Steve Jobs Is Back in the Saddle Again, Becoming a Billionaire in Pixar IPO

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After a decade in limbo, Steve Jobs has hit the big time again.

Mr. Jobs has been trying to repeat his enormous success as co-founder of Apple Computer Inc. ever since his forced departure from the personal-computer giant in 1985. As of yesterday, the mission was finally accomplished: His **Pixar Animation Studios**, the creator of the hit **Walt Disney** Co. movie "Toy Story," went public at $22 a share, roared to $46 on the opening trade and finished in Nasdaq Stock Market trading at $39 a share. Pixar's underwriters initially valued the company at $12 to $14 a share.

The feverish trading, reminiscent of the initial public offering this summer of Netscape Communications Corp., the Internet software company, made Mr. Jobs a billionaire. To be exact, his 80% stake in Pixar is valued at $1.1 billion this morning.

Just months ago, no one anticipated this kind of windfall for Mr. Jobs. He was forced out of Apple in a power struggle with his successor, John Sculley. Afterward, his main attempt to resuscitate his career and image focused on **Next Computer** Inc., an ambitious effort to become a power in high-end desktop computers. He was forced to shut down his computer line because of a lack of demand, and turned Next into an obscure software concern. Meanwhile, as a sideline, he bought Pixar in 1986 from movie director George Lucas for $10 million and poured an estimated $50 million more into computer-animation software. But little was known about the project because Pixar's first movie, "Toy Story," was kept under close wraps until last month by both Mr. Jobs and Disney.

While he was often way ahead of the market at Apple and Next, his timing of the Pixar IPO was perfect. "Toy Story" was the No. 1 movie for Thanksgiving weekend, taking in $40.4 million through Monday.

But as with Netscape, there are plenty of analysts who think the market's valuation of Pixar, at a total of $1.46 billion, is a sign of investors gone mad. Disney will get 80% to 90% of the revenue from "Toy Story," and has locked Pixar into a three-picture deal through at least 1999 that promises to be a lot more rewarding for Disney than Pixar. In an interview prior to the offering, Mr. Jobs likened Pixar's arrangement with Disney to a very expensive learning experience, like a student going to an elite college for four years.

In the movie business, there is no guarantee that Pixar's next movie will be a hit. Moreover, its technology doesn't give it much of a lead over larger competitors. Computer-animated features are planned by both Disney and **DreamWorks SKG**, the new studio formed by Jeffrey Katzenberg, Steven Spielberg and David Geffen.

Still, the success of "Toy Story" will give Pixar a modest bonanza in addition to the $132 million grossed in the offering. Pixar, based in Richmond, Calif., could earn as much as $1 a share if the movie grosses $150 million, giving it a price-earnings multiple of about 39 to 1 today. For a technology company, that's not outlandish. For a movie-production company, who knows?