

Providing Economic Opportunity

An Interview with The Honorable Dan Quayle, Chairman, Cerberus Global Investments, LLC



The Hon. Dan Quayle

EDITORS' NOTE Vice President Dan Quayle graduated from DePauw University in 1969 and received his J.D. from Indiana University School of Law at Indianapolis in 1974. His public service began in July 1971 when he became an investigator for the Consumer Protection Division of the Indiana Attorney General's Office. Later that year, he became an administrative assistant to Governor Edgar Whitcomb. He was the Director of the Inheritance Tax Division of the Indiana Department of Revenue from 1973 to 1974. Upon receiving his law degree, he worked as associate publisher of his family's newspaper, the *Huntington Herald-Press*, and practiced law in Huntington. Quayle's political career

began when he was elected to the United States Congress in 1976. He was elected to the United States Senate at age 33. In January of 1989, he took the oath of office as the 44th Vice President of the United States at age 41. In his constitutional role as Vice President, Dan Quayle served as President of the United States Senate. In 1989, President Bush named Dan Quayle Head of the Council of Competitiveness. He was also Chairman of the National Space Council. Quayle has authored three books: *Standing Firm*, *A Vice-Presidential Memoir*; *The American Family: Discovering the Values that Make Us Strong*; and *Worth Fighting For*. He established and sold an insurance business in Indiana. For two years he was a distinguished visiting professor of international studies at Thunderbird, The American Graduate School of International Management. Currently, he is Chairman of Cerberus Global Investments, LLC (Cerberus), President of Quayle & Associates, and serves on the boards of directors of IAP Worldwide Services, Inc., K2, Inc., and Aozora Bank, Ltd. in Tokyo.

COMPANY BRIEF Cerberus Global Investments, LLC is one of the world's leading private investment firms, with over \$16 billion in committed capital and offices in New York, Chicago, Los Angeles, Atlanta, London, Baarn, (The Netherlands), Frankfurt, Osaka, and Tokyo.

After your distinguished career in public service culminated with your role as Vice President of the United States, why join Cerberus?

Serving as Chairman of Cerberus Global Investments offers me tremendous opportunities to provide concrete economic benefits to companies and the firm's investors, which include state and local pension funds, charitable foundations, and university endowments. Cerberus is a lot more than just one of the world's leading investment firms. The firm's patient, long-term approach to investing and its ability to work side by side with management teams to create value are qualities that have made Cerberus a good fit for me personally.

Cerberus specializes in providing companies with the financial and operational resources they need to create value and succeed in today's highly competitive marketplace and I cannot imagine an investment philosophy that is more suited to the needs of our economy right now.

Since joining Cerberus, I have had the opportunity to travel throughout the world to help the firm identify new business opportunities, stay at the forefront of deal flow activity, enter into new markets, and foster new partnerships. I've spent a lot of time in Asia, and in China in particular, meeting financial and business leaders, academics, and financial and economic policy experts.

Perhaps the most rewarding part of my involvement with Cerberus is the opportunity I have to assist the firm's portfolio companies. I regularly advise companies on ways to better operate their businesses, and navigate complex economic and geopolitical issues.

Traveling globally for Cerberus, how do you compare and contrast the ways you conduct business in the countries in which Cerberus is active?

Developing relationships is a very important part of doing business, and I see more similarities than differences when I travel the world. While it is important to be aware of and sensitive to cultural differences when conducting business internationally, in my work with Cerberus, the principles of transparency, trust, and partnership are universal.

When I assisted Cerberus in opening its offices in Germany and Japan, the firm was relatively unknown in those markets; the same was true when we entered China. It was important for us to introduce ourselves to those markets and establish the firm as a credible investor with an established track record.

A guiding principle at Cerberus is that investments – particularly those that involve the change of control of a company – only work when they work well for all parties involved. As I meet and speak with investors, company executives, and officials around the world, I am always mindful of that.

You've described Cerberus as a "traditional opportunity investor." What particular investment opportunities does Cerberus focus on and why?

Cerberus is truly sector agnostic. We make investments globally in many sectors, often those that are out of favor or are countercyclical. The firm is also able to deploy capital across the capital structure, from debt to equity investments, and has in-house operational expertise that allows us to analyze and act upon opportunities quickly.

Right now, we're seeing a number of opportunities in distressed investing, which has been a core area of expertise of the firm since its founding. On the control side, Cerberus invests in and lends to companies that have strong business prospects but are undercapitalized or have operational issues that need to be addressed. There are a number of such opportunities out there today.

Another source of opportunities stems from so-called "orphan" business units that large companies are seeking to divest because they are outside their core area of strength. The firm's purchase of North Carolina-based biotech company Talecris from Bayer several years ago is a great example. Cerberus invested heavily to grow the company, which at the time of the acquisition in 2005 had virtually no management or infrastructure. We helped turn Talecris into a market leader by installing an excellent management team, developing a distribution system, expanding product offerings, and tripling headcount. Investors were rewarded with an outstanding return, and most recently Spanish biotech company Grifols announced that it would be acquiring Talecris at a healthy premium.

When you look at the world today, you've said, "You have to be concerned about the increasing amounts of instability you see in so many places." Could you elaborate?

The world is beset by challenges including the ongoing danger of international terrorism, and the significant political and economic threats posed by factors such as the high levels of corporate and sovereign debt and persistent unemployment.

On the security front, the United States must continue to play a leadership role. There simply is not another country in the world that commands the respect or has the capabilities that we do, and we must not shrink from our responsibilities.

When you look at the global nature of the threats we face, whether from international terror networks or rogue nations like Iran and North Korea, I believe that the United States will continue to have an indispensable role to play for many years to come. Iran is becoming increasingly dangerous to its neighbors and North Korea openly flouts international law. Our ally Turkey is moving closer to a theocracy as it steps away from the secular principles that have defined it since the time of Ataturk. Pakistan, another long-time ally, is struggling as it confronts the scourge of violent extremism. The rapid rise of the People's Republic of China as a military and economic power is challenging the status quo. In our own hemisphere, we are faced with security threats from a belligerent government in Venezuela to the problems of the drug trade and border security that imperil Mexico and the United States.

On the economic front, the European debt crisis, just one of our challenges, threatens global contagion. Nations and multilateral organizations are working hard to address systemic risks, but there is a lot more work to be done. The key balance that all countries will need to find is to manage debt levels and resist protectionism while growing their economies.

In order to foster sustainable economic growth, governments will need to keep tax burdens to a minimum, rein in spending, and maintain commitments to free and open trade. When you look at the demographic shifts that will affect the developed nations in the coming years, governments will also need to address the challenge of public entitlements, which present a clear danger to economic stability.

Since you left office in 1993, in what fundamental ways, for better or worse, has the world changed? What do you see as American's greatest challenge in the coming years?

In some ways, the world's and the United States' challenges have not changed at all. We all face the challenge of ensuring a safe, secure environment that provides people with economic opportunities.

Looking back, I think that many believed we would benefit from a

huge "peace dividend" when the Berlin Wall came down in late 1989. Yet, even as our Cold War rivalry with the Soviet Bloc was drawing to a close, we knew that our primary challenge in the years ahead would be global instability. The Russian spy scandal this summer notwithstanding, we are no longer faced with the constant threat of conflict with the countries that formerly constituted the Soviet Bloc. Our prediction of the challenge of global instability, however, has proven all too correct.

Much has changed for the positive in recent years. Hundreds of millions of people around the world have been lifted out of poverty with the creation of robust middle classes in India and China, which is an enormously positive development for those countries that also creates opportunities for the rest of the world. Information technology has brought people much closer together than ever before, providing a democratizing and mostly stabilizing influence.

In the years ahead, our security threats will likely not diminish, and we must continue to take them seriously and combat them. Our greatest economic challenges as Americans will be to embrace competition and not repeat the mistakes of the past. The risk of protectionism is a serious one and right now free trade agreements that should be implemented briskly are being held up by misguided populist sentiments.

Back in 1930, the United States enacted some of the most protectionist tariffs in our history as we entered the Great Depression in the form of the Smoot-Hawley Tariff Act and the economic results were devastating. We need to remember that trade is a great peacemaker that enriches people and increases international understanding and ties between nations. The United States should welcome competition. Americans have always excelled through hard work, innovation, and an ability to find solutions that makes us unique among nations.

There is a lack of civility in politics today that I sincerely hope will change. When I served as a member of Congress, we had robust debates about policy, but at the end of the day we remained respectful and could find common ground. It's regrettable that one of the effects of the 24-hour news cycle seems to be that our political leaders never stop arguing and the effects are corrosive. We need more collegiality and it's long past time that politicians start to hear the message that the American people have been trying so hard to tell them. ●

Own a Bronze Reproduction of the George H. W. Bush Marble Statue

These handsome 21" tall bronze sculptures (the base is 3.5" tall and 7.53" wide & deep), are exact reproductions of the 9-foot tall marble statue of President George H. W. Bush, sculpted from the marble derived from the same quarry as the Lincoln Memorial in Washington, DC (Colorado Yule Marble). It stands in the George and Barbara Bush Center on the campus of the University of New England in Biddeford Maine, just north of Kennebunkport.

In Association with The George Bush Library Foundation in College Station, Texas, this limited edition 102 bronze sculptures is by the same artist, John Andelin, a native of North Dakota. The base of these sculptures are of marble excavated from the same famous quarry in Colorado, which also contributed to the Tomb of the Unknowns in Arlington National Cemetery, as well as other landmarks.

Each of the 102 bases is personally hand-signed by President Bush on a brass plaque on the front of the base, and signed and numbered on its back by the artist, John Andelin.



For further information on these once-in-a-lifetime bronze sculptures, please contact Jack C. King at: jackcking@gmail.com.