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July 14, 2000

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Magalie R. Salas
Secretary
Federal Communication Commission
445 12th Street, S.W.—The Portals
Washington, D.C. 20554

Re: America Online, Inc. Notice of *Ex Parte* Presentation
Applications of America Online, Inc. and Time Warner Inc. for Transfers of
Control, CS Docket No. 00-30/

Dear Ms. Salas:

On behalf of America Online, Inc. ("AOL"), submitted herewith pursuant to Section 1.1206(b)(2) of the Commission's rules, is an original and one copy of this memorandum regarding a permitted oral *ex parte* presentation to Commission officials regarding the above-cited proceeding. On July 13, 2000, America Online, Inc. ("AOL") representatives met with certain members of the Commission's staff, at their request, to discuss the AOLTV and AOL Instant Messenger ("AIM") services. In order to conduct demonstrations of these offerings, the meeting took place at AOL's corporate headquarters in Dulles, Virginia.

Attending the meeting on behalf of the Commission were Deborah Lathen, Chief, Cable Services Bureau ("CSB"); Bill Johnson, Deputy Chief, CSB; Royce Dickens, Deputy Chief, Policy and Rules Division, CSB; Darryl Cooper, Peter Friedman, Ben Golant, Carl Kandutsch, Anne Levine, John Norton, Nancy Stevenson, and Andrew Wise, CSB staff; William Friedman, Legal Advisor to FCC Commissioner Gloria Tristani; David Goodfriend, Legal Advisor to FCC Commissioner Susan Ness; Jim Bird, FCC Assistant General Counsel; and Pieter Van Leeuwen of the FCC Merger Review Team.

AOL's presentation was made by Barry M. Schuler, President, Interactive Services Group. Also participating or attending on behalf of AOL were George Vradenburg, III, Senior

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List A B C D E

Vice President, Global and Strategic Policy; Steven Teplitz, Senior Director of Telecommunications Policy; David Colburn, President, Business Affairs; Kathy Bushkin, Senior Vice President and Chief Communications Officer; Barry Appelman, Senior Vice President, AOL Technologies; Carlos Silva, Vice President, Product Studio AOL Devices; Laura Jehl, Assistant General Counsel; and the undersigned. Attending on behalf of Time Warner Inc. were Cathy Nolan, Vice President, Law & Public Policy, and Arthur H. Harding of Fleischman and Walsh, L.L.P.

The presentation consisted of a discussion of two topics: instant messaging and AOLTV. The substance of the presentation was consistent with the prior merger-related filings of AOL and Time Warner on these issues, and is detailed in the two attached slide presentations.

Kindly direct any questions regarding this matter to the undersigned.

Respectfully submitted,



Peter D. Ross

Attachments (2)

cc: Deborah Lathen, Chief, CSB (w/ attachments)
Bill Johnson, Deputy Chief, CSB (w/ attachments)
Royce Dickens, Deputy Chief, Policy and Rules Division, CSB (w/ attachments)
Darryl Cooper, CSB (w/ attachments)
Peter Friedman, CSB (w/ attachments)
Ben Golant, CSB (w/ attachments)
Carl Kandutsch, CSB (w/ attachments)
Anne Levine, CSB (w/ attachments)
John Norton, CSB (w/ attachments)
Nancy Stevenson, CSB (w/ attachments)
Andrew Wise, CSB (w/ attachments)
William Friedman, Legal Advisor to FCC Commissioner Gloria Tristani (w/ attachments)
David Goodfriend, Legal Advisor to FCC Commissioner Susan Ness (w/ attachments)
Jim Bird, FCC Assistant General Counsel (w/ attachments)
Pieter Van Leeuwen (w/ attachments)
Linda Senecal, CSB (w/ attachments)
International Transcription Services, Inc. (w/ attachments)

INSTANT MESSAGING

Barry Schuler
President,
AOL Interactive Services

July 13, 2000



AOL: The Pioneer of Instant Messaging

- 1989** AOL Introduces Instant Messaging, IM becomes one of most popular features on AOL
- 1996** AOL Introduces “Buddy List” Feature
- 1997** AOL Makes IM Technology Available for Free to All Internet Consumers
- 1999** AOL Licenses AIM to Others
- 2000** AOL Offers Proposal for Open and Secure IM to IETF



Internet Instant Messaging Today

**More Than 40 Different IM Programs
Available From Variety of Providers:**

- Yahoo! Messenger -- 125 Million Registered**
- ICQ -- 65 Million Registered**
- AIM -- 50 Million Registered**
- MSN Messenger -- 17 Million Registered**
- Tribal Voice -- 5 Million Registered**



Instant Messaging Today

- **IM is popular community feature, with little to no direct revenue for ISPs and portal services like AOL, Yahoo and MSN.**
- **Competitors offering stand-alone IM service charge no subscription fees, seek to create revenues through advertising, consumer list sales and developing IM direct-marketing capabilities.**



Demonstration



AOL Instant Messaging: How It Works

- **Consumer logs in to server, which makes consumer's "presence" known to all on network.**
- **Consumers notice each others presence through notification system, send messages through server.**



IM: The Consumer Perspective

- **Community-Based Feature**
- **Free**
- **Can Use Multiple Services Simultaneously**
- **Distributed by consumers to their friends**



The Consumer Perspective: Free

YAHOO! Messenger

Quick Download Instantly communicate with
Instant messaging allows you to quickly communicate with your friends. Unlike email, instant messaging is available while you are online. By downloading the Yahoo! Messenger software to your computer, you can send instant messages and use these features:

- [Windows](#) **NEW!**
- [Macintosh \(OS 8.5\)](#)
- [Java \(Unix, Other Mac\)](#)
- [Palm](#)
- [Windows CE](#)
- [Mobile Phone \(Beta\)](#)

Search For Friends

Yahoo ID
 Real Name

Tools

- [Invite a friend to use Messenger](#)
- [Manage Friend Lists](#)

Get It Now

What's New with Messenger

- [Start talking to people now](#)
- [Add Messenger to your webpage](#)
- [Create your own personalized Messenger page](#)
- [Get Messenger in other languages](#)
- [Yahoo! Member Directory help](#) interests.

Need Help?
Find answers to your questions in our [Help Center](#).

[Address Book](#) - [Alerts](#) - [Auctions](#) - [Bill Pay](#) - [Bookmarks](#) - [Briefcase](#) - [Broadcast](#) - [Games](#) - [Greetings](#) - [Home Pages](#) - [Invites](#) - [Mail](#) - [Maps](#) - [Member Directory](#) - [Messages](#)

AOL.COM

[AOL Mail](#) [My AOL.COM](#) [People/Chat](#) [Search](#) [Shop](#) [Web Centers](#) [Try AOL FREE!](#)

You are here: [Home](#) > AOL Instant Messenger^(sm)

AOL Instant Messenger^(sm)

Get AIM Now! **New AIM 4.0 - Available Now**

[New Users Click Here](#)

Download:
[Windows 4.0](#)
[Windows CE 1.0](#)
[Mac 4.0](#)
[Windows Beta](#)
[Mac Beta](#)

The AOL Instant Messenger^(sm) service is the No. 1 way to talk to your friends on the Internet--and the best just got better! We've added powerful new features designed to make managing your time online more fun and convenient. Find out what over 59 million people already know, that AIM is the easiest way to:

- **Receive instant alerts**
- **Send instant messages**
- **Share photos, pictures and sounds**
- **Enjoy live conversations online - FREE**
- **Chat with friends and family or people with similar interests**
- **Stay on top of the news and stocks**

Find out more about [AIM 4.0](#)

New Users Click Here! **GET IT NOW!**

Current AIM users click here! **UPGRADE!**

About AIM

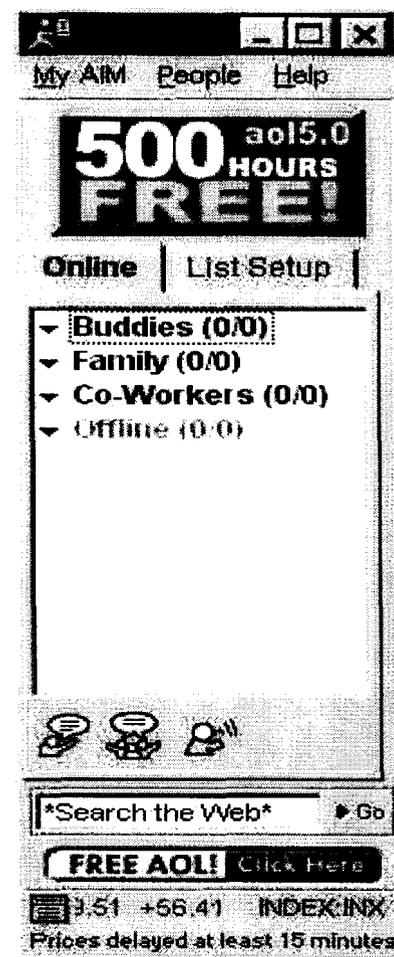
- [About Instant Messaging](#)
- [About AIM 4.0](#)
- [About AIM Remote](#)
- [About Quick Buddy](#)
- [Sneak Previews](#)
- [AIM International](#)

AIM Phone Card

Welcome



The Consumer Perspective: Can Use Multiple Services Simultaneously



Comparison: IM and E-Mail

Instant Messaging

- **Real-Time: Messages Appear Immediately**
- **Consumers Can Notice Others' Presence**

E-Mail

- **Messages Read on Demand**
- **No Presence Information Needed**



Comparison: IM and Telephone

Instant Messaging

- Multiple Services
- Flourish

- Free Service

Telephone

- Local Monopolies

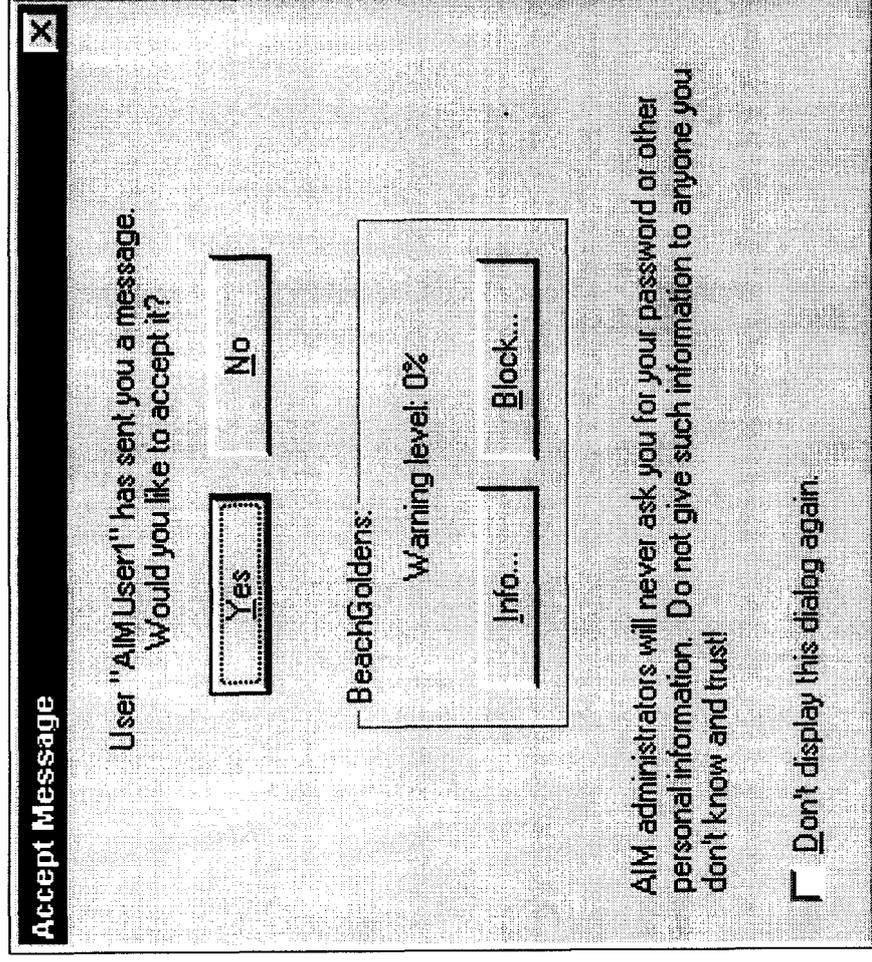
- Fee-based Service



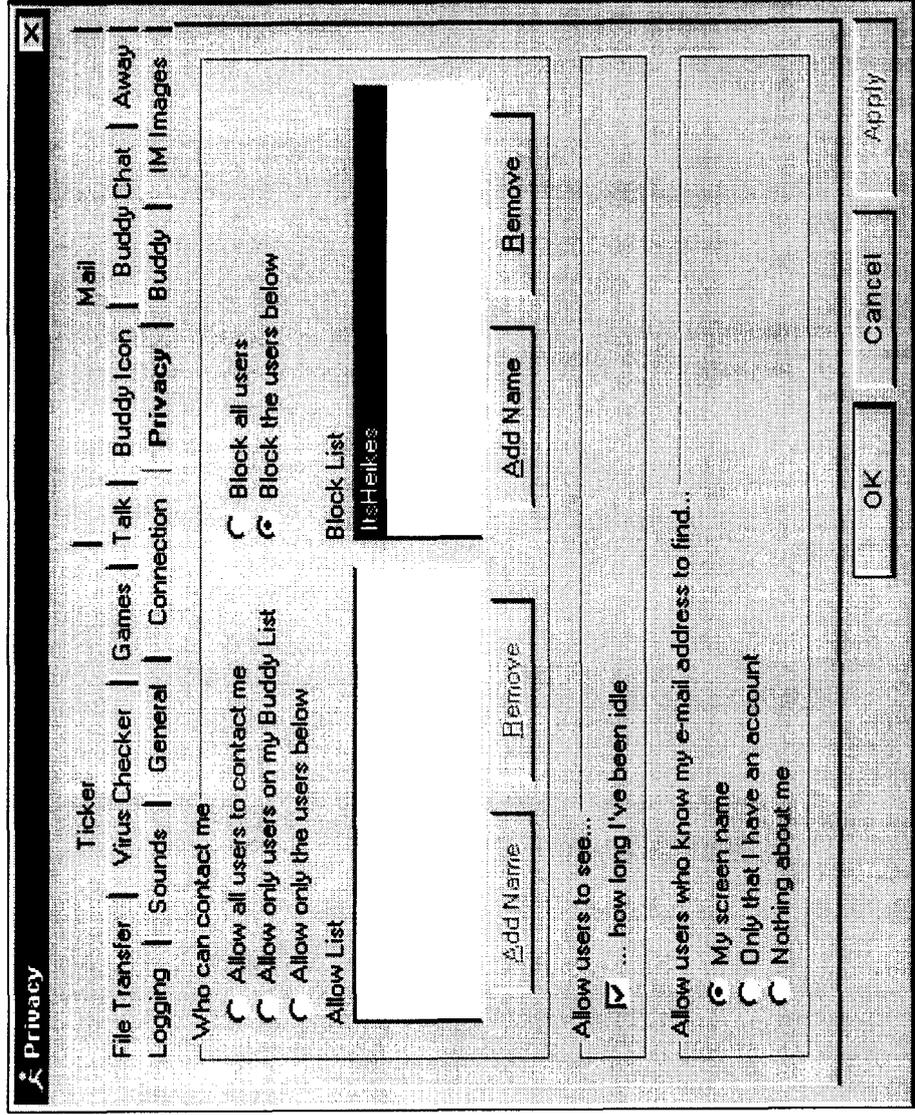
Member Privacy and Security a Top Priority for AOL



AOL Instant Messaging Users Can Block Unwanted Messages

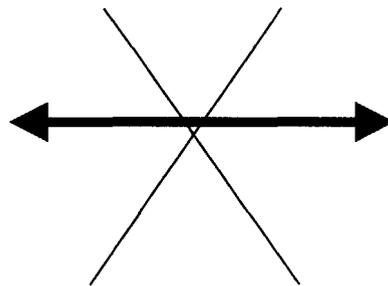


AOL Instant Messaging: Protects Users' Privacy



Protecting Members' Safety Is Paramount

No Interoperability With ICQ Until
Security and Privacy Guarantees
are Established



Why Pursue Interoperability?

Three Approaches to IM Service

Portal Feature

Operating System Feature

Stand-Alone Service



Interoperability: The History of E-Mail

- **Internet E-mail initially available only within proprietary systems.**
- **Over time, industry developed standards for communication between users of different systems.**
- **Potential hazards not anticipated: no protections built into standards against SPAM or other threats to consumer privacy and security.**

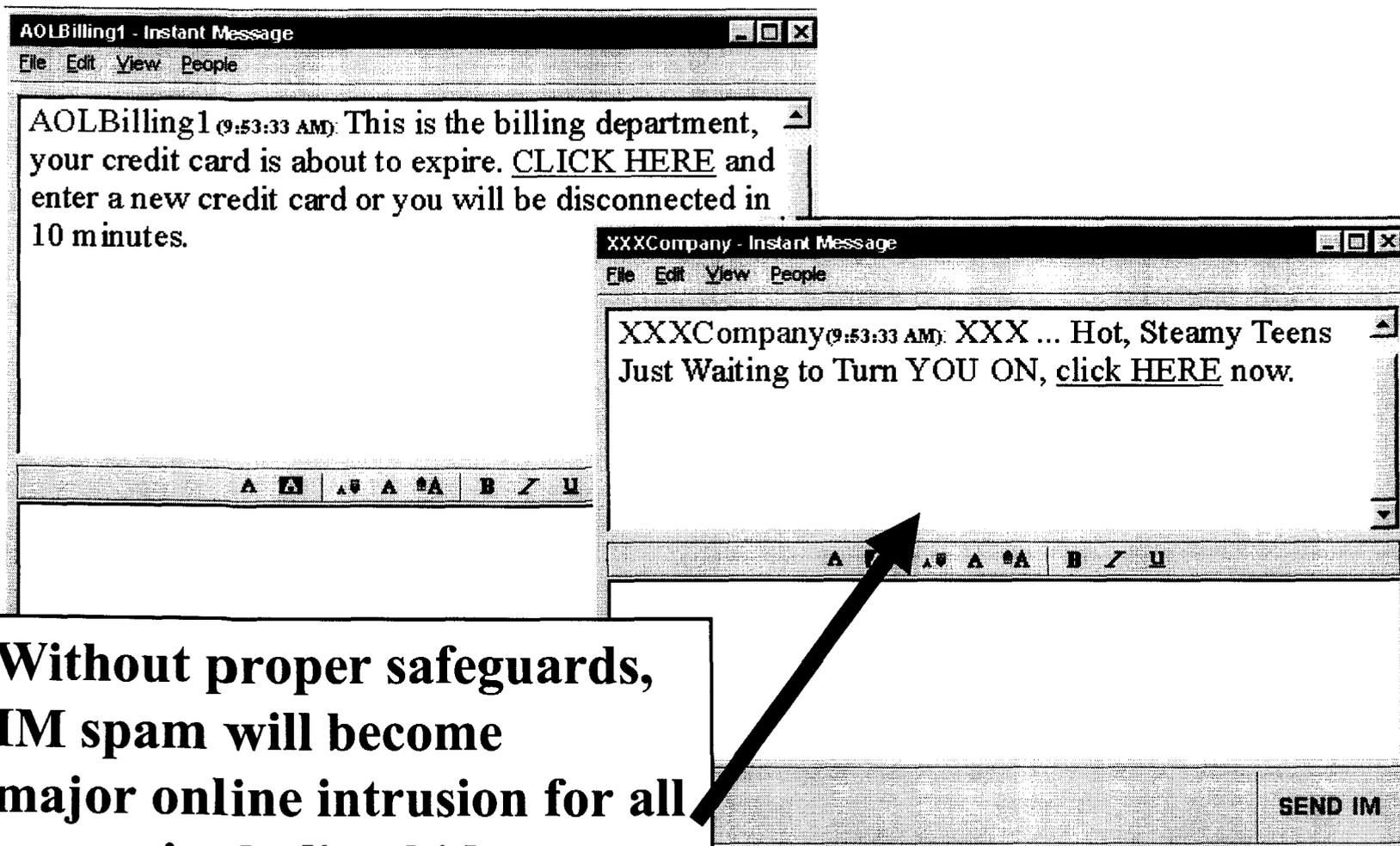


SPAM, E-Mail Viruses, and Hacking are Serious Industry Problems

- All e-mail systems confront SPAM and other intrusions daily. AOL blocks many SPAM mails from known spammers, but issue remains source of consumer complaints.
- Recent viruses such as Love Bug highlight high risk of mail-borne viruses.
- Hackers use e-mail to break into sensitive computer systems.



Spamming in Real Time is even more intrusive and dangerous

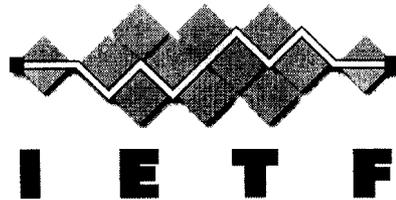


Achieving Interoperability while Protecting Consumers



The Standards Process

- **IETF -- Internet Engineering Task Force -- is International community of network designers, operators, vendors, and researchers.**



- **Appoints working group to study issue -- industry and other participants asked to submit ideas, which are discussed until consensus is reached.**



IETF Work on Instant Messaging

- 1998 Working Group on Instant Messaging Established**
- April 2000 Working Group put into “hibernation” due to lack of progress.**
- June 2000 AOL submits architecture for interoperability. Only proposal from major IM provider.**

