



MICHAEL EISNER:

Sumner, thank you for coming. We just talked to Ted Turner who was very theatrical and said nothing bad about me or you. So, we're--

SUMNER REDSTONE:

I think he's a good guy.

MICHAEL EISNER:

--in great shape. But like Ted and-- and for a longer period of time, you probably are one of the dozen, maybe a half dozen classic entrepreneurs in the history of this country and--

SUMNER REDSTONE:

Well, you haven't done so badly yourself, Michael.

MICHAEL EISNER:

I know, but I'm a hired hand. You actually are hirer of hands.

SUMNER REDSTONE:

No. But you transformed Disney when you came in. That's very entrepreneurial.

MICHAEL EISNER:

And the first day, Frank Wells who was the President of Disney, came to me and said, "Now, how do we deal with Sumner?"

SUMNER REDSTONE:

Really.

MICHAEL EISNER:

Sumner what-- Sumner unveiled these movie theaters. He's not happy he's not getting the best terms and-- from the day I came to the business ward, he had-- Paramount for a decade to 20-- from my years at Disney, the smartest-- well, let me put it this way. Let's establish as to why you are. Is this true or not true? In the 300 years of the Latin School in Boston, you're the highest grade point average?

SUMNER REDSTONE:

That's true.

MICHAEL EISNER:

Okay. So, we've established that you're no dummy, right? (LAUGHTER)

SUMNER REDSTONE:

Well--

MICHAEL EISNER:

How--

SUMNER REDSTONE:

--not exactly. But we've established you're not dummy.

MICHAEL EISNER:

I'm-- but I'm impressed that they even have records for 300 years. So, that's-- that's-- (LAUGHTER) that's pretty good. And then you went on-- to Harvard.

SUMNER REDSTONE:

Yes.

MICHAEL EISNER:

You end up working for your father's very small-- theatrical movement-- exhibition company.

SUMNER REDSTONE:

Yes.

MICHAEL EISNER:

And you built it into one of the preeminent-- quality companies of the kind. You actually coined the word mul-- word multiplex.

SUMNER REDSTONE:

Yes. And if you see a movie today in a multiplex, it's ours. We trademarked the name.

MICHAEL EISNER:

So, you're also a good lawyer. Not only did you think of the idea, wanna make sure that nobody else can use it.

SUMNER REDSTONE:

I am a really good lawyer, yes. And I practice law everyday.

(OVERTALK)

SUMNER REDSTONE:

--without practicing law.

MICHAEL EISNER:

We all know that.

SUMNER REDSTONE:

Okay. (LAUGHTER)

MICHAEL EISNER:

All of us on the other side know you don't-- I don't think we ever beat you ever in a case. I don't think anybody beat you in a case.

SUMNER REDSTONE:

Well--

MICHAEL EISNER:

We better not talk about it. Have you ever lost a case? (LAUGHTER)

SUMNER REDSTONE:

We have never lost a big case and we've been up against the best. And, ya know, John Malone, Time Warner, so far we haven't lost a big case. That's true.

MICHAEL EISNER:

Alright, I had dinner with your daughter. Your daughter now runs your movie division.

SUMNER REDSTONE:

Yes.

MICHAEL EISNER:

And she said, "Be careful when you talk to dad."

SUMNER REDSTONE:

Why?

MICHAEL EISNER:

I would--

(OVERTALK)

MICHAEL EISNER:

I don't-- I don't know--

SUMNER REDSTONE:

No, no, I was-- no, no I would rather you ask tough questions.

MICHAEL EISNER:

Well, I'm going to. I'm gonna ask tough questions.

SUMNER REDSTONE:

Good, good.

MICHAEL EISNER:

She believes that the theater going experience, being in the theater, is still a growth business.

SUMNER REDSTONE:

It is not.

MICHAEL EISNER:

That's what she said you would say.

SUMNER REDSTONE:

But I don't have to-- agree with her cause she's my daughter. It is not a growth business.

(OVERTALK)

SUMNER REDSTONE:

--the only reason that the theaters have kept up with the rest of the world is raising admission prices, raising admission prices. When I acquired Viacom I said that the theater business is not a growth business. Television was, I didn't know much about it. That's why I acquired Viacom.

MICHAEL EISNER:

Yeah, but isn't it great to go to a movie theater in the dark and have that community experience?

SUMNER REDSTONE:

Yes. It's a nice experience, but it competes today with everything. It competes with videogames, it competes with everything. And every year unfortunately, the grosses go down. I'm not trying to knock the business. I grew up in that business.

But I want to be realistic and true. The grosses continue to go down which is bad for the studio business, which as you know, we own. And it's bad for the theater business. I wish it were different.

MICHAEL EISNER:

Well, Mark--

SUMNER REDSTONE:

I don't know if it changes--

MICHAEL EISNER:

--Mark Cuban I'm gonna talk to soon met-- and he has taken a position--

SUMNER REDSTONE:

I hear.

MICHAEL EISNER:

--that the movie should come out on the same day that the DVD comes out, the same day pay-per-view comes out. And I suspect your daughter -- if not her father -- to be violently against that--

SUMNER REDSTONE:

Her father--

MICHAEL EISNER:

--that--

SUMNER REDSTONE:

--explain the area I'm-- my dad and I--

MICHAEL EISNER:

Are you the boss now or is your daughter?

SUMNER REDSTONE:

My daughter-- my-- yes, I'm the boss. She works.

MICHAEL EISNER:

She's the CEO and you're the CEO?

SUMNER REDSTONE:

I know (UNINTEL PHRASE). She's a--

MICHAEL EISNER:

You won't even give her the CEO job?

SUMNER REDSTONE:

No.

MICHAEL EISNER:

She's your daughter.

SUMNER REDSTONE:

I know, but that's where I control--

MICHAEL EISNER:

Your daughter?

SUMNER REDSTONE:

--Viacom. No. Viacom and CBS, by controlling the stock.

MICHAEL EISNER:

Yeah, but your family-- (LAUGHTER) Sumner.

SUMNER REDSTONE:

You wanna get--

(OVERTALK)

SUMNER REDSTONE:

I'll tell you what. Now, you wanna give away what you have to your family, be my guest. (LAUGHTER).

MICHAEL EISNER:

That's the way to do-- that's the way you're supposed to do that in one generation.

SUMNER REDSTONE:

No, you're not.

MICHAEL EISNER:

Why?

SUMNER REDSTONE:

I still am very active. I work very hard and travel around the world for Viacom. I'm not about to give up control.

MICHAEL EISNER

I'm trying to represent your daughter. She wants--

SUMNER REDSTONE:

Why?

MICHAEL EISNER:

--she's going to--

SUMNER REDSTONE:

Represent my wife. My wife is closer to me these days than my daughter. (LAUGHTER)

MICHAEL EISNER:

I hope so.

SUMNER REDSTONE:

Well--

(OVERTALK)

SUMNER REDSTONE:

She's there somewhere. Where are you?

(OFF-MIC CONVERSATION)

MICHAEL EISNER:

Oh-- oh, okay. I see there Paula. Okay. (LAUGHTER) Did she fire Tom Cruise or did you fire Tom Cruise?

SUMNER REDSTONE:

Well, I-- she said she did. (LAUGHTER) No, I listen to everyone. I listen to you.

MICHAEL EISNER:

No, I--

SUMNER REDSTONE:

Yes. I do. I listen to my daughter. I listen to Paula, but I make the decisions. The decision to say goodbye to Cruise was mine.

MICHAEL EISNER:

Were you saying goodbye to Cruise or you were saying goodbye to a type of business that was--

SUMNER REDSTONE:

Out of control. I hope I was saying goodbye, and you understand this, to a type of business. We were playing too much to the stars and stars don't make a picture.

The script does and we were playing too much and getting too little. I hope that's changed. I never attended to send a message, but I hope I did.

SUMNER REDSTONE:

I was trying to do what I thought was right for Viacom which was-- and everyone's on the same page, Tom Freston, myself, Brad Grey. (COUGHING) I was just trying to do what was good for-- for Viacom which is my job. And I thought it was in the interest of Viacom to say goodbye to a person who had been my friend,

who was a great actor, to say goodbye to Tom Cruise. Because his behavior was unacceptable and because there's a lot of money in his lost picture.

MICHAEL EISNER:

Oh, so it was more-- I thought it was-- really? It wasn't economic--

SUMNER REDSTONE:

Yeah, really.

(OVERTALK)

SUMNER REDSTONE:

Now, wait a minute. Wait a minute. Wait a minute. If I say something, take my word for it as true.

MICHAEL EISNER:

But was it economic as well?

SUMNER REDSTONE:

Yes, it was because on the third *Mission* which was the best, it did the worst which we figured cost us a hundred to a 150 million dollars in gross. That was a factor.

MICHAEL EISNER:

Well, I certainly believe in doing what's right for the shareholders and what's right for the economy. Which brings me to the study of-- of-- of the-- of Viacom in the CBS environment. Was that in the end better for the company or was it better for a shorter term for the current shareholders, splitting the two apart?

SUMNER REDSTONE:

It was a benefit the company. It was the benefit of the shareholders. And it's not short term. It's long term. Ya know, CBS had already made it.

They were supposed to be the slow growth company. And Viacom was up 20 percent when Tom was there. I'm not blaming him, but that was a fact. Today the stock is up 14 to 15 percent.

MICHAEL EISNER:

But do you lose the leverage when you're talking to the Comcasts of the world, the Time Warner cable. So, you don't have the CBS television stations to-- improve your-- revenues on MTV and Nickelodeon and the rest? That leverage that--

SUMNER REDSTONE:

First off--

MICHAEL EISNER:

--a conglomerate would have?

SUMNER REDSTONE:

--in first place, MTV was already well established due to Tom Freston who remains my friend. You've got to be well established and also, you're forgetting something. I controlled both companies not one. So, whatever leverage is otherwise we still have.

MICHAEL EISNER:

So, okay. So, the split has happened. Now, one of the criticisms you had of the-- of-- your CEO was he wasn't quick enough in the internet stage--

SUMNER REDSTONE:

Michael, listen.

MICHAEL EISNER:

Yes?

SUMNER REDSTONE:

The media has done enough. When Tom, who remains my friend, who was a great leader, we've done enough with that. Let's move on.

MICHAEL EISNER:

No, I'm not talking about--

SUMNER REDSTONE:

Let's move on.

MICHAEL EISNER:

And I'm moving on. I am moving on.

SUMNER REDSTONE:

Okay.

MICHAEL EISNER:

I'm talking about the internet. I'm not talking about the--

SUMNER REDSTONE:

Okay, alright.

MICHAEL EISNER:

But one of the things that came up through the media was that you were not happy with CBS, forget who-- who-- who-- excuse me, with Viacom's or maybe even CBS's--

SUMNER REDSTONE:

No, it was--

MICHAEL EISNER:

--entering into-- into the internet.

SUMNER REDSTONE:

Well, I--

MICHAEL EISNER:

And my supposition--

SUMNER REDSTONE:

Yes.

MICHAEL EISNER:

--is if I was working there and I came to you with the price of that time--

SUMNER REDSTONE:

By my--

MICHAEL EISNER:

--at that time of five hundred million for My Space, you may have said to me, "Are you insane?" You may have, no?

SUMNER REDSTONE:

Of course not. Five hundred million dollars was nothing for My Space. It's probably worth a billion and a half today.

MICHAEL EISNER:

Well, that's today. I'm talking about--

SUMNER REDSTONE:

No, no. We sat there. We didn't get it.

MICHAEL EISNER:

Well, how about You Tube?

SUMNER REDSTONE:

What about You Tube?

MICHAEL EISNER:

Do you think You Tube at a billion-six, whatever it is, would it be something that CBS would like to have--

SUMNER REDSTONE:

We would--

MICHAEL EISNER:

--would've like to have?

SUMNER REDSTONE:

--now, we would not have bought it for several reasons. One, we have said to Wall Street we're not going to do major acquisitions. All the young companies on the cutting edge who haven't made it yet, who will make it later, those are the company-- they're the kind of companies we're interested in. We're not spending a billion and a half, two billion dollars for anything.

MICHAEL EISNER:

Well, I agree with that, but wasn't My Space at five hundred million dollars common in that time?

SUMNER REDSTONE:

No. Is it-- didn't you understand five hundred million, two billion are different? (LAUGHTER) No-- not for you. No-- not for me.

MICHAEL EISNER:

Okay. We're gonna go to questions.

MICHAEL EISNER:

anybody got a question they would like to ask Sumner or-- ask him. No, no, not me. Not me. ...Barbara Walters has a question.

SUMNER REDSTONE:

Hey, Barbara. It's nice to see you.

BARBARA WALTERS:

Sumner, nice to see you.

(OFF-MIC CONVERSATION)

BARBARA WALTERS:

A few years ago we did a program called *The Ten Most Fascinating People*. We do it every year. You were one of the ten.

You are one of the most fascinating people I have ever met. So, I-- I put that out to begin with. And you were very funny because we said at the end of it-- "When do you think you might-- leave? When do you think you might retire?" And you said, "What makes you think I'm going?" .

BARBARA WALTERS:

So, that's my first question. Isn't there a time when a CEO should leave? My second question is self serving if I may ask two. And that is we keep hearing about the death of the network and I would like to know what you think of that.

SUMNER REDSTONE:

I've never talked about the death of a network.

(OFF-MIC CONVERSATION)

BARBARA WALTERS:

That's what you said one time. The network's are obsolete--

SUMNER REDSTONE:

I've only said-- I've only said--

BARBARA WALTERS:

The networks are done.

SUMNER REDSTONE:

--the obvious that CBS is the best network. (LAUGHTER) Sorry you're not there.

BARBARA WALTERS:

On behalf of the American Broadcasting Company, I will argue. (LAUGHTER) But I'd love to hear your answers.

SUMNER REDSTONE:

Well-- well, your question is should a CEO retire. Why should he be required to? I think you're forgetting one thing. I control these companies and no one will dictate when I retire.

Now, here's the point. When I lose my marbles which is never, when I lose my energy, I travel the world today for Viacom, China, Turkey, Dubai, Kuwait. When that happens, I'll know enough to retire, but that's never gonna happen. I'm here for forever. (LAUGHTER) (APPLAUSE)

MICHAEL EISNER:

On that note, I wanna thank Sumner for graciously--

SUMNER REDSTONE:

Well, thank you.

MICHAEL EISNER:

--coming over and being a part of our audience.

SUMNER REDSTONE:

I enjoyed it.

MICHAEL EISNER:

Thank you.

SUMNER REDSTONE:

I'll see you in California.

(OFF-MIC CONVERSATION)

MICHAEL EISNER:

Thank you, Sumner.

SUMNER REDSTONE:

You're welcome. (APPLAUSE)