CERTAIN TRANSACTIONS

Kevin M. O'Donnell and Reed E. Slatkin are members of the Board of Directors of the Company, and each owns more than five percent of the Company's outstanding Common Stock. Messrs. O'Donnell and Slatkin have participated in the Company's financing since inception, as described below.

In December 1994, Messrs. Slatkin and O'Donnell provided a $400,000 credit line to the Company for which each of them received warrants to purchase 75,000 shares of Common Stock at an exercise price of $1.81 per share, the amount then determined by the Board of Directors to constitute the fair market value of the Common Stock. Indebtedness outstanding under this line bore interest at 8.1% per annum. The maximum amount outstanding under this line was $397,686, which was repaid in full in September 1995.

In August 1995 and January 1996, Mr. Slatkin agreed to act as lessee together with the Company under equipment leases of $500,000 and $1.5 million, respectively. As consideration for this agreement, the Company issued Mr. Slatkin warrants to purchase 50,000 shares of Common Stock at an exercise price of $1.81 per share and 100,000 shares of Common Stock at an exercise price of $4.84 per share, the amount then determined by the Board of Directors to constitute the fair market value as of August 1995 and January 1996, respectively. The Company and Mr. O'Donnell subsequently agreed to indemnify Mr. Slatkin against certain liability arising out of these leases. As consideration for this agreement, Mr. Slatkin transferred one-half of these warrants to Mr. O'Donnell.

In December 1995, Mr. Slatkin guaranteed a $250,000 letter of credit as security for the Company's lease of its Pasadena facility. In return, he received warrants to purchase 50,000 shares of Common Stock at an exercise price of $4.84 per share, the amount then determined by the Board of Directors to constitute the fair market value of the Common Stock. The Company and Mr. O'Donnell subsequently agreed to indemnify Mr. Slatkin with respect to certain liability arising out of the letter of credit. As consideration for this agreement, Mr. Slatkin transferred to Mr. O'Donnell one-half of these warrants.

In addition, the Company and Messrs. Dayton, O'Donnell and Slatkin are parties to a Buy-Sell Agreement pursuant to which the Company has the first right of refusal upon sale or transfer of shares of Common Stock by such persons. The right will expire upon consummation of this Offering. See Note 7 to Notes to Financial Statements.

From time to time since the Company's inception, the Company's officers, directors and more than five percent stockholders (including certain of their family members and affiliates) have purchased shares of Common Stock at the weighted average per share purchase prices as follows: Gregory Abbott, 338,625 shares, $4.08 per share; Charles G. Betty, 25,000 shares, $4.84 per share; Sky D. Dayton, 1,500,000 shares, $.0006 per share; Sidney Azeez, 522,457 shares, $6.26 per share; Linwood A. Lacy, Jr., 24,810 shares, $4.84 per share; Robert M. Kavner, 20,675 shares, $4.84 per share; Robert London, 372,032 shares, $2.16 per share; Kevin M. O'Donnell, 942,152 shares, $.84 per share; Reed E. Slatkin, 942,157 shares, $.84 per share; and Storie Partners, L.P., 415,598 shares, $6.26 per share.

In June 1996, the Company issued $2,950,000 of its 10% Promissory Notes to 17 purchasers, including certain of its directors and more than five percent stockholders. In connection with this financing, and as additional consideration for the investment of these purchasers, the Company also issued warrants to purchase 98,340 shares of Common Stock having an exercise price of $11.00 per share. The 10% Promissory Notes are due on or before June 6, 1997 with interest payable monthly until such date. The warrants are exerciseable for five years commencing on the date of issuance.

The following directors and more than five percent stockholders participated in this financing: Gregory Abbott, $200,000 note, 6,667 warrants; Sidney Azeez, $200,000 note, 6,667 warrants; Robert M. Kavner, $100,000 note, 3,334 warrants; Robert S. London, $200,000 note, 6,667 warrants; Kevin M. O'Donnell, $225,000 note, 7,500 warrants; Reed E. Slatkin, $225,000 note, 7,500 warrants; and Storie Partners, L.P., $300,000 note, 10,000 warrants.

In September 1996, the Company sold 2,727,273 shares of its Series A Convertible Preferred Stock to certain purchasers, including, among others, certain directors, stockholders, the Underwriter and certain of its associates for approximately $15,000,000 in the aggregate. In connection with this transaction, Quantum Industrial Partners LDC and persons and entities associated with or employed by Soros Fund Management ("SFM") received warrants to purchase up to 100,000 shares of Common Stock at an exercise price of $11.00 per share. Each two shares of Series A Convertible Preferred Stock will automatically convert into one share of Common Stock upon the consummation of this Offering.

The following directors and more than five percent stockholders (including certain of their family members and affiliates) participated in this financing (share numbers reflect shares of Common Stock to be issued upon conversion of the Series A Convertible Preferred Stock): Quantum Industrial Partners LDC (933,063 shares of Common Stock and 95,300 shares of Common Stock underlying warrants, which includes 214,545 shares of Common Stock and warrants to purchase 23,600 shares of Common Stock held by George Soros, who may be deemed to have sole and ultimate control over SFM, in which Quantum Industrial Partners LDC has vested investment discretion with respect to its portfolio investments, and 45,455 shares of Common Stock and 5,000 shares of Common Stock underlying warrants held by trusts established for the benefit of certain children of Mr. Soros); Storie Partners, L.P. (90,909 shares of Common Stock); Reed E. Slatkin (39,273 shares of Common Stock); Gregory Abbott (15,000 shares of Common Stock); Sidney Azeez (15,000 shares of Common Stock); Linwood A. Lacy, Jr. (10,000 shares of Common Stock); Robert S. London (10,000 shares of Common Stock); Paul McNulty (454 shares of Common Stock and 50 shares of Common Stock underlying warrants); Kevin M. O'Donnell (10,000 shares of Common Stock); and Charles G. Betty (5,000 shares of Common Stock).

John W. Sidgmore, a member of the Company's Board of Directors, also serves as a director and Chief Executive Officer of UUNET and as President and Chief Operating Officer and as a director of UUNET's corporate parent, MFS. UUNET is the Company's primary provider of POP capacity. In connection with the Company's and UUNET's execution of a new network services agreement in May 1996, the Company agreed to issue warrants to UUNET to purchase 10,000 shares of Common Stock having an exercise price of $20.00 per share.

In connection with an amendment to the Company's network services agreement with UUNET, the Company issued a $5.0 million, one-year promissory note to UUNET and filled a vacancy on the Board of Directors with a designate of UUNET, John W. Sidgmore. This note bears interest at prime plus 2% per annum (an effective rate of 10.25% per annum at December 1, 1996), and is convertible into a maximum of 382,500 shares of Common Stock at a conversion price at between $13.20 and $16.00 per share, depending on the number of shares of Common Stock, if any, purchased in this Offering by certain investors referred to two paragraphs above, and the public offering price of the Common Stock in this Offering. The Company also granted UUNET registration rights identical to those presently held by most of the Company's existing stockholders. For the year ended December 31, 1995 and the nine-month period ended September 30, 1996, EarthLink paid UUNET approximately $52,000 and approximately $2.0 million for network services.

Linwood A. Lacy, Jr., a member of the Company's Board of Directors, also serves as President and Chief Executive Officer of Micro Warehouse Incorporated ("Micro Warehouse"), one of the Company's affinity marketing partners. For the nine-month period ended September 30, 1996, the Company paid Micro Warehouse approximately $177,000 in bounties for new Company customers generated by Micro Warehouse.

The Company believes that the foregoing transactions were on terms no less favorable to the Company than could be obtained from unaffiliated parties. It is the Company's current policy that all transactions by the Company with officers, directors, more than five percent stockholders and their affiliates will be entered into only if such transactions are approved by a majority of disinterested independent directors and are on terms such directors believe are no less favorable to the Company than could be obtained from unaffiliated parties.