

As discussed in Note 14 to the consolidated financial statements, in 1998 the Company changed its method of accounting for income taxes.

/s/ ERNST & YOUNG LLP

Vienna, Virginia  
July 21, 1999

EX-10.1  
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THE COMPANY'S EMPLOYEE STOCK PURCHASE PLAN

Exhibit 10.1

America Online, Inc.  
Employee Stock Purchase Plan

(Amended and Restated Effective as of July 28, 1999)

America Online, Inc. Employee Stock Purchase Plan

(Amended and Restated Effective as of July 28, 1999)

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## Article I. The Plan

### 1.1 Establishment and Restatement of the Plan

America Online, Inc. (the "Company") previously established and presently maintains a qualified employee stock purchase plan for the benefit of the Eligible Employees of the Company and each participating Affiliate. The Plan was initially effective on June 16, 1992 and was last amended and restated as of December 1, 1997. The Plan is hereby amended and restated, effective July 28, 1999. It shall continue to be known as the America Online, Inc. Employee Stock Purchase Plan (the "Plan").

### 1.2 Applicability of the Plan

The provisions of this Plan apply only to Eligible Employees of the Company or a participating Affiliate who are actively employed on or after July 28, 1999. The rights of any individual that arise under this Plan before July 28, 1999 shall be determined under the Plan as in effect at that time.

### 1.3 Purpose of the Plan

The Plan is intended to encourage Eligible Employees to promote the Company's best interests and enhance the Company's long-term performance by allowing them to purchase the Company's Common Stock through payroll deductions. The Company intends this Plan to qualify as an employee stock purchase plan under Code section 423. Accordingly, the Plan shall be construed in a manner consistent with the requirements of such section.

## Article II. Definitions

Whenever used in this Plan, the following terms shall have the meanings set forth below unless otherwise expressly provided. When the defined meaning is intended, the term is capitalized. The definition of any term in the singular shall also include the plural.

### 2.1 Affiliate

Affiliate means any present or future corporation which is a subsidiary corporation within the meaning of Code section 424(f).

### 2.2 Board

Board means the Company's Board of Directors.

### 2.3 Closing Price

Closing Price means, as of any applicable date, the last trade price for the Company's Common Stock on the New York Stock Exchange. However, if no trade

takes place on the New York Stock Exchange for a particular date, the Closing Price for such date shall be the average of the closing bid and asked prices on such day as officially quoted by the New York Stock Exchange.

#### 2.4 Code

Code means the Internal Revenue Code of 1986, as amended, or as it may be amended from time to time. A reference to a particular section of the Code shall also be deemed to refer to the regulations under that section.

#### 2.5 Committee

Committee means the Committee appointed by the Board to which the Board may delegate its powers to administer this Plan.

#### 2.6 Common Stock

Common Stock means shares of the Company's common stock having a par value of \$.01 per share.

#### 2.7 Company

Company means America Online, Inc., or any successor thereto that agrees to adopt and continue this Plan.

#### 2.8 Compensation

Compensation means the total cash compensation (before taxes) received by a Participant during a Participation Period from salary or wages. Salary and wages shall include, but not be limited to, overtime pay, bonuses, holiday pay, vacation pay, and short-term disability payments. Salary reduction contributions made by the Participant under any plan maintained by the Company or an Affiliate pursuant to Code section 125 or 401(k) shall also be included in Compensation. Compensation shall not include payments under any other form of equity or fringe benefit program (including, but not limited to, car allowances, relocation reimbursements, and expatriate allowances) and compensation attributable to the vesting of any restricted stock or exercise of a stock option.

#### 2.9 Contribution Account

Contribution Account means the bookkeeping account established on behalf of each Participant under section 5.1. An Employer is not required to segregate Contribution Accounts from the Employer's other assets.

#### 2.10 Eligible Employee

Eligible Employee means each person who, on the first day of a Participation Period, is employed by an Employer.

#### 2.11 Employer

Employer means the Company and each Affiliate which becomes a party to the Plan with the approval of the Board. As of June 1, 1999, each of the following are Employers under the Plan:

- America Online, Inc.
- AOL Community, Inc.
- AOL TV, Inc.
- Asylum, Inc.
- CompuServe Interactive Services, Inc.
- PersonaLogic, Inc.
- When Inc.
- AOL Canada Services Inc.
- AOL America Online France Holding SARL
- AOL America Online (Deutschland) GmbH
- AOL America Online Limited (Ireland).

As of September 1, 1999, Netscape Communications Corporation is an Employer under the Plan. As of December 1, 1999, Digital Marketing Services, Inc. is an Employer under the Plan.

#### 2.12 Exercise Date

Exercise Date means the last Trading Date of the applicable Participation Period.

#### 2.13 Exercise Price

Exercise Price means the lesser of:

(a) 85 percent of the Closing Price on the first Trading Date of the applicable Participation Period; or (b) 85 percent of the Closing Price on the Exercise

Date of the applicable Participation Period.

Notwithstanding the above, for the special three-month participation period described in section 2.16, Exercise Price shall mean the lesser of (i) 85 percent of the Closing Price on September 1, 1999 or (ii) 85 percent of the Closing Price on November 30, 1999.

#### 2.14 Option

Option means a right granted under this Plan to an Eligible Employee to purchase shares of Common Stock.

#### 2.15 Participant

Participant means an Eligible Employee who has enrolled in the Plan pursuant to sections 3.1 and 3.2.

#### 2.16 Participation Period

Participation Period means either:

(a) the six-month period beginning on each December 1 and ending on the following May 31; or (b) the six-month period beginning on each June 1 and ending on the following November 30.

In addition, for Eligible Employees of Netscape Communications Corporation, there shall be a special three-month Participation Period that begins on September 1, 1999 and ends on November 30, 1999.

#### 2.17 Plan

Plan means this America Online, Inc. Employee Stock Purchase Plan, as amended from time to time.

#### 2.18 Trading Date

Trading Date means a date on which stocks in the United States are traded on the New York Stock Exchange, regardless of whether any Common Stock is actually traded on such date.

### Article III. Eligibility and Participation

#### 3.1 Eligibility

Each Eligible Employee may become a Participant on the first day of the Participation Period that coincides with or next follows the Eligible Employee's first day of employment with the Company or a participating Affiliate.

However, no otherwise Eligible Employee shall become a Participant for a Participation Period if, immediately following such Participation Period, such individual would own stock and/or hold options to purchase stock, representing 5 percent or more of the total combined voting power or value of all classes of stock of the Company or an Affiliate. The attribution rules described in Code section 424(d) shall apply in determining the stock ownership of any Eligible Employee under this section 3.1.

#### 3.2 Enrollment

(a) General Rule. An Eligible Employee may become a Participant by enrolling in the Plan as of the first day of the earliest Participation Period identified in section 3.1, or as of the first day of any subsequent Participation Period (provided he or she is still an Eligible Employee). The enrollment procedures shall be prescribed by the Committee or the most senior human resources officer of the Company and shall be communicated to Eligible Employees approximately 30 days before the first day of the applicable Participation Period.

(b) Payroll Deduction Election. At the time of enrollment, an Eligible Employee shall authorize a regular payroll deduction from his or her Compensation for the applicable Participation Period in accordance with section 5.2.

#### 3.3 Termination of Plan Participation

(a) Voluntary Discontinuance. A Participant may discontinue his or her payroll deduction election for a Participation Period by giving notice at a time, and in a manner, prescribed by the Committee. This voluntary discontinuance of Plan participation must occur no later than 11:59 p.m., Eastern Time, on the 15th of the month in which the Participation Period ends.

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Any balance remaining in the Participant's Contribution Account at the time of such voluntary discontinuance shall be refunded (without interest) to the Participant within 30 days.

(b) Termination of Employment. Except as otherwise provided in subsection (c), a Participant who terminates employment during a Participation Period shall be deemed to have discontinued Plan participation on the first day of such Participation Period. Any balance remaining in the Participant's Contribution Account at the time of such termination from employment shall be refunded (without interest) to the Participant within 30 days following such termination.

(c) Retirement. The following provisions shall apply to a Participant who terminates employment during a Participation Period on or after the first day of the month in which the Participant reaches age 65.

- (1) If such Participant terminates employment during the first three months of a Participation Period, the Participant shall be deemed to have discontinued Plan participation on the first day of such Participation Period. The balance in the Participant's Contribution Account shall be refunded (without interest) to the Participant within 30 days following such retirement.
- (2) If such Participant terminates employment during the last three months of a Participation Period, payroll deductions will cease at the time of such termination. Unless the Participant elects otherwise, the balance in the Participant's Contribution Account shall be used to purchase whole shares of Common Stock on the Exercise Date for the Participation Period in which the termination occurs. (Any amounts remaining in the Contribution Account after the purchase of whole shares of Common Stock shall be paid to the Participant (without interest) within 30 days following the Exercise Date).

However, instead of exercising Options on the Exercise Date described above, such Participant may elect, before the applicable Exercise Date, to receive the balance in his or her Contribution Account (without interest). If the Participant elects this cash payment, the payment shall be made within 30 days following the Participant's election.

(d) Death. If a Participant dies during a Participation Period, the balance that is credited to the Participant's Contribution Account shall be used to purchase whole shares of Common Stock on the Exercise Date for the Participation Period in which the Participant died. This Common Stock shall be distributed to the Participant's estate as soon as practicable following such Exercise Date. (In addition, any amounts remaining in the Contribution Account after the purchase of whole shares of Common Stock shall be paid to the estate (without interest) within 30 days following such Exercise Date.)

However, instead of exercising Options on the Exercise Date described above, the executor of the Participant's estate may elect, before the applicable Exercise Date, to receive the balance in the Participant's Contribution Account (without interest). If the executor elects this cash payment, the payment shall be made to the Participant's estate within 30 days following such election.

(e) Disability. If a Participant incurs a Disability during a Participation Period, payroll deductions for that Participant will cease on the date of such Disability. Unless the Participant elects otherwise, the balance in the Participant's Contribution Account shall be used to purchase whole shares of Common Stock on the Exercise Date for the Participation Period in which the Disability occurs. (Any amounts remaining in the Contribution Account after the purchase of whole shares of Common Stock shall be paid to the Participant (without interest) within 30 days following such Exercise Date.)

However, instead of exercising Options on the Exercise Date described above, such Participant may elect, before the applicable Exercise Date, to receive the balance in his or her Contribution Account (without interest). If the disabled Participant elects this cash payment, the payment shall be made within 30 days following such election.

For purposes of this subsection (e), a Participant is treated as having incurred a Disability when the Participant leaves the Employer's active employment on account of any condition which would be treated as a total and permanent disability under Code section 22(e)(3).

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(f) Leaves of Absence. Payroll deductions will cease when a Participant begins an unpaid leave of absence. Unless the Participant elects otherwise, the balance in the Participant's Contribution Account shall be used to purchase whole shares of Common Stock on the Exercise Date for the Participation Period in which the leave begins. (Any amounts remaining in the Contribution Account after the purchase of whole shares of Common Stock shall be paid to the Participant (without interest) within 30 days following such Exercise Date.)

However, instead of exercising Options as of the Exercise Date described above, such Participant may elect, before the applicable Exercise Date, to receive the balance in his or her Contribution Account (without interest). If the Participant elects this cash payment, the payment shall be made within 30 days following such election.

Notwithstanding any other provision in this subsection (f), if a Participant's unpaid leave of absence extends beyond the 90 days, such Participant shall be deemed to have incurred a termination of employment on the later of the 91st day of such leave or the date on which the Participant no longer has reemployment rights guaranteed by contract or law. In this event, the Participant shall receive a cash payment of any amounts remaining in his or her Contribution Account in accordance with subsection (b).

(g) Transfer to Nonparticipating Affiliate. Payroll deductions will cease when a Participant is transferred from an Employer to a nonparticipating Affiliate. The balance in the Participant's Contribution Account at the time of such transfer shall be refunded to the Participant (without interest) within 30 days following such transfer.

#### Article IV. Available Stock

##### 4.1 In General

Subject to sections 4.2 and 4.3, 14,400,000 shares of Common Stock shall be available for purchase by Participants under this Plan. These shares may be authorized and unissued shares or may be issued shares that were subsequently acquired by an Employer. If an Option under the Plan expires or terminates without having been exercised in whole or in part, the shares that are subject to such Option shall again be available for subsequent Option grants under the Plan.

If the total number of shares of Common Stock to be purchased on an Exercise Date exceeds the maximum number of shares available for the Participation Period, the Committee shall allocate a percentage of the available shares to each Participant equal to the balance in the Participant's Contribution Account divided by the aggregate balance of all Contribution Accounts. (The allocation to each individual Participant shall be rounded down to the nearest number of whole shares.) Any balance remaining in the Participant's Contribution Account after such allocation shall be distributed to the Participant in cash (without interest) as soon as practicable.

##### 4.2 Changes in Corporate Capitalization

The number of shares of Common Stock available under the Plan, the number of shares of Common Stock that are subject to each outstanding Option, and the Exercise Price may be adjusted by the Board to reflect any increase or decrease in the number of shares of issued Common Stock resulting from any subdivision or consolidation of shares, the payment of a stock dividend, or other increase or decrease in the number of shares outstanding effected without receipt of consideration by the Company. Adjustments shall be made in the sole discretion of the Board, and its decision shall be final and binding.

##### 4.3 Dissolution, Merger, and Consolidation

Upon the dissolution or liquidation of the Company, or upon a merger or consolidation of the Company in which the Company is not the surviving corporation, each Participant who holds an Option under the Plan shall be entitled to receive at the next Exercise Date the same cash, securities, and/or other property which a holder of Common Stock was entitled to upon and at the time of such transaction. The Board shall take whatever steps it deems reasonably necessary in connection with any such transaction to assure that Participants receive the benefits described in this section 4.3.

#### Article V. Purchasing Common Stock

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### 5.1 Participants' Accounts

The Committee shall establish a Contribution Account in the name of each Participant. The payroll deductions authorized by the Participant under section 5.2 shall be credited to the Participant's Contribution Account, without interest. The amount credited to a Participant's Contribution Account as of an Exercise Date shall be used to purchase shares of Common Stock in accordance with section 5.3.

### 5.2 Participant Contributions

(a) Payroll Deduction. An Eligible Employee may become a Participant for a Participation Period by enrolling in the Plan at a time, and in a manner, prescribed by the Committee or the senior human resources officer of the Company. As part of the enrollment process, the Participant shall authorize the Employer to deduct a whole percentage (ranging from 1 percent to 15 percent, as specified by the Participant) of the Participant's Compensation from each paycheck that is received during the applicable Participation Period.

The payroll deduction election in effect at the end of the current Participation Period shall automatically remain in effect for the next following Participation Period unless changed by the Participant at a time, and in a manner, prescribed by the Committee.

(b) Election Changes During a Participation Period. A Participant may increase or decrease his or her payroll deduction election during a Participation Period by giving notice at least 15 days before the first day of the pay period for which the change is effective. (If the Participant reduces the payroll deduction election to zero, the Participant shall be subject to the additional provisions of section 3.3(a).)

### 5.3 Common Stock Purchases

(a) General Rule. Except as provided in section 3.3 (regarding the cessation of participation during a Participation Period), section 4.1 (relating to a shortage of available shares), or section 5.3(b) (regarding the limit described in Code section 423(b)(8)), all amounts credited to the Participant's Contribution Account during a Participation Period shall be used automatically to acquire whole shares of Common Stock. The number of whole shares acquired on behalf of each Participant shall be determined by dividing the amount credited to the Participant's Contribution Account on the Exercise Date by the Exercise Price.

If there is any amount remaining in the Participant's Contribution Account after the purchase of whole shares of Common Stock under this subsection (a), such amount shall be carried forward for use during the next following Participation Period unless the Participant requests a cash payment of such remainder. If the Participant elects a cash payment within 30 days following the Exercise Date, such payment shall be made (without interest) within 30 days following such election.

(b) Calendar Year Limit. Notwithstanding any provision in this Plan to the contrary, no Eligible Employee shall be granted an Option in the Plan which would permit the Eligible Employee's rights to purchase Common Stock under all employee stock purchase plans (within the meaning of Code section 423) of the Company or an Affiliate to accrue at a rate which exceeds \$25,000 in fair market value of such stock (determined at the time the Option is granted--i.e., the first day of the Participation Period for which the Common Stock is acquired) for each calendar year in which the Option is outstanding.

(c) Stock Certificates. As soon as reasonably practicable following each Exercise Date, Common Stock purchased under subsection (a) shall be credited to an account in the Participant's name in the offices of a broker designated by the Committee. Physical delivery of the Common Stock certificates to Participants shall not be required.

## Article VI. Amendment and Termination

### 6.1 Amendment

Except as provided below, the Plan may be amended by the shareholders, by the Board, or by the Committee. (This right to amend shall include the right of the Board to designate, from time to time, any Affiliate as a participating Employer

herein). However, no amendment may--

- (a) adversely affect any Option that was granted before the adoption date of such amendment, unless any Participant to whom such Option has been granted gives his or her written consent to such amendment;
- (b) increase the aggregate number of shares which may be issued under the Plan (except an increase occurring under section 4.2 relating to changes in the Company's capitalization) without shareholder approval; or
- (c) change the designation of participating Employers (except as provided above) without shareholder approval.

If shareholder approval for an amendment is required under subsection (b) or (c), such approval must be obtained within 12 months after the date the amendment is approved by the Board. If the required approval is not obtained, any such amendment shall be null and void from its intended effective date.

#### 6.2 Termination

The shareholders, the Board, or the Committee may terminate the Plan at any time. If the Plan is terminated, the Committee shall give notice to affected Participants, terminate all payroll deductions, and pay to the Participants any balances remaining in their Contribution Accounts (without interest) as soon as practicable following such termination.

### Article VII. General Provisions

#### 7.1 Administration

The Board shall be responsible for the administration of the Plan. The Board shall have the authority--

- (a) to establish rules and procedures for the administration of the Plan which are not inconsistent with the provisions hereof;
- (b) to interpret the terms and provisions of the Plan and determine all questions arising under the Plan; and
- (c) to delegate to the Committee any of its administrative responsibilities hereunder (except its power to designate Affiliates as participating Employers).

The Committee may, in turn, delegate to the appropriate individuals the authority to administer the Plan and keep records of individual benefits. The Committee, however, may not delegate its power to terminate or amend the Plan.

In carrying out its responsibilities, neither the Board nor the Committee shall discriminate in favor of or against any Participant. Each Eligible Employee shall have the same rights and privileges under the Plan, except that the amount of Common Stock which may be purchased under Options granted under the Plan shall bear a uniform relationship to the amount of the Eligible Employee's Compensation.

In carrying out its responsibilities, the Board and the Committee shall have the utmost discretion permitted by law. Also, to the extent permitted by law, all findings of fact, determinations, interpretations, and decisions of the Board and the Committee shall be conclusive and binding upon all persons.

#### 7.2 Rights Not Transferable

Options granted under the Plan may not be transferred by the Participant except by will or by the laws of descent and distribution. Additionally, no Option shall be subject to execution, attachment, or similar process. Any attempt to assign, transfer, attach, or otherwise dispose of any Option granted under this Plan shall be null and void. An Option may be exercised only by the Participant (or by the Participant's legal representative if permitted under Code section 423) during his or her lifetime. After the Participant's death, the Participant's outstanding Option may be exercised by the executor of the Participant's estate pursuant to section 3.3(d).

#### 7.3 Shareholder Rights

A Participant shall not have any rights as a shareholder with respect to Common Stock issuable pursuant to the exercise of an Option granted under this Plan until a certificate for such shares of Common Stock are issued to him or her, or the Company reflects the Participant's ownership in its stock ledger or other appropriate record of Common Stock ownership.

#### 7.4 No Contract of Employment

Nothing contained in the Plan shall be deemed to give any Eligible Employee the right to be retained in the service of the Company or an Affiliate, or to

interfere with the right of the Company or an Affiliate to discharge or retire any Eligible Employee at any time.

7.5 Tax Considerations

- (a) Favorable Taxation Under Code Section 423. To qualify for favorable tax treatment under Code section 423, a Participant may not transfer or otherwise dispose of Common Stock acquired under this Plan until the later of:
  - (1) one year from the date of acquisition of such Common Stock; or
  - (2) two years after the date on which the related Option was granted (i.e., the first day of the Participation Period for which the Common Stock was acquired).
 However, if the Participant dies before such Common Stock is sold, these holding period requirements do not apply.
- (b) Notice of Disqualifying Disposition. Each Participant who acquires shares of Common Stock under this Plan shall notify the Company, in writing, if the Participant disposes of such shares before the later of the two dates identified in subsection (a) above.
- (c) Withholding. The Committee may make appropriate withholding of federal, state, and local income taxes from a Participant's Compensation to the extent that the Committee deems such withholding to be necessary under applicable law. Alternatively, the Committee may require the Participant to remit any such taxes directly to the Employer by separate check.

7.6 Application of Funds

The proceeds received by the Company from the sale of Common Stock under this Plan will be used for general corporate purposes.

7.7 Applicable Law

The obligations of the Company to sell and deliver Common Stock under the Plan shall be subject to all applicable laws, regulations, rules, and approvals, including, but not limited to, the effectiveness of a registration statement under the Securities Act of 1933 if deemed necessary or appropriate by the Company. Certificates for shares of Common Stock issued hereunder may be legended as the Board shall deem appropriate.

Questions relating to the validity, construction, and administration of the Plan shall be determined under the laws of the State of Delaware to the extent that such laws are not inconsistent with Code section 423.

7.8 Severability

If a provision of the Plan is illegal or invalid, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included in this Plan.

In Witness Whereof, the authorized officers of the Company have signed this document and have affixed the corporate seal on , 1997.

America Online, Inc.

Attest:

By \_\_\_\_\_

Its \_\_\_\_\_

By: \_\_\_\_\_

(Corporate Seal)

Its \_\_\_\_\_

EX-10.2

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## 1992 EMPLOYEE, DIRECTOR AND STOCK OPTION PLAN

Exhibit 10.2

AMERICA ONLINE, INC.

1992 EMPLOYEE, DIRECTOR AND CONSULTANT  
STOCK OPTION PLAN  
(AS AMENDED AND RESTATED)

## 1. PURPOSES OF THE PLAN.

The Plan is intended to encourage ownership of Shares by Key Employees and directors of and certain consultants to the Company in order to attract such people, to induce them to work for the benefit of the Company or of an Affiliate, and to provide additional incentive for them to promote the success of the Company or of an Affiliate. The Plan provides for the granting of ISOs and Non-Qualified Options.

## 2. DEFINITIONS.

Unless otherwise specified or unless the context otherwise requires, the following terms, as used in this America Online, Inc. 1992 Employee, Director and Consultant Stock Option Plan, have the following meanings:

Administrator means the Board of Directors, unless it has delegated power to act on its behalf to the Committee, in which case the Administrator means the Committee.

Affiliate, with respect to ISOs, means a corporation which, for purposes of Section 424 of the Code, is a parent or subsidiary of the Company, direct or indirect, and with respect to Non-Qualified Options, means any corporation, company or other entity such that the Company directly or indirectly, through one or more intermediaries, owns or controls the greater of (i) 25% of the voting power or outstanding securities of such corporation, company or other entity; or (ii) such amount of voting or outstanding securities or has other controlling interest such that the Shares and the Options would qualify for registration on Form S-8, all as determined by the Administrator.

Board of Directors means the Board of Directors of the Company.

Change in Control means either a Corporate Change in Control or a Transactional Change in Control.

Code means the United States Internal Revenue Code of 1986, as amended.

Committee means the committee of the Board of Directors to which the Board of Directors has delegated power to act under or pursuant to the provisions of the Plan.

Common Stock means shares of the Company's common stock, \$.01 par value per share.

Company means America Online, Inc., a Delaware corporation.

Corporate Change in Control means the happening of any of the following events:

(1) the acquisition by any individual, entity or group (an "Entity"), including any "person" within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act, of beneficial ownership (within the meaning of Rule 13d-3

promulgated under the Exchange Act) of 30% or more of either (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); excluding, however, the following: (A) any acquisition directly from the Company (excluding any acquisition by virtue of the exercise of an exercise, conversion or exchange privilege unless the security being so exercised, converted or exchanged was itself acquired directly from the Company), (B) any acquisition by the Company, or (C) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Company or by any corporation controlled by the Company; or

(2) a change in the composition of the Board since July 30, 1997, such that the individuals who, as of such date, constituted the Board of Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of such Board; provided that any individual who becomes a director of the Company subsequent to July 30, 1997 whose election, or nomination for election by the Company's stockholders, was approved by the vote of at least a majority of the directors then comprising the Incumbent Board shall be deemed a member of the Incumbent Board; and provided further, that any individual who was initially elected as a director of the Company as a result of an actual or threatened election contest, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act, or any other actual or threatened solicitation of proxies or consents by or on behalf of any person or Entity other than the Board shall not be deemed a member of the Incumbent Board.

Disability or Disabled means permanent and total disability as defined in Section 22(e)(3) of the Code.

Fair Market Value of a Share of Common Stock means:

(1) If the Common Stock is listed on a national securities exchange or traded in the over-the-counter market and sales prices are regularly reported for the Common Stock, the closing or last price of the Common Stock on the Composite Tape or other comparable reporting system for the applicable date, or if the applicable date is not a trading day, the trading day immediately preceding the applicable date;

(2) If the Common Stock is not traded on a national securities exchange but is traded on the over-the-counter market, if sales prices are not regularly reported for the Common Stock for the trading day referred to in clause (1), and if bid and asked prices for the Common Stock are regularly reported, the mean between the bid and the asked price for the Common Stock at the close of trading in the over-the-counter market on the applicable date, or if the applicable date is not a trading day, on the trading day immediately preceding the applicable date; and

(3) If the Common Stock is neither listed on a national securities exchange nor traded in the over-the-counter market, such value as the Administrator, in good faith, shall determine.

Involuntary Employment Action shall mean any change in the terms and conditions of the Participant's employment with the Company or any successor, without cause (as defined herein), to such extent that:

(1) the Participant shall fail to be vested with power, authority and resources analogous to the Participant's title and/or office prior to the Change in Control, or

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(2) the Participant shall lose any significant duties or responsibilities attending such office, or

(3) there shall occur a reduction in the Participant's base compensation, or

(4) the Participant's employment with the Company, or its successor, is terminated without cause (as defined herein).

ISO means an option meant to qualify as an incentive stock option under Section 422 of the Code.

Key Employee means an employee of the Company or of an Affiliate (including, without limitation, an employee who is also serving as an officer or director of the Company or of an Affiliate), designated by the Administrator to be eligible to be granted one or more Options under the Plan.

Non-Qualified Option means an option which is not intended to qualify as an ISO.

Option means an ISO or Non-Qualified Option granted under the Plan.

Option Agreement means an agreement between the Company and a Participant delivered pursuant to the Plan, in such form as the Administrator shall approve.

Participant means a Key Employee, director or consultant to whom one or more Options are granted under the Plan. As used herein, "Participant" shall include "Participant's Survivors" where the context requires.

Plan means this America Online, Inc. 1992 Employee, Director and Consultant Stock Option Plan.

Shares means shares of the Common Stock as to which Options have been or may be granted under the Plan or any shares of capital stock into which the Shares are changed or for which they are exchanged within the provisions of Paragraph 3 of the Plan. The Shares issued upon exercise of Options granted under the Plan may be authorized and unissued shares or shares held by the Company in its treasury, or both.

Survivors means a deceased Participant's legal representatives and/or any person or persons who acquired the Participant's rights to an Option by will or by the laws of descent and distribution.

Transactional Change in Control shall mean any of the following transactions to which the Company is a party:

(1) a reorganization, recapitalization, merger or consolidation (a "Corporate Transaction") of the Company, unless securities representing 60% or more of either the outstanding shares of common stock or the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the Company or the corporation resulting from such Corporate Transaction (or the parent of such corporation) are held subsequent to such transaction by the person or persons who were the beneficial holders of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Corporate Transaction, in substantially the same proportions as their ownership immediately prior to such Corporate Transaction; or

(2) the sale, transfer or other disposition of all or substantially all of the assets of the Company.

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### 3. SHARES SUBJECT TO THE PLAN.

The number of Shares which may be issued from time to time pursuant to this Plan shall be 421,640,000 or the equivalent of such number of Shares after the Administrator, in its sole discretion, has interpreted the effect of any stock split, stock dividend, combination, recapitalization or similar transaction in accordance with Paragraph 16 of the Plan.

If an Option ceases to be "outstanding", in whole or in part, the Shares which were subject to such Option shall be available for the granting of other Options under the Plan. Any Option shall be treated as "outstanding" until such Option is exercised in full, or terminates or expires under the provisions of the Plan, or by agreement of the parties to the pertinent Option Agreement.

### 4. ADMINISTRATION OF THE PLAN.

The Administrator of the Plan will be the Board of Directors, except to the extent the Board of Directors delegates its authority to the Committee, in which case the Committee shall be the Administrator. Subject to the provisions of the Plan, the Administrator is authorized to:

- a. Interpret the provisions of the Plan or of any Option or Option Agreement and to make all rules and determinations which it deems necessary or advisable for the administration of the Plan;
- b. Determine which employees of the Company or of an Affiliate shall be designated as Key Employees and which of the Key Employees, directors and consultants shall be granted Options;
- c. Determine the number of Shares for which an Option or Options shall be granted, provided, however, that in no event shall Options to purchase more than 4,000,000 Shares be granted to any Participant in any fiscal year; and
- d. Specify the terms and conditions upon which an Option or Options may be granted;

provided, however, that all such interpretations, rules, determinations, terms and conditions shall be made and prescribed in the context of preserving the tax status under Section 422 of the Code of those Options which are designated as ISOs. Subject to the foregoing, the interpretation and construction by the Administrator of any provisions of the Plan or of any Option granted under it shall be final, unless otherwise determined by the Board of Directors, if the Administrator is the Committee. The Administrator's determinations under the Plan need not be uniform and may be made by it selectively among persons who receive, or are eligible to receive, Options under the Plan (whether or not such persons are similarly situated). Without limiting the generality of the foregoing, the Administrator shall be entitled, among other things, to make non uniform and selective determinations, and to enter into non uniform and selective Option Agreements, as to (a) the persons to receive Options under the Plan, (b) the terms and provisions of Options under the Plan, and whether a termination of service with the Company and any Affiliate has occurred.

### 5. ELIGIBILITY FOR PARTICIPATION.

The Administrator will, in its sole discretion, name the Participants in the Plan, provided, however, that each Participant must be a Key Employee, director or consultant of the Company or of an Affiliate at the time an Option is granted. Members of the Company's Board of Directors who are not employees of the Company or of an Affiliate may receive options pursuant to Paragraph 6, Subparagraph A(f), but only pursuant thereto. Notwithstanding any of the foregoing provisions, the Administrator may authorize the grant of an Option to a person not then an employee, director or consultant of the Company or of an Affiliate; provided, however, that the actual grant of such Option shall be conditioned upon such person becoming eligible to become a Participant at or prior to the time of the execution of the Option Agreement evidencing such Option. ISOs may be granted only to Key Employees. Non-Qualified Options may be granted to any Key Employee, director or consultant of the Company or an Affiliate. The granting of any Option to any individual shall neither entitle that individual to, nor disqualify him or her from, participation in any other grant of Options.

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## 6. TERMS AND CONDITIONS OF OPTIONS.

Each Option shall be set forth in writing in an Option Agreement, duly executed by the Company and, to the extent required by law or requested by the Company, by the Participant. The Administrator may provide that Options be granted subject to such terms and conditions, consistent with the terms and conditions specifically required under this Plan, as the Administrator may deem appropriate including, without limitation, subsequent approval by the stockholders of the Company of this Plan or any amendments thereto.

A. Non-Qualified Options: Each Option intended to be a Non-Qualified Option shall be subject to the terms and conditions which the Administrator determines to be appropriate and in the best interest of the Company, subject to the following minimum standards for any such Non-Qualified Option:

- a. Option Price: The option price (per share) of the Shares covered by each Option shall be determined by the Administrator but shall not be less than one hundred percent (100%) of the Fair Market Value (per share) of the Shares on the date of grant of the Option.
- b. Each Option Agreement shall state the number of Shares to which it pertains;
- c. Each Option Agreement shall state the date or dates on which it first is exercisable and the date after which it may no longer be exercised, and may provide that the Option rights accrue or become exercisable in installments over a period of months or years, or upon the occurrence of certain conditions or the attainment of stated goals or events; and
- d. Exercise of any Option may be conditioned upon the Participant's execution of a Share purchase agreement in form satisfactory to the Administrator providing for certain protections for the Company and its other stockholders, including requirements that:
  - i. The Participant's or the Participant's Survivors' right to sell or transfer the Shares may be restricted; and
  - ii. The Participant or the Participant's Survivors may be required to execute letters of investment intent and must also acknowledge that the Shares will bear legends noting any applicable restrictions.
- e. Limitation on Grant of Non-Qualified Options: No Non-Qualified Option shall be granted after the date provided in Paragraph 22 of this Plan.
- f. Directors' Options: Each director of the Company who is not an employee of the Company or any Affiliate, upon first being elected or appointed to the Board of Directors, shall be granted a Non-Qualified Option to purchase 10,000 shares; provided, however, that the Administrator shall be entitled to grant an Option for such higher number of shares as may be appropriate (as determined by the Administrator) for recruitment purposes. On the date following the annual meeting of stockholders of the Company each year, giving effect to the election of any director or directors at such annual meeting of stockholders, each director who is not an employee of the Company or any Affiliate and who has served at least six months as a director shall be granted a Non-Qualified Option to purchase 10,000 Shares. In addition, on date following the annual meeting of stockholders of the Company each year, giving effect to the election of any director or directors at such annual meeting of stockholders, each director who is not an employee of the Company or any Affiliate and who serves on the Compensation Committee or the Audit Committee of the Board of Directors (or other committee designated by the Board of Directors to be entitled to receive options under this sentence) shall be granted a

Non-Qualified Option to purchase 5,000 shares; provided, further, that on such date, each such director who serves as the Chair of such committee shall be granted an additional Option to purchase 5,000 shares. The grants for service as a committee member or Chair shall cover service on all eligible committees and shall not be cumulative for service on more than one committee. Each Option granted pursuant to this Section 6(A)(f) shall (i) have an exercise price equal to the Fair Market Value (per share) of the Shares on the date of grant of the Option, (ii) have a term of ten (10) years, and (iii) be immediately exercisable (subject to Section 16 of the Securities Exchange Act of 1934, as amended (the "1934 Act")). The Board of Directors may amend this Section 6(A)(f) to increase, reduce, eliminate, or institute option grants for Board, Committee, or other individual or collective service under this Plan.

- B. ISOs: Each Option intended to be an ISO shall so state and shall be issued only to a Key Employee and be subject to at least the following terms and conditions, with such additional restrictions or changes as the Administrator determines are appropriate but not in conflict with Section 422 of the Code and relevant regulations and rulings of the Internal Revenue Service:
- a. Minimum standards: The ISO shall meet the minimum standards required of Non-Qualified Options, as described in Paragraph 6(A) above, except clauses (a) and (f) thereunder.
  - b. Option Price: Immediately before the Option is granted, if the Participant owns, directly or by reason of the applicable attribution rules in Section 424(d) of the Code:
    - i. Ten percent (10%) or less of the total combined voting power of all classes of stock of the Company or an Affiliate, the Option price per share of the Shares covered by each Option shall not be less than one hundred percent (100%) of the Fair Market Value per share of the Shares on the date of the grant of the Option.
    - ii. More than ten percent (10%) of the total combined voting power of all classes of stock of the Company or an Affiliate, the Option price per share of the Shares covered by each Option shall not be less than one hundred ten percent (110%) of the Fair Market Value on the date of grant.
  - c. Term of Option: For Participants who own
    - i. Ten percent (10%) or less of the total combined voting power of all classes of stock of the Company or an Affiliate, each Option shall terminate not more than ten (10) years from the date of the grant or at such earlier time as the Option Agreement may provide.
    - ii. More than ten percent (10%) of the total combined voting power of all classes of stock of the Company or an Affiliate, each Option shall terminate not more than five (5) years from the date of the grant or at such earlier time as the Option Agreement may provide.
  - d. Limitation on Yearly Exercise: The Option Agreements shall restrict the amount of Options which may be exercisable in any calendar year (under this or any other ISO plan of the Company or an Affiliate) so that the aggregate Fair Market Value (determined at the time each ISO is granted) of the stock with respect to which ISOs are exercisable for the first time by the Participant in any calendar year does not exceed one hundred thousand dollars (\$100,000), provided that this subparagraph (d) shall have no force or effect if its inclusion in the Plan is not necessary for Options issued as ISOs to qualify as ISOs pursuant to Section 422(d) of the Code.
  - e. Limitation on Grant of ISOs: No ISOs shall be granted after

February 3, 2002, the date which is the earlier of ten (10) years from the date of the adoption of the Plan by the Company and the date of the approval of the Plan by the shareholders of the Company.

- f. To the extent that an Option which is intended to be an ISO fails to so qualify, it shall be treated as a Non-Qualified Option.

#### 7. EXERCISE OF OPTIONS AND ISSUE OF SHARES.

An Option (or any part or installment thereof) shall be exercised by giving written notice to the Company at its principal executive office address, together with provision for payment of the full purchase price in accordance with this Paragraph for the Shares as to which the Option is being exercised, and upon compliance with any other condition(s) set forth in the Option Agreement. Such written notice shall be signed by the person exercising the Option, shall state the number of Shares with respect to which the Option is being exercised and shall contain any representation required by the Plan or the Option Agreement. Payment of the purchase price for the Shares as to which such Option is being exercised shall be made (a) in United States dollars in cash or by check, or (b) at the discretion of the Administrator, through delivery of shares of Common Stock having a Fair Market Value equal as of the date of the exercise to the cash exercise price of the Option, or (c) at the discretion of the Administrator, by delivery of the grantee's personal recourse note bearing interest payable not less than annually at no less than 100% of the applicable Federal rate, as defined in Section 1274(d) of the Code, or (d) at the discretion of the Administrator, in accordance with a cashless exercise program established with a securities brokerage firm, and approved by the Administrator, or (e) at the discretion of the Administrator, through such other method of payment approved by the Administrator, or (f) at the discretion of the Administrator, by any combination of (a), (b), (c), (d) and (e) above. Notwithstanding the foregoing, the Administrator shall accept only such payment on exercise of an ISO as is permitted by Section 422 of the Code.

The Company shall then reasonably promptly deliver the Shares as to which such Option was exercised to the Participant (or to the Participant's Survivors, as the case may be). In determining what constitutes "reasonably promptly," it is expressly understood that the delivery of the Shares may be delayed by the Company in order to comply with any law or regulation (including, without limitation, state securities or "blue sky" laws) which requires the Company to take any action with respect to the Shares prior to their issuance. The Shares shall, upon delivery, be evidenced by an appropriate certificate or certificates for fully paid, non-assessable Shares.

The Administrator shall have the right to accelerate the date of exercise of any installment of any Option; provided that the Administrator shall not accelerate the exercise date of any installment of any Option granted to any Key Employee as an ISO (and not previously converted into a Non-Qualified Option pursuant to Paragraph 19) if such acceleration would violate the annual vesting limitation contained in Section 422(d) of the Code, as described in Paragraph 6(B)(d).

The Administrator may, in its discretion, amend any term or condition of an outstanding Option provided (i) such term or condition as amended is permitted by the Plan, (ii) if any amendment is materially adverse to the Participant, any such amendment shall be made only with the consent of the Participant to whom the Option was granted, or in the event of the death of the Participant, the Participant's Survivors, and (iii) any such amendment of any ISO shall be made only after the Administrator, after consulting with counsel for the Company, determines whether such amendment would constitute a "modification" of any Option which is an ISO (as that term is defined in Section 424(h) of the Code) or would cause any adverse tax consequences for the holder of such ISO.

#### 8. RIGHTS AS A STOCKHOLDER.

No Participant to whom an Option has been granted shall have rights as a stockholder with respect to any Shares covered by such Option, except after due exercise of the Option and tender of the full purchase price for the Shares being purchased pursuant to such exercise (and satisfaction of such other conditions for the transfer of Shares as may be required pursuant to the Option) and registration of the Shares in the Company's share register in the name of

the Participant.

9. ASSIGNABILITY AND TRANSFERABILITY OF OPTIONS.

By its terms, an Option granted to a Participant shall not be transferable by the Participant other than (i) by will or by the laws of descent and distribution, or (ii) as otherwise determined by the Administrator and set forth in the applicable Option Agreement. The designation of a beneficiary of an Option by a Participant shall not be deemed a transfer prohibited by this Paragraph. Except as provided above, an Option shall be exercisable, during the Participant's lifetime, only by such Participant (or by his or her legal representative) and shall not be assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process. Any attempted transfer, assignment, pledge, hypothecation or other disposition of any Option or of any rights granted thereunder contrary to the provisions of this Plan, or the levy of any attachment or similar process upon an Option, shall be null and void.

10. EFFECT OF TERMINATION OF SERVICE OTHER THAN "FOR CAUSE" OR DEATH OR DISABILITY.

Except as otherwise provided in the pertinent Option Agreement, in the event of a termination of service (whether as an employee, director or consultant) with the Company or an Affiliate before the Participant has exercised all Options, the following rules apply:

- a. A Participant who ceases to be an employee, director or consultant of the Company or of an Affiliate (for any reason other than termination "for cause", Disability, or death for which events there are special rules in Paragraphs 11, 12, and 13, respectively), may exercise any Option granted to him or her to the extent that the Option is exercisable on the date of such termination of service, but only within such term as the Administrator has designated in the pertinent Option Agreement.
- b. Except as provided in Subparagraph (c) below, or Paragraph 12 or 13, in no event may an Option Agreement provide, if the Option is intended to be an ISO, that the time for exercise be later than three (3) months after the Participant's termination of employment.
- c. The provisions of this Paragraph, and not the provisions of Paragraph 12 or 13, shall apply to a Participant who subsequently becomes Disabled or dies after the termination of employment, director status or consultancy, provided, however, in the case of a Participant's Disability or death within three (3) months after the termination of employment, director status or consultancy, the Participant or the Participant's Survivors may exercise the Option within one (1) year after the date of the Participant's termination of employment, but in no event after the date of expiration of the term of the Option.
- d. Notwithstanding anything herein to the contrary, if subsequent to a Participant's termination of employment, termination of director status or termination of consultancy, but prior to the exercise of an Option, the Board of Directors determines that, either prior or subsequent to the Participant's termination, the Participant engaged in conduct which would constitute "cause" (as defined in Section 11 below), then such Participant shall forthwith cease to have any right to exercise any Option.
- e. A Participant to whom an Option has been granted under the Plan who is absent from work with the Company or with an Affiliate because of temporary disability (any disability other than a permanent and total Disability as defined in Paragraph 2 hereof), or who is on leave of absence for any purpose, shall not, during the period of any such absence, be deemed, by virtue of such absence alone, to have terminated such Participant's employment, director status or consultancy with the Company or with an Affiliate, except as the Administrator or the Option Agreement may otherwise expressly provide.
- f. Except as required by law or as set forth in the pertinent Option Agreement, Options granted under the Plan shall not be affected by any

change of a Participant's status within or among the Company and any Affiliates, so long as the Participant continues to be an employee, director or consultant of the Company or any Affiliate.

#### 11. EFFECT OF TERMINATION OF SERVICE "FOR CAUSE".

Except as otherwise provided in the pertinent Option Agreement, the following rules apply if the Participant's service (whether as an employee, director or consultant) with the Company or an Affiliate is terminated "for cause" prior to the time that all his or her outstanding Options have been exercised:

- a. All outstanding and unexercised Options as of the time the Participant is notified his or her service is terminated for "cause" will immediately be forfeited.
- b. For purposes of this Plan, "cause" shall include (and is not limited to) dishonesty with respect to the Company or any Affiliate, insubordination, substantial malfeasance or non-feasance of duty, unauthorized disclosure of confidential information, and conduct substantially prejudicial to the business of the Company or any Affiliate. The determination of the Administrator as to the existence of "cause" will be conclusive on the Participant and the Company.
- c. "Cause" is not limited to events which have occurred prior to a Participant's termination of service, nor is it necessary that the Administrator's finding of "cause" occur prior to termination. If the Administrator determines, subsequent to a Participant's termination of service but prior to the exercise of an Option, that either prior or subsequent to the Participant's termination the Participant engaged in conduct which would constitute "cause," then the right to exercise any Option is forfeited.
- d. Any definition in an agreement between the Participant and the Company or an Affiliate, which contains a conflicting definition of "cause" for termination and which is in effect at the time of such termination, shall supersede the definition in this Plan with respect to such Participant.

#### 12. EFFECT OF TERMINATION OF SERVICE FOR DISABILITY.

Except as otherwise provided in the pertinent Option Agreement, a Participant who ceases to be an employee, director or consultant of the Company or of an Affiliate by reason of Disability may exercise any Option granted to such Participant:

- a. To the extent exercisable but not exercised on the date of Disability; and
- b. In the event rights to exercise the Option accrue periodically, to the extent of a pro rata portion of any additional rights as would have accrued had the Participant not become Disabled prior to the end of the accrual period which next ends following the date of Disability. The proration shall be based upon the number of days of such accrual period prior to the date of Disability.

A Disabled Participant may exercise such rights only within the period ending one (1) year after the date of the Participant's termination of employment, directorship or consultancy, as the case may be, notwithstanding that the Participant might have been able to exercise the Option as to some or all of the Shares on a later date if the Participant had not become disabled and had continued to be an employee, director or consultant or, if earlier, within the originally prescribed term of the Option.

The Administrator shall make the determination both of whether Disability has occurred and the date of its occurrence (unless a procedure for such determination is set forth in another agreement between the Company and such Participant, in which case such procedure shall be used for such determination). If requested, the Participant shall be examined by a physician selected or approved by the Administrator, the cost of which examination shall be paid for

by the Company.

13. EFFECT OF DEATH WHILE AN EMPLOYEE, DIRECTOR OR CONSULTANT.

Except as otherwise provided in the pertinent Option Agreement, in the event of the death of a Participant while the Participant is an employee, director or consultant of the Company or of an Affiliate, such Option may be exercised by the Participant's Survivors:

- a. To the extent exercisable but not exercised on the date of death; and
- b. In the event rights to exercise the Option accrue periodically, to the extent of a pro rata portion of any additional rights which would have accrued had the Participant not died prior to the end of the accrual period which next ends following the date of death. The proration shall be based upon the number of days of such accrual period prior to the Participant's death.

If the Participant's Survivors wish to exercise the Option, they must take all necessary steps to exercise the Option within one (1) year after the date of death of such Participant, notwithstanding that the decedent might have been able to exercise the Option as to some or all of the Shares on a later date if he or she had not died and had continued to be an employee, director or consultant or, if earlier, within the originally prescribed term of the Option.

14. PURCHASE FOR INVESTMENT.

Unless the offering and sale of the Shares to be issued upon the particular exercise of an Option shall have been effectively registered under the Securities Act of 1933, as now in force or hereafter amended (the "1933 Act"), the Company shall be under no obligation to issue the Shares covered by such exercise unless and until the following conditions have been fulfilled:

- a. The person(s) who exercise(s) such Option shall warrant to the Company, prior to the receipt of such Shares, that such person(s) are acquiring such Shares for their own respective accounts, for investment, and not with a view to, or for sale in connection with, the distribution of any such Shares, in which event the person(s) acquiring such Shares shall be bound by the provisions of the following legend which shall be endorsed upon the certificate(s) evidencing their Shares issued pursuant to such exercise of such grant:

"The shares represented by this certificate have been taken for investment and they may not be sold or otherwise transferred by any person, including a pledgee, unless (1) either (a) a Registration Statement with respect to such shares shall be effective under the Securities Act of 1933, as amended, or (b) the Company shall have received an opinion of counsel satisfactory to it that an exemption from registration under such Act is then available, and (2) there shall have been compliance with all applicable state securities laws."

- b. At the discretion of the Administrator, the Company shall have received an opinion of its counsel that the Shares may be issued upon such particular exercise in compliance with the 1933 Act without registration thereunder.

The Company may delay issuance of the Shares until completion of any action or obtaining of any consent which the Company deems necessary under any applicable law (including, without limitation, state securities or "blue sky" laws.)

15. DISSOLUTION OR LIQUIDATION OF THE COMPANY.

Upon the dissolution or liquidation of the Company, all Options granted under this Plan which as of such date shall not have been exercised will terminate and become null and void; provided, however, that if the rights of a

Participant or a Participant's Survivors have not otherwise terminated and expired, (i) the Participant or the Participant's Survivors will have the right immediately prior to such dissolution or liquidation to exercise any Option to the extent that the Option is exercisable as of the date immediately prior to such dissolution or liquidation; and (ii) if a Change in Control shall have occurred within the twelve months immediately prior to the date of such dissolution or liquidation, such Participant or such Participant's Survivors will have the right immediately prior to such dissolution or liquidation to exercise any Option then outstanding whether or not such Option is exercisable as of such date.

#### 16. ADJUSTMENTS.

Upon the occurrence of any of the following events, a Participant's rights with respect to any Option granted to him or her hereunder which has not previously been exercised in full shall be adjusted as hereinafter provided, unless otherwise specifically provided in the pertinent Option Agreement:

A. Stock Dividends and Stock Splits. If (i) the shares of Common Stock shall be subdivided or combined into a greater or smaller number of shares or if the Company shall issue any shares of Common Stock as a stock dividend on its outstanding Common Stock, or (ii) additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Common Stock, the number of shares of Common Stock deliverable upon the exercise of such Option may be appropriately increased or decreased proportionately, and appropriate adjustments may be made in the purchase price per share to reflect such subdivision, combination or stock dividend. The number of Shares subject to options to be granted to directors pursuant to Paragraph 6(A)(f) shall also be proportionately adjusted upon the occurrence of such events, except as the Administrator shall otherwise determine in its sole discretion. The number of Shares subject to options to be granted pursuant to Paragraph 4(c) shall also be proportionately adjusted upon the occurrence of such events.

B. Corporate Changes in Control. In the event of a Corporate Change in Control

(i) Each Option outstanding as of the date such Corporate Change in Control is determined to have occurred, and which is not then exercisable by reason of vesting requirements, shall automatically accelerate the vesting so that the Option shall become fully exercisable and vested on the first to occur of (x) the date the Option becomes vested and exercisable under its original terms (with respect only to such Options as otherwise would vest during such one-year period under their terms), (y) the first anniversary of the date such Corporate Change in Control is determined to have occurred, and (z) the occurrence of an Involuntary Employment Action; and

(ii) The Options so accelerated shall remain so exercisable until the earlier of the original expiration date of the Option and the earlier termination of the Option in accordance with the Plan and the Agreement.

C. Transactional Changes in Control. In the event of a Transactional Change in Control,

(i) Each Option outstanding as of the date such Transactional Change in Control is determined to have occurred shall be either: (a) assumed by the successor corporation (or its parent) or replaced with a comparable option to purchase shares of the capital stock of the successor corporation (or its parent) on an equitable basis, (b) terminated upon written notice to the Participants stating that all Options (for purposes of this Subparagraph all Options then outstanding shall be deemed to be exercisable) must be exercised within a specified number of days (which shall not be less than 15 days) from the date such notice is given, at the end of which period the Options shall terminate, or (c) terminated in exchange for a cash payment equal to the excess of the Fair Market Value of the shares subject to such Options (for purposes of this Subparagraph all Options then outstanding shall be deemed to be exercisable) over the exercise price thereof; provided, however, that if any of the treatments of Options pursuant to this Plan set forth in clauses (a), (b) or (c) above would make a Transactional Change in Control transaction ineligible for

pooling-of-interest accounting under APB No. 16 such that but for the nature of such treatment such transaction would otherwise be eligible for such accounting treatment, the Committee (or the Administrator if no Committee has been appointed) shall have the ability to substitute for any cash or other consideration payable under such treatment shares of Common Stock with a Fair Market Value or other consideration with value equal to the cash or other consideration that would otherwise be payable pursuant to such treatment. The determination of which of the treatments set forth in clauses (a), (b) and (c) above to provide and of comparability under clause (a) above shall be made by the Administrator and its determinations shall be final, binding and conclusive.

(ii) Each Option that is assumed or replaced in connection with a Transactional Change in Control shall automatically accelerate so that the Option shall become fully exercisable and vested on the first to occur of (x) the date the Option becomes vested and exercisable under its original terms (with respect only to such Options as otherwise would vest during such one-year period under their terms), (y) the first anniversary of the date such Transactional Change in Control is determined to have occurred, and (z) the occurrence of an Involuntary Employment Action. The Options so accelerated shall remain so exercisable until the earlier of the original expiration date of the Option and the earlier termination of the Option in accordance with the Plan and the Agreement.

D. Corporate Transaction. In the event of a Corporate Transaction that does not constitute a Transactional Change in Control or in the event of a similar event, pursuant to which securities of the Company or of another corporation or entity are issued with respect to the outstanding shares of Common Stock, a Participant upon exercising an Option shall be entitled to receive for the purchase price paid upon such exercise the securities which would have been received if such Option had been exercised prior to such Corporate Transaction.

E. Modification of ISOs. Notwithstanding the foregoing, any adjustments made pursuant to Subparagraph A, B, C or D with respect to ISOs shall be made only after the Administrator, after consulting with counsel for the Company, determines whether such adjustments would constitute a "modification" of such ISOs (as that term is defined in Section 424(h) of the Code) or would cause any adverse tax consequences for the holders of such ISOs. If the Administrator determines that such adjustments made with respect to ISOs would constitute a "modification" of such ISOs, it may refrain from making such adjustments, unless the holder of an ISO specifically requests in writing that such adjustment be made and such writing indicates that the holder has full knowledge of the consequences of such "modification" on his or her income tax treatment with respect to the ISO.

#### 17. ISSUANCES OF SECURITIES.

Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares subject to Options. Except as expressly provided herein, no adjustments shall be made for dividends paid in cash or in property (including without limitation, securities) of the Company.

#### 18. FRACTIONAL SHARES.

No fractional shares shall be issued under the Plan and the person exercising such right shall receive from the Company cash in lieu of such fractional shares equal to the Fair Market Value thereof.

#### 19. CONVERSION OF ISOs INTO NON-QUALIFIED OPTIONS; TERMINATION OF ISOs.

The Administrator, at the written request of any Participant, may in its discretion take such actions as may be necessary to convert such Participant's ISOs (or any portions thereof) that have not been exercised on the date of conversion into Non-Qualified Options at any time prior to the expiration of such ISOs, regardless of whether the Participant is an employee of the Company or an Affiliate at the time of such conversion. Such actions may include, but not be limited to, extending the exercise period or reducing the exercise price

of the appropriate installments of such Options. At the time of such conversion, the Administrator (with the consent of the Participant) may impose such conditions on the exercise of the resulting Non-Qualified Options as the Administrator in its discretion may determine, provided that such conditions shall not be inconsistent with this Plan. Nothing in the Plan shall be deemed to give any Participant the right to have such Participant's ISOs converted into Non-Qualified Options, and no such conversion shall occur until and unless the Administrator takes appropriate action. The Administrator, with the consent of the Participant, may also terminate any portion of any ISO that has not been exercised at the time of such conversion.

#### 20. WITHHOLDING.

In the event that any federal, state, or local income taxes, employment taxes, Federal Insurance Contributions Act ("F.I.C.A.") withholdings or other amounts are required by applicable law or governmental regulation to be withheld from the Participant's salary, wages or other remuneration in connection with the exercise of an Option or a Disqualifying Disposition (as defined in Paragraph 21), the Company may withhold from the Participant's compensation, if any, or may require that the Participant advance in cash to the Company, or to any Affiliate of the Company which employs or employed the Participant, the amount of such withholdings unless a different withholding arrangement, including the use of shares of the Company's Common Stock or a promissory note, is authorized by the Administrator (and permitted by law). For purposes hereof, the fair market value of the shares withheld for purposes of payroll withholding shall be determined in the manner provided in Paragraph 2 above, as of the most recent practicable date prior to the date of exercise. If the fair market value of the shares withheld is less than the amount of payroll withholdings required, the Participant may be required to advance the difference in cash to the Company or the Affiliate employer. The Administrator in its discretion may condition the exercise of an Option for less than the then Fair Market Value on the Participant's payment of such additional withholding.

#### 21. NOTICE TO COMPANY OF DISQUALIFYING DISPOSITION.

Each Key Employee who receives an ISO must agree to notify the Company in writing immediately after the Key Employee makes a Disqualifying Disposition of any shares acquired pursuant to the exercise of an ISO. A Disqualifying Disposition is any disposition (including any sale) of such shares before the later of (a) two years after the date the Key Employee was granted the ISO, or (b) one year after the date the Key Employee acquired Shares by exercising the ISO. If the Key Employee has died before such stock is sold, these holding period requirements do not apply and no Disqualifying Disposition can occur thereafter.

#### 22. TERMINATION OF THE PLAN.

The Plan will terminate on February 3, 2002, the date which is ten (10) years from the earlier of the date of its adoption and the date of its approval by the stockholders of the Company. The Plan may be terminated at an earlier date by vote of the stockholders of the Company; provided, however, that any such earlier termination will not affect any Options granted or Option Agreements executed prior to the effective date of such termination.

#### 23. AMENDMENT OF THE PLAN AND AGREEMENTS.

The Plan may be amended by the stockholders of the Company. The Plan may also be amended by the Board of Directors or the Administrator, including, without limitation, to the extent necessary to qualify any or all outstanding Options granted under the Plan or Options to be granted under the Plan for favorable federal income tax treatment (including deferral of taxation upon exercise) as may be afforded incentive stock options under Section 422 of the Code, for as long as the Company has a class of stock registered pursuant to Section 12 of the 1934 Act and to the extent necessary to qualify the shares issuable upon exercise of any outstanding Options granted, or Options to be granted, under the Plan for listing on any national securities exchange or quotation in any national automated quotation system of securities dealers. Any amendment approved by the Administrator which the Administrator determines is of a scope that requires stockholder approval shall be subject to obtaining such

stockholder approval. Any modification or amendment of the Plan shall not, without the consent of a Participant, materially adversely affect his or her rights under an Option previously granted to him or her. With the consent of the Participant affected, the Administrator may amend outstanding Option Agreements in a manner which may be materially adverse to the Participant but which is not inconsistent with the Plan. In the discretion of the Administrator, outstanding Option Agreements may be amended by the Administrator in a manner which is not materially adverse to the Participant.

#### 24. EMPLOYMENT OR OTHER RELATIONSHIP.

Nothing in this Plan or any Option Agreement shall be deemed to prevent the Company or an Affiliate from terminating the employment, consultancy or director status of a Participant, nor to prevent a Participant from terminating his or her own employment, consultancy or director status or to give any Participant a right to be retained in employment or other service by the Company or any Affiliate for any period of time.

All Options shall constitute a special incentive payment to the Participant and shall not be taken into account in computing the amount of salary or compensation of the Participant for the purpose of determining any benefits under any pension, retirement, profit-sharing, bonus, life insurance or other benefit plan of the Company or under any agreement between the Company and the Participant, unless such plan or agreement specifically provides otherwise.

#### 25. GOVERNING LAW.

This Plan shall be construed and enforced in accordance with the law of the State of Delaware.

EX-10.8

4

EMPLOYMENT AGREEMENT FOR J.M. KELLY

Exhibit 10.8

June 16, 1998

Mr. J. Michael Kelly  
162 Woodridge Circle  
New Canaan, CT

Dear Mike:

We are very pleased to offer you the position of Senior Vice President and Chief Financial Officer of America Online, Inc., reporting directly to me as Chief Executive Officer of AOL. In this position, you will be an Officer of AOL (subject to formal Board action, which I will request promptly after your execution of this letter) and you will be responsible for all corporate financial matters relating to the Company. This letter will set forth the economic and key employment conditions of your employment.

Salary: You will be entitled to a minimum base compensation at the annual rate of \$450,000, payable semi-monthly, subject to customary tax deductions. Your base compensation will be reviewed annually and may be increased at the discretion of AOL's Board of Directors, based on your performance and changes in competitive market conditions.

Bonus: You will participate in AOL's Management Incentive Plan

(MIP) with a targeted bonus of 75% of your base pay if you and AOL meet the established performance objectives (and proportionally greater percentages of your base pay should you and AOL exceed such established performance objectives). Your pay out for AOL's fiscal year 1999 (7/1/98-6/30/99) will be guaranteed at no less than 75% of your then base pay (i.e. \$338,000).

**Stock Options:** In contemplation of, and subject to, your becoming employed by the Company, you have been granted an option to purchase 225,000 shares of AOL common stock vesting equally over a 4 year period of time and an option to purchase 225,000 shares of AOL common stock vesting at a rate of 33-1/3% on the 4th, 5th and 6th anniversaries of the grant. The form of option agreement to be entered into by you and the Company with respect to these stock options is delivered herewith.

**Restricted Stock:** The Company will take appropriate actions (primarily filings with the Securities and Exchange Commission) so that on or about your commencement date, the Company can offer and grant you 50,000 shares of AOL common stock which will vest and become transferable at a rate of 16,667, 16,667, and 16,666 shares respectively on the 1st, 2nd, 3rd year anniversaries of your employment date (the "Restricted Shares"). The form of Restricted Stock Agreement that would be used is delivered herewith.

**Relocation:** You will be eligible for AOL's executive relocation package, a copy of which is delivered here with. If you wish, AOL will acquire your current Connecticut home through a third party buy out and will provide you a relocation allowance equal to one months pay to cover miscellaneous relocation expenses. All relocation expenses, to include the relocation allowance, will be grossed up at the highest appropriate tax bracket.

**Benefits:** You and your family will be eligible to participate in all AOL-sponsored plans provided generally to AOL employees or to AOL senior management, including health and benefit plans and life and disability insurance plans, in accordance with AOL's current eligibility requirements. Mark Stavish has delivered a summary of the existing plans to you.

**Key Employment Conditions:** You will devote your full business time to the Company. As a condition of your employment, you will enter into a Confidentiality, Non Competition and Proprietary Rights Agreement, a copy of which has been delivered to you by Mark Stavish.

**Termination:** Your employment by AOL is at will and you or the Company will be free to terminate such employment at any time, with or without Cause. In the event of termination by you other than for Good Reason, or termination by the Company for Cause, you shall be entitled as of the termination date to no further compensation under this agreement, except that you shall be entitled to receive such portion of your base compensation as shall have accrued but remain unpaid as of the termination date. In the event AOL terminates your employment other than for Cause, or you terminate your employment for Good Reason, you will be entitled to receive the following items in exchange for a valid release of all claims against the Company:

- 0 Your base compensation accrued through the termination date,
- 0 Continuation of your base compensation for a period of twelve months,
- 0 Full payment of your MIP bonus after the end of the fiscal year in which your termination occurs, at the same time similarly situated continuing AOL employees receive their MIP bonuses,
- 0 Pro-rated payout of your MIP bonus for the subsequent Fiscal Year as determined by multiplying your then bonus percentage opportunity times your then base pay, multiplied by a fraction whose denominator will be 12 and whose numerator will be the number of full months of base pay continuance you receive during the course of that fiscal year, and
- 0 Your Restricted Stock will become fully vested.

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For purposes of this agreement, "Cause" shall be limited to your conviction of a felony involving moral turpitude, your willful and continued failure substantially to perform your required duties under this Agreement after notice and opportunity to cure, your intentional or repeated violation of the Confidentiality, Non-Competition and Proprietary Rights Agreement, or your intentional or improper conduct substantially prejudicial to the business of the Company or any of its affiliates; and "Good Reason" shall be limited to a termination by you, (a) due to death or qualifying for long-term disability, or (b) upon 60 days notice following your transfer to an office outside of the Company's headquarters, or (c) upon 60 days notice following a change by the Company in your reporting relationship or your authority which causes your position with the Company to become of materially less responsibility than your position immediately following the Commencement Date, provided that such material change is not in connection with a termination of your employment by the Company, and provided, further, that the Company shall not have taken action within 30 days of such notice of termination such that the circumstances constituting a Good Reason shall have ceased.

Commencement Date: The Commencement Date of your employment shall be as soon as practicable.

Mike, we are all very excited about the prospect of your joining the AOL team and working with us to build a great company and a new medium. If the terms of this letter are acceptable to you, please execute and return the enclosed copy.

We look forward to a long and mutually rewarding relationship.

Sincerely yours,

/s/ STEPHEN M. CASE  
Stephen M. Case  
Chairman

Agreed:

/s/ J. MICHAEL KELLY  
J. Michael Kelly

Date: 6/16/98

CONFIDENTIALITY, NON-COMPETITION AND  
PROPRIETARY RIGHTS AGREEMENT

For our company, people are the most important asset. That is because, in our competitive environment, we rely distinctly on your intellect and inventiveness. Your creativity, enterprise and common sense help us succeed against intense competition; your monetary compensation and benefits package, as well as community-building events within the company, reflect this value. We invest millions in distribution, marketing and infrastructure to advance our activities. We invest in you. We take the risk that these will pay off. It is not our intent to underwrite entrepreneurship that will not end up profiting the company. In other words, work done on company time belongs to America Online, Incorporated.

It is to protect our investment in you that we ask you to read, undergo and sign the following agreement, which is a condition of your employment.

Effective 6/23/98, 1998, I, the undersigned, hereby agree as follows:

1. Definitions:

- a) AOL means America Online, Incorporated and the Affiliates of America

Online, Incorporated. Affiliates shall mean: (i) any corporation, company or other entity more than thirty-three percent (33%) of whose outstanding shares or securities are, now or hereafter, owned or controlled, directly or indirectly, by AOL and its Affiliates, and (ii) any partnership, joint venture, unincorporated association or limited liability company more than fifty percent (50%) of whose ownership interest is now or hereafter owned or controlled in the aggregate, directly or indirectly, by AOL and its Affiliates.

- b) Proprietary Information means any information that I may be furnished or may otherwise receive or have access to while employed by AOL that relates to the following: AOL's business, finances, business plans, business opportunities, past, present or future products, software, content, research, development, improvements, inventions, product designs and plans, processes, techniques, designs or other technical data, source code, services, subscribers, personnel, customer lists and other unpublished information provided by AOL or a third party that has provided proprietary information to AOL.
2. Protecting Proprietary Information: Both during and after the term of this agreement, I agree to preserve and protect the confidentiality of Proprietary Information and all its physical forms, whether disclosed to me before or after this agreement is signed. In addition, I agree not to do any of the following: (a) disclose or disseminate Proprietary Information to anyone, including AOL employees or volunteers, who lacks a need to know; (b) remove Proprietary Information from AOL's premises; (c) use Proprietary Information for my or any third party's benefit.
  3. Exceptions: The foregoing obligations will not apply to any information which I can establish to have (a) become known without breach of this agreement by me; (b) been given to me by a third party who is not obligated to maintain confidentiality; (c) been developed by me prior to the date this agreement is signed, as established by documentary evidence; (d) been disclosed under operation of law, except that I will disclose only such information as is legally required and will use reasonable efforts to obtain confidential treatment for any Proprietary Information that is so disclosed; or (e) been disclosed by me with AOL's prior written approval.
  4. Ownership of Proprietary Information: All proprietary information used or generated during the course of working for AOL is AOL's property alone. I agree to deliver to AOL all documents and tangibles, including diskettes and other storage media containing Proprietary Information, upon termination of my employment with AOL or within three (3) days after AOL so requests.
  5. AOL's Rights to Works for Hire and Others: All writings or works of authorship, including, without limitation, program codes or documentation that I produce or author in performing services for AOL together with any copyrights on those writings or works of authorship, are works made for hire and, therefore, the property of AOL. To the extent that any such writings or works of authorship may not, by operation of law, be works made for hire, this agreement constitutes my irrevocable assignment to AOL of the ownership of, and all rights of copyright in, such items. Also, AOL shall have the right to obtain and hold in its own name all rights of copyright, copyright registrations and similar protections that may be available with respect to any such writings or works. I agree to give AOL or its assignees all assistance reasonably required to perfect such rights.
  6. Assignment of Inventions, Techniques: Henceforth, I assign to AOL my entire right, title and interest in any invention, technique, process, device, discovery, improvement or know-how, patentable or not, that I conceive, solely or jointly, while working for AOL: (a) that relates in any manner to the actual or anticipated business of AOL; (b) that is suggested by or results from any task assigned to me or work performed by me for or on behalf of AOL; or (c) for which AOL equipment, supplies, facilities, information or materials are used. I shall disclose any such invention, technique, process, device, discovery, improvement or know-how promptly to AOL. Further, I shall execute a specific assignment of title to AOL and do anything else reasonably necessary to enable AOL to secure

patent, trade secret or any other proprietary rights in the United States or foreign countries.

7. **Prior Inventions:** In the space provided at the end of this document, I agree to list and describe any inventions I have made or conceived of before my employment with AOL. These items are excluded from this agreement.
8. **Outside Employment or Activities:** I understand that I may continue to work on and retain rights to projects of my own interest outside of AOL, provided that: (a) they do not fall under paragraphs 5 or 6 above; (b) they do not interfere in any way with my time at work for AOL; and (c) should any products with potential commercial application result from any such project, AOL will have the right of first refusal to purchase and market such products.
9. **Limits on Publicizing AOL Information:** I shall not submit any article for publication or deliver any public speech that contains any information relating to the business of AOL or identifies me as an employee or representative of the company without first receiving written consent from an officer of AOL.
10. **Competitive Employment:** While employed by AOL and for one year after the termination of my employment for any reason, but not less than three years from the date of this agreement, I will not, within the United States or any country in which AOL or a licensee of AOL is then operating or preparing to operate: (a) directly or indirectly own, manage, operate, join, control or be employed by; (b) directly or indirectly participate in the ownership, management, operation or control of; or (c) be connected in any manner with any business of the type and character of business in which AOL engages at the time of such termination.
11. **Conflicting Obligations:** I represent and warrant that: (a) I am able to enter into this agreement and that such ability is not limited or restricted by any agreements or understandings between me and other persons or companies; (b) I will not disclose to AOL or its clients, or induce AOL to use or disclose, any Proprietary Information or material belonging to others, except with the written permission of the owner of such information or material; and (c) any information, materials or products I develop for or any advice I provide to AOL shall not rely or in any way be based on confidential or Proprietary Information or trade secrets I have obtained or derived from sources other than AOL.  
  
I hereby agree to indemnify and hold AOL harmless from and against any and all damages, claims, costs and expenses, including reasonable attorneys' fees, based on or arising, directly or indirectly, from the breach of any agreement or understanding between me and another person or company. This includes, but is not limited to, liability arising from any confidential or proprietary information or trade secrets I have from sources other than AOL.
12. **Observance of Applicable Laws:** I will fully comply, and do all things necessary for AOL to fully comply, with all laws and regulations of the government of the United States and with provisions of contracts between AOL and the agencies of the U.S. government or contractors that relate to patent rights, technical data or the safeguarding of information and material.
13. **Non-Solicitation:** While working for AOL and for one year after any termination of my employment with AOL, I will not (a) attempt, directly or indirectly, to induce or attempt to influence any employee of AOL to leave AOL's employ; or (b) solicit business from any of AOL's customers, either directly or indirectly, for the benefit of anyone other than AOL; nor will I participate or assist in any way in the solicitation of business from any such customers as an employee of or consultant to another entity, unless the business being solicited is not in competition with the services AOL provides to such customers.
14. **Further Understanding of Foregoing Provisions:** I understand and agree to the following statements:

AOL 000265

(a)(i) My contractual obligations under paragraphs 2, 10, 11 and 13 have a unique and very substantial value to AOL; (ii) I have sufficient assets and other skills to provide a reasonable livelihood for myself and my dependents while such paragraphs are in force; and (iii) I am subject to immediate dismissal for any breach of those provisions and that such dismissal shall not relieve me from my continuing obligations under this agreement or from the imposition by a court of any judicial remedies, such as money damages or equitable enforcement of those provisions.

(b) The terms and provisions of this agreement apply to all Proprietary Information and other materials developed for, or any advice provided to, AOL prior to my signing this agreement.

(c) The termination of my employment with AOL, for any reason, shall not relieve me from complying with the undertakings and agreements herein that call for performance prior or subsequent to the termination date, including, but not limited to, those undertakings and agreements set forth in paragraphs 2, 4, 10, 11 and 13.

- 15. Attorneys' Fees: Should I be found liable for any action taken to enforce this agreement, I will reimburse AOL for its reasonable attorneys' fees and court costs.
- 16. Waiver: No act or failure to act by AOL waives any right herein. To be effective, any waiver by AOL must be in writing and signed by an officer of AOL.
- 17. Assignment: Although I shall not have the right to assign this agreement, it is nevertheless binding on my heirs, executors and administrators and on AOL's successors and assigns.
- 18. Severability: In the event that any provision of this agreement conflicts with the law under which it is to be construed or if a court with jurisdiction over the parties to this agreement holds any such provision invalid, such provision shall be deemed to be restated to reflect as nearly as possible the original intentions of the parties in accordance with applicable force and effect.
- 19. Governing Laws: The laws of the Commonwealth of Virginia shall govern this agreement as such laws are applied to contracts executed by Commonwealth of Virginia residents and performed entirely within the Commonwealth of Virginia.
- 20. Entire Agreement: This document constitutes my entire agreement with AOL with respect to its subject matter, superseding any prior negotiations and agreements. No provisions of this agreement may be changed except by a written agreement signed by both myself and an officer of AOL.
- 21. Remedies: All remedies herein are cumulative and in addition to all other remedies that may be available at law or in equity.

/s/ J. MICHAEL KELLY  
Signature

J. Michael Kelly  
Print Name

6/23/98  
Date

For America Online, Incorporated

/s/ MARK STAVISH  
Signature

SVP, HR  
Title

AOL 000266

6/23/98  
Date

Prior inventions to be excluded from this Agreement are listed and briefly described below:

EX-21.1

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LIST OF SUBSIDIARIES

Exhibit 21.1

SUBSIDIARIES OF AMERICA ONLINE, INC.

NAME	JURISDICTION OF INCORPORATION
Actra Business Systems, LLC	Delaware
AOL Community, Inc.	Delaware
AOL Foundation, Inc.	Delaware
AOL TV, Inc.	Delaware
AOL Ventures, Inc.	Delaware
AOLV Hub, Inc.	Delaware
AOLV Fashion Channel, Inc.	Delaware
AOLV Healthy Living Channel, Inc.	Delaware
AtWeb, Inc.	California
Entertainment Asylum, Inc.	California
CompuServe Interactive Services, Inc.	Delaware
CompuServe Interactive Services Latin America, Inc.	Delaware
CompuServe Ventures Incorporated	Ohio
CompuServe Works of Wonder, Inc.	Ohio
Cyber Leasing Corp.	Delaware
Digital City, Inc.	Delaware
Digital Marketing Services, Inc.	Delaware
Digital Style Corporation	Delaware
Extreme Fans, Inc. (doing business as Real Fans)	Illinois
Global Network Navigator, Inc.	Delaware
ICQ Networks, Inc.	New York
ICQ Holding Company, Inc.	New York
ICQ, Inc.	Delaware
The ImagiNation Network, Inc. (doing business as WorldPlay Entertainment, Inc.)	Delaware
Johnson-Grace Newco, Inc.	Delaware
Kiva Software Corporation	California
MovieFone, Inc.	Delaware
MF Investment Corp.	Delaware
Netscape Communications Corporation	Delaware
Nullsoft, Inc.	Delaware
Personal Library Software Inc.	Maryland
PersonaLogic, Inc.	California
Portola Communications Corporation	California
Redgate Communications Corp.	Delaware
Spinner Networks, Inc.	California
Sunrise Capital Corporation	Delaware
Websoft, Inc.	Delaware
When Inc.	Delaware
AOL Argentina S.R.L	Argentina
AOL America Online (Australia) Pty Limited	Australia
AOL Brasil Ltda.	Brazil
AOL Canada Inc.	Canada
AOL Canada Services Inc.	Canada
AOL America Online France Holding SARL	France
AOL Bertelsmann Online Service France SNC	France
AOL CompuServe France SAS	France
CompuServe Interactive Services France SNC	France
AOL America Online (Deutschland) GmbH	Germany
AOL Bertelsmann Online GmbH & Co. KG.	Germany

AOL Bertelsmann Online Verwaltung GmbH	Germany
AOL Bertelsmann Service Operation GmbH & Co. KG	Germany
AOL Bertelsmann Service Operations Verwaltungs- und Beteiligungs GmbH	Germany
AOL Holding GmbH	Germany
CompuServe Interactive Services Beteiligungs- und Verwaltungs GmbH	Germany
CompuServe Interactive Services Deutschland Management GmbH	Germany
CompuServe Interactive Services Deutschland GmbH & Co. KG	Germany
AOL Bertelsmann Online Europa GmbH	Germany
AOL America Online Limited (Ireland)	Ireland
AOL Bertelsmann Service Operations Limited	Ireland
CompuServe Interactive Services Limited Ireland ICQ, Limited	Ireland
America Online (Japan), Inc.	Israel
AOL Japan, Inc.	Japan
AOL Mexico, S. de R.L. de C.V.	Japan
America Online Holding B.V.	Mexico
AOL Finance B.V.	Netherlands
AOL International Finance C.V.	Netherlands
CIS Holding BV	Netherlands
CompuServe Interactive Services Nederland CV	Netherlands
CompuServe Management B.V.	Netherlands
Pan Latin Interactive Ventures C.V.	Netherlands
AOL Member Services-Philippines, Inc.	Philippines
AOL Latin America, S.L.	Spain
CompuServe Interactive Services Schweiz GmbH	Switzerland
America Online (Rights) Limited	United Kingdom
AOL (UK) Limited	United Kingdom
AOL Bertelsmann Online (UK Management) Limited	United Kingdom
AOL Bertelsmann Service Operations (UK Management) Limited	United Kingdom
AOL Holdings (UK) Limited	United Kingdom
CompuServe Service Operations UK	United Kingdom
AOL Bertelsmann Online Limited Partnership	United Kingdom
AOL Holdings (UK) (2) Limited	United Kingdom
CompuServe Interactive Services Limited	United Kingdom
Csi CompuServe Interactive Services UK	United Kingdom
America Online Joint Venture Holdings, Inc.	Delaware
America Online/Bertelsmann Finance LLC	Delaware
AOL International LLC	Delaware
AOL Latin America Management LLC	Delaware
Latin America QuotaHolder LLC	Delaware
Latin American Interactive Services, Inc.	Delaware
Transatlantic Web Services Inc.	Delaware
AOL Australia Holdings LLC	Delaware
Netscape Communications Australia PTY Limited	Australia
Netscape Communications FSC Incorporated	Barbados
Netscape Communications do Brasil Ltda.	Brazil
Netscape Communications Canada, Inc.	Canada
Netscape Communications Denmark A/A	Denmark
Netscape Communications Europe SARL	France
Netscape Communications France Societe Anonyme	France
Netscape Communications GmbH	Germany
Netscape Communications Limited	Hong Kong
Netscape Communications Ireland Limited	Ireland
Netscape Communications Italia SRL	Italy
Netscape Communications Japan, Ltd.	Japan
Netscape Communications Nederland B.V.	Netherlands
Netscape Internet Communications Espana, S.A.	Spain
Netscape Communications Asia South Pte Limited	Singapore
Netscape Communications Sweden AB	Sweden
Netscape Communications (Switzerland) Ltd.	Switzerland
Netscape Communications Limited	United Kingdom

EX-23.1

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CONSENT OF AUDITORS

AOL 000268

Exhibit 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements listed below of our report dated July 21, 1999, with respect to the consolidated financial statements of America Online, Inc., included in this Annual Report (Form 10-K) for the year ended June 30, 1999.

- |                   |                   |                   |                   |
|-------------------|-------------------|-------------------|-------------------|
| 1) No. 33-46607   | 12) No. 333-02460 | 23) No. 333-60625 | 34) No. 333-74533 |
| 2) No. 33-48447   | 13) No. 333-07163 | 24) No. 333-68605 | 35) No. 333-74535 |
| 3) No. 33-78066   | 14) No. 333-07559 | 25) No. 333-68631 | 36) No. 333-74537 |
| 4) No. 33-86392   | 15) No. 333-07603 | 26) No. 333-68599 | 37) No. 333-74539 |
| 5) No. 33-86394   | 16) No. 333-22027 | 27) No. 333-72499 | 38) No. 333-74541 |
| 6) No. 33-86396   | 17) No. 333-46633 | 28) No. 333-74521 | 39) No. 333-74543 |
| 7) No. 33-90174   | 18) No. 333-46635 | 29) No. 333-74523 | 40) No. 333-76725 |
| 8) No. 33-91050   | 19) No. 333-46637 | 30) No. 333-74525 | 41) No. 333-76733 |
| 9) No. 33-94000   | 20) No. 333-57143 | 31) No. 333-74527 | 42) No. 333-76743 |
| 10) No. 33-94004  | 21) No. 333-57153 | 32) No. 333-74529 | 43) No. 333-79489 |
| 11) No. 333-00416 | 22) No. 333-60623 | 33) No. 333-74531 | 44) No. 333-79797 |
|                   |                   |                   | 45) No. 333-82123 |
|                   |                   |                   | 46) No. 333-83409 |

/s/Ernst & Young LLP

Vienna, Virginia  
August 10, 1999

EX-24.1

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POWERS OF ATTORNEY

Exhibit 24.1

POWER OF ATTORNEY

I, Stephen M. Case, whose signature appears below, constitute and appoint Stephen M. Case, Kenneth J. Novack, J. Michael Kelly, Sheila A. Clark and James F. MacGuidwin, and each of them, my true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution in each of them, for him/her and in his/her name, place and stead, and in any and all capacities, to sign the Form 10-K for the fiscal year ended June 30, 1999, and any required amendments or supplements thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in or about the premises, for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his/her substitute or substitutes lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has caused this Power of Attorney to be executed as of this 13th day of August, 1999.

AOL 000269

/s/Stephen M. Case  
Signature

Stephen M. Case  
Print Name

POWER OF ATTORNEY

I, Daniel F. Akerson, whose signature appears below, constitute and appoint Stephen M. Case, Kenneth J. Novack, J. Michael Kelly, Sheila A. Clark and James F. MacGuidwin, and each of them, my true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution in each of them, for him/her and in his/her name, place and stead, and in any and all capacities, to sign the Form 10-K for the fiscal year ended June 30, 1999, and any required amendments or supplements thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in or about the premises, for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his/her substitute or substitutes lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has caused this Power of Attorney to be executed as of this 13th day of August, 1999.

/s/Daniel F. Akerson  
Signature

Daniel F. Akerson  
Print Name

POWER OF ATTORNEY

I, James L. Barksdale, whose signature appears below, constitute and appoint Stephen M. Case, Kenneth J. Novack, J. Michael Kelly, Sheila A. Clark and James F. MacGuidwin, and each of them, my true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution in each of them, for him/her and in his/her name, place and stead, and in any and all capacities, to sign the Form 10-K for the fiscal year ended June 30, 1999, and any required amendments or supplements thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in or about the premises, for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his/her substitute or substitutes lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has caused this Power of Attorney to be executed as of this 13th day of August, 1999.

/s/James L. Barksdale  
Signature

James L. Barksdale  
Print Name

POWER OF ATTORNEY

I, Frank J. Caufield, whose signature appears below, constitute and appoint Stephen M. Case, Kenneth J. Novack, J. Michael Kelly, Sheila A. Clark and James F. MacGuidwin, and each of them, my true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution in each of them, for him/her and in his/her name, place and stead, and in any and all capacities, to sign the Form 10-K for the fiscal year ended June 30, 1999, and any required amendments or supplements thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in or about the premises, for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his/her substitute or substitutes lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has caused this Power of Attorney to be executed as of this 13th day of August, 1999.

/s/Frank J. Caufield  
Signature

Frank J. Caufield  
Print Name

POWER OF ATTORNEY

I, General Alexander M. Haig, Jr., whose signature appears below, constitute and appoint Stephen M. Case, Kenneth J. Novack, J. Michael Kelly, Sheila A. Clark and James F. MacGuidwin, and each of them, my true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution in each of them, for him/her and in his/her name, place and stead, and in any and all capacities, to sign the Form 10-K for the fiscal year ended June 30, 1999, and any required amendments or supplements thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and

agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in or about the premises, for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his/her substitute or substitutes lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has caused this Power of Attorney to be executed as of this 13th day of August, 1999.

/s/General Alexander M. Haig, Jr.  
Signature

General Alexander M. Haig, Jr.  
Print Name

POWER OF ATTORNEY

I, William N. Melton, whose signature appears below, constitute and appoint Stephen M. Case, Kenneth J. Novack, J. Michael Kelly, Sheila A. Clark and James F. MacGuidwin, and each of them, my true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution in each of them, for him/her and in his/her name, place and stead, and in any and all capacities, to sign the Form 10-K for the fiscal year ended June 30, 1999, and any required amendments or supplements thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in or about the premises, for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his/her substitute or substitutes lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has caused this Power of Attorney to be executed as of this 13th day of August, 1999.

/s/William N. Melton  
Signature

William N. Melton  
Print Name

POWER OF ATTORNEY

I, Thomas Middelhoff, whose signature appears below, constitute and appoint Stephen M. Case, Kenneth J. Novack, J. Michael Kelly, Sheila A. Clark and James F. MacGuidwin, and each of them, my true and lawful attorneys-in-fact

and agents, with full power of substitution and resubstitution in each of them, for him/her and in his/her name, place and stead, and in any and all capacities, to sign the Form 10-K for the fiscal year ended June 30, 1999, and any required amendments or supplements thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in or about the premises, for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his/her substitute or substitutes lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has caused this Power of Attorney to be executed as of this 13th day of August, 1999.

/s/Thomas Middelhoff  
Signature

Thomas Middelhoff  
Print Name

POWER OF ATTORNEY

I, Robert W. Pittman, whose signature appears below, constitute and appoint Stephen M. Case, Kenneth J. Novack, J. Michael Kelly, Sheila A. Clark and James F. MacGuidwin, and each of them, my true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution in each of them, for him/her and in his/her name, place and stead, and in any and all capacities, to sign the Form 10-K for the fiscal year ended June 30, 1999, and any required amendments or supplements thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in or about the premises, for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his/her substitute or substitutes lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has caused this Power of Attorney to be executed as of this 13th day of August, 1999.

/s/Robert W. Pittman  
Signature

Robert W. Pittman  
Print Name

POWER OF ATTORNEY

I, Colin L. Powell, whose signature appears below, constitute and appoint Stephen M. Case, Kenneth J. Novack, J. Michael Kelly, Sheila A. Clark and James F. MacGuidwin, and each of them, my true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution in each of them, for him/her and in his/her name, place and stead, and in any and all capacities, to sign the Form 10-K for the fiscal year ended June 30, 1999, and any required amendments or supplements thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in or about the premises, for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his/her substitute or substitutes lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has caused this Power of Attorney to be executed as of this 13th day of August, 1999.

/s/Colin L. Powell  
Signature

Colin L. Powell  
Print Name

#### POWER OF ATTORNEY

I, Franklin D. Raines, whose signature appears below, constitute and appoint Stephen M. Case, Kenneth J. Novack, J. Michael Kelly, Sheila A. Clark and James F. MacGuidwin, and each of them, my true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution in each of them, for him/her and in his/her name, place and stead, and in any and all capacities, to sign the Form 10-K for the fiscal year ended June 30, 1999, and any required amendments or supplements thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in or about the premises, for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his/her substitute or substitutes lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has caused this Power of Attorney to be executed as of this 13th day of August, 1999.

/s/Franklin D. Raines  
Signature

Franklin D. Raines  
Print Name

AOL 000274

POWER OF ATTORNEY

I, James F. MacGuidwin, whose signature appears below, constitute and appoint Stephen M. Case, Kenneth J. Novack, J. Michael Kelly, Sheila A. Clark and James F. MacGuidwin, and each of them, my true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution in each of them, for him/her and in his/her name, place and stead, and in any and all capacities, to sign the Form 10-K for the fiscal year ended June 30, 1999, and any required amendments or supplements thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in or about the premises, for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his/her substitute or substitutes lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has caused this Power of Attorney to be executed as of this 13th day of August, 1999.

/s/James F. MacGuidwin  
Signature

James F. MacGuidwin  
Print Name

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AOL 000276