

Interview

The Indefatigable Mr. Redstone

**An Interview with Sumner M. Redstone,
Executive Chairman of the Board and Founder, Viacom Inc.; Executive Chairman of the Board,
CBS Corporation; and Chairman of the Board and Chief Executive Officer, National Amusements, Inc., New York**

EDITORS' NOTE After graduating first in his class from the Boston Latin School, Sumner Redstone attended Harvard University and received an LL.B. from Harvard University School of Law. He then served as Law Secretary with the U.S. Court of Appeals and as a Special Assistant to the U.S. Attorney General. Redstone also served in the Military Intelligence Division during World War II. While a student at Harvard, he was selected to join a special intelligence group whose mission was to break Japan's high-level military and diplomatic codes. He received, among other honors, two commendations from the Military Intelligence Division in recognition of his service, contribution, and devotion to duty. He is also a recipient of the Army Commendation Award. Redstone later served as a Partner with the law firm of Ford, Bergson, Adams, Borkland and Redstone in Washington, DC.

In 1954, Redstone joined National Amusements, Inc., which he then organized into one of the largest motion picture circuits in the United States. He became CEO in 1967 and Chairman of the Board in 1986. He then became Chairman of the Board of Viacom in 1986 when National Amusements acquired a controlling interest. He became Chief Executive Officer of Viacom in 1996, a position he held until 2005.

Redstone has played a significant role in the affairs of the entertainment and communications industries. He is a member of the advisory council for the Academy of Television Arts and Sciences Foundation and is on the board of trustees for the Museum of Television and Radio. He also served as Chairman of the Board of the National Association of Theatre Owners, and currently is a member of the Executive Committee of that organization. Before that, he was President of the Theatre Owners of America, the major trade association representing motion picture exhibitors. He has also been a devoted philanthropist. During the Carter Administration, Redstone was appointed to the Presidential Advisory Committee of the Arts for the John F. Kennedy Center for the Performing Arts, and in 1984, was appointed a Director of the Kennedy Presidential Library Foundation. He has also served as a judge on the foundation's select committee to award the annual John F. Kennedy Profile in Courage Award, each year since the award's inception in 1990. Redstone serves on countless philanthropic boards and has been a frequent lecturer at universities, in-

cluding Harvard Law School and Brandeis University. He took over his current positions on January 1, 2006, following Viacom's split into two separate publicly traded companies at the end of 2005. Redstone is the controlling shareholder of both companies.

COMPANY BRIEF Since 2006, Viacom (www.viacom.com; NYSE: VIA, VIA.B) is one of the world's leading media companies. With more than 130 networks around the globe, including MTV, VH1, Nickelodeon, Nick at Nite, Comedy Central, CMT: Country Music Television, Spike TV, TV Land, BET, and many others, as well as Paramount Pictures, Paramount Home Entertainment, DreamWorks and Famous Music. In 2006, Viacom reported annual revenues of \$11.5 billion.

CBS Corporation (www.cbcorporation.com; NYSE: CBS, CBS.A) is a leading mass media company with well-known assets that include the CBS and CW Television Networks, the Showtime and CSTV cable networks, CBS Radio, CBS Paramount Network Television and CBS Television Distribution Group, CBS Television Stations, CBS Outdoor, Simon & Schuster, and CBS Interactive. In 2006, CBS reported annual revenues of \$14.3 billion. National Amusements, Inc., (www.nationalamusements.com) is a closely held corporation, which operates approximately 1,400 motion picture screens in the United States, the United Kingdom, and South America, and is the controlling stockholder of Viacom and CBS Corporation.

What's next for Viacom and CBS? And what other current media projects are occupying your time?

As I've always said, I intend to see Viacom and its content on every platform on the planet. And as you probably know, it's getting there. I just got back from Germany where I was meeting with officials in Munich and Berlin. We are trying to drive Comedy Central around the world the same way we've successfully driven MTV and Nickelodeon around the world. When I acquired Viacom, everyone said MTV was a fad. But I followed my instincts instead of Wall Street. I didn't know much about television then, but I knew MTV was a cultural channel, not just a music channel. I knew that everyone was interested in capturing the attention of young people. And I knew that only 5 percent of the world's eyeballs were in North America.

So I decided to drive our brands around the world. Certainly MTV is not a fad now. We went from zero channels to 110 international channels in 20 years.

Now that we have decided to push Comedy Central around the world, we're moving quickly in Germany. Germany is our second-largest revenue producer and our fifth-highest market for advertising globally. We originally had four music channels in Germany. We now have two that are distinctly music, plus Nickelodeon and Comedy Central. So we have some scale. And Comedy Central will be the only free, over-the-air comedy channel in Germany. So that gives us a good start.

At CBS, we have a very strong position domestically in the mass market arena, including CBS Network, which is America's most-watched network. Altogether, we have two broadcast networks, television stations, radio stations, and a leading outdoor-advertising company. We also have one of the largest television production companies in the industry. CBS doesn't have a big global footprint, but in the U.S. we are a formidable presence. One of the focuses recently has been fine-tuning our assets. For example, we sold our regional theme park unit and recently divested several of our owned and operated television stations. And in radio, we are also rationalizing our portfolio to sharpen our focus on the bigger, more lucrative markets.

At the same time, CBS, like Viacom, has been quick to move into the digital space and take its world-class content and extend it into new interactive areas. Our goal is to better position all of our CBS businesses to capitalize on numerous interactive opportunities. In fact, we recently formed a new unit called CBS Mobile to help us adapt our content to the cell phone, a platform that some experts believe has even greater promise than the Internet.

How many of your decisions are propelled by your personal interests?

None. I do what's logical, rational, and in the best interest of Viacom and CBS. Hopefully, my opinion is right. But I don't operate by myself. There are Philippe Dauman and Les Moonves, who are the CEOs of Viacom and CBS. My job is not to do what looks good, but rather whatever is good for the company. For example, on this issue of global expansion, it obviously was good for the company for me to see the future of MTV, Nickelodeon, and now Comedy Central.

How's the digital revolution affecting your companies?

Currently, the digital revolution is more talked about than its economic significance warrants. But still, it is growing fast and as I said earlier, we're participating in the digital revolution. Both Viacom and CBS are all over mobile phones. We're all over the Internet. We're all over broadband. We're participating fully. For example, we are currently launching our Viacom programming on a new Internet-based platform called Joost, which allows customers to watch high-quality television on the internet. And CBS has a host of content agreements with all the leading players in this space.

It seems like you have a lot of fun.

I do. I couldn't do what I'm doing if I didn't. And if I didn't eat a lot of antioxidants, by the way, to keep me young and healthy. I exercise 60 to 70 minutes a day. But the main thing is I like what I'm doing. I like the people I work with. We're still like family companies at both Viacom and CBS.

How do you respond to reports that you are not well liked?

I haven't seen those reports, but maybe that's because people who do like me keep them from me. I think in the companies, I'm well liked. But I know I've made a few necessary adversaries along the way. I think it would have been impossible to do what I've done all my life and have everyone just love me, and kiss me, and hug me. But that's the way life is.

You took a tough stance on copyright infringement. Why?

Because you can't have an entertainment industry without copyright protection. Why should anyone spend the time writing, developing, and creating content just to have it stolen? That's why Viacom ordered take downs of our content on Google's YouTube. They were making money by using our materials without our consent. And we'll take the same position with everyone who does not respect our legal copyrights. We are developing our own Web sites very successfully. So we don't mind if our products appear on other platforms, as long as we are paid a fair price. We're the only big media company that is strictly entertainment content. So we're going to be fairly paid for it or goodbye.

How do you see copyright issues playing out in China?

I have been going to China for many years. And we've accomplished a great deal in China as a result. Today, as a result of those

trips and the deals I made, you see MTV and Nickelodeon all over China. And now we're co-producing children's and educational programs with Shanghai Media. So we've accomplished a great deal. But it's hard work.

There has been a lot of piracy in China. However, there's a lot of piracy in Times Square as well. It's hard to eliminate. Two or three years



Summer M. Redstone

ago, I was asked to give a speech on the entertainment industry to business leaders in China. I told them that if they wanted to build a successful entertainment industry of their own – and they asked for our help – then they would need to protect copyrights. When I first discussed this with Chinese leaders many years ago, the whole concept of copyrights was unknown. But today, they're trying to protect material, and they've had some success. But it's also not unique to China, unfortunately. We have a worldwide problem of piracy. It costs our industry billions of dollars, and we're doing the best we can to fight it.

You have a reputation as the kind of executive that watches every minute detail in every way, to the point where you'll check with your home theaters in Massachusetts to see how a movie is doing. Is that true?

That's not really true anymore. In the past I would get up at 2 AM to find out the grosses and I could tell the film company how their picture was doing before they knew it themselves. But that was when I was only an exhibitor. Today, I have CBS to worry about. I have Viacom to worry about. I have National Amusements to worry about. So I don't do that. You have to pick great people, and let them run with the ball. You cannot operate companies as large as Viacom and CBS and be involved in every detail of their lives. My top people talk with me about all large transactions, and even about the small transactions. I don't tell them to call me every day, but they do. So I still keep an eye on what's going on. Some people consider my advice valuable.

You are known for going against the tide in business, but also being able to anticipate a fickle audience. Would you agree with that?

I definitely went against the tide when I acquired Viacom. Everyone said I overpaid. But today, Viacom is the only media company, other than News Corporation on distribution, that drives content all over the world.

Is it a matter of insight?

I'm not sure it's so much a matter of insight. I think my instincts are good, but instincts are no more than experience with some degree of intellectual capacity, as well as a lot of drive and commitment. If I see something, an opportunity, I drive for it. Commitment is an obsessive-compulsive desire to win.

What's your greatest achievement?

I think my best achievement in terms of business was the acquisition of Viacom. Because without Viacom, which was then a hardly

known, little television company, there would have been no Paramount and there would have been no CBS.

What inspired you?

In some ways, I think it was being born in a tenement. It made me want to succeed. Even when I was very young, going to Boston Latin School, I've always had a drive to try to be the best. It doesn't mean that I always have been. Whether it was a course at Boston Latin School, which was then the best school in the country, or whether it was practicing law, I've always had the same drive. You want to know where I get it? I don't know. Is it genealogical? Is it from our parents? I'm not sure. But I know that I started with a few drive-in theaters. And today I control the two best media companies in the world. So that is an achievement.

What advice would you give to all the enthusiastic young people today who have such a strong desire to get ahead? What do they need to do?

First, they need to recognize that nothing is impossible. Nothing. And then it's a matter of competence, commitment, and character. You have to have tremendous commitment to succeed. And you have to be highly competent to succeed. But without character you go nowhere.

Are those the traits you look for in recognizing talent?

Yes. I call them the three C's: competence, commitment, and character. But without character I'm not interested in competence and commitment.

And is that what makes a great leader too?

It's certainly what makes a good executive.

You've taken a lot of risks in your career.

No risk, no reward.

Which one paid off the best?

The acquisition of Viacom.

Is it true that the word retirement is not in your vocabulary?

Yes, it's true.

And you don't wear glasses, or a hearing aid. Did you just inherit good genes?

I hope so. It's really great to have people tell me that I look better than I did 10 years ago. I exercise a lot, especially when I'm in California. I run. I swim. I walk. I bike. I eat well, including large amounts of antioxidant foods, which are also anti-aging. I eat every antioxidant food that exists, from spinach, to fruit, to cherry juice, to a new thing called acai berries. Why? I love life.

What's going to happen next? What haven't you done yet that you are craving to do?

If you don't mind me saying, I don't think that's a very good question. I'm always looking for opportunities, both domestically and foreign. Opportunity does not knock. You have to find it. But I cannot tell you what opportunities will exist a year or two from now. Certainly one is to grow our digital world here at Viacom and at CBS.

What you say sometimes affects your company's shares. Once, it was circulated that you were planning to leave the company to your daughter. Then it was rumored you were planning to leave it to your wife.

That's the problem with rumors. I never even thought about leaving the company to my wife. Paula is a wonderful wife. She's a very smart woman. She taught school in the New York Public School system for 13 years. I admire and love her. But she doesn't have any business experience, and so I'm not sure that would be the best thing for Viacom. As for my daughter, she is primarily consumed with National Amusements today. In the final analysis, the company's board members will have to decide who should succeed me. And that's the way it should be.

Don't you control the majority of shares?

Let me stop you before you ask the wrong question. Viacom has never been run as a controlled company. Neither has CBS. Never. The boards make every decision, including the one to split the companies. Viacom's board had advisors, both inside and outside the company: investment firms, financial advisors, and so on. And the board decided. Believe me. I'm not going to say that I had no influence. Of course I did, as I should. But the board decided to do the split.

All that was intended to explain that I don't run these as controlled companies. I don't say: this is what we're going to do. It's a boardroom decision. I think the board listens to my views because they have some respect for what I've accomplished, as well as for my intelligence, my drive, my commitment, and my desire to do what's good for the companies. But I don't think they just listen to me because I own stock. And that's true of succession as well.

How would you like to be remembered?

I would like to be known as a loving father and as a loving grandfather. I'd like to be known as a basically good and generous person. And also I would like to be known as someone who accomplished a lot with very little in his lifetime. ●

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