Exhibit 53: AOL International Timeline

March 1, 1995:	Joint venture with Bertelsmann announced to create European online ventures
November 28, 1995:	AOL Germany launched
January 31, 1996:	AOL UK and AOL Canada launched
March 18, 1996:	AOL France launched
May 8, 1996:	Formation of AOL Japan in a joint venture with Mitsui and Nikkei
April 15, 1997:	AOL Japan launched
October 7, 1997:	AOL and Bertelsmann announced plans to launch online service in Australia
February 10, 1998:	AOL and CIC announced plans to launch online service in Hong Kong
October 7, 1998:	AOL Australia launched
December 15, 1998:	AOL and Cisneros Group announced Latin America joint venture
January 26, 1999:	AOL surpassed 3 million international AOL and CompuServe members
September 28, 1999:	AOL Hong Kong launched
October 14, 1999:	AOL Germany became the first international AOL service to surpass one million subscribers
November 16, 1999:	AOL Brasil launched
January 20, 2000:	AOL Latin America filed a registration statement with the SEC for an IPO

Source: Company reports

In the sections that follow we provide brief descriptions of the various international Internet markets followed by projections for the AOL service in each market. There are several points worth making about the assumptions behind our projections:

1. We believe there will be greater competition among ISPs internationally due largely to: (1) the lack of a true market leader, as is the case in the U.S. (AOL); (2) a telephone fee structure in some markets allowing carriers to subsidize low-cost (and free) ISP services; and (3) earlier stage in development of the general online market, where brand loyalty and differentiated content have yet to form. Therefore, we are projecting a lower subscriber share for each of the international AOL joint ventures than the 40%–50% shares we project for AOL domestically.

2. We believe subscription services will continue to drive international revenues, at least in the near term. While we project the domestic AOL service will derive nearly 70% of its total revenues from advertising and e-commerce by 2008 (up from an estimated 25% this year), our 2008 revenue projections for most international territories call for a 40%–50% revenue contribution from advertising/e-commerce.

3. We are modeling EBITDA margin expansion to the 7%–15% range by 2003, reaching 20%–25% by 2005. Profitability gains should be driven by the company's ability to (1) leverage marketing and product development costs of its domestic service, and (2) benefit from declining carrier costs in several markets as these markets deregulate and become more open to competition.

4. We value the AOL international joint ventures on the same basis as we do the domestic service (eight-year DCF analysis). We adjust our valuations by (1) assuming a terminal growth rate 100–200 bps faster internationally (due to the relative immaturity of the markets) and adding a 50–100 bps risk premium to the assumed weighted average cost of capital.

Canada

Exhibit 54: AOL Canada Dial-Up Subscription Revenue Projections

($ millions)	1999	2000	2001E	2002E	2003E	2004E	2005E	2006E	2007E	2008E
AOL Canada										
Subscribers (millions):										
Beginning	0.305	0.476	0.836	1.339	1.832	2.105	2.209	2.161	2.008	1.794
Gross Additions	0.200	0.400	0.600	0.700	0.630	0.567	0.482	0.410	0.348	0.296
Churn:										
(% of Beginning Subscribers)	9.5%	8.5%	11.5%	15.5%	19.5%	22.0%	24.0%	26.0%	28.0%	30.0%
Subscribers	(0.029)	(0.040)	(0.096)	(0.208)	(0.357)	(0.463)	(0.530)	(0.562)	(0.562)	(0.538)
Net Additions	0.171	0.360	0.504	0.492	0.273	0.104	(0.048)	(0.152)	(0.214)	(0.242)
Ending	0.476	0.836	1.339	1.832	2.105	2.209	2.161	2.008	1.794	1.552
% Change		75.5%	60.3%	36.8%	14.9%	4.9%	-2.2%	-7.0%	-10.7%	-13.5%
Average	0.391	0.656	1.088	1.586	1.968	2.157	2.185	2.084	1.901	1.673
x Average Monthly Subscription Rate	$17.00	$16.15	$15.02	$13.97	$12.57	$11.31	$10.18	$9.16	$8.25	$7.42
% Change	0.0%	-5.0%	-7.0%	-7.0%	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%
Total AOL Subscription Revenues	79.7	127.1	196.0	265.8	296.9	292.8	266.9	229.2	188.2	149.0
% Change		59.5%	54.2%	35.6%	11.7%	-1.4%	-8.8%	-14.1%	-17.9%	-20.8%
CompuServe Canada:										
Subscribers (millions):										
Beginning	0.045	0.055	0.070	0.086	0.292	0.432	0.513	0.539	0.536	0.514
Gross Additions	0.014	0.020	0.025	0.220	0.198	0.178	0.151	0.129	0.109	0.093
Churn:										
(% of Beginning Subscribers)	10.0%	9.0%	12.0%	16.0%	20.0%	22.5%	24.5%	24.5%	24.5%	24.5%
Subscribers	(0.005)	(0.005)	(0.008)	(0.014)	(0.058)	(0.097)	(0.126)	(0.132)	(0.131)	(0.126)
Net Additions	0.010	0.015	0.017	0.206	0.140	0.081	0.026	(0.003)	(0.022)	(0.033)
Ending	0.055	0.070	0.086	0.292	0.432	0.513	0.539	0.536	0.514	0.481
% Change		27.7%	23.9%	239.1%	47.7%	18.8%	5.0%	-0.6%	-4.1%	-6.4%
Average	0.050	0.062	0.078	0.189	0.362	0.472	0.526	0.537	0.525	0.497
x Average Monthly Subscription Rate	$15.00	$14.55	$14.11	$13.41	$12.47	$11.47	$10.32	$9.29	$8.36	$7.53
% Change	1.0%	-3.0%	-3.0%	-5.0%	-7.0%	-8.0%	-10.0%	-10.0%	-10.0%	-10.0%
Total CompuServe Subscription Revenues	9.0	10.8	13.2	30.5	54.2	65.0	65.2	59.9	52.6	44.9
% Change		21.0%	21.8%	130.9%	77.9%	20.0%	0.2%	-8.1%	-12.1%	-14.7%

Source: Credit Lyonnais Securities estimates

Exhibit 55: AOL Canada Broadband Subscription Revenue Projections

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2007E	2008E
Broadband AOL PC									
Canadian HHs Passed by Cable	8.0	8.2	8.4	8.6	8.7	8.8	8.9	9.0	9.1
% Affiliated with AOL	5.0%	7.0%	12.0%	50.0%	65.0%	75.0%	80.0%	83.0%	85.0%
AOL-Affiliated HHs Passed	0.4	0.6	1.0	4.3	5.7	6.6	7.1	7.5	7.7
Percent Upgraded for HSD	60.0%	70.0%	80.0%	85.0%	90.0%	92.0%	93.0%	94.0%	95.0%
Upgraded MSO Universe	0.2	0.4	0.8	3.7	5.1	6.1	6.6	7.0	7.3
Subscribers									
Beginning	0.000	0.000	0.012	0.056	0.366	0.665	0.975	1.195	1.476
Additions	0.002	0.012	0.044	0.310	0.299	0.310	0.220	0.282	0.177
Ending	0.002	0.012	0.056	0.366	0.665	0.975	1.195	1.476	1.653
Average	0.001	0.006	0.034	0.211	0.516	0.820	1.085	1.335	1.565
% Penetration of Upgraded MSO Homes Passed	1.0%	3.0%	7.0%	10.0%	13.0%	16.0%	18.0%	21.0%	22.5%
Average Monthly Subscription Fee	$39.95	$38.75	$36.81	$34.24	$31.50	$28.35	$25.51	$22.96	$20.67
% Change		-3.0%	-5.0%	-7.0%	-8.0%	-10.0%	-10.0%	-10.0%	-10.0%
Total Subscription Annual Suscription Payments	0.6	2.8	15.1	86.8	194.9	279.0	332.1	367.9	388.0
x 30% = AOL Cable Modem Broadband PC Revenues	**0.2**	**0.8**	**4.5**	**26.0**	**58.5**	**83.7**	**99.6**	**110.4**	**116.4**
% Change		387.2%	440.1%	473.5%	124.5%	43.1%	19.1%	10.8%	5.5%
AOL DSL Canada:									
Canadian HHs	10.0	10.1	10.2	10.3	10.4	10.5	10.6	10.7	10.8
% Coverage via Bell Nexxia	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Bell Nexxia Coverage	9.0	9.1	9.2	9.3	9.4	9.5	9.6	9.6	9.7
% DSL Coverage	25.0%	45.0%	60.0%	70.0%	75.0%	80.0%	83.0%	85.0%	87.0%
DSL Homes Passed	2.3	4.1	5.5	6.5	7.0	7.6	7.9	8.2	8.5
Subscribers									
Beginning	0.000	0.000	0.072	0.179	0.406	0.667	0.889	1.051	1.210
Additions	0.023	0.072	0.107	0.227	0.262	0.222	0.162	0.159	0.126
Ending	0.023	0.072	0.179	0.406	0.667	0.889	1.051	1.210	1.335
Average	0.011	0.036	0.125	0.292	0.536	0.778	0.970	1.130	1.273
% Penetration of DSL Homes Passed	1.0%	1.8%	3.3%	6.3%	9.5%	11.8%	13.3%	14.8%	15.8%
Average Monthly Subscription Fee	$42.00	$40.74	$38.70	$35.99	$33.11	$29.80	$26.82	$24.14	$21.73
% Change		-3.0%	-5.0%	-7.0%	-8.0%	-10.0%	-10.0%	-10.0%	-10.0%
Total Subscription Annual Suscription Payments	5.7	17.5	58.2	126.3	213.2	278.3	312.2	327.4	331.8
x 30% = AOL DSL Broadband PC Revenues	**1.7**	**5.2**	**17.5**	**37.9**	**64.0**	**83.5**	**93.7**	**98.2**	**99.5**
% Change		208.6%	232.6%	117.0%	68.8%	30.6%	12.2%	4.9%	1.3%
AOL TV:									
Internet-TV Households (CLS estimates and Next Century Media)	0.5	0.8	1.2	1.6	2.3	3.2	3.9	4.5	4.9
% of TV Households	5.0%	8.0%	12.0%	16.0%	22.0%	30.0%	37.0%	42.0%	45.0%
AOL TV:									
Subscribers:									
Beginning	0.000	0.008	0.032	0.086	0.247	0.435	0.662	0.903	1.081
Additions	0.100	0.025	0.053	0.162	0.188	0.227	0.241	0.177	0.089
Ending	0.008	0.032	0.086	0.247	0.435	0.662	0.903	1.081	1.169
Average	0.004	0.020	0.059	0.166	0.341	0.549	0.783	0.992	1.125
% of Total Canadian Internet-TV Households	1.5%	4.0%	7.0%	15.0%	19.0%	21.0%	23.0%	24.0%	24.0%
Average Monthly Subscription Fee	$30.00	$30.00	$28.50	$27.08	$25.72	$24.44	$22.72	$21.13	$19.65
Total Subscription Annual Suscription Payments	1.4	7.2	20.2	54.1	105.3	160.8	213.5	251.6	265.4
x 30% = AOL TV Revenues	**0.4**	**2.2**	**6.1**	**16.2**	**31.6**	**48.3**	**64.0**	**75.5**	**79.6**
% Change		430.9%	181.5%	168.0%	94.7%	52.8%	32.7%	17.9%	5.5%
Consolidated Company-Wide Subscription Revenues	**88.6**	**140.2**	**217.4**	**324.3**	**431.3**	**511.9**	**547.5**	**546.5**	**524.9**	**489.5**
% Change		58.2%	55.1%	49.1%	33.0%	18.7%	7.0%	-0.2%	-3.9%	-6.7%
Total Ending Subscribers									
Dial-Up AOL	0.4	0.7	1.1	1.6	2.0	2.2	2.2	2.1	1.9	1.7
Dial-Up CompuServe	0.0	0.1	0.1	0.2	0.4	0.5	0.5	0.5	0.5	0.5
AOL Broadband PC	0.0	0.0	0.1	0.2	0.8	1.3	1.9	2.2	2.7	3.0
AOL Broadband TV	0.0	0.0	0.0	0.1	0.2	0.4	0.7	0.9	1.1	1.2
Total Subscribers	**0.4**	**0.7**	**1.3**	**2.1**	**3.3**	**4.4**	**5.2**	**5.8**	**6.2**	**6.3**
% Change		65.3%	76.1%	63.6%	59.8%	31.3%	19.1%	10.2%	7.3%	2.2%

Source: Credit Lyonnais Securities estimates

Exhibit 56: AOL Canada Advertising and E-Commerce Revenue Projections

($ millions)	1999E	2000E	2001E	2002E	2003E	2004E	2005E	2006E	2007E	2008E
Advertising and E-Commerce Fees:										
Advertising:										
Average Subscribers	0.440	0.734	1.227	1.994	3.001	4.022	4.857	5.459	5.884	6.133
x Average Monthly User Sessions per Average Subscriber	11.0	11.9	12.8	13.9	14.5	15.3	16.0	16.8	17.7	18.6
x Average Page Views per Session	9.0	9.5	9.9	10.4	10.9	11.4	11.8	12.3	12.8	13.3
x 12 = Total Page Views in AOL/CompuServe Subscription Areas	523.0	988.9	1,874.8	3,453.7	5,731.1	8,389.4	11,062.9	13,577.5	15,979.6	18,188.9
Non-Subscription Areas										
Aggregate Average Monthly Unique Visitors	3.0	3.2	3.5	3.8	4.1	4.3	4.6	4.8	5.1	5.3
x Average Monthly User Sessions per Unique Visitor	3.3	3.4	3.6	3.9	4.1	4.3	4.5	4.7	4.9	5.2
x Average Page Views per Session	7.0	7.6	7.9	8.3	8.8	9.1	9.5	9.8	10.2	10.6
x 12 = Total Page Views in Non-Subscriber Areas	819.0	1,003.0	1,194.3	1,462.7	1,741.7	2,016.0	2,333.6	2,675.7	3,067.9	3,517.7
Total AOL Page Views	1,342.0	1,991.9	3,069.1	4,916.5	7,472.8	10,405.4	13,396.4	16,253.2	19,047.5	21,706.6
x Advertising Revenues Per Page View (+10% Yr)	$5.00	$6.50	$8.13	$9.75	$11.70	$13.46	$14.53	$15.69	$16.95	$18.31
Total Advertising Revenues	**6.7**	**12.9**	**24.9**	**47.9**	**87.4**	**140.0**	**194.7**	**255.1**	**322.8**	**397.3**
% Change		93.0%	92.6%	92.2%	82.4%	60.1%	39.0%	31.0%	26.6%	23.1%
E-Commerce Fees:										
Commerce Site Page Views—% of Total Annual Page Views	0.2%	0.2%	0.3%	0.3%	0.4%	0.4%	0.5%	0.5%	0.6%	0.6%
Page Views on Commerce Sites	2.0	4.0	7.7	14.7	26.2	41.6	60.3	81.3	104.8	130.2
x Take Rate (%) Weighted by Quantity Purchased per Purchase	20.0%	20.5%	21.5%	22.5%	23.5%	24.5%	25.5%	26.5%	27.5%	28.5%
= Total E-Commerce Purchases	0.4	0.8	1.6	3.3	6.1	10.2	15.4	21.5	28.8	37.1
x Average Purchase/Download Price	$25.00	$26.00	$26.78	$27.58	$28.41	$29.26	$30.14	$31.05	$31.98	$32.94
= Total E-Commerce Purchases ($ millions)	10.1	21.2	44.2	91.5	174.6	298.4	463.3	668.6	921.2	1,222.5
x AOL Commissions (%)	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
= AOL E-Commerce Fees	**1.0**	**2.1**	**4.4**	**9.2**	**17.5**	**29.8**	**46.3**	**66.9**	**92.1**	**122.3**
% Change		111.0%	108.0%	107.2%	90.8%	70.9%	55.3%	44.3%	37.8%	32.7%
Total Advertising and E-Commerce Fees	**7.7**	**15.1**	**29.4**	**57.1**	**104.9**	**169.8**	**241.0**	**321.9**	**415.0**	**519.6**
% Change		95.3%	94.8%	94.5%	83.7%	61.9%	41.9%	33.6%	28.9%	25.2%

Source: Credit Lyonnais Securities estimates

Exhibit 57: AOL Canada Income Statement Projections

	1999E	2000E	2001E	2002E	2003E	2004E	2005E	2006E	2007E	2008E
Revenues:										
Subscription										
Dial-Up AOL	79.7	127.1	196.0	265.8	296.9	292.8	266.9	229.2	188.2	149.0
Dial-Up CompuServe	9.0	10.8	13.2	30.5	54.2	65.0	65.2	59.9	52.6	44.9
Cable AOL Plus	0.0	0.2	0.8	4.5	26.0	58.5	83.7	99.6	110.4	116.4
DSL AOL Plus	0.0	1.7	5.2	17.5	37.9	64.0	83.5	93.7	98.2	99.5
AOL TV	0.0	0.4	2.2	6.1	16.2	31.6	48.3	64.0	75.5	79.6
Total Subscription Revenues	88.6	140.2	217.4	324.3	431.3	511.9	547.5	546.5	524.9	489.5
Advertising, E-Commerce Fees and Other Revenues										
Advertising	6.7	12.9	24.9	47.9	87.4	140.0	194.7	255.1	322.8	397.3
E-Commerce	1.0	2.1	4.4	9.2	17.5	29.8	46.3	66.9	92.1	122.3
Total Advertising and E-Commerce Fees	7.7	15.1	29.4	57.1	104.9	169.8	241.0	321.9	415.0	519.6
Total Consolidated AOL Canada Revenues	**96.3**	**155.3**	**246.8**	**381.4**	**536.2**	**681.7**	**788.5**	**868.4**	**939.9**	**1,009.1**
% Change		61.2%	58.9%	54.5%	40.6%	27.1%	15.7%	10.1%	8.2%	7.4%
Costs of Revenues	(62.6)	(96.3)	(145.6)	(217.4)	(297.6)	(368.1)	(415.9)	(447.2)	(474.6)	(499.5)
Gross Profit	33.7	59.0	101.2	164.0	238.6	313.6	372.6	421.2	465.2	509.6
% Margin	35.0%	38.0%	41.0%	43.0%	44.5%	46.0%	47.3%	48.5%	49.5%	50.5%
% Change		75.0%	71.5%	62.1%	45.5%	31.4%	18.8%	13.0%	10.5%	9.5%
Other Operating Costs:										
Sales and Marketing	(19.8)	(29.7)	(44.7)	(65.4)	(71.9)	(79.1)	(87.0)	(94.0)	(101.5)	(109.7)
Sales and Marketing per Average Analog Subscriber	($45.00)	($40.50)	($36.45)	($32.81)	($27.88)	($23.70)	($22.04)	($20.94)	($20.31)	($19.91)
Product Development	(10.1)	(12.4)	(16.0)	(19.1)	(21.4)	(22.2)	(21.7)	(19.5)	(16.4)	(12.6)
General and Administrative	(14.5)	(17.3)	(19.4)	(21.4)	(23.5)	(25.8)	(27.7)	(29.3)	(31.1)	(32.9)
Total	(44.4)	(59.5)	(80.2)	(105.8)	(116.9)	(127.1)	(136.4)	(142.9)	(149.1)	(155.2)
EBITDA	**(10.7)**	**(0.5)**	**21.0**	**58.2**	**121.7**	**186.4**	**236.2**	**278.3**	**316.2**	**354.4**
% Margin	-11.1%	-0.3%	8.5%	15.3%	22.7%	27.3%	30.0%	32.0%	33.6%	35.1%
% Change			-4416.1%	177.1%	109.2%	53.2%	26.7%	17.8%	13.6%	12.1%
Depreciation and Amortization	(5.9)	(10.7)	(16.3)	(22.1)	(27.0)	(29.2)	(30.2)	(31.3)	(32.3)	(33.0)
Operating Income	**(16.6)**	**(11.2)**	**4.7**	**36.1**	**94.7**	**157.2**	**206.0**	**247.0**	**283.9**	**321.4**
% Margin	-17.2%	-7.2%	1.9%	9.5%	17.7%	23.1%	26.1%	28.4%	30.2%	31.8%
% Change		-32.6%	-142.0%	869.7%	162.6%	66.1%	31.0%	19.9%	15.0%	13.2%
Net Interest Expense	(1.4)	0.6	(0.7)	(0.5)	2.4	8.7	18.5	31.1	46.4	64.4
Pretax Income	**(17.9)**	**(10.6)**	**3.9**	**35.5**	**97.1**	**165.9**	**224.5**	**278.0**	**330.3**	**385.8**
% Margin	-18.6%	-6.8%	1.6%	9.3%	18.1%	24.3%	28.5%	32.0%	35.1%	38.2%
% Change		-40.9%	-137.2%	802.0%	173.2%	71.0%	35.3%	23.9%	18.8%	16.8%

Source: Credit Lyonnais Securities estimates

Exhibit 58: AOL Canada Margin Analysis

	[illegible]	[illegible]	2001E	[illegible]	[illegible]	[illegible]	[illegible]	2006E	2007E	2008E
Gross Margin	35.0%	38.0%	41.0%	43.0%	44.5%	46.0%	47.3%	48.5%	49.5%	50.5%
Operating Costs as a % of Revenues										
Sales and Marketing	20.6%	19.1%	18.1%	17.1%	13.4%	11.6%	11.0%	10.8%	10.8%	10.9%
Product Development	10.5%	8.0%	6.5%	5.0%	4.0%	3.3%	2.8%	2.3%	1.8%	1.3%
General and Administrative	15.0%	11.2%	7.9%	5.6%	4.4%	3.8%	3.5%	3.4%	3.3%	3.3%
Total	46.1%	38.3%	32.5%	27.7%	21.8%	18.7%	17.3%	16.5%	15.9%	15.4%
EBITDA Margin	**-11.1%**	**-0.3%**	**8.5%**	**15.3%**	**22.7%**	**27.3%**	**30.0%**	**32.0%**	**33.6%**	**35.1%**

Source: Credit Lyonnais Securities estimates

Exhibit 59: AOL Canada Cash Flow Projections

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2007E	2008E
Pretax Income	(17.9)	(10.6)	3.9	35.5	97.1	165.9	224.5	278.0	330.3	385.8
Depreciation and Amortization	5.9	10.7	16.3	22.1	27.0	29.2	30.2	31.3	32.3	33.0
After-Tax Cash Flow	**(12.0)**	**0.1**	**20.2**	**57.6**	**124.1**	**195.2**	**254.7**	**309.4**	**362.6**	**418.8**
Capital Spending	(22.5)	(28.1)	(33.8)	(38.8)	(35.0)	(30.0)	(30.0)	(30.0)	(30.0)	(30.0)
Free Cash Flow	**(34.5)**	**(28.0)**	**(13.5)**	**18.8**	**89.1**	**165.2**	**224.7**	**279.4**	**332.6**	**388.8**
Net Debt:										
Beginning	0.0	25.5	(2.6)	(16.1)	2.7	91.8	257.0	481.6	761.0	1,093.5
Ending	(34.5)	(2.6)	(16.1)	2.7	91.8	257.0	481.6	761.0	1,093.5	1,482.3
Average	(17.3)	11.4	(9.3)	(6.7)	47.3	174.4	369.3	621.3	927.3	1,287.9

Source: Credit Lyonnais Securities estimates

Exhibit 60: AOL Canada Depreciation Schedule

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Beginning PP&E	7.0	28.1	50.6	74.2	98.2	113.6	120.8	126.7	131.3	135.1
Capital Spending	22.5	28.1	33.8	38.8	35.0	30.0	30.0	30.0	30.0	30.0
Acquired PP&E										
Depreciation	(5.9)	(10.7)	(16.3)	(22.1)	(27.0)	(29.2)	(30.2)	(31.3)	(32.3)	(33.0)

Source: Credit Lyonnais Securities estimates

Exhibit 61: AOL Canada DCF Valuation

($ millions)	1999E	2000E	2001E	2002E	2003E	2004E	2005E	2006E	2007E	2008E
Free Cash Flow	(34.5)	(28.0)	(13.5)	18.8	89.1	165.2	224.7	279.4	332.6	388.8
Add: After-Tax Interest (0 if Average Net Cash Position)	1.4	0.0	0.7	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow to Firm (FCFF)	**(33.2)**	**(28.0)**	**(12.8)**	**19.4**	**89.1**	**165.2**	**224.7**	**279.4**	**332.6**	**388.8**
% Change					360.2%	85.4%	36.0%	24.4%	19.0%	16.9%
Assumptions:										
Terminal Growth Rate	11.5%									
WACC	14.1%									
Terminal	38.5x									
Years to Discount	0	1	2	3	4	5	6	7	8	9
		0	1	2	3	4	5	6	7	8
			0	1	2	3	4	5	6	7
				0	1	2	3	4	5	6
					0	1	2	3	4	5
						0	1	2	3	4
							0	1	2	3
								0	1	2
									0	1
										0
Present Value of FCFF	(33.2)	(24.6)	(9.8)	13.1	52.7	85.8	102.3	111.6	116.6	119.6
		(28.0)	(11.2)	14.9	60.1	97.8	116.7	127.3	132.9	136.3
			(12.8)	17.0	68.5	111.5	133.0	145.1	151.5	155.4
				19.4	78.1	127.1	151.6	165.4	172.7	177.1
					89.1	144.9	172.9	188.6	196.9	201.9
						165.2	197.1	215.0	224.5	230.2
							224.7	245.1	255.9	262.4
								279.4	291.7	299.2
									332.6	341.0
										388.8
Sum of Present Value or FCFF Stream	534.1	646.7	769.2	891.5	994.2	1,031.8	988.0	870.2	673.6	388.8
Present Value of Terminal Value	5,039.8	5,745.3	6,549.7	7,466.6	8,511.9	9,703.6	11,062.1	12,610.8	14,376.3	16,389.0
Ending Net Cash (Debt)	(34.5)	(2.6)	(16.1)	2.7	91.8	257.0	481.6	761.0	1,093.5	1,482.3
Net Present Value	**5,539.3**	**6,389.5**	**7,302.8**	**8,360.8**	**9,597.9**	**10,992.4**	**12,531.8**	**14,242.0**	**16,143.5**	**18,260.1**
% Change		15.3%	14.3%	14.5%	14.8%	14.5%	14.0%	13.6%	13.4%	13.1%

Source: Credit Lyonnais Securities estimates

Europe

Growth of the Internet in Europe has been relatively uneven thus far due to cultural, regulatory, and economic differences among its countries. The most highly penetrated European markets thus far are located in the western and northern areas of the continent. We attribute this to: (1) a more competitive telecommunications environment, allowing for lower access; (2) wealth distribution skewed to the north and west; and (3) generally earlier acceptance of technology in the north. For example, according to the Computer Industry Almanac, Sweden is the most highly penetrated country in the world, with an estimated 43.3% of the country's population online in 1999.

Most of the available literature puts the stage of development of the Internet in Europe 2–3 years behind that in the U.S. Most projections call for growth in European Internet usage, advertising and e-commerce to outpace that in the U.S. over the next five years, due primarily to continued communications cost decreases, greater access to capital (both venture capital and public equity activity has picked up dramatically over the past year) and the proliferation of access devices. PC prices in several European markets are below those in the U.S., and wireless access and interactive TV-based Internet access have already gained momentum in Europe.

We present our AOL Europe projections below. Due mostly to domestic competitors which are aligned with telephony carriers, AOL has not yet been able to attain a dominant position in Europe. For example, AOL UK was overtaken as the leading British ISP by FreeServe only four months after launch of its free service. While AOL has countered with a value brand in Netscape, the FreeServe example shows how tenuous the competitive

landscape is in Europe. In its largest European market, AOL is currently significantly behind the T-Online service of Deutsche Telekom (over 3 million subscribers for T-Online versus just over 1 million for AOL Germany).

Exhibit 62: AOL Europe Subscriber Projections

	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2007E	2008E
Year-end Subscribers										
Germany	0.953	1.353	1.853	2.553	3.253	3.753	4.153	4.453	4.753	5.053
UK										
AOL	0.795	1.195	1.695	2.095	2.445	2.745	3.045	3.295	3.545	3.795
Netscape	0.000	0.350	0.700	1.050	1.400	1.750	2.100	2.450	2.800	3.150
France	0.465	0.865	1.265	1.665	2.015	2.315	2.615	2.865	3.115	3.365
Other Europe Territories	0.150	0.300	0.700	1.300	1.900	2.440	2.926	3.363	3.757	4.111
CompuServe (Europe Only)	0.825	0.925	1.015	1.096	1.169	1.227	1.274	1.311	1.341	1.365
Total AOL Europe Subscribers	**3.188**	**4.988**	**7.228**	**9.759**	**12.181**	**14.230**	**16.112**	**17.737**	**19.311**	**20.839**
Proportionate Subscribers										
Germany	0.857	1.217	1.667	2.297	2.927	3.377	3.737	4.007	4.277	4.547
UK										
AOL	0.795	1.195	1.695	2.095	2.445	2.745	3.045	3.295	3.545	3.795
Netscape	0.000	0.350	0.700	1.050	1.400	1.750	2.100	2.450	2.800	3.150
France	0.209	0.389	0.569	0.749	0.907	1.042	1.177	1.289	1.402	1.514
Other Europe Territories	0.150	0.300	0.700	1.300	1.900	2.440	2.926	3.363	3.757	4.111
CompuServe (Europe Only)	0.825	0.925	1.015	1.096	1.169	1.227	1.274	1.311	1.341	1.365
Total AOL Europe Subscribers	**2.837**	**4.377**	**6.347**	**8.588**	**10.748**	**12.581**	**14.259**	**15.716**	**17.122**	**18.483**

Source: Credit Lyonnais Securities estimates

Exhibit 63: AOL Europe Proportionate Projection Summary

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2007E	2008E
Revenues:										
UK	207.5	334.8	535.8	782.1	1,046.6	1,311.3	1,605.9	1,953.3	2,358.8	2,857.9
Germany (90%)	222.4	306.9	423.6	546.9	702.8	865.7	1,020.0	1,186.0	1,379.4	1,616.6
France (45%, includes CompuServe France)	32.0	62.0	100.9	140.4	180.0	216.5	251.9	290.3	330.6	380.4
Other Europe	46.3	89.0	199.3	401.3	647.6	885.8	1,110.2	1,339.0	1,570.8	1,817.6
CompuServe Europe	229.9	281.2	325.0	363.8	390.7	413.4	434.0	456.8	472.0	491.4
Total Consolidated AOL Europe Revenues	**738.1**	**1,073.9**	**1,584.6**	**2,234.6**	**2,967.7**	**3,692.6**	**4,422.0**	**5,225.5**	**6,111.6**	**7,163.9**
% Change		45.5%	47.6%	41.0%	32.8%	24.4%	19.8%	18.2%	17.0%	17.2%
EBITDA:										
UK	(7.4)	(3.8)	28.4	86.1	165.9	262.2	381.1	522.4	700.7	933.6
Germany (90%)	9.8	14.0	41.7	72.2	118.4	175.5	236.1	309.5	397.6	509.8
France (45%, includes CompuServe France)	(2.8)	(0.0)	6.4	16.3	28.7	41.2	55.2	72.3	90.3	113.6
Other Europe	(4.0)	(2.4)	8.7	37.4	82.0	129.7	183.0	246.0	317.7	401.3
CompuServe Europe	9.7	29.1	44.6	61.3	75.3	90.6	102.1	115.3	126.0	139.0
Total Consolidated AOL Europe EBITDA	**5.3**	**36.9**	**129.9**	**273.3**	**470.3**	**699.2**	**957.6**	**1,265.6**	**1,632.4**	**2,097.3**
% Margin	0.7%	3.4%	8.2%	12.2%	15.8%	18.9%	21.7%	24.2%	26.7%	29.3%
% Change		594.4%	251.5%	110.4%	72.1%	48.7%	37.0%	32.2%	29.0%	28.5%
Operating Income:										
UK	(43.6)	(42.2)	(17.3)	32.0	103.7	194.4	308.9	446.7	622.1	852.8
Germany (90%)	(27.0)	(27.4)	(7.5)	17.8	62.0	116.9	175.7	247.7	334.7	446.0
France (45%, includes CompuServe France)	(4.9)	(3.2)	1.0	9.1	21.0	32.9	46.4	63.1	80.8	103.8
Other Europe	(20.7)	(18.2)	(8.6)	17.4	61.8	109.0	161.8	224.5	295.9	379.3
CompuServe Europe	(7.6)	6.4	18.1	33.2	47.2	61.9	72.9	85.7	96.0	108.8
Total Consolidated AOL Europe Operating Income	**(103.8)**	**(84.6)**	**(14.2)**	**109.5**	**295.7**	**515.1**	**765.8**	**1,067.6**	**1,429.6**	**1,890.6**
% Margin	-14.1%	-7.9%	-0.9%	4.9%	10.0%	13.9%	17.3%	20.4%	23.4%	26.4%
% Change		-18.5%	-83.2%	-868.9%	170.1%	74.2%	48.7%	39.4%	33.9%	32.2%
Net Income:										
UK	(45.2)	(47.8)	(27.1)	20.3	95.3	196.0	323.2	481.0	685.7	957.7
Germany (90%)	(28.0)	(31.0)	(13.1)	12.4	60.4	121.0	188.3	272.6	376.7	511.1
France (45%, includes CompuServe France)	(5.2)	(4.3)	(0.8)	7.3	20.1	33.7	49.2	68.9	90.6	118.8
Other Europe	(21.2)	(19.9)	(11.8)	14.1	61.6	113.3	173.4	246.7	332.7	435.4
CompuServe Europe	(8.8)	3.7	15.4	32.3	48.7	66.4	81.3	98.8	114.6	133.8
Total Consolidated AOL Europe Net Income	**(108.4)**	**(99.2)**	**(37.3)**	**86.4**	**286.2**	**530.3**	**815.4**	**1,167.9**	**1,600.4**	**2,156.8**
% Margin	-14.7%	-9.2%	-2.4%	3.9%	9.6%	14.4%	18.4%	22.3%	26.2%	30.1%
% Change		-8.5%	-62.4%	-331.5%	231.3%	85.3%	53.8%	43.2%	37.0%	34.8%
Free Cash Flow:										
UK	(40.1)	(59.6)	(45.7)	(0.5)	82.5	188.7	320.4	481.7	689.3	963.6
Germany (90%)	(25.9)	(36.8)	(15.6)	21.8	71.8	134.6	203.7	289.4	394.6	529.9
France (45%, includes CompuServe France)	(7.9)	(10.4)	(7.4)	5.5	18.8	33.0	49.0	69.1	91.1	119.6
Other Europe	(12.9)	(17.4)	(18.3)	14.9	62.7	114.9	175.5	249.1	335.4	438.3
CompuServe Europe	(28.8)	(40.9)	(17.3)	24.2	79.7	149.5	226.3	321.5	438.5	588.8
Total Consolidated AOL Europe Free Cash Flow	**(115.7)**	**(165.2)**	**(104.4)**	**65.9**	**315.5**	**620.7**	**974.9**	**1,410.8**	**1,949.0**	**2,640.2**
NPV:										
UK	10,024.2	11,417.6	13,045.9	14,933.1	17,113.9	19,603.9	22,436.1	25,631.3	29,230.0	33,273.6
Germany (90%)	5,536.4	6,306.7	7,220.8	8,275.8	9,483.1	10,859.5	12,409.1	14,154.1	16,110.4	18,300.7
France (45%, includes CompuServe France)	1,441.9	1,643.2	1,879.0	2,157.6	2,472.9	2,829.9	3,233.1	3,687.7	4,195.4	4,764.8
Other Europe	5,744.7	6,547.3	7,467.8	8,552.3	9,796.3	11,206.9	12,800.2	14,596.6	16,611.9	18,867.1
CompuServe Europe	1,162.6	1,348.5	1,560.2	1,803.9	2,068.4	2,364.1	2,687.2	3,044.8	3,435.0	3,865.2
Total Proportionate AOL Europe NPV	**23,909.8**	**27,263.3**	**31,173.7**	**35,722.6**	**40,934.6**	**46,864.3**	**53,565.7**	**61,114.5**	**69,582.8**	**79,071.3**
AOL's 50%	**11,954.9**	**13,631.7**	**15,586.8**	**17,861.3**	**20,467.3**	**23,432.1**	**26,782.9**	**30,557.2**	**34,791.4**	**39,535.6**

Source: Credit Lyonnais Securities estimates

AOL Germany

Exhibit 64: AOL Germany Subscription Revenue Projections

	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Subscription Revenues:										
Subscribers (millions):										
Beginning	0.678	0.953	1.353	1.853	2.553	3.253	3.753	4.153	4.453	4.753
Additions	0.275	0.400	0.500	0.700	0.700	0.500	0.400	0.300	0.300	0.300
Ending	0.953	1.353	1.853	2.553	3.253	3.753	4.153	4.453	4.753	5.053
Average	0.815	1.153	1.603	2.203	2.903	3.503	3.953	4.303	4.603	4.903
x Average Monthly Subscription Rate	$5.13	$5.00	$4.85	$4.66	$4.42	$4.11	$3.78	$3.41	$3.07	$2.76
% Change		-2.5%	-3.0%	-4.0%	-5.0%	-7.0%	-8.0%	-10.0%	-10.0%	-10.0%
Total AOL Subscription Revenues	50.2	69.2	93.3	123.1	154.1	172.9	179.5	175.9	169.3	162.3
% Change		37.8%	34.9%	31.9%	25.2%	12.2%	3.8%	-2.0%	-3.7%	-4.1%
Access Surcharge:										
Average Subscribers	0.815	1.153	1.603	2.203	2.903	3.503	3.953	4.303	4.603	4.903
Average Daily Connections	0.8	0.9	1.0	1.0	1.1	1.1	1.2	1.2	1.3	1.3
Average Monthly Connections per Average Subscriber	24.0	27.0	28.5	30.0	31.5	33.0	34.5	36.0	37.5	39.0
x 12 = Annual Subscriber Connections (mm)	288.0	324.0	342.0	360.0	378.0	396.0	414.0	432.0	450.0	468.0
x Average Monthly Subscription Rate	$0.00	$0.03	$0.03	$0.03	$0.03	$0.02	$0.02	$0.02	$0.02	$0.02
% Change			-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%
Total AOL Access Revenues	0.0	116.6	117.0	117.0	116.7	116.1	115.3	114.3	113.1	111.8
% Change			0.3%	0.0%	-0.2%	-0.5%	-0.7%	-0.9%	-1.0%	-1.2%
Carrier Fees:										
Old Plan										
Usage:										
Average Monthly Connections per Average Subscriber	24.0									
x Average Duration of Connection (Minutes)	15.0									
= Average Usage per Subscriber Per Month	360.0									
x Average Monthly Subscription Rate Per Hour (-3% per Yr)	$2.56									
x 12 = Annual Carrier Fees	184.7									
New Plan										
Usage:										
Average Monthly Connections per Average Subscriber		27.0	28.5	30.0	31.5	33.0	34.5	36.0	37.5	39.0
x Average Duration of Connection (Minutes)		18.0	27.0	31.1	34.2	37.6	39.4	41.4	43.5	45.7
= Average Usage per Subscriber Per Month		486.0	769.5	931.5	1,075.9	1,239.8	1,361.0	1,491.2	1,631.0	1,781.0
x Average Monthly Subscription Rate Per Minute (-3% per Yr)		$0.02	$0.02	$0.02	$0.02	$0.02	$0.02	$0.01	$0.01	$0.01
x 12 = Annual Carrier Fees		116.6	175.4	201.8	221.4	242.4	252.7	263.1	273.4	283.6
% Change		-36.8%	50.4%	15.0%	9.7%	9.5%	4.3%	4.1%	3.9%	3.7%
Total AOL Germany Subscription Revenues	**234.8**	**302.4**	**385.7**	**441.8**	**492.1**	**531.4**	**547.6**	**553.3**	**555.8**	**557.7**
% Change		28.8%	27.5%	14.5%	11.4%	8.0%	3.0%	1.0%	0.5%	0.3%
Equivalent Flat Monthly Fee	$24.01	$21.87	$20.06	$16.72	$14.13	$12.64	$11.54	$10.72	$10.06	$9.48
% Change		-8.9%	-8.3%	-16.7%	-15.5%	-10.5%	-8.7%	-7.2%	-6.1%	-5.8%

Source: Credit Lyonnais Securities estimates

Exhibit 65: AOL Germany Advertising and E-Commerce Revenue Projections

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2007E	2008E
Advertising and E-Commerce Fees:										
Advertising:										
Average Subscribers	0.815	1.153	1.603	2.203	2.903	3.503	3.953	4.303	4.603	4.903
x Average Monthly User Sessions per Average Subscriber	24.0	27.0	28.5	30.0	31.5	33.0	34.5	36.0	37.5	39.0
x Average Page Views per Session	12.0	12.6	13.2	13.9	14.6	15.2	15.8	16.4	17.1	17.7
x 12 = Total Page Views in AOL/CompuServe Subscription Areas	2,816.6	4,705.0	7,250.8	11,014.6	16,003.0	21,040.0	25,815.3	30,496.0	35,340.9	40,716.3
Non-Subscription Areas										
Aggregate Average Monthly Unique Visitors	1.0	1.1	1.2	1.3	1.4	1.4	1.5	1.6	1.7	1.8
x Average Monthly User Sessions per Unique Visitor	3.5	3.7	3.9	4.2	4.4	4.6	4.8	5.1	5.3	5.6
x Average Page Views per Session	7.0	7.6	7.9	8.3	8.8	9.1	9.5	9.8	10.2	10.6
x 12 = Total Page Views in Non-Subscriber Areas	294.0	360.1	428.7	525.1	625.2	723.7	837.7	960.5	1,101.3	1,262.8
Total AOL Page Views	3,110.6	5,065.0	7,679.5	11,539.6	16,628.2	21,763.7	26,653.0	31,456.5	36,442.2	41,979.1
x Advertising Revenues Per Page View (+10% Yr)	$6.50	$8.45	$10.56	$12.68	$14.58	$16.03	$17.32	$18.70	$20.20	$21.81
Total Advertising Revenues	**20.2**	**42.8**	**81.1**	**146.3**	**242.4**	**349.0**	**461.5**	**588.3**	**736.1**	**915.7**
% Change		111.7%	89.5%	80.3%	65.7%	44.0%	32.3%	27.5%	25.1%	24.4%
E-Commerce Fees:										
Commerce Site Page Views—% of Total Annual Page Views	0.2%	0.2%	0.3%	0.3%	0.4%	0.4%	0.5%	0.5%	0.6%	0.6%
Page Views on Commerce Sites	4.7	10.1	19.2	34.6	58.2	87.1	119.9	157.3	200.4	251.9
x Take Rate (%) Weighted by Quantity Purchased per Purchase	20.0%	20.5%	21.5%	22.5%	23.5%	24.5%	25.5%	26.5%	27.5%	28.5%
= Total E-Commerce Purchases	0.9	2.1	4.1	7.8	13.7	21.3	30.6	41.7	55.1	71.8
x Average Purchase/Download Price	$25.00	$26.00	$26.78	$27.58	$28.41	$29.26	$30.14	$31.05	$31.98	$32.94
= Total E-Commerce Purchases ($ millions)	23.3	54.0	110.5	214.9	388.6	624.1	921.8	1,294.0	1,762.5	2,364.3
x AOL Commissions (%)	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
= AOL E-Commerce Fees	**2.3**	**5.4**	**11.1**	**21.5**	**38.9**	**62.4**	**92.2**	**129.4**	**176.3**	**236.4**
% Change		131.4%	104.7%	94.4%	80.9%	60.6%	47.7%	40.4%	36.2%	34.1%
Total Advertising and E-Commerce Fees	**22.6**	**48.2**	**92.2**	**167.8**	**281.2**	**411.4**	**553.7**	**717.7**	**912.3**	**1,152.2**
% Change		113.7%	91.2%	82.0%	67.7%	46.3%	34.6%	29.6%	27.1%	26.3%

Source: Credit Lyonnais Securities estimates

Exhibit 66: AOL Germany Income Statement Projections

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Revenues:										
Subscription	234.8	302.4	385.7	441.8	492.1	531.4	547.6	553.3	555.8	557.7
Advertising, E-Commerce Fees and Other Revenues										
Advertising	20.2	42.8	81.1	146.3	242.4	349.0	461.5	588.3	736.1	915.7
E-Commerce	2.3	5.4	11.1	21.5	38.9	62.4	92.2	129.4	176.3	236.4
Total Advertising and E-Commerce Fees	22.6	48.2	92.2	167.8	281.2	411.4	553.7	717.7	912.3	1,152.2
Total Consolidated AOL Germany Revenues	**257.4**	**350.6**	**477.8**	**609.5**	**773.4**	**942.7**	**1,101.3**	**1,270.9**	**1,468.1**	**1,709.8**
% Change		36.2%	36.3%	27.6%	26.9%	21.9%	16.8%	15.4%	15.5%	16.5%
Costs of Revenues	(154.4)	(205.1)	(272.4)	(338.3)	(417.6)	(494.9)	(567.2)	(641.8)	(726.7)	(829.3)
Gross Profit	103.0	145.5	205.5	271.2	355.7	447.8	534.1	629.1	741.4	880.6
% Margin	40.0%	41.5%	43.0%	44.5%	46.0%	47.5%	48.5%	49.5%	50.5%	51.5%
% Change		41.3%	41.2%	32.0%	31.2%	25.9%	19.3%	17.8%	17.8%	18.8%
Other Operating Costs:										
Sales and Marketing	(36.7)	(59.6)	(76.3)	(96.5)	(117.0)	(134.1)	(143.7)	(148.7)	(154.2)	(159.4)
Sales and Marketing per Average Analog Subscriber	($45.00)	($51.75)	($47.61)	($43.80)	($40.30)	($38.28)	($36.37)	($34.55)	($33.51)	($32.51)
Product Development	(29.6)	(36.8)	(45.4)	(53.3)	(61.9)	(70.7)	(77.1)	(82.6)	(88.1)	(94.0)
General and Administrative	(25.7)	(33.5)	(37.5)	(41.2)	(45.3)	(48.1)	(50.9)	(54.0)	(57.2)	(60.7)
Total	(92.0)	(129.9)	(159.2)	(191.0)	(224.2)	(252.9)	(271.8)	(285.3)	(299.6)	(314.1)
EBITDA	**10.9**	**15.6**	**46.3**	**80.2**	**131.6**	**194.9**	**262.3**	**343.8**	**441.8**	**566.5**
% Margin	4.3%	4.4%	9.7%	13.2%	17.0%	20.7%	23.8%	27.1%	30.1%	33.1%
% Change		42.5%	197.0%	73.2%	64.0%	48.2%	34.6%	31.1%	28.5%	28.2%
Depreciation and Amortization	(40.9)	(46.1)	(54.6)	(60.4)	(62.6)	(65.1)	(67.1)	(68.7)	(69.9)	(70.9)
Operating Income	**(30.0)**	**(30.5)**	**(8.3)**	**19.8**	**68.9**	**129.8**	**195.3**	**275.2**	**371.9**	**495.5**
% Margin	-11.6%	-8.7%	-1.7%	3.2%	8.9%	13.8%	17.7%	21.7%	25.3%	29.0%
% Change		1.7%	-72.7%	-338.0%	248.8%	88.3%	50.4%	40.9%	35.1%	33.2%
Net Interest Expense	(1.2)	(3.9)	(6.3)	(6.0)	(1.8)	4.6	14.0	27.7	46.7	72.4
Pretax Income	**(31.1)**	**(34.4)**	**(14.6)**	**13.8**	**67.1**	**134.4**	**209.2**	**302.9**	**418.6**	**567.9**
% Margin	-12.1%	-9.8%	-3.1%	2.3%	8.7%	14.3%	19.0%	23.8%	28.5%	33.2%
% Change		10.6%	-57.6%	-194.5%	387.4%	100.3%	55.6%	44.7%	38.2%	35.7%

Source: Credit Lyonnais Securities estimates

Exhibit 67: AOL Germany Margin Analysis

	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gross Margin	40.0%	41.5%	43.0%	44.5%	46.0%	47.5%	48.5%	49.5%	50.5%	51.5%
Operating Costs as a % of Revenues										
Sales and Marketing	14.2%	17.0%	16.0%	15.8%	15.1%	14.2%	13.1%	11.7%	10.5%	9.3%
Product Development	11.5%	10.5%	9.5%	8.8%	8.0%	7.5%	7.0%	6.5%	6.0%	5.5%
General and Administrative	10.0%	9.5%	7.8%	6.8%	5.9%	5.1%	4.6%	4.2%	3.9%	3.5%
Total	35.7%	37.1%	33.3%	31.3%	29.0%	26.8%	24.7%	22.4%	20.4%	18.4%
EBITDA Margin	**4.3%**	**4.4%**	**9.7%**	**13.2%**	**17.0%**	**20.7%**	**23.8%**	**27.1%**	**30.1%**	**33.1%**

Source: Credit Lyonnais Securities estimates

Exhibit 68: AOL Germany Cash Flow Projections

	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pretax Income	(31.1)	(34.4)	(14.6)	13.8	67.1	134.4	209.2	302.9	418.6	567.9
Depreciation and Amortization	40.9	46.1	54.6	60.4	62.6	65.1	67.1	68.7	69.9	70.9
After-Tax Cash Flow	**9.8**	**11.7**	**40.0**	**74.2**	**129.7**	**199.5**	**276.3**	**371.5**	**488.5**	**638.8**
Capital Spending	(38.6)	(52.6)	(57.3)	(50.0)	(50.0)	(50.0)	(50.0)	(50.0)	(50.0)	(50.0)
Free Cash Flow	**(28.8)**	**(40.9)**	**(17.3)**	**24.2**	**79.7**	**149.5**	**226.3**	**321.5**	**438.5**	**588.8**
Net Debt:										
Beginning	0.0	(28.8)	(69.8)	(87.1)	(62.9)	16.9	166.4	392.7	714.2	1,152.7
Ending	(28.8)	(69.8)	(87.1)	(62.9)	16.9	166.4	392.7	714.2	1,152.7	1,741.6
Average	(14.4)	(49.3)	(78.4)	(75.0)	(23.0)	91.6	279.6	553.5	933.5	1,447.1

Source: Credit Lyonnais Securities estimates

Exhibit 69: AOL Germany Depreciation Schedule

	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Beginning PP&E	125.0	138.6	163.5	188.1	200.5	210.4	218.3	224.7	229.7	233.8
Capital Spending	38.6	52.6	57.3	50.0	50.0	50.0	50.0	50.0	50.0	50.0
Acquired PP&E										
Depreciation	(40.9)	(46.1)	(54.6)	(60.4)	(62.6)	(65.1)	(67.1)	(68.7)	(69.9)	(70.9)

Source: Credit Lyonnais Securities estimates

Exhibit 70: AOL Germany DCF Valuation

$ millions	1999E	2000E	2001E	2002E	2003E	2004E	2005E	2006E	2007E	2008E
Free Cash Flow	(28.8)	(40.9)	(17.3)	24.2	79.7	149.5	226.3	321.5	438.5	588.8
Add: After-Tax Interest (0 if Net Cash)	1.2	3.9	6.3	6.0	1.8	0.0	0.0	0.0	0.0	0.0
Free Cash Flow to Firm (FCFF)	**(27.7)**	**(37.0)**	**(11.0)**	**30.2**	**81.6**	**149.5**	**226.3**	**321.5**	**438.5**	**588.8**
% Change		33.7%	-70.2%	-373.8%	170.0%	83.3%	51.4%	42.1%	36.4%	34.3%
Assumptions:										
Terminal Growth Rate	11.0%									
WACC	14.6%									
Terminal Multiple	27.8x									
Years to Discount	0	1	2	3	4	5	6	7	8	9
		0	1	2	3	4	5	6	7	8
			0	1	2	3	4	5	6	7
				0	1	2	3	4	5	6
					0	1	2	3	4	5
						0	1	2	3	4
							0	1	2	3
								0	1	2
									0	1
										0
Present Value of FCFF	(27.7)	(32.5)	(8.5)	20.4	48.3	77.7	103.1	128.5	153.7	181.1
		(37.0)	(9.7)	23.2	55.1	88.5	117.5	146.5	175.2	206.4
			(11.0)	26.5	62.8	100.9	134.0	167.0	199.8	235.3
				30.2	71.5	115.1	152.8	190.4	227.7	268.3
					81.6	131.2	174.1	217.0	259.6	305.8
						149.5	198.5	247.4	296.0	348.6
							226.3	282.0	337.4	397.4
								321.5	384.6	453.1
									438.5	516.5
										588.8
Sum of Present Value or FCFF Stream	644.1	765.8	915.2	1,055.9	1,169.3	1,240.1	1,243.2	1,159.2	955.0	588.8
Present Value of Terminal Value	5,536.3	6,311.4	7,195.0	8,202.2	9,350.6	10,659.6	12,152.0	13,853.3	15,792.7	18,003.7
Ending Net Cash (Debt)	(28.8)	(69.8)	(87.1)	(62.9)	16.9	166.4	392.7	714.2	1,152.7	1,741.6
Net Present Value	**6,151.6**	**7,007.4**	**8,023.1**	**9,195.3**	**10,536.8**	**12,066.1**	**13,787.9**	**15,726.8**	**17,900.5**	**20,334.1**
% Change		13.9%	14.5%	14.6%	14.6%	14.5%	14.3%	14.1%	13.8%	13.6%

Source: Credit Lyonnais Securities estimates

AOL UK

Exhibit 71: AOL UK Subscription Revenue Projections

($ millions)	1999E	2000E	2001E	2002E	2003E	2004E	2005E	2006E	2007E	2008E
Subscription Revenues:										
Subscribers (millions):										
Beginning	0.510	0.795	1.195	1.695	2.095	2.445	2.745	3.045	3.295	3.545
Additions	0.285	0.400	0.500	0.400	0.350	0.300	0.300	0.250	0.250	0.250
Ending	0.795	1.195	1.695	2.095	2.445	2.745	3.045	3.295	3.545	3.795
Average	0.653	0.995	1.445	1.895	2.270	2.595	2.895	3.170	3.420	3.670
Subscription Packages:										
1) Standard Pricing										
Monthly Fee	$16.50	$16.50	$15.84	$15.05	$14.30	$13.29	$12.23	$11.25	$10.13	$9.11
% Change			-4.0%	-5.0%	-5.0%	-7.0%	-8.0%	-8.0%	-10.0%	-10.0%
Annual Rate	$165.00	$165.00	$158.40	$150.48	$142.96	$132.95	$122.31	$112.53	$101.28	$91.15
Subscriber Weighting										
Monthly	90.0%	90.0%	89.0%	88.0%	87.0%	86.0%	85.0%	84.0%	83.0%	82.0%
Annual	10.0%	10.0%	11.0%	12.0%	13.0%	14.0%	15.0%	16.0%	17.0%	18.0%
Weighted Average Option 1 Monthly Price	$16.23	$16.23	$15.55	$14.75	$13.99	$12.98	$11.93	$10.95	$9.84	$8.84
2) Light-User Pricing										
Hourly Rate for 1st 3 Hours		$8.17	$7.76	$7.29	$6.78	$6.31	$5.74	$5.17	$4.65	$4.18
Cost Per Additional Hour		$3.88	$3.64	$3.43	$3.22	$3.03	$2.85	$2.67	$2.51	$2.36
Average Usage		3.713	3.750	3.787	3.825	3.863	3.902	3.941	3.980	4.020
Expected Monthly Rate		$10.93	$10.49	$9.99	$9.44	$8.92	$8.31	$7.68	$7.11	$6.60
User Mix										
Standard	100.0%	80.0%	81.0%	82.0%	83.0%	84.0%	85.0%	86.0%	87.0%	88.0%
Light-User	0.0%	20.0%	19.0%	18.0%	17.0%	16.0%	15.0%	14.0%	13.0%	12.0%
Weighted Average Subscription Rate	$16.23	$15.17	$14.59	$13.89	$13.21	$12.33	$11.38	$10.50	$9.49	$8.57
		-6.5%	-3.8%	-4.8%	-4.9%	-6.6%	-7.7%	-7.8%	-9.6%	-9.6%
Total AOL Subscription Revenues	127.0	181.1	253.0	315.9	359.9	384.1	395.4	399.2	389.3	377.5
% Change		42.5%	39.7%	24.9%	13.9%	6.7%	3.0%	1.0%	-2.5%	-3.0%
Carrier Fees:										
Usage:										
Average Subscribers	0.653	0.995	1.445	1.895	2.270	2.595	2.895	3.170	3.420	3.670
% Taking Standard Pricing Plan	100.0%	80.0%	81.0%	82.0%	83.0%	84.0%	85.0%	86.0%	87.0%	88.0%
Subscribers on Standard Pricing Plan	0.653	0.796	1.170	1.554	1.884	2.180	2.461	2.726	2.975	3.230
Average Daily Connections	0.8	0.9	1.0	1.0	1.1	1.1	1.2	1.2	1.3	1.3
Average Monthly Connections per Average Subscriber	24.0	27.0	28.5	30.0	31.5	33.0	34.5	36.0	37.5	39.0
x Average Duration of Connection (Minutes)	13.8	16.5	18.2	19.6	20.6	21.6	22.7	23.8	25.0	26.3
= Average Usage per Subscriber Per Month	330.0	445.5	517.3	588.1	648.3	713.2	782.9	857.7	938.2	1,024.5
x Average Monthly Subscription Rate Per Minute (-5% per Yr)	$0.02	$0.02	$0.02	$0.01	$0.01	$0.01	$0.01	$0.01	$0.01	$0.01
x 12 = Annual Carrier Fees	51.2	70.2	113.9	163.3	207.4	245.4	282.9	319.3	354.5	390.8
% Change		37.2%	62.2%	43.4%	27.0%	18.4%	15.2%	12.9%	11.0%	10.2%
Total AOL UK Subscription Revenues	**178.2**	**251.3**	**366.8**	**479.2**	**567.3**	**629.5**	**678.3**	**718.5**	**743.8**	**768.3**
% Change		41.0%	46.0%	30.6%	18.4%	11.0%	7.7%	5.9%	3.5%	3.3%
Netscape Online:										
Subscribers (millions):										
Beginning	0.000	0.500	0.850	1.200	1.550	1.900	2.250	2.600	2.950	3.300
Additions	0.500	0.350	0.350	0.350	0.350	0.350	0.350	0.350	0.350	0.350
Ending	0.500	0.850	1.200	1.550	1.900	2.250	2.600	2.950	3.300	3.650
Average	0.250	0.675	1.025	1.375	1.725	2.075	2.425	2.775	3.125	3.475
Equivalent Flat Monthly Fee	$22.76	$21.05	$21.16	$21.07	$20.83	$20.22	$19.52	$18.89	$18.12	$17.44
% Change		-7.5%	0.5%	-0.4%	-1.2%	-2.9%	-3.4%	-3.3%	-4.1%	-3.7%

Source: Credit Lyonnais Securities estimates

Exhibit 72: AOL UK Advertising and E-Commerce Revenue Projections

($ millions)	[illegible]	[illegible]	2001E	2002E	2003E	2004E	2005E	2006E	2007E	2008E
Advertising and E-Commerce Fees:										
Advertising:										
Average Subscribers	0.903	1.670	2.470	3.270	3.995	4.670	5.320	5.945	6.545	7.145
x Average Monthly User Sessions per Average Subscriber	24.0	27.0	28.5	30.0	31.5	33.0	34.5	36.0	37.5	39.0
x Average Page Views per Session	15.0	15.8	16.5	17.4	18.2	19.0	19.7	20.5	21.3	22.2
x 12 = Total Page Views in AOL Subscription Areas	3,898.8	8,522.0	13,969.9	20,441.3	27,533.2	35,066.6	43,433.7	52,672.5	62,820.9	74,176.0
Non-Subscription Areas										
Aggregate Average Monthly Unique Visitors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
x Average Monthly User Sessions per Unique Visitor	3.0	3.2	3.3	3.6	3.8	3.9	4.1	4.3	4.6	4.8
x Average Page Views per Session	7.5	8.1	8.5	8.9	9.4	9.8	10.1	10.5	11.0	11.4
x 12 = Total Page Views in Non-Subscriber Areas	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total AOL Page Views	3,898.8	8,522.0	13,969.9	20,441.3	27,533.2	35,066.6	43,433.7	52,672.5	62,820.9	74,176.0
x Advertising Revenues Per Page View (+10% Yr)	$7.50	$9.00	$10.80	$12.96	$14.90	$16.39	$17.71	$19.12	$20.65	$22.30
Total Advertising Revenues	**29.2**	**76.7**	**150.9**	**264.9**	**410.4**	**574.9**	**769.0**	**1,007.2**	**1,297.4**	**1,654.5**
% Change		162.3%	96.7%	75.6%	54.9%	40.1%	33.8%	31.0%	28.8%	27.5%
E-Commerce Fees:										
Commerce Site Page Views—% of Total Annual Page Views	0.0%	0.2%	0.2%	0.3%	0.4%	0.4%	0.5%	0.5%	0.6%	0.6%
Page Views on Commerce Sites	0.2	12.8	31.4	61.3	103.2	149.0	206.3	276.5	361.2	463.6
x Take Rate (%) Weighted by Quantity Purchased per Purchase	20.0%	20.5%	21.5%	22.5%	23.5%	24.5%	25.5%	26.5%	27.5%	28.5%
= Total E-Commerce Purchases	0.0	2.6	6.8	13.8	24.3	36.5	52.6	73.3	99.3	132.1
x Average Purchase/Download Price	$25.00	$26.00	$26.78	$27.58	$28.41	$29.26	$30.14	$31.05	$31.98	$32.94
= Total E-Commerce Purchases ($ millions)	1.0	68.1	181.0	380.6	689.4	1,068.5	1,585.7	2,275.0	3,176.4	4,351.7
x AOL Commissions (%)	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
= AOL E-Commerce Fees	**0.1**	**6.8**	**18.1**	**38.1**	**68.9**	**106.8**	**158.6**	**227.5**	**317.6**	**435.2**
% Change		6890.2%	165.6%	110.3%	81.1%	55.0%	48.4%	43.5%	39.6%	37.0%
Total Advertising and E-Commerce Fees	**29.3**	**83.5**	**169.0**	**303.0**	**479.3**	**681.7**	**927.6**	**1,234.7**	**1,615.0**	**2,089.6**
% Change		184.6%	102.3%	79.3%	58.2%	42.2%	36.1%	33.1%	30.8%	29.4%

Source: Credit Lyonnais Securities estimates

Exhibit 73: AOL UK Income Statement Projections

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Revenues:										
Subscription	178.2	251.3	366.8	479.2	567.3	629.5	678.3	718.5	743.8	768.3
Advertising, E-Commerce Fees and Other Revenues										
Advertising	29.2	76.7	150.9	264.9	410.4	574.9	769.0	1,007.2	1,297.4	1,654.5
E-Commerce	0.1	6.8	18.1	38.1	68.9	106.8	158.6	227.5	317.6	435.2
Total Advertising and E-Commerce Fees	29.3	83.5	169.0	303.0	479.3	681.7	927.6	1,234.7	1,615.0	2,089.6
Total Consolidated AOL UK Revenues	**207.5**	**334.8**	**535.8**	**782.1**	**1,046.6**	**1,311.3**	**1,605.9**	**1,953.3**	**2,358.8**	**2,857.9**
% Change		61.3%	60.0%	46.0%	33.8%	25.3%	22.5%	21.6%	20.8%	21.2%
Costs of Revenues	(128.7)	(200.9)	(310.8)	(438.0)	(565.2)	(681.9)	(807.0)	(962.0)	(1,138.1)	(1,350.3)
Gross Profit	78.9	133.9	225.0	344.1	481.4	629.4	798.9	991.3	1,220.7	1,507.5
% Margin	38.0%	40.0%	42.0%	44.0%	46.0%	48.0%	49.8%	50.8%	51.8%	52.8%
% Change		69.8%	68.0%	52.9%	39.9%	30.7%	26.9%	24.1%	23.1%	23.5%
Other Operating Costs:										
Sales and Marketing	(40.6)	(75.2)	(111.2)	(147.2)	(179.8)	(210.2)	(239.4)	(267.5)	(294.5)	(321.5)
Sales and Marketing per Average Analog Subscriber	($45.00)	($51.75)	($54.34)	($56.51)	($58.77)	($61.12)	($63.57)	($66.11)	($68.75)	($71.50)
Product Development	(24.9)	(37.7)	(57.6)	(80.2)	(102.0)	(121.3)	(140.5)	(161.1)	(182.8)	(207.2)
General and Administrative	(20.8)	(24.9)	(27.9)	(30.7)	(33.8)	(35.8)	(37.9)	(40.2)	(42.6)	(45.2)
Total	(86.3)	(137.7)	(196.6)	(258.0)	(315.6)	(367.2)	(417.8)	(468.9)	(519.9)	(573.9)
EBITDA	**(7.4)**	**(3.8)**	**28.4**	**86.1**	**165.9**	**262.2**	**381.1**	**522.4**	**700.7**	**933.6**
% Margin	-3.6%	-1.1%	5.3%	11.0%	15.8%	20.0%	23.7%	26.7%	29.7%	32.7%
% Change		-48.7%	-847.9%	203.3%	92.5%	58.1%	45.3%	37.1%	34.1%	33.2%
Depreciation and Amortization	(36.2)	(38.4)	(45.7)	(54.2)	(62.2)	(67.8)	(72.2)	(75.8)	(78.6)	(80.9)
Operating Income	**(43.6)**	**(42.2)**	**(17.3)**	**32.0**	**103.7**	**194.4**	**308.9**	**446.7**	**622.1**	**852.8**
% Margin	-21.0%	-12.6%	-3.2%	4.1%	9.9%	14.8%	19.2%	22.9%	26.4%	29.8%
% Change		-3.4%	-59.0%	-285.1%	224.2%	87.6%	58.9%	44.6%	39.3%	37.1%
Net Interest Expense	(1.6)	(5.6)	(9.8)	(11.7)	(8.4)	1.5	14.3	34.3	63.6	104.9
Pretax Income	**(45.2)**	**(47.8)**	**(27.1)**	**20.3**	**95.3**	**196.0**	**323.2**	**481.0**	**685.7**	**957.7**
% Margin	-21.8%	-14.3%	-5.1%	2.6%	9.1%	14.9%	20.1%	24.6%	29.1%	33.5%
% Change		5.6%	-43.3%	-175.0%	369.1%	105.7%	64.9%	48.8%	42.6%	39.7%

Source: Credit Lyonnais Securities estimates

Exhibit 74: AOL UK Margin Analysis

Gross Margin	38.0%	40.0%	42.0%	44.0%	46.0%	48.0%	49.8%	50.8%	51.8%	52.8%
Operating Costs as a % of Revenues										
Sales and Marketing	19.6%	22.4%	20.7%	18.8%	17.2%	16.0%	14.9%	13.7%	12.5%	11.3%
Product Development	12.0%	11.3%	10.8%	10.3%	9.8%	9.3%	8.8%	8.3%	7.8%	7.3%
General and Administrative	10.0%	7.4%	5.2%	3.9%	3.2%	2.7%	2.4%	2.1%	1.8%	1.6%
Total	41.6%	41.1%	36.7%	33.0%	30.2%	28.0%	26.0%	24.0%	22.0%	20.1%
EBITDA Margin	**-3.6%**	**-1.1%**	**5.3%**	**11.0%**	**15.8%**	**20.0%**	**23.7%**	**26.7%**	**29.7%**	**32.7%**

Source: Credit Lyonnais Securities estimates

Exhibit 75: AOL UK Cash Flow Projections

Pretax Income	(45.2)	(47.8)	(27.1)	20.3	95.3	196.0	323.2	481.0	685.7	957.7
Depreciation and Amortization	36.2	38.4	45.7	54.2	62.2	67.8	72.2	75.8	78.6	80.9
After-Tax Cash Flow	**(9.0)**	**(9.4)**	**18.6**	**74.5**	**157.5**	**263.7**	**395.4**	**556.7**	**764.3**	**1,038.6**
Capital Spending	(31.1)	(50.2)	(64.3)	(75.0)	(75.0)	(75.0)	(75.0)	(75.0)	(75.0)	(75.0)
Free Cash Flow	**(40.1)**	**(59.6)**	**(45.7)**	**(0.5)**	**82.5**	**188.7**	**320.4**	**481.7**	**689.3**	**963.6**
Net Debt:										
Beginning	0.0	(40.1)	(99.8)	(145.5)	(146.0)	(63.5)	125.2	445.6	927.3	1,616.7
Ending	(40.1)	(99.8)	(145.5)	(146.0)	(63.5)	125.2	445.6	927.3	1,616.7	2,580.3
Average	(20.1)	(70.0)	(122.6)	(145.7)	(104.7)	30.9	285.4	686.5	1,272.0	2,098.5

Source: Credit Lyonnais Securities estimates

Exhibit 76: AOL UK Depreciation Schedule

Beginning PP&E	150.0	151.1	171.1	201.2	236.0	263.8	286.0	303.8	318.0	329.4
Capital Spending	31.1	50.2	64.3	75.0	75.0	75.0	75.0	75.0	75.0	75.0
Acquired PP&E										
Depreciation	(36.2)	(38.4)	(45.7)	(54.2)	(62.2)	(67.8)	(72.2)	(75.8)	(78.6)	(80.9)

Source: Credit Lyonnais Securities estimates

Exhibit 77: AOL UK DCF Valuation

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2007E	2008E
Free Cash Flow	(40.1)	(59.6)	(45.7)	(0.5)	82.5	188.7	320.4	481.7	689.3	963.6
Add: After-Tax Interest (0 if Net Cash)	1.6	5.6	9.8	11.7	8.4	0.0	0.0	0.0	0.0	0.0
Free Cash Flow to Firm (FCFF)	**(38.5)**	**(54.0)**	**(35.9)**	**11.1**	**90.9**	**188.7**	**320.4**	**481.7**	**689.3**	**963.6**
% Change		40.2%	-33.5%	-131.0%	715.5%	107.7%	69.7%	50.4%	43.1%	39.8%
Assumptions:										
Terminal Growth Rate	11.0%									
WACC	14.6%									
Terminal	27.8x									
Years to Discount	0	1	2	3	4	5	6	7	8	9
		0	1	2	3	4	5	6	7	8
			0	1	2	3	4	5	6	7
				0	1	2	3	4	5	6
					0	1	2	3	4	5
						0	1	2	3	4
							0	1	2	3
								0	1	2
									0	1
										0
Present Value of FCFF	(38.5)	(47.4)	(27.6)	7.5	53.8	98.0	146.0	192.5	241.7	296.3
		(54.0)	(31.5)	8.6	61.3	111.7	166.4	219.5	275.5	337.8
			(35.9)	9.8	69.9	127.4	189.7	250.2	314.1	385.1
				11.1	79.7	145.2	216.2	285.2	358.0	439.0
					90.9	165.6	246.5	325.2	408.2	500.4
						188.7	281.0	370.7	465.3	570.5
							320.4	422.6	530.4	650.4
								481.7	604.7	741.4
									689.3	845.2
										963.6
Sum of Present Value or FCFF Stream	922.2	1,095.3	1,310.2	1,534.5	1,736.7	1,876.2	1,923.8	1,827.9	1,534.6	963.6
Present Value of Terminal Value	9,142.1	10,422.0	11,881.1	13,544.5	15,440.7	17,602.4	20,066.8	22,876.1	26,078.7	29,729.8
Ending Net Cash (Debt)	(40.1)	(99.8)	(145.5)	(146.0)	(63.5)	125.2	445.6	927.3	1,616.7	2,580.3
Net Present Value	**10,024.2**	**11,417.6**	**13,045.9**	**14,933.1**	**17,113.9**	**19,603.9**	**22,436.1**	**25,631.3**	**29,230.0**	**33,273.6**
% Change		13.9%	14.3%	14.5%	14.6%	14.5%	14.4%	14.2%	14.0%	13.8%

Source: Credit Lyonnais Securities estimates

AOL France

Exhibit 78: AOL France Subscription Revenue Projections

[illegible]	1999E	2000E	2001E	2002E	2003E	2004E	2005E	2006E	2007E	2008E
Subscription Revenues:										
Subscribers (millions):										
Beginning	0.150	0.465	0.865	1.265	1.665	2.015	2.315	2.615	2.865	3.115
Havas Online	0.040									
CompuServe France	0.050									
Additions	0.225	0.400	0.400	0.400	0.350	0.300	0.300	0.250	0.250	0.250
Ending	0.465	0.865	1.265	1.665	2.015	2.315	2.615	2.865	3.115	3.365
Average	0.353	0.665	1.065	1.465	1.840	2.165	2.465	2.740	2.990	3.240
Subscription Packages:										
Monthly Fee (FF95 per Mnth FY00)	$16.17	$15.70	$14.92	$14.02	$13.18	$12.26	$11.28	$10.38	$9.34	$8.40
Annual Rate (FF650 per Yr FY00)	$12.53	$8.95	$8.51	$8.00	$7.52	$6.99	$6.43	$5.92	$5.32	$4.79
Light-User (FF35 per Yr FY00)	$7.65	$5.79	$5.50	$5.17	$4.86	$4.52	$4.15	$3.82	$3.44	$3.10
% Change		-4.0%	-5.0%	-6.0%	-6.0%	-7.0%	-8.0%	-8.0%	-10.0%	-10.0%
Subscriber Weighting										
Monthly Fee	70.0%	70.0%	69.0%	68.0%	67.5%	67.0%	66.5%	66.0%	65.5%	65.0%
Annual Rate	20.0%	20.0%	22.0%	24.0%	26.0%	27.0%	29.0%	31.0%	33.0%	35.0%
Light-User	10.0%	10.0%	9.0%	8.0%	6.5%	6.0%	4.5%	3.0%	1.5%	0.0%
Weighted Average Monthly Subscription Rate	$14.59	$13.36	$12.66	$11.87	$11.17	$10.37	$9.55	$8.80	$7.92	$7.14
% Change		-8.4%	-5.3%	-6.3%	-5.9%	-7.1%	-7.9%	-7.9%	-9.9%	-9.9%
Total AOL Subscription Revenues	61.7	106.6	161.8	208.6	246.6	269.4	282.5	289.2	284.3	277.6
% Change		72.7%	51.7%	29.0%	18.2%	9.3%	4.9%	2.4%	-1.7%	-2.4%
Carrier Fees:										
Usage:										
Average Subscribers	0.353	0.665	1.065	1.465	1.840	2.165	2.465	2.740	2.990	3.240
Subscribers on Standard Pricing Plan	0.035	0.067	0.096	0.117	0.120	0.130	0.111	0.082	0.045	0.000
Average Daily Connections	0.8	0.8	0.9	0.9	1.0	1.0	1.1	1.1	1.2	1.2
Average Monthly Connections per Average Subscriber	22.5	24.0	25.5	27.0	28.5	30.0	31.5	33.0	34.5	36.0
x Average Duration of Connection (Minutes)	10.0	12.0	13.2	14.3	15.0	15.7	16.5	17.3	18.2	19.1
= Average Usage per Subscriber Per Month (Hours)	3.8	4.8	5.6	6.4	7.1	7.9	8.7	9.5	10.5	11.5
Usage Threshold Before Additional Hourly Rate (Hours)	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
x Average Monthly Subscription Rate Per Hour (-5% per Yr)	$3.80	$3.70	$3.52	$3.34	$3.17	$2.95	$2.74	$2.55	$2.35	$2.16
x 12 = Annual Carrier Fees	1.2	8.3	14.6	20.7	23.3	26.9	24.3	19.0	10.7	0.0
% Change		585.8%	76.5%	42.1%	12.2%	15.8%	-9.7%	-22.1%	-43.6%	-100.0%
Total AOL France Subscription Revenues	**62.9**	**114.9**	**176.4**	**229.4**	**269.8**	**296.4**	**306.9**	**308.2**	**295.0**	**277.6**
% Change		82.5%	53.5%	30.0%	17.6%	9.8%	3.5%	0.4%	-4.3%	-5.9%
Equivalent Flat Monthly Fee	$14.88	$14.40	$13.80	$13.05	$12.22	$11.41	$10.37	$9.37	$8.22	$7.14
% Change		-3.2%	-4.1%	-5.5%	-6.3%	-6.6%	-9.1%	-9.7%	-12.3%	-13.2%

Source: Credit Lyonnais Securities estimates

Exhibit 79: AOL France Advertising and E-Commerce Revenue Projections

($ millions)	1999E	2000E	2001E	2002E	2003E	2004E	2005E	2006E	2007E	2008E
Advertising and E-Commerce Fees:										
Advertising:										
Average Subscribers	0.353	0.665	1.065	1.465	1.840	2.165	2.465	2.740	2.990	3.240
x Average Monthly User Sessions per Average Subscriber	22.5	24.0	25.5	27.0	28.5	30.0	31.5	33.0	34.5	36.0
x Average Page Views per Session	10.5	12.1	12.7	13.3	14.0	14.5	15.1	15.7	16.4	17.0
x 12 = Total Page Views in AOL Subscription Areas	999.3	2,312.6	4,131.9	6,319.0	8,796.3	11,330.5	14,087.4	17,060.9	20,242.3	23,804.0
Non-Subscription Areas										
Aggregate Average Monthly Unique Visitors	0.4	0.5	0.5	0.5	0.6	0.6	0.6	0.7	0.7	0.8
x Average Monthly User Sessions per Unique Visitor	3.0	3.2	3.3	3.6	3.8	3.9	4.1	4.3	4.6	4.8
x Average Page Views per Session	5.3	5.7	6.0	6.3	6.6	6.8	7.1	7.4	7.7	8.0
x 12 = Total Page Views in Non-Subscriber Areas	80.3	98.4	117.1	143.5	170.8	197.7	228.9	262.4	300.9	345.0
Total AOL Page Views	1,079.7	2,411.0	4,249.0	6,462.5	8,967.1	11,528.2	14,316.3	17,323.3	20,543.2	24,149.0
x Advertising Revenues Per Page View (+10% Yr)	$7.00	$8.40	$9.66	$10.63	$11.69	$12.62	$13.63	$14.72	$15.90	$17.17
Total Advertising Revenues	**7.6**	**20.3**	**41.0**	**68.7**	**104.8**	**145.5**	**195.2**	**255.1**	**326.7**	**414.7**
% Change		168.0%	102.7%	67.3%	52.6%	38.8%	34.1%	30.7%	28.1%	27.0%
E-Commerce Fees:										
Commerce Site Page Views—% of Total Annual Page Views	0.1%	0.2%	0.3%	0.4%	0.4%	0.5%	0.5%	0.6%	0.6%	0.7%
Page Views on Commerce Sites	1.1	4.8	11.7	22.6	38.1	54.8	75.2	99.6	128.4	163.0
x Take Rate (%) Weighted by Quantity Purchased per Purchase	20.0%	20.5%	21.5%	22.5%	23.5%	24.5%	25.5%	26.5%	27.5%	28.5%
= Total E-Commerce Purchases	0.2	1.0	2.5	5.1	9.0	13.4	19.2	26.4	35.3	46.5
x Average Purchase/Download Price	$25.00	$26.00	$26.78	$27.58	$28.41	$29.26	$30.14	$31.05	$31.98	$32.94
= Total E-Commerce Purchases ($ millions)	5.4	25.7	67.3	140.4	254.4	392.6	577.7	819.5	1,129.1	1,530.1
x AOL Commissions (%)	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
= AOL E-Commerce Fees	**0.5**	**2.6**	**6.7**	**14.0**	**25.4**	**39.3**	**57.8**	**81.9**	**112.9**	**153.0**
% Change		376.1%	161.8%	108.7%	81.3%	54.3%	47.1%	41.9%	37.8%	35.5%
Total Advertising and E-Commerce Fees	**8.1**	**22.8**	**47.8**	**82.7**	**130.3**	**184.8**	**252.9**	**337.0**	**439.6**	**567.8**
% Change		181.8%	109.3%	73.1%	57.5%	41.9%	36.9%	33.2%	30.4%	29.2%

Source: Credit Lyonnais Securities estimates

Exhibit 80: AOL France Income Statement Projections

Revenues:										
Subscription	62.9	114.9	176.4	229.4	269.8	296.4	306.9	308.2	295.0	277.6
Advertising, E-Commerce Fees and Other Revenues										
Advertising	7.6	20.3	41.0	68.7	104.8	145.5	195.2	255.1	326.7	414.7
E-Commerce	0.5	2.6	6.7	14.0	25.4	39.3	57.8	81.9	112.9	153.0
Total Advertising and E-Commerce Fees	8.1	22.8	47.8	82.7	130.3	184.8	252.9	337.0	439.6	567.8
Total Consolidated AOL France Revenues	**71.0**	**137.7**	**224.1**	**312.1**	**400.1**	**481.2**	**559.8**	**645.2**	**734.6**	**845.4**
% Change		93.9%	62.8%	39.2%	28.2%	20.3%	16.3%	15.3%	13.9%	15.1%
Costs of Revenues	(46.2)	(85.4)	(132.2)	(174.8)	(216.0)	(255.0)	(291.1)	(329.1)	(371.0)	(422.7)
Gross Profit	24.9	52.3	91.9	137.3	184.0	226.2	268.7	316.1	363.6	422.7
% Margin	35.0%	38.0%	41.0%	44.0%	46.0%	47.0%	48.0%	49.0%	49.5%	50.0%
% Change		110.5%	75.6%	49.4%	34.0%	22.9%	18.8%	17.7%	15.0%	16.2%
Other Operating Costs:										
Sales and Marketing	(15.9)	(29.0)	(45.1)	(60.2)	(71.8)	(80.2)	(86.8)	(91.7)	(95.0)	(97.8)
Sales and Marketing per Average Analog Subscriber	($45.00)	($43.65)	($42.34)	($41.07)	($39.02)	($37.07)	($35.21)	($33.45)	($31.78)	($30.19)
Product Development	(8.2)	(14.8)	(23.0)	(30.4)	(37.0)	(42.1)	(46.2)	(50.0)	(53.3)	(57.1)
General and Administrative	(7.1)	(8.5)	(9.5)	(10.5)	(11.6)	(12.2)	(13.0)	(13.8)	(14.6)	(15.5)
Total	(31.1)	(52.4)	(77.6)	(101.1)	(120.4)	(134.6)	(146.0)	(155.4)	(162.9)	(170.3)
EBITDA	**(6.3)**	**(0.0)**	**14.3**	**36.2**	**63.7**	**91.6**	**122.7**	**160.7**	**200.8**	**252.3**
% Margin	-8.8%	0.0%	6.4%	11.6%	15.9%	19.0%	21.9%	24.9%	27.3%	29.9%
% Change		-99.6%	-56378.2%	153.5%	75.9%	43.8%	34.1%	30.9%	24.9%	25.7%
Depreciation and Amortization	(4.5)	(7.2)	(12.1)	(16.0)	(17.0)	(18.4)	(19.5)	(20.4)	(21.1)	(21.7)
Operating Income	**(10.8)**	**(7.2)**	**2.2**	**20.2**	**46.7**	**73.1**	**103.2**	**140.3**	**179.6**	**230.6**
% Margin	-15.2%	-5.2%	1.0%	6.5%	11.7%	15.2%	18.4%	21.7%	24.5%	27.3%
% Change		-33.3%	-129.9%	838.0%	130.5%	56.7%	41.1%	35.9%	28.0%	28.4%
Net Interest Expense	(0.7)	(2.3)	(3.9)	(4.1)	(1.9)	1.7	6.2	12.8	21.7	33.4
Pretax Income	**(11.5)**	**(9.5)**	**(1.8)**	**16.2**	**44.7**	**74.8**	**109.4**	**153.1**	**201.3**	**264.0**
% Margin	-16.2%	-6.9%	-0.8%	5.2%	11.2%	15.5%	19.5%	23.7%	27.4%	31.2%
% Change		-17.1%	-81.6%	-1021.2%	176.8%	67.2%	46.3%	39.9%	31.5%	31.1%

Source: Credit Lyonnais Securities estimates

Exhibit 81: AOL France Margin Analysis

Gross Margin	35.0%	38.0%	41.0%	44.0%	46.0%	47.0%	48.0%	49.0%	49.5%	50.0%
Operating Costs as a % of Revenues										
Sales and Marketing	22.3%	21.1%	20.1%	19.3%	17.9%	16.7%	15.5%	14.2%	12.9%	11.6%
Product Development	11.5%	10.8%	10.3%	9.8%	9.3%	8.8%	8.3%	7.8%	7.3%	6.8%
General and Administrative	10.0%	6.2%	4.3%	3.4%	2.9%	2.5%	2.3%	2.1%	2.0%	1.8%
Total	43.8%	38.0%	34.6%	32.4%	30.1%	28.0%	26.1%	24.1%	22.2%	20.1%
EBITDA Margin	**-8.8%**	**0.0%**	**6.4%**	**11.6%**	**15.9%**	**19.0%**	**21.9%**	**24.9%**	**27.3%**	**29.9%**

Source: Credit Lyonnais Securities estimates

Exhibit 82: AOL France Cash Flow Projections

Pretax Income	(11.5)	(9.5)	(1.8)	16.2	44.7	74.8	109.4	153.1	201.3	264.0
Depreciation and Amortization	4.5	7.2	12.1	16.0	17.0	18.4	19.5	20.4	21.1	21.7
After-Tax Cash Flow	**(7.0)**	**(2.4)**	**10.4**	**32.1**	**61.8**	**93.2**	**129.0**	**173.5**	**222.5**	**285.7**
Capital Spending	(10.7)	(20.7)	(26.9)	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)
Free Cash Flow	**(17.6)**	**(23.0)**	**(16.5)**	**12.1**	**41.8**	**73.2**	**109.0**	**153.5**	**202.5**	**265.7**
Net Debt:										
Beginning	0.0	(17.6)	(40.6)	(57.2)	(45.0)	(3.3)	69.9	178.9	332.4	534.9
Ending	(17.6)	(40.6)	(57.2)	(45.0)	(3.3)	69.9	178.9	332.4	534.9	800.6
Average	(8.8)	(29.1)	(48.9)	(51.1)	(24.2)	33.3	124.4	255.7	433.6	667.7

Source: Credit Lyonnais Securities estimates

Exhibit 83: AOL France Depreciation Schedule

Beginning PP&E	12.0	20.3	36.9	56.4	65.1	72.1	77.7	82.1	85.7	88.6
Capital Spending	10.7	20.7	26.9	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Acquired PP&E										
Depreciation	(4.5)	(7.2)	(12.1)	(16.0)	(17.0)	(18.4)	(19.5)	(20.4)	(21.1)	(21.7)

Source: Credit Lyonnais Securities estimates

Exhibit 84: AOL France DCF Valuation

	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2007E	2008E
Free Cash Flow	(17.6)	(23.0)	(16.5)	12.1	41.8	73.2	109.0	153.5	202.5	265.7
Add: After-Tax Interest (0 if Net Cash)	0.7	2.3	3.9	4.1	1.9	0.0	0.0	0.0	0.0	0.0
Free Cash Flow to Firm (FCFF)	**(16.9)**	**(20.7)**	**(12.6)**	**16.2**	**43.7**	**73.2**	**109.0**	**153.5**	**202.5**	**265.7**
% Change		22.2%	-39.0%	-228.6%	169.4%	67.6%	48.8%	40.9%	31.9%	31.3%
Assumptions:										
Terminal Growth Rate	11.5%									
WACC	14.6%									
Terminal	32.3x									
Years to Discount	0	1	2	3	4	5	6	7	8	9
		0	1	2	3	4	5	6	7	8
			0	1	2	3	4	5	6	7
				0	1	2	3	4	5	6
					0	1	2	3	4	5
						0	1	2	3	4
							0	1	2	3
								0	1	2
									0	1
										0
Present Value of FCFF	(16.9)	(18.1)	(9.7)	10.9	25.9	38.0	49.6	61.3	71.0	81.7
		(20.7)	(11.1)	12.5	29.5	43.4	56.6	69.9	80.9	93.2
			(12.6)	14.2	33.6	49.4	64.5	79.7	92.2	106.2
				16.2	38.3	56.3	73.6	90.9	105.1	121.1
					43.7	64.2	83.8	103.6	119.9	138.0
						73.2	95.6	118.1	136.7	157.3
							109.0	134.7	155.8	179.4
								153.5	177.6	204.5
									202.5	233.1
										265.7
Sum of Present Value or FCFF Stream	293.7	354.2	427.3	501.5	553.3	580.9	578.8	535.6	435.5	265.7
Present Value of Terminal Value	2,928.1	3,338.0	3,805.4	4,338.1	4,945.4	5,637.8	6,427.1	7,326.9	8,352.7	9,522.0
Ending Net Cash (Debt)	(17.6)	(40.6)	(57.2)	(45.0)	(3.3)	69.9	178.9	332.4	534.9	800.6
Net Present Value	**3,204.2**	**3,651.6**	**4,175.5**	**4,794.6**	**5,495.4**	**6,288.7**	**7,184.8**	**8,194.9**	**9,323.1**	**10,588.4**
% Change		14.0%	14.3%	14.8%	14.6%	14.4%	14.2%	14.1%	13.8%	13.6%

Source: Credit Lyonnais Securities estimates

Other AOL Europe Territories

Exhibit 85: AOL Europe (Other Territories) Subscription Revenue Projections

	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Subscription Revenues:										
Subscribers (millions):										
Beginning	0.100	0.150	0.300	0.700	1.300	1.900	2.440	2.926	3.363	3.757
Additions	0.050	0.150	0.400	0.600	0.600	0.540	0.486	0.437	0.394	0.354
Ending	0.150	0.300	0.700	1.300	1.900	2.440	2.926	3.363	3.757	4.111
Average	0.125	0.225	0.500	1.000	1.600	2.170	2.683	3.145	3.560	3.934
Weighted Average Subscription Rate	$25.00	$24.00	$22.80	$21.66	$20.36	$18.94	$17.42	$16.03	$14.42	$12.98
	-3.0%	-4.0%	-5.0%	-5.0%	-6.0%	-7.0%	-8.0%	-8.0%	-10.0%	-10.0%
Total AOL Subscription Revenues	37.5	64.8	136.8	259.9	390.9	493.1	560.9	604.8	616.2	612.9
% Change		72.8%	111.1%	90.0%	50.4%	26.1%	13.7%	7.8%	1.9%	-0.5%
Carrier Fees:										
Usage:										
Average Subscribers	0.125	0.225	0.500	1.000	1.600	2.170	2.683	3.145	3.560	3.934
x Average Daily Connections	0.5	0.7	0.8	0.8	0.9	0.9	1.0	1.0	1.1	1.1
x Average Monthly Connections per Average Subscriber	15.0	21.0	22.5	24.0	25.5	27.0	28.5	30.0	31.5	33.0
x Average Duration of Connection (Minutes)	12.0	14.5	16.0	17.2	18.1	19.0	19.9	20.9	22.0	23.1
= Average Usage per Subscriber Per Month	180.0	304.5	358.9	413.4	461.2	512.8	568.3	628.1	692.5	761.8
x Average Monthly Subscription Rate Per Minute (-5% per Yr)	$0.02	$0.02	$0.02	$0.02	$0.01	$0.01	$0.01	$0.01	$0.01	$0.01
x 12 = Annual Carrier Fees	5.4	15.6	38.9	80.6	129.5	175.7	216.7	252.6	283.8	310.5
% Change		189.3%	148.8%	107.4%	60.7%	35.7%	23.3%	16.6%	12.3%	9.4%
Total Other AOL Europe Subscription Revenues	**42.9**	**80.4**	**175.7**	**340.5**	**520.4**	**668.8**	**777.6**	**857.4**	**900.0**	**923.4**
% Change		87.5%	118.4%	93.8%	52.8%	28.5%	16.3%	10.3%	5.0%	2.6%

Source: Credit Lyonnais Securities estimates

Exhibit 86: AOL Europe (Other Territories) Advertising and E-Commerce Revenue Projections

($ millions)	1999E	2000E	2001E	2002E	2003E	2004E	2005E	2006E	2007E	2008E
Advertising and E-Commerce Fees:										
Advertising:										
Average Subscribers	0.125	0.225	0.500	1.000	1.600	2.170	2.683	3.145	3.560	3.934
x Average Monthly User Sessions per Average Subscriber	15.0	21.0	22.5	24.0	25.5	27.0	28.5	30.0	31.5	33.0
x Average Page Views per Session	11.0	12.1	13.3	14.0	14.7	15.3	15.9	16.5	17.2	17.9
x 12 = Total Page Views in Subscription Areas	247.5	686.1	1,796.9	4,024.9	7,184.5	10,729.9	14,563.6	18,686.9	23,102.5	27,814.8
Non-Subscription Areas										
Aggregate Average Monthly Unique Visitors	1.1	1.2	1.3	1.4	1.6	1.6	1.7	1.8	1.9	2.0
x Average Monthly User Sessions per Unique Visitor	3.3	3.5	3.7	4.0	4.2	4.4	4.7	4.9	5.1	5.4
x Average Page Views per Session	5.4	5.8	6.1	6.4	6.8	7.0	7.3	7.6	7.9	8.2
x 12 = Total Page Views in Non-Subscriber Areas	235.2	300.4	364.3	446.2	531.3	615.0	711.8	816.2	935.8	1,073.0
Total AOL Page Views	482.7	986.5	2,161.2	4,471.1	7,715.8	11,344.8	15,275.5	19,503.1	24,038.4	28,887.8
x Advertising Revenues Per Page View (+10% Yr)	$6.70	$8.04	$9.65	$11.58	$13.31	$14.65	$15.82	$17.08	$18.45	$19.93
Total Advertising Revenues	**3.2**	**7.9**	**20.9**	**51.8**	**102.7**	**166.2**	**241.6**	**333.2**	**443.5**	**575.6**
% Change		145.2%	162.9%	148.3%	98.5%	61.7%	45.4%	37.9%	33.1%	29.8%
E-Commerce Fees:										
Commerce Site Page Views—% of Total Annual Page Views	0.1%	0.1%	0.2%	0.3%	0.5%	0.6%	0.8%	0.9%	1.1%	1.2%
Page Views on Commerce Sites	0.4	1.2	4.9	14.5	36.7	70.9	118.4	180.4	258.4	339.4
x Take Rate (%) Weighted by Quantity Purchased per Purchase	20.0%	20.5%	21.5%	22.5%	23.5%	24.5%	25.5%	26.5%	27.5%	28.5%
= Total E-Commerce Purchases	0.1	0.3	1.0	3.3	8.6	17.4	30.2	47.8	71.1	96.7
x Average Purchase/Download Price	$25.00	$26.00	$26.78	$27.58	$28.41	$29.26	$30.14	$31.05	$31.98	$32.94
= Total E-Commerce Purchases ($ millions)	1.8	6.6	28.0	90.2	244.7	508.4	909.9	1,484.2	2,272.4	3,186.2
x AOL Commissions (%)	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
= AOL E-Commerce Fees	**0.2**	**0.7**	**2.8**	**9.0**	**24.5**	**50.8**	**91.0**	**148.4**	**227.2**	**318.6**
% Change		263.1%	326.0%	222.1%	171.3%	107.7%	79.0%	63.1%	53.1%	40.2%
Total Advertising and E-Commerce Fees	**3.4**	**8.6**	**23.7**	**60.8**	**127.2**	**217.0**	**332.6**	**481.6**	**670.7**	**894.2**
% Change		151.5%	175.4%	157.0%	109.3%	70.6%	53.3%	44.8%	39.3%	33.3%

Source: Credit Lyonnais Securities estimates

Exhibit 87: AOL Europe (Other Territories) Income Statement Projections

Revenues:										
Subscription	42.9	80.4	175.7	340.5	520.4	668.8	777.6	857.4	900.0	923.4
Advertising, E-Commerce Fees and Other Revenues										
Advertising	3.2	7.9	20.9	51.8	102.7	166.2	241.6	333.2	443.5	575.6
E-Commerce	0.2	0.7	2.8	9.0	24.5	50.8	91.0	148.4	227.2	318.6
Total Advertising and E-Commerce Fees	3.4	8.6	23.7	60.8	127.2	217.0	332.6	481.6	670.7	894.2
Total Consolidated Other AOL Europe Revenues	**46.3**	**89.0**	**199.3**	**401.3**	**647.6**	**885.8**	**1,110.2**	**1,339.0**	**1,570.8**	**1,817.6**
% Change		92.2%	123.9%	101.3%	61.4%	36.8%	25.3%	20.6%	17.3%	15.7%
Costs of Revenues	(32.4)	(61.4)	(135.5)	(268.9)	(427.4)	(580.2)	(721.6)	(863.7)	(1,005.3)	(1,154.2)
Gross Profit	13.9	27.6	63.8	132.4	220.2	305.6	388.6	475.4	565.5	663.4
% Margin	30.0%	31.0%	32.0%	33.0%	34.0%	34.5%	35.0%	35.5%	36.0%	36.5%
% Change		98.6%	131.2%	107.6%	66.3%	38.8%	27.2%	22.3%	19.0%	17.3%
Other Operating Costs:										
Sales and Marketing	(5.6)	(12.2)	(25.7)	(48.7)	(74.1)	(95.4)	(112.1)	(124.8)	(134.3)	(140.9)
Sales and Marketing per Average Analog Subscriber	($45.00)	($54.00)	($51.30)	($48.74)	($46.30)	($43.98)	($41.78)	($39.69)	($37.71)	($35.82)
Product Development	(6.7)	(11.1)	(21.9)	(38.1)	(55.0)	(70.9)	(83.3)	(93.7)	(102.1)	(109.1)
General and Administrative	(5.6)	(6.7)	(7.5)	(8.2)	(9.0)	(9.6)	(10.2)	(10.8)	(11.4)	(12.1)
Total	(17.9)	(29.9)	(55.0)	(95.1)	(138.2)	(175.9)	(205.5)	(229.3)	(247.8)	(262.1)
EBITDA	**(4.0)**	**(2.4)**	**8.7**	**37.4**	**82.0**	**129.7**	**183.0**	**246.0**	**317.7**	**401.3**
% Margin	-8.6%	-2.6%	4.4%	9.3%	12.7%	14.6%	16.5%	18.4%	20.2%	22.1%
% Change				327.5%	119.6%	58.1%	41.1%	34.4%	29.1%	26.3%
Depreciation and Amortization	(16.7)	(15.8)	(17.3)	(20.0)	(20.2)	(20.7)	(21.2)	(21.5)	(21.8)	(22.1)
Operating Income	**(20.7)**	**(18.2)**	**(8.6)**	**17.4**	**61.8**	**109.0**	**161.8**	**224.5**	**295.9**	**379.3**
% Margin	-44.6%	-20.4%	-4.3%	4.3%	9.5%	12.3%	14.6%	16.8%	18.8%	20.9%
% Change					255.8%	76.2%	48.5%	38.7%	31.8%	28.2%
Net Interest Expense	(0.5)	(1.7)	(3.2)	(3.3)	(0.2)	4.3	11.6	22.2	36.8	56.2
Pretax Income	**(21.2)**	**(19.9)**	**(11.8)**	**14.1**	**61.6**	**113.3**	**173.4**	**246.7**	**332.7**	**435.4**
% Margin	-45.7%	-22.4%	-5.9%	3.5%	9.5%	12.8%	15.6%	18.4%	21.2%	24.0%
% Change					337.6%	83.8%	53.1%	42.2%	34.9%	30.9%

Source: Credit Lyonnais Securities estimates

Exhibit 88: AOL Europe (Other Territories) Margin Analysis

	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2007E	2008E
Pretax Income	(21.2)	(19.9)	(11.8)	14.1	61.6	113.3	173.4	246.7	332.7	435.4
Depreciation and Amortization	16.7	15.8	17.3	20.0	20.2	20.7	21.2	21.5	21.8	22.1
After-Tax Cash Flow	**(4.5)**	**(4.1)**	**5.6**	**34.1**	**81.8**	**134.0**	**194.6**	**268.2**	**354.5**	**457.5**
Capital Spending	(8.3)	(13.4)	(23.9)	(19.1)	(19.1)	(19.1)	(19.1)	(19.1)	(19.1)	(19.1)
Free Cash Flow	**(12.9)**	**(17.4)**	**(18.3)**	**14.9**	**62.7**	**114.9**	**175.5**	**249.1**	**335.4**	**438.3**
Net Debt:										
Beginning	0.0	(12.9)	(30.3)	(48.6)	(33.7)	29.0	143.9	319.4	568.5	903.8
Ending	(12.9)	(30.3)	(48.6)	(33.7)	29.0	143.9	319.4	568.5	903.8	1,342.2
Average	(6.4)	(21.6)	(39.5)	(41.2)	(2.3)	86.4	231.6	443.9	736.2	1,123.0

Source: Credit Lyonnais Securities estimates

Exhibit 89: AOL Europe (Other Territories) Cash Flow Projections

	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pretax Income	(21.2)	(19.9)	(11.8)	14.1	61.6	113.3	173.4	246.7	332.7	435.4
Depreciation and Amortization	16.7	15.8	17.3	20.0	20.2	20.7	21.2	21.5	21.8	22.1
After-Tax Cash Flow	**(4.5)**	**(4.1)**	**5.6**	**34.1**	**81.8**	**134.0**	**194.6**	**268.2**	**354.5**	**457.5**
Capital Spending	(8.3)	(13.4)	(23.9)	(19.1)	(19.1)	(19.1)	(19.1)	(19.1)	(19.1)	(19.1)
Free Cash Flow	**(12.9)**	**(17.4)**	**(18.3)**	**14.9**	**62.7**	**114.9**	**175.5**	**249.1**	**335.4**	**438.3**
Net Debt:										
Beginning	0.0	(12.9)	(30.3)	(48.6)	(33.7)	29.0	143.9	319.4	568.5	903.8
Ending	(12.9)	(30.3)	(48.6)	(33.7)	29.0	143.9	319.4	568.5	903.8	1,342.2
Average	(6.4)	(21.6)	(39.5)	(41.2)	(2.3)	86.4	231.6	443.9	736.2	1,123.0

Source: Credit Lyonnais Securities estimates

Exhibit 90: AOL Europe (Other Territories) Depreciation Schedule

	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Beginning PP&E	75.0	68.3	68.0	78.3	81.8	84.6	86.8	88.6	90.0	91.1
Capital Spending	8.3	13.4	23.9	19.1	19.1	19.1	19.1	19.1	19.1	19.1
Acquired PP&E										
Depreciation	(16.7)	(15.8)	(17.3)	(20.0)	(20.2)	(20.7)	(21.2)	(21.5)	(21.8)	(22.1)

Source: Credit Lyonnais Securities estimates

Exhibit 91: AOL Europe (Other Territories) DCF Valuation

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Free Cash Flow	(12.9)	(17.4)	(18.3)	14.9	62.7	114.9	175.5	249.1	335.4	438.3
Add: After-Tax Interest (0 if Net Cash)	0.5	1.7	3.2	3.3	0.2	0.0	0.0	0.0	0.0	0.0
Free Cash Flow to Firm (FCFF)	**(12.3)**	**(15.7)**	**(15.2)**	**18.2**	**62.9**	**114.9**	**175.5**	**249.1**	**335.4**	**438.3**
% Change					245.2%	82.7%	52.7%	41.9%	34.6%	30.7%
Assumptions:										
Terminal Growth Rate	12.0%									
WACC	14.8%									
Terminal	35.1x									
Years to Discount	0	1	2	3	4	5	6	7	8	9
		0	1	2	3	4	5	6	7	8
			0	1	2	3	4	5	6	7
				0	1	2	3	4	5	6
					0	1	2	3	4	5
						0	1	2	3	4
							0	1	2	3
								0	1	2
									0	1
										0
Present Value of FCFF	(12.3)	(13.8)	(11.7)	12.3	37.2	59.7	79.9	99.5	117.6	134.8
		(15.7)	(13.3)	14.0	42.4	68.0	91.1	113.5	134.0	153.7
			(15.2)	16.0	48.4	77.5	103.9	129.4	152.8	175.2
				18.2	55.2	88.4	118.4	147.5	174.2	199.7
					62.9	100.8	135.0	168.1	198.6	227.7
						114.9	153.9	191.7	226.4	259.5
							175.5	218.5	258.1	295.9
								249.1	294.2	337.3
									335.4	384.5
										438.3
Sum of Present Value or FCFF Stream	503.3	587.8	688.0	801.6	893.1	946.4	947.9	880.6	719.9	438.3
Present Value of Terminal Value	5,254.2	5,989.8	6,828.4	7,784.4	8,874.2	10,116.6	11,532.9	13,147.5	14,988.2	17,086.5
Ending Net Cash (Debt)	(12.9)	(30.3)	(48.6)	(33.7)	29.0	143.9	319.4	568.5	903.8	1,342.2
Net Present Value	**5,744.7**	**6,547.3**	**7,467.8**	**8,552.3**	**9,796.3**	**11,206.9**	**12,800.2**	**14,596.6**	**16,611.9**	**18,867.1**
% Change		14.0%	14.1%	14.5%	14.5%	14.4%	14.2%	14.0%	13.8%	13.6%

Source: Credit Lyonnais Securities estimates

CompuServe Europe

Exhibit 92: CompuServe Europe Subscription Revenue Projections

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Subscription Revenues:										
Subscribers (millions):										
Beginning	0.750	0.825	0.925	1.015	1.096	1.169	1.227	1.274	1.311	1.341
Additions	0.075	0.100	0.090	0.081	0.073	0.058	0.047	0.037	0.030	0.024
Ending	0.825	0.925	1.015	1.096	1.169	1.227	1.274	1.311	1.341	1.365
Average	0.788	0.875	0.970	1.056	1.132	1.198	1.251	1.293	1.326	1.353
Weighted Average Subscription Rate	$18.00	$17.46	$16.76	$16.09	$15.13	$14.07	$12.94	$11.91	$10.72	$9.64
		-3.0%	-4.0%	-4.0%	-6.0%	-7.0%	-8.0%	-8.0%	-10.0%	-10.0%
Total Subscription Revenues	170.1	183.3	195.1	203.8	205.5	202.2	194.2	184.7	170.5	156.6
% Change		7.8%	6.4%	4.5%	0.9%	-1.6%	-4.0%	-4.9%	-7.7%	-8.2%
Carrier Fees:										
Usage:										
Average Subscribers	0.788	0.875	0.970	1.056	1.132	1.198	1.251	1.293	1.326	1.353
x Average Daily Connections	0.7	0.8	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.0
x Average Monthly Connections per Average Subscriber	19.5	24.0	25.5	27.0	27.8	28.5	29.3	30.0	30.0	30.0
x Average Duration of Connection (Minutes)	12.0	14.5	16.0	17.2	18.1	19.0	19.9	20.9	22.0	23.1
= Average Usage per Subscriber Per Month	234.0	348.0	406.7	465.1	501.9	541.3	583.3	628.1	659.6	692.5
x Average Monthly Subscription Rate Per Minute (-5% per Yr)	$0.02	$0.02	$0.02	$0.02	$0.01	$0.01	$0.01	$0.01	$0.01	$0.01
x 12 = Annual Carrier Fees	44.2	69.4	85.5	95.7	99.7	102.4	103.7	103.8	100.7	97.1
% Change		57.0%	23.1%	12.0%	4.2%	2.7%	1.2%	0.2%	-3.0%	-3.6%
Total CompuServe Europe Subscription Revenues	**214.3**	**252.8**	**280.6**	**299.5**	**305.3**	**304.6**	**297.9**	**288.5**	**271.2**	**253.7**
% Change		17.9%	11.0%	6.8%	1.9%	-0.2%	-2.2%	-3.1%	-6.0%	-6.5%

Source: Credit Lyonnais Securities estimates

Exhibit 93: CompuServe Europe Advertising Revenue Projections

	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2007E	2008E
Advertising and E-Commerce Fees:										
Advertising:										
Average Subscribers	0.788	0.875	0.970	1.056	1.132	1.198	1.251	1.293	1.326	1.353
x Average Monthly User Sessions per Average Subscriber	19.5	24.0	25.5	27.0	27.8	28.5	29.3	30.0	30.0	30.0
x Average Page Views per Session	14.3	15.7	17.3	18.2	19.1	19.8	20.6	21.5	22.3	23.2
x 12 = Total Page Views in Subscription Areas	2,635.1	3,964.0	5,135.9	6,213.2	7,193.9	8,129.0	9,056.8	9,985.0	10,654.2	11,304.9
x Advertising Revenues Per Page View (+10% Yr)	$5.50	$6.33	$7.27	$8.36	$9.20	$9.94	$10.73	$11.59	$12.52	$13.52
Total Advertising Revenues	**14.5**	**25.1**	**37.4**	**52.0**	**66.2**	**80.8**	**97.2**	**115.7**	**133.4**	**152.8**
% Change		73.0%	49.0%	39.1%	27.4%	22.0%	20.3%	19.1%	15.2%	14.6%
E-Commerce Fees:										
Commerce Site Page Views—% of Total Annual Page Views	0.1%	0.1%	0.2%	0.2%	0.3%	0.3%	0.4%	0.4%	0.5%	0.5%
Page Views on Commerce Sites	1.3	4.0	7.7	12.4	18.0	24.4	31.7	39.9	47.9	56.5
x Take Rate (%) Weighted by Quantity Purchased per Purchase	20.0%	20.5%	21.5%	22.5%	23.5%	24.5%	25.5%	26.5%	27.5%	28.5%
= Total E-Commerce Purchases	0.3	0.8	1.7	2.8	4.2	6.0	8.1	10.6	13.2	16.1
x Average Purchase/Download Price	$40.00	$41.60	$42.85	$44.13	$45.46	$46.82	$48.23	$49.67	$51.16	$52.70
= Total E-Commerce Purchases ($ millions)	10.5	33.8	71.0	123.4	192.1	279.7	389.8	525.7	674.6	848.9
x CompuServe Commissions (%)	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
= E-Commerce Fees	**1.1**	**3.4**	**7.1**	**12.3**	**19.2**	**28.0**	**39.0**	**52.6**	**67.5**	**84.9**
% Change		220.7%	109.9%	73.9%	55.7%	45.6%	39.3%	34.9%	28.3%	25.8%
Total Advertising and E-Commerce Fees	**15.5**	**28.5**	**44.5**	**64.3**	**85.4**	**108.8**	**136.2**	**168.3**	**200.8**	**237.7**
% Change		83.0%	56.2%	44.7%	32.8%	27.3%	25.2%	23.6%	19.3%	18.4%

Source: Credit Lyonnais Securities estimates

Exhibit 94: CompuServe Europe Income Statement Projections

	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Revenues:										
Subscription	214.3	252.8	280.6	299.5	305.3	304.6	297.9	288.5	271.2	253.7
Advertising, E-Commerce Fees and Other Revenues										
Advertising	14.5	25.1	37.4	52.0	66.2	80.8	97.2	115.7	133.4	152.8
E-Commerce	1.1	3.4	7.1	12.3	19.2	28.0	39.0	52.6	67.5	84.9
Total Advertising and E-Commerce Fees	15.5	28.5	44.5	64.3	85.4	108.8	136.2	168.3	200.8	237.7
Total Consolidated CompuServe Europe Revenues	**229.9**	**281.2**	**325.0**	**363.8**	**390.7**	**413.4**	**434.0**	**456.8**	**472.0**	**491.4**
% Change		22.3%	15.6%	11.9%	7.4%	5.8%	5.0%	5.2%	3.3%	4.1%
Costs of Revenues	(147.1)	(168.7)	(188.5)	(203.7)	(211.0)	(215.0)	(221.4)	(228.4)	(231.3)	(235.9)
Gross Profit	82.8	112.5	136.5	160.1	179.7	198.4	212.7	228.4	240.7	255.5
% Margin	36.0%	40.0%	42.0%	44.0%	46.0%	48.0%	49.0%	50.0%	51.0%	52.0%
% Change		35.9%	21.4%	17.3%	12.3%	10.4%	7.2%	7.4%	5.4%	6.1%
Other Operating Costs:										
Sales and Marketing	(23.6)	(25.6)	(27.7)	(29.3)	(30.9)	(32.0)	(32.7)	(33.1)	(33.3)	(33.3)
Sales and Marketing per Average Analog Subscriber	($30.00)	($29.25)	($28.52)	($27.81)	($27.25)	($26.70)	($26.17)	($25.65)	($25.13)	($24.63)
Product Development	(26.4)	(30.2)	(33.3)	(35.5)	(36.1)	(36.2)	(35.8)	(35.4)	(34.2)	(33.2)
General and Administrative	(23.0)	(27.6)	(30.9)	(34.0)	(37.4)	(39.6)	(42.0)	(44.5)	(47.2)	(50.0)
Total	(73.0)	(83.4)	(91.9)	(98.8)	(104.4)	(107.8)	(110.5)	(113.1)	(114.7)	(116.5)
EBITDA	**9.7**	**29.1**	**44.6**	**61.3**	**75.3**	**90.6**	**102.1**	**115.3**	**126.0**	**139.0**
% Margin	4.2%	10.3%	13.7%	16.8%	19.3%	21.9%	23.5%	25.2%	26.7%	28.3%
% Change		199.5%	53.5%	37.3%	22.9%	20.3%	12.7%	12.9%	9.2%	10.3%
Depreciation and Amortization	(17.4)	(22.7)	(26.5)	(28.0)	(28.1)	(28.8)	(29.2)	(29.6)	(29.9)	(30.2)
Operating Income	**(7.6)**	**6.4**	**18.1**	**33.2**	**47.2**	**61.9**	**72.9**	**85.7**	**96.0**	**108.8**
% Margin	-3.3%	2.3%	5.6%	9.1%	12.1%	15.0%	16.8%	18.8%	20.3%	22.1%
% Change			184.0%	83.4%	41.9%	31.1%	17.8%	17.6%	12.1%	13.3%
Net Interest Expense	(1.1)	(2.7)	(2.7)	(0.9)	1.5	4.5	8.4	13.1	18.6	25.0
Pretax Income	**(8.8)**	**3.7**	**15.4**	**32.3**	**48.7**	**66.4**	**81.3**	**98.8**	**114.6**	**133.8**
% Margin	-3.8%	1.3%	4.8%	8.9%	12.5%	16.1%	18.7%	21.6%	24.3%	27.2%
% Change			314.7%	109.2%	50.8%	36.3%	22.4%	21.5%	16.1%	16.7%

Source: Credit Lyonnais Securities estimates

Exhibit 95: CompuServe Europe Margin Analysis

	[illegible]	[illegible]	2001	[illegible]	[illegible]	[illegible]	[illegible]	2006	2007E	2008E
Gross Margin	36.0%	40.0%	42.0%	44.0%	46.0%	48.0%	49.0%	50.0%	51.0%	52.0%
Operating Costs as a % of Revenues										
Sales and Marketing	10.3%	9.1%	8.5%	8.1%	7.9%	7.7%	7.5%	7.3%	7.1%	6.8%
Product Development	11.5%	10.8%	10.3%	9.8%	9.3%	8.8%	8.3%	7.8%	7.3%	6.8%
General and Administrative	10.0%	9.8%	9.5%	9.3%	9.6%	9.6%	9.7%	9.7%	10.0%	10.2%
Total	31.8%	29.7%	28.3%	27.2%	26.7%	26.1%	25.5%	24.8%	24.3%	23.7%
EBITDA Margin	**4.2%**	**10.3%**	**13.7%**	**16.8%**	**19.3%**	**21.9%**	**23.5%**	**25.2%**	**26.7%**	**28.3%**

Source: Credit Lyonnais Securities estimates

Exhibit 96: CompuServe Europe Cash Flow Projections

	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pretax Income	(8.8)	3.7	15.4	32.3	48.7	66.4	81.3	98.8	114.6	133.8
Depreciation and Amortization	17.4	22.7	26.5	28.0	28.1	28.8	29.2	29.6	29.9	30.2
After-Tax Cash Flow	**8.6**	**26.4**	**41.9**	**60.3**	**76.9**	**95.2**	**110.5**	**128.4**	**144.6**	**164.0**
Capital Spending	(36.8)	(36.6)	(32.5)	(26.0)	(26.0)	(26.0)	(26.0)	(26.0)	(26.0)	(26.0)
Free Cash Flow	**(28.2)**	**(10.1)**	**9.4**	**34.3**	**50.9**	**69.2**	**84.5**	**102.4**	**118.6**	**138.0**
Net Debt:										
Beginning	0.0	(28.2)	(38.3)	(28.9)	5.4	56.3	125.5	210.0	312.4	431.0
Ending	(28.2)	(38.3)	(28.9)	5.4	56.3	125.5	210.0	312.4	431.0	569.0
Average	(14.1)	(33.3)	(33.6)	(11.7)	30.9	90.9	167.8	261.2	371.7	500.0

Source: Credit Lyonnais Securities estimates

Exhibit 97: CompuServe Europe Depreciation Schedule

	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Beginning PP&E	50.0	78.8	98.0	110.9	114.7	117.8	120.2	122.2	123.7	125.0
Capital Spending	36.8	36.6	32.5	26.0	26.0	26.0	26.0	26.0	26.0	26.0
Acquired PP&E										
Depreciation	(17.4)	(22.7)	(26.5)	(28.0)	(28.1)	(28.8)	(29.2)	(29.6)	(29.9)	(30.2)

Source: Credit Lyonnais Securities estimates