



*A broodmare gets attention; below,  
mares grazing at Trakside Farm*

*Foxfield has become a successful commercial venture by  
coming up with a long-term business plan and sticking to it*

# BUSINESS AS USUAL



By Dan Liebman

People like to call the Thoroughbred industry a business. But, can you really operate it that way? As a business? If you're Carl Icahn you can. Icahn, one of the world's richest people and a well-known corporate raider, has been operating his Foxfield "business" as a commercial breeding operation now for more than a decade. Successfully operating. Bottom-line operating. At a profit.

Remember, this is a "business" that doesn't manufacture widgets. Horses are living, breathing, snorting animals. Even with escalating sales averages, higher purses, and rising stud fees, not many can say they have shown a profit over a 10-year period.

It may be easy to simply say as someone who takes over companies and is often involved in proxy fights and union battles, Icahn doesn't care about horses, merely the money you can make from them.

That would be unfair.

As mentioned, Foxfield operates commercially, a word which means sell, sell, sell. Those who regularly recite the old Thoroughbred industry mantra of "Better to sell and regret than not sell and regret," should be envious of Foxfield.

Icahn is a man, who with the help of his advisers, established a business plan and has stuck to it. There is no room in that plan to get emotionally attached to horses—there is only room to breed and sell good ones.

An exact bottom-line figure for any breeder is, of course, impossible to ascertain. There simply are too many intangibles. How do you figure a foal share? What about owning shares rather than purchasing seasons on the open market? What about horses purchased privately, then sold publicly? Or vice versa? Etc., etc., etc.

But, this much is known. Through various consignors since 1987, Foxfield has sold yearlings, weanlings, 2-year-olds, and broodmares at public auction for \$55.5 million. During the same period, Foxfield has bought horses of various ages at public auction for \$18.8 million.

Not included in these figures is Icahn's initial foray into the industry in a partnership with Peter Brant. That should not totally be ignored, however.

It was at the 1985 Newstead Farm dispersal at Fasig-Tipton Kentucky that the name Carl Icahn was first associated with the horse business. Seated together, the two bought Miss Oceana for \$7 million and Larida for \$4 million. At the Keeneland November sale that year, they purchased Key Partner for \$2.15 million and Liberty Spirit for \$2.1 million.

Still, adding the entire purchase prices of those mares to Foxfield's expenditures would bring the debit side of the ledger to \$33 million, well below the \$55.5 million which Foxfield has received in auction proceeds. And, not to forget the approximately \$15 million in bloodstock assets currently owned by Foxfield.

Subtracting commissions, salaries, private purchases, and the myriad of other expenses associated with the business, leaves the ink black on the bottom line.

### Role players

Though it may be crass to say, Carl Icahn has the easy role in the Foxfield operation—he just puts up the money. Not being a horseman himself, he relies on the advice of the team members he has assembled.

The most important member of that team is Rob Whiteley, who has been general manager of the operation since its inception. The other three "key" players are Tom Evans and Pam Clark, who operate Trackside Farm near Versailles, Ky., where the Foxfield-owned horses are boarded, and Chet Blackey, who has been the veterinarian for the Foxfield horses (and others boarded at Trackside) since day one.

Sometime shortly after his initial purchases with Brant, Icahn began searching for someone to manage his operation. Rob Whiteley was referred to him.

"We met several times for lunch over eight to 10 months," Whiteley said during a recent visit to Trackside from his 38-acre western New Jersey farm. "I could feel that we could work together. It was an opportunity to build up something special from the ground floor."

Perhaps one of the reasons the two men hit it off so well is Whiteley is also not a lifelong horseman. He comes from the world of academia, and has a research and sports background—by the time he was in his early 20s, he had earned three college degrees and lettered in seven sports.

For many years, Whiteley had a "deep interest in racing as a hobby," his penchant for handicapping ultimately drawing him away from Rutgers University, where he was director of the graduate programs in counseling psychology. In 1981, he joined Fasig-Tipton, developing the auction company's appraisal services unit as a division of the business.

Then Icahn came calling.

"He (Icahn) was surprisingly informed about what it takes to be successful and profitable in the (horse) business," Whiteley said. "Carl has a brilliant business mind."

Most importantly, Whiteley said of Icahn, "He's demonstrated that a wealthy person can come in and set a business plan and be successful. We (Foxfield) have been profitable before depreciation for 10 consecutive years and, ex-



cept for a couple of early years when we invested heavily in breeding stock, we have been profitable every year, even after depreciation.

"The most important key," Whiteley continued, "has been that we established a comprehensive business plan...and stuck to it consistently."

As outlined by Whiteley, the basic components of the Foxfield plan include:

- having specific short-term objectives that fit a long-term plan;
- having adequate capitalization to see the plan through;
- putting experienced, reliable people in place and "letting them know you value their effort and expertise;"
- understanding the relationship between breeding and racing in order to as-

sess racing performance as it relates to a commercial breeding operation;

- searching for "undervalued situations" and showing discipline when buying;
- while hoping for both, breeding to get athletic, well-conformed individuals first, and a catalogue page second;
- treating others fairly—the way you would want to be treated;
- standing behind your horses at the sales, and;
- "working hard to position yourself so good luck can run over you."

## On the Fast Track

Fate. Right place at the right time. Kismet. Whatever.

However it happened, Tom Evans and Pam Clark, and their Trackside Farm, are an integral part of the highly successful Foxfield operation.

At the 1987 Tartan Farms dispersal in Lexington, Evans and Clark were recommended to Foxfield general manager Rob Whiteley by veterinarian Chet Blackey and Michael Hernon, the latter now the director of sales at Gainesway Farm.

Hernon remembers it well.

"Rob and I are friends and former work colleagues at Fasig-Tipton," Hernon said. "When he went to head Foxfield, he was looking for a place to put some mares. A place with good management, but a smaller, low key, operation. Tom came to mind.

"Under Rob's direction, Foxfield has continued to grow significantly. The Foxfield name is a quality brand name. Trackside has developed along with them."

Trackside consists of 214 acres on Tyrone Road outside Versailles, Ky. Railroad tracks that runs through the property make one understand the farm name. Another 200 acres is leased on Clifton Pike. Trackside was purchased by Evans and Clark in 1986.

About 100 mares a season are boarded at Trackside, with roughly 75% being year-round boarders. Other clients include Dr. Glen Warren, Dr. Richard Allen, Greg Hill, John Donaldson, Spring Hill Farm, and Arthur Seelbinder.

Evans, 43, is a native of Cincinnati and graduate of Vanderbilt University, where he majored in biology. He came to Kentucky in 1979, grooming for Woody Stephens for two years, then working for Lee Eaton for 6½ years.

Clark, 41, was born in Ann Arbor, Mich., and earned a business degree from Michigan State University. Like many who end up in the Lexington area, she attended the races and decided she wanted to be a part of the horse business. She worked for Eaton for a year, at the *Thoroughbred Record*, and then as secretary for Lane's End Farm owner Will Farish.

Evans and Clark are assisted at Trackside by Dan Hansen, who works with the mares and foals, and Sophia McDonell, who works with the weanlings and yearlings.

Evans and Clark have been together since 1982, when they met while working at Eaton Farm.

The first "big" mare boarded at Trackside was Belle de Jour, the dam of Kentucky Derby (gr. I) winner Spend a Buck.

Last year, for Foxfield, Trackside sold its first \$1 million horse, a Deputy Minister—Silver Valley colt. "It's not just having someone like him (Carl Lahn, owner of Foxfield) as a client, but the quality of the stock it allows you to work with," Evans said.

To date, 11 graded stakes winners, four of them grade I winners, have been raised at Trackside. "That's what we're the most proud of, the horses we've raised," Clark said.

By Dan Liebman

### And they're off

The first phase of the Foxfield master plan was to purchase a dozen fillies, both publicly and privately, to race and hopefully retire as the start of a broodmare band.

In short, Whiteley realized it was cheaper to try and make broodmares than purchase them. So, though establishing a commercial breeding operation, Foxfield would first have to get into the other end of the game—racing.

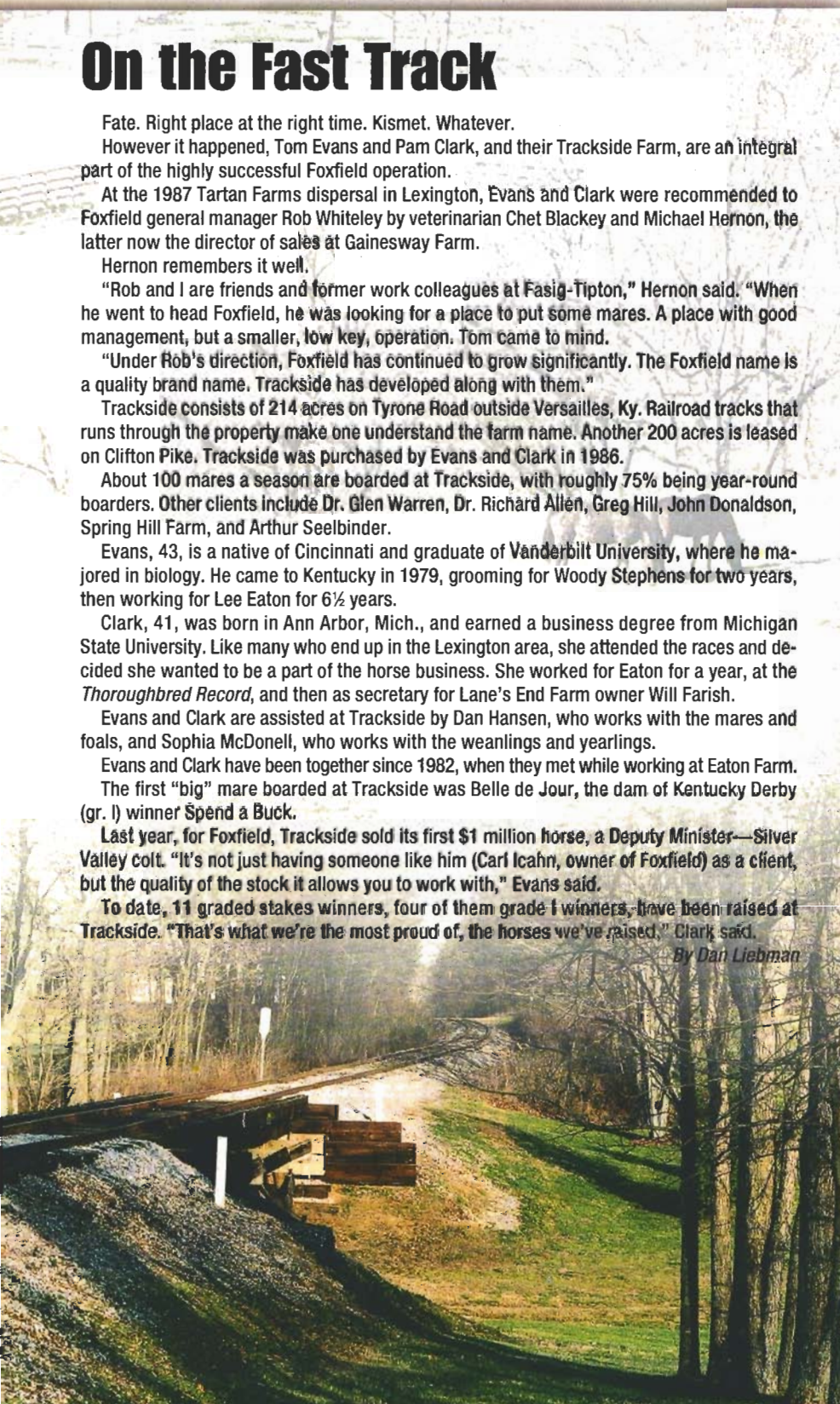
From 1988 to 1990, Whiteley made the first purchases for Foxfield. At public auction, he hit several home runs. For example: a filly by Meadowlake at the 1989 Keeneland September sale. Price: \$90,000. Result: 1990 Eclipse Award winner Meadow Star. For example: a Roberto filly at the 1988 Fasig-Tipton Florida February auction. Price: \$210,000. Result: Lilac Garden, now the dam of grade I Kentucky Oaks winner Blushing K. D.

The private purchases didn't turn out too bad either. For example: in early 1990, Colonial Waters was purchased privately. Result: she had earned \$440,000 at the time and the grade I winner went on to finish second in the Breeders' Cup Distaff (gr. I) and earn \$1.1 million. For example: bought Rose's Cantina when she was just a minor stakes winner. Result: she went on to win two grade I races and earn \$723,139.

During its initial entry into racing, Foxfield made a big impact. In 1989, Lilac Garden—of whom Whiteley said, "I thought she was truly outstanding and never got to show it"—won three of four starts before an injury ended her career. Then, in 1990, Meadow Star and Really Quick (purchased as a 2-year-old) swept the juvenile filly stakes at Saratoga, the former winning the Spinaway (gr. I) and Schulyerville (gr. II) Stakes, and the latter taking the Adirondack Stakes (gr. II).

### Phase two

Owning broodmares is only half of the breeding equation, and Whiteley also moved swiftly in obtaining the other ingredient—stallions interests. At one point just six years ago, Foxfield owned





Ogygian, half of Blushing John, Crafty Prospector, and Silver Deputy, 25% of Housebuster, 20% of Deputy Minister and Private Terms, and 15% of Gulch.

At the same time, there was an obvious need to purchase mares to support the stallions. Again, Whiteley filled the order: in 1988, Foxfield bought nine broodmares for \$3,885,000; in 1989, another 43 for \$7 million. By 1992, Foxfield owned more than 100 mares.

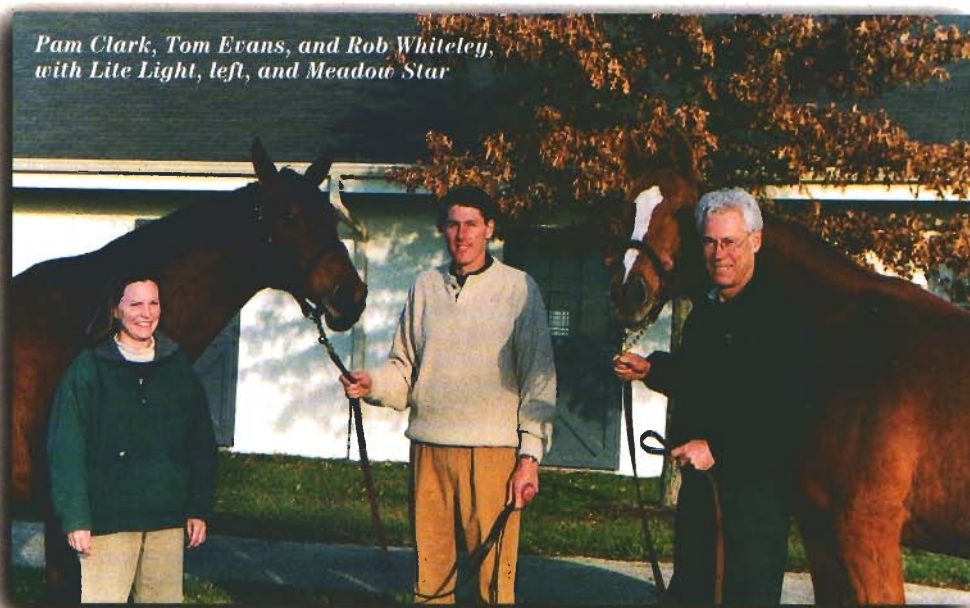
Of course, it didn't hurt that Whiteley, whether through skill, luck, or more than likely a combination of the two, not only chose fillies and mares well, but stallions too. Deputy Minister has been the leading sire the past two years, Crafty Prospector has been a huge success, and Silver Deputy has been so hot his value has appreciated tremendously.

Others, such as Ogygian and Sunshine Forever, helped fill the cash reserves when sold to stand in Japan.

Foxfield, through the end of 1998, has bred the earners of more than \$32 million, including 47 stakes winners. Among the top horses bred by Foxfield are: Helmsman (El Gran Senor—Sacred Journey), sold as a yearling for \$165,000 and winner of the Strub Stakes (gr. I) and \$1.1 million; Larkwhistle, who brought \$50,000 as a yearling and was champion juvenile filly in Canada in 1996; and Vaudeville, a \$40,000 auction yearling who won the Secretariat Stakes (gr. IT) and earned more than \$600,000. In addition, Foxfield sold leading 1998 juvenile filly Eclipse candidate Silverbulletday in utero.

### Scaling back

Having done an excellent job in supporting its stallions, Foxfield, in 1994, began reducing the size of its broodmare band. From 1994 through 1997, it sold 97 mares



Pam Clark, Tom Evans, and Rob Whiteley, with Lite Light, left, and Meadow Star

at public auction for \$7.8 million. In 1994, Rose's Cantina (Naskra—Soft as Satin) and Propositioning (Mr. Prospector—Stay Over), both in foal to Deputy Minister, brought \$550,000 and \$440,000, respectively. In 1997, Lilac Garden (Roberto—Balletomane) and Blush With Pride (Blushing Groom—Best in Show), also both in foal to Deputy Minister, sold for \$700,000 and \$635,000, respectively.

The past two years, Foxfield has also hit some big licks at the yearling sales. In 1997, it sold 34 yearlings for \$5.5 million, highlighted by a Deputy Minister—Far Flying colt for \$900,000, and a Deputy Minister—Blush With Pride filly for \$750,000. This past year was even better, with 10 yearlings sold for \$2,325,000, an average of \$232,500. Included was a Deputy Minister—Silver Valley colt for \$1.2 million.

Currently, Foxfield owns about 30 mares, including four purchased by Whiteley at the 1998 Keeneland November sale and one at the recent Keeneland January auction. Among those he purchased last November is Lite Light, in foal

to Gone West, for \$750,000. At a time when "it's difficult to find value," Whiteley said, "Lite Light was a tremendous value." She will be bred this year to Silver Deputy.

Meadow Star has a yearling Gulch filly, but produced no foal in 1998, having been barren to Deputy Minister. She will be bred this year to A.P. Indy. Silver Valley, dam of the \$1.2 million yearling, was also barren in 1998. She is in foal to Deputy Minister and booked to Crafty Prospector.

Foxfield has also scaled back its stallion ownerships. The operation does own more than half of Crafty Prospector, but now has only a minor interest in Deputy Minister and about a quarter-interest in Silver Deputy.

### Full circle

In sticking to its initial business plan, Foxfield has traveled full circle: a smaller number of mares, fewer stallion shares, and perhaps most importantly, again boarding its horses at one location.

Because Whiteley felt it logical to let a farm which boarded a mare sell the offspring as agent for Foxfield, the operation over the years has consigned horses nearly 100 different ways. Not anymore.

"I thought it was fair to those farms that raised the yearlings to sell them for us," Whiteley said. "But, we are now solely based at Trackside."

And, as for the future?

"Our main objective has been to support the stallions," Whiteley said. "We've done that effectively and that has driven the whole operation. The mares will dictate whether we are able to build back up."

"Carl is only interested in breeding commercially. Carl doesn't fall in love with the horses and I understand the assignment."

Hmm. Sounds like a plan. A business plan. ■

Carl Icahn, 63

Born: Queens, NY

Graduate: Princeton University

Family: two children

Career: 1961, apprentice broker, Dreyfus Corp.; 1963, options manager, Tessel, Patrick & Co.; 1964, Gruntal & Co.; 1968-present, president and chairman, Icahn & Co.

Bayswater Realty & Capital Co.: became chairman in 1979

ACF Industries: became chairman in 1984

TWA Airlines: became chairman in 1986, resigned in 1992

Cadus Pharmaceutical Corp.: chairman of the board

American Properties International: chairman of the board

Current project: Leads a group that purchased 5% of RJR Nabisco and is trying to get the company to split its tobacco and food units; in 1997, Icahn tried a similar effort, then sold his 19.9 million shares in RJR Nabisco for \$730 million, reportedly a profit of \$130 million

## ICAHN FILE

