



## RICHARD PARSONS TRANSCRIPT 8/15/06

MICHAEL EISNER:

So, Dick Parsons, I really appreciate you being with me on this show. It's funny, because our companies are not exactly the same. The company I work for, the Walt Disney company. And Time Warner, previously AOL Time Warner, previously Time, previously Warner Brothers are similar kinds of businesses, so I-- I understand a little bit about it.

I was not the highest tested-- on my law boards as you were in the State of New York. You were #1. So that's-- that's very impressive, and-- and you did that coming up from a-- a-- a middle class background, working your way through college and-- and-- and getting that law degree.

But then decided you were going to go into politics-- or-- or-- or work for Rockefeller. What-- What set you in that path as opposed to being a criminal lawyer? (LAUGHTER) We ... criminal.

DICK PARSONS:

Yeah, right.

MICHAEL EISNER:

Or a criminal, right.

DICK PARSONS:

I was gonna say-- Well, first of all, there were only three people who took the bar that year. So it's not--

MICHAEL EISNER:

No, no, no, (OVERTALK)--

DICK PARSONS:

--as impressive as it sounds.

MICHAEL EISNER:

3670. I checked.  
3671.

DICK PARSONS:

You did your homework.

MICHAEL EISNER:

That's very impressive, #1.

DICK PARSONS:

When I got out of law school or when I was getting out of law school, I-- I was doing a legislative internship to make a little money to pay for law school, right, and-- and in the process of that, I got to know Nelson Rockefeller and he was-- he was sort of my political hero. I thought he was a-- kind of just an inspirational leader. And he took a shine to me, and offered me a job.

MICHAEL EISNER:

And that propelled you to banking where you became President of Dime Savings Bank?

DICK PARSONS:

Well, (OVERTALK)--

MICHAEL EISNER:

Or there was something in between?

DICK PARSONS:

One stop-- Yeah, one stop in between. I did practice law after we left Washington, but because I had worked with the Superintendent of Banks when I was in the Governor's office-- That fellow, his name is Harry Albright, went on to become the Chairman of the Dime. And then when he went in to retire, he was looking for somebody who he thought could look after his baby. And so he sought me out and recruited me into the banking business.

MICHAEL EISNER:

So, you then go to Time Warner, and you become a-- a key em-- part of Time Warner. You become the calming element of Time Warner. And I have one experience which we can talk about and that-- Jerry Levin who was the chairman who I had known forever, a interesting, intelligent, thoughtful-- I don't wanna say peculiar. He was just a quiet kind of guy. Volatile maybe.

And I had some problems with him from Disney, and they escalated and they escalated and they escalated and they dealt with the cable company and Disney's content. And at a certain point in time, luckily for the Walt Disney company, right in the beginning of the "Who Wants To Be A Millionaire?" frenzy, Jerry allowed the Time Warner Cable company to take all the ABC properties off the air.

And it was a-- It wasn't an-- It wasn't-- It was-- kind of a national event, particularly-- It was New York. Mayor Giuliani was-- was-- used it for his political purposes, and they gave-- you know a big thing. And the solution was you. You came to my office, and we solved it in an hour. So why weren't you there three months earlier?

DICK PARSONS:

It was your apartment, and-- Bob Iger was there and Jerry and I. Yeah, we-- we-- we made a mistake. You-- You know how the relationships between cable companies and cable networks is always-- and broadcast networks, always had an element of contention to it and a little bit of sort of Wild West flare and everyone would go and put their six guns around the table and then say, "Let's negotiate."

And I guess our cable guys had gotten to a place with-- with ABC over retransmission consent that we didn't have your consent. You were threatening to pull. We were threatening to pull the plug, and you didn't blink and I think our guys thought you would. And so they pulled the plug in the middle of the night, and they figured within two hours, you'd be back up and running, and you weren't. And then the next day, it did become a national event. We had hell to pay.

and in fact, I found out a-- a-- about the pulling of the signal when I woke up in the morning and my wife smacked me and said, "Do you know what your guys did last night?" I didn't even know.

So-- So, and I think she--

MICHAEL EISNER:

She wanted to see "Millionaire!"

DICK PARSONS:

Well, Jerry had-- She wanted to be a millionaire.

MICHAEL EISNER:  
Right. (LAUGHTER)

DICK PARSONS:

Jerry had-- had been in touch with our cable management, but basically we let them make the call. And this one was not the right call.

MICHAEL EISNER:

We couldn't believe it. We couldn't believe it, and then we saw nuns marching in front of City Hall and-- and Regis having a good time. It was-- It-- It was amazing. But that-- That really was the beginning of a-- of-- of much lengthier conversations. And Jerry and I had-- had conversations forever, and I can remember one conversation.

And we had lunch, and he said, "You don't understand, Michael. Either AOL or Yahoo! is gonna take one of our companies over." And I said, "Jerry, why? I don't-- I don't-- I don't think that we have to accept their stock." "No, Michael, you don't get it. You just--" I said, "Well, you know, Steve Case had come to me and-- and I had thrown him out of the building, 'cuz Goldman Sachs said the way you get-- the way you show you don't wanna have a-- have a-- a acquisition made against you which I think is erroneous advice by the way is you have a breakdown.

So when Steve Case showed up in my office, I started acting like a three year old. "Get outta here, you stupid idiot! And--" So, he said, "Oh, okay, I'm gonna leave."

The next day I'm with Jerry and Jerry says we have to do this. Two weeks later, it was done. The world marveled at it. Steve and Jerry said we are gonna be the mo-- the biggest company in the world. People said this was the mega-merger of all time. It was \$185 billion merger, and actually I'm told it fell apart a couple of times. And Jerry asked you to go in as he did-- asked you to go in and solve my problems, get this thing finished. Is that true? Or did you-- Or were you not involved at all? I'm not trying to blame you on this.

DICK PARSONS:

No, no, no, no.

MICHAEL EISNER:

Jerry gets the blame.

DICK PARSONS:

Or the credit. The story's still being written.

MICHAEL EISNER:

Well-- That's a good point, and I'll get to that.

DICK PARSONS:

Okay.

MICHAEL EISNER:

I do believe that AOL will be in the end of the day a giant asset for Time Warner. Maybe you paid a little bit too much for it in those days.

DICK PARSONS:

Yeah. Just to-- to amplify on the point, you know, there are several ways you can look at a deal. One is "Did you pay the right price?" Clearly, we didn't. We were-- We were in front of the popping of the Internet bubble, and-- and we lost and our shareholders lost and the AOL shareholders, everybody lost a lot of value when that Internet bubble popped.

The other is "Do the assets ultimately work together and create value down the road?" And that's the story that's still being written.

MICHAEL EISNER:

Now when-- You realized quickly, and it was pretty quickly, that the-- that you weren't gonna be able to double revenues every three years as Steve and Jerry said and you weren't gonna be able to put margins at 30 percent. And it started to crumble, and the board realized that they had approved a horrendous deal. Did the board just hide? 'Cuz many of those board members are still there. 10:36:46

DICK PARSONS:

Well, the board really sort of coalesced around management and said, "Okay, we gotta problem. You say we have a problem. We see you have a problem. Everybody else says we-- What are we gonna do about the problem? How are we gonna fix the problem?" And they really were supportive. And you know we had-- we had serious problems, not just in the marketplace which is serious enough, but with the government...

AOL was inventing a business, right? And when you invent a business, and you know this very well, accounting is not really a science. It's application of judgment.

And as people looked back on some of those judgments, they said, "Whoa, that's not right. We shouldn't have done it that way. And so we had all of that to square away and to sort of get back on sides as far as the government was concerned.

And you know it's one thing when Time Warner and Disney are competing in the marketplace or News Corp or Viacom or whoever it is. You know, I'm-- I have every confidence-- We're-- You know, we're big enough to hold our own in that competition, but nobody's big enough to compete with the government. If the government's on your case, you've gotta-- you have to take that very seriously, 'cuz that-- that can-- that is truly for a corporation life-threatening.

So working through that, our board was right there, both supportive of management, but doing their job for shareholders. And so, I give 'em credit that we were able to bring this whole company through that stormy time.

MICHAEL EISNER:

All right, so lastly, I felt a lot of pressure for many years, 40 years, having hundreds of thousands of people work for me and the travel schedule and trying to keep it moving and being a cheerleader and having a smile on your face a lot and-- and-- and-- and not making the big mistake. And-- Eventually that gets to be enervating to a degree. Do you feel any-- Do you feel that pressure? Are you-- Are you continually excited by that pressure?

DICK PARSONS:

Well, both. Both. It-- It would be-- I-- I would be not-- being totally candid with you if I said I didn't feel the pressure from time to time. You-- You are always aware of the fact, in our case 87,000 people-- they're countin' on you.

MICHAEL EISNER:

Analysts. Carl Icahn. I mean do you have Carl Icahn?

DICK PARSONS:

Yeah. So, that's a pressure. And--

MICHAEL EISNER:

Doesn't he present a tremendous pressure to you?

DICK PARSONS:

Who? Carl? Actually you know-- Maybe in the end Carl did us all a favor, maybe in the end. He's a character, and he did-- He was-- You know, he was certainly a force to be reckoned with. You cannot ignore Mr. Icahn. But maybe he helped us sharpen our focus on some of the things we needed to do and just be a little bit quicker about doing those things in terms of trying to drive value in our company.

MICHAEL EISNER:

But when they ask you when you're out there to tell 'em what Carl Icahn meant by some outrageous charge that has no merit, how do you keep your cool and explain that this is just the name of the American game?

DICK PARSONS:

Yeah, I-- I guess-- You know that may-- that-- that may be inbred. I never took any of it personal. And so if you don't take it personal, you can deal with it in the way that you deal with most other things in your life, sort of objectively and anal-- analytically and at some distance. I mean--

MICHAEL EISNER:

In the middle of the night, you didn't take it personally? The lights are out. You're looking at the ceiling. You're thinking this guy...

DICK PARSONS:

I'll tell you who took it per-- My wife came home one day, and she said-- She was in a state of outrage. She said, "I just heard on the news that this guy, Carl Icahn, called you a moron!" And I said, "Well--"

MICHAEL EISNER:

She said, "I've known it all my life!"

DICK PARSONS:

(LAUGHTER) No-- She said-- I said, "Well, what are you so upset about?" She said, "That's my job!"

MICHAEL EISNER:

Oh, funny. (LAUGHTER) I didn't mean to step on your line. She should call my wife. My wife would put the-- the sheets over her head, say, "I don't wanna know anymore about it." I tell you it's not about us. It doesn't matter.

DICK PARSONS:

No, no, no. Well-- She may be-- She may only be five foot tall but she's pretty tough.

MICHAEL EISNER:

Thank you very much.

DICK PARSONS:

Take care.