

NATIONAL PRESS CLUB LUNCHEON WITH GARY KNELL

SUBJECT: THE CHALLENGES OF EVER-CHANGING MEDIA

MODERATOR: DONNA LEINWAND, PRESIDENT, NATIONAL PRESS CLUB

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**DONNA LEINWAND:** (Sounds gavel.) Good afternoon. Welcome to the National Press Club for our speakers luncheon. My name is Donna Leinwand. I'm President of the National Press Club and a reporter with *USA Today*. We're the world's leading professional organization for journalists, and we're committed to a future of journalism by providing informative programming and journalism education, and fostering a free press worldwide. For more information about the National Press Club, please visit our website at [www.press.org](http://www.press.org).

On behalf of our 3,500 members worldwide, I'd like to welcome our speaker and our guests in the audience today. I'd also like to welcome those of you who are watching us on C-SPAN. We're looking forward to today's speech, and afterwards I will ask as many questions from the audience as time permits. Please hold your applause during the speech so that we have time for as many questions as possible. For our broadcast audience, I'd like to explain that if you hear applause, it may be from the guests and members of the general public who attend our luncheons and not necessarily from the working press.

I'd now like to introduce our head table guests and ask them to stand briefly when their names are called. From your right, Steve Koff, Washington bureau chief of the *Cleveland Plain Dealer*; Ed Lewis, Strategic Communications for Toyota North America; Jerry Zremski, bureau chief of the *Buffalo News* and past president of the National Press Club; Dr. Ernest J. Wilson, III, Dean of the Annenberg School for Communication and Journalism at the University of Southern California and Chairman of the Board for the Corporation for Public Broadcasting; Cheryl Hampton, Director of

journalism recruiting at National Public Radio; Patricia De Stacy Harrison, President and CEO of the Corporation of Public Broadcasting.

Skipping over the podium, Angela Greiling Keane, Bloomberg News and Chair of the National Press Club Speakers Committee; skipping over our guest for just a moment, Alison Fitzgerald, investigative reporter for Bloomberg News and the Speakers Committee member who organized today's lunch. Thank you very much, Alison. Paula Kerger, President and CEO of The Public Broadcasting Service; Abeer Abdalla, Chair of the Young Members Committee; Marcia Apperson, Senior Associate for the Ombudsman's Office at CBS; and finally, Matt Small, radio producer for Associated Press. (Applause)

Most of you are already familiar with our long-term friends Big Bird, Oscar the Grouch, and Grover from the childhood staple, Sesame Street. Those furry and feathery fellows have been coming into our homes since Sesame Street debuted in 1969. The man behind all our Muppet compatriots is Gary Knell, Chief Executive of Sesame Workshop, the nonprofit, educational organization that produces Sesame Street. The public television favorite is celebrating its 40<sup>th</sup> anniversary this year.

Sesame Workshop's mission is to create innovative, engaging and educational content for all media. The Muppets now reach far beyond the television screen to offer games and entertainment on cell phones and mobile video games. Mr. Knell has also brought in Sesame Street's global mission, including groundbreaking co-productions in South Africa, India, Northern Ireland, and Egypt. He also helped found PBS Kids Sprout, a 24-hour domestic cable channel in the United States.

Sesame Street announced last month that it will join President Barak Obama's initiative to promote math and science education, orienting the show over the next two years toward lessons in those disciplines. In the past, the Muppets have taken on such issues as childhood obesity, military deployment, and economic insecurity.

In addition to the educational element, Sesame Street's characters generate a major market for toys. Just yesterday, Mr. Knell announced that Sesame Street entered into a ten year deal with Hasbro, Incorporated, the world's second largest toy maker to market products featuring characters such as Elmo, Cookie Monster, and of course, Grover. The deal means Mattel, Inc., which for the last ten years has had exclusive rights to those characters, will have to look elsewhere. The companies didn't disclose the value of the deal.

Before joining Sesame Workshop, Mr. Knell was managing director of Manager Media International, a print and multimedia publishing company based in Bangkok, Hong Kong and Singapore, where he oversaw the development of the monthly business magazine, *Asia, Inc.*, the daily Asian based newspaper *Asia Times* and several trade publications. He also has served as senior vice president and general counsel at WNET, Channel 13 in New York, was counsel to the U.S. Senate Judiciary and Governmental Affairs Committee, and worked in the California state legislature and governor's office.

Today, Mr. Knell will discuss the challenges of using new and ever-changing media to keep Sesame Street in step with today's young children. Please join me in welcoming to the National Press Club, Gary Knell. (Applause)

**MR. KNELL:** Thank you very much, Donna. It's really an honor to be here, and I just want to start by welcoming everyone, wishing you happy holiday. Today's speech, or talk, is going to be brought to you by the letter N, as in National Press Club. And the number six, which are six lessons that I would like to discuss with you today.

**GROVER:** Dresses. Who wants dresses? I got dresses down here? If anybody wants some dresses.

**MR. KNELL:** Grover, what are you doing here?

**GROVER:** Why, I just want to show off my new line of dresses, of course. Want to take a peek at the lovely sundress of my own design? It's somewhere down here. I think I have your size.

**MR. KNELL:** I don't think so.

**GROVER:** No?

**MR. KNELL:** No.

**GROVER:** Well, then I have a fetching little silk number with an empire waist if you were interested?

**MR. KNELL:** I can assure you, I'm not interested in any of these.

**GROVER:** Well, how about the spicy little cocktail dress with a rather provocative hemline, huh?

**MR. KNELL:** Grover, what makes you think any of these people want to hear about any of this right now?

**GROVER:** Well, is this not the National Dress Club?

**MR. KNELL:** No, Grover, it's the National Press Club.

**GROVER:** What?

**MR. KNELL:** Yeah.

**GROVER:** Does this mean that no one might be interested in my slinky shmatas? (Laughter)

**MR. KNELL:** That was for Pat. I don't think so, Grover. In fact, if you would allow me, I'm in the middle of a speech here.

**GROVER:** A speech? Oh, I love speeches, I love speeches. Oh, perhaps I can help you. Is it a speech about the industrial revolution?

**MR. KNELL:** No, no, not about the industrial revolution.

**GROVER:** Oh good, because I know nothing about the industrial revolution, whew.

**MR. KNELL:** Well, that really worked out great.

**GROVER:** Well, is it a speech about getting better abs in 30 days?

**MR. KNELL:** No.

**GROVER:** Oh, that is too bad because as you can see by my amazing physique, I know a lot about rock hard abs. Go ahead, check up my one pec. Go ahead.

**MR. KNELL:** Wow, great. It's really nice.

**GROVER:** Thank you.

**MR. KNELL:** But, you know, it has nothing to do with what I want to talk about, which is the way new technologies are able to teach kids.

**GROVER:** Oh. Teaching kids using new technologies?

**MR. KNELL:** Yup.

**GROVER:** Oh, ho, ho. Gary, this is your lucky day. I know a lot about new technologies.

**MR. KNELL:** Are you sure?

**GROVER:** Am I sure? Gary, you see that badge right there?

**MR. KNELL:** I do, yes.

**GROVER:** I cut right through it, Gary. I cut right through it because I am on the cutting edge of new technologies.

**MR. KNELL:** Okay, yeah. I get that. I didn't know that, though.

**GROVER:** Oh yes, this is true. Yes, I can help teach the children of the world using my new technologies using iPhone apps.

**MR. KNELL:** Well, that's terrific. You know, there's a lot of apps now that can be used really to teach kids. We want to talk about that.

**GROVER:** No, not apps. Everyone is doing the apps. I am talking about the iPhone naps.

**MR. KNELL:** Naps? Okay. You're going to have to explain that now.

**GROVER:** Oh well, it's simply see, you just have to take a nap with your iPhone sitting right there next to your head and all that information in your phone book imports directly into your sleepy little brain.

**MR. KNELL:** I don't think that's going to work, Grover.

**GROVER:** Well, not yet, but once they develop a USB port for the forehead, it will work like gangbusters. Would you like to volunteer?

**MR. KNELL:** No, please.

**GROVER:** Gary, this is for the children. Come on.

**MR. KNELL:** Paula, I have to-- Let's just move on, Grover. What else you got?

**GROVER:** Tweeting.

**MR. KNELL:** Really? You think that Twitter can be an effective teaching tool?

**GROVER:** No, no, no, what Twitter? I am talking about the bird tweets.

**MR. KNELL:** Oh, okay. What bird tweets?

**GROVER:** Of course, birds are very smart creatures, Gary. Perchance, have you ever heard a cute little American goldfinch say, "Tweet, tweet, tweet, tweet?"

**MR. KNELL:** And what is your point?

**GROVER:** Well, she is actually tweeting Schrödinger's equation of quantum mechanics. But if you do not speak bird, you probably did not know that.

**MR. KNELL:** All right, perhaps. But listen, we really want to get on with this. We've got some great thinkers out here in the audience and members of the press.

**GROVER:** Really?

**MR. KNELL:** Yeah, yeah.

**GROVER:** Where?

**MR. KNELL:** They're right out here, you know?

**GROVER:** Are you sure it is this group?

**MR. KNELL:** Absolutely.

**GROVER:** Well, maybe they can help me set up my WiFi, huh? Huh? Huh?

**MR. KNELL:** Not now, and that's not what they're here for.

**GROVER:** Oh well, yeah. You've got your little speech to do, I know. But if anybody needs me, just use the old blueberries.

**MR. KNELL:** You mean Blackberries?

**GROVER:** No, blueberries. They are my favorite snack to eat. If you bring out the blueberries, I will come a'running. By, everybody.

**MR. KNELL:** Thanks, Grover.

**GROVER:** So long.

**MR. KNELL:** Grover, everybody. Thank you. (Applause) Now, you think you have a tough job, but I'm the only grown man who's a CEO who has to demonstrate the Potty Time Elmo in front of audiences. So here we are.

Before I get started, I just want to acknowledge a couple of people; my good friends, Pat Harrison and Ernie Wilson and Paula Kerger from PBS. Tony Bush, one of our board members emeritus, Jim Davidson, who was my first boss in Washington. You can blame him if you hear anything you don't like. And my son, Dwight Knell, is here today, and lots of other friends. But thank you all for coming here today.

I want to tell you a little bit about the longest street in the world, Sesame Street, and the story of where it is and where it's going, and some of the lessons that I think we can take away that I'd like you to think about. You know, the show started in the 1960s, the time of turbulence, a time of difficulties. There were riots in our inner cities, there were political assassinations, there was a very controversial war. President Johnson had laid out the war on poverty, and out of that came things like the Job Corps, Vista, Head Start, where there was really no organized, formal pre-K programs. And even, yes, PBS and NPR came out of the same period, out of the Corporation for Public Broadcasting.

It was at a dinner party in Manhattan where we know all important things are decided, sorry Washington, that Joan Ganz Cooney, who was a public affairs producer and Lloyd Morrisett, who was a foundation executive, got together and thought about the idea that television is teaching our kids. It's not a question of whether it's teaching, it's a question of what is it teaching. And maybe instead of teaching jingles about sugar sweetened cereal or Beef-a-Roni, as my son Dwight will tell you, I can still sing the jingle from my childhood, I don't remember his name often, but I can sing the jingle, that we could teach them letters and numbers. We can get them prepared for school. We can build a culture of learning that they will move into that can help them succeed.

And they got together at the Harvard Graduate School of Education, which I can assure you knew nothing about television, a bunch of TV producers who knew nothing about education, a guy who showed up with a green sock puppet who they literally thought was a member of the Weather Underground. His name was Jim Henson, and they threw them all in a room and out came Sesame Street. Sesame Street was rejected by CBS, NBC, ABC, and yes, even PBS at first. It was a show that was so out of the box and so revolutionary that it was even barred in the State of Mississippi its first year because it showed an integrated cast that was getting along. It was the first show that had Hispanics and African-Americans and Asian-Americans and green grouches and tall yellow canaries all living on a street together in harmony. And this was really revolutionary television.

Today, some 40 years later, we've won more Emmys than any show in television history. We have expanded to 140 countries around the world. And we've just launched our 40<sup>th</sup> season on PBS, which is a remarkable partnership which is now in its fifth decade, where we have been able to really teach generations of children who are now growing up to be parents themselves through the Muppets and through Sesame Street.

So, how we've been able to do that? We've been able to connect parents and kids around a dual learning. So that's why we put things on the show like the environmental segment we had last year called Desperate Houseplants, which you all might remember. Or why we have this year a spoof on Mad Men who are there juxtaposed against Sad Men and Happy Men and Angry Men. So these are truly mad men. And why my friend, Charlie Bolden, who's the head of NASA, we were chatting and they're actually going to be putting some experiments with worms going up into space shortly. And I said, "You've got to get Slimy the Worm up on the next mission." And I was reminded that we had Tony Bennett on the show singing, "Slime Me to the Moon" which was really-- And Patty played it totally straight, it was fantastic. So, it was really fun.

But this is all about using media to help children reach their highest potential, and being able to create something out of a media that was hugely criticized. It was the vast wasteland, as SEC Chairman Newton Minow talked about it. And our founders saw possibilities when others just were looking at the negative side.

Today, we see strong parallels in the digital media environment where first person shooter games and sort of mindless, misogynist virtual worlds can drain children's valuable time for more worthy pursuits like improving literacy and mathematic abilities.

We can turn this situation around starting today if we study the history of what Sesame Street was about and invest in what I would call a new form of public media. Today, I want to take you on that short history now and talk about a few of those lessons.

Lesson one, education and popular success can mix. Over the past four decades, our programming has become an educational model and a popular success. This, of course, requires appealing characters, music, animation, great celebrities, pop culture relevance. But the success is really built on an under-appreciated preface that media can be a powerful and an intentional teaching tool. And we have stayed true to our cause with strict licensing standards as we go about these new things that Donna mentioned with Hasbro and other partners. And we have a pledge not to market to children, which we pledge never to break.

Lesson two is recognizing the value of research and development. From the beginning, we designed programs to help preschoolers, particularly inner city kids, to get prepared for school. And we stuck to a research plan and we called this our 41<sup>st</sup> experimental season that we're in production now. Because we go out and study what the key learning demands are on preschoolers today, bringing experts from around the country to really teach us how to approach tough to teach topics. We've had an enduring impact on cognitive learning, health outcomes, and indeed even social relations.

Lesson three is to think global and act local. I talked about the 140 countries we're involved in. Let me give you an example of a couple of these. In some two dozen, we have local co-productions. These are amazing projects to witness. This is about having an HIV positive Muppet in South Africa to deal with the one in nine children who are HIV positive who are stigmatized by their fellow children. And this is a way of teaching kids through role modeling on television that you can be friends with someone and play with them and not necessarily get sick. This begins to break the culture of silence around AIDS in a country like South Africa.

We've been working with Palestinians. I just did a press conference with the Palestinian Prime Minister earlier in November where he opened up the new studio for Shara'a Simsim, our Palestinian version of the show in which we're promoting role models for young boys so that they have some role models other than rock-throwing older kids who they have to look at. They can look at becoming a teacher or a doctor or other role models that they can look up to in the world that they're growing up in.

In Egypt, it's a focus on girls education, where 60 percent of the female population is illiterate. We're able to have Little Ho-ha on Alam Simsim who has become a star on the number one children's show in Egypt, 5:30, Channel 2. Ask any Egyptian cab driver in D.C., they'll tell you.



And in India, which has 150 million children under the age of six, think about that, these kids are now being able to benefit from Galli Galli Sim Sim, which is a Hindi show produced in Delhi. These are local puppeteers, local writers, local educators, local musicians, local directors, all produced in these countries. And they have had just a huge effect on these populations.

We've been supported by agencies like the U.S. Agency for International Development, which has been a huge supporter of our work. But also have been able to leverage private sector support. So where AID came in in South Africa, we were able to bring in the largest insurance company in South Africa, SANLAM, to take over. They are fully funding the project there. That's a model for what we try to do around the world.

The fourth lesson is using a culturally iconic appeal to target specific populations in need. Now, we have found that as media has gotten much more competitive, we have had to really target populations where we can have a deep impact. We tackled the childhood obesity issue by, yes, making Cookie Monster a role model and being able to teach that cookies are a sometimes food, not an all the time food.

And we were joked about on Saturday Night Live. Yeah, we're going to make him the Pilates Monster and all this stuff, and I've had more college students angrily come up to me, "What have you done to Cookie Monster? He's the Veggie Monster." I assure you he is not. He still loves cookies. But we know that there is a mom Silver Spring who's able to have a conversation with her child that even Cookie Monster doesn't eat cookies all the time. And it's a tool to give parents an ability to influence their children through their heroes.

This year, thanks to CPB, we were able to do some amazing work around economic insecurity. What do you tell your kids when you lose your job, or you've got to move in with grandma? And we brought four families, real life families, an out of worker, a military family, others, who have had upheavals in their lives. And through the power of Sesame Street, we were able to highlight these families and build tools for talking to your kids and coping mechanisms about creating a normalcy and an optimism within your own home. An ability to tell people that you'll get through this.

And that's exactly the message that we have been able to spread and the project I'm most proud about, our work with military families where we really came into this project trying to do something for the families of our troops who were just not getting the attention, in our view. I got into this issue because I read an article in *The New York Times* that a family, a soldier's wife and his kids were being kicked out of their house because they were behind on their mortgage payments. And I was so enraged about this, I came into the office and said, "We got to do something." And the staff came together, built an incredible outreach project called Talk, Listen, Connect about talking to your kids, listening to them and connecting with them from a distance.

And this was about deployments and multiple deployments, and it's had a huge, positive impact on military families of preschoolers. There are 700,000 preschool kids of

active duty military or guard and reserves in this country. You do not hear about them, they're out there. And there's been a new study, I think, that came out just a day or so ago from the Rand Corporation talking about older kids, from 8 to 18, suffering real setbacks in terms of growth and emotional growth when dad or mom are overseas for a third, fourth, fifth deployment. It's the largest deployment since World War I.

This was such a success that we tackled the next issue: how to talk to your kids about coming home with an injury and creating a new normal. And we brought in real soldiers who had lost limbs and had prosthetics. These people were real heroes who were able to highlight about creating a new normal in their family household as well. And we're in production now and we're pleased that Katie Couric has agreed to host the third piece of this trilogy, which will deal with the grieving process, the most difficult one to address, but how do families cope with the most difficult thing they will ever have to cope with? And Katie, as you know, lost her husband at a young age and she has agreed to host this PBS special for 2010, which will be in prime time and we're so thrilled to have her as part of this.

Finally, we did a project with the USO to tour dozens and dozens of military bases with a live show of the Muppets to bring a little joy and hope to these kids on military bases as they get through the difficult times that they're facing. These are examples of how to use this popular cultural icon to bring change to target specific populations.

The fifth lesson is that media convergence has arrived big time. It's the first year where more viewers will access Sesame Street content through other platforms than broadcast television. Now, think about that. Sesame Street now has a broad digital distribution. We start with PBS, which is an enormous partner and the many stations that they have who've been such huge supporters of our work for 40 years. And we spread to video on demand platforms with Sprout, to iTunes, Hulu, YouTube, on cell phones through the Verizon V CAST platform. And Sesame Street's own website where we are offering 400 games, 3,000 videos. You can create your own Sesame Street, all catering to the kids between the ages of 2 and 6 to do with their parents.

And that is really leading to lesson six, which is innovate or melt away. The Veterans Affairs Secretary Rich Shinseki had a great quote. "If you don't like change, you'll like irrelevance even less." I have this now up in my office. And television, we have taken our television show and looked at it as a block, because kids do not watch one-hour programs anymore. And through the great partnership with Leslie Rotenberg and others at PBS, we were able to create a block of shows which are cut into three or four pieces where a child can tune into Elmo's World or watch a new CGI format with Abby Cadabby, or whatever they want to do and the show just looks hip and new and different and speaks to today's kids.

Because I know, and I tell our staff, that our boss is a four year old girl with a remote control. Or your daughter. And if she doesn't like our program, she's switching us off and we're not meeting our mission of educating children.

The final piece of that is thinking about technology this way. My grandmother thought a lot about the refrigerator as an amazing invention. I never thought about the refrigerator as an amazing invention. In fact, it was an appliance, it is an appliance. We look at the Blackberries and the iPhones and all this stuff as amazing inventions. Your daughter looks at it as an appliance. And that's how you have to think about these things. To kids growing up today, they will never know a world before cell phones, never know a world before iPods, never know a world before broadband. This is the world that they are coming into. And like it or not, two out of three parents are putting their under two year olds in front of television and electronic media every single day. And one out of three have a TV in their own bedrooms. Under two years old, where the American Academy of Pediatrics says that's not a good idea to do. But parents are just growing up in that.

And as the millennial generation of 14 to 25 year olds move into the parenting world, watch that roof get totally blown off. So whether we like it or not, and I know we're all facing this in journalism and media, this has to impact children's programming as well.

So, media convergence has arrived big time, and we've got to use these applications and use the Blackberry and use mobile phones as teaching tools and not simply as empty vessels that really don't add to our nation's value.

That's why we're constantly looking ahead. I bet you don't know that last year, Sesame Street published 120 books and sold over 20 million copies of books. Remember those? We announced this week that we're launching our new Sesame Street e-books program, and I think our friends from Impelsys are here today. Literacy's been a big focus of what we do. These e-books will be a natural extension of our programs. You can visit the website and check out free electronic versions of Sesame Street books like our best selling classic, "The Monster at the End of this Book," which is, I know, Paula Kerger's favorite, narrated by Grover. Some books offer read-along narrated feature and others are simple flip books that a child can read along with a parent and a caregiver. It's really cool. We want to use whatever we can to encourage kids to read.

Looking ahead, there's several trends that our nation, I think, must invest new resources in, and I'm going to close with this. Five years ago, we talked about digital natives. A more relevant catch phrase today might be mobile kids. Mobile kids starting at age three, it may be even younger, are passing their parents' cell phones around the house and in supermarket checkout lines. That's why we created these video Podcasts and iPhone apps. We've got five minute episodes that focus on building vocabulary to plug the vocabulary gap that our friends at the Department of Education will tell you exist between the haves and the have-nots in this country.

Huge numbers of words that kids walk into school not having compared to those in so-called professional households. Let's use these technologies to promote vocabulary or encouraging healthy habits and preschoolers can learn to count and create their own

magic on the go. It's on demand, it's on my time. Wherever I may be, and kids simply don't understand the concept of Sponge Bob's not on right now. That doesn't make sense. It's always on.

A few weeks ago, we launched our first iPhone app, the Grover's Number Special app, which includes original Sesame Street video and encourages visual discrimination, counting and number recognition. Players help Grover in the kitchen to catch and count ingredients to make delicious and nutritious meals by tipping the iPhone or iPod Touch back and forth to move the tray. Grover tells you how many ingredients to catch, and then counts the items with you. Very cool.

We continue to look at other ways, and we worked with the Department of Education and CPB on a cell phone study a few years ago where we had moms in disadvantaged neighborhoods agreeing with Sprint that they would take a mobile phone as long as they got a call from Maria each day that put a different letter of the day up in front of their kids. So one day, it was the letter C and Maria comes on and says, "Well, please talk to your child about C is for couch, C is for chair," and the kid would then watch a video of C is for cookie. And it was, within one month, 80 percent of these children's moms stuck to the program and learned the alphabet, one month's time through a cell phone. That's the kind of thing, a little crude as a start, the kind of thing that we can do.

With Nokia's research center, we've launched a new learning system which is really amazing. It connects grandma in Florida with granddaughter in Ohio, with Elmo as the facilitator reading a book through a video conference on two cell phones. And we hope to be rolling this out in the future. That's another example of what we can do.

And most importantly, and I don't want to leave this out, we're focusing on the needs of older kids, six to nine year olds. There's a lot of television programming for those kids in pure entertainment, many big cable networks, but a lack of educational programming other than what PBS Kids Go is really promoting.

Fourth grade literacy rates are directly tied to high school graduation, which is the greatest indicator of staying out of poverty. We've got to catch these kids before that time. That's why we launched the Electric Company, which is a multimedia show on every day. And it's online, we've gotten over 20 million video downloads of the Electric Company, which features celebrities and others promoting literacy. And why we launched the Joan Ganz Cooney Center at Sesame Workshop to use new media to help promote literacy solutions. Our director, Michael Levine, is here this afternoon.

The Center is challenging industry in new ways. And last month at Google headquarters, we brought together folks from Google and Apple and News Corp. and Netflix and the Department of Education and others to introduce the new Cooney Center Prizes for Innovation, which will be aimed at entrepreneurs who will develop new ideas and digital prototypes to promote STEM, the science, technology, engineering and math

programs that President Obama talked about a couple of weeks ago. It's a public/private partnership at the White House Office of Science and Technology Policy, and others.

So the next decade, what's going to happen? We will see less of a distinction between formal and informal education. As kids and a new generation of parents demand a new tech savvy learning institution, we see the need to emerge from traditional school settings that have been just stuck for far too long. The Workshop is now creating a totally new model for early education, which will be revealed next year. We are calling the new system Sesame 2.0. We'll take advantage of four decades of rich content to develop a totally modern preschool of tomorrow, if you will, for America's young children.

And just blocks down Pennsylvania Avenue, our leaders are currently debating healthcare in an environment that has all too often neglected the needs of our most precious asset, our children. Generations have benefited from a simple, but elegant social invention called Sesame Street that is still a model for future progress in a tough economic environment.

Based on the lessons we have learned, we can and we must now innovate for a new digital frontier. If we do not, I fear that our children won't be able to compete or really cooperate in the complex global age that they will inherit. And through our global work, we will continue to use the longest street in the world to challenge conflicts, promote health outcomes, and address the lack of basic education for so many. I hope you will join us on that journey. Thank you so much. (Applause)

**MS. LEINWAND:** Okay, we have all sorts of questions for you. So, we will start with Sesame Street has among the longest records of so-called educational television aimed at children. Do you have affirmative research that shows that watching the show or playing the games actually helps prepare kids for school?

**MR. KNELL:** Yes. Next question. (Laughter) Actually, Sesame Street is the most researched program in the history of television, I can assure you. A lot of doctoral dissertations have been done. There's a couple of very famous studies that have been done from ETS and the University of Kansas which did a longitudinal study several years ago in which they tracked kids all the way from preschool to high school and saw the kids who were exposed to the show on a regular basis ended up doing much better in academic performance versus those who did not. So there's countless research out there that you can access on our website and other places if you just Google research.

**MS. LEINWAND:** You are participating in the President's Math and Science Initiative. What can we expect to actually see on Sesame Street? And can this type of initiative actually change attitudes of students about math and science?

**MR. KNELL:** Well, the answer to the latter is we think so, because we will be able to use the power of the Muppets to really promote simple lessons for early math, for instance, of looking at shapes, triangles and rectangles and numbers, measurements, these sorts of things. The next season of Sesame Street, which is in production, which will be

on PBS next year, will be focusing on actually the scientific method, believe it or not, of an assumption and experiment and findings, et cetera. So we'll be able to play that out, really, and focus the nation on science and math. We're going to be launching a program that's been funded by PNC Bank called Math is Everywhere, which will be a part of their early learning program. That will be outreach programs in many states in the mid-Atlantic, especially, who will be focusing on trying to build math skills for young children.

I might add, finally, that it was surprising even to us that President Obama talked about us as one of the leaders in this and the *New York Times*, we had Sally Ride, we had Craig Barrett from Intel, we had all of these incredible scientists who've done amazing things in the world. And the *New York Times* had the only picture leading the science effort for the United States of America, was Elmo. (Laughter) So we take that in pride.

**MS. LEINWAND:** One of the criticisms of people who are entering adulthood now is that they have an outsized sense of entitlement. Some say this comes from the "everyone's a winner" message of Sesame Street. Do you feel those observations are inaccurate or misplaced?

**MR. KNELL:** Well, you're special.

**MS. LEINWAND:** I think so.

**MR. KNELL:** Actually, Sesame Street, I don't think, has always just been about that. In fact, unlike most children's programs, it's actually been a window on the real world. That's why we have grouches, because it's about teaching kids that not everybody is so happy and great every day. That you got grouchy people in your neighborhood. And you know, we actually have been able to have many diverse characters on the show over many, many years. And I think part of that is to show kids that they're different. That we are different, but we are the same, which is a little different than everybody's special and everybody's great. I think you want to build self esteem in kids, to give them confidence to go forward. But they also need that based in some reality and I think Sesame Street's been a good reality check.

If you go back and look at the early shows as they've evolved over time, a lot about race relations in the early days, that were really cutting edge back then. But they were a real picture of what life was like in 1971. You know, we forget. You should go back and look at some of these things that are a real photo of that.

**MS. LEINWAND:** With increased competition from Disney, Viacom and other for profit companies going after the children's market, how do you maintain the Sesame Street brand?

**MR. KNELL:** Well, that's a really good question. And there were two preschool shows in the United States in 1988: Sesame Street and Mr. Rogers Neighborhood. At last check, there were 56 preschool shows on TV, 56, and six competing networks. So, how

do you stand out? What we have tried to do, I think, is two, well three, things. I think one is to focus on these targeted families that I talked about, to keep our relevance so when we're pushing a program like healthy habits for life and we're working with our friends at the national WIC Association, who are here today, Douglas, thank you for coming, we've been able to really impact moms who are in disadvantaged circumstances to teach their kids healthy habits. That's one way we've stood about the crowd.

The second is using new technologies and all the things I discussed about before. And being able to push e-books and push iPhone apps and just making sure that we are where the kids are. That's been critically important.

And the third is international. We've been able to spread internationally and really have a profound impact on some of these countries like Egypt and Bangladesh and Indonesia and South Africa and next year in Nigeria and Palestine and Jordan and other places. If you drive around Amman, Jordan today, you will see billboards of the Muppets all over, sponsored by the Bank of Jordan. It shows you the power of these iconic characters and being able to reach across different cultures. That's how we've made a difference.

**MS. LEINWAND:** Speaking of your international work, how do you and your team insure brand consistency while thinking globally and acting locally?

**MR. KNELL:** Well, legally we maintain the copyright of all of the-- We own the programs. That is because I think it is critically important that we do not lose quality or have partners sort of go way off stride. Part of the issue is do we ever have a partner who wants to do something that's antithetical to the Sesame Street mission? The answer is no, because we pretty much vet partners who really want to work with us. So we have found Palestinian partners at Al-Quds University or Egyptian partners or others around the world who get the message of Sesame Street and what it's trying to promote.

And we've been able to maintain a quality with them by training their writers, training their puppeteers, actually bringing them to New York to be trained by our staff so that when they go back, they can create something quite amazing. And some of these international productions are stunning in their look and we've been able to maintain. I'm really proud of the quality that we've been able to maintain all these years.

**MS. LEINWAND:** Sesame recently announced that after 15 years of having Sesame Street toys manufactured by Fisher Price/Mattel, it was switching its toy making contract to Hasbro. Why?

**MR. KNELL:** Change is good. I think that we are really excited about engaging in a new partnership with Hasbro. This is a very forward-looking company led by a very dynamic CEO, Brian Goldner, who has a real vision, I think, for bringing play into children's lives. And we're hopeful that we can expand the Sesame Street toy and play and game experience. They do all the board games like Monopoly and all the big games that you've seen all these years. That play experience throughout the year. So it's a little

less focused on, as they call it, the fourth quarter and a little more focused on a year round business that we can see out there.

I would say, because this question always does come up about the funding and why we need support from different agencies to do things, the resources that we get from Hasbro, or from other-- American Greetings or other big partners of ours, really goes to pay-- These are royalties we get, we don't manage these businesses. They go to pay for all of that research and production that we are able to really present to PBS and other partners around the world at a fraction of the cost that it would otherwise be to either the public broadcasting stations or to taxpayers. So we are really an example, I think, of that public/private partnership. And having Hasbro as a ten year partner going forward just gives us a real foundation for growth in the next decade.

**MS. LEINWAND:** Are you risking confusing customers with the new brand?

**MR. KNELL:** The new brand being?

**MS. LEINWAND:** Being Hasbro?

**MR. KNELL:** No. You know, there'll be Elmo and Cookie Monster and all of your favorite Muppets, so the brand will not change. It's just we're changing the folks who we're partnering with.

**MS. LEINWAND:** How much do the characters generate in annual toy sales?

**MR. KNELL:** We get about two-thirds of our income from so-called entrepreneurial activities. Now, these include things like books and home videos. They include international program distribution. So it's not all about toys, but we are able to generate about two-thirds of our annual \$130 million budget, which gives us a solid foundation of resources that we can use to plow into the development of work with things like military families or the next season of Sesame Street or childhood obesity, or the other issues that we take on.

**MS. LEINWAND:** Do you expect consumers will notice any changes in the toys?

**MR. KNELL:** Is Mattel in the room? (Laughter) Actually, we've had a great partnership with Mattel and I'm a big fan of a lot of the folks there. So, this wasn't really so much about them not getting the job done as it was a new vision for our partnership. And I hope that you will see an innovation in educational toys which is something we really want to get a little more into and a little more proactive as we explore partnerships with Hasbro going forward to really push the edges of toy technology and play using the kids favorite characters with educational outcomes.

**MS. LEINWAND:** How will you insure that items from Hasbro meet or exceed toy safety standards?



**MR. KNELL:** Well, we have very strict guidelines around toy safety and around all those things that happened a couple of years ago. We were the first ones on Capitol Hill testifying about cracking down on lead and other poisons that were found in some of the Chinese factories.

Hasbro has actually been a leader in this effort and our general counsel serves on a toy industry panel that surveys, visits factories, makes sure that our toys are safe and appropriate going forward. And that worker conditions in factories are appropriate as well. That is part of what we put into our contracts. Sometimes contracts get violated, not often, but if they are violated, they will lose the rights to the franchise, and that's the clout you have over them.

**MS. LEINWAND:** Okay, last Hasbro question. Does your new agreement with Hasbro extend to their planned children's TV network?

**MR. KNELL:** No.

**MS. LEINWAND:** Good, okay. Dora the Explorer has been tweaked to try to appeal to kids older than her target audience. Does Sesame Street ever try to appeal to older kids? I think you mentioned a little bit about that.

**MR. KNELL:** Yeah, college students. Hey. I dare anyone to walk around a college campus and not find somebody wearing an Oscar the Grouch or Elmo t-shirt. They're out there. And I think part of that shows you the power across generations that this franchise has, unlike a lot of other children's programs, which we won't mention, purple dinosaurs and things like that. Sorry.

So, we think Sesame Street is kind of aimed at the sweet spot, is really two to five year olds and we see kids even at four and five whose tastes are getting much more sophisticated at a younger age just because they're exposed to so much more content at a younger age. We are seeing the show skewing a bit younger than it did originally. But there's a lot of four and five year olds hanging around. And we're also seeing on our website that we're getting huge numbers of kids in those age ranges who could really benefit. The average visit time on our website is 25 minutes, which is a long time, which means that everybody who's coming on for five minutes, there's another person staying on for 50 minutes. And the most popular things are games. So we think that that age group can really benefit.

Internationally, it skews a little older, more to four to seven year olds, and a lot of adults watch the show internationally as well.

**MS. LEINWAND:** Well, speaking of adults, is anyone thinking of starting a Sesame Street for old adults who can't keep up with all this new technology? (Laughter)

**MR. KNELL:** Well, Jim Henson did do an office management program with the Muppets once hosted by John Cleese, which is one of the funniest things I've ever seen, which maybe they ought to bring back somehow. But we believe that the show is actually built for adults and I would challenge those of you who are up at 7:00 in the morning to tune in to Sesame Street and I think you will have a great time watching this and seeing Adam Sandler and seeing Feist and all of these great artists who come on the show every single year to do great songs. Nora Jones singing-- She stood up by the letter Y, she sings, "Don't know Y, Y didn't come," things like that.

And the kids don't know what these-- They don't know who these people are. They don't know the references. We had Anderson Cooper jumping out of a trash can about the Grouch News Network and GNN, and you might have heard that they also criticized on the show Dan Rather Not and Walter Cranky and Diane Sour and Pox News, which became a thing, you probably heard about it. So we got some blogs and letters about Pox News. So what did we do? We went on Bill O'Reilly's show and we introduced a new Muppet Spill O'Reilly who was on the show. And you should check this out on YouTube. He did a great job, and Bill was pretty good about the whole thing.

**MS. LEINWAND:** So how do we get Grover to come back?

**MR. KNELL:** Well, gee, I don't know. I thought he was on the shuttle, but maybe he's somewhere.

**GROVER:** Maybe ask Grover a question. Hello, everybody.

**MS. LEINWAND:** I think I have a question for Grover.

**GROVER:** Yes?

**MS. LEINWAND:** Well, do you feel 40?

**GROVER:** Do I feel 40? Let me see. Gary, can you touch my back?

**MR. KNELL:** Those abs, the abs.

**GROVER:** Does that feel 40 to you? No? You know, I like to say that I am older than a bread box, but still young enough to live at home with my mommy.

**MS. LEINWAND:** Okay. Well, Sarah Price, who is five, wants to know how long Sesame Street will be on TV?

**MR. KNELL:** Oh, ask this lady right-- No, I'm kidding.

**AUDIENCE:** Forever.

**MR. KNELL:** Well, we say that life begins at 40, and we plan to be around for another 40 years at least.

**GROVER:** Oh, that is good to hear.

**MS. LEINWAND:** Were you worried, Grover?

**GROVER:** No, not at all. But it is nice to hear it from the big cheese himself.

**MR. KNELL:** You got to keep your physique up.

**GROVER:** Yes, I will. I will. You keep me employed, I will keep going to the gym.

**MS. LEINWAND:** One of your fans in the audience wants to know how much food does Cookie Monster eat?

**GROVER:** How much does he eat?

**MS. LEINWAND:** Yes?

**GROVER:** You know, it is not just food he eats. Gary was saying something about him not just eating cookies anymore. Well, he does not just eat food. He would eat these microphones if he were right here.

**MR. KNELL:** He ate the Emmy, didn't he?

**GROVER:** Yeah, he did. He did.

**MR. KNELL:** He ate the Lifetime Achievement Emmy in prime time television. It was ugly.

**GROVER:** And quite costly, too. It came out of Gary's paycheck.

**MS. LEINWAND:** So Grover, are all of the characters monsters?

**GROVER:** Are all of the characters-- No, no, no. Sesame Street is a place where lots of different monsters and people and creatures live.

**MS. LEINWAND:** Are you a monster?

**GROVER:** I am a monster, yes.

**MS. LEINWAND:** How do we tell?

**GROVER:** Well, usually monsters are kind of furry all over, yeah. You know, Robin Williams was mistaken for a monster when he came onto the show. (Laughter) Yeah.

**MS. LEINWAND:** So Burt and Ernie were the original breakout stars. And now, it's been Elmo, Elmo, Elmo for years.

**GROVER:** Yeah, tell me about it.

**MS. LEINWAND:** When will the world finally recognize the true genius of Grover?

**GROVER:** Thank you, thank you. Thank you for that question. Maybe starting today.

**MR. KNELL:** Definitely.

**MS. LEINWAND:** Okay, so you had a visit from First Lady, Michelle Obama. What were your impressions of her?

**GROVER:** Oh, she is the lovely lady, lovely lady. And very tall. Yes, I think even Big Bird had to look up to her.

**MR. KNELL:** She did say, by the way, that that was the coolest thing they'd done since they moved into the White House. That was pretty cool.

**GROVER:** Yeah.

**MS. LEINWAND:** So Elmo, what do you think the politicians on K Street here in Washington can learn from Sesame Street?

**GROVER:** You know, I think that is all the questions I have time for today. Thank you very much. (Applause) Goodbye, everybody. Bye.

**MS. LEINWAND:** Okay, we actually almost out of time so Grover has excellent timing there. But let me remind our members of our future speakers. On December 14<sup>th</sup>, Karen Mills, the administrator of the U.S. Small Business Administration will discuss the administration's efforts to boost the small business sector to drive economic recovery, and she will not be bringing any furry monsters that we know of. On December 15<sup>th</sup>, the Honorable Dick Arme, Chairman of Freedom Works, will discuss the future of the Republican Party and the need to return to its roots in fiscal conservatism.

On December 21<sup>st</sup>, Francis S. Collins, M.D., the Director of the NIH, will discuss biomedical research, new horizons for human health. And second, I would like to present both of our guests with the traditional and much-coveted NPC mug.

**MR. KNELL:** Hey, thank you. Grover, can you get this? I'll keep it for Grover.

**MS. LEINWAND:** Grover doesn't seem to have thumbs, so I'm going to give that to you.

**MR. KNELL:** He's a good waiter though, you know that.

**MS. LEINWAND:** Okay, so for our last question, first of all-- I have two for you. How often in your career do you get upstaged by puppets? And also, who is your favorite Muppet?

**MR. KNELL:** The answer is often and Grover. (Laughter)

**GROVER:** Good answer.

**MR. KNELL:** Thank you. But I've been abused by Muppets around the world, so it's a wonderful job and I hope that we can continue to work with our great colleagues to do great things for kids. And thank you for having us today. (Applause)

**MS. LEINWAND:** I'd like to thank all of you for coming today, especially our young folks in the audience who gave us such terrific questions for Grover, so thank you. I'd also like to thank National Press Club staff members Melinda Cooke, Pat Nelson and Joann Booz for organizing today's lunch. Also thanks to the National Press Club Library for its research. The video archive of today's luncheon is provided by the National Press Club's Broadcast Operations Center. And our events are available for free download on iTunes, as well as on our website. Nonmembers may purchase transcripts, audio and videotapes by calling 202-662-7598 or emailing us at [archives@press.org](mailto:archives@press.org). For more information about the National Press Club, please visit our website at [www.press.org](http://www.press.org). I thank you all and we are adjourned.

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