

INTERSECTIONS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended		Years Ended	
	December 31,		December 31,	
	(in thousands, except share and per share data)			
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenue	\$ 91,196	\$ 89,205	\$ 364,136	\$ 346,170
Operating expenses:				
Marketing	11,718	19,400	53,333	65,267
Commissions	28,253	29,466	117,588	110,348
Cost of revenue	22,270	23,165	88,879	91,080
General and administrative	16,585	16,820	63,170	61,416
Goodwill, intangible and long-lived asset impairment charges	-	949	-	949
Depreciation	2,025	2,006	8,119	7,436
Amortization	<u>1,146</u>	<u>2,944</u>	<u>6,716</u>	<u>9,078</u>
Total operating expenses	<u>81,997</u>	<u>94,750</u>	<u>337,805</u>	<u>345,574</u>
Income (loss) from operations	9,199	(5,545)	26,331	596
Interest income	33	1	48	149
Interest expense	(65)	(409)	(1,723)	(1,252)
Other (expense) income, net	<u>(167)</u>	<u>1,322</u>	<u>(442)</u>	<u>1,362</u>
Income (loss) from continuing operations before income taxes	9,000	(4,631)	24,214	855
Income tax expense	<u>(3,047)</u>	<u>1,902</u>	<u>(9,338)</u>	<u>(168)</u>
Income (loss) from continuing operations	5,953	(2,729)	14,876	687
Loss from discontinued operations, net of tax	-	(758)	(379)	(11,420)
Gain on disposal of discontinued operations	-	-	5,868	-
Net loss attributable to noncontrolling interest in discontinued operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,380</u>
(Loss) income from discontinued operations	<u>-</u>	<u>(758)</u>	<u>5,489</u>	<u>(7,040)</u>
Net income (loss) attributable to Intersections Inc.	<u>\$ 5,953</u>	<u>\$ (3,487)</u>	<u>\$ 20,365</u>	<u>\$ (6,353)</u>
Basic earnings (loss) per share:				
Income (loss) from continuing operations	\$ 0.33	\$ (0.16)	\$ 0.84	\$ 0.04
(Loss) income from discontinued operations	<u>-</u>	<u>\$ (0.04)</u>	<u>\$ 0.31</u>	<u>\$ (0.40)</u>
Basic earnings (loss) per share	<u>\$ 0.33</u>	<u>(0.20)</u>	<u>\$ 1.15</u>	<u>\$ (0.36)</u>
Diluted earnings (loss) per share:				
Income (loss) from continuing operations	\$ 0.31	\$ (0.16)	\$ 0.81	\$ 0.04
(Loss) income from discontinued operations	<u>-</u>	<u>\$ (0.04)</u>	<u>\$ 0.30</u>	<u>\$ (0.40)</u>
Diluted earnings (loss) per share	<u>\$ 0.31</u>	<u>\$ (0.20)</u>	<u>\$ 1.11</u>	<u>\$ (0.36)</u>
Cash dividends paid per common share	\$ 0.15	\$ -	\$ 0.30	\$ -
Weighted average common shares outstanding – basic	17,772	17,601	17,709	17,503
Weighted average common shares outstanding – diluted	19,356	17,601	18,412	17,583

INTERSECTIONS INC.
CONSOLIDATED BALANCE SHEETS
(In thousands)

	December 31, <u>2010</u>	December 31, <u>2009</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 14,453	\$ 12,394
Short-term investments	4,994	4,995
Accounts receivable, net	19,195	25,111
Prepaid expenses and other current assets	7,010	5,182
Income tax receivable	-	2,460
Deferred subscription solicitation costs	<u>24,756</u>	<u>34,256</u>
Total current assets	<u>70,408</u>	<u>84,398</u>
PROPERTY AND EQUIPMENT – net	21,569	17,802
DEFERRED TAX ASSET - net	2,298	3,700
LONG-TERM INVESTMENT	4,327	3,327
GOODWILL	43,235	46,939
INTANGIBLE ASSETS – net	14,897	21,613
OTHER ASSETS	<u>5,893</u>	<u>14,392</u>
TOTAL ASSETS	\$ <u>162,627</u>	\$ <u>192,171</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ -	\$ 7,000
Capital leases – current portion	1,645	1,028
Accounts payable	5,097	9,168
Accrued expenses and other current liabilities	14,718	17,255
Accrued payroll and employee benefits	2,342	2,782
Commissions payable	787	2,044
Deferred revenue	4,856	5,202
Deferred tax liability – net, current portion	8,662	14,879
Income tax payable	<u>1,782</u>	<u>-</u>
Total current liabilities	<u>39,889</u>	<u>59,358</u>
LONG-TERM DEBT	-	31,393
OBLIGATIONS UNDER CAPITAL LEASES – less current portion	3,399	1,681
OTHER LONG-TERM LIABILITIES	<u>2,783</u>	<u>3,332</u>
TOTAL LIABILITIES	\$ 46,071	\$ 95,764
STOCKHOLDERS' EQUITY:		
Common stock	189	187
Additional paid-in capital	109,250	104,810
Treasury stock	(9,948)	(9,516)
Retained earnings	17,060	2,027
Accumulated other comprehensive loss-cash flow hedge relationship	-	(856)
Accumulated other comprehensive income (loss) -other	<u>5</u>	<u>(245)</u>
TOTAL STOCKHOLDERS' EQUITY	<u>116,556</u>	<u>96,407</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ <u>162,627</u>	\$ <u>192,171</u>

INTERSECTIONS INC.
CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands)

	Years Ended December 31,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 20,365	\$ (10,733)
Adjustments to reconcile net income (loss) to cash flows provided by operating activities:		
Depreciation	8,546	8,292
Amortization	6,716	9,470
Amortization of debt issuance cost	104	83
Loss on disposal of fixed assets	-	64
Accretion of interest on note payable	73	-
Provision for doubtful accounts	(210)	139
Share based compensation	5,677	4,556
Amortization of deferred subscription solicitation costs	61,824	66,466
Goodwill impairment charges	-	7,259
Gain on disposal of discontinued operations	(5,868)	-
Foreign currency transaction losses (gains), net	307	(1,862)
Derivative loss reclassified to earnings	565	-
Changes in assets and liabilities:		
Accounts receivable	2,869	4,212
Prepaid expenses and other current assets	(538)	572
Income tax receivable	4,242	4,869
Deferred subscription solicitation costs	(48,991)	(71,722)
Other assets	4,897	(4,138)
Accounts payable	(2,887)	(548)
Tax benefit upon vesting of restricted stock units and stock options exercised	(198)	87
Accrued expenses and other current liabilities	(2,340)	2,037
Accrued payroll and employee benefits	180	(2,236)
Commissions payable	(1,257)	(357)
Deferred revenue	(342)	821
Deferred income tax, net	(5,570)	1,032
Other long-term liabilities	121	(1,004)
Cash flows provided by operating activities	<u>48,285</u>	<u>17,359</u>
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES:		
Proceeds from the sale of discontinued operations	12,640	-
Purchase of additional interest in long-term investment	(1,000)	-
Acquisition of property and equipment	(10,616)	(7,020)
Proceeds from sale of property and equipment	-	28
Cash flows provided by (used in) investing activities	<u>1,024</u>	<u>(6,992)</u>
CASH FLOWS USED IN FINANCING ACTIVITIES:		
Repayments under credit agreement	(37,583)	(7,011)
Repayment of note payable	(1,400)	-
Cash dividends paid on common shares	(5,332)	-
Cash distribution on vesting of restricted stock units	(970)	-
Capital lease payments	(1,264)	(786)
Purchase of treasury stock	(432)	-
Withholding tax payment on vesting of restricted stock units	(375)	(670)
Tax benefit upon vesting of restricted stock units and stock options exercised	198	(87)
Cash paid to terminate interest rate swaps	(477)	-
Cash proceeds from stock options exercised	371	3
Cash flows used in financing activities	<u>(47,264)</u>	<u>(8,551)</u>
EFFECT OF EXCHANGE RATE ON CASH	14	(184)
INCREASE IN CASH AND CASH EQUIVALENTS	2,059	1,632
CASH AND CASH EQUIVALENTS—Beginning of period	<u>12,394</u>	<u>10,762</u>
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 14,453</u>	<u>\$ 12,394</u>

INTERSECTIONS INC.
OTHER DATA
(In thousands)

	Three Months Ended December 31,		Years Ended December 31,	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Subscribers at beginning of period	4,101	4,399	4,301	4,730
New subscribers – indirect	271	197	934	818
New subscribers – direct	302	527	1,365	2,230
Cancelled subscribers within first 90 days of subscription	(150)	(234)	(737)	(933)
Cancelled subscribers after first 90 days of subscription	<u>(374)</u>	<u>(588)</u>	<u>(1,713)</u>	<u>(2,544)</u>
Subscribers at end of period	<u>4,150</u>	<u>4,301</u>	<u>4,150</u>	<u>4,301</u>
Indirect subscribers	40.9%	39.0%	40.9%	39.0%
Direct subscribers	<u>59.1</u>	<u>61.0</u>	<u>59.1</u>	<u>61.0</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
*Cancellations within first 90 days of subscription	26.1%	32.3%	32.0%	30.6%
**Cancellations after first 90 days of subscription	29.2%	37.2%	29.2%	37.2%
***Overall retention	62.9%	55.3%	62.9%	55.3%
Percentage of revenue from indirect marketing arrangements to total subscription revenue	10.2%	11.7%	9.5%	12.4%
Percentage of revenue from direct marketing arrangements to total subscription revenue	<u>89.8</u>	<u>88.3</u>	<u>90.5</u>	<u>87.6</u>
Total subscription revenue	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Total revenue	\$ 91,196	\$ 89,205	\$ 364,136	\$ 346,170
Revenue from transactional sales and lost/stolen credit card registry	<u>(1,095)</u>	<u>(938)</u>	<u>(4,225)</u>	<u>(4,406)</u>
Subscription revenue	<u>90,101</u>	<u>88,267</u>	<u>359,911</u>	<u>341,764</u>
Marketing and commissions	39,971	48,866	170,921	175,615
Commissions paid on transactional sales and lost/stolen credit card registry	<u>(30)</u>	<u>(24)</u>	<u>(95)</u>	<u>(109)</u>
Marketing and commissions associated with subscription revenue	<u>39,941</u>	<u>48,842</u>	<u>170,826</u>	<u>175,506</u>
Subscription revenue, net of marketing and commissions associated with subscription revenue	<u>\$ 50,160</u>	<u>\$ 39,425</u>	<u>\$ 189,085</u>	<u>\$ 166,258</u>

* Percentage of cancellation within the first 90 days to subscriber additions for the period

** Percentage of cancellations greater than 90 days to the number of subscribers at the beginning of the period plus new subscribers during the period less cancellations within the first 90 days

*** On a rolling 12 month basis by taking subscribers at the end of the period divided by the sum of the subscribers at the beginning of the period plus additions for the period

INTERSECTIONS INC.
OTHER DATA, continued
(Unaudited)

Intersections Inc.
Reconciliation of Non-GAAP Financial Measures
(dollars in thousands, except for per subscriber information)

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 from continuing operations before share related compensation and consolidated adjusted net income excluding non-cash charges are 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 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.

(1) Consolidated adjusted EBITDA from continuing operations before share related compensation, represents consolidated income (loss) from continuing operations before income taxes plus share related compensation, non-cash goodwill, intangible and long-lived asset impairment charges, depreciation and amortization, interest income (expense), and other income (expense). We believe that the consolidated adjusted EBITDA from continuing operations before share related compensation calculation provides useful information to investors because they are indicators of our operating performance. Consolidated adjusted EBITDA from continuing operations before share related compensation 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 from continuing operations before share related compensation to evaluate the operating performance of the company and to make compensation and bonus 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 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 adjusted EBITDA from continuing operations 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.

Adjusted EBITDA from continuing operations before share related compensation 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 income (loss) from continuing operations before income taxes to consolidated adjusted EBITDA from continuing operations before share related compensation, as defined for the previous eight quarters and year-to-date through December 31, 2009 and December 31, 2010. Due to the sale of Screening International LLC on July 19, 2010, we have recast our consolidated statement of operations and presented the results of Screening International as discontinued operations for all periods presented. In managing our business, we analyze our performance quarterly on a consolidated income (loss) from continuing operations before income tax basis.

INTERSECTIONS INC.
OTHER DATA, continued
(Unaudited)

	2009				2010			
	For the Three Months Ended				For the Three Months Ended			
	March 31	June 30	September 30	December 31	March 31	June 30	September 30	December 31
<u>Reconciliation from consolidated income (loss) from continuing operations before income taxes to consolidated adjusted EBITDA from continuing operations before share related compensation</u>								
Consolidated income (loss) from continuing operations before income taxes	\$ 1,528	\$ 1,216	\$ 2,742	(\$4,631)	\$ 86	\$ 8,092	\$ 7,036	\$ 9,000
Non-cash share based compensation	968	1,069	1,114	1,405	1,419	1,366	1,383	1,509
Dividend equivalent payments to RSU holders	-	-	-	-	-	-	291	290
Goodwill, intangible, and long-lived asset impairment charges	-	-	-	949	-	-	-	-
Depreciation	1,933	1,744	1,753	2,006	2,096	1,959	2,039	2,025
Amortization	2,281	2,058	1,795	2,944	2,299	1,877	1,394	1,146
Interest expense, net	87	171	437	408	601	520	522	32
Other expense (income), net	<u>292</u>	<u>(103)</u>	<u>(229)</u>	<u>(1,322)</u>	<u>22</u>	<u>29</u>	<u>224</u>	<u>167</u>
Consolidated adjusted EBITDA from continuing operations before share related compensation (1)	<u>\$ 7,089</u>	<u>\$ 6,155</u>	<u>\$ 7,612</u>	<u>\$ 1,759</u>	<u>\$ 6,523</u>	<u>\$ 13,843</u>	<u>\$ 12,889</u>	<u>\$ 14,169</u>

	For the Years Ended December 31,	
	<u>2009</u>	<u>2010</u>
	<u>Reconciliation from consolidated income from continuing operations before income taxes to consolidated adjusted EBITDA from continuing operations before share related compensation</u>	
Consolidated income from continuing operations before income taxes	\$ 855	\$ 24,214
Non-cash share based compensation	4,556	5,677
Dividend equivalent payments to RSU holders	-	581
Goodwill, intangible and long-lived asset impairment charges	949	-
Depreciation	7,436	8,119
Amortization	9,078	6,716
Interest expense, net	1,103	1,675
Other (income) expense, net	<u>(1,362)</u>	<u>442</u>
Consolidated adjusted EBITDA from continuing operations before share related compensation (1)	<u>\$ 22,615</u>	<u>\$ 47,424</u>

INTERSECTIONS INC.
OTHER DATA, continued
(Unaudited)

(2) Net amortization and share related compensation per share is not a measurement under GAAP, may not be similar to net amortization share related compensation per share measures of other companies and should be considered in addition to, but not as a substitute for, the information contained in our statement of operations. We believe that net amortization and share related compensation per share provides useful information to investors because it is an indicator of operating performance since it excludes items that are not directly attributable to ongoing business operations, as well as a share related compensation expense that we are required to record under GAAP. We believe our net amortization and share related compensation per share calculations are commonly used as some of the bases for investors, analysts and credit rating agencies to evaluate and compare the periodic and future operating performance and value of companies.

The following table provides the consolidated Net Amortization and Share Related Compensation per Share amount:

	2009				2010			
	For the Three Months Ended				For the Three Months Ended			
	March 31	June 30	September 30	December 31	March 31	June 30	September 30	December 31
<u>Net amortization and share related compensation per share</u>								
Amortization	\$ 2,281	\$ 2,058	\$ 1,795	\$ 2,944	\$ 2,299	\$ 1,877	\$ 1,394	\$ 1,146
Non-cash share based compensation	968	1,059	1,114	1,405	1,419	1,366	1,383	1,509
Dividend equivalent payments to RSU holders	-	-	-	-	-	-	291	290
Subtotal	3,249	3,127	2,909	4,349	3,718	3,243	3,068	2,945
Estimated tax effect at 40%	<u>(1,300)</u>	<u>(1,251)</u>	<u>(1,163)</u>	<u>(1,740)</u>	<u>(1,487)</u>	<u>(1,297)</u>	<u>(1,227)</u>	<u>(1,178)</u>
Net amortization and share related compensation	1,949	1,876	1,746	2,609	2,231	1,946	1,841	1,767
Diluted shares	<u>17,389</u>	<u>17,486</u>	<u>17,851</u>	<u>17,601</u>	<u>17,621</u>	<u>18,128</u>	<u>18,568</u>	<u>19,356</u>
Net amortization and share related compensation per share (2)	<u>\$ 0.11</u>	<u>\$ 0.11</u>	<u>\$ 0.10</u>	<u>\$ 0.15</u>	<u>\$ 0.13</u>	<u>\$ 0.11</u>	<u>\$ 0.10</u>	<u>\$ 0.09</u>

INTERSECTIONS INC.
OTHER DATA, continued
(Unaudited)

	For the Years Ended December 31,	
	<u>2009</u>	<u>2010</u>
<u>Net amortization and share related compensation per share</u>		
Amortization	\$ 9,078	\$ 6,716
Non-cash share based compensation	4,556	5,677
Dividend equivalent payments to RSU holders	<u>-</u>	<u>581</u>
Subtotal	13,634	12,974
Estimated tax effect at 40%	<u>(5,454)</u>	<u>(5,189)</u>
Net amortization and share related compensation	8,180	7,785
Diluted shares	<u>17,583</u>	<u>18,412</u>
Net amortization and share related compensation per share (2)	<u>\$ 0.47</u>	<u>\$ 0.42</u>

The following table provides components of Intersections' Consumer Products and Services (CPS) segment on a per ending subscriber per quarter basis. In the year ended December 31, 2009, we changed our segment reporting by realigning services from our relationship with a third party that administers referrals for identity theft to major banking institutions and breach services to the Consumer Products and Services segment. The modification to the business segments was determined based on how our senior management analyzed, evaluated, and operated our global operations beginning in the three months ended December 31, 2009.

Beginning in the year ended 2011, we will no longer provide separate tables for our CPS segment.

INTERSECTIONS INC.
OTHER DATA, continued
(Unaudited)

	2009				2010			
	For the Three Months Ended				For the Three Months Ended			
	March 31	June 30	September 30	December 31	March 31	June 30	September 30	December 31
<u>Per ending subscriber per quarter</u>								
Revenue	\$18.11	\$19.07	\$19.95	\$20.60	\$21.45	\$22.28	\$21.61	\$21.81
Cost of revenue	4.88	5.06	5.09	5.33	5.42	5.30	5.21	5.33
Gross margin (4)(A)	13.24	14.02	14.86	15.26	16.03	16.98	16.40	16.48
Marketing	3.31	3.44	3.52	4.51	4.04	3.09	2.88	2.82
Commissions	5.70	6.00	6.42	6.85	7.27	7.26	7.01	6.81
Revenue less marketing and commissions (4)(B)	9.10	9.64	10.01	9.24	10.15	11.93	11.72	12.18
General and administrative	2.76	3.01	2.91	3.28	3.36	3.49	3.68	3.68
Non-cash share based compensation	(0.21)	(0.24)	(0.25)	(0.33)	(0.33)	(0.33)	(0.34)	(0.36)
Dividend equivalent payments to RSU holders	-	-	-	-	-	-	(0.07)	(0.07)
Adjusted EBITDA before share related compensation (4)(C)	1.68	1.82	2.27	0.95	1.70	3.48	3.24	3.60

Intersections Inc.
Reconciliation of Non-GAAP Financial Measures
(dollars in thousands, except for per subscriber information)

The table above includes financial information prepared in accordance with GAAP as well as other financial measures referred to as non-GAAP financial measures. CPS adjusted EBITDA before share related compensation, CPS Gross margin per ending subscriber, CPS Revenue less marketing and commissions per ending subscriber and CPS adjusted EBITDA before share related compensation per ending subscriber are non-GAAP financial measures that are presented in a manner consistent with the way management evaluates operating results, and which management believes is useful to investors and others. 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 and the other information prepared in accordance with GAAP, and may not be comparable to similarly titled measures reported by other companies.

INTERSECTIONS INC.
OTHER DATA, continued
(Unaudited)

(3) CPS earnings before interest, tax, non-cash goodwill, intangible and long-lived asset impairment charges, depreciation and amortization, or adjusted EBITDA before share related compensation, represents income from continuing operations before income taxes plus share related compensation, non-cash goodwill, intangible and long-lived asset impairment charges, depreciation and amortization, interest income (expense), and other income (expense) for the CPS segment.

We believe that the adjusted EBITDA before share related compensation calculation provides useful information to investors because they are indicators of our operating performance. Adjusted EBITDA before share related compensation 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 adjusted EBITDA before share related compensation to evaluate the operating performance of the CPS segment and to make compensation and bonus determinations.

The following table reconciles CPS income before income taxes to adjusted EBITDA before share related compensation, as defined for the previous eight quarters and year-to-date through December 31, 2009 and December 31, 2010. In managing our business, we analyze the performance of our segments quarterly on an income (loss) before income tax basis.

INTERSECTIONS INC.
OTHER DATA, continued
(Unaudited)

	2009				2010			
	For the Three Months Ended				For the Three Months Ended			
	March 31	June 30	September 30	December 31	March 31	June 30	September 30	December 31
<u>CPS reconciliation from income (loss) before income taxes to adjusted EBITDA before share related compensation</u>								
CPS income (loss) before income taxes	\$ 2,174	\$ 3,308	\$ 5,252	(\$1,221)	\$ 790	\$ 8,560	\$ 7,435	\$ 9,822
Non-cash share based compensation	968	1,069	1,114	1,405	1,419	1,366	1,383	1,509
Dividend equivalent payments to RSU holders	-	-	-	-	-	-	291	290
Goodwill, intangible and long-lived asset impairment charges	-	-	-	-	-	-	-	-
Depreciation	1,925	1,734	1,736	1,984	2,091	1,955	2,032	2,007
Amortization	2,157	1,934	1,671	2,821	2,293	1,870	1,387	1,140
Interest expense, net	87	171	436	407	600	520	522	33
Other expense (income), net	<u>292</u>	<u>(103)</u>	<u>(229)</u>	<u>(1,322)</u>	<u>21</u>	<u>30</u>	<u>224</u>	<u>158</u>
Adjusted EBITDA before share related compensation (3)	<u>\$ 7,603</u>	<u>\$ 8,113</u>	<u>\$ 9,980</u>	<u>\$ 4,074</u>	<u>\$ 7,214</u>	<u>\$14,301</u>	<u>\$13,274</u>	<u>\$14,959</u>

	For the Years Ended December 31	
	<u>2009</u>	<u>2010</u>
	<u>CPS reconciliation from income before income taxes to adjusted EBITDA before share related compensation</u>	
CPS income before income taxes	\$ 9,513	\$26,607
Non-cash share based compensation	4,556	5,677
Dividend equivalent payments to RSU holders	-	581
Goodwill, intangible and long-lived asset impairment charges	-	-
Depreciation	7,379	8,085
Amortization	8,583	6,690
Interest expense, net	1,101	1,675
Other (income) expense, net	<u>(1,362)</u>	<u>433</u>
Adjusted EBITDA before share related compensation (3)	<u>\$29,770</u>	<u>\$49,748</u>

INTERSECTIONS INC.
OTHER DATA, continued
(Unaudited)

(4) A. CPS gross margin per ending subscriber represents CPS revenue less cost of revenue divided by the ending number of subscribers. We believe this measure is important to investors because it demonstrates our profitability trend on a per subscriber basis and is one that we use in managing our CPS business because it demonstrates our profitability trend on a per subscriber basis. B. CPS Revenue less marketing and commissions per ending subscriber represents CPS revenue less marketing and commissions divided by the ending number of subscribers. We believe this measure is important to investors and is one that we use in managing our CPS business because it normalizes the effect of changes in the mix of direct and indirect marketing arrangements and it demonstrates our profitability trend on a per subscriber basis. C. CPS adjusted EBITDA before share related compensation per ending subscriber represents CPS adjusted EBITDA before share related compensation (defined in section (1) above) divided by the ending number of subscribers. We believe this measure is important to investors because it demonstrates our profitability trend on a per subscriber basis and is one that we use in managing our CPS business because it demonstrates our profitability trend on a per subscriber basis.

	2009				2010			
	For the Three Months Ended				For the Three Months Ended			
	March 31	June 30	September 30	December 31	March 31	June 30	September 30	December 31
<u>A. CPS gross margin per ending subscriber</u>								
Revenue	\$82,164	\$85,182	\$87,755	\$88,594	\$90,918	\$91,506	\$88,627	\$90,519
Cost of revenue	<u>(22,114)</u>	<u>(22,581)</u>	<u>(22,378)</u>	<u>(22,943)</u>	<u>(22,986)</u>	<u>(21,755)</u>	<u>(21,382)</u>	<u>(22,116)</u>
Gross margin	60,050	62,601	65,377	65,651	67,932	69,751	67,245	68,403
Ending subscribers	<u>4,536</u>	<u>4,467</u>	<u>4,399</u>	<u>4,301</u>	<u>4,238</u>	<u>4,107</u>	<u>4,101</u>	<u>4,150</u>
CPS gross margin per ending subscriber	<u><u>13.24</u></u>	<u><u>14.02</u></u>	<u><u>14.86</u></u>	<u><u>15.26</u></u>	<u><u>16.03</u></u>	<u><u>16.98</u></u>	<u><u>16.40</u></u>	<u><u>16.48</u></u>
<u>B. CPS revenue less marketing and commissions per ending subscriber</u>								
Revenue	\$82,164	\$85,182	\$87,755	\$88,594	\$90,918	\$91,506	\$88,627	\$90,519
Marketing	(15,029)	(15,346)	(15,493)	(19,400)	(17,103)	(12,684)	(11,828)	(11,718)
Commissions	<u>(25,865)</u>	<u>(26,785)</u>	<u>(28,232)</u>	<u>(29,466)</u>	<u>(30,795)</u>	<u>(29,809)</u>	<u>(28,731)</u>	<u>(28,253)</u>
Revenue less marketing and commissions	41,270	43,051	44,030	39,728	43,020	49,013	48,068	50,548
Ending subscribers	<u>4,536</u>	<u>4,467</u>	<u>4,399</u>	<u>4,301</u>	<u>4,238</u>	<u>4,107</u>	<u>4,101</u>	<u>4,150</u>
CPS revenue less marketing and commissions per ending subscriber	<u><u>9.10</u></u>	<u><u>9.64</u></u>	<u><u>10.01</u></u>	<u><u>9.24</u></u>	<u><u>10.15</u></u>	<u><u>11.93</u></u>	<u><u>11.72</u></u>	<u><u>12.18</u></u>
<u>C. CPS adjusted EBITDA before share related compensation per ending subscriber</u>								
Adjusted EBITDA before share related compensation	\$7,603	\$8,113	\$9,980	\$4,074	\$7,214	\$14,301	\$13,274	\$14,959
Ending subscribers	<u>4,536</u>	<u>4,467</u>	<u>4,399</u>	<u>4,301</u>	<u>4,238</u>	<u>4,107</u>	<u>4,101</u>	<u>4,150</u>
CPS adjusted EBITDA before share related compensation per ending subscriber	<u><u>1.68</u></u>	<u><u>1.82</u></u>	<u><u>2.27</u></u>	<u><u>0.95</u></u>	<u><u>1.70</u></u>	<u><u>3.48</u></u>	<u><u>3.24</u></u>	<u><u>3.60</u></u>

INTERSECTIONS INC.
OTHER DATA, continued
(Unaudited)

	For the Years Ended December 31	
	<u>2009</u>	<u>2010</u>
<u>A. CPS gross margin per ending subscriber</u>		
Revenue	\$343,695	\$361,570
Cost of revenue	<u>(90,016)</u>	<u>(88,239)</u>
Gross margin	253,679	273,331
Ending subscribers	<u>4,301</u>	<u>4,150</u>
CPS gross margin per ending subscriber	<u>58.98</u>	<u>65.86</u>
<u>B. CPS revenue less marketing and commissions per ending subscriber</u>		
Revenue	\$343,695	\$361,570
Marketing	(65,268)	(53,333)
Commissions	<u>(110,348)</u>	<u>(117,588)</u>
Revenue less marketing and commissions	168,079	190,649
Ending subscribers	<u>4,301</u>	<u>4,150</u>
CPS revenue less marketing and commissions per ending subscriber	<u>39.08</u>	<u>45.94</u>
<u>C. CPS adjusted EBITDA before share related compensation per ending subscriber</u>		
Adjusted EBITDA before share related compensation	\$ 29,770	\$ 49,748
Ending subscribers	<u>4,301</u>	<u>4,150</u>
CPS adjusted EBITDA before share related compensation per ending subscriber	<u>6.92</u>	<u>11.99</u>

INTERSECTIONS INC.
OTHER DATA, continued
(Unaudited)

(5) Consolidated adjusted net income excluding non-cash charges represents consolidated net income (loss) plus non-cash goodwill, intangible and long-lived asset impairment charges and valuation allowances on deferred tax assets. We believe that the consolidated adjusted net income excluding non-cash charges provides a more meaningful representation of our on-going economic performance and therefore we utilize this non-GAAP financial measure internally to evaluate our operating results. We have chosen to provide this information to investors to enable them to make a more meaningful comparison of operating results.

Management uses consolidated adjusted net income excluding non-cash charges to measure the core operating performance of the company's business units. Management believes that this non-GAAP financial measure presents the company's operating results in the ordinary and ongoing course of its business. Given the significant amount of judgment involved in making impairment determinations and that the company does not control two of the key factors – the deterioration in the general economic environment and the decline in the company's market capitalization – which go into the determination, management finds it helpful, and believes that investors find it useful, to consider an operating measure that excludes non-cash charges, such as goodwill, intangible and long-lived asset impairment charge expenses, which are not directly related to the company's operating performance. We believe this permits investors to better understand the company's operating trends and to enable them to make a more meaningful comparison of operating results.

For the year ended December 31, 2010, we reported adjusted net income without these non-cash charges. In the future, we expect that we may again report adjusted net income excluding these items and may incur expenses similar to these excluded items. Accordingly, the exclusion of these and similar items in the company's non-GAAP presentation should not be interpreted as implying that these items are non-recurring, infrequent or unusual.

Consolidated adjusted net income excluding non-cash charges has limitations due to the fact it excludes the effect of charges that management does not believe is indicative of the company's ongoing operations. We compensate for these limitations by providing extensive GAAP-based disclosure about the non-cash goodwill, intangible and long-lived asset impairment charges and valuation allowances on the deferred tax assets in the footnotes to our financial statements and MD&A section in our SEC filings.

INTERSECTIONS INC.
OTHER DATA, continued
(Unaudited)

	For the Years Ended December 31	
	<u>2009</u>	<u>2010</u>
<u>Consolidated net (loss) income reconciliation from net (loss) income to consolidated adjusted net income excluding non-cash charges</u>		
Consolidated net (loss) income	\$ (6,353)	\$ 20,365
Goodwill, intangible and long-lived asset impairment charges, net of estimated tax	6,879	-
Valuation allowance on deferred tax assets	3,799	-
Net loss attributable to noncontrolling interest in discontinued operations	<u>(4,285)</u>	<u>-</u>
Consolidated adjusted net income excluding non-cash charges (5)	<u>\$ 40</u>	<u>\$ 20,365</u>

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

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