SAY IT LOUD

Journalist, TV star and former hedge fund manager **JIM CRAMER** tells Brunswick's **CARLTON WILKINSON** his view of the role media plays in business deals

As an undergraduate at Harvard, Jim Cramer became President and Editor-in-Chief of the student newspaper, the *Harvard Crimson*. But out of college, after taking a series of jobs as a reporter, the future millionaire investor, entrepreneur and TV star was confronted with a problem common to the trade: not enough money. At one point, while working for the Los Angeles *Herald-Examiner*, he was forced to live in his car.

"Oh, I was really poor!" he recalls in a recent conversation with the *Brunswick Review*. "I always wanted to be a writer. But that wasn't lucrative enough for me to be able to live in New York. So I did the hedge fund thing."

First though, he went back to Harvard to study law. During that period, he made significant and profitable investments for Martin Peretz, a friend and owner of *The New Republic*. That propelled him into the "hedge fund thing," first as a stockbroker with Goldman Sachs Private Wealth Management and later with his own firm, Cramer, Berkowitz and Co.

Building on his success, he founded pioneering online-only outlet TheStreet in 1996, an early business reporting website. A major player in the late '90s, TheStreet has struggled with profitability and has undergone a series of restructurings since the dot-com bubble burst in 2001. Yet it remains a milestone in the evolution of journalism and Cramer continues to be an important contributor.

"I founded TheStreet because I felt like the world was changing and we were going to find ourselves outmoded by the internet," he says. "So I saw that coming, which was good. But did I really capitalize off of it? Well – we're still trying. We're going to get it right!"

Cramer also became a frequent commentator on CNBC and his own show, "Mad Money," has aired continuously since 2005. Its characteristic mix of thoughtful interviews and 100-mile-an-hour analyses of stocks in the news – with plenty of graphics and sound effects – has earned it an enduring niche in American culture.

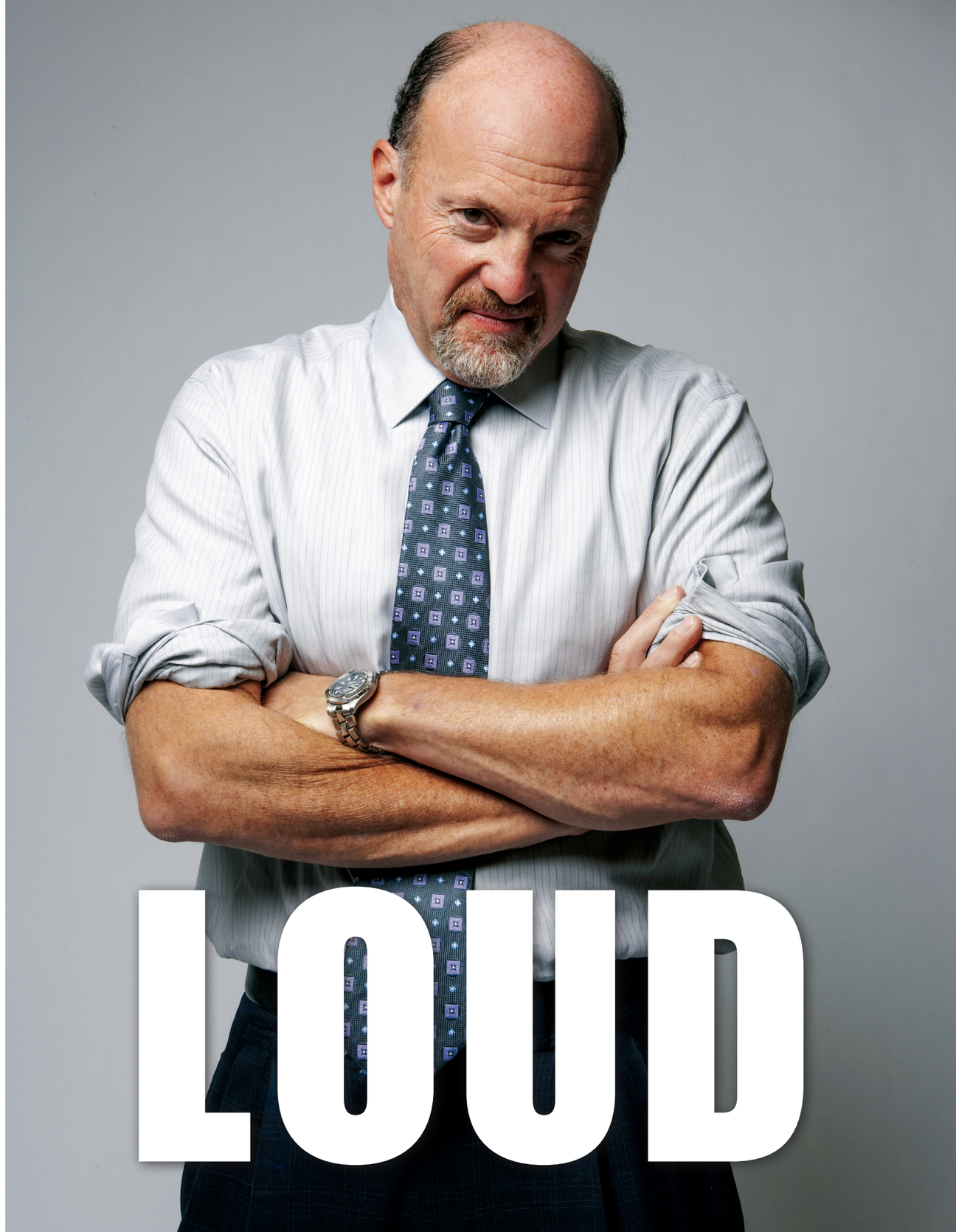
At both TheStreet and CNBC, where he is now co-anchor of the daily "Squawk on the Street," Cramer's goal is to educate people about investing, the workings of the market and the companies behind the stocks. As a hedge fund manager and journalist, he has had deep exposure to the top minds in business and how they interact with media and investors.

Cramer retired from his hedge fund business in 2001 to focus on journalism and his charitable fund Action Alerts Plus. We spoke to him about his career, about M&A deals, and his views on the role of media in business. Too often, he says, companies are reluctant to explain themselves, to state the facts and let the public decide. He has a message for CEOs: "Come on TV and make your case!"

What do you think the media gets right or wrong in its reporting on deals and M&A?

It's a remarkable beat because there are some people who can do it really well and a lot of people who just don't have it right. And when you don't have it right, you can really cause a lot of damage to the stock market. You can write that someone's about to make a takeover bid – but what if it's not true? And boom! A lot of people pile into a story and the story's dead wrong.

I work a lot with David Faber [of CNBC], and David is the best M&A reporter in the country. It takes a tremendous amount of responsibility to be an M&A reporter and a tremendous skill set. You have to be skeptical. You have to recognize that there are a lot of people who want you to write a story that is not real. David knows all those things



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are happening. But most people who cover M&A do not know.

Does the rise of social media make that harder?
Social media is unedited. Not enough editors and everybody journaling – that's nothing but trouble. There are a lot of people who need a stock to go higher and they can exploit social media to try to do that.

That's the biggest problem I have right now with M&A. Someone can put up something on social media and then another person may feel compelled to write a story for a news outlet because the social media dimension moved the stock. Then that story gets promoted. And so it becomes a vicious cycle.

From the earliest days at TheStreet and in your books, you've said you want to level the playing field for the small investor – to give them the same information hedge fund managers might have. Is that still an important goal in media?
I want people to invest as prudently as possible. The small investor these days tends to do ETFs [exchange-traded funds that track baskets of stocks in specific sectors or markets]. I'm not saying the small investor is disappearing. There are a lot of things they can do – there's more homework available online than ever before. But most investors have decided that they can't do it and that they should just be in index funds. And I'm totally, totally fine with that. That is absolutely fine.

I approach it like a doctor: first, do no harm. Almost all professionals say, "Listen, you can't pick stocks. You can't do it as well as a pro." What I say is, get a mixture. You can have index funds and then you can have some mad money to pick stocks.

How important is the entertainment factor in getting your message across?
I've never tried to hide the fact that it's a very dry topic. My professors that were really great were the ones that were animated and used a lot of different methods to get people interested, to try to make the material come alive so that they stay involved.

I've always said that the only way to do that is to add some pizzazz to it. Now, pizzazz is not something a lot of gray beards are going to appreciate. But I don't care. I'm at a point where I'm just trying to do my absolute best to try to get people educated. I don't want to lose them. I don't want them to say, "Look, this is really boring." So I try to make it interesting, while I tell the truth and do my best.

You took some heat in 2009 on the "Daily Show with Jon Stewart." He accused you of doing the opposite of looking out for the little guy. What did you do to move past that disappointment?
You've just got to put your pants on in the morning, put your shirt on, go right back to work. Sometimes you just get had. It was a long time ago now. Do I think about it? Yeah, when someone mentions it I'll think about. People who don't know what I do for a living remember that I was on that show – it was really good ratings for him. But, you know, did I think I was unfairly pilloried? Absolutely.

But he has to do his job, and that's what he perceives is his job. That was a disappointment for me. But you just have to move forward. Some people would have folded and just said, "I've had enough," but I like what I do and I believe in myself.

You must have met hundreds of CEOs now. What was your most memorable CEO interview?
Jim McNerney at Boeing was one [in 2013]. I asked him whether he was ever worried about the Dreamliner not working and he just said, "No!" I pressed him on it and he said, "I'm not. It's Boeing."

I just absolutely loved the fact that he had total conviction in his company and the product. I wish there were other people who were as unequivocal about their companies. It was just so much fun.

Was there any particular CEO interview that you did that really surprised you?
Yes! There was. Greg Hayes, the United Technology CEO, came on CNBC [in 2016] when Honeywell made its hostile bid. And he said, "Ain't gonna happen." I was struck by that. People in that situation usually couch or equivocate – they're afraid. It was unbelievably good that he said, point blank, "Ain't gonna happen." It's one of my favorite interviews ever.

Is there anything the best CEOs do that less successful business people don't?
The best CEOs have a clear vision, but allow for others' opinions. They take advice and they listen and they're not bullheaded.

That's why I think that a strong board is so important. The weakest boards produce some very, very difficult situations. The great example is GE. GE's board was very weak. They did not raise questions about what [former CEO] Jeff Immelt was doing. And because of that, he made a series of mistakes. They were honest mistakes. But the board should've been much more questioning.

The members kind of just said, "I'm fine with everything." And that's unacceptable.

What could companies do to help themselves as far as the media is concerned?
Give me all the information possible and really try to help me form my own view with the facts. That's what Brunswick does and I favor that. Let me have access to the CEOs – because when you don't give me access or you don't want to put the CEO on TV, I immediately start wondering, OK, well, what's wrong here? Why are they not coming on TV? Is there something that they're hiding?

TV is a great opportunity to tell the truth. The best way to disseminate news is to be on TV because you control what you say. And I'm always just amazed that some executives don't get that. When I see a CEO who says, "I don't want to do TV," I am immediately suspicious. The person's either lacking confidence about his view or doesn't want something known. That means you have to dig deep and find out what the hell's wrong.

I'll give you an example: DuPont. [Former CEO] Ellen Kullman did not want to come on my show [in 2015] to talk about what was going on. [Kullman retired from DuPont in October 2015 after a bruising public fight over board seats with activist investor Nelson Peltz and his firm, Trian Fund Management]. I can't make the case first. She's gotta make the case for her. And she didn't want to. That's a very ill-advised strategy, to not have the CEO make the case for the decisions that were made. And yet I see that happening all the time and it just shocks me.

That's one of the things I really liked about CEO David Taylor and Procter & Gamble. I personally agreed with Peltz [who revealed a $3.5 billion stake in the company in 2017 and nominated himself for a board seat]. But Taylor came on my show and told us why Procter didn't need him. It was a truly impressive performance, and it made me think, maybe there is another side here.

In the media, we want to do our best, and the more information we have, the better we will be. The less information, the more difficult the story is.

What do you read to get up to speed first thing in the morning?
TheStreet does some good stuff at night, so I look at our coverage out of London. After that I go to *The Wall Street Journal*, the *New York Times*, *USA Today*, *Financial Times* – and I watch CNBC. I like to take my cue from – I love this – the Wilfred Frost and Sara Eisen show ["Worldwide Exchange"], which I work out to in the morning. And I check Twitter.

So I gather that just continues through the day?
Yes. There's no real downtime. Because I've got two shows. It's a very stressful day, but, again, I love what I do and I try to do my best and try to stay on top of things. But there are so many things I have to stay on top of.

Jim Cramer appears on "Meet the Press" in Washington, DC in 2009 with former US Federal Reserve Chairman Alan Greenspan.

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What's the latest book you've read?
I'm reading two. *High Noon*, which is a really good book about the blacklist and the making of the movie, "High Noon." Very well written. It's about the way the blacklist really ruined people's lives. The movie provides the vehicle that they use to talk about the blacklist.

And then the other book is *Bloodlands* by Tim Snyder, a professor at Yale. That's about the area between Hitler and Stalin in World War II. A fantastic book, very, very smart, well-researched. I try to read two books at once because I live in Summit, New Jersey and I live in Brooklyn, and so I'm reading *Bloodlands* in Brooklyn and *High Noon* in Summit.

Has your interview style changed since you started your show?
I'm less interested now in the quarter and earnings per share and more in telling the story so that people can then do the work. And I find that I like the storytelling much more. Sometimes, obviously, the quarter is the subject. But I love helping people tell the story to understand a company so that they might be interested in understanding the stock. That's just my favorite.

JIM CRAMER

Founder of market news website TheStreet and its Chief Markets Columnist, Jim Cramer is also co-anchor of CNBC's "Squawk on the Street" and host of the network's "Mad Money." He is also manager of the charitable fund Action Alerts Plus and the author of six books, including *Real Money*, *Confessions of a Street Addict*, and *Get Rich Carefully*.

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