

INTERSECTIONS INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
REVENUE:				
Services.....	\$ 51,937	\$ 64,313	\$ 107,447	\$ 130,272
Hardware.....	31	-	33	-
Net revenue.....	<u>51,968</u>	<u>64,313</u>	<u>107,480</u>	<u>130,272</u>
OPERATING EXPENSES:				
Marketing.....	5,405	7,775	11,036	13,438
Commission.....	13,083	16,116	26,919	33,115
Cost of services revenue	15,160	21,015	32,945	43,140
Cost of hardware revenue	182	7	242	35
General and administrative.....	20,081	19,677	38,374	40,327
Impairment of intangibles and other long-lived assets.....	7,355	-	7,355	-
Depreciation	1,613	1,439	2,910	2,978
Amortization	156	853	275	1,706
Total operating expenses	<u>63,035</u>	<u>66,882</u>	<u>120,056</u>	<u>134,739</u>
LOSS FROM OPERATIONS	(11,067)	(2,569)	(12,576)	(4,467)
Interest income (expense).....	21	(170)	(82)	(260)
Other income (expense), net.....	10	(287)	(72)	(139)
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES ...	(11,036)	(3,026)	(12,730)	(4,866)
INCOME TAX (EXPENSE) BENEFIT	<u>(13,804)</u>	<u>1,309</u>	<u>(13,333)</u>	<u>1,193</u>
LOSS FROM CONTINUING OPERATIONS.....	(24,840)	(1,717)	(26,063)	(3,673)
LOSS FROM DISCONTINUED OPERATIONS, NET OF TAX	-	(318)	-	(1,147)
NET LOSS	<u>\$ (24,840)</u>	<u>\$ (2,035)</u>	<u>\$ (26,063)</u>	<u>\$ (4,820)</u>
Basic and diluted loss per common share:				
Loss from continuing operations.....	\$ (1.28)	\$ (0.09)	\$ (1.36)	\$ (0.20)
Loss from discontinued operations	-	(0.02)	-	(0.06)
Basic and diluted loss per common share	<u>\$ (1.28)</u>	<u>\$ (0.11)</u>	<u>\$ (1.36)</u>	<u>\$ (0.26)</u>
Cash dividends paid per common share.....	\$ -	\$ -	\$ -	\$ 0.20
Weighted average shares outstanding, basic and diluted.....	19,369	18,525	19,104	18,413

INTERSECTIONS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except par value)
(unaudited)

	<u>June 30,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 9,584	\$ 11,325
Accounts receivable, net of allowance for doubtful accounts of \$3 (2015) and \$5 (2014).....	12,158	15,479
Prepaid expenses and other current assets	6,624	8,289
Inventory, net	1,873	-
Income tax receivable	9,625	8,107
Deferred subscription solicitation costs	7,604	6,922
Total current assets	<u>47,468</u>	<u>50,122</u>
PROPERTY AND EQUIPMENT, net	14,298	14,764
DEFERRED TAX ASSET, net	-	11,849
LONG-TERM INVESTMENT	-	8,384
GOODWILL	20,081	17,398
INTANGIBLE ASSETS, net	2,105	763
OTHER ASSETS	563	1,301
TOTAL ASSETS	<u>\$ 84,515</u>	<u>\$ 104,581</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 4,489	\$ 5,356
Accrued expenses and other current liabilities	17,718	18,907
Accrued payroll and employee benefits	3,282	5,034
Commissions payable	435	468
Capital leases, current portion	514	592
Deferred revenue	3,242	2,869
Deferred tax liability, net, current portion	2,319	702
Total current liabilities	<u>31,999</u>	<u>33,928</u>
OBLIGATIONS UNDER CAPITAL LEASES, less current portion	1,044	981
OTHER LONG-TERM LIABILITIES	4,342	4,545
DEFERRED TAX LIABILITY	3,877	-
TOTAL LIABILITIES	<u>41,262</u>	<u>39,454</u>
STOCKHOLDERS' EQUITY:		
Common stock at \$0.01 par value, shares authorized 50,000; shares issued 23,601 (2015) and 22,158 (2014); shares outstanding 20,376 (2015) and 18,978 (2014)	236	222
Additional paid-in capital	128,150	123,975
Treasury stock, shares at cost; 3,225 (2015) and 3,180 (2014)	(32,696)	(32,696)
Accumulated deficit	(52,437)	(26,374)
TOTAL STOCKHOLDERS' EQUITY	<u>43,253</u>	<u>65,127</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 84,515</u>	<u>\$ 104,581</u>

INTERSECTIONS INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands)
(unaudited)

	Six Months Ended June 30,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss.....	\$ (26,063)	\$ (4,820)
Adjustments to reconcile net loss to cash flows provided by operating activities:		
Depreciation.....	2,910	3,938
Amortization.....	275	1,706
Amortization of debt issuance cost.....	50	135
Provision for doubtful accounts.....	(2)	(21)
Loss on disposal of fixed assets.....	60	196
Share based compensation.....	3,001	2,676
Excess tax benefit upon vesting of restricted stock units and stock option exercises.....	-	(275)
Amortization of non-cash consideration exchanged for additional investment.....	-	(618)
Amortization of deferred subscription solicitation costs.....	8,748	8,558
Impairment.....	7,355	-
Changes in assets and liabilities:		
Accounts receivable.....	3,327	1,685
Prepaid expenses and other current assets.....	1,665	(2,652)
Inventory, net.....	(1,873)	-
Income tax, net.....	(445)	(9,169)
Deferred subscription solicitation costs.....	(9,431)	(8,393)
Other assets.....	1,959	(116)
Accounts payable.....	(892)	585
Accrued expenses and other current liabilities.....	(1,440)	6,296
Accrued payroll and employee benefits.....	(1,948)	(285)
Commissions payable.....	(33)	(19)
Deferred revenue.....	330	384
Deferred income tax, net.....	15,252	1,881
Other long-term liabilities.....	(202)	(150)
Cash flows provided by operating activities.....	<u>2,603</u>	<u>1,522</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for acquisition of technology related intangible.....	(202)	(100)
Cash paid for the business acquired from White Sky, Inc., net of cash received.....	(625)	-
Cash paid for the business acquired from Health at Work Wellness Actuaries LLC.....	(1)	-
Acquisition of property and equipment.....	(2,275)	(3,880)
Cash flows used in investing activities.....	<u>(3,103)</u>	<u>(3,980)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash dividends paid on common shares.....	-	(3,674)
Excess tax benefit upon vesting of restricted stock units and stock option exercises.....	-	275
Capital lease payments.....	(417)	(469)
Withholding tax payment on vesting of restricted stock units and stock option exercises ...	(824)	(2,182)
Cash flows used in financing activities.....	<u>(1,241)</u>	<u>(6,050)</u>
DECREASE IN CASH AND CASH EQUIVALENTS.....	(1,741)	(8,508)
CASH AND CASH EQUIVALENTS — Beginning of period.....	11,325	20,920
CASH AND CASH EQUIVALENTS — End of period.....	<u>\$ 9,584</u>	<u>\$ 12,412</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING AND INVESTING ACTIVITIES:		
Equipment obtained under capital lease, including acquisition costs.....	\$ 427	\$ -
Equipment additions accrued but not paid.....	\$ 289	\$ 117
Withholding tax payments accrued on vesting of restricted stock units and stock option exercises.....	\$ -	\$ 13
Shares withheld in lieu of withholding taxes on vesting of restricted stock awards.....	\$ 91	\$ -
Shares issued in the business acquired from White Sky, Inc.....	\$ 1,200	\$ -
Shares issued in the business acquired from Health at Work Wellness Actuaries LLC.....	\$ 1,551	\$ -

INTERSECTIONS INC.
OTHER DATA
(unaudited)

In 2014, we reorganized our business into one that we believe will build our IDENTITY GUARD® brand and Canadian business lines as growth engines for our identity theft and privacy protection solution, and we believe we continue to provide the highest level of service for our existing U.S. financial institution clients. As a result of the reorganization, we refined our criteria used to calculate and report the other data in the tables below.

The following tables provide details of our Personal Information Services segment revenue information for the three and six months ended June 30, 2015 and 2014 (in thousands):

Personal Information Services Segment Revenue

Three Months Ended June 30,

	2015	2014	2015	2014
Bank of America.....	\$ 22,783	\$ 26,660	47.7%	44.7%
All other financial institution clients	6,001	13,151	12.5%	22.1%
Consumer direct.....	13,837	12,120	28.9%	20.3%
Canadian business lines	5,223	7,665	10.9%	12.9%
Total Personal Information Services revenue	<u>\$ 47,844</u>	<u>\$ 59,596</u>	<u>100.0%</u>	<u>100.0%</u>

Six Months Ended June 30,

	2015	2014	2015	2014
Bank of America.....	\$ 46,638	\$ 54,694	47.1%	45.4%
All other financial institution clients	14,842	26,739	15.0%	22.2%
Consumer direct.....	26,501	23,752	26.7%	19.7%
Canadian business lines	11,111	15,252	11.2%	12.7%
Total Personal Information Services revenue	<u>\$ 99,092</u>	<u>\$ 120,437</u>	<u>100.0%</u>	<u>100.0%</u>

INTERSECTIONS INC.
OTHER DATA, continued
(unaudited)

The following tables provide details of our Personal Information Services segment subscriber information for the three and six months ended June 30, 2015 and 2014 (in thousands):

Personal Information Services Segment Subscribers

	Three Months Ended June 30, 2015 and 2014			
	Financial Institution	Consumer Direct	Canadian Business Lines	Total
Balance at March 31, 2015	1,354	381	280	2,015
Additions.....	1	72	23	96
Cancellations.....	(462)	(74)	(127)	(663)
Balance at June 30, 2015.....	<u>893</u>	<u>379</u>	<u>176</u>	<u>1,448</u>
Balance at March 31, 2014	1,985	324	328	2,637
Additions.....	7	57	34	98
Cancellations.....	(433)	(50)	(37)	(520)
Balance at June 30, 2014.....	<u>1,559</u>	<u>331</u>	<u>325</u>	<u>2,215</u>

	Six Months Ended June 30, 2015 and 2014			
	Financial Institution	Consumer Direct	Canadian Business Lines	Total
Balance at December 31, 2014.....	1,421	342	296	2,059
Additions.....	2	155	42	199
Cancellations.....	(530)	(118)	(162)	(810)
Balance at June 30, 2015.....	<u>893</u>	<u>379</u>	<u>176</u>	<u>1,448</u>
Balance at December 31, 2013.....	2,067	301	332	2,700
Additions.....	23	126	69	218
Cancellations.....	(531)	(96)	(76)	(703)
Balance at June 30, 2014.....	<u>1,559</u>	<u>331</u>	<u>325</u>	<u>2,215</u>

INTERSECTIONS INC.
OTHER DATA, continued
(unaudited)

Intersections Inc.
Reconciliation of Non-GAAP Financial Measures

The table below includes financial information prepared in accordance with accounting principles generally accepted in the United States, or GAAP, as well as other financial measures referred to as non-GAAP financial measures. Consolidated adjusted EBITDA before share related compensation and non-cash impairment charges is presented in a manner consistent with the way management evaluates operating results and which management believes is useful to investors and others. Share related compensation includes non-cash share based compensation, as well as dividend equivalent cash payments to restricted stock unit (“RSU”) holders. An explanation regarding the company’s use of non-GAAP financial measures and a reconciliation of non-GAAP financial measures used by the company to GAAP measures is provided below. These non-GAAP financial measures should be considered in addition to, but not as a substitute for, net income (loss) and the other information prepared in accordance with GAAP, and may not be comparable to similarly titled measures reported by other companies. Management strongly encourages shareholders to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure.

Consolidated adjusted EBITDA before share related compensation and non-cash impairment charges represents consolidated loss before income taxes plus share related compensation, non-cash impairment of goodwill, intangibles and other long-lived assets, depreciation and amortization, interest expense and other (income) expense. We believe that the consolidated adjusted EBITDA before share related compensation and non-cash impairment charges calculation provides useful information to investors because they are indicators of our operating performance. Consolidated adjusted EBITDA before share related compensation and non-cash impairment charges is commonly used as a basis for investors and analysts to evaluate and compare the periodic and future operating performance and value of companies within our industry. Our Board of Directors and management use consolidated adjusted EBITDA before share related compensation and non-cash impairment charges to evaluate the operating performance of the company and to make compensation determinations.

We provide this information to show the impact of share related compensation on our operating results, as it is excluded from our internal operating and budgeting plans and measurements of financial performance; however, we do consider the dilutive impact to our shareholders when awarding share related compensation and consider both the Black-Scholes value and GAAP value (to the extent applicable) in connection therewith, and value such awards accordingly.

INTERSECTIONS INC.
OTHER DATA, continued
(unaudited)

We do not consider share related compensation charges when we evaluate the performance of our individual business groups or formulate our short and long-term operating plans. Due to its nature, individual managers generally are unable to project the impact of share related compensation and accordingly we do not hold them accountable for the impact of equity award grants. When we consider making share related compensation grants, we primarily take into account the need to attract and retain high quality employees, overall shareholder dilution and the Black-Scholes values of the equity grant to the recipient, rather than the potential accounting charges associated with such grants. For comparability purposes, we believe it is useful to provide a non-GAAP financial measure that excludes share related compensation in order to better understand the long-term performance of our core business and to compare our results to the results of our peer companies because of varying available valuation methodologies and the variety of award types that companies can use under GAAP. Furthermore, the value of share related compensation is determined using a complex formula that incorporates factors, such as market volatility, that are beyond our control. Accordingly, we believe that the presentation of consolidated adjusted EBITDA before share related compensation when read in conjunction with our reported GAAP results can provide useful supplemental information to our management, to investors and to our lenders regarding financial and business trends relating to our financial condition and results of operations.

Consolidated adjusted EBITDA before share related compensation and non-cash impairment charges has limitations due to the fact it does not include all compensation related expenses. For example, if we only paid cash based compensation as opposed to a portion in share related compensation, the cash compensation expense included in our general and administrative expenses would be higher. We compensate for this limitation by providing information required by GAAP about outstanding share based awards in the footnotes to our financial statements in our SEC filings. We believe equity based compensation is an important element of our compensation program and all forms of share related awards are valued and included as appropriate in our operating results.

The following table reconciles consolidated loss before income taxes to consolidated adjusted EBITDA before share related compensation and non-cash impairment charges, as defined for the previous six quarters and year-to-date through June 30, 2014 and 2015. In managing our business, we analyze our performance quarterly on a consolidated income (loss) before income tax basis.

INTERSECTIONS INC.
OTHER DATA, continued
(in thousands)
(unaudited)

	2014				2015	
	Three Months Ended				Three Months Ended	
	March 31	June 30	September 30	December 31	March 31	June 30
Reconciliation from consolidated loss before income taxes to consolidated adjusted EBITDA before share related compensation and non-cash impairment charges						
Consolidated loss before income taxes	\$ (1,840)	\$ (3,026)	\$ (9,756)	\$ (29,011)	\$ (1,695)	\$ (11,036)
Non-cash share based compensation	1,190	1,486	509	1,240	1,574	1,427
Dividend equivalent payments to RSU holders and option holders	448	-	-	-	-	-
Impairment of goodwill, intangibles and other long-lived assets	-	-	-	25,837	-	7,355
Depreciation	1,540	1,439	1,276	1,401	1,297	1,613
Amortization	853	853	853	848	119	156
Interest expense (income), net	90	170	257	87	104	(21)
Other (income) expense, net	(148)	287	239	291	82	(10)
Consolidated adjusted EBITDA before share related compensation and non-cash impairment charges (1)	<u>\$ 2,133</u>	<u>\$ 1,209</u>	<u>\$ (6,622)</u>	<u>\$ 693</u>	<u>\$ 1,481</u>	<u>\$ (516)</u>

	For the Six Months Ended June 30,	
	2014	2015
	Reconciliation from consolidated loss before income taxes to consolidated adjusted EBITDA before share related compensation and non-cash impairment charges	
Consolidated loss before income taxes	\$ (4,866)	\$ (12,731)
Non-cash share based compensation	2,676	3,001
Dividend equivalent payments to RSU holders and option holders	448	-
Impairment of goodwill, intangibles and other long-lived assets	-	7,355
Depreciation	2,979	2,910
Amortization	1,706	275
Interest expense, net	260	83
Other expense, net	139	72
Consolidated adjusted EBITDA before share related compensation and non-cash impairment charges (1)	<u>\$ 3,342</u>	<u>\$ 965</u>

(1) For the reconciliation of certain non-GAAP measures visit our website at www.intersections.com.

Contact:

Intersections Inc.
Ron Barden
(703) 488-6810
intxinvestorrelations@intersections.com