

AOL close to selling Bebo to private investment firm

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AOL, the once high-flying Web company, is close to selling the social networking site Bebo to a California-based private investment firm, The Wall Street Journal reported Wednesday.

The newspaper, citing "people familiar with the matter," said exact terms of the deal were not available but the selling price is a "small fraction" of the 850 million dollars AOL paid for Bebo two years ago.

US technology blog TechCrunch, citing an unidentified source close to AOL, said it was selling Bebo for "10 million dollars or less."

The Journal identified the buyer as Criterion Capital Partners of Studio City, California. It said the firm specializes in turning around companies with revenue between three million dollars and 30 million dollars.

There was no immediate reply from AOL to an email from AFP or a voicemail left at Criterion.

An AOL executive said in a memo to employees in April that the company plans to sell or close Bebo this year.

"Bebo, unfortunately, is a business that has been declining and, as a result, would require significant investment in order to compete in the competitive social networking space," said Jon Brod, executive vice president of AOL Ventures.

"AOL is not in a position at this time to further fund and support Bebo in pursuing a turnaround in social networking," Brod said.

Bebo has been a leading social networking site in Britain, Ireland, New Zealand and other countries but has been steadily losing ground to other services such as [Facebook](#) and [MySpace](#).

AOL, formerly known as America Online, merged with Time Warner in 2001 at the height of the dot-com boom in what is considered one of the most disastrous mergers ever.

AOL, whose properties include online map service Mapquest and technology blog Engadget in addition to [Bebo](#) and other sites, was spun off by Time Warner in December into an independent company.

Tim Armstrong, a former [Google](#) executive, has embarked on an aggressive round of cost-cutting since taking the reins at AOL a year ago and has said he plans to refocus the company on "content, ads and

communications."

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