

ment, he probably reckons that Anadarko's lagging share price doesn't reflect the value of its reserves.

Of course, Icahn also encounters failure. His most notable so far is Blockbuster, a stock that has languished for the 2½ years he has owned it. But those failures also show another side of Icahn: the dedicated director fighting to improve operations (Blockbuster) and the outside agitator pledging to be the shareholders' watchdog (Motorola). "We never supported Icahn in a proxy battle until he served two tough years on the Blockbuster board and saved shareholders tens of millions in that role," says Chris Young of ISS.

ICAHN'S BIGGEST STRENGTH isn't his agility in proxy fights, but what comes first: his knack for picking targets. His skill at prospecting is so well honed that in most cases he's destined to make money from the day he buys the shares. Then it's a matter of squeezing management to sweeten the inevitable gains. Put simply, Icahn looks for companies that are screaming buys, meaning that the value of their assets far exceeds the total value of their shares, or market cap. In general he looks for "hard assets" like real estate, oil reserves, and timberland that are relatively easy to value and resell, and avoids tech companies that depend heavily on developing

DEAL PROSPECTORS

Icahn's two chief scouts and dealmakers are Keith Meister (left), a private-equity expert, and Vince Intrieri, a CPA with a sharp eye for salvageable bankruptcy situations.

new products. But not always. Icahn has developed expertise in pharmaceuticals, where he feels that costs are far too high and the value of pipeline drugs is often drastically underestimated.

He's the contrarian to end all contrarians. "A lot of people bet against trends, but Carl goes beyond that," says Ken Moelis, chief of investment banking at UBS. "He'll buy at the worst possible moment, when there's no reason to see a sunny side and no one agrees with him." Explains Icahn: "The consensus thinking is generally wrong. If you go with a trend, the momentum always falls apart on you. So I buy companies that are not glamorous and usually out of favor. It's even better if the whole industry is out of favor."

To make his picks, Icahn surrounds himself with a crack team at his Manhattan headquarters. They perform other functions as well, like negotiating inexpensive bulk contracts for everything from computers to insurance and making them available to the companies Icahn controls. "I use my guys to watch purchasing the

way King William used Captain Kidd to watch the pirates," says Icahn. But the top job is finding candidates to buy. His two top dealmakers and prospectors are Keith Meister and Vince Intrieri. Meister, a gregarious 34-year-old with a Kojak-clean pate, is a veteran of private-equity firm Northstar Capital Partners who serves as CEO of AREP. Intrieri, 50, is an intense, soft-spoken CPA who specializes in

bankruptcy workouts. Both are finely attuned to the boss's taste in bargains. The staff of 26 professionals includes an in-house law firm of nine attorneys. Intrieri and Meister regularly scan the Bloomberg databases for what Intrieri calls "asset-rich companies that are undervalued," especially ones with lots of cash as a percentage of their market cap. It was the big cash position coupled with the tumbling share price that alerted the staff to Motorola.

The most prolific source of candidates is Icahn himself. "From 50% to 60% of the ideas come from Carl," says Intrieri. Icahn is on the phone as much as ten hours a day, grilling investment bankers, hedge fund managers, analysts, and anyone else who might have a lead. Once he's picked a candidate, Icahn discusses every aspect of the investment, over and over, with his staff. He doesn't like memos, nor does he use e-mail. The entire process is verbal. "It's an iterative process with Carl," says Meister. When he's doing a deal Icahn draws on his philosophy training to probe his associates. "You'll say blue is blue, and he'll say it's yellow just to be a contrarian," says Meister. "Then he'll make you convince him it's blue." His staff says that he reminds them of the seemingly befuddled TV detective Columbo.

Icahn is a night owl. His business day begins in midmorning, when he starts making calls from the terrace of his duplex apartment in the Museum Tower on West 53rd Street. His real work starts when he arrives at the office in early afternoon; it's then that he puts his staff through his barrage of questions about candidates for investment. Around 8 P.M. Icahn goes out to dinner, often accompanied by members of his staff. His canteen is Il Tinello, a tony Italian restaurant whose menu features Pasta alla Icahn—farfalle with a sauce of tomato, onion, and bacon. After dinner Icahn returns home and often holds conference calls with his lawyers and other aides that can run from 11 P.M. to 1:30 A.M. What drives the billionaire to stay on the phone in the middle of the night? Intrieri once asked that question during a marathon call. After a long pause Icahn shot back, "Why do you play golf?"

