

# Industry Leadership through Innovation, Experience, and Execution

Stephens Spring Investor Conference

May 25, 2011

Updated July 12, 2011

# Safe Harbor Statement

**Statements in this presentation 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. The company undertakes no obligation to revise or update any forward-looking statements.**

# Agenda

Corporate Overview

Industry Overview

Q1 Results



## About Us

- ▶ A leading provider in the ~ \$2.2 billion and growing market for consumer subscription identity theft protection services
- ▶ Co-founded in 1996 by our current Chairman & CEO, Michael Stanfield
- ▶ NASDAQ listed (Ticker: INTX) since 2004
- ▶ Currently protecting approximately 8 million consumers from the dangers of identity theft, and have safeguarded the identities of 32 million since our inception
- ▶ Recognized as the preferred and trusted partner of major financial institutions in North America, providing cross-selling opportunities with custom-branded identity management solutions
- ▶ Trailing 12 month revenue of \$363 million\* as of March 31, 2011

\*Updated July 12, 2011

# Leadership, Experience, Stability, Passion

Michael R. Stanfield  
Chairman and  
Chief Executive Officer

## Since 1996

- Co-founded CreditComm, the predecessor to Intersections
- Previously a Managing Director at Loeb Partners Corporation

Neal B. Dittersdorf  
Executive Vice President,  
Chief Legal Officer

## Since 2003

- Previously served as Senior Vice President and General Counsel
- Prior to joining Intersections, was founder of intellectual property and technology practice at major law firms; General Counsel of publicly held credit technology company; and trial attorney at U.S. Department of Justice

John G. Scanlon  
Executive Vice President,  
Chief Financial Officer

## Since 2006

- Joined Intersections from National Auto Inspections, LLC where he served as President and COO
- Previously served as a senior executive at Capital One Financial Corporation, 2000 to 2006

Steven A. Schwartz  
Executive Vice President,  
Consumer Services

## Since 2003

- Previously served as Senior Vice President of the Client Services division
- Former Senior Vice President at The Motley Fool

Christopher W. Shenefelt  
Executive Vice President,  
Global Operations

## Since 2003

- Prior to joining Intersections, held executive and technical management positions at AES, Winstar Communications and SAIC

# What Is an Identity Theft Protection Product?

The screenshot displays the IDENTITY GUARD ACCOUNT CENTER interface. At the top, it shows the user's name 'Martha' and their last login date. The main navigation bar includes links for HOME, CREDIT, INTERNET, COMPUTER, ON THE GO, MESSAGE CENTER, MY ACCOUNT, and GET SUPPORT. A 'SecureView' badge is visible in the top right corner. The central content area is divided into several sections: a 'WELCOME' message, a 'CURRENT CREDIT SCORE' section showing scores of 788 (Equifax), 784 (Experian), and 810 (TransUnion), all marked as 'EXCELLENT'; a 'MESSAGES' section with a table of recent alerts; a 'YOUR PLAN' section detailing 'Total Protection(SM)' with sub-sections for Credit, Internet, Computer, and On The Go Protection, each with a status indicator and feature list; and a 'CREDIT REPORT & SCORE' section at the bottom with promotional offers for credit reports.

DATE	TYPE	DETAILS
02/17/2010	Service Notification	Billing Update
02/16/2010	Billing Notifications	Order Confirmation
02/16/2010	Service Notification	Your Online Account is Activated
02/16/2010	New Reports	ID Risk assessment is available
02/16/2010	New Reports	Public Record report is available

STATUS	CREDIT FEATURES
ACTIVE	Credit Report <a href="#">View</a>
ACTIVE	Credit Score <a href="#">View</a>
ACTIVE	Credit Monitoring <a href="#">View</a>

STATUS	INTERNET FEATURES
ACTIVE	ID Risk Assessment <a href="#">View</a>
ACTIVE	Public Record Report <a href="#">View</a>
ACTIVE	Credit Card Monitoring <a href="#">View</a>
ACTIVE	Bank Account Monitoring <a href="#">Adjust</a>

STATUS	COMPUTER FEATURES
ACTIVE	Uj Visit <a href="#">What's This?</a>
ACTIVE	ZoneAlarm Anti-Virus <a href="#">Activate</a>
ACTIVE	Privacy Protect <a href="#">Activate</a>

STATUS	ON THE GO FEATURES
ACTIVE	Mobile Lockbox <a href="#">View</a>
ACTIVE	Lost & Stolen Cards <a href="#">View</a>

## Product Example: IDENTITY GUARD® TOTAL PROTECTION<sup>SM</sup>

### ▶ Consumer Benefits Include:

- Credit Reports
- Credit Scores
- Credit Monitoring
- Additional Data & Monitoring
- Software Tools
  - Desktop
  - Mobile
- Customer Education
- Victim Assistance
- Insurance
- More

# Recognized for Best In Class Products and Service



Selected as the *Exclusive* Provider of ITAC Victim Assistance<sup>®</sup>, endorsed by the Financial Services Roundtable



Best in Class Financial Institution



#1 Rated Identity Theft Protection Service:  
IDENTITY GUARD TOTAL PROTECTION<sup>®</sup>



Best Online Banking Site for Identity Theft Protection

## Focus on Endorsed Marketing of Identity Theft Protection

- ▶ Sold Screening International (pre-employment background screening segment) for approximately 15x EBITDA in July 2010
- ▶ Reduced emphasis on insurance services products to focus resources on more differentiated identity theft protection services
- ▶ Growing our own IDENTITY GUARD® brand first quarter 2011 top line growth 42% YoY as both a standalone business and a showcase for new endorsed business
- ▶ Driving endorsed marketing growth through:
  - Existing large clients
  - New large client wins
  - Product/channel partnerships to address smaller FIs
  - Reformulated products to succeed in new industry verticals
- ▶ Returning capital to shareholders via dividends and share repurchases due to strong EBITDA generation and access to capital

# Attractive Economic Profile

## LTM Revenue (\$MM)



## LTM Adjusted EBITDA (\$MM)



**Dividend Yield @ 4.1%**

Dividend Yield is based on 5/18/11 closing price of \$14.72

Adjusted EBITDA is a non-GAAP financial measure. Our consolidated financial statements, other data and reconciliations of these 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).

Consolidated results adjusted for sale of SI. EBITDA adjusted for share related compensation and non-cash impairment charges.

- ▶ Flexible economic arrangements with clients
  - High margin fee for service "indirect" arrangements
  - High return on marketing investment "direct" arrangements
- ▶ Detailed financial modeling at the client, product and marketing channel level based cumulative knowledge from 32 million customers served
- ▶ High visibility recurring revenue and cash flow business model
- ▶ Returning capital to shareholders via share repurchases and dividends

# Intersections Stock Price by Day Over Last 12 Months

Intersections, Inc.

■ INTX

INTX Stock by Day Over Last Year

May 05, 2011 \$



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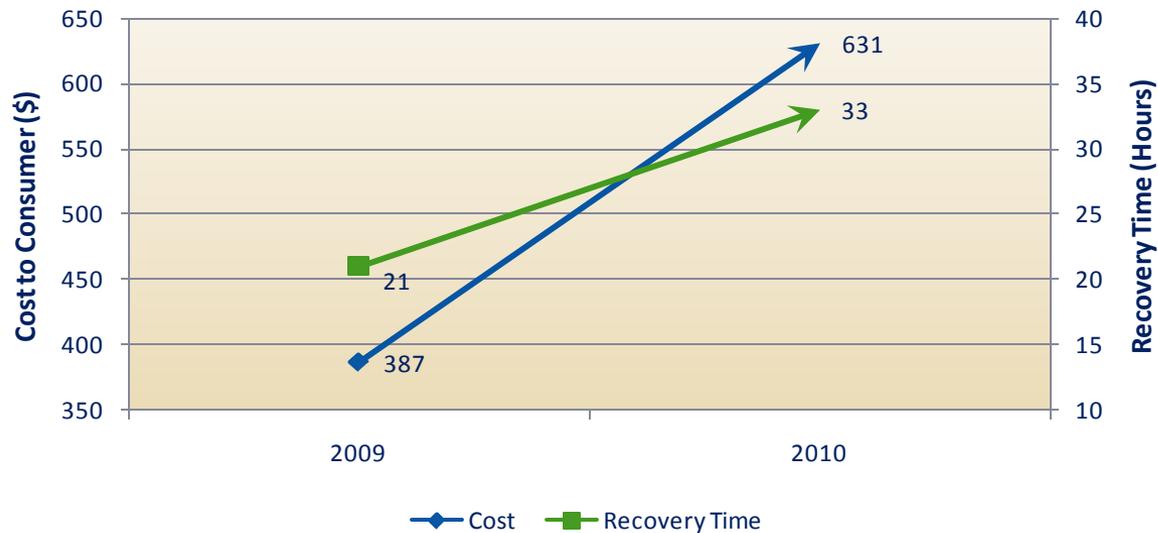
Q1 Results



# Identity Theft's Impact Continues to Escalate

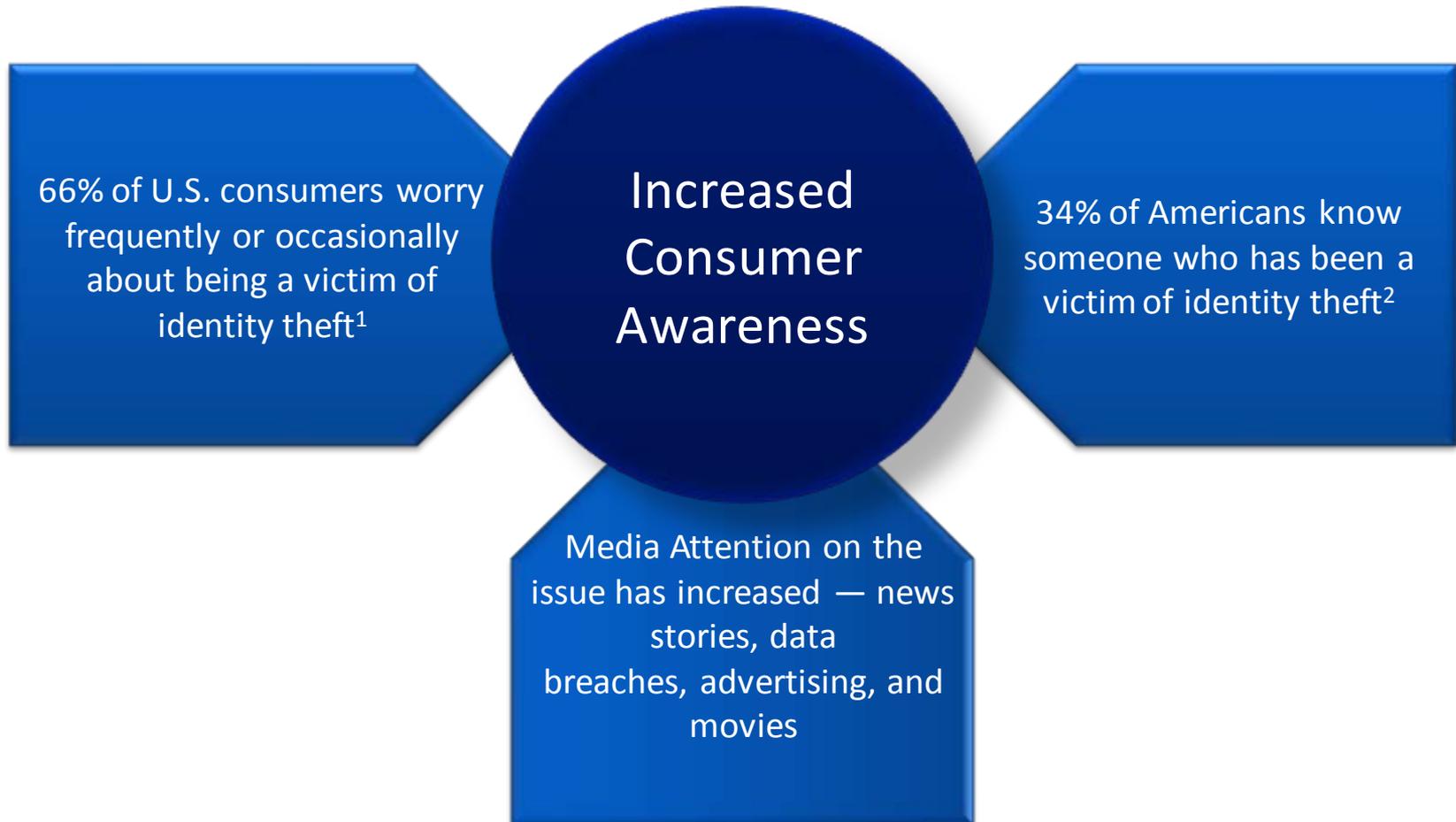
## According to the most recent Identity Fraud Survey Report\*:

- ▶ More than 8 million U.S. consumers were victims of identity theft in 2010
- ▶ The mean cost to consumers jumped sharply to \$631 (2010) from \$387 (2009)
- ▶ Recovery time increased from 21 hours (2009) to 33 hours (2010)
- ▶ “Friendly Fraud” was the most prevalent source of identity theft



\*Source: Javelin, 2011 Javelin Identity Fraud Survey Report

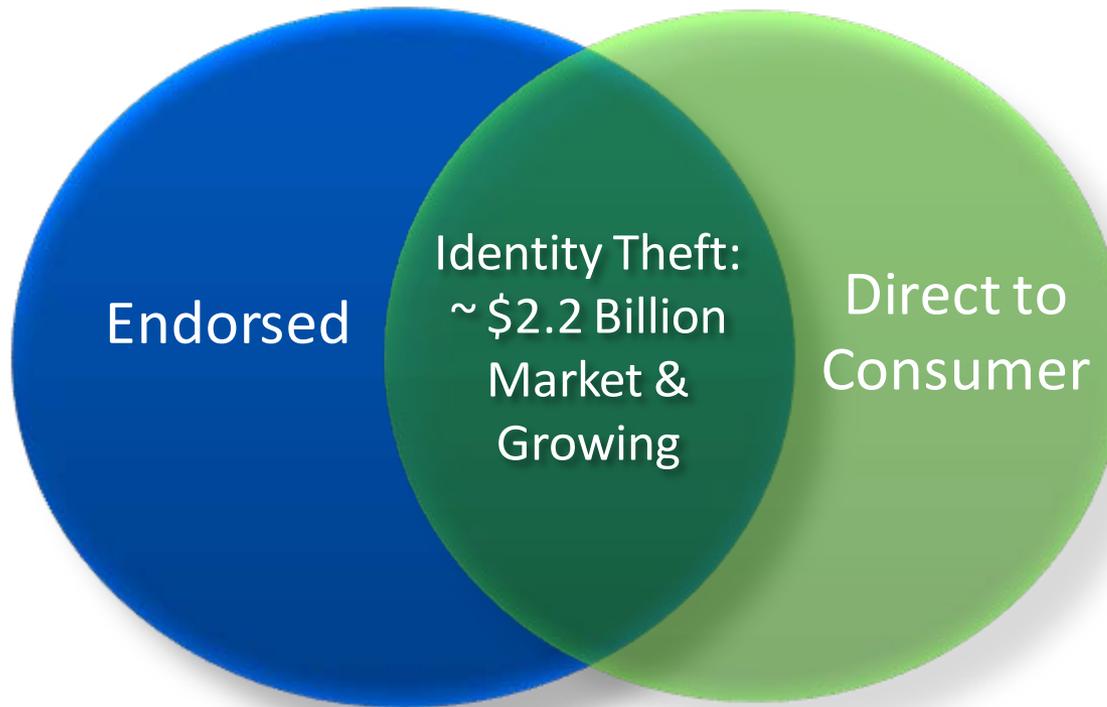
# Consumers are Paying Attention



<sup>1</sup>Gallup, October 2009

<sup>2</sup>bankrate.com, "Consumers take steps to thwart ID thieves", April 21, 2008.

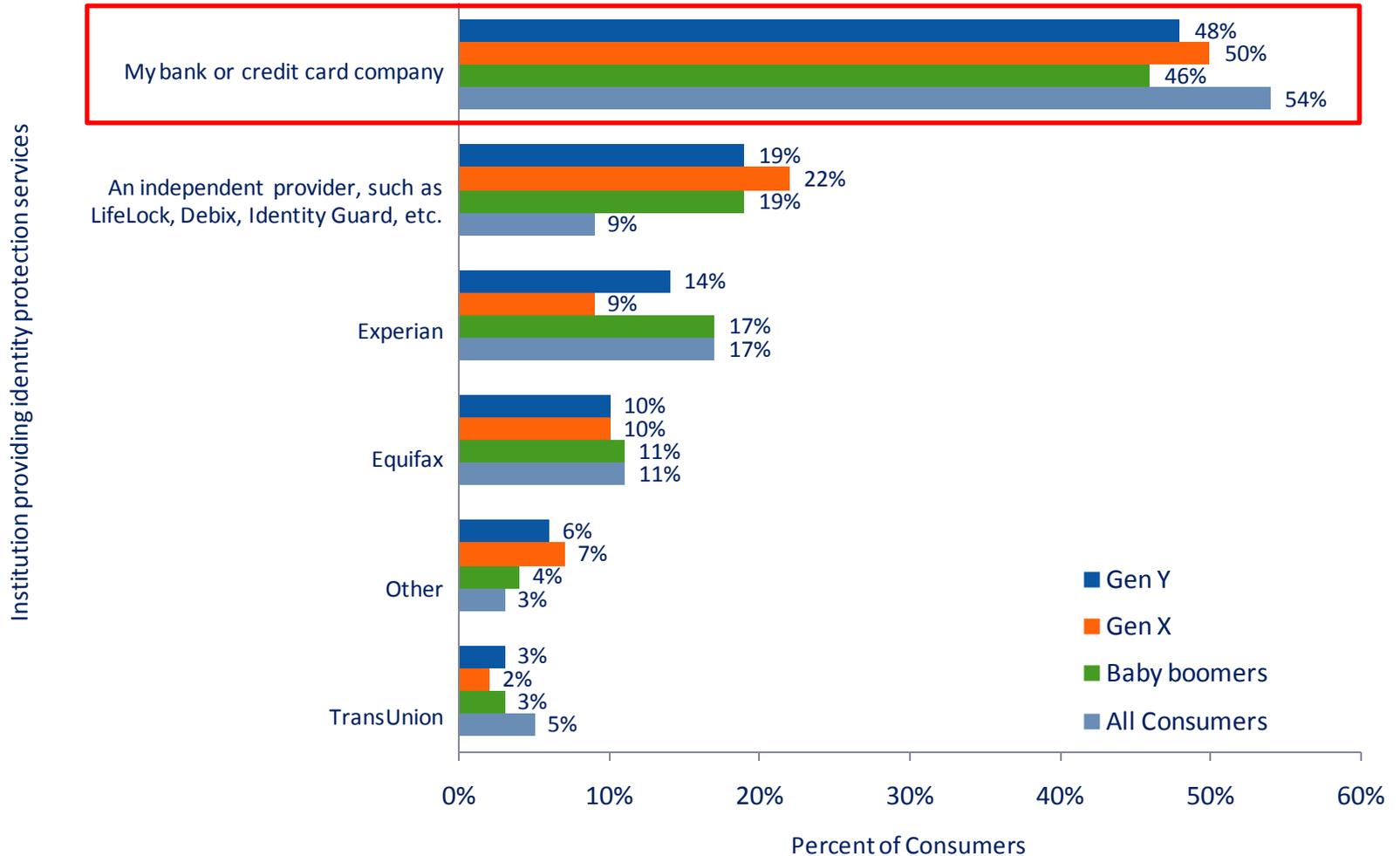
# Yet There is Still A Tremendous, Untapped Market



***Only 15% of consumers subscribe to identity theft services;  
indicating a huge, untapped market***

# Consumers Trust Their Banks for Their Identity Protection

## Identity Fraud Protection Services by Age



Source: Javelin 2010 Annual Identity Protection Services Scorecard, Identity Fraud Protection Services by Age.

# Banks Want More Than Clever Advertising

## Why Endorsed Partners Work With Intersections

### Constant Innovation

- Optimizes revenue opportunities for endorsed partners
- Proven ideas rolled out with partners backed with real performance data

### Unparalleled Customer Service

- Protect and enhance partners' brand (higher standards than their own staff)
- Tight integration and strong retention rates enhance conversion and profitability

### Industry Leading Account Management

- Single point of contact for partners
- Flexible and customized management of all aspects of a partner's program

### Direct Marketing Expertise

- Cross-channel experience grounded in interactions with 30 million customers over time

### Security and Risk Management

- Full control over in-house fulfillment and customer service

### Competitive and Flexible Pricing

- We meet our partners on their terms

### Corporate Stability

- Financial and Management

### Highest Ethical Standards

- Avoided questionable marketing practices of some competitors

# Example: In-house High Integrity Fulfillment Advantage

- ▶ Our high quality, fully personalized fulfillment materials are delivered directly to your customers
- ▶ Full color print capabilities as well as black and white presses
- ▶ Approximately 3.5 million pieces mailed each month
- ▶ Image and page level tracking to ensure the right documents are delivered to the right customer



**Bank of America® Privacy Assist Premier® Member Guide**

Prepared Exclusively for  
**John Q. Sample**

Personal & Confidential

**Your Personalized Credit Report**  
as of 09-01-2010

*Your information below was compiled from your credit reports at Equifax®, Experian® and TransUnion®. There is additional information including and detailed positive and negative credit factors from all three agencies. TransUnion may establish a credit score for you.*

**Your Personalized Credit Score**  
as of 01-26-11

Your Personalized Credit Score provides a summary of the top positive and negative factors that Equifax has on file for you. In addition to showing your individual credit score, each agency provides a National Ranking of how your credit score compares to others. When considering your risk, look back at your score and how that score compares to the national average.

**BACKGROUND**

Your credit scores are based on the information in your credit bureau reports. The higher your credit scores, the better. With a higher credit score, you are more likely to be eligible for the best credit card and loan offers, including terms and conditions, such as interest rates, fees, and benefits. Keep in mind that lenders review other factors (such as income and monthly payments) in addition to credit scores when evaluating credit applications.

**RANKING** **US POPULATION**

Very Weak Weak Fair **GOOD** Excellent  
Your credit score is higher than 15% of US population.

**712**

**SUMMARY**

You may want to delay applying for new credit until you have more credit history with your existing accounts. Applying for multiple credit accounts within a short period of time can lower your credit score. When you apply for any type of credit (such as an auto loan, credit card, department store card, or mortgage), the lender considering your credit application checks your credit history. This is recorded in your credit report as a "hard inquiry." Although inquiries are an unavoidable result of applying for credit, lenders dislike seeing too many inquiries within a short period of time (such as 12 months) because they cannot tell whether you are "shopping" for the best offer, or if you are desperately trying to obtain credit because of financial trouble.

**RANKING** **US POPULATION**

Very Weak **WEAK** Fair Good Excellent  
Your credit score is higher than 10% of US population.

**653**

**SUMMARY**

You may want to delay applying for new credit until you have more credit history with your existing accounts. Applying for multiple credit accounts within a short period of time can lower your credit score. When you apply for any type of credit (such as an auto loan, credit card, department store card, or mortgage), the lender considering your credit application checks your credit history. This is recorded in your credit report as a "hard inquiry." Although inquiries are an unavoidable result of applying for credit, lenders dislike seeing too many inquiries within a short period of time (such as 12 months) because they cannot tell whether you are "shopping" for the best offer, or if you are desperately trying to obtain credit because of financial trouble.

**RANKING** **US POPULATION**

Very Weak Weak **FAIR** Good Excellent  
Your credit score is higher than 15% of US population.

**663**

**SUMMARY**

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**POSITIVE FACTORS – BASED ON EQUIFAX DATA**

Here are the top factors that make your score high:

- You have never had any derogatory account (such as being sent to collections or declared as a loss by the lender).
- Making payments in a regular factor. Some scores are worse than others. If you have not missed any payment recently, lenders may think you are, or have become, responsible and do not or will not forget, miss payments. Lenders prefer that you pay on time consistently a portion of your life. However, missing payments on one account may not be as harmful as missing payments on three. Similarly, missing payments on one account may not be as harmful as missing payments on two. Finally, it may take a while for lenders to pay attention to both high balances, because lenders want to have less worry if they remain unpaid.

**NEGATIVE FACTORS**

- It is a positive factor because the account payment history shows lenders how you pay. There is no concern if a negative factor because lenders worry that you are spending for all you have ever spent payments. Also, if you do not currently have any open credit, getting your credit right now, high interest rates, and low credit limits. But that means you have built credit with troubled credit, and may therefore be considered a negative factor.
- You missed 3 consecutive payments.
- If the credit limit is usually considered negative, because lenders worry that you may be able to raise. Being "maxed out" or overdrawn on a credit card makes your balance a close factor. The more accounts in the negative, the more it affects your score. Note that a score of 10% or 20% change may have a negative impact, although more loan usage, on the other hand, a positive factor with information on how you use credit. It also shows that you do not have a high score, high interest rates, and low credit limits. But that means you have built credit with troubled credit, and may therefore be considered a negative factor.

**REVIEW YOUR REPORT CAREFULLY. CONTACT US AT 1 XXX XXX XXX IF YOU HAVE QUESTIONS OR CONCERNS. WE'RE HERE TO HELP.**

**EQUIFAX DATA**

Score based on:

- You have derogatory (such as being sent to collections or declared as a loss by the lender).
- Score based on your credit history. Some scores are worse than others. If you have not missed any payment recently, lenders may think you are, or have become, responsible and do not or will not forget, miss payments. Lenders prefer that you pay on time consistently a portion of your life. However, missing payments on one account may not be as harmful as missing payments on three. Similarly, missing payments on one account may not be as harmful as missing payments on two. Finally, it may take a while for lenders to pay attention to both high balances, because lenders want to have less worry if they remain unpaid.

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- You missed 3 consecutive payments because derogatory (such as being sent to collections or declared as a loss by the lender).

**REVIEW YOUR REPORT CAREFULLY. CONTACT US AT 1 XXX XXX XXX IF YOU HAVE QUESTIONS OR CONCERNS. WE'RE HERE TO HELP.**

**COMPLETE LISTING OF FACTORS IS IN <a href='\"#\">www.yourmail.com</a>**

# Banks Trust Intersections for Their Customer's Identity Protection

***“There is a strong trust relationship between consumers and their financial institutions, making Intersections 'Best in Class' solution and its partnerships with financial institutions exceptionally significant in the identity theft protection market.”***

- James Van Dyke  
President and Founder, Javelin Strategy & Research

## **Intersections is the most successful player in this high profile, private label partnerships**

- ▶ 4 of the top 5 U.S. banks
- ▶ 6 of the top 7 Canadian banks
- ▶ Retailers, Internet companies, and others

# Agenda

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Q1 Results



## Consolidated Highlights

- ▶ Revenue for the first quarter of 2011 was \$90.4 million, a slight decrease of approximately 1 percent compared to the same quarter last year.
- ▶ For the first quarter of 2011 consolidated adjusted EBITDA before share related compensation was \$13.0 million, an increase of 100 percent compared to the first quarter of 2010.
- ▶ Income from continuing operations was \$4.6 million or \$0.23 per diluted share, compared to a loss from continuing operations of \$258 thousand or (\$.01) per diluted share for the first quarter of 2010.
- ▶ In the first quarter of 2011 Intersections generated \$12.7 million from cash flow provided by operating activities.

## Shareholder Initiatives

- ▶ On March 31, 2011 Intersections repurchased 1,742,463 shares of common stock owned by CCP Equity Partners, approximately 9.7 percent of the outstanding shares at that time. The purchase price was approximately \$19.6 million, based on the negotiated purchase price of \$11.25 per share.
- ▶ We currently have \$20 million authorized by our Board of Directors for future stock purchases.
- ▶ On April 21, 2011 Intersections' Board of Directors declared a regular quarterly cash dividend on its common stock of \$0.15 per share. The dividend will be paid on June 10, 2011 to stockholders of record at the close of business on May 31, 2011. This is the fourth consecutive quarter Intersections has paid a dividend. Intersections' annual dividend yield would be 4.1% percent based on the closing price of \$14.72 on Wednesday May 18, 2011.

# 1st Quarter 2011 Update

## Year End 2011 Guidance\*

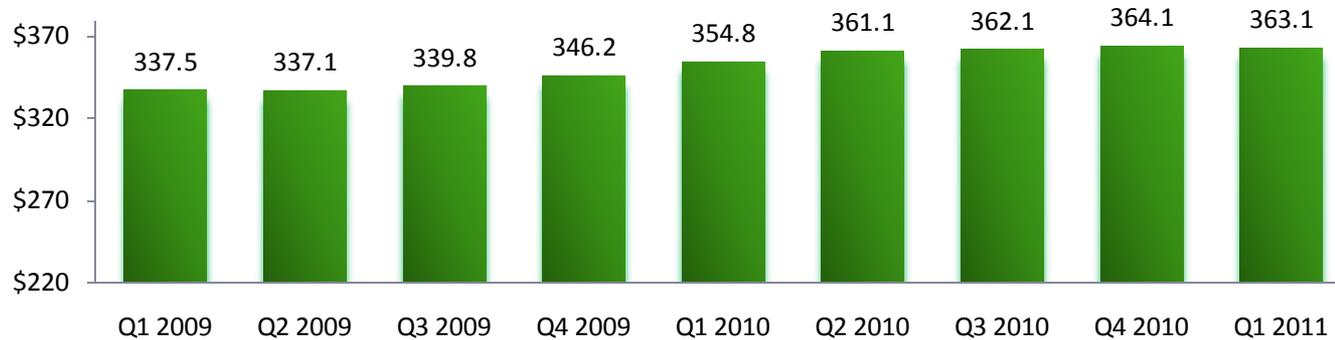
- ▶ **Low single digit revenue growth, driven by:**
  - The full year affect of reduced marketing leads from a direct client that started in 2Q 2010.
  - A reduction in insurance services marketing.
  - Offset by incremental revenue from new business and organic growth with other clients and direct to consumer.
  
- ▶ **UPDATED GUIDANCE: Mid single digit Adjusted EBITDA before share related compensation growth due to:**
  - Revenue growth mentioned above, lower subscriber acquisition costs (e.g., Marketing and Bounty) and diligent cost management.
  - Offset by:
    - Higher data costs from one of the credit bureaus.
    - Higher payments under an agreement for non-credit data.
    - Higher costs related to our new Call Center and new color printing capabilities.
    - Ongoing investments related to launching new clients, before their incremental revenue begins.
    - Ongoing investments to complete the roll-out of our eCommerce platform.
  
- ▶ **2011 is expected to be a year of absorbing new relationships, continuing profitability from existing business and positioning our company for further growth in 2012.**

\* Guidance as of May 25, 2011

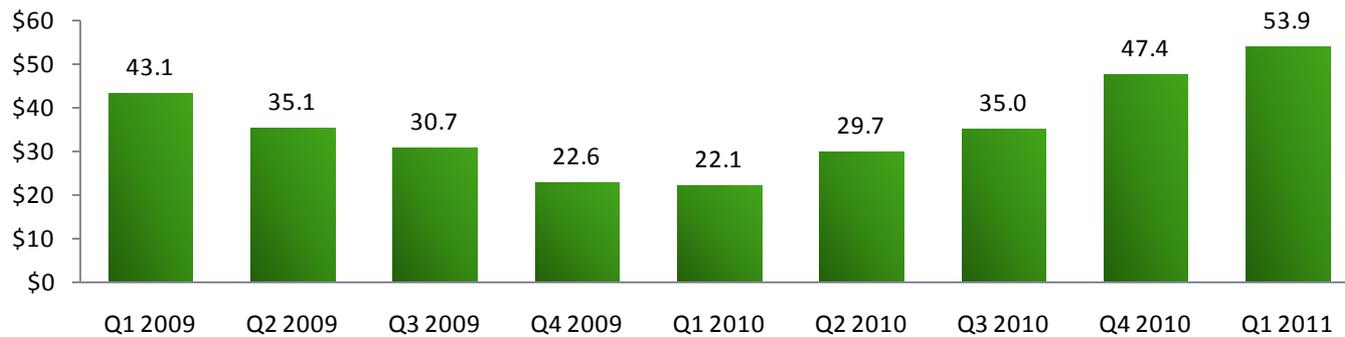
# LTM Revenue and Adjusted EBITDA Growth

Updated July 12, 2011

## LTM Revenue



## LTM Adjusted EBITDA



Consolidated results adjusted for sale of SI. EBITDA adjusted for share related compensation and non-cash impairment charges.

Adjusted EBITDA is a non-GAAP financial measure. Our consolidated financial statements, other data and reconciliations of these 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).

# Well-positioned to Capitalize on Industry Trends and Leverage Our Unique Advantages

## Favorable Industry Dynamics

- 8 million adults were victims of identity theft in 2010; with an average recovery time of 33 hours
- Growing consumer awareness of identity theft and credit breaches
- Increasing trends in non-card frauds, computer-based crimes, and counterfeit software

## Market-Leading Position

- 8 million customers currently protected; 32 million since inception
- Recognized as the innovator and product leader in the identity protection industry
- Most comprehensive identity protection product suite available

## Attractive Financial Characteristics

- Proven subscription model creates strong, predictable cash flow
- Manages all program aspects on-site, allowing for scalability among products and clients

## Product and Client Momentum

- Long-standing relationships and reputation with clients, credit bureaus and service providers
- Proprietary processes and technology leveraged to serve the needs of both clients and subscribers



# Thank You

## **Corporate Headquarters**

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