

**Remarks Made by Arthur Minson, AOL Inc. CFO, on February 7th, 2011
Regarding The Financial Impact of AOL's Acquisition of The Huffington Post**

Good morning, to summarize the economics of the deal, we have entered into an agreement to purchase The Huffington Post for \$315 million, approximately \$300 million of which will be paid in cash funded from cash on hand. We expect to close by the end of the first quarter or early in Q2 due to necessary regulatory clearances. Now, I want to give you some color on our financial rationale for making the acquisition and the potential impact on AOL in 2011 and beyond:

- First, on a stand-alone basis, I believe this is a very good financial deal for AOL. The Huffington Post has had rapid growth since its birth. In 2011, we expect it will do over \$50 million in revenue and we believe it will be at a \$100 million revenue run-rate in the next 12 months and operating in the 30% margin range. Even on a standalone basis, we think this is a very good deal for us financially.
- Second, the added benefit of this deal is cost saving opportunities. As you know, one of our stated goals at AOL is to produce high quality content profitably. In certain areas we are losing money, and we have told you of our intent to reverse that through cost cuts, M&A or partnerships with third parties. You saw the latter with the recent Sporting News, Everyday Health and Move announcements. There are a number of areas where AOL and The Huffington Post's content overlap and, based on our analysis, AOL lost roughly \$20 million in those areas in 2010. We expected to cut costs and strike partnership deals in 2011 to reduce our losses in those areas and that fact colored the comments we gave you in our earnings call. It also looks to be represented in your Adjusted 2011 OIBDA estimates. Accordingly, while we believe there are approximately \$20 million of annual cost savings from this deal, there shouldn't be any real change in your models to your 2011 Adjusted OIBDA estimates. Additionally, in order to achieve these go-forward cost savings, we anticipate there will be restructuring charges in 2011. We are still finalizing our restructuring estimates, but we currently expect cash restructuring charges to be roughly \$30 million. Approximately \$20 million of these charges relates to cost overlap and approximately \$10 million to purchase price, which for accounting purposes is treated as restructuring as we accelerated the vesting of certain Huffington Post employees as part of overall deal consideration.
- Third, while we expect The Huffington Post to generate approximately \$10 million in Adjusted OIBDA for the full year of 2011 (and a similar amount in operating income before other items I am discussing here today), keep in mind that we won't own the business for the full year and the Adjusted OIBDA it generates in 2011 will be offset by retention compensation and transaction costs.
- Fourth, in addition to the restructuring I just noted, we expect net income will be impacted by roughly \$10 million of increased amortization of intangibles.
- Fifth, I want to spend a minute on retention compensation – we are now looking at \$40 million of retention compensation in 2011 related to all of our recent acquisitions which, while smart from a deal structuring standpoint, has a negative impact on

Adjusted OIBDA as AOL defines it. We have seen some reports commenting on our increased expenses in 2011, but keep in mind that a significant piece of this increase is retention compensation which is just how we're treating acquisitions from an accounting standpoint. We will break this component of our expense base out separately so you can model it accordingly for those of you who want to exclude it from your Adjusted OIBDA calculations.

- Finally, one item we have been incredibly focused on is the time period over which we return AOL to Adjusted OIBDA growth. As you've heard us say, AOL is not a one year turnaround story, but we did not come here for it to take 5 years. We have been working very hard to make 2013 the year AOL returns to OIBDA growth and this deal will help us achieve that goal. You will see proof points along the way:
 - In the back half of 2011, we expect to see meaningful improvements in our domestic display growth trends.
 - In 2012, we expect that our investment in Patch will be partially offset by increasing Patch revenue.
 - And throughout you will see the contribution from The Huffington Post and other recent acquisitions, which we expect will accelerate the pace of our turnaround.

Non-GAAP Financial Measures

This document includes the financial measure Adjusted OIBDA which is defined as a non-GAAP financial measure by the Securities and Exchange Commission. We define Adjusted OIBDA as operating income before depreciation and amortization excluding the impact of gains and losses on all disposals of assets (including those recorded in costs of revenues) and non-cash asset impairments.

Forward-Looking Statements

This document contains "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements include, but are not limited to, statements regarding the anticipated benefits of the transaction, the expected closing date and other statements identified by words such as "may," "will," "intend," "should," "expect" or similar expressions. These statements are based on the current expectations and beliefs of AOL's management, and are subject to uncertainty and changes in circumstances, including, but not limited to, the approval of the transaction by antitrust authorities, the satisfaction of the closing conditions to the transaction, the competitiveness and quality of our combined content offerings and significant competition in the media and journalism industries generally, our ability to timely and successfully integrate The Huffington Post's operations into our operations, our ability to retain, hire and develop skilled employees and the parties' performance of their obligations under the agreements. Any forward-looking information is not a guarantee of future performance and actual results may vary materially from those expressed or implied by the statements herein, due to changes in economic, business, competitive, technological, strategic and/or regulatory factors, as well as factors affecting The Huffington Post's and AOL's operations and businesses. More detailed information about these factors as they relate to AOL may be found in the section entitled "Risk Factors" in AOL's Annual Report on Form 10-K for the year ended December 31, 2009. AOL is under no obligation to, and expressly disclaims any obligation to, update or alter the forward-looking statements contained in this document, whether as a result of new information, future events or otherwise.