

INTERSECTIONS INC. 2011 ANNUAL REPORT



Intersections Inc.

3901 Stonecroft Blvd.
Chantilly, Virginia 20151
703.488.6100

www.intersections.com

Empowering **you**

Empowering **companies**

2011 Intersections Annual Report



BOARD OF DIRECTORS

John M. Albertine

Chairman and Chief Executive Officer
Albertine Enterprises, Inc.

Thomas G. Amato

Managing Director
Amato Ventures

James L. Kempner

Managing Director
Loeb Partners Corporation
Senior Advisor
Lazard Frères & Co. LLC

Thomas L. Kempner

Chairman and Chief Executive Officer
Loeb Partners Corporation

David A. McGough

President and Chief Executive Officer
Digital Matrix Systems, Inc.

Norman N. Mintz

Vice President and Managing Director
Loeb Partners Corporation

Michael R. Stanfield

Chairman and Chief Executive Officer
Intersections Inc.

William J. Wilson

Principal
CAMBIAR LLC
Chairman and Chief Executive Officer
Wilson Connexions, LLC

PRINCIPAL OFFICERS

Michael R. Stanfield

Chairman and Chief Executive Officer

Neal B. Dittersdorf

Executive Vice President
Chief Legal Officer

John G. Scanlon

Executive Vice President
Chief Financial Officer

Steven A. Schwartz

Executive Vice President
Consumer Solutions

INVESTOR RELATIONS

Shareholders, analysts and others seeking the Form 10-K (free of charge) and other information about Intersections Inc. are invited to contact:

Eric Miller

Senior Vice President
Corporate Finance & Investor Relations
3901 Stonecroft Blvd.
Chantilly, VA 20151
703.488.6100
703.488.6180 fax
ir@Intersections.com

GET UPDATES ONLINE

The Company's earnings releases, SEC filings and other financial reports are also available at www.intersections.com. This information, along with press releases, is typically available promptly after issuance. In addition, shareholders may also register for automatic email notifications of SEC filings, releases and events by visiting the Web site and following the instructions under the Investors menu item titled "E-mail Alerts."

ANNUAL MEETING OF SHAREHOLDERS

Intersections' Annual Meeting of Shareholders will be held at 1:00 p.m. Eastern Time on Monday, May 14, 2012, at Intersections Inc., 3901 Stonecroft Blvd., Chantilly, Virginia 20151. Shareholders of record as of March 26, 2012 are eligible to vote.

STOCK LISTING

Shares of Intersections Inc. are traded under the symbol "INTX" on the NASDAQ Global Market. Price information can be viewed at www.intersections.com.

SHAREHOLDER ACCOUNT INQUIRIES

To expedite changes of address, the transfer of shares, the consolidation of accounts or the replacement of stock certificates, shareholders are asked to contact the company's stock registrar or transfer agent directly. Please contact your broker if your shares are held in a brokerage account.

REGISTRAR AND TRANSFER AGENT

American Stock Transfer & Trust Company, LLC
6201 15th Avenue
Brooklyn, New York 11219
800.937.5449
info@amstock.com
www.amstock.com

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Deloitte & Touche LLP
1750 Tysons Boulevard
McLean, VA 22102-4219

SEC COUNSEL

Stroock & Stroock & Lavan LLP
180 Maiden Lane
New York, NY 10038-4982

SAFE HARBOR STATEMENT

Statements in this Annual Report relating to future plans, results, performance, expectations, achievements, and the like are considered "forward-looking statements." Those 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 those 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, including the enclosed Form 10-K. The Company undertakes no obligation to revise or update any forward-looking statements.



To Our Shareholders:

Intersections delivered record financial performance in 2011. We increased revenue by 2.4 percent to \$373 million and grew adjusted EBITDA before share based compensation by 9.8 percent to more than \$52 million. Our diluted earnings per share from continuing operations rose by 20 percent to \$0.97 per share. In addition, we generated strong cash flow from operations of \$35.5 million, and closed 2011 with \$30.8 million in cash and equivalents on our balance sheet.

With this performance we returned \$31.7 million to shareholders through dividends and share repurchases in 2011. Our 2011 results demonstrate the strong foundation of our Consumer Products and Services segment and our dedication to deliver value to shareholders.

Strategically, 2011 was also a successful year of launching new growth initiatives for the future.

These include:

- an indirect relationship with a new large financial institution client;
- a new relationship to provide advanced identity theft protection services to customers of major internet service providers; and
- the launch of a new product extension - kID SureSM, a child identity protection service, with patent-pending technology.

We have confidence that our existing client relationships, as well as these and other new growth initiatives, can help us to continue to deliver strong financial results in 2012 and beyond.

In the past few years we have seen some of the most intense changes in our sixteen year history. We weathered the most significant economic crisis in recent times, and have come through that difficult period as a stronger, more focused

“ **We expect 2012 to be another strong year for cash generation from our existing client base.** ”

and leaner company.

I am proud of and impressed by our employees' extraordinary work and positive attitude during these challenges. Their commitment allowed us to remain proactive and strengthened our reputation as a world-class organization with industry-leading products and best in class service.


We have been working hard to find ways to derive more from our existing relationships, control costs, create new growth opportunities, and strengthen our consumer value proposition. We believe we have made progress on all those fronts, yet we have significant work to deliver the type of returns we desire.

We expect 2012 will be a year of transition as we begin to renew growth from existing client relationships and drive growth from new relationships launched in 2011. We expect continued growth from our IDENTITY GUARD® brand, as well as incremental revenue growth from product extensions such as KID SureSM. We expect 2012 to be another strong year for cash generation from our existing client base, and we expect to continue returning a portion of this cash to shareholders, although this of course will

be subject to ongoing monitoring and approval by our Board of Directors. As opportunities arise, we also may look to deploy a portion of our cash toward strategic acquisitions to strengthen our position in our current markets or secure new growth opportunities.

An exciting new chapter for Intersections lies ahead of us, and 2012 is already shaping up to be another busy and productive year. We are grateful for the continuing support of our clients, customers, business partners, employees and shareholders, and look forward to a successful 2012 and beyond.

Sincerely,



MICHAEL R. STANFIELD

Chairman and Chief Executive Officer



Trusted leaders

FINANCIAL HIGHLIGHTS

\$ in millions	2007	2008	2009	2010	2011
Revenue	\$242.2	\$333.8	\$346.2	\$364.1	\$373.0
Adjusted EBITDA before share related compensation	\$27.1	\$48.5	\$22.6	\$47.4	\$52.1
Income (loss) from continuing operations	\$8.2	\$(5.5)	\$0.7	\$14.9	\$18.6
% of Revenue	3.4%	-1.6%	0.2%	4.1%	5.0%
Net Income (loss) attributable to Intersections Inc.	\$6.9	\$(16.0)	\$(6.4)	\$20.4	\$18.6
Diluted Earnings (loss) per share from continuing operations	\$0.47	\$(0.32)	\$0.04	\$0.81	\$0.97
Subscription Revenue, net of Marketing and Commissions	\$147.5	\$189.9	\$166.3	\$189.1	\$193.2
Stockholders' Equity	\$114.8	\$101.4	\$96.4	\$116.6	\$107.9
Subscribers (in millions)	5.26	4.73	4.30	4.15	4.95

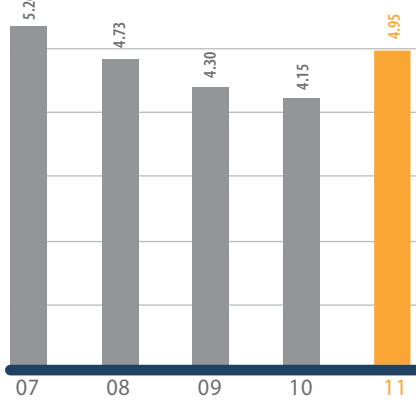
FOR THE YEAR ENDED

Reconciliation from consolidated income before income taxes to consolidated Adjusted EBITDA before share related compensation

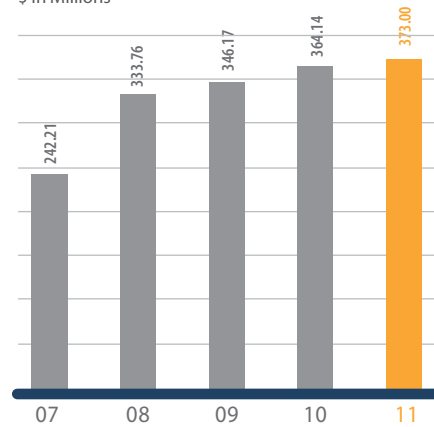
\$ in thousands	2007	2008	2009	2010	2011
Consolidated income/(loss) before income taxes	\$13,991	(\$8,208)	\$855	\$24,214	\$31,857
Share related compensation	2,715	4,069	4,556	5,677	6,590
Dividend equivalent payments to RSU holders	0	0	0	581	1,634
Goodwill, intangible and long-lived asset impairment charge	-	30,897	949	-	-
Depreciation	8,181	8,426	7,436	8,119	9,041
Amortization	2,841	10,284	9,078	6,716	3,828
Interest Expense, net	572	2,291	1,103	1,675	809
Gain on settlement					(1,413)
Other expense/(income), net	(1,200)	698	(1,362)	442	(282)
Consolidated Adjusted EBITDA before share related compensation	\$27,100	\$48,457	\$22,615	\$47,424	\$52,064

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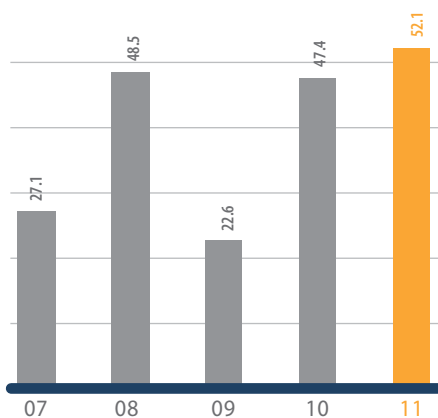
Subscribers
in Millions



Revenue
\$ in Millions

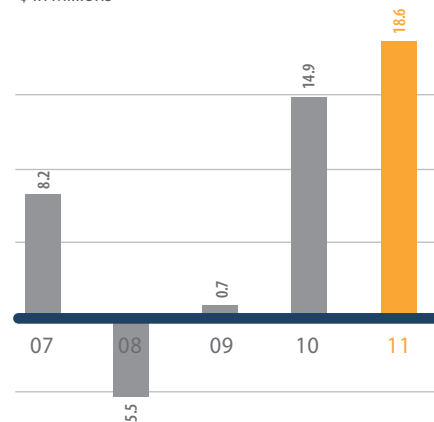


Adjusted EBITDA *
\$ in Millions



*Adjusted EBITDA is Before Share Related Compensation and non-cash charges.

Income from Continuing Operations*
\$ in Millions



*2008, 2009 results include pre-tax, non-cash impairment charges totaling \$40.8 million ('08); \$7.3 million ('09).