

David Tepper's Carnegie Mellon University Commencement Speech

May 20, 2018

Farnam Jahanian, Carnegie Mellon University president: [00:00:08] It is now my distinct pleasure to introduce our keynote speaker: business leader, investment icon, philanthropist, business school alum, university trustee and Carnegie Mellon champion David Alan Tepper. Oh, I have several pages to read, David. Through his legendary business savvy and investment expertise, David has earned an unrivaled reputation as one of the most successful hedge fund managers in the world. But he's equally well known for his passion for philanthropy. His belief in the power of higher education, and, of course, his exceptional service and generosity to his alma mater Carnegie Mellon University.

Farnam Jahanian, Carnegie Mellon University president: [00:01:20] David grew up not too far from here in the Stanton Heights neighborhood of Pittsburgh. The middle of three children, I should just add that his mother, Roberta, is here with us. Would you please acknowledge Roberta? He went to the University of Pittsburgh for his undergraduate degree in economics before receiving his MBA in 1982 from our Graduate School of Industrial Administration. It wasn't called the Tepper School back there, I know. In 1985, he was recruited by Goldman Sachs as a credit analyst, and, within just six months, he became the head trader on their newly established high-yield bond group. This was the first clue that David was a force to be reckoned with on Wall Street. In 1993 — the same year the web entered the public domain — David established Appaloosa Management and, over the last 25 years, has built an impressively consistent record of high returns. Appaloosa currently has approximately \$17 billion under management and has yielded gross returns close to 40 percent per year over the past 20 years.

[00:02:55] Through the David Tepper Charitable Foundation, his philanthropy has expanded opportunities for education, helped to fight hunger and homelessness, and provided much-needed disaster relief. He has generously donated a total of \$125 million to Carnegie Mellon University, including naming and endowing the Tepper School of Business, where he serves on the school's Business Board of Advisors. And in 2013, his most recent transformative gift enabled the creation of a state-of-the-art facility on the new David A. Tepper Quadrangle, scheduled to open this fall. At more than 300,000 square feet, this building will serve as the new home for the Tepper School of Business, as well as a major hub for collaboration, innovation, creativity and entrepreneurship at Carnegie Mellon. Tepper Quad will create unprecedented opportunities to break new barriers and to work toward new discoveries, new technologies, new businesses and new forms of expression. As our institution continues to grow and build for an evolving future, the Tepper Quad is the physical realization of a new model for 21st century research and education, and it will transform the CMU experience for generations of students to come. David has given so much to Carnegie Mellon, to our nation and the world, and we're delighted to welcome him back to campus to share his wisdom with the Class of 2018. Please join me in extending a warm welcome to David A. Tepper. David.

David Tepper, Commencement speaker: [00:05:14] Good morning, Class of 2018. I have a speech here. Nice binder. I think I might read it later, but just a couple of observations first that I didn't think about before. Back over there, I was standing next to Kevin. He's right there, and we were talking. His voice was shaking. My voice was shaking. We were both nervous as heck. I was going to say another word, but I'm told I'm not supposed to say those words today. So, we're coming out and we're there and we're both kind of like shakey a little bit, and then Kevin starts straightening up. He starts getting this strength about him, and he says, "I'm starting to feel it. These are my people. My people." He pointed out some friends over there. We said hi to his family over there. His mother, Lauren, who told me a couple of stories about Kevin that I'm not going to say now. Went up the aisle, shook a few hands there, said hello to Anne Wall. Hi, Anne Wall. Yea, good to see you over there. And, you know, Kevin just came up here and gave the most fantastic

speech. And I'm thinking, crap. I cannot be as good because I got something I got to read, and it's twice as long and I can't just kind of adlib it. And then I was thinking, well you know what — you guys, Kevin's family, you guys out here, students please. All you guys here, you're my people, too. OK. You're my people, too. You're Carnegie Mellon people, Carnegie Mellon students, Carnegie Mellon graduates, my people. So, help me out today. I need help. So, because I've got to read this, and I don't know how it's going to go. So we'll get to see. Alright.

David Tepper, Commencement speaker: [00:07:28] Let me start by thanking Farnam for that kind introduction, for that kind introduction. I've got to get this kind of right here. I don't know what I'm going to do. And for his leadership of Carnegie Mellon. As you know, Farnam, this place means the world to me. It really is a treasure. There's no other university that brings together business. Where are you? Thank you. The arts. The humanities. The sciences. And the social sciences. The way CMU does. You're right there, good to see you. Thanks also to my fellow trustees, to my fellow alumni who are all over the place here. Engineering? I apologize. They told me not to leave the podium, but I don't — I'm sorry about that. And engineering! Can I get a hard hat up here? This thing. Alright. I've now lost my place, but we'll try. Thanks also to my fellow trustees, my fellow alumni, and most of all to you guys, you students, and to your parents.

David Tepper, Commencement speaker: [00:08:57] A special thanks to my family and friends who are here today. And of course to my 86-year-old mom. I think she's over there. Hi, Mom, are you over there someplace? Mom, where are you? Mom? Someplace over there. I think my mom's a little happy and proud today. But my mom sometimes can be a pain in the butt. And I'm sure your parents can be, too. But there is nobody on Earth I owe more to. And there's nobody on Earth you owe more to than your parents. In life, in life, you should recognize your parents. So let's take a moment and thank them.

David Tepper, Commencement speaker: [00:09:52] And last but not least, I want to congratulate and thank my fellow honorary doctors. Ada. Where are you, Ada? Ada is a very funny lady. I got to tell you this, whoever is going to listen to her later. A Nobel Prize winner, and she also has a Nobel Prize. It's a side thing. Shafi Goldwasser, a Turing Award winner, and a guy I used to watch on TV when I was younger. Not that much younger. An Emmy Award winner, Ted Danson. You're catching up to your wife, Ted. His wife has a couple doctors more than him, so he's catching up now. It's amazing what you could find out by talking to people. Good thing to listen.

David Tepper, Commencement speaker: [00:10:36] Now, after the thank yous, I think I'm supposed to start a speech here. And in preparing, I was given advice from professional speechwriters and public relations people, and, of course, my children. They all told me not to be too controversial and try to be proper. Let me apologize to all of them in advance. Sorry guys, not going to happen. I also prepared by listening to some of the best commencement speeches of all time. Many were by actors, some were by politicians, all were delivered with eloquence and in a professional manner. To all those of attendance, to all those in attendance, if you were expecting to hear a professional speech today, you may be at the wrong commencement. But what I can promise, what I can promise you is as much honesty and personal life experiences as I can muster.

David Tepper, Commencement speaker: [00:11:44] I think people's lives are really a combination of different lives. For students, it's been a life you had before college with your parents, and the life you had at college now, and a life you are about to embark on. I'm sure some of you, I'm sure some of you have overcome incredible adversity. All of you have had, and I can promise you'll all have challenges, disappointments and triumphs. I'm no different. On the triumph side, this has been a hell of a week. A kid from the streets of Pittsburgh who had to work his way through college at Pitt and grad school at CMU just got an honorary doctor and is giving a commencement speech at this university. A kid, a kid who couldn't afford to go to an NFL game. A

kid, a kid who — sorry about that — a kid who couldn't afford to go to an NFL game until well into his 20s is on the verge of getting the NFL's approval to buy the Carolina Panthers. Not too shabby, but believe me, it didn't start out that way. I grew up, I grew up in a working-class neighborhood of Stanton Heights in the city of Pittsburgh. We played touch football in the street and tackle football in a nearby cemetery. We tried to not hit the gravestones. The cellphone of the day was mom calling up the street to say dinner was ready.

[00:13:34] My dad, like a lot of dads, had to work 60-hour weeks just to make ends meet. But he taught me a couple of things, a couple of important lessons. First, always think about charity and those less fortunate. He gave even when my family didn't have enough. And another lesson: He used to ask us, "Who do you treat better, the president or the garbage man?" Do you guys know the answer? Garbage man? I'm talking just generally — not about any specific president by the way. Garbage man? Garbage man, garbage man may be the right answer because somebody's got to take your trash every day, right? And if he doesn't take your trash, you're really in trouble. But actually, the answer is you treat them both the same. All men and women, and women, deserve to be treated equally and with respect. Despite these good things about my dad, he had a bad side, too. He was physically abusive to me. I'm sure it was a cycle that he got from his father, and his father got from his father. In my young life, there was nothing more terrifying. There is no greater adversity. But I prayed to God that I would never be the same to my children. And I'm proud to say, in what I view as the greatest accomplishment of my life, I broke that cycle. Thank you. Now I'm shaking.

[00:15:56] High school was at an inner city school called Peabody. It was about half white and half African-American. There really was a lot of tension at the school, between us at the school back then, and between the different high schools. Things were so bad between Westinghouse High School and Peabody — I think it's now called a Barack Obama High — that when we played each other in football it was in front of empty stands to keep people from fighting. It was rough. There was actually no grass on the field. It was dirt, rocks, and they used to oil down the field to keep the dust from coming up. True story. One field goal post was against the school. The other field goal post was against a fence. If you ran out of the end zone, you had real problems. So I played a little football in high school, and I was also in school plays, CFA. But money being short, I had a work. My first job application was at McDonald's. I got turned down. I did. I think it was because I had an oversized Afro. Wouldn't be a problem today. I actually want to take it off, it was so frickin' hot up here, I gotta tell you. But I did get a job as a short-order cook in a deli. I also sold knives door-to-door. And I was a union worker in a bakery.

[00:17:26] After high school, I went to the University of Pittsburgh. Where is it? Down there? There, where I ate at the "Dirty O," the Original Hot Dog. Anybody, Original Hot Dog fans? You like the French fries better, or you like the hot dogs better? French fries? Raise your hand. Hot dogs? Alright. French fries win the day. Ate at the "Dirty O," had a girlfriend or two, and worked at the Fine Arts Library and got an honors degree in economics.

[00:17:57] After Pitt, I worked at a bank for a little and then came to Carnegie Mellon for my MBA. Even though it was hard work, I actually loved this place. It was also the foundation for everything I've done professionally since then. This place. This place gave me the tools I needed to be successful. It really did. I'm not kidding. Well, when I graduated I kind of liked markets and investments, so I tried to get a job with Goldman Sachs, but they rejected me. Didn't get a job there. We'll come back to Goldman Sachs a little later.

[00:18:33] So after I got my MBA, I made an unusual choice at the time. I went to work for Republic Steel. That wasn't a great time for steel, but I knew I would be exposed to a lot, and I really wanted to learn. About three months after I got to Republic Steel, they gave a 7 percent across-the-board pay cut. Pay cut. All my business school buddies, all my business school friends,

called me up and said, "Great choice, Tep!" In two years, Republic Steel had to merge to avoid bankruptcy, but it was a great choice. And in those two years that they were trying to save the company, Republic did more finance deals than it had in its previous 100-year history. And I learned from each one of them. There's a lesson here. In life, in life, get all the experience you can. While you're young, go for the experience versus a paycheck. That kind of experience got me a job at a mutual fund specializing in distressed companies, and eventually in the door of Goldman Sachs, where in a short time, because of my previous job experience and cutting-edge things, cutting edge things I learned at CMU, I advanced quickly and became the head trader at Goldman's junk desk. That gave me more status than I knew at that time, but what I really wanted was to become a partner.

[00:20:01] I was up for partner for a few times but never made it. One of the reasons was I had to refuse a powerful partner's request. The story is this: The partner had started a new fund to invest in bankrupt companies, and I was supposed to make the trades for him. He was also the partner who controlled our restricted lists. That's the list of companies where you might have some conflicts or some sensitive information. He asked me to buy a company that he had just removed from the restricted list that day, that day. It didn't seem right. In fact, I went to our legal department and told them what was going on. They said it would be okay after a lot of back and forth, but it still didn't feel right to me. So, I refused again. I didn't get fired, but when I came up for partner, I got shot down. And I was incredibly upset. But you know what, you know what? It turned out alright. Because I didn't end up a partner at Goldman Sachs, I started my own company 25 years ago, in 1993, called Appaloosa and ended up doing something that was a lot more fun and made my life better in so many ways. In life, in life, do what's right. Really, do what's right, and it won't hurt you. Just keep your priorities straight.

[00:21:32] You know I keep saying in life, but really, as I said before, there are many lives. I've had an incredible life from humble beginnings. I've raised three great kids, have a woman I love. I've had a successful business career and incredible philanthropic endeavors. And now I am speaking to you as a newly named doctorate, and I am on the verge of being named an NFL owner.

[00:22:04] You guys, you guys, you students. Is it OK to say guys, students, girls? Girls, guys, these guys, girls, whatever. You students. Sorry. You had a life with your parents, then a life at CMU, and you're going to have a few more lives. Right now, like I did, I think right now, y'all have negative balance sheets. But you have so much upside. You all have great opportunities ahead. Don't let anyone, anyone, tell you different. You live in what was, is, and always will be, the land of opportunity and the greatest and most generous country in the world. Remember, remember this. Last thing: When all you become successful, remember to give back, give back. God bless all of you. God bless C-M-U. And God bless America. Thank you.