

# AT&T to sell most of Yellow Pages to Cerberus

April 9 2012, By PETER SVENSSON , AP Technology Writer

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(AP) -- AT&T Inc. on Monday said that it had agreed to sell a majority stake in its Yellow Pages business to the private-equity firm Cerberus Capital for \$950 million.

The sale is part of AT&T's strategy to jettison shrinking parts of its business to focus on growing ones, particularly wireless. Revenue from the Yellow Pages business has shrunk 30 percent in two years, as consumers turn to the Web instead of phone books.

Phone books were once a cash cow, generating reliable profits as businesses paid for ads that were right under consumer's finger tips as they were looking for local stores and services. Even with the steep revenue decline, AT&T's Yellow Pages unit has been profitable before impairment charges for the last three years.

AT&T, the country's largest phone company, is following in the footsteps of Verizon Communications Inc., the second-largest, in cutting its exposure in the phone book business. Verizon spun off its directories business to shareholders in 2006, only to see it file for bankruptcy three years later.

Cerberus is paying AT&T \$750 million in cash and a \$200 million note, plus a 47 percent stake in YP Holdings LLC which will oversee the [business](#).

The sale affects 8,400 employees, and is expected to close mid-year.

AT&T said it expects it to have a minimal effect on this year's earnings.

Dallas-based AT&T shares fell 15 cents to \$30.79 in morning trading Monday.

The assets being sold include the printed Yellow and White Pages, websites like Yellowpages.com and mobile app. Together, they generated revenue of \$3.3 billion last year, about 3 percent of AT&T's overall revenue.

The sale excludes the recently formed AT&T AdWorks, which sells advertising offerings across online, mobile and TV.

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