also operates Kettler Capitals Iceplex (the Capitals training facility and front office) and George Mason University’s Patriot Center.

Mr. Leonsis retired from active management of AOL in 2006, where during the previous 13 years he held a number of senior positions, including vice chairman and president. Since his

retirement from active management at AOL, Mr. Leonsis retains the position of vice chairman emeritus. At a May 2010 ceremony celebrating AOL's 25th anniversary, one of the buildings on AOL's Virginia campus was renamed the Leonsis Creative Center in his honor.

Recently, Mr. Leonsis was chairman of Revolution Money, which provides secure payments through an Internet-based platform and in 2009 was sold to American Express; Leonsis is now on the board of directors at American Express. He is currently chairman of Clearspring Technologies, the largest online content-sharing network, which connects publishers, services, and advertisers to audiences on the social web. Over the past 20 years, he has been a board member or early investor in a number of successful technology companies, from Google to Groupon.

In 2008, Mr. Leonsis founded SnagFilms, which enables online audiences to find, watch, share, and support thousands of documentary films. SnagFilms grew out of Mr. Leonsis' experience as a producer of such award-winning documentary films as *Nanking* and *Kicking It*. *Nanking* premiered at the 2007 Sundance Film Festival, where it was awarded the Documentary Editing Award and has won a Peabody Award and an Emmy Award. *Kicking It* premiered at the 2008 Sundance Film Festival and aired on ESPN. A third documentary produced by Mr. Leonsis, *A Fighting Chance*, will air on ESPN in fall 2010. In addition to being the Internet's leading site for watching and sharing nonfiction films, SnagFilms owns indie WIRE, the leading news, information, and networking site for independent-minded filmmakers, the industry, and moviegoers alike.

While working on documentaries and establishing SnagFilms, Mr. Leonsis coined and championed the term "filmanthropy." It is his unique way of combining film and philanthropy, raising the awareness of important issues with the goal of promoting change by increasing volunteerism and activating charitable giving.

Mr. Leonsis' book *The Business of Happiness: 6 Secrets To Extraordinary Success In Work And Life*, was published in February 2010 and quickly became a bestseller. Previous books by Mr. Leonsis include *Blue Magic: The People, Power, and Politics Behind The IBM Personal Computer* (1988).

In addition to serving on the board of directors of American Express, where he is chairman of the Technology and Innovation Committee, Mr. Leonsis sits on the board of publicly held companies such as Nutrisystem and Rosetta Stone. He serves on the Technology Committee of the board of directors for Alcatel-Lucent. He also serves on the board of directors of his alma mater, Georgetown University. Mr. Leonsis has numerous business interests and investments, including the following companies: Algentis, GridPoint, Triporati, Mahalo.com, MediaBank, MobilePosse, ObjectVideo, SB Nation, TidalTV, and Zedge.

Mr. Leonsis is a committed philanthropist and is actively involved with numerous charities, including Best Buddies, D.C. Central Kitchen, See Forever Foundation, Street Soccer USA, Venture Philanthropy Partners, YouthAIDS, and others through the work of the Leonsis Foundation.

Early in his career, Mr. Leonsis was the founder of several new media companies, including Redgate Communications, a pioneering “new media company” — a phrase Mr. Leonsis is credited with coining — that in 1993 was the first company acquired by AOL. He was also the founder of six personal computer magazines and worked on the introduction of the IBM PC and the Apple Macintosh. He co-invented a successful board game called “Only in New York” and served as a marketing executive with Harris Corp and Wang Laboratories.

He once served as Mayor of Orchid, Florida. Among his many honors, Mr. Leonsis has been named Washington’s Businessman of the Year, a Washingtonian of the Year, one of the 20 most influential people in sports, one of America’s most creative executives, and a top 10 entrepreneur of the year. Mr. Leonsis blogs daily at TedsTake.com. Originally from Brooklyn, New York, and later, Lowell, Massachusetts. He now lives in McLean, Virginia, with his wife and two children.