



Local Insights

REPORT

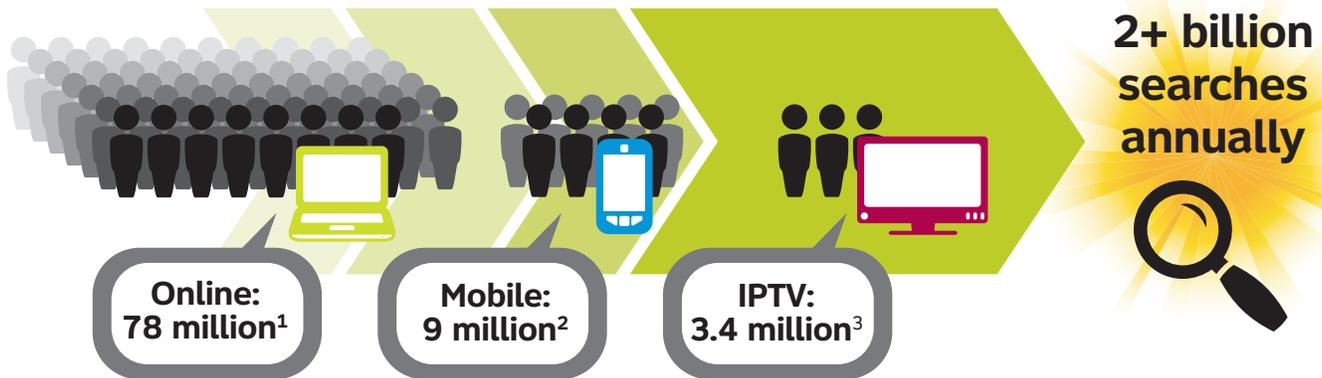


Q4 2011

The Local Insights report focuses on issues affecting the rapidly evolving local advertising ecosystem. It is based on data from AT&T Interactive's [YP] Local Ad Network.

Millions of consumers search locally every day

On the [YP] Local Ad Network, millions of unique visitors used various platforms to perform over 190 million searches in September 2011.



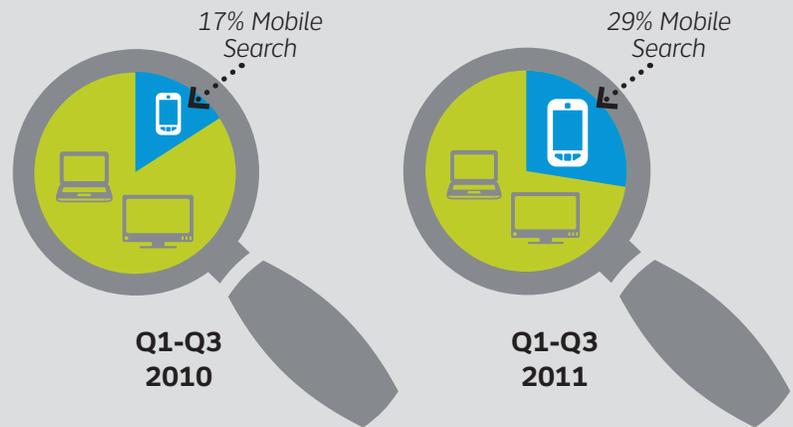
Sources: 1. comScore Media Metrix, AT&T Interactive Network (Online Search), September 2011; 2. Nielsen, Custom User-Defined Report, September 2011; 3. Total U-verse TV subscribers according to AT&T 3Q 2011 Quarterly Earnings Report; these three measurements of unique visitors represent potential reach across respective platforms on the [YP] Local Ad Network.

Top 10 Search Categories on the **YP** Local Ad Network:

1. Restaurants
2. Auto Repair & Service
3. Hotels
4. Pizza
5. Movie Theaters
6. Beauty Services
7. Attorneys
8. Physicians & Surgeons
9. Employment Agencies
10. Real Estate Agents

Mobile Search Penetration

Percentage of Searches by Platform (includes online, mobile and IPTV)



Across the [YP] Local Ad Network, mobile local search grew by 111% to make up nearly one-third of all local searches in September 2011.

yp Local Ad Network



- 2+ billion searches annually
- 78 million monthly unique visitors
- 17 million listings
- Over a half-million advertisers*
- 5,000+ sales force**

*Includes advertisers from cross-distribution relationships
**AT&T Interactive products are supported by a 5,000+ sales force from AT&T Advertising Solutions and other resellers.

What are local searchers searching for?

The Restaurants category, the top-searched category across the 2+ billion online and mobile searches on the [YP] Local Ad Network, increased by 292%. Most of that growth came from mobile searches, which grew 569%.

Consumers are increasingly using mobile phones to satisfy local needs.

Across the [YP] Local Ad Network more people recognized the convenience of having a mobile search platform at their fingertips for immediate needs like transportation.



Online Search Growth Rates



Restaurants



Auto Service



Hotels



Mobile Search Growth Rates



Restaurants



Taxis



Hotels



Fun Facts

It's easier to search on a mobile phone rather than a computer while walking your dog. Interestingly, the Pet Store category grew 302% on mobile devices across the [YP] Local Ad Network.

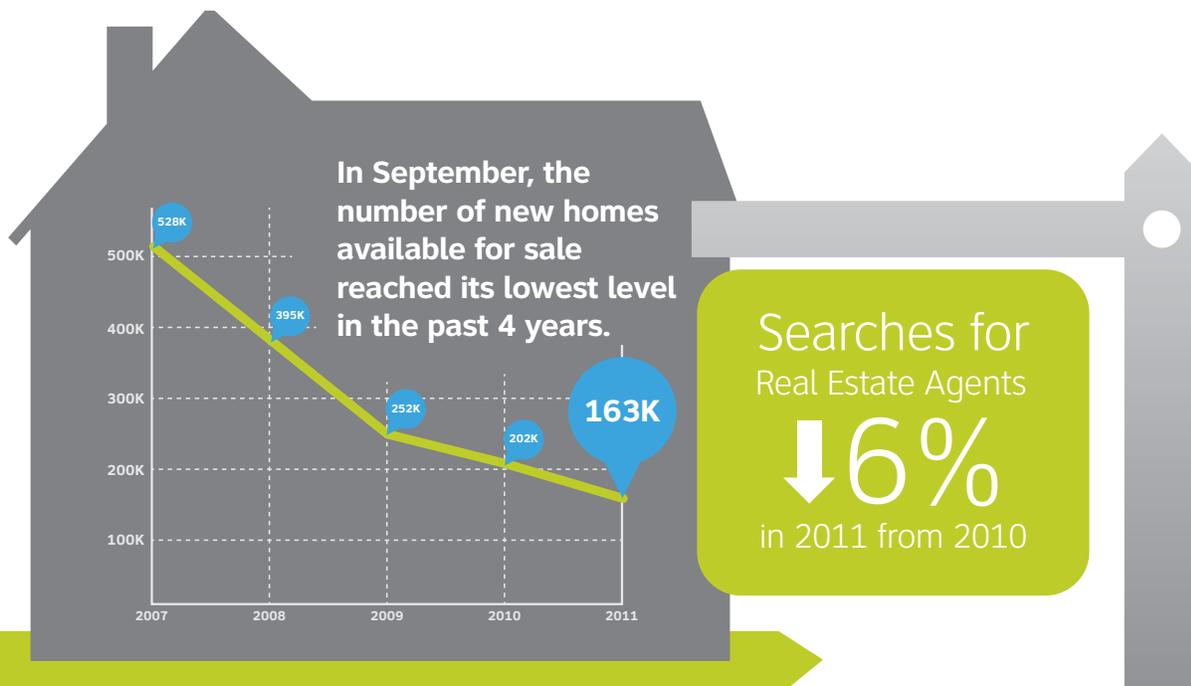
Sign of the economic times

According to the September 2011 US Bureau of Labor Statistics Report, the unemployment rate has grown to an average of 9.1% nationwide. This may be a reason for the surge in Employment Agency category searches, which grew 93% across all platforms on the [YP] Local Ad Network.

9.1% of labor force unemployed



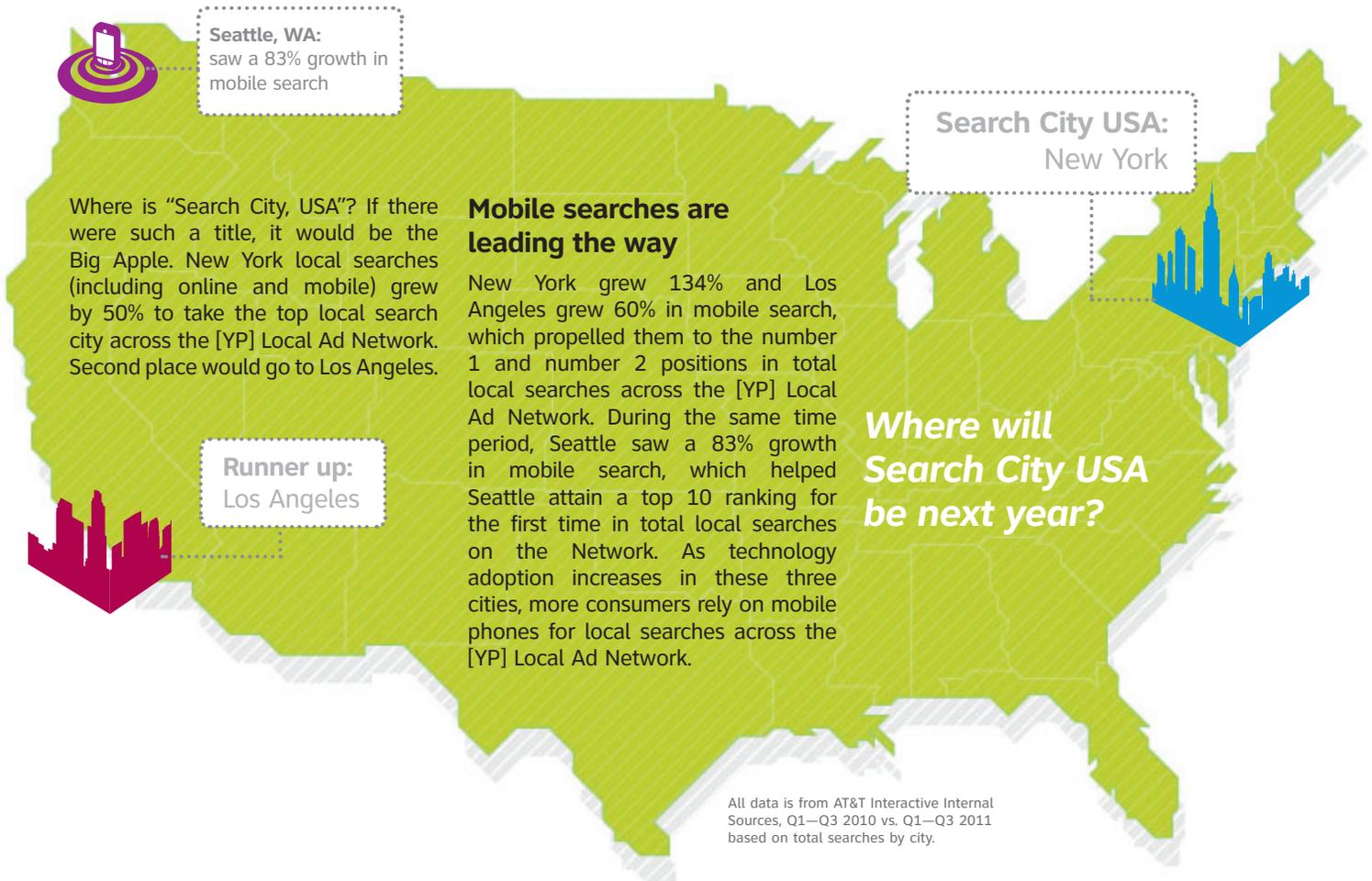
Another indicator of economic health is the housing market. The number of new homes available for sale nationwide fell to 163,000 at the end of September 2011, so it is not surprising that searches in the Real Estate Agents category on the online [YP] Local Ad Network are down 6%.



Source: U.S. Department of Housing and Urban Development Report, October 2011

All data is from AT&T Interactive Internal Sources, Q1—Q3 2010 vs. Q1—Q3 2011 based strictly on category searches.

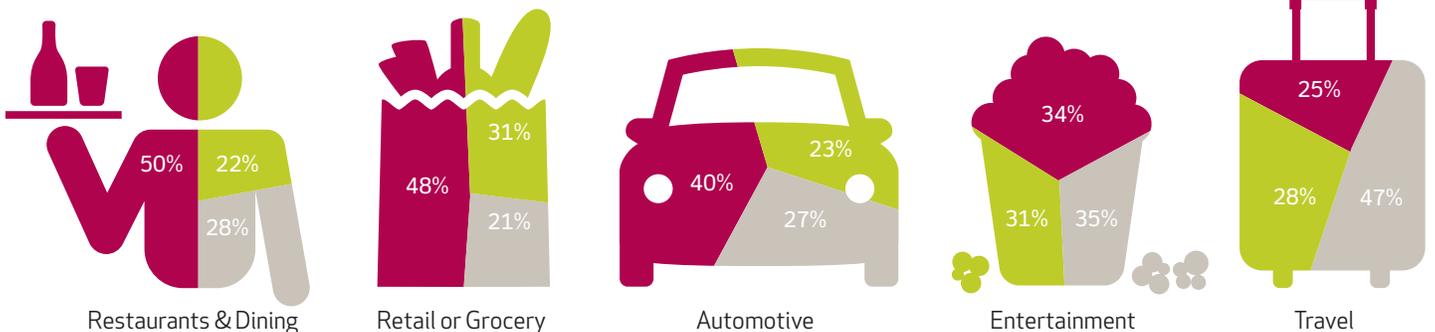
Where are they searching?



Searches Happen While People Are Mobile

In a recent study of local mobile searchers commissioned by AT&T Interactive, Nielsen discovered that 50% of searchers looking for Restaurants and Dining performed the search from their cars. The study also found that 25% of Travel related searches were made in the car.

■ In the car ■ At home ■ Other



What ad categories are consumers clicking?

Top 10 Categories Clicked:



1. Restaurants



2. Auto Parts & Supplies



3. Lodging



4. Financial Services



5. Beauty Services



6. Auto Repair & Service



7. Automotive Sales



8. Physicians & Surgeons



9. Building Contractors

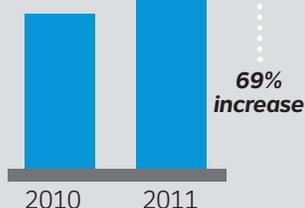


10. Pet & Animal Services



17. Home & Garden

Clickthrough Rate Increase

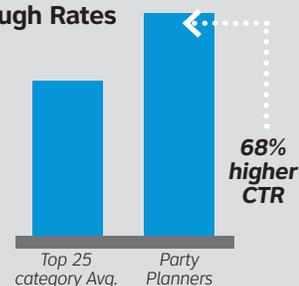


As the ads on the [YP] Local Ad Network increase in relevancy, clickthrough rates have grown an average of 39% for the top 25 categories. The clickthrough rate of the 17th ranked Home & Garden category grew 69%, the highest level of growth of the top 25 categories.



22. Party Planning

Clickthrough Rates



Party Planning ranked 22nd in the top categories clicked and obtained clickthrough rates 68% higher than the top 25 category average. Data suggest that consumers are clicking more to find additional relevant information such as catering, rentals, locations, decorations and entertainment.

Did You Know

The categories with the highest clickthrough rates are not necessarily the same as the top-searched. The Tailors & Alterations, Stadiums & Arenas and Places of Interest categories are among those with the highest clickthrough rates, however, none of these categories are also in the top searched.

All data is from AT&T Interactive Internal Sources, Q1—Q3 2010 vs. Q1—Q3 2011. Top 10 categories clicked are the categories most clicked across the [YP] Local Ad Network. The clickthrough rate is calculated by comparing the number of users who have clicked on an ad, over the number of times the advertisement has been displayed.

Local mobile on the move

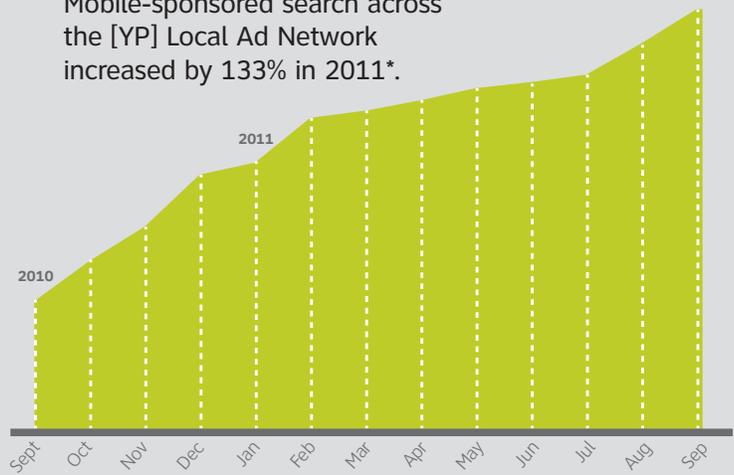
More advertisers are targeting local consumers, who are more likely to interact with advertising on their mobile devices.

Mobile Performance on the [YP] Local Ad Network

More than ever, consumers search on mobile phones...



Growth in advertisers using Mobile-sponsored search across the [YP] Local Ad Network increased by 133% in 2011*.



*Represents the growth of advertisers using the mobile sponsored search premium listing since its launch in 2010.

Did You Know

The most popular mobile operating systems for mobile search are Android and iOS (iPhone). These two mobile operating systems make up over 63% of all mobile searches.

Source: Nielsen Study: Understanding Local Mobile Search Behavior, Q2 -2011



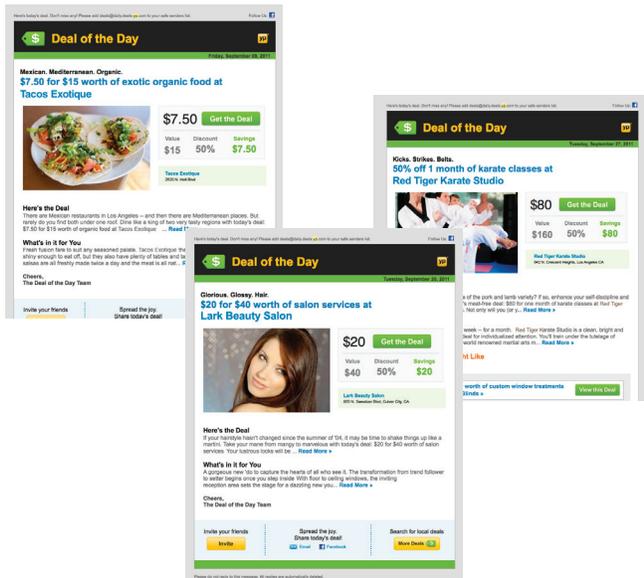
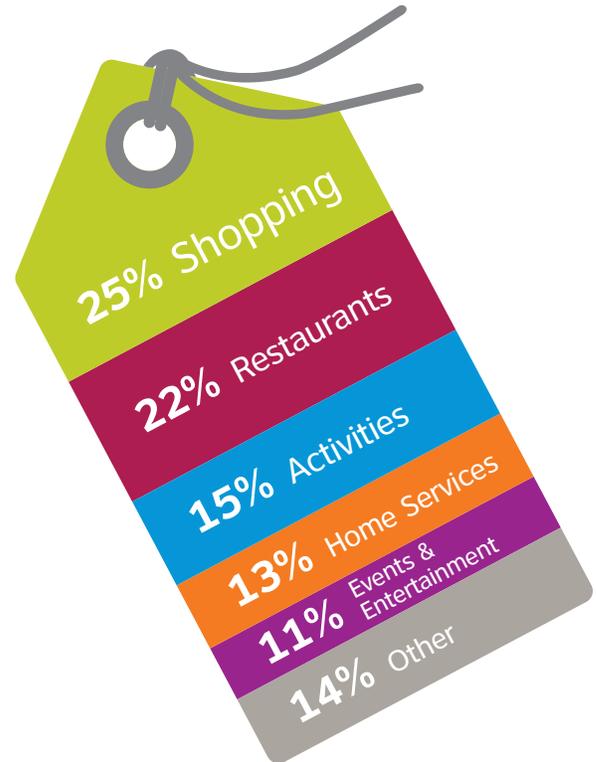
Clicks are a great starting point for advertisers, but calls are even better! An integral addition to the [YP] Local Ad Network, Pay Per CallSM, allows advertisers to maximize their advertising dollars with a performance-based advertising product they only pay for when they receive a qualified call from a consumer.

All data is from AT&T Interactive Internal Sources, Q1-Q3 2010 vs. Q1-Q3 2011, unless noted.

Categories purchased on Deal of the Day on YP.com

More people are signing up for deal programs to shop, find restaurants, and explore activities. The highest percentage of deal purchases on Deal of the Day on YP.com is for the Shopping category. Restaurants and Activities categories comprise the other top categories purchased.

The Top Categories purchased on Deal of the Day on YP.com are:



Did You Know

The daily deals market in the U.S. is estimated to be worth \$3.1 billion in 2011 and is predicted to be more than \$6 billion by 2013.

"Digital Deals: The Birth of a New Global-Local Market" by Greg Sterling, An Opus Research | Internet2Go report. July 2011

All data is from AT&T Interactive Internal Sources, September 2011, unless noted. Number of deals per category may have varied.

About AT&T Interactive

AT&T Interactive, a subsidiary of AT&T Inc., is an industry leader in creating products that help consumers discover and engage with local businesses across three screens - online, mobile, and IPTV. AT&T Interactive's wide range of local ad products such as premium listings, performance-based advertising, and search engine marketing provide advertisers an opportunity to increase their presence among consumers who are searching for a local business. The [YP] Local Ad Network helps advertisers grow their business and distributes ads to a distinguished list of top publishers whose presence spans online, mobile and IPTV. AT&T Interactive's [YP] Local Ad Network offers potential reach of over 78 million monthly unique visitors and 9 million unique visitors across its mobile search network. AT&T Interactive products are supported by over 5,000 sales and media consultants from AT&T Advertising Solutions, AT&T AdWorks, and other resellers. To learn more visit: www.adsolutions.att.com.



About AT&T Interactive Local Insights Reports

As an industry leader in local advertising with billions of searches across the fast-growing [YP] Local Ad Network, AT&T Interactive is uniquely positioned to provide valuable and comprehensive insights on key components of the local advertising landscape. AT&T Interactive's Local Insights Reports provide detailed assessments on the rapidly evolving local advertising ecosystem. For more information on AT&T Interactive, visit www.attinteractive.com.

