Fourth Quarter 2012 Earnings Summary



Cautionary Statement Concerning Forward-Looking Statements

This presentation contains certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 regarding business strategies, market potential, future financial and operational performance and other matters. Words such as "anticipates," "estimates," "expects," "forecasts," "intends," "plans," "will," "believes" and words and terms of similar substance used in connection with any discussion of future operating or financial performance identify forward-looking statements. These forward-looking statements are based on management's current expectations and beliefs about future events. As with any projection or forecast, they are inherently susceptible to uncertainty and changes in circumstances. Except as required by law, we are under no obligation to, and expressly disclaim any obligation to, update or alter any forward-looking statements whether as a result of such changes, new information, subsequent events or otherwise.

Various factors could adversely affect our operations, business or financial results in the future and cause our actual results to differ materially from those contained in the forward-looking statements, including those factors discussed in detail in "Item 1A-Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2011 ("Annual Report"). In addition, we operate a web services company in a highly competitive, rapidly changing and consumer- and technology-driven industry. This industry is affected by government regulation, economic, strategic, political and social conditions, consumer response to new and existing products and services, technological developments and, particularly in view of new technologies, the continued ability to protect intellectual property rights. Our actual results could differ materially from management's expectations because of changes in such factors.

Achieving our business and financial objectives, including improved financial results and maintenance of a strong balance sheet and liquidity position, could be adversely affected by the factors discussed or referenced in "Item 1A - Risk Factors" in our Annual Report as well as, among other things: 1) changes in our plans, strategies and intentions; 2) potential fluctuation in market valuations associated with our cash flows and revenues; 3) the impact of significant acquisitions, dispositions and other similar transactions; 4) our ability to attract and retain key employees; 5) any negative unintended consequences of cost reductions, restructuring actions or similar efforts, including with respect to any associated savings, charges or other amounts; 6) market adoption of new products and services; 7) our ability to attract and retain unique visitors to our properties; 8) asset impairments; and 9) the impact of "cyber-warfare" or terrorist acts and hostilities.

This presentation is not an offer to sell, or a solicitation of an offer to buy, any securities.

Non-GAAP Financial Measures: This presentation includes information regarding the historical financial performance of AOL through December 31, 2012 reflected in certain non-GAAP financial measures such as Adjusted Operating Income Before Depreciation and Amortization (Adjusted OIBDA) and Free Cash Flow. Reconciliations of these non-GAAP financial measures to the GAAP financial measures the Company considers most comparable are set forth herein.

Noteworthy Items

AOL Reports Revenue Growth for First Time in 8 Years

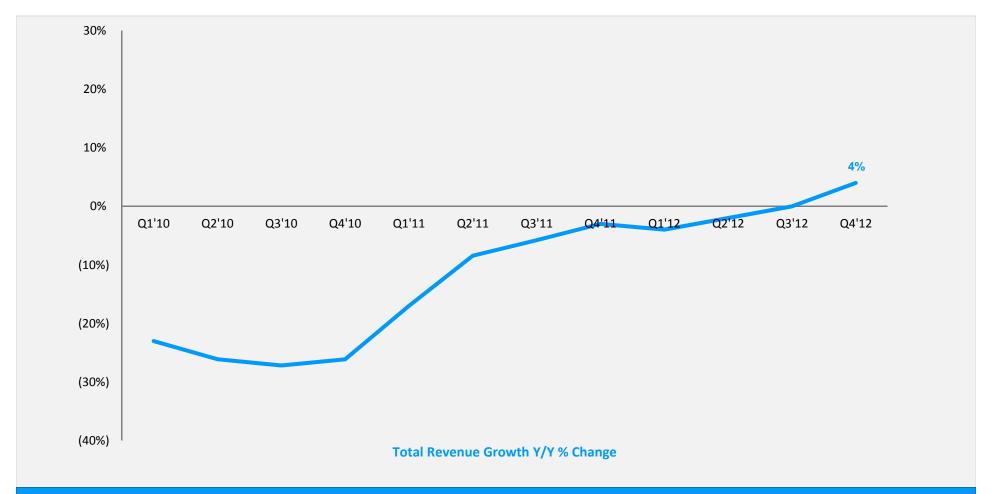
- AOL Returns to Full Year Adjusted OIBDA Growth in 2012
- AOL Operating Income Grows 24%
- AOL's 13% Global Advertising Revenue Growth Drives Total Company Revenue Growth
- AOL's Search Revenue Grows 17% Driven by Continued Growth on AOL.com
- o AOL's Subscription Revenue Declines 10%, Equaling Lowest Percentage Decline in 6 Years
- o AOL Properties Unique Visitors in Q4 Grew 6% Year-over-Year
- Diluted EPS of \$0.41 Compares to \$0.23 in Q4 2011
- AOL Paid a \$5.15 per Share Special Dividend Completing the Return of \$1.1 Billion to Shareholders
- AOL Reduced Common Shares Outstanding by 19% Year-over-Year as of December 31, 2012
- AOL's Board Authorizes the Repurchase of up to \$100 Million of Common Stock

Q4 Results at a Glance

Revenue, Profit & Cash Flow Trends Improving

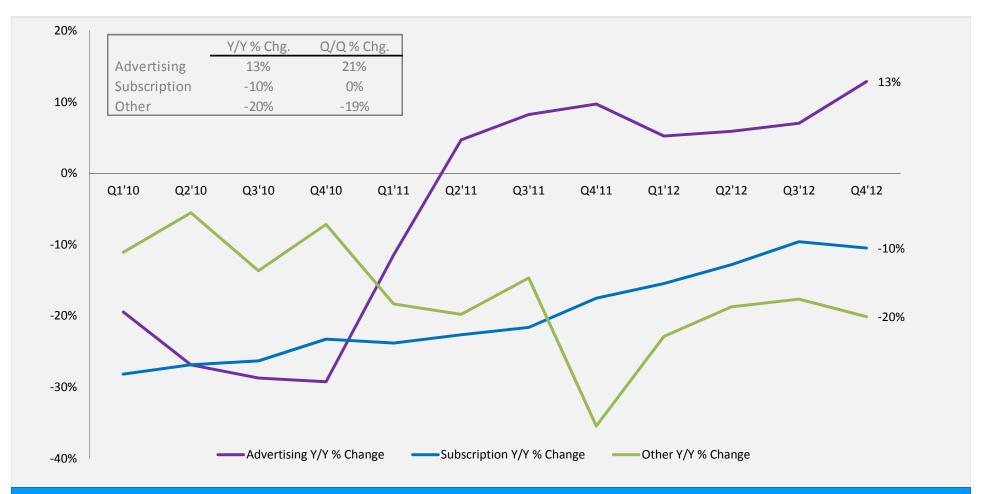
	Q4	Q4				
Metrics	2012	2011	Change	FY 2012	FY 2011	Change
Revenue						
Advertising	\$ 410.6	\$ 363.8	13%	\$ 1,418.5	\$ 1,314.2	8%
Global Display	169.8	170.6	0%	575.4	573.4	0%
Search	103.6	88.4	17%	371.5	357.1	4%
AOL Properties	273.4	259.0	6%	946.9	930.5	2%
Third Party Network	137.2	104.8	31%	471.6	383.7	23%
Subscription	174.2	194.6	-10%	705.3	803.2	-12%
Other	14.7	18.4	-20%	67.9	84.7	-20%
Total Revenue	\$ 599.5	\$ 576.8	4%	\$ 2,191.7	\$ 2,202.1	0%
Adjusted operating income before depreciation and amortization	\$ 123.3	\$ 133.1	-7%	\$ 412.6	\$ 408.7	1%
Operating income	\$ 68.2	\$ 54.8	24%	\$ 1,201.9	\$ 45.8	NM
Net income attributable to AOL Inc.	\$ 35.7	\$ 22.8	57%	\$ 1,048.4	\$ 13.1	NM
Diluted EPS	\$ 0.41	\$ 0.23	78%	\$ 11.21	\$ 0.12	NM
Cash provided by operating activities	\$ 76.7	\$ 99.6	-23%	\$ 365.6	\$ 296.0	24%
Free Cash Flow	\$ 46.3	\$ 72.6	-36%	\$ 245.1	\$ 164.7	49%
Cash and Equivalents	\$ 466.6	\$ 407.5	15%	\$ 466.6	\$ 407.5	15%
Basic Weighted Average Shares Outstanding	83.7	97.1	-14%	91.1	104.2	-13%
Diluted Weighted Average Shares Outstanding	88.1	98.6	-11%	93.5	106.0	-12%

AOL's Total Revenue Trends Continue to Improve AOL grew revenue for the first time in 8 years in Q4'12



AOL returned to revenue growth in Q4 2012 and expects to grow full year revenue in 2013

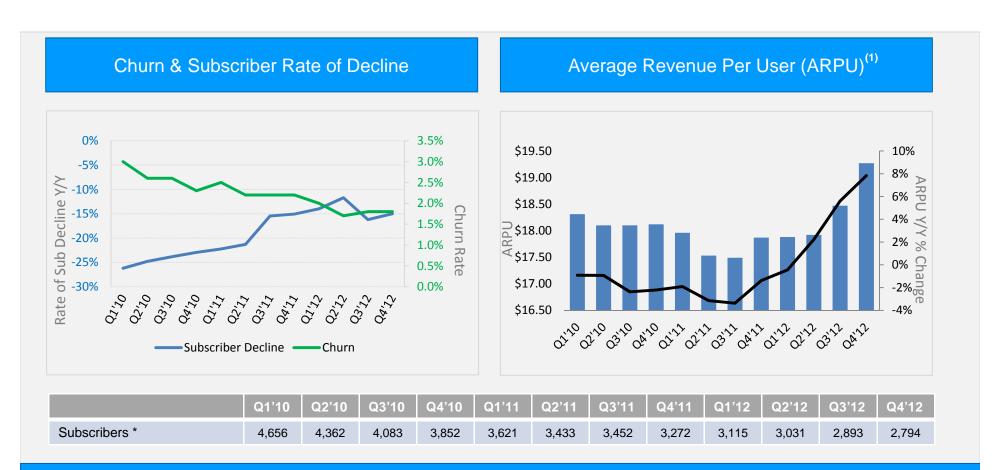
AOL's Revenue Trends Have Improved Significantly All revenue trends improved Q4 2012 vs. Q4 2011



Advertising revenue growth and continued improvements in subscription revenue trends enabled AOL to return to total company revenue growth in Q4 2012

AOL Subcriber Trends Continue to Improve

Subscriber decline & churn rates remain historically low

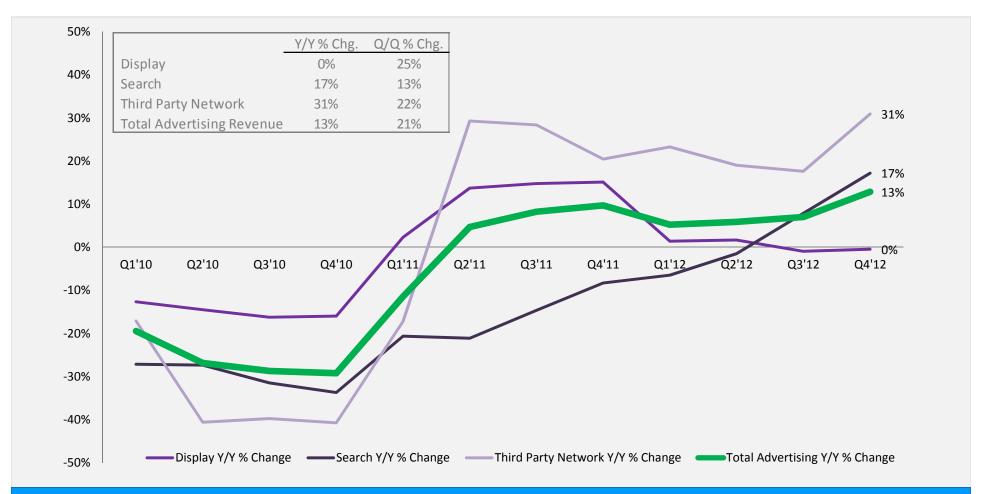


Subscription revenue trend improvements continue, which have a meaningful impact on current and future cash flows

^{*}Domestic AOL-brand access subscribers

Please see page 18 for end notes.

AOL Advertising Revenue Trends Continue to Improve Advertising Revenue has grown for 7 straight quarters



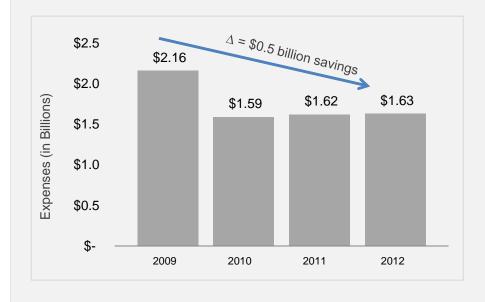
All advertising revenue lines are now growing or on the verge of growth.

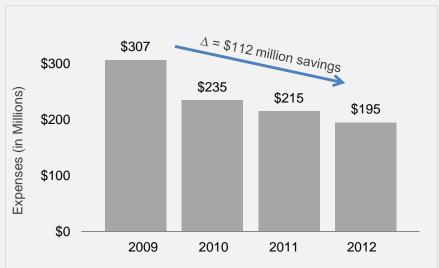
AOL is focused on growing all lines in 2013

AOL has a Track Record of Expense Reduction AOL has extracted \$0.5B in expense savings since 2009

Adjusted OIBDA Expenses (ex-Patch)

Impact of "Corporate & Other" on AOIBDA



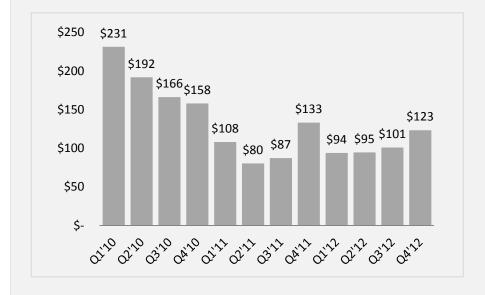


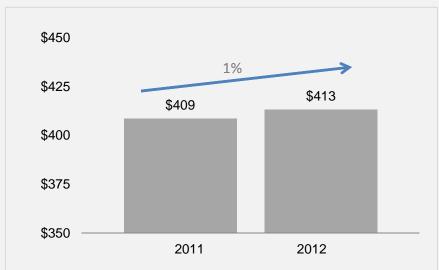
Expense reductions have come even while AOL has invested in its businesses for future growth

AOL's Adjusted OIBDA Trends Continue to Improve AOL grew full year Adjusted OIBDA in 2012

Adjusted OIBDA by Quarter

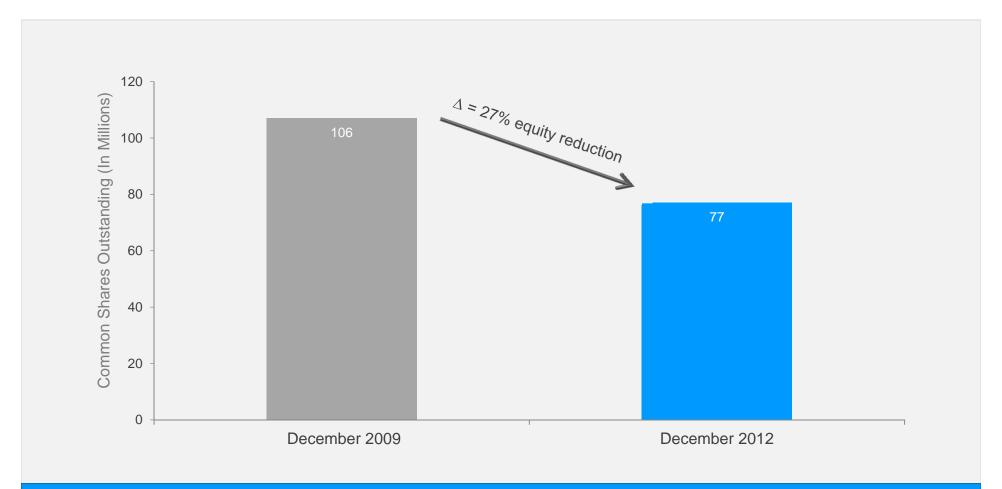
Full Year Adjusted OIBDA





AOL returned to Adjusted OIBDA growth in 2012, a year before it initially expected it would and communicated to investors at our investor day in June 2011

AOL Has Significantly Reduced its Equity Base AOL reduced common shares outstanding by 27%



AOL believes that shrinking equity at attractive prices in advance of revenue and profit growth is good for the company and good for shareholders

AOL Has Begun Reporting in Three Segments

Segment reporting improves transparency

Brand Group	Membership Group	AOL Networks	Corporate & Other*
AOL.com	AIM	ADTECH	Global business support costs
AOL Autos	AOL Mail	Advertising.com	Non-core operations
AOL Music	Subscription Services	AOL On	AOL Ventures
DailyFinance	Related search revenue	goviral	
Engadget	Other	Pictela	
Games.com		Sponsored Listings	
Huff Post Live		Other	
Huffington Post			
KitchenDaily			
MapQuest			
Moviefone			
Patch			
StyleList			
TechCrunch			
Related search revenue			
Other Content Brands			

AOL's transition to three reportable segments represents another step in the evolution of the company

^{*} AOL has a corporate and other category that includes activities that are not directly attributable to or allocable to a specific segment.

Financial Results by Segment Trend of improvement persists at segment level

Segment Results (In Millions)											
Revenue	FY 2010	Q1'11	Q2'11	Q3'11	Q4'11	FY 2011	Q1'12	Q2'12	Q3'12	Q4'12	FY 2012
Brand Group	\$ 727.1	\$ 174.0	\$ 177.6	\$ 175.5	\$ 205.5	\$ 732.6	\$ 166.5	\$ 173.5	\$ 177.0	\$ 213.2	\$ 730.2
Membership Group	1,278.1	277.2	258.3	246.0	254.0	1,035.5	235.0	227.8	221.0	230.8	914.0
AOL Networks	427.2	111.3	119.8	125.7	134.4	491.2	148.8	153.4	158.4	183.5	644.
Corporate and Other	43.2	2.5	1.5	1.8	1.2	7.0	0.6	0.3	0.3	0.3	1.
Intersegment eliminations	(58.9)	(13.6)	(15.0)	(17.3)	(18.3)	(64.2)	(21.5)	(23.9)	(25.0)	(28.3)	(98.7
Total Revenue	\$ 2,416.7	` '	` ′	,	,	,	\$ 529.4	Ì	, , ,	·	\$ 2,191.
Adjusted OIBDA	FY 2010	Q1'11	Q2'11	Q3'11	Q4'11	FY 2011	Q1'12	Q2'12	Q3'12	Q4'12	FY 201
Brand Group	\$ 53.5	\$ (21.7)	\$ (20.4)	\$ (19.7)	\$ 13.4	\$ (48.4)	\$ (16.8)	\$ (15.2)	\$ (9.6)	\$ 8.8	\$ (32.8
Membership Group	955.6	194.5	175.6	165.1	176.7	711.9	159.5	158.3	156.4	158.7	632.
AOL Networks	(26.9)	(11.5)	(10.1)	(7.2)	(10.7)	(39.5)	0.9	(0.3)	0.3	6.4	7.3
Corporate and Other	(234.8)	(53.2)	(64.8)	(51.0)	(46.3)	(215.3)	(49.8)	(48.2)	(46.2)	(50.6)	(194.8
Total Adjusted OIBDA	\$ 747.4	\$ 108.1	\$ 80.3	,	,	•	\$ 93.8	\$ 94.6	\$ 100.9	\$ 123.3	\$ 412.0

Explanation of Intersegment Revenue & Eliminations

Hypothetical only: For the example below, a TAC rate of 70% was chosen for illustrative purposes only. This rate is not indicative of the actual TAC rate AOL Networks offers to its partners.

	AOL Networks	AOL Segment	Eliminations	Total
Gross Revenue	\$100			\$100
Intersegment TAC	< \$70 >		\$70	
Intersegment Revenue		\$70	< \$70 >	
Net Revenue	\$30	\$70		\$100

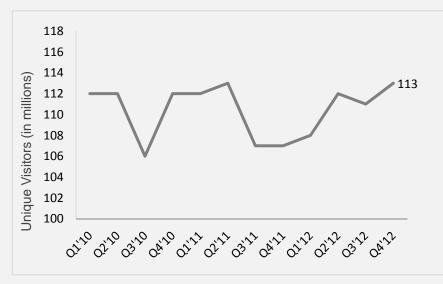
AOL inventory sold through AOL Networks is recognized in AOL Networks with a corresponding intersegment TAC charge. Similarly, an amount equal to the TAC charge, reflecting the revenue net of the margin retained by AOL Networks, is then reflected as intersegment revenue in the segment where the inventory originated.

AOL Unique Visitors

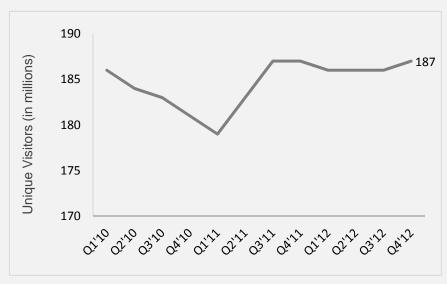
Trend of improvement persists at a usage level



AOL Advertising Network Unique Visitors



Traffic on AOL Properties +6% Y/Y per ComScore



AOL Advertising Network traffic remains constant per ComScore

AOL has successfully managed to maintain and now grow total usage, particularly in its content properties, despite declines in legacy sites and services

Items Impacting Comparability

(in millions)						
	Three months Decembe		Years ended December 31,			
	2012	2011	2012	2011		
Restructuring costs	\$ (2.4) \$	(2.8)	\$ (10.1)	\$ (38.3)		
Equity-based compensation expense	(11.2)	(10.8)	(39.5)	(42.5)		
Asset impairments and write-offs	(3.1)	(2.5)	(6.1)	(7.6)		
Gain on disposal of assets, net (2)	17.6	0.6	964.2	(0.4)		
Costs related to proxy contest	(0.1)	_	(8.9)	_		
Costs related to patent sale and return of proceeds to shareholders	(7.1)	_	(15.7)	_		
Income from licensing of intellectual property	_	_	96.0	_		
Tax, legal and other settlements	(1.0)	(8.5)	(8.6)	(8.5)		
Acquisition-related costs (3)	(5.1)	_	(5.1)	(12.0)		
Gain on consolidation of Ad.com Japan (4)	_	_	10.8	-		
Retention compensation expense related to acquired companies (5)	(2.7)	(6.3)	(12.3)	(35.2)		
Other items impacting comparability		_	_	(0.7)		
Pretax Impact	(15.1)	(30.3)	964.7	(145.2)		
Income tax impact (6)	2.5	10.1	(46.3)	48.3		
After-tax impact	(12.6)	(20.2)	918.4	(96.9)		
Income tax benefit related to worthless stock deduction	_	_	_	7.1		
After-tax impact of items impacting comparability of net income	(12.6)	(20.2)	918.4	(89.8)		
Impact per basic common share	(0.15)	(0.21)	10.08	(0.86)		
Impact per diluted common share	(0.14)	(0.20)	9.82	(0.85)		
Effective Tax Rate (7)	39.2%	39.0%	39.2%	39.0%		

[•] Please see page 18 for endnotes.

Reconciliation of Non-GAAP Measures⁽⁸⁾

• Please see page 18 for endnotes.

(in millions)	2010					2011						2012				
		Three Mon	ths Ende	d	Year ended	1	hree mon	ths ende	d	Year ended	T	hree mon	hs ende	d	Year ended	
	Mar 31	Jun 30	Sep 30	Dec 31	Dec 31	Mar 31	Jun 30	Sep 30	Dec 31	Dec 31	Mar 31	Jun 30	Sep 30	Dec 31	Dec 31	
Operating income (loss)	\$ 80.7	\$(1,331.8)	\$201.1	\$67.4	\$ (982.6)	\$ (11.8)	\$ (5.8)	\$ 8.6	\$ 54.8	\$ 45.8	\$ 31.4	\$1,059.2	\$ 43.1	\$ 68.2	\$1,201.	
Add: Depreciation	54.3	51.9	46.9	43.2	196.3	44.4	42.4	38.3	35.8	160.9	36.1	35.2	34.3	33.1	138.7	
Add: Amortization of intangible assets	62.2	35.7	22.8	24.6	145.3	24.2	26.7	22.6	18.5	92.0	9.8	9.8	9.0	9.6	38.2	
Add: Restructuring costs	23.4	11.1	(0.4)	(0.3)	33.8	27.8	0.6	7.1	2.8	38.3	7.4	(0.1)	0.4	2.4	10.1	
Add: Equity-based compensation	9.7	9.2	8.3	8.9	36.1	10.4	11.0	10.3	10.8	42.5	8.6	8.6	11.1	11.2	39.5	
Add: Asset impairments and write-offs	1.4	1,415.9	7.8	1.4	1,426.5	1.5	2.7	0.9	2.5	7.6	0.9	1.9	0.2	3.1	6.1	
Add: Losses/(gains) on other asset sales	(0.04)	(0.1)	(120.3)	12.8	(108.0)	2.6	(1.0)	(0.6)	(0.6)	0.4	(0.4)	(946.0)	(0.2)	(17.6)	(964.2)	
Add: Special Items (9)	-	• ·	-	-	-	9.0	3.7	-	8.5	21.2	-	(74.0)	3.0	13.3	(57.7)	
Adjusted OIBDA ⁽¹⁰⁾	\$ 231.3	\$ 191.9	\$ 166.2	\$ 158.0	\$ 747.4	\$ 108.1	\$ 80.3	\$ 87.2	\$ 133.1	\$ 408.7	\$ 93.8	\$ 94.6	\$ 100.9	\$ 123.3	\$ 412.	
Free Cash Flow: (11)																
Cash provided by continuing operations	\$ 162.9	\$ 159.0	\$ 164.5	\$ 107.1	\$593.5	\$ 4.0	\$ 109.9	\$ 82.5	\$ 99.6	\$ 296.0	\$ 19.9	\$ 167.2	\$ 101.8	\$ 76.7	\$ 365.0	
Less: Capital expenditures and product development costs	29.5	15.8	24.7	25.9	95.9	34.2	19.7	14.0	14.4	82.3	15.0	16.7	17.3	15.9	64.9	
Less: Principal payments on capital leases	8.3	8.7	9.9	10.6	37.5	11.3	13.0	12.1	12.6	49.0	14.4	13.7	13.0	14.5	55.6	
Free Cash Flow	\$ 125.1	\$ 134.5	\$ 129.9	\$ 70.6	\$ 460.1	\$ (41.5)	\$ 77.2	\$ 56.4	\$ 72.6	\$ 164.7	\$ (9.5)	\$ 136.8	\$ 71.5	\$ 46.3	\$ 245.	

Endnotes

- (1) Calculated as average monthly access subscription revenue per domestic AOL-Brand Access subscribers.
- (2) Gain on disposal of assets for the three months ended December 31, 2012 relates primarily to the release of a VAT indemnification liability reserve associated with the sales of our German and UK access businesses in 2006 and 2007. The statute of limitations on this indemnification expired on December 31, 2012. For the twelve months ended December 31, 2012, gain on disposal of assets also includes the gain on the sale of the patents of \$946.1 million in the second guarter of 2012.
- (3) Acquisition-related costs for the three months and year ended December 31, 2012 includes approximately \$4.7 million related to a bonus paid to employees of an acquired company and accounted for as compensation expense.
- (4) During the three months ended March 31, 2012, AOL purchased an additional interest in a joint venture, Ad.com Japan and gained control of the board and day-to-day operations of the joint venture. As a result, beginning in February 2012, AOL consolidated the results of Ad.com Japan and upon closing of the transaction, AOL recorded a noncash gain of approximately \$10.8 million related to our pre-existing investment in Ad.com Japan.
- (5) These amounts relate to incentive cash compensation arrangements with employees of acquired companies made at the time of acquisition. Incentive compensation amounts are recorded as retention compensation expense over the future service period of the employees of the acquired companies. For tax purposes, a portion of these costs are treated as additional basis in the acquired entity and are not deductible until disposition of the acquired entity.
- (6) The income tax impact for the gain on consolidation of Ad.com Japan, licensing of intellectual property and gain on sale of patents is calculated by using the actual tax expense for the transactions. The income tax impact for all remaining items is calculated by applying the normalized annual effective tax rate to deductible items. Items that are not deductible include a portion of the retention compensation expense, discussed above.
- (7) For the three and twelve months ended December 31, 2012 and 2011, the effective tax rates were calculated based on AOL's normalized annual effective tax rates for 2012 and 2011, respectively.
- (8) This presentation includes the financial measures Adjusted OIBDA and Free Cash Flow which are non-GAAP financial measures. These measures may be different than similarly-titled non-GAAP financial measures used by other companies. The presentation of this financial information is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with generally accepted accounting principles (GAAP).
- (9) Special items for the three months ended December 31, 2012 include costs related to the patent sale of \$7.1 million (including a year-end employee bonus as a result of the patent transaction) and acquisition-related costs of \$5.1 million. Special items for the twelve months ended December 31, 2012 also include patent licensing income of \$96.0 million and additional costs related to the patent sale of \$8.6 million, as well as proxy contest costs of \$8.9 million and the Virginia tax settlement of \$7.6 million. Special items for the three months ended December 31, 2011 relate to a legal settlement, and special items for the twelve months ended December 31, 2011 also include acquisition-related costs of \$12.0 million.
- (10) We use Adjusted OIBDA as a supplemental measure of our performance. We define Adjusted OIBDA as operating income before depreciation and amortization excluding the impact of restructuring costs, non-cash equity-based compensation, gains and losses on all disposals of assets (including those recorded in costs of revenues), non-cash asset impairments, write-offs and special items. We consider Adjusted OIBDA to be a useful metric for management and investors to evaluate and compare the ongoing operating performance of our business on a consistent basis across reporting periods, as it eliminates the effect of non-cash items such as depreciation of tangible assets, amortization of intangible assets that were primarily recognized in business combinations, asset impairments and write-offs, as well as the effect of restructurings, gains and losses on asset sales and special items, which we do not believe are indicative of our core operating performance. We exclude the impacts of equity-based compensation to allow us to be more closely aligned with the industry and analyst community.
- (11) We define Free Cash Flow as cash provided by continuing operations, less capital expenditures and product development costs and principal payments on capital leases. We consider Free Cash Flow to be a liquidity measure that provides useful information to management and investors about the amount of cash generated by the continuing business that, after capital expenditures and product development costs and principal payments on capital leases, can be used for strategic opportunities, including investing in our business, making strategic acquisitions, and strengthening the balance sheet. Analysis of Free Cash Flow also facilitates management's comparisons of our operating results to competitors' operating results. A limitation on the use of this metric is that Free Cash Flow does not represent the total increase or decrease in cash for the period because it excludes certain non-operating cash flows and the results of discontinued operations.