

He's a throwback to the press lords and movie moguls of old. Which is perhaps why Rupert Murdoch runs rings around competitors like Time Warner and Disney.

Rupert's on a roll

By Robert La Franco

THIS ISSUE OF FORBES is very much about the world's working rich: self-made magnates who built great businesses from scratch or from very little. Keith Rupert Murdoch, 67, is near the top of any such list. Almost alone, he has created from modest beginnings, and mostly through internal growth, what is arguably the world's most impressive media empire.

Here he is in action:

"I've bedded 227 girls," screams the front page of London's tabloid *Sun*. Grinning beneath the thick black headline is the grimy face of the braggart. In the story, the scumbag boasts of his sexual and larcenous conquests.

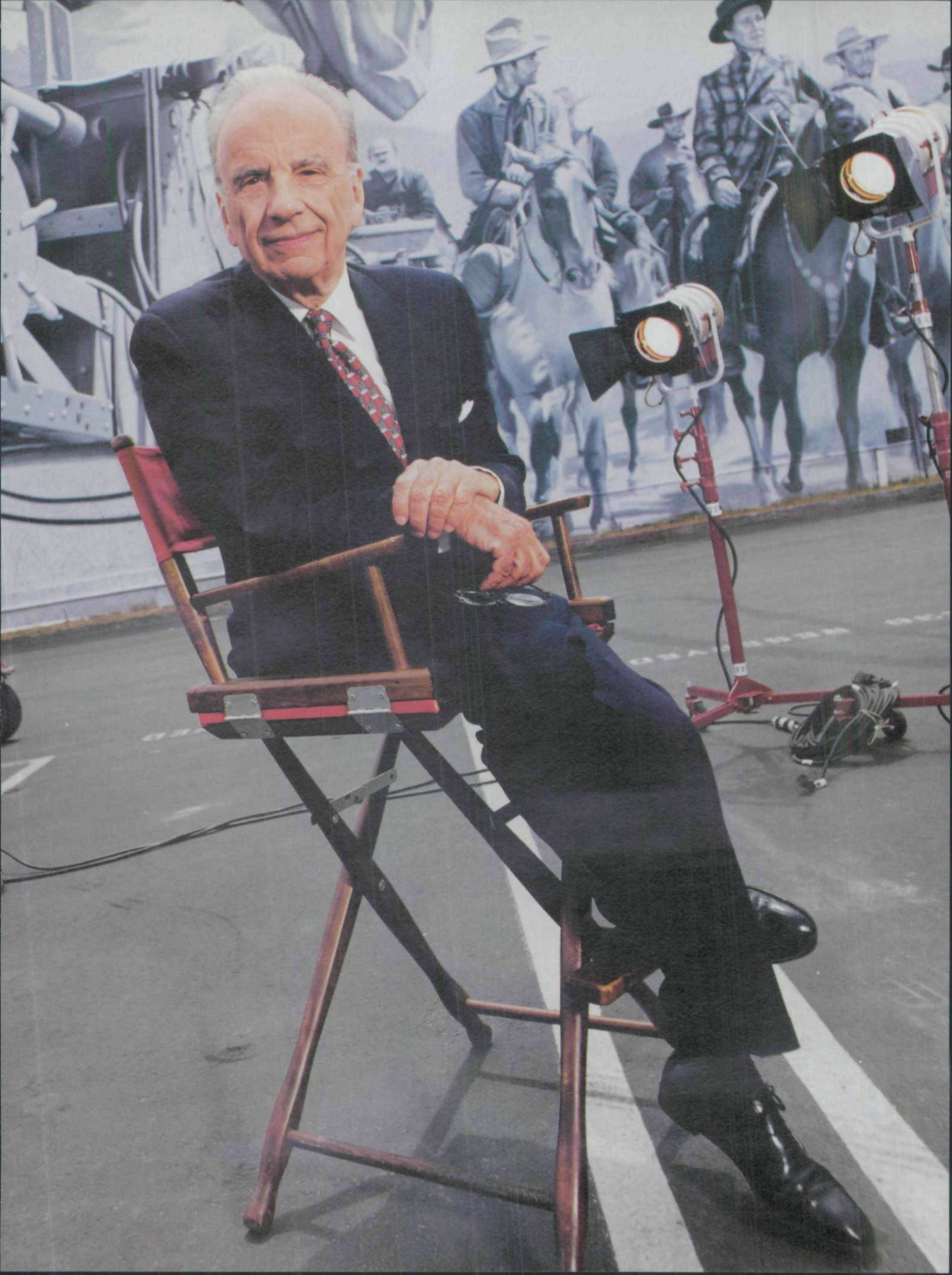
Rupert Murdoch views the page and frowns. "Too bawdy," he mutters, gently jabbing a finger at the photo. "That's just not England's mood right now." You know without asking that the *Sun*'s editor has already been ticked off. The story doesn't belong on the front page.

Murdoch sees the British public as less cynical after the elevation of his friend, "New" Labourite Tony Blair, as prime minister. Football hooligans are no longer lovable characters. Anything goes no longer goes. Folks still like their sex and crime, but not quite as garish.

There, in a flash, is the famous Murdoch touch. In a world of spreadsheets and management consultants, M.B.A.s and focus groups, he's the old-fashioned press baron, but operating now on bandwidth and TV screens as well as on the printed page. Like the press lords and Hollywood moguls of old, Murdoch makes it his business to sense what the public wants and then make sure that his executives deliver it. Like Hollywood's earlier



A half-century of empire building hasn't slowed Murdoch down. "No one's indispensable," he says. "But who takes over doesn't really matter at the moment. I'm not going anywhere."



moviemakers he puts his mark on what he does. Louis B. Mayer never wrote a script, but you knew an MGM movie when you saw it—or a Warner Bros. flick or a Darryl F. Zanuck opus.

In Murdoch's career are echoes of Britain's great Lord Northcliffe (who once owned the venerable *Times* of London, as Murdoch now does, and was a friend and mentor to Rupert's father). Born Alfred Harmsworth, Northcliffe got his start in Victorian times delivering intriguing snippets of information to a newly literate British

working class. This was some of the world's first mass-produced entertainment. A century later Murdoch entertains and informs the whole world in many languages and across many media with a similarly surefooted common touch. Even in culturally remote India, News Corp.'s *Star News* network is having an impact, and while the cultural elite are not amused, people in some 14 million homes are.

You saw Murdoch's touch in the edgy urban satire of *In Living Color* on the Fox Network and in the youthful energy of *Tao's Teatime* midday talk show on News

Rookie Fox Sports Net is out to knock veteran ESPN from the top spot.

Home field advantage

ESPN, the 24-hour all-sports cable network launched in 1979 and now part of Disney, mints money. Last year ESPN threw off an estimated \$600 million in earnings before interest, taxes, depreciation and amortization on revenues of \$1.1 billion. Pretty neat: nearly 50 cents on the revenue dollar. Because it pumps live coverage of almost every professional and college sport into 74 million households, ESPN is a favorite for advertisers looking to reach males between the ages of 18 and 35.

ESPN's flagship show, *Sportscenter*, is a can't miss for sports junkies looking for a recap of the day's events. Moreover, ESPN has long-term deals in place with most major sports, which seemed to guarantee that another national cable network could not steal its programming.

But that didn't stop Rupert Murdoch's people from end-running ESPN. Fox Sports Net, a newly formed national cable network, is a 50-50 joint venture between Rupert Murdoch's News Corp. and John Malone's Tele-Communications, Inc. After two years of furious dealmaking, Fox/Liberty Networks now owns and operates 10 of the country's largest regional sports networks, and has direct or indirect equity interests in another 12. Combined, the RSNs are wired over 60 million households. By tying the RSNs together into what is



WILLIAM SALAZAR / DODGERS

Already a hit, Fox Sports Net will likely be Murdoch's next home run.

effectively a national network, Fox Sports Net can now offer an audience almost as big as ESPN's to national advertisers.

Take baseball. On any given Sunday evening ESPN usually has the rights to show 2 games. Given that there are 30 teams in the major leagues and ESPN is showing only 4 of them, the odds are good that your team isn't being shown that night. If that's the case, you're not likely to watch ESPN while the game is on. The following night, Fox Sports Net, via its 22 regional sports networks, will televise perhaps 10 games. So if your favorite team is among Fox's 10 rather than ESPN's 2, guess which network you will be watching.

Fox Sports Net also does the same for hockey and basketball. Combined, Fox Sports Net controls broadcast rights to 69 of the 75 teams in professional baseball, basketball and hockey. Fox Sports Net also has college and second-tier sports, as well as its own lively news and highlight show to

compete with ESPN. Witness when the New York Mets played the Boston Red Sox on ESPN's *Sunday Night Baseball* recently. While the game reached nearly 10% of Boston and 3% of New York homes, the game had only a 1.6 rating nationally because many of the fans outside those areas were watching their hometown teams.

It's still early in the ball game, but the numbers so far support Fox/Liberty's strategy. Despite reaching nearly 13 million fewer homes than ESPN, Fox Sports Net's coverage of Major League Baseball games through May 11 delivered an average of 2.3 million viewers per game, versus 1.1 million for ESPN's baseball coverage. Says Robert Donahue of Salomon Brothers Asset Management, "We think Fox/Liberty could be one of the most valuable assets created over the next five years." Donahue estimates that Fox Sports Net's operating cash flow will be \$180 million this year and will hit \$650 million in five years.

Rupert Murdoch, chairman of News Corp., recently bought baseball's Los Angeles Dodgers and gained minority interest options in that city's basketball and hockey teams. Now Fox/Liberty's southern California cable network doesn't have to worry about being outbid by ESPN. In New York, where Fox/Liberty owns a 40% stake in the Rangers, Knicks and MSG Network cable channel, Fox Sports Net has a lock on the premier hockey and basketball teams in the country's two biggest markets. "Murdoch was the first in cable to figure out that all sports is local," says James Drucker, president of Global Sports, a sports consulting firm. "He will eventually have more profitable assets than ESPN."

—MICHAEL K. OZANIAN ■

The changing world of News Corp.

Rupert Murdoch nearly wrecked his company with debt in 1990. These days the balance sheet is far more conservative. News Corp.'s debt ratio today is in line with the average of 32% for Walt Disney, Time Warner and Viacom.

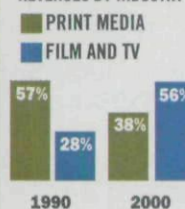
BETTER NEWS	'90	'97	% CHANGE
REVENUES	\$6.7	\$11.2	67%
CASH FLOW	\$0.4	\$1.6	309%
LONG-TERM DEBT	\$7.2	\$8.5	18%
CASH	\$0.1	\$2.6	1,900%
DEBT AS A % OF CAPITAL	48%	34%	-29%

Figures in \$billions. Sources: Standard & Poor's; company data.

Investors groan every time Rupert Murdoch opens a checkbook. In the last 18 months he has spent more than \$6 billion to acquire new assets for his ventures. Let them groan. In the current decade, News Corp.'s total return is second only to Walt Disney's—and that's been without any lucrative animation assets to mine.



REVENUES BY INDUSTRY



Sources: Jessica Reif-Cohen, Merrill Lynch; company data.

Newspapers offer a reliable 19% operating income margin, but their stories can't be exploited as readily as TV shows across a world platform. That explains Murdoch's shift toward electronic media.

The rise of a network power

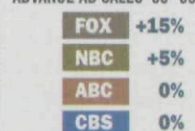
During a period of general decline in network viewing, Fox has managed to hold its own among the 18-to-49-year-olds...



Source: Nielsen Media Research

...the eyeballs most desired by advertisers. Fox and its 22-member-station group, with 1998 cash flow of \$760 million, now has the fastest momentum in the business. That's giving Murdoch a load of cash that he is pouring into new ambitions like Star TV in Asia and Sky Latin America.

ADVANCE AD SALES '95-'98

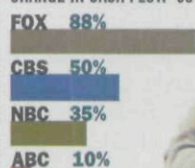


Source: Paul Sweeney, Salomon Smith Barney.

Fox's Ally
McBeal, the softer side of an edgy network.



CHANGE IN CASH FLOW '95-'98

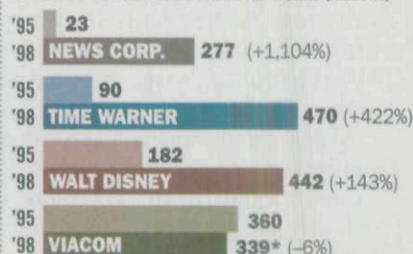


Sources: Salomon Smith Barney; Matthew Harrigan, J.P. Morgan Securities.

The widening reach of cable TV

The incredible growth of the network and the success of its U.S. kids and sports programming has been the back upon

COMBINED HOUSEHOLDS FOR ALL NETWORKS (millions)



*Includes sale of USA Network and Sci-Fi Channel.

Sources: National Cable Television Association; company data.

which Murdoch has built a number of new businesses, including the Fox Family Channel and Fox Sports Net.

HOUSEHOLDS REACHED—CABLE SPORTS (millions)

	FOX	ESPN
FOX SPORTS NET	60	
ESPN	74	
BASEBALL	2.3	1.2
HOCKEY	0.7	0.5
FOOTBALL	NA	60
BASKETBALL	1.7	NA

NA: Not applicable. Sources: Nielsen Media Research; company data.

ESPN reaches 23% more households than rival Fox Sports Net. But where the two cable networks go head-to-head—baseball and hockey—Fox Sports Net's emphasis on regional coverage gives it superior ratings. Upshot: analysts expect Fox Sports Net's advertising revenues to grow much faster than ESPN's.

Corp.'s Phoenix channel in China. With 10 million readers, his *Sun* is the most widely read English-language daily in the world. His feisty *New York Post*, though fighting an uphill battle, is the only daily gaining circulation in the world's greatest city, where even the dominant *New York Times* continues to lose circulation. A relative novice at moviemaking, Murdoch has on his hands today the greatest hit of all time, *Titanic*.

In his unabashed use of his media pulpits for political ends and to advance his company's interests, Murdoch recalls Northcliffe and Americans like William Randolph Hearst and Bertie McCormack of Chicago. Murdoch's clashes with playboy Senator Ted Kennedy are famous. In Britain, his newspapers played a major role in the Tory's 1992 election victory, and last year he helped bring the New Labour Party's Tony Blair to power. Asked about his openly partisan role in politics, Murdoch told a recent press briefing in Germany: "If you are in newspapers and magazines, you fight very hard for your beliefs."

Unlike many big companies, News Corp. doesn't rely on legions of numbers people and M.B.A.s, leaving major

decisions in the hands of Murdoch and his 18-member executive committee. Take Star TV, whose satellites beam signals to China, India, the Middle East and the South Pacific. Back in 1992 Murdoch heard that Pearson, Plc., the British conglomerate and publisher of the *Financial Times*, was about to pay up to \$550 million for a 70% stake in the system. Time Warner and Disney were also sniffing.

Murdoch never saw Star's books, but he knew that if the competition wanted it, he did, too. Despite the protests of his inner circle, he matched Pearson's bid, but offered Star sellers what Pearson wouldn't: the freedom to sell their remaining stake at any time. Star is still losing gobs of money (the latest estimates are about \$100 million a year), but no one doubts that Asia will come back—and when it does, News Corp. will be firmly entrenched there. According to Salomon Smith Barney analyst Kaushik Shridharani, TV advertising in Asia—outside Japan, Australia and New Zealand—will nearly double, to \$9 billion, by 2001. Research by Baskerville Communications Corp. sees the region's pay TV households increasing 46% in the same period.

Murdoch doesn't regret "overpaying" for Star because owning it guarantees an outlet for his present and future programming. It is also a bargaining chip to use against competitors who, in the past, have tried to refuse his programs on their systems. "What we want is an outlet for our programming so we will never be handcuffed by any one gatekeeper," says Murdoch with a glance toward his British satellite service. "If, as with BSkyB, the delivery platform becomes a profit center, all the better."

Murdoch has toned down somewhat his very Australian outspokenness and expressions of contempt for standard American journalism, but still he defies convention. Most recently, he got himself into hot water by ordering his book publishing company, HarperCollins, to drop a book by ex-Hong Kong governor Christopher Patten.

Patten is *persona non grata* with China's leaders, and Murdoch has an obvious interest in not angering them.

"Freedom of the press!" cried his detractors, but Murdoch held firm. He returned the manuscript, and Patten pocketed his advance. The book has yet to be released, but will likely surface later this year. Said Murdoch later: "I didn't agree with what he [Patten] did as governor, and I don't have any duty to publish anyone's book."

Murdoch's News Corp. is not the media industry's most profitable company, but it is certainly one of its best bets (*see chart, p. 185*). Whereas Time Warner, Viacom and Disney are all products of megamergers, News Corp. has been built upon a series of smaller acquisitions and brand-new ventures.

Into News Corp.'s worldwide coffers this year will flow \$2.1 billion in operating cash flow on \$13.5 billion in revenue, according to Merrill Lynch analyst Jessica Reif Cohen. She estimates Viacom will see \$2.4 billion on \$14.5 billion, Time Warner \$5.9 billion on \$28 billion, and Disney \$6.3 billion on \$25 billion.

The next generation

JAMES MURDOCH

ON A SUNNY SUNDAY in late May, James Murdoch sits at the bar of the Grange Hall restaurant in Greenwich Village. Sipping an Old Fashioned, he thumbs through research reports on

Rupert's Internet resource. "The world is going digital. It's unstoppable."

the media business. Horn-rimmed glasses give him the air of a New York sophisticate, but his wrinkled clothes are those of a college student during finals week. This man devours information.

"There's too much information," Murdoch laments. "I just can't keep up with it without taking it home on the weekend."

At 25, James Murdoch has plenty to keep up with. He's just been named Deputy Publisher of the *New York Post*. He was already running News Corp.'s music and new media efforts, plus serving as his dad's sounding board and adviser on all things Internet. He plays the banjo, but wishes he'd kept up with piano, as his parents had hoped.

"You can really light up a room with a piano," he says.

After hovering for a few years around the offices of the Harvard *Lampoon*, the college satirical sheet, Murdoch dropped out of Harvard in 1994 to start his own hip-hop record label, Rawkus Entertainment, with two high school buddies. In its first year Rawkus did \$500,000 in revenues. This year, part of the News Corp. family, it will do \$2.5 million and turn a small profit.

Why didn't he go work for News Corp. right away? "I avoided this company because I wanted the opportunity to have a track record of starting a business where you are not the boss' son," says Murdoch. But he

makes it clear that he had no reluctance about working for News Corp. "Information is the most valuable commodity in the world today, and this business is about giving people access to information that is relevant to their lives. I can't think of a more fun place to work."

LACHLAN MURDOCH

"You should talk to my brother about that, he's a lot smarter than I am," the 26-year-old says when asked a question about data delivery through satellite television systems. That's a bow to brother James' techno-savvy.

For now, however, Lachlan looks to be the first among equals. He took over the News Corp. operation in Australia in the summer of 1997 and was named heir-apparent to the throne a few months later.

When Lachlan took the job, he gave himself three goals: clean up the pay TV mess that was killing News' Foxtel cable service there, repair the damage done by a botched effort to launch a professional rugby league and improve circulation and profits at the newspaper group.

So far, he's two for two. In February the National Rugby League began its first season of competition, with its headquarters on the new Fox Studio lot in Sydney. Foxtel still has a steep hill to climb, but Lachlan negotiated a deal shrinking movie content costs by 62%.

The newspaper group still needs



STEVEN BOLJANS

As Disney struggles to integrate Capital Cities/ABC amidst a flood of departing executives, and Time Warner management has been coping with squabbling, faction-ridden divisions, Murdoch, the news junkie, has been free to concentrate on developing the news and entertainment content that is his ultimate product.

Murdoch's hand is everywhere. He may never choose the topics for *Tao's Teatime*, but he did have the Fox affiliate yank a CNN feed in the early days of the network. It was a not-so-subtle jab at media enemy Ted Turner. A few years later he snubbed a newer foe, Andrew Neil.

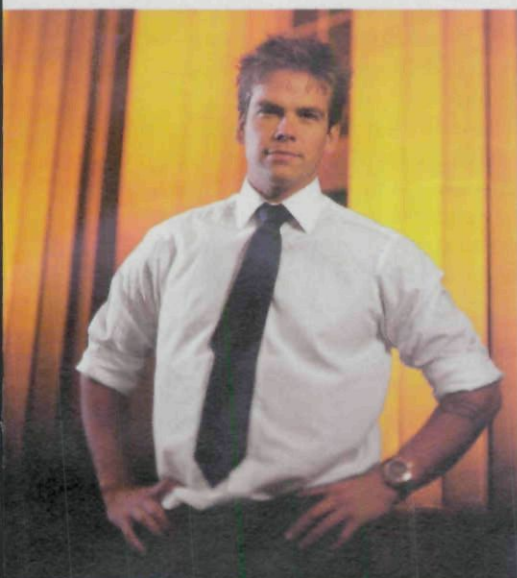
Neil, then editor of the *Sunday Times* of London, left a successful tenure at the paper to produce a magazine show that was to air after Fox football games on Sunday nights. Murdoch refused to air it, igniting a war with Neil that still rages today in books and newspaper columns.

"Andrew came here happily and made himself not only executive producer but also the star of the show," Mur-

doch says, his voice rising in amused annoyance. "But there was no interest in America for a guy with a funny accent telling them what's wrong with this country. He has this theory that I fired him. I never did, but I should have."

If Murdoch talks like an old-fashioned boss, that's because he is. The Murdoch clan owns just 24% of the common stock but almost 40% of the voting shares; many of his deals were financed with nonvoting preferred stock to avoid booking too much debt.

When he started 45 years ago, Murdoch inherited from his father, famed Australian newspaperman Keith Murdoch, a controlling interest in the *Adelaide News*, a daily out in what was then the end of the world. But love for the homeland never got in the way of business. In the late 1970s Murdoch moved to New York to be closer to the action, and on Sept. 4, 1995 he forfeited his Australian citizenship so he could own American TV stations.



JON LOVE

Mogul in training. "It's not rocket science. It's understanding what sells."

work. Earnings will be depressed this year by the cost of new press equipment, a redesign and the launch of a new Sunday magazine. But the hope is this will all pay off next year.

Murdoch, a Princeton philosophy graduate, maintains a charming humility. His Sydney office is large but sparse. On his desk are stacks of music CDs, a book of quotations, a dictionary and a Bible for occasional lunchtime reading; Lachlan is not especially religious, but he thinks the stories contain good lessons. Photographs of his father and grandfather, a distinguished Australian journalist and WWI war correspondent, hang across the room.

"My responsibilities are to get Australia right and get our stats here in order," Murdoch says. "That sort of takes up all my time right now. I don't spend much time worrying about the future."

ELISABETH MURDOCH

She is known as the ambitious child, the fast-moving, hard-driving broadcast executive, as striking as she is tough.

We tried hooking up with this 29-year-old mother of two in London, but were met instead by a scribbled note reading: "Can we cancel?"

Two weeks and a dozen or so calls later, *FORBES* snagged a half-hour with her while she made her way through London's clogged arteries to a late afternoon meeting.

"It's much overstated that there's been some grand world plan for News Corp.," she says. "We have really been much more opportunistic than that. One of our strengths is that we do not have multiple layers of management slowing us down."

Murdoch started her fast-moving career in 1990 at Channel Nine, a network owned by Rupert Murdoch's Australian rival, Kerry Packer. Her next job was as a program director at the Fox stations and later at the Fox channel in the U.S. She left in 1994 to buy two sleepy TV stations in central California for \$31 million, which she ran with her husband.

Eighteen months later, after a

tumultuous reign, they sold the stations for \$44 million. Recently split from her husband, Murdoch now handles programming at BSkyB.

Last fall, seeking to silence public speculation about a possible battle for succession, Elisabeth walked into her father's New York office and told him that if Lachlan—the oldest male, unmarried and with no children—were his choice, she was fully on board.

The reality is murkier than that, she admits. "Clearly there will be a first among equals, but my brothers and I are really joined at the hip. That may actually make it easier for us to do what our dad does." —R.L. ■

Lean and mean: "We can turn on a dime and we have a will to win."

BARRY LEWIS / NETWORK - SABA



Like a gambler parlaying his winnings, Murdoch went for progressively bigger things—and almost went bust in the process. In 1991, with the U.S. in recession, interest rates high and News Corp. heavily indebted to buy *TV Guide* magazine, he nearly sank. For once he had overreached. The price was too high and *TV Guide* had peaked.

To make nice to his bankers, he jettisoned most of his U.S. magazine empire for \$650 million and had to dilute some of his precious equity ownership. He came out of it stronger than ever and only slightly chastened.

Murdoch still makes huge bets but he can better afford them. In 1991 News Corp. had \$8.8 billion in debt and just \$500 million in cash flow. Last year there was \$1.6 billion in cash flow to service \$8.5 billion in debt. Though he clearly overpaid for *TV Guide*, he has salvaged something from the deal. Last month he traded half of the magazine to United Video Satellite Group, 80% owned by John Malone's TCI. The Malone company owns Prevue Channel—an onscreen cable guide in 50 million homes that will mesh nicely with the TV programming magazine and give it a presence in the coming world of TV/PC convergence. Out of the deal Murdoch got \$800 million in cash and 40% of UVSG equity—now worth \$1.2 billion.

With his near-absolute control, and now solid balance sheet, Murdoch can take chances that a mere corporate type would hesitate at. When he first tackled Hollywood, there was much mirth in the film capital. Who does this fellow think he is? Just five years ago Twentieth Century Fox TV studio was a poor fifth among the five major studios. Today the studio challenges Warner Bros. as the top TV production house, with hits like *The X-Files*, *King of the Hill*, *Ally McBeal*, *Buffy the Vampire Slayer* and *Dharma & Greg*.

Titanic, the \$280 million (cost) film that critics predicted would sink the Fox studio's management team, will bring in at least \$400 million in profits to Fox, according to Prudential-Bache analyst Michael Mangan, and about \$275 million to partner Viacom. "What we feel is most undervalued in this company is our ability to create content," says News Corp. Chief Operating Officer Peter Chernin. "We get credit for distribution, but few people recognize what we have done on the creative side."

When he started the Fox network, almost nobody thought there was room for a fourth network. Today, the Fox network's revenues and cash are growing faster than those of any of its peers, though they've all been around from the earliest days of TV. Fox Kids Network, after just six years, is trading the top kids' ratings spot with Walt Disney's ABC. Fox Sports Net, a joint venture with Liberty Media, is making Disney's ESPN sweat (see box, p. 184).

Having pulled off these apparent gambles, Murdoch continues to take chances. News Corp.'s 18-month-old pay TV service in Latin America and 5-year-old service in Asia are still losing money. News Corp. has costly startups in sports, news and children's cable ventures in the U.S., and a potentially big investment in continental Europe.

In Los Angeles, Disney has been building a local sports franchise with its ownership of the Anaheim Angels base-

ball team and the Mighty Ducks of hockey. Murdoch did an end run on the Disney strategy by building two regional sports channels, buying the Dodgers and recently acquiring a stake in a new downtown sports arena with an option on the local basketball and hockey teams: more content for his cable network. Smiles Murdoch: "In the end, you'll see that ESPN will by no means be essential to cable operators. Fox Sports Net is. We have all the local rights."

"Sure, it could be argued that we're caught up in too many new operations," he admits, but goes on to point out that the time to grab a chance is when it presents itself. "Sometimes," he says, "you have to pay a high price for opportunity." It's a case of sacrificing immediate earnings for a longer-term buildup of asset values.

Here's a guy who clearly relishes the give-and-take of competition. Shown FORBES' recent story on Viacom's Sumner Redstone, Murdoch buries his nose in the magazine and then, after hesitating at first, picks apart Redstone's business model. "Too dependent on too few channels," he says; plus, the Blockbuster retail chain—which Murdoch once considered buying—is not out of the woods yet.

He forecasts tough times for Disney's cable efforts since it hiked subscription rates for its ESPN channel. He thinks Sony, his toughest content competitor in Asia, is hamstrung by committee management in Japan and offers little in the way of distribution to support its Asian networks.

Until the day he dies, Rupert Murdoch will remain controversial. His passion for work finally devastated his seemingly happy 31-year marriage to wife Anna, a novelist who is the mother of three of his four children and has long been one of his most trusted advisers. Their separation earlier this year hurt Murdoch deeply, but he simply continued working through the troubles, traveling several times to London, selling *TV Guide*, and recently visiting Asia to support his local operations. Anna Murdoch continues to sit on the News Corp. board.

After Rupert, what? Three of his children are News Corp. executives—Lachlan, Elisabeth and James—with oldest son, Lachlan, 26, the heir apparent. Since they were old enough to speak, recalls Lachlan, the family dinner talk was mostly business and politics. When Murdoch made his first trip to China, all the children went with him. Today, when the offspring talk together, it's almost entirely about business, says Lachlan.

If this be nepotism, it is demanding nepotism. "If Lachlan becomes a playboy, a drunk or loses the respect and confidence of the board, he will no longer be a candidate for the job," says Murdoch. "They all have to prove themselves every day."

Could News Corp. continue to be a family business after Rupert is gone? Quite possibly. And if it can't? "If this company were to be broken up," says Lachlan, "it would not be long before a good executive would start branching out all over again."

Which is exactly the point: Whether you view News Corp. as a going concern or just as a collection of valuable assets, it is arguably the hottest thing in mass media today.



(use your head)



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A cliché perhaps, but it's true: The rich just keep getting richer. And there are more of them. That's why we decided again to limit our list of billionaires to the richest 200 who are still earning it—or are working with what they've inherited. The poorest is worth \$1.5 billion. No



coupon clip-pers allowed. We've picked 10 of the 200 who aren't necessarily the

richest, but who we think are the smartest entrepreneurs of the group. And we have uncovered 18 rich and powerful heavy hitters from around the world—tycoons who aren't billionaires yet, but who do bear watching. Seventy of the bunch are Americans; Europeans number 52; Asians, 44. Net worths were calculated using stock prices and exchange rates from early May.

The World's Working Rich

Edited by Kerry A. Dolan

1. WILLIAM HENRY GATES III

U.S. Age 42.

Net worth: \$51 billion

The man: World's richest, if not its happiest.

The empire: Owns 22% of \$11.4 billion (sales) Microsoft.

The year: Started 1998 with a Belgian cream pie flung in his face. Suffered worse insult when Janet Reno and 20 state attorneys general slammed antitrust suits against Microsoft.

Good call: Invested \$1 billion in cable TV company Comcast. Nearly doubled investment in 12 months.

New venture: Moving into interactive television with \$425 million acquisition of WebTV Networks.

The verdict: While it looks like he's gunning for the world, he's more likely borrowing from chaos theory, throwing dollars at the ceiling, waiting to see which ones stick.

For fun: Writes code.

2. PRINCE ALWALEED BIN TALAL BIN ABDULAZIZ ALSAUD

Saudi Arabia. Age 41.

Net worth: \$13.3 billion

The man: Restless, probing investor with an eye for out-of-favor companies.

Nephew of the Saudi king.

The empire: Dizzying portfolio of mostly U.S. and European blue-chip stocks, including Citicorp, News Corp., TWA and Euro Disney.

The year: Bottom fishing in Asia, spent \$150 million on Daewoo Corp. convertible bonds, \$50 million on Hyundai Motor convertibles. Took stake in satellite network venture Teledesic for \$200 million.

Good call: Spent \$590 million on Citicorp convertible stock in 1991, when stock was \$16. With shares at \$156, stake now worth \$6.2 billion.

For fun: Exercise fanatic. While traveling, schedules time for walks, sometimes after midnight.

3. PHILIP F. ANSCHUTZ

U.S. Age 58.

Net worth: \$8.8 billion

The man: Native Kansan. Shuns publicity, photos.

The empire: Oil and gas, real estate, railroads, sports, and lately, high tech.

The year: Broke ground on \$300 million sports arena in Los Angeles for Lakers (basketball) and Kings (hockey) teams.

Good call: Spent \$55 million laying fiber-optic network along his rail lines. Took company public as Qwest Communications last June. Stake now worth \$6.6 billion.

New venture: Qwest just agreed to buy long distance provider LCI International for \$4.4 billion, making it the fourth-largest long distance company in the U.S.

4. HASSO PLATTNER

Germany. Age 54.

Net worth: \$6.9 billion

The man: One of five former IBM execs to start SAP in 1972, now world's fourth-largest software firm. Serves as cochairman and chief executive.

The empire: Owns 23% of SAP, whose profits and sales climbed 63% last year.

The year: Emerged unscathed and untainted from a lingering insider-trading investigation last year that had reached the upper echelons of SAP.

Good call: Responding to criticism that SAP software was too time-consuming to install and too complicated to run, spearheaded team that remedied problems.

For fun: Internationally competitive sailer. Golfs on partner Dietmar Hopp's course in Walldorf, Germany.

5. FRANCOIS PINAULT

France. Age 61.

Net worth: \$6.6 billion

The man: Leverage-loving Brittany-born entrepreneur. Addicted to acquisitions.

Reported by Jay Akasie, Katherine Bruce, Ashlea Ebeling, John Gorham, Stephan Herrera, Peter Kafka, Naazneen Karmali, Paul Klebnikov, Luisa Kroll, Dolores Lataniotis, Philippe Mao, Kazumi Miyazawa, Katarzyna Moreno, Shailaja Neelakantan, Peter Newcomb, Juliette Rossant, Dolly Setton, Carrie Shook, Cristina von Zeppelin, Caroline Waxler and Neil Weinberg. Additional research by Cynthia Crystal and Nicholas Costalas.

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