

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

<b>1</b> Issuer's name  AOL Inc.		<b>2</b> Issuer's employer identification number (EIN)  20-4268793	
<b>3</b> Name of contact for additional information  Larry O. Martin	<b>4</b> Telephone No. of contact  (703) 265-7132	<b>5</b> Email address of contact  larry.martin@teamaol.com	
<b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact  22000 AOL Way		<b>7</b> City, town, or post office, state, and Zip code of contact  Dulles, VA 20166	
<b>8</b> Date of action  December 14, 2012		<b>9</b> Classification and description  Common Stock	
<b>10</b> CUSIP number  00184X 105	<b>11</b> Serial number(s)	<b>12</b> Ticker symbol  AOL	<b>13</b> Account number(s)

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

**14** Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ AOL Inc. ("AOL") made a one-time, special cash distribution of \$5.15 per common share on December 14, 2012 to shareholders of record at the close of business on December 5, 2012 (the "Special Distribution"). No portion of the Special Distribution will be treated as a dividend for United States federal income tax purposes. The Special Distribution is a return of capital.

**15** Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ The shareholder's basis in each share of common stock on the date of distribution will be reduced by \$5.15. If the shareholder's basis in such share was less than \$5.15, then a portion of the distribution may be treated as gain from the sale or exchange of property.

**16** Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ AOL has determined that no portion of the Special Distribution is from earnings and profits and therefore, no portion of the Special Distribution is a dividend for United States federal income tax purposes. The Special Distribution is a return of capital.

**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶

Section 316(a) - a dividend is a distribution out of earnings and profits.

Section 301(c)(2) - a distribution which is not a dividend reduces the basis of stock.

Section 301(c)(3) - a distribution which is not a dividend and which is in excess of the basis in stock is treated as a gain from the sale or exchange of property.

Section 312 - rules relating to the calculation of earnings and profits

18 Can any resulting loss be recognized? ▶ N/A. No loss shall be recognized as a result of the Special Distribution.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ This organizational action is reportable with respect to the 2012 tax year.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature ▶  Date ▶ 1/11/2013

Print your name ▶ Larry O. Martin Title ▶ Chief Tax Officer

**Paid Preparer Use Only**

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶				Firm's EIN ▶
Firm's address ▶				Phone no.