

Tiger's Next Trophy: Billionaire

Andrew Farrell and Tom Van Riper 07.09.08, 6:00 AM ET

After Tiger Woods won the U.S. Open last month, one golfer said "he beat everybody on one leg." It's an exaggeration, but only a slight one. Woods won despite playing with a torn ligament in his left knee.

Surgery and recovery will sideline Woods for the rest of this year's golf season. Although it might be difficult for the legendary competitor to stay on a hiatus. Even with the knee injury (and barring a catastrophe), Woods will become the world's first billionaire athlete in the next few years.

In Pictures: Tiger's Road To A Billion

Woods is on track to pass \$1 billion in career earnings by 2010. Becoming a billionaire--that is, having a net worth above \$1 billion--will take a lot of money, and endorsement money is eaten up by taxes and management fees--we estimated 45%. We also credited Woods with annualized investment returns of 15%.

From 1996 (the year Woods turned pro) to the present, we based his earnings on estimates from Forbes' Celebrity 100 list. In 2007, we estimated his earnings at \$100 million, runner-up David Beckham.

Based on those criteria, we project Tiger Woods should join our list of the world's billionaires in 2011.

It will be an unprecedented occurrence. There are plenty of billionaires who have excelled at sports, like Switzerland's richest man and champion skier, and other billionaires who accumulated their fortune by playing sports. A representative for Woods did not respond to a request for comment.

A billionaire Tiger would also be unique for earning his money through paychecks. If a billionaire didn't inherit his or her money, he or she typically earns it through a soaring valuation: Think Bill Gates. He didn't make his billions from his Microsoft salary, but from all the stock he owned.

Woods is poised to become a very unique billionaire because of his tremendous earning power. This is based, first and foremost, on Woods' record. His last win was his 14th major championship. He's only 32, and is quickly approaching Jack Nicklaus' record of 18 major career wins.

His list of accomplishments keeps going. Woods, a golf prodigy as a child, is the youngest golfer to achieve a career Grand Slam. He won 50 PGA titles. He's been the PGA Player of the Year nine times, another record.

Prize money only accounts for about one-tenth of Woods' earnings. The remainder comes from lucrative endorsement deals. This is another record for Woods--he's not just an excellent player; he's an exceptionally popular and marketable one.

Television ratings for golf tournaments increase by nearly a third when Woods is playing. "He has brought a new level of interest and fans to the sport," says Scott Sanford, a senior director at the marketing company Davie Brown Talent.

Nike Golf is the most prominent example of Woods' selling power. When Nike signed Woods to an endorsement deal in 1996, it didn't have a major endorsement deal. Woods was at the center of its marketing push. Last year, Nike Golf posted over \$600 million in sales. It is now the biggest golf apparel company in the world.

"He built Nike Golf," says Sanford. "When you show the best golfer in the world using certain balls, irons, apparel--viewers want to use the same brand at the rate he did."

That selling power is why Woods also has big deals with Accenture, Buick and Gillette. Gatorade recently launched a new line of drinks called Gatorade Zero. Woods is in endorsement contracts this year alone. Over the course of his career, he's earned more than \$750 million from such deals.

Just how far might Woods climb up the ranks of the world's billionaires? It's difficult to tell. Common risks for athletes include divorce and injury. Woods' investment manager who works with about two dozen professional athletes.

Retirement would also have an effect. Even though Woods is the best in the world, and golfers have exceptional longevity as pro athletes, there are other factors.

"After all the records are broken, what else is there?" asks Alan Lancz, president of Alan B. Lancz & Associates. "I've seen that with athletes, there are other priorities, like family."