David Tepper's Bio, Quotes, Videos, Recent Buys, News - Resource Page

David Tepper Profile

David Tepper started Appaloosa Management, a distressed debt hedge fund in 1993, and is widely admired for being a brilliant investor and generous philanthropist. Tepper comes from a relatively humble background. He graduated from Peabody High School in Pittsburgh where he was a good student but not an “A” student; however, he went on to get a bachelor’s degree from the University of Pittsburgh, and an MBA from the Carnegie Mellon University.

Tepper was first introduced into the world of investing by his father, who was a small investor. His father gave his son his first investments, Pennsylvania Engineering Co. and the soon to be bankrupt, Career Academies.

Tepper first got involved in the financial management business when he took a position with Keystone Mutual Funds in 1984. In 1985, he was recruited by Goldman Sachs and took a job in their high yield group. His talents were obvious, and he became the group’s head trader within six months. Tepper worked for Goldman Sachs until late 1992, when he left after repeatedly being passed over for partnership.

In early 1993, he founded the Appaloosa Management Hedge Fund, which he still runs today. He started the fund with $57 million, and now manages close to $4 billion. Tepper’s decision to leave Goldman Sachs and start Appaloosa Management was an extremely profitable one. Forbes magazine estimates his current net worth at around $5 billion.

David Tepper Investment Philosophy

Tepper is an expert in distressed equity and debt investing. He invests in all different classes and in all different countries. He has bought futures on the Korean Won, AIG Debt, Russian Debt, Bank of America equity, as a few examples.

He likes to buy into companies that are near bankruptcy. He will then sell the company’s debt
when it matures or sell the stock once the company has recovered. He prefers to invest in companies that have high amounts of revenue. He is also willing to take chances on utility companies because he believes that government will keep these types of companies afloat, because it is usually in the public’s best interest.

In 2001 his Appaloosa fund generated a 61 percent return by focusing on distressed companies. In that year Tepper bought millions of shares of Pacific Gas and Electric (PCG) and Edison International (EIX). The companies were near bankruptcy, and their credit ratings were reduced to junk status. Tepper purchased shares of these companies when their stocks were in the low teens. After the state of California bailed out the two companies, he sold the shares when they had risen to the mid-twenties.

In 2002, Tepper bought an estimated $1 billion in debt from another distressed company Enron, which eventually went bankrupt. After the company reorganized, Tepper sold the debt and made a fortune.

Tepper also profited from the bankruptcy of WorldCom. After defaulting on its debt, he was quoted as saying, “I’m buying a little bit today. It’s a big company with a lot of revenue so we probably will end up making money.”

Another bankruptcy that benefited Tepper was that of Conseco Inc.; he purchased a large amount of Conseco’s shares for cheap when the company was near bankruptcy. In 2003, the company emerged from bankruptcy and once again Mr. Tepper made a fortune. In 2003, the distressed debt specialist made a record returns of 148 percent. Tepper’s firm has also invested in other well-known distressed companies such as MCI, Mirant and Marconi.

In 2009, Tepper made large investments in some of America’s biggest banks. He believed that the government would not let these banks fail because it would not be in the public’s best interest. In early 2009, he bought 47.55 million shares of Bank of America at an average price of $6.73. Over the course of the year, the stock rallied and by the fourth quarter reached a price of $15.79 per share.

In early 2009, he bought American International Group’s debt for 10 cents on the dollar. After the company’s performance improved he sold the debt at 61 cents. In the same year, he also profited after buying preferred shares of down and out bank Wachovia and the bank debt of Washington Mutual. Appaloosa Management made $4 billion dollars in 2009 and had its second highest return of 132 percent.

Some other early investments:

In 1995, Tepper purchased of Argentine sovereign debt, stating that "rising bank deposits portended a strengthening economy."

In 1997, the Korean won fell 50 percent during the Asian Financial crisis; Tepper bought won futures and Korean government debt.
In 1998, Tepper bought Russian Government debt betting that Russia wouldn't default on its debt. He kept buying as the bonds tanked further in value, and had a 60 percent return in 1999.

A few of his mistakes:

In 2000, he shorted the over-valued NASDAQ. However, due to complaints of his investors he covered his short. A few months later, the tech bubble started its collapse.

In 2002—he lost 25 percent largely due to a collapse in the high-yield debt market.

David Tepper Quotes

David Tepper is a big baseball fan and once said "I loved baseball. I lived and died for Roberto Clemente. I knew every player in the major league. You could pull a player’s card, and I could tell you the statistics."

“It's our contention that equity may be in the money, depending on where the liabilities lie.”

“GM will do what's best for GM, and Delphi should do what's good for them.”

"This company looks cheap, that company looks cheap, but the overall economy could completely screw it up. The key is to wait. Sometimes the hardest thing to do is to do nothing.”

In 2010 David Tepper said either the “economy would improve and drive a rally, or the economy would drop and the Fed would undertake another round of easing.”

“But there is no logic to QE3 now and the only result might be more food and energy inflation.”

“Basically if I know that things were coming, if I got the right things out of Europe, I would invest in different things there,” he said. “I’d really invest more in Spain, but I’ve got to have the right things because if I don’t I’m going to get killed.”

Appaloosa Management

Tepper founded Appaloosa Management LP in 1993. The firm has been extremely successful and in June of 2011, was awarded the Institutional Hedge Fund Firm of the Year. The Hedge Fund specializes in investing in the debt and equities of distressed companies.

The fund currently manages more than $4 billion in assets. Since the firm's inception in 1993, it has averaged a phenomenal annual return of 30 percent. According AlphaClone's back-test simulation, if you had “invested in Appaloosa's 20 top holdings as they were disclosed publicly each quarter, you would have earned a total return of 745.1 percent between January 2000 and
now, versus just 11.3 percent for the S&P 500.” Appaloosa Management operates four investment vehicles.

Appaloosa Fund (the flagship fund).

Palomino Offshore Fund

Palomino Onshore Fund

Thoroughbred Fund

Performance of Appaloosa Investment LP I

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<th>Return (%)</th>
<th>S&amp;P500 (%)</th>
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Details of the Appaloosa Management’s performance, current holdings, and recent buys and sells [click here](#).

**David Tepper’s recent buys:**
David Tepper, who has been known to be bullish, has been very conservative lately. However, he is still interested in the energy sector and has recently been bullish on energy companies. With the recent drop in oil prices, many energy companies have seen their stock prices tank in value. Tepper has recently purchased the following energy stocks; Valero (VLO), CVR Energy (CVI), Western Refining (WNR), Marathon Oil (MRO), Tesoro Corporation (TSO) Walter Energy Inc. (WLT) and Alpha Natural Resources (ANR).

Another distressed industry that Tepper has recently shown interest in, is the residential construction industry. He has recently purchased stocks in the Pulte Group (PHM), Beazer Homes (BZH), Ryland Group (RYL), DH Horton (DHI) and Masco Corporation (MAS).

It is estimated that Appaloosa Management currently has 30 to 40 percent of its assets in cash. Some of that cash is in U.S. Treasuries. It will be interesting to see were Tepper will invest in next. He moved heavily into cash just before making a fortune by purchasing beaten up bank stocks such as Bank of America, Citigroup and Wachovia.

Tepper has made a fortune for himself and those who invested in Appaloosa Management. He did it by having the guts to invest in down and out companies that other investment managers would not touch. Tepper’s record has distinguished him as one of the world’s greatest investors.

**David Tepper Latest news:**

[gnews search="David+Tepper"]

**David Tepper Articles:**

2011

Investors in Thoroughbred Fund Granted Early Exit

APPALOOSA MANAGEMENT - DealBook - NYTimes.com

Christie: ‘Now Is Not My Time

Appaloosa Makes Homebuilder Bet

2010

David Tepper Bets on Washington Policy Moves - NYTimes.com

David Tepper tops the hedge fund rich list - Telegraph

Investment Guru Of The Year 2010: David Tepper
David Tepper earns $7 billion

Ready to Be Rich

2009

David Tepper Makes Forbes Richest People

Tepper’s Appaloosa hedge fund made $7 bln this year

What Is on David Tepper’s Holiday Gift List This Year?

2008

Tepper, Barakett Abandon Stocks as Funds Cut Holdings

Delphi Sues Appaloosa Over Exit...?

‘BOOT CAMP’ DELIVERS CRASH COURSE IN ENTREPRENEURSHIP

2007

New Guru Added: David Tepper Of Appaloosa Management

Delphi, Appaloosa agree to new investment plan

2006

GM wants cash for Delphi retiree claims

3 Articles on Hedge Funds and Big Pay Days

Delphi Will Receive $3.4 Billion From Five Investors

2005

Highest Wall Street pay tops $1 billion a year

Business: Walter deal wins over Wall Street

Beverly shares soar on possible $1.53 billion bid

If I Only Had a Hedge Fund
2004

Wall Street Wizard David Tepper “learns it, earns it and returns it” With Record-breaking $55M Gift

MEET THE MAN BEHIND THE GIFT

2003

STEED FINANCE LDC v. LASER ADVISERS

2002

That's RICH!

Bio from 2002, before Tepper was super famous

1995

Market Place: After bankruptcy, America West Airlines

1994

Investment Firm Threatens A Takeover of Hill's Stores

David Tepper Videos

2009

Visit msnbc.com for breaking news, world news, and news about the economy

Why making the call to buy financials in 2009 was easy and other market insights, with David Tepper, president & founder of Appaloosa Management. (2010)

2011