

# INNOVATING FOR THE FUTURE



## 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

**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**

Private Investor

**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

**Dean Brown**

Chief Information 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  
President, Identity Guard

**Steven Sjoblad**

Chief Marketing Strategist  
President, Captira Analytical

**Joe Vacca**

President, Partner 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

## TO OUR SHAREHOLDERS

As anyone following Intersections over the past several years would know, we have faced significant headwinds in our primary business of offering consumer identity theft protection services through major U.S. financial institutions. Regulatory scrutiny of financial institution marketing, sales, and administration practices for various products, including ours, has resulted in a significant decline in new subscriber additions and selective cancellations of existing customer subscriptions. However, we believe, consumers will continue to seek out products that help them fight identity theft and fraud, and are awakening to the expanding threats to their privacy. We expect to continue to attract and serve consumers with first class services and practices, and to expand our offerings to help them address evolving threats.

As we enter 2014, we are pleased to report that we believe we are seeing the proverbial “light at the end of the tunnel” and our reemergence as a growth company. We see multiple opportunities to grow our business.

Going forward, our strategy to reignite growth at Intersections includes:

- Growing our Identity Guard® brand in the U.S. and Canada by expanding product offerings to include new identity theft protection, privacy and security capabilities, increasing direct to consumer marketing, and creating new non-financial institution endorsed partnerships. We are growing our Identity Guard brand at an accelerated pace with new product extensions and increased, well-defined marketing investments.
- Launching Voyce™ to become a unique and leading pet health technology platform on a worldwide basis for both consumers and medical practitioners.
- Managing our traditional financial institution business to exceed the expectations of the millions of subscribers who continue to use and value our products and services, grow this business where possible, and maximize cash generation to fund higher growth initiatives.

We look for 2014 to be an active year of new business rollouts.

### **IDENTITY GUARD®**

Our Identity Guard brand is already a major part of the growth story at Intersections. Over the four years ending on December 31, 2013, we grew revenues from our Identity Guard brand by a compound annual growth rate of approximately 21.5% to over \$40 million. Identity Guard always has offered some of the most advanced and feature rich identity theft protection products in the market, and commanded a premium price point. Last year, our average revenue per subscriber for Identity Guard was approximately \$15.50 per month compared to a larger competitor’s \$10.72 average revenue per subscriber. We consistently acquire new customers at less than \$100 each (far less than several competitors), and our retention rates for these subscribers are among the best in our entire portfolio. With these known attributes of our business, we are confident that expanding our consumer direct marketing budget will produce excellent returns for shareholders even though it depresses near term earnings.

## TO OUR SHAREHOLDERS

While we are proud of our traditional Identity Guard product offerings, we understand that the consumer direct marketplace is a dynamic and competitive environment where continual innovation is necessary for success. We have a robust history of innovation in identity theft protection products largely on behalf of our bank partners. Today those efforts of innovation are focused on our Identity Guard brand. Just a few examples of the results from these efforts include:

- In December on 2013, we launched Identity Guard Essentials, which we believe is the best product in the marketplace at its price point, with greater data monitoring coverage across deposit and credit accounts than competing offerings and exclusive access to our trained victim assistance agents.
- In March 2014, we launched SafeConnex™ powered by Identity Guard, a free online identity theft protection tool providing secure pin and password storage, secure account login and payment data form filling, and safe browsing capabilities for consumers. SafeConnex also gives us exclusive and secure marketing opportunities within the user experience as well as search related revenue opportunities as we expand usage of this “freemium” protection offering.
- Later in 2014, we expect to launch a new suite of Identity Guard branded privacy products to tap into growing consumer concerns over the loss of privacy in the “big data” economy. These new offerings are targeted at protecting today’s mobile-centric, social media-active consumers in an app-oriented economy. We expect these products to reach a much broader consumer population than current offerings with low cost solutions for the developing threats to identity and privacy.

We believe by offering these new products, together with steady increases in our marketing spend, Identity Guard can achieve even greater growth over the coming years.

### VOYCE™

What if you could build a platform to bring us closer to our pets, help us understand their most basic needs, and bring as much quality to their lives as they bring to ours? Would such a platform be valuable? Could it change the world of man’s best friend? We think so, too, and we are building it now. Welcome to Voyce.

When we started this project, our mission wasn’t to revolutionize the way pet owners, veterinarians, and dogs communicate and interact. We had more modest ambitions to find new data sources that could be transformed into meaningful and valuable consumer subscription products. We looked far and wide, and came back with quite a few promising ideas. GPS data was an obvious candidate with multiple possible applications both wearable and not. It was worth investing a small bit in market research to size and clarify the opportunity. When the research came back, pet applications jumped off the page as a hotbed of opportunity, and the first chapter of the Voyce story was written.

We started studying the market for GPS based pet technologies and noticed it was filled with both old and new competitors, but no winning solutions to date. How could that be when the research data was so strong? We debated, we argued, we talked to anyone and everyone. As we got more educated, we asked better questions and received more refined research data. It clearly showed those with a passion for their pets had a very strong interest in a health monitor, but limited use for a simple accelerometer or GPS product. Our mission became clear and the second chapter of the Voyce story was written.

## TO OUR SHAREHOLDERS

We now knew we needed to find a technology that could go beyond tracking movement and location to truly monitor the health status of a pet. After extensive search we found a patented non-invasive radio frequency based technology. With this technology, we have sought to secure a strong advantage for years across a wide spectrum of product and platform applications. Voyce moved from being compelling market research to becoming a real, testable physical technology, and the chapters of our story started writing themselves faster and faster.

While searching for the right technology, we also assembled the right team, as no good idea can come to market without thoughtful leadership and well-planned execution. We hired business leaders, veterinarians, and technologists from the outside world, and dedicated some of our best and brightest to Voyce. We developed a highly trained and experienced team of veterinarians, mathematicians, bio-engineers and others, including a group at Cornell University, one of the most highly regarded veterinarian schools in North America. For over a year we designed, tested and analyzed data to create algorithms to convert the data provided by the non-invasive patented technology into useful information on body movements, activities, and vital signs. At the same time, we included additional technology to monitor other key wellness indicators including rest, activity levels, and calories burned.

We decided early on that Voyce deserved to be more than a product. We saw the potential to fundamentally change the relationships between pet owners, veterinarians, and pets by bringing tailored and fact based content into the conversation. For that, we needed a platform and a compelling experience, not just a collar. We reached out to some of the foremost experts in the animal health care space and brought them on to provide content and expertise. We hired designers and agencies to assist with planning our consumer experience – the design of the box, the feel of the collar, the easy start-up and instructions, and our web and mobile applications.

After about \$11 million in investments and two years of work, we premiered Voyce at the Consumer Electronics Show in Las Vegas on January 7, 2014. Voyce was an enormous hit. Voyce was awarded “Best of CES 2014” by multiple media outlets – Yahoo Tech, PC World, USA Today, CNET and others. In addition, we received lauding accolades and recognition including coverage by major press outlets including NBC Nightly News, CNN, the Today Show, The Wall Street Journal, and many more. To date, we have been featured in more than 1,000 media outlets. Equally important, we have sent teams to multiple veterinarian conferences over the past two months. Thousands have come to talk to us. Doctors, medical device manufacturers, pet food companies, veterinarian students, and potential distribution partners from more than 30 countries wanted to know more about Voyce. We could not have asked for a better launch of The Voyce Experience.

So, where do we go from here? We expect to launch our platform and the consumer version of Voyce for dogs with 12” necks and larger in mid-2014 following the conclusion of beta testing with consumers. It is a significant challenge to estimate the market potential for the first product launched into a new and large market. However, with an estimated 80+ million dogs owned in the United States alone, a 5 percent penetration could create an overall market for pet health technology platforms similar to Voyce in excess of \$1 billion.

## TO OUR SHAREHOLDERS

Our initial launch is the beginning of the Voyce journey. In the weeks since our appearance at CES, we have learned that Voyce has significant demand as a platform through which we can address needs of consumers, veterinarians, pharmacy research, and nourishment research; a platform that can enhance the life management of expensive and highly trained dogs and horses; and a product that transcends borders and languages. Our strategy to realize this potential is simple, yet intensive. We are making plans to quickly:

- create a version of Voyce for cats and smaller dogs,
- create a version of Voyce to serve the needs of veterinarians,
- create a version of Voyce for horses, cattle and livestock, and,
- identify partners to accelerate international expansion for Voyce.

We trust this note has provided you with a glimpse into the exciting initiatives that we expect to restore growth at Intersections. Our objective is to grow our company by selling high quality consumer subscription products. We believe we are well on our way to getting back on track.

All of us here at Intersections are committed to the success of this transition. I want to thank you for your continued confidence and support.

Sincerely,

A handwritten signature in black ink that reads "Michael R. Stanfield". The signature is written in a cursive, flowing style.

Michael R. Stanfield  
Chairman and Chief Executive Officer

## 2013 FINANCIAL HIGHLIGHTS

### FINANCIAL HIGHLIGHTS

\$ in millions	2009	2010	2011	2012	2013
Consolidated Revenue	\$344.0	\$362.1	\$370.7	\$347.4	\$310.3
Adjusted EBITDA before share related compensation (both cash and non-cash) and non-cash asset impairment charges	\$28.1	\$48.2	\$52.6	\$59.0	\$29.2
Consolidated income from continuing operations before income taxes	\$4.8	\$15.0	\$19.3	\$20.0	\$2.4
% of Revenue	1.4%	4.1%	5.2%	5.7%	0.8%
Net Income (loss) attributable to Intersections Inc.	\$(6.4)	\$20.4	\$18.6	\$19.7	\$2.4
Diluted earnings (loss) per common share	\$0.27	\$0.81	\$1.00	\$1.05	\$0.13
Cash, Cash Equivalents and Short - Term Investments Net of Borrowed Debt	\$17.4	\$19.4	\$30.8	\$25.6	\$20.9
Stockholders' Equity	\$96.4	\$116.6	\$107.9	\$109.4	\$97.5
Subscribers (in millions)	4.30	4.15	4.95	4.49	2.87

### FOR THE YEAR ENDED 2013

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

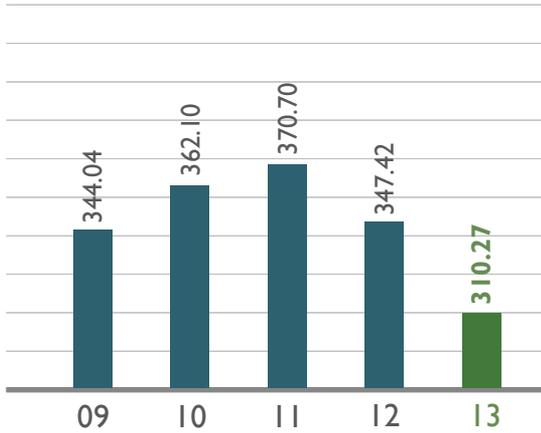
\$ in thousands	2009	2010	2011	2012	2013
Consolidate income (loss) from continuing operations before income taxes	\$6,571	\$24,999	\$32,909	\$33,894	\$7,173
Non-cash Share Based Compensation	4,556	5,677	6,590	6,835	6,368
Dividend equivalent payments to RSU holders	0	581	1,634	3,249	1,389
Goodwill, intangible and long-lived asset impairment charge	822	-	-	1,804	1,327
Depreciation	7,425	8,099	9,022	9,702	8,683
Amortization	9,009	6,690	3,801	3,516	3,457
Interest Expense, net	1,102	1,675	801	407	247
Gain on settlement	0	0	(1,842)	0	0
Other expense/(income), net	(1,362)	442	(282)	(412)	(574)
Consolidated Adjusted EBITDA before share related compensation (both cash and non-cash) and non-cash asset impairment charges	\$28,122	\$48,162	\$52,633	\$58,994	\$29,220

\*Consolidated Statements of operations reported have been recast to reflect the results from continuing operations. In the three months ended June 30, 2013, we ceased operations at Net Enforcers, formerly reported in Our Online Brand Protection segment.

\*\*Consolidated adjusted EBITDA before share related compensation and non cash impairment charges.

## REVENUE\*

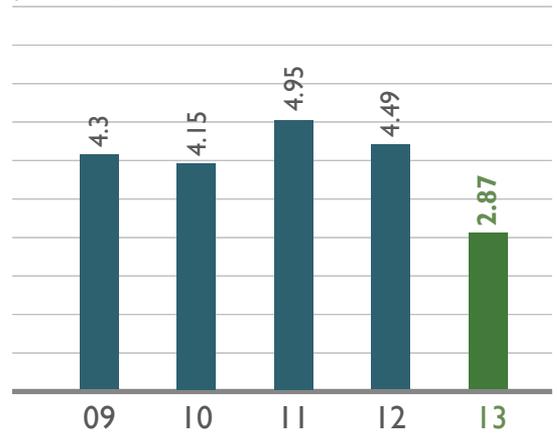
\$ in Millions



\*Consolidated Statements of operations reported have been recast to reflect the results from continuing operations.

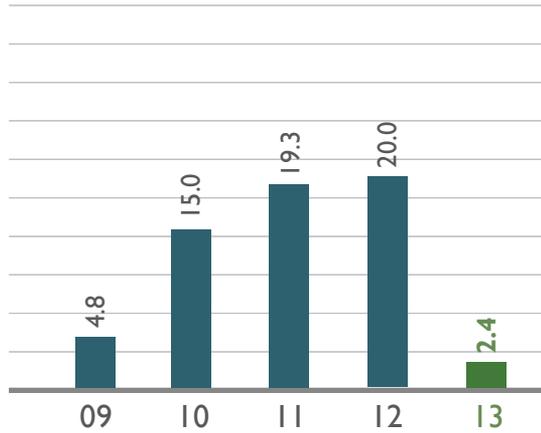
## SUBSCRIBERS

\$ in Millions



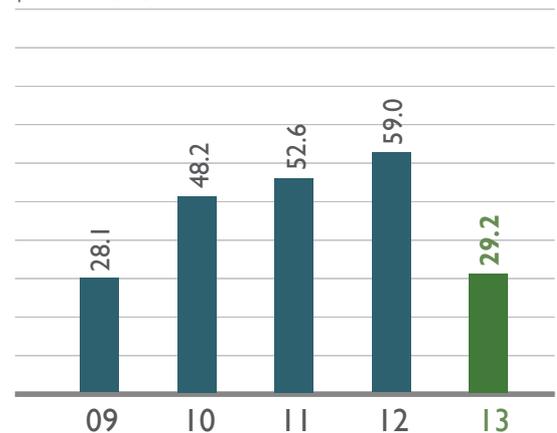
## INCOME FROM CONTINUING OPERATIONS

\$ in Millions



## ADJUSTED EBITDA\*

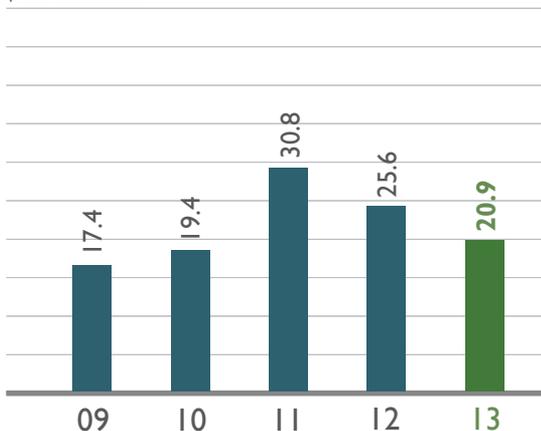
\$ in Millions



\*Consolidated adjusted EBITDA before share related compensation and non cash impairment charges.

## CASH, CASH EQUIVALENTS, & SHORT-TERM INVESTMENTS NET OF BORROWED DEBT

\$ in Millions



## GET UPDATES ONLINE

The Company's earnings releases, SEC filings and other financial reports are also available at [www.intersections.com](http://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 11:00 a.m. Eastern Time on Wednesday, May 14, 2014, at Intersections Inc., 3901 Stonecroft Boulevard, Chantilly, Virginia 20151. Shareholders of record as of April 1, 2014 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](http://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 15<sup>th</sup> Avenue  
Brooklyn, New York 11219  
800.937.5449  
[info@amstock.com](mailto:info@amstock.com)  
[www.amstock.com](http://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.



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