

# AOL.

Investor Day [June 16, 2011](#)

Subscription Services  
+ Search

# Redefining Our Subscription Operations in 2011/2012

2010

I am an AOL subscriber  
because...

I prefer not to change

I need dial-up access based  
on where I live

I like getting AOL support

Declining Base

2011

I am an AOL subscriber  
because...

I like the extra benefits with  
my existing plan

It's there when and  
if I need it

I like getting AOL support

Churn Declines &  
New Services Launched

2012 and Beyond

I am an AOL subscriber  
because...

AOL members have  
multiple benefits

Many bundles to chose from  
and save money

I like getting AOL support

Churn Declines & More  
Services Launched

Subscription Services

# Current Membership Summary

The membership base has continued to become more tenured bringing churn down

	2006	2007	2008	2009	2010	Q1 2011
Subscribers (in millions)	<b>13.2</b>	<b>9.3</b>	<b>6.9</b>	<b>5.0</b>	<b>3.8</b>	<b>3.6</b>
Average paid tenure (yrs)	<b>4.6</b>	<b>5.8</b>	<b>6.9</b>	<b>8.2</b>	<b>9.1</b>	<b>10.3</b>
Average monthly churn rate (%)	<b>6.1</b>	<b>4.6</b>	<b>3.6</b>	<b>3.4</b>	<b>2.7</b>	<b>2.5</b>
ARPU (dollars)	<b>\$19.2</b>	<b>\$18.7</b>	<b>\$18.4</b>	<b>\$18.5</b>	<b>\$18.2</b>	<b>\$18.0</b>

Subscription Services

Initiatives to improve  
value proposition  
and reduce churn  
in 2011/2012



**Aol VIP.**



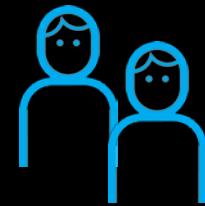
More initiatives  
rolling out in the  
back half of 2011

Subscription Services

# Big opportunity in subscription services: not yet seen an aggregator curating bundles

À la carte offers in contrast to cable operator ecosystem

Cable Operator Example



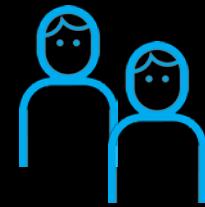
Cable operators



Channels/content providers



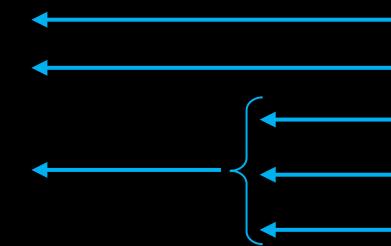
Paid Services Example



AOL store front

**LIFESTORE**

Bundle curation



Service providers



Subscription Services

# We've begun transitioning our services

To map to AOL's strategic audiences, moving from point services to an emphasis on bundling



Subscription Services

We have already  
made **meaningful**  
**progress** in this  
initiative

**>700,000**

**consumers**

**as of Q1 2011**

Subscription Services

# Today we launched AOL Tech Guru

AOL TechGuru provides anywhere, anytime remote technical support for consumers and small businesses

- Unlimited tech support from as low as \$19.99/month
- One time PC fix for \$129.99 one-time

**AOL TechGuru**<sup>TM</sup>  
Anytime, Anywhere Tech Support





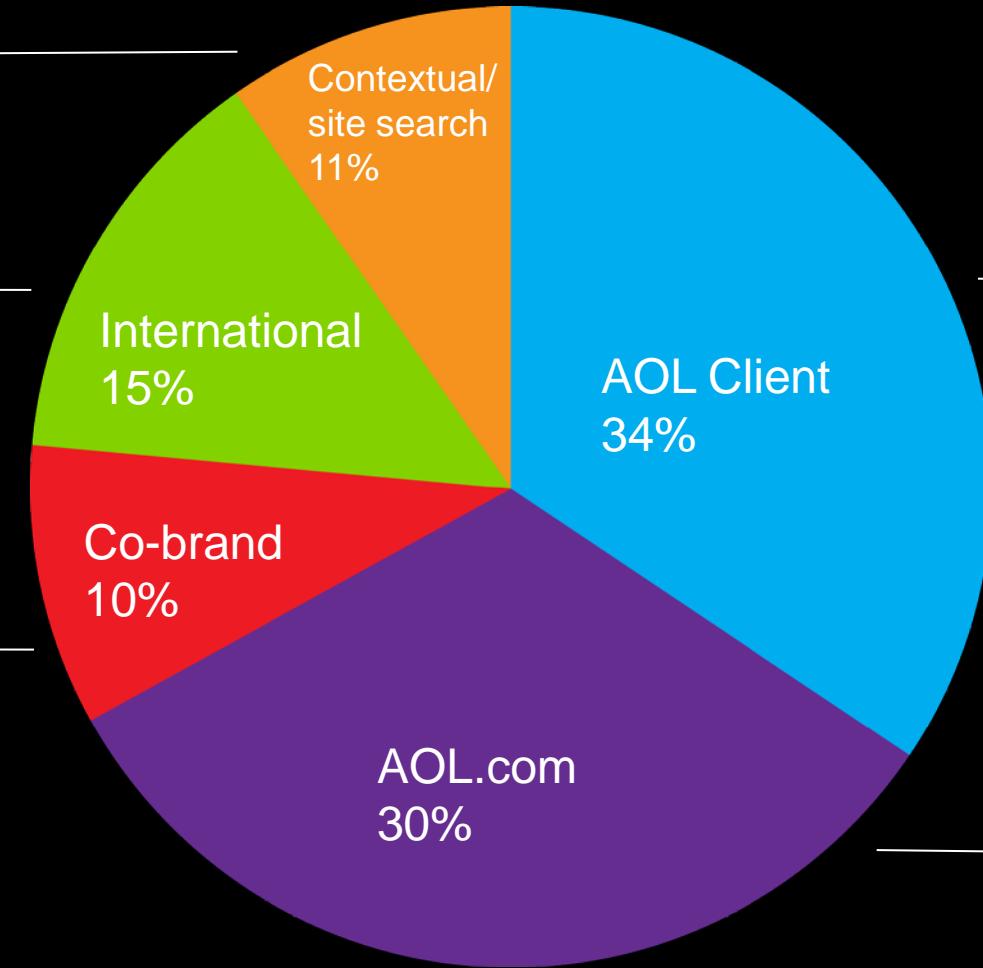
# The components of search revenue: declines moderating

Q1 Search Revenue: \$96 million

Starting to grow  
sequentially

Declining >50% in  
Q1 2011

Declining from  
~\$60mm in 2010  
to ~\$30mm in 2011



Decline is  
moderating

Grew in Q1 2011

# Key metrics

Decreased churn

Growth in number of non-access consumers

Slower decline in search and  
subscription revenue

# Key takeaways

1

We are redefining the **value proposition** of our subscriptions operation

2

There is a big opportunity in **subscription services**

3

The decline in **Subscriptions & Search** revenue will slow

# 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,” “projects,” “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 not under any 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, 2010 (“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. Further, lower than expected market valuations associated with our cash flows and revenues may result in our inability to realize the value of recorded intangibles and goodwill. In addition, achieving our business and financial objectives, including growth in operations and maintenance of a strong balance sheet and liquidity position, could be adversely affected by the factors discussed or referenced under “Item 1A-Risk Factors” in our Annual Report as well as, among other things: changes in our plans, strategies and intentions; the impact of significant acquisitions, dispositions and other similar transactions; our ability to attract and retain key employees; the success of any cost reductions, restructuring actions or similar efforts, including with respect to any associated savings, charges or other amounts; market adoption of new products and services; the failure to meet earnings expectations; asset impairments; decreased liquidity in the capital markets; our ability to access capital markets for debt securities or bank financings and 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 March 31, 2011 reflected in certain non-GAAP financial measures such as Adjusted operating income before depreciation and amortization (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 on our corporate website at <http://ir.aol.com>.