



**1st Quarter 2010 Corporate Update**

May 10, 2010



## Safe Harbor Statement

Statements in this presentation relating to future plans, results, performance, expectations, achievements and the like are considered “forward-looking statements.” These forward-looking statements involve known and unknown risks and are subject to change based on various factors and uncertainties that may cause actual results to differ materially from those expressed or implied by these statements. Factors and uncertainties that may cause actual results to differ include, but are not limited to, the risks disclosed in the company’s filings with the U.S. Securities and Exchange Commission. The company undertakes no obligation to revise or update any forward-looking statements.

# 1st Quarter 2010 Corporate Update



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# 1st Quarter 2010 Update



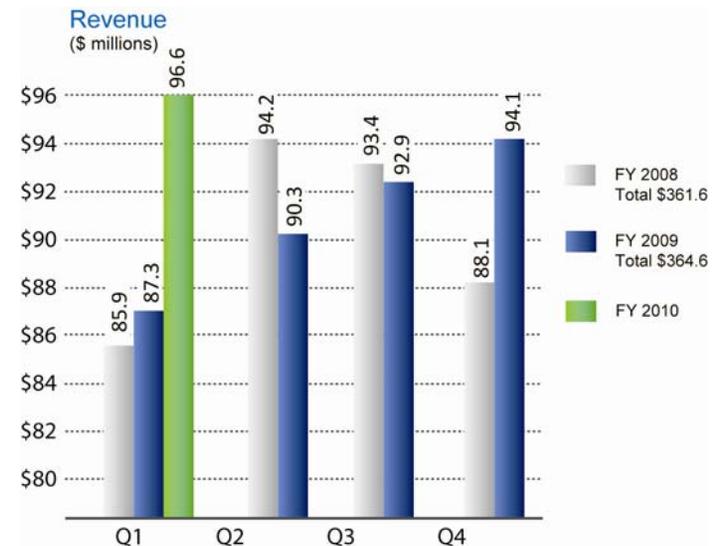
## About Us

Intersections was founded in 1996. We are a leading global provider of consumer and corporate identity risk management services. We pioneered the identity theft protection industry and continue to be recognized for our product leadership and innovation. Our IDENTITY GUARD® TOTAL PROTECTION<sup>SM</sup> product is rated as the “Best in Class” identity theft protection product available.

Over the last 14 years we have watched over the identities of more than 30 million customers. Our success is based on our intense customer focus and our unwillingness to be satisfied with anything but the highest quality standards. In addition, we have expanded the scope of our identity risk solutions through several acquisitions. We provide pre-employment background screening globally through Screening International, LLC. Our subsidiary, Net Enforcers, Inc., provides online brand protection and monitoring. Our subsidiary, Captira, LLC, delivers advanced tools and resources for bail bonds businesses.

## Fast Facts

Founded:	1996
NASDAQ Symbol:	INTX
Headquarters:	Chantilly, VA
Global Offices:	North America Europe Asia
Employees	968
Consumers Protected:	30 Million & Growing



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## 1st Quarter 2010 Highlights - Consolidated

- ▶ **New record quarterly revenue of \$96.6 million, 10.7% growth from Q1 2009**
- ▶ **Adjusted EBITDA before share based compensation improved to \$6.4 million, an increase of \$1.2 million from Q1'09**
- ▶ **Another solid performance in our Consumer Products and Services segment**
- **New record quarterly revenue of \$90.9 million for this segment, over 10% revenue growth from Q1 2009**
- **Added 6 new endorsed clients in Q1 2010**
- **Marketing investments continue to grow our own direct-to-consumer IDENTITY GUARD® brand.**
- **Introduced IDENTITY GUARD® BASIC PROTECTION<sup>SM</sup>, our newest product protecting consumers' identities and financial well-being at an entry level price point**
- ▶ **Background Screening segment posted 15% revenue growth and a significantly improved bottom line from Q1 2009 due primarily to increased employment screens and operational efficiencies**
- ▶ **Generated Cash Flow Provided by Operating Activities of \$8.9 million in Q1 2010, growth of 133% from the Cash Flow Provided by Operating Activities in Q1 2009.**



## Consumer Products & Services (CP&S) Overview

From our inception in 1996, Intersections' Consumer Services has experienced steady growth. As an early pioneer in the identity theft protection industry, we were the first to offer consumers key services including:

- ▶ **Credit Related Services** including 3-bureau reports and monitoring, daily alerts, and identity theft recovery assistance
- ▶ **Fraud Related Services** including public record monitoring, ID risk assessments, and internet surveillance

Today, we sell the most comprehensive and best value identity theft protection services available through private label branding and through our own direct-to-consumer IDENTITY GUARD® brand.

We have a proven subscription-based model that creates strong and predictable cash flow. We acquire subscribers at affordable costs, and retain them with outstanding service.

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## 1<sup>st</sup> Quarter 2010 Highlights – CP&S

- ▶ We ended Q1 2010 with 4.2 million subscribers, a decrease of approximately 63 thousand (or 1.5%) from Q4 '09
  - 701 thousand new subscriber adds in Q1 '10, fewer than Q4 '09 driven by less new card activations at banking partners
  - 764 thousand total cancels in Q1 '10, we are starting to see fewer cancels in the after first 90 days of subscription category, which we feel reflects successful retention efforts and the stabilization of current subscriber addition rates.
  
- ▶ Revenue grew to new quarterly record of \$90.9 million, an increase of \$8.8 million or 10.7% growth from Q1 '09
  - Growth is coming from the increasing proportion of subscribers acquired from direct marketing arrangements and higher priced products introduced in 2009
  
- ▶ Adjusted EBITDA before share based compensation was \$7.2 million, \$390 thousand lower than Q1'09, primarily due to higher subscriber acquisition costs
  
- ▶ Cost of Revenue was \$23 million, \$872 thousand higher than Q1'09, primarily due to an increase in data costs
  
- ▶ Marketing expense was \$17.1 million, \$2.1 million higher than Q1'09, with the increase primarily from direct-to-consumer IDENTITY GUARD® brand advertising
  
- ▶ Commission expense was \$30.8 million, \$4.9 million higher than Q1'09, with the increase due to growth of direct endorsed client revenue and the increase of pre-paid commissions (e.g., Bounty)
  
- ▶ G&A expenses increased to \$14.2 million, \$1.7 million higher than Q1'09, with the increase primarily due to infrastructure development expenses and staffing for Consumer Direct efforts and higher share based compensation (\$451 thousand).



## Business Services Overview

Our Business Services division is comprised of three unique companies:

- ▶ Screening International, LLC provides background screening services with verification of employment, education and criminal histories for job applicants, potential suppliers and business partners.
- ▶ Net Enforcers, Inc. provides online brand protection designed to help corporate brand owners combat the growing threats of Internet commerce.
- ▶ Captira Analytical, LLC provides bail bond industry solutions that help bail bonds companies to make more informed client decisions, monitor up-to-date bond inventory, and organize financial records.

## 1<sup>st</sup> Quarter Earnings – Business Services Highlights

### Screening International

- ▶ Revenue was \$5.1 million, an increase of \$665 thousand or 15% from Q1'09
- ▶ Loss from Operations was \$372 thousand, an improvement of \$2.1 million from Q1'09
- ▶ Q1 '10 results reflect the recovery in hiring and cost cutting measures undertaken in 2009

### Net Enforcers

- ▶ Revenue was \$463 thousand, a decrease of \$137 thousand from Q1'09
- ▶ Loss from Operations was \$309 thousand, \$185 thousand worse when compared to Q1 '09
- ▶ Net Enforcers is experiencing slower than expected growth; also legal expenses in Q1 2010 were higher than the same quarter as last year

### Captira Analytical

- ▶ Revenue was \$108 thousand, an increase of \$38 thousand from Q1'09
- ▶ Loss from Operations was \$395 thousand, an improvement of \$128 thousand from Q1 '09



## Fiscal 2010 Outlook

We expect the following:

- ▶ Fewer total subscribers for CP&S, but a higher percentage of subscribers acquired from direct marketing arrangements
  
- ▶ Total Revenue Growth similar to 2009
  
- ▶ Adjusted EBITDA before share based compensation growth driven by:
  - Steady business with endorsed partners
  
  - Consumer Direct revenue will essentially equal or exceed Consumer Direct marketing in 2010
  
  - Turn around in Business Services businesses
    - From Loss from Operations (before impairments, depreciation, and amortization) of \$11.2 million in FY 2009

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## Business Services Loss from Operations Reconciliation of Non-GAAP Financial Measures

<b>FY 2009</b> \$ in thousands	<b>Background Screening</b>	<b>Online Brand Protection</b>	<b>Bail Bonds Solutions</b>	<b>Business Services</b>
Loss from operations	\$ (11,604)	\$ (5,768)	\$ (2,890)	\$(20,262)
Goodwill, intangible and long-lived asset impairment charges	\$6,310	\$125	\$824	\$7,259
Depreciation	\$858	\$12	\$44	\$914
Amortization	\$392	\$69	\$426	\$887
Loss from operations (before impairment charges, depreciation, and amortization)	\$(4,044)	\$(5,562)	\$(1,596)	\$(11,202)

Reconciliations of Intersections' non-GAAP financial measures to the most directly comparable GAAP financial measures and related notes can be found in the "GAAP and Non-GAAP Measures" link under the "Investor & Media" page on our website at [www.intersections.com](http://www.intersections.com).