

Those Who Tied Fortune to GeoCities Yell Yahoo! All the Way to the Bank

By Kara Swisher Staff Reporter of *The Wall Street Journal*

Jan. 29, 1999 12:01 am ET

Last spring, Thomas R. Evans was nervous about leaving his longtime job at the top of a powerful Manhattan media company for an Internet start-up near the beaches of Southern California. So he talked to his boss, real-estate and publishing tycoon Mort Zuckerman.

"I was wondering if this whole Internet thing was real and sustainable," says Mr. Evans, then publisher of the Atlantic Monthly and U.S. News & World Report. "I wanted his blessing in a way."

Virtual Payoff

Mr. Evans got Mr. Zuckerman's nod -- and a lot more. You know the drill by now (though it may not be getting any easier to hear). He became chief executive officer of GeoCities, an electronic casbah of about 3.5 million Web sites, and helped lead its initial public offering last summer. Then Thursday, Yahoo! Inc. agreed to buy the young company for about \$5 billion in stock. It means the value of Mr. Evans's stock options soared by 65% Thursday to a dizzying \$200 million.

That's some kind of money for nine months' work. After you're done banging your head on a wall, consider that members of the new financial elite in Silicon Valley are being created in less time than it takes for a kid to finish his first-grade year. That puts oil, real estate and finance magnates to shame. Mr. Zuckerman, for example, spent a lifetime building his \$1 billion financial empire.

WSJ NEWSLETTER

Notes on the News



The news of the week in context, with
Tyler Blint-Welsh.

- ☒ I would also like to receive updates and special offers from Dow Jones and affiliates. I can unsubscribe at any time.
- ☐ I agree to the [Privacy Policy](#) and [Cookie Notice](#).

Enter your email

SIGN UP

Asked how he was doing Thursday, Mr. Zuckerman says: "Not as good as Tom Evans."

Mr. Evans, who commutes between GeoCities' Marina Del Rey, Calif., headquarters and his home in New Canaan, Conn., is quick to point out the ephemeral nature of his wealth. He must wait six years for his options to be fully vested. And his net worth could evaporate if Yahoo's highflying stock sinks.

"It does not seem real, because it is not real, because this is based on the long term and is dependent on where this whole industry is going," says Mr. Evans, 44 years old. "Anyone coming into this industry assumes a certain amount of risk because no one really knows how it is all going to turn out."

Litany of Lucre

It has turned out well so far for the new moguls at GeoCities. According to public filings the company made last summer, the biggest individual winner is co-founder and Chairman David Bohnett, 42, who owns about three million shares outright, now worth \$367 million, based on Yahoo's closing price Thursday. Mr. Bohnett insists he is overlooking that bit of extra money. "I do not see this as a financial event," he says. "And we did not start this company with money in mind."

Chief Technical Officer John Rezner, 35, who worked nine years for aerospace company McDonnell Douglas Corp. before co-founding GeoCities, holds 827,000 shares worth \$103 million.

The management team that came in with Mr. Evans last year -- taking over from Mr. Bohnett to help with the IPO -- is also well-situated. Chief Financial Officer Stephen Hansen, 42, who formerly held the same position at Universal Studios Hollywood, has

prices. Michael Barrett, 36, advertising vice president and former online executive with Walt Disney Co., has options for 280,000 shares, worth about \$34.9 million.

There are, of course, all kinds of gnashing of teeth over whether the Internet entrepreneurs deserve such riches. But obtaining great wealth through luck or artful maneuvering is nothing new in American business history. Take the stock manipulators of the 1890s and the leveraged-buyout artists of the 1980s. It may be some consolation that GeoCities' founders can claim that they developed something that is used by many people. In its December Web-traffic report, research firm Media Metrix says the "GeoCities.com" Web site ranked third, behind America Online Inc. and Yahoo, with nearly 19 million different visitors.

Mr. Bohnett says the company was born from a "passion for giving people a chance to speak up." Founded in 1994, GeoCities was one of the first Web-based communities, where users post individualized sites to express themselves.

Dubbed "homesteaders," these customers create the bulk of the content on GeoCities. Their Web pages are organized into "neighborhoods" of personal interests and hobbies, such as personal finance or motorcycles, and monitored by a network of volunteers.

"My goal was to stake out a broader territory and create a community of interests, just in the same way Yahoo was helping people find their way around the Web," says Mr. Bohnett, who led the company in a variety of top jobs, including chief financial officer, CEO and president. "Then we were going to monetize that base of users as the business model emerged."

That model for profitability hasn't yet arrived, in part because the company spends heavily to increase its market share. Thursday, it announced a net loss for last year of \$18.2 million on revenue of \$18.4 million.

Mr. Evans, a dark-haired man with a preppy demeanor and razor wit, has plenty of experience building businesses. He worked his way up in Mr. Zuckerman's organization from sales and advertising jobs, and eventually served as president and publisher of several magazines.

After being approached several times about new-media positions, Mr. Evans says he decided to jump to GeoCities when the importance of the Internet became clear to him. "I

think that by the time I really took a look at it, the whole sector had matured and gotten really interesting for those of us in the traditional media companies," he says.

While Mr. Evans is loath to discuss the valuations of Internet companies, his former boss Mr. Zuckerman doesn't dodge the opportunity to be philosophical about Web mania.

"It's like they said in high school: 'Boys will be boys and girls will be girls,' " Mr. Zuckerman says. "I don't want to change anything, I just want to get in on it."

Copyright © 2021 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <https://www.djreprints.com>.