

Intersections Inc (INTX)

| | |
|--------------------------|---------------|
| Price: | \$10.38 |
| Market Cap: | \$186,840,000 |
| Cash: | \$30,060,000 |
| Debt: | \$2,490,000 |
| Net Cash: | \$27,570,000 |
| Enterprise Value: | \$159,270,000 |
| Target Market Cap: | \$328,462,970 |
| Target Enterprise Value: | \$300,892,970 |

| | |
|-------------------------------|---------------|
| Price/Book: | 1.56 |
| EV/FCF: | 6.64 |
| Net Tang. Asset/Share: | \$4.05 |
| Avg. Year 1-5 FCF/Share: | \$1.62 |
| 5 Years of FCF: | \$8.10 |
| Net Tang. Asset+5 FCF: | \$12.14 |

| | |
|----------------------------------|---------------|
| Net Tang. Asset Yr. 5/Share: | \$10.15 |
| Avg. Year FCF/Share: | \$1.62 |
| Year 5 Disposition FCF Multiple: | 5.0 |
| Year 5 Disposition Price: | \$18.25 |
| Gain Year 5: | \$6.10 |

| | |
|---|----------------|
| Net Tang. Asset+5 FCF+ Gain Disposition: | \$18.25 |
| IRR: | 11.94% |

Assumed Deal Details

| | | |
|--------------------|--------|---------------|
| Debt | 60.00% | \$112,104,000 |
| Equity | 40.00% | \$74,736,000 |
| Shares Outstanding | | 18,000,000 |

Levered Return

| | |
|------------------------------|---------------|
| New market cap in 5 years | \$328,462,970 |
| Nominal Gain for Equity | \$141,622,970 |
| Levered Equity Return | 23.69% |

Steady growth at 2%, withstood the financial recession, even though bulk of clients are financial institutions. The co. has zero debt, and generates \$40MM in op. cash flow from \$380MM in revenue, or a 10% op. cash flow to revenue margin. Only \$10MM in capex expenditure, and sitting on \$27MM of cash.

The value is cheap, relative to their earnings power. We will include in our portfolio.

While sitting on appreciation, can enjoy a 8% dividend yield.

SN VALUATION

LBO Analysis

| | | | | | | | |
|---|---------|------------------------------------|--------|-----------------------------|--------|--------------------------|--------|
| WACC Terminal Value: | N/A | Intrinsic Price in 5 Years: | 17.99 | Non-LBO Forecast | | Non-LBO Forecast | |
| EV/EBITDA with 3X Multiple Terminal Value: | \$17.18 | Market Price: | 10.38 | Year 1 Target | 11.59 | Desired Return Rate | 20.00% |
| Net Tangible Asset Terminal Value: | \$12.09 | LBO Price: | 10.38 | Year 2 Target | 12.93 | Implied Today's Price | 7.23 |
| EV/EBITDA with Today's Multiple Terminal Value: | \$22.21 | Premium to Market Price: | 0.00% | Year 3 Target | 14.44 | Overvalued/(Undervalued) | 43.57% |
| EVA Enterprise Value: | \$20.48 | LBO Price/Intrinsic Price Target: | 11.63% | Year 4 Target | 16.12 | | |
| Dividend Discount Model: | N/A | LBO Price/EV/EBIT Exit Price: | 13.69% | Year 5 Target | 17.99 | | |
| Average (Excluding Dividend Discount): | \$17.99 | Implied IRR at today's EV/EBITDA: | 16.43% | Implied IRR (Market Price): | 11.63% | | |
| | | 5 Year Return: | 73.31% | | | | |

| Current Evaluation | | | | Exit Evaluation | | | |
|-------------------------------|--------------------|-------------------------------|--------------------|-------------------------------|--------------------|-------------------------------|--------------------|
| Current Market Price: | 10.38 | LBO Price: | 10.38 | Exit Price: | 17.99 | Exit Price: | 22.21 |
| Outstanding Shares: | 18,000,000 | Outstanding Shares: | 18,000,000 | Outstanding Shares: | 18,000,000 | Outstanding Shares: | 18,000,000 |
| Market Capitalization: | 186,840,000 | Market Capitalization: | 186,840,000 | Market Capitalization: | 323,821,639 | Market Capitalization: | 399,797,064 |
| Available Cash: | 30,060,000 | Available Cash: | 30,060,000 | Available Cash: | 175,784,888 | Available Cash: | 175,784,888 |
| Debt: | 2,490,000 | Debt: | 2,490,000 | Debt: | 2,490,000 | Debt: | 2,490,000 |
| Net Cash: | 27,570,000 | Net Cash: | 27,570,000 | Net Cash: | 173,294,888 | Net Cash: | 173,294,888 |
| Enterprise Value: | 159,270,000 | Enterprise Value: | 159,270,000 | Enterprise Value: | 150,526,752 | Enterprise Value: | 226,502,177 |
| Original EV/EBITDA: | 4.92 | EV/EBITDA: | 4.92 | EV/EBITDA at 5 Years: | 4.26 | EV/EBITDA at 5 Years: | 5.00 |
| Original EV/EBITDA: | 2.74 | EV/EBITDA: | 3.52 | EV/EBITDA at 5 Years: | 4.55 | EV/EBITDA at 5 Years: | 5.00 |
| Competitor Average EV/EBIT: | N/A | | | | | | |
| Competitor Average EV/EBITDA: | N/A | | | | | | |

| Enterprise Valuation Calculation During Holding Period | | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Time Period | 0 | Adjusted for LBO | 1 | 2 | 3 | 4 | 5 |
| Annualized Price Targets based off LBO Price: | 10.38 | 11.43 | 12.76 | 14.24 | 15.89 | 17.74 | 19.80 |
| Shares Outstanding: | 18,000,000 | 18,000,000 | 18,000,000 | 18,000,000 | 18,000,000 | 18,000,000 | 18,000,000 |
| Market Capitalization: | 186,840,000 | 205,678,916 | 229,592,119 | 256,285,584 | 286,082,558 | 319,343,868 | 356,472,296 |
| Available Cash: | 30,060,000 | 30,060,000 | 58,555,214 | 86,954,913 | 115,476,369 | 144,807,992 | 175,784,888 |
| Debt: | 2,490,000 | 2,490,000 | 2,490,000 | 2,490,000 | 2,490,000 | 2,490,000 | 2,490,000 |
| Net Cash: | 27,570,000 | 27,570,000 | 56,065,214 | 84,464,913 | 112,986,369 | 142,317,992 | 173,294,888 |
| Enterprise Value: | 159,270,000 | 178,108,916 | 173,526,905 | 171,820,671 | 173,096,189 | 177,025,876 | 183,177,408 |
| EBIT | 36,210,000 | 36,210,000 | 31,850,600 | 32,687,612 | 5 | 34,412,192 | 35,300,435 |
| EV/EBIT: | 4.40 | 4.92 | 5.45 | 5.26 | 34,619,237.74 | 5.14 | 5.19 |
| EBITDA | 45,250,000 | 45,250,000 | 41,071,400 | 42,092,828 | 43,134,685 | 44,197,378 | 45,281,326 |
| EV/EBITDA: | 3.52 | 3.52 | 4.23 | 4.08 | 4.01 | 4.01 | 4.05 |

| Enterprise Valuation Calculation During Holding Period | | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Time Period | 0 | Adjusted for LBO | 1 | 2 | 3 | 4 | 5 |
| Annualized Price Targets based off LBO Price: | 10.38 | 11.43 | 11.82 | 13.62 | 6.28 | 17.31 | 19.27 |
| Shares Outstanding: | 18,000,000 | 18,000,000 | 18,000,000 | 18,000,000 | 18,000,000 | 18,000,000 | 18,000,000 |
| Market Capitalization: | 186,840,000 | 205,678,916 | 212,731,214 | 245,247,988 | 112,986,394 | 311,583,889 | 346,929,858 |
| Available Cash: | 30,060,000 | 30,060,000 | 58,555,214 | 86,954,913 | 115,476,369 | 144,807,992 | 175,784,888 |
| Debt: | 2,490,000 | 2,490,000 | 2,490,000 | 2,490,000 | 2,490,000 | 2,490,000 | 2,490,000 |
| Net Cash: | 27,570,000 | 27,570,000 | 56,065,214 | 84,464,913 | 112,986,369 | 142,317,992 | 173,294,888 |
| Enterprise Value: | 159,270,000 | 178,108,916 | 156,665,999 | 160,783,075 | 25 | 169,265,897 | 173,634,970 |
| EBIT | 36,210,000 | 36,210,000 | 31,850,600 | 32,687,612 | 5 | 34,412,192 | 35,300,435 |
| EV/EBIT: | 4.40 | 4.92 | 4.92 | 4.92 | 4.92 | 4.92 | 4.92 |
| EBITDA | 45,250,000 | 45,250,000 | 41,071,400 | 42,092,828 | 43,134,685 | 44,197,378 | 45,281,326 |
| EV/EBITDA: | 3.52 | 3.52 | 3.81 | 3.82 | 0.00 | 3.83 | 3.83 |

| | | | | | | |
|------------------------------|--------------------|-----------------------------|--------------------|-----------|---------|--|
| LBO Price | 10.38 | Equity Partners: | 210,490,000 | Weighting | 100.00% | Annualized Return for Equity Partners: 13.69% |
| Shares Outstanding | 18,000,000 | Debt Partners: | 0 | 0.00% | | |
| Market Capitalization | 186,840,000 | Total Funds for LBO: | 210,490,000 | 100.00% | | |
| Debt | 23,650,000 | | | | | |
| Cash | 30,060,000 | | | | | |
| Enterprise Value | 180,430,000 | | | | | |
| Capital Investment | 210,490,000 | | | | | |

| | | | | | | | |
|--------------------------|---------------|----------------------------|--------------|--------------------------|---------------|-----------------------|---------|
| Book Value | | Enterprise Value | | Stock Valuation | | Debt Reduction | |
| Beginning Book Value | 119.98 | Beginning Enterprise Value | 159.27 | Current Market Price | \$10.38 | Starting Debt | 0.00 |
| Year 5 Book Value | 229.86 | Year 5 Enterprise Value | 226.50 | Year 5 Market Price | \$22.21 | Debt Repayment | 0.00 |
| Annualized Return | 13.89% | Annualized Return | 7.30% | Annualized Return | 16.43% | Year 5 Ending Debt | 0.00 |
| | | | | | | % of Starting Debt | #DIV/0! |

SN VALUATION

LBO Pro Forma Income Statement

Name:

Intersections Inc

Ticker:

INTX

| | Historical | | | | Forecasted | | | | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|------------|--------|--------|--------|--------|
| | 12 months ending 2008-12-31 | 12 months ending 2009-12-31 | 12 months ending 2010-12-31 | 12 months ending 2011-12-31 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Revenue | 333.76 | 346.17 | 364.14 | 373.00 | 380.46 | 388.07 | 395.83 | 403.75 | 411.82 |
| COGS | 97.69 | 91.08 | 88.88 | 110.66 | 114.14 | 116.42 | 118.75 | 121.12 | 123.55 |
| Gross margin | 236.07 | 255.09 | 275.26 | 262.34 | 266.32 | 271.65 | 277.08 | 282.62 | 288.28 |
| SG&A | 191.59 | 237.03 | 234.09 | 218.50 | 224.47 | 228.96 | 233.54 | 238.21 | 242.98 |
| R&D | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Unusual expense | 30.99 | 0.95 | 0.00 | -1.41 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other operating expense | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Depreciation is: Excluded from COGS | 9.41 | 8.29 | 8.55 | 9.04 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Operating Income (EBITA) | 4.08 | 8.82 | 32.62 | 36.21 | 31.85 | 32.69 | 33.54 | 34.41 | 35.30 |
| Interest income/(expense) | -2.29 | -1.11 | -1.68 | -0.80 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |
| Gain (loss) on sale of asset | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other | -0.70 | 1.36 | -0.44 | 0.28 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Income before tax | -8.21 | 0.85 | 24.21 | 31.86 | 32.10 | 32.94 | 33.79 | 34.66 | 35.55 |
| Tax | -2.76 | 0.16 | 9.33 | 13.24 | 11.24 | 11.53 | 11.63 | 12.13 | 12.44 |
| Income after tax | -5.45 | 0.69 | 14.88 | 18.62 | 20.87 | 21.41 | 21.96 | 22.53 | 23.11 |
| Minority Interest | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Equity in affiliates | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net income | -5.45 | 0.69 | 14.88 | 18.62 | 20.87 | 21.41 | 21.96 | 22.53 | 23.11 |
| *Figures are in millions (\$) | | | | | | | | | |
| EPS (based off today's share count) | -\$0.30 | \$0.04 | \$0.83 | \$1.03 | \$1.16 | \$1.19 | \$1.22 | \$1.25 | \$1.28 |
| P/E (historical today's price; forecasted intrinsic price) | -34.28 | 270.78 | 12.56 | 10.03 | 10.00 | 10.87 | 11.83 | 12.88 | 14.01 |
| Revenue Growth | N/A | 3.72% | 5.19% | 2.43% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| Tax Rate | 33.62% | 18.82% | 38.54% | 41.56% | 35.00% | 35.00% | 35.00% | 35.00% | 35.00% |
| Implied Debt Interest Rate | -4.88% | -2.70% | -33.27% | -3.38% | NA | NA | NA | NA | NA |
| Margins | | | | | | | | | |
| COGS | 29.27% | 26.31% | 24.41% | 29.67% | 30.00% | 30.00% | 30.00% | 30.00% | 30.00% |
| Gross margin | 70.73% | 73.69% | 75.59% | 70.33% | 70.00% | 70.00% | 70.00% | 70.00% | 70.00% |
| SG&A | 57.40% | 68.47% | 64.29% | 58.58% | 59.00% | 59.00% | 59.00% | 59.00% | 59.00% |
| R&D | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Unusual expense | 9.29% | 0.27% | 0.00% | -0.38% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Other operating expense | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Depreciation is: Excluded from COGS | 2.82% | 2.39% | 2.35% | 2.42% | 2.63% | 2.53% | 2.53% | 2.48% | 2.43% |
| Operating Income (EBITA) | 1.22% | 2.55% | 8.96% | 9.71% | 8.37% | 8.42% | 8.47% | 8.52% | 8.57% |
| Interest income/(expense) | -0.69% | -0.32% | -0.46% | -0.21% | 0.07% | 0.06% | 0.06% | 0.06% | 0.06% |
| Gain (loss) on sale of asset | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Other | -0.21% | 0.39% | -0.12% | 0.08% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Income before tax | -2.46% | 0.25% | 6.65% | 8.54% | 8.44% | 8.49% | 8.54% | 8.59% | 8.63% |
| Tax | -0.83% | 0.05% | 2.56% | 3.55% | 2.95% | 2.97% | 2.99% | 3.00% | 3.02% |
| Income after tax | -1.63% | 0.20% | 4.09% | 4.99% | 5.48% | 5.63% | 5.77% | 5.92% | 6.07% |
| Minority Interest | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Equity in affiliates | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Net income | -1.63% | 0.20% | 4.09% | 4.99% | 5.48% | 5.52% | 5.55% | 5.58% | 5.61% |

SN VALUATION

LBO Adjusted Proforma Balance Sheet

| | As of 2008-12-31 | As of 2009-12-31 | As of 2010-12-31 | As of 2011-12-31 | As of 2012-09-30 | Adjustment | | Adjusted Proforma | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|------------------|------------------|------------------|------------------|------------------|-------------|-------------|-------------------|---------------|---------------|---------------|---------------|---------------|
| | | | | | | + | - | | | | | | |
| Cash | 10.76 | 12.39 | 14.46 | 30.83 | 30.06 | | | 30.06 | 58.56 | 86.95 | 115.48 | 144.81 | 175.78 |
| Short term investment | 4.96 | 5.00 | 4.99 | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Cash and Short term | 15.72 | 17.39 | 19.45 | 30.83 | 30.06 | | | 30.06 | 58.56 | 86.95 | 115.48 | 144.81 | 175.78 |
| Accounts Receivable | 29.39 | 25.11 | 19.20 | 24.79 | 25.00 | | | 25.00 | 25.00 | 25.00 | 25.00 | 25.00 | 25.00 |
| Other receivables | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Receivables | 29.39 | 25.11 | 19.20 | 24.79 | 25.00 | | | 25.00 | 25.00 | 25.00 | 25.00 | 25.00 | 25.00 |
| Total Inventory | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Prepaid Expenses | 3.58 | 3.21 | 5.56 | 5.25 | 5.05 | | | 5.05 | 5.05 | 5.05 | 5.05 | 5.05 | 5.05 |
| Other Current Assets | 31.07 | 36.22 | 26.21 | 15.65 | 9.02 | | | 9.02 | 9.02 | 9.02 | 9.02 | 9.02 | 9.02 |
| Current Assets | 79.76 | 81.93 | 70.42 | 76.52 | 69.13 | 0.00 | 0.00 | 69.13 | 97.63 | 126.02 | 154.55 | 183.88 | 214.85 |
| PP&E, Gross | 60.89 | 64.72 | 66.47 | 67.00 | 67.00 | | | 67.00 | 77.00 | 87.00 | 97.00 | 107.00 | 117.00 |
| Change in Depreciation | | 8.29 | 8.55 | 9.04 | 9.04 | | | 9.04 | 9.22 | 9.41 | 9.59 | 9.79 | 9.98 |
| Accumulated Depreciation | 43.95 | 46.91 | 44.90 | 45.00 | 45.00 | | | 45.00 | 54.22 | 63.63 | 73.22 | 83.00 | 92.99 |
| PP&E, Net | 16.94 | 17.81 | 21.57 | 22.00 | 22.00 | | | 22.00 | 22.78 | 23.37 | 23.78 | 24.00 | 24.01 |
| Goodwill | 53.10 | 46.94 | 43.23 | 43.23 | 43.23 | 0.00 | | 43.23 | 43.23 | 43.23 | 43.23 | 43.23 | 43.23 |
| Intangibles | 32.03 | 21.61 | 14.90 | 11.07 | 8.41 | | | 8.41 | 0.00 | -7.58 | -14.55 | -21.56 | -29.45 |
| Long term investments | 3.33 | 3.33 | 4.33 | 4.33 | 9.58 | | | 9.58 | 9.58 | 9.58 | 9.58 | 9.58 | 9.58 |
| Other long term assets | 9.06 | 18.09 | 8.19 | 7.53 | 3.56 | | | 3.56 | 3.56 | 3.56 | 3.56 | 3.56 | 3.56 |
| Long Term Assets | 114.46 | 107.78 | 92.22 | 88.16 | 86.78 | | | 86.78 | 79.15 | 72.16 | 65.60 | 58.80 | 50.93 |
| Total Assets | 194.22 | 189.71 | 162.64 | 164.68 | 155.91 | 0.00 | 0.00 | 155.91 | 176.78 | 198.19 | 220.15 | 242.68 | 265.79 |
| Accounts Payable | 9.80 | 9.17 | 5.10 | 1.53 | 1.53 | | | 1.53 | 1.53 | 1.53 | 1.53 | 1.53 | 1.53 |
| Accrued Expense | 20.84 | 20.04 | 17.06 | 18.99 | 18.99 | | | 18.99 | 18.99 | 18.99 | 18.99 | 18.99 | 18.99 |
| Other current Liabilities | 14.32 | 22.12 | 16.09 | 9.94 | 11.99 | | | 11.99 | 11.99 | 11.99 | 11.99 | 11.99 | 11.99 |
| Total Current Liabilities | 44.96 | 51.33 | 38.25 | 30.46 | 32.51 | 0.00 | 0.00 | 32.51 | 32.51 | 32.51 | 32.51 | 32.51 | 32.51 |
| Notes Payables/Short Term Debt | 0.90 | 0.00 | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Current port. Of LT Debt/Capital Leases | 7.65 | 8.03 | 1.65 | 21.35 | 0.83 | | | 0.83 | 0.83 | 0.83 | 0.83 | 0.83 | 0.83 |
| Long term Debt | 37.58 | 31.39 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Capital Lease Obligations | 0.79 | 1.68 | 3.40 | 2.30 | 1.66 | | | 1.66 | 1.66 | 1.66 | 1.66 | 1.66 | 1.66 |
| Total Interest Earning Debt | 46.92 | 41.10 | 5.05 | 23.65 | 2.49 | 0.00 | 0.00 | 2.49 | 2.49 | 2.49 | 2.49 | 2.49 | 2.49 |
| Deferred Income tax | 2.61 | 0.00 | 0.00 | 0.00 | 0.12 | | | 0.12 | 0.12 | 0.12 | 0.12 | 0.12 | 0.12 |
| Minority Interest | 1.01 | 0.00 | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other liabilities | 4.69 | 3.33 | 2.78 | 4.76 | 4.70 | | | 4.70 | 4.70 | 4.70 | 4.70 | 4.70 | 4.70 |
| Total Liabilities | 100.19 | 95.76 | 46.08 | 58.87 | 39.82 | 0.00 | 0.00 | 39.82 | 39.82 | 39.82 | 39.82 | 39.82 | 39.82 |
| Redeemable Preferred Stock | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Non-redeemable Preferred Stock | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Common Stock | 0.18 | 0.19 | 0.19 | 0.20 | 0.20 | | 0.00 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 |
| Additional Paid-in capital | 103.54 | 104.81 | 109.25 | 113.63 | 118.32 | 0.00 | 0.00 | 118.32 | 118.32 | 118.32 | 118.32 | 118.32 | 118.32 |
| Dividends Paid | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Retained Earnings | 8.38 | 2.03 | 17.06 | 23.60 | 31.01 | | 0.00 | 31.01 | 51.88 | 73.29 | 95.25 | 117.78 | 140.89 |
| Treasury Stock | -9.52 | -9.52 | -9.95 | -29.55 | -29.55 | | | -29.55 | -29.55 | -29.55 | -29.55 | -29.55 | -29.55 |
| Other Equity | -1.15 | -1.10 | 0.01 | 0.00 | 0.00 | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Equity | 101.43 | 96.41 | 116.56 | 107.88 | 119.98 | 0.00 | 0.00 | 119.98 | 140.85 | 162.26 | 184.22 | 206.75 | 229.86 |
| Liability + Equity | 201.62 | 192.17 | 162.64 | 166.75 | 159.80 | 0.00 | 0.00 | 159.80 | 180.67 | 202.08 | 224.04 | 246.57 | 269.68 |
| Variance | -7.40 | -2.46 | 0.00 | -2.07 | -3.89 | | | -3.89 | -3.89 | -3.89 | -3.89 | -3.89 | -3.89 |
| Debt/Equity | 0.46 | 0.43 | 0.04 | 0.22 | 0.02 | | | 0.02 | 0.02 | 0.02 | 0.01 | 0.01 | 0.01 |
| Inventory Turnover | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | | | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |
| Inventory Turnover Days | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | | | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |
| Days Inventory Outstanding | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Accounts Receivable Turnover | 11.36 | 13.79 | 18.97 | 15.05 | 15.22 | | | 14.92 | 15.22 | 15.52 | 15.83 | 16.15 | 16.47 |
| Accounts Receivable Turnover Days | 32.14 | 26.48 | 19.25 | 24.26 | 23.98 | | | 24.46 | 23.98 | 23.51 | 23.05 | 22.60 | 22.16 |
| Days Payable Outstanding | 36.62 | 36.75 | 20.94 | 5.05 | 4.89 | | | 5.05 | 4.89 | 4.80 | 4.70 | 4.61 | 4.52 |
| Days Sales Outstanding | 32.14 | 26.48 | 19.25 | 24.26 | 23.98 | | | 24.26 | 24.46 | 23.98 | 23.51 | 23.05 | 22.60 |
| Cash Conversion Cycle | -4.47 | -10.27 | -1.70 | 19.21 | 19.09 | | | 19.21 | 19.57 | 19.19 | 18.81 | 18.44 | 18.08 |
| Net tangible assets/share | \$2.27 | \$2.61 | \$4.07 | \$3.48 | \$4.05 | | | | \$5.21 | \$6.40 | \$7.62 | \$8.87 | \$10.15 |

SN VALUATION

LBO Adjusted Proforma Cash Flow

| | 12 months ending 2008-12-31 | 12 months ending 2009-12-31 | 12 months ending 2010-12-31 | 12 months ending 2011-12-31 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|---------------|---------------|---------------|---------------|
| Net Income | -24.98 | -10.73 | 20.36 | 18.62 | 20.87 | 21.41 | 21.96 | 22.53 | 23.11 |
| Depreciation | 9.41 | 8.29 | 8.55 | 9.04 | 9.22 | 9.41 | 9.59 | 9.79 | 9.98 |
| Net Income + Depreciation | -15.57 | -2.44 | 28.91 | 27.66 | 30.09 | 30.81 | 31.56 | 32.32 | 33.09 |
| Amortization | 10.79 | 9.47 | 6.72 | 3.83 | 8.41 | 7.58 | 6.96 | 7.02 | 7.89 |
| Deferred Taxes | -4.96 | 1.03 | -5.57 | 3.17 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Non Cash Items | 104.05 | 76.79 | 62.27 | 43.19 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Change in Working capital | -73.55 | -67.49 | -42.05 | -42.31 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Accounts Receivable | 0.00 | 4.28 | 5.91 | -5.59 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other Receivables | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Inventory | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Prepaid Expenses | 0.00 | 0.37 | -2.35 | 0.31 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Accounts Payable | 0.00 | -0.63 | -4.07 | -3.57 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Cash from Operating Activities | 20.76 | 17.36 | 48.28 | 35.54 | 38.50 | 38.40 | 38.52 | 39.33 | 40.98 |
| Capital Expenditures Expenditures | -38.49 | -7.02 | -10.62 | -11.54 | -10.00 | -10.00 | -10.00 | -10.00 | -10.00 |
| Long term investment | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other Investing Activities | -8.69 | 0.03 | 11.64 | 7.96 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Cash from Investing Activities | -47.18 | -6.99 | 1.02 | -3.58 | -10.00 | -10.00 | -10.00 | -10.00 | -10.00 |
| Financing Cash flow items | -0.54 | -0.76 | -1.62 | -3.13 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Cash Dividends Paid | 0.00 | 0.00 | -5.33 | -12.08 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Issuance (Retirement) of Stock | 0.18 | 0.00 | -0.06 | -18.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Issuance (Retirement) of Current Portion Debt | - | - | - | - | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Issuance (Retirement) of Long Term Debt | 17.83 | -7.80 | -40.25 | 18.29 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Cash from Financing Activities | 17.47 | -8.56 | -47.26 | -15.59 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Foreign Exchange effect | -0.06 | -0.18 | 0.01 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Beginning Cash Balance | 19.78 | 10.76 | 12.39 | 14.45 | 30.06 | 58.56 | 86.95 | 115.48 | 144.81 |
| Net Change in Cash | -9.02 | 1.63 | 2.06 | 16.38 | 28.50 | 28.40 | 28.52 | 29.33 | 30.98 |
| Ending Cash Balance | 10.76 | 12.39 | 14.45 | 30.83 | 58.56 | 86.95 | 115.48 | 144.81 | 175.78 |
| Capex to Revenue | 11.53% | 2.03% | 2.92% | 3.09% | 2.63% | 2.58% | 2.53% | 2.48% | 2.43% |
| Depreciation to Sales | 2.82% | 2.39% | 2.35% | 2.42% | 2.42% | 2.42% | 2.42% | 2.42% | 2.42% |
| Amortization to Sales | 3.23% | 2.74% | 1.85% | 1.03% | 2.21% | 1.95% | 1.76% | 1.74% | 1.92% |
| A/R to Sales | 8.81% | 7.25% | 5.27% | 6.65% | 6.52% | 6.39% | 6.26% | 6.14% | 6.02% |
| Distributable FCF Yield | -16.59% | 6.51% | 30.95% | 20.07% | 17.89% | 17.83% | 17.91% | 18.42% | 19.45% |
| Dividend Yield | 0.00% | 0.00% | -2.85% | -6.47% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| FCF (Ops-Investing-Dividends) | -17.73 | 10.34 | 42.99 | 36.08 | 28.50 | 28.40 | 28.52 | 29.33 | 30.98 |

SN VALUATION

LBO Debt Schedule

| | Proforma | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|--------------|----------------|----------------|----------------|----------------|----------------|
| Net Change in Cash | 16.38 | 28.50 | 28.40 | 28.52 | 29.33 | 30.98 |
| Current Portion Debt Repayment | | | | | | |
| Long Term Debt Repayment | | | | | | |
| Outstanding Debt | 0.83 | 0.83 | 0.83 | 0.83 | 0.83 | 0.83 |
| Current Portion Debt Balance | 0.83 | 0.83 | 0.83 | 0.83 | 0.83 | 0.83 |
| Long Term Debt Balance | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Forward Libor Curve | | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| Spread | | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% |
| Interest Rate | | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% |
| Interest Expense | | 0.06 | 0.06 | 0.06 | 0.06 | 0.06 |
| Cash Balance | | 30.83 | | | | |
| Interest @ 1.0% | | 0.31 | 0.31 | 0.31 | 0.31 | 0.31 |
| Net Interest Expense/(Income) | | (0.25) | (0.25) | (0.25) | (0.25) | (0.25) |
| Net Interest Rate | | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! | #DIV/0! |
| EBITDA | | 31.85 | 32.69 | 33.54 | 34.41 | 35.30 |
| EBITDA/Interest Expense Coverage | | 548.20 | 562.61 | 577.30 | 592.29 | 607.58 |

Interest Rate Coverage Table

| Debt Rating | | | | | |
|-------------|-----|-----|-----|-----|-----|
| AAA | AAA | AAA | AAA | AAA | AAA |
| AA | | | | | |
| A+ | | | | | |
| A | | | | | |
| A- | | | | | |
| BBB | | | | | |
| BB+ | | | | | |
| BB | | | | | |
| B+ | | | | | |
| B | | | | | |
| B- | | | | | |
| CCC | | | | | |
| CC | | | | | |
| C | | | | | |
| D | | | | | |

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

Intersections Inc

Ticker:

INTX

| Period | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Working Capital | 34.80 | 30.60 | 32.17 | 36.62 | 65.12 | 93.51 | 122.04 | 151.37 | 182.34 |
| Total Assets | 194.22 | 189.71 | 162.64 | 155.91 | 176.78 | 198.19 | 220.15 | 242.68 | 265.79 |
| X1 | 0.18 | 0.16 | 0.20 | 0.23 | 0.37 | 0.47 | 0.55 | 0.62 | 0.69 |
| Retained Earnings | 8.38 | 2.03 | 17.06 | 31.01 | 51.88 | 73.29 | 95.25 | 117.78 | 140.89 |
| Total Assets | 194.22 | 189.71 | 162.64 | 155.91 | 176.78 | 198.19 | 220.15 | 242.68 | 265.79 |
| X2 | 0.04 | 0.01 | 0.10 | 0.20 | 0.29 | 0.37 | 0.43 | 0.49 | 0.53 |
| EBITDA | 13.49 | 17.11 | 41.17 | 45.25 | 41.85 | 42.69 | 43.54 | 44.41 | 45.30 |
| Total Assets | 194.22 | 189.71 | 162.64 | 155.91 | 176.78 | 198.19 | 220.15 | 242.68 | 265.79 |
| X3 | 0.07 | 0.09 | 0.25 | 0.29 | 0.24 | 0.22 | 0.20 | 0.18 | 0.17 |
| Market Value of Equity | 186.84 | 186.84 | 186.84 | 186.84 | 208.56 | 232.81 | 259.88 | 290.09 | 323.82 |
| Total Liabilities | 100.19 | 95.76 | 46.08 | 39.82 | 39.82 | 39.82 | 39.82 | 39.82 | 39.82 |
| X4 | 1.86 | 1.95 | 4.05 | 4.69 | 5.24 | 5.85 | 6.53 | 7.29 | 8.13 |
| Net Sales | 333.76 | 346.17 | 364.14 | 373.00 | 380.46 | 388.07 | 395.83 | 403.75 | 411.82 |
| Total Assets | 194.22 | 189.71 | 162.64 | 155.91 | 176.78 | 198.19 | 220.15 | 242.68 | 265.79 |
| X5 | 1.72 | 1.82 | 2.24 | 2.39 | 2.15 | 1.96 | 1.80 | 1.66 | 1.55 |
| Altman Z Score | 3.34 | 3.50 | 5.89 | 6.73 | 6.93 | 7.26 | 7.64 | 8.07 | 8.56 |

$$Z = 1.2 \times X1 + 1.4 \times X2 + 3.3 \times X3 + 0.6 \times X4 + 1.0 \times X5$$

Z-SCORE ABOVE 3.0 –The company is considered 'Safe' based on the financial figures only.

Blue

Z-SCORE BETWEEN 2.7 and 2.99 – 'On Alert'. This zone is an area where one should 'Exercise Caution'.

Green

Z-SCORE BETWEEN 1.8 and 2.7 – Good chance of the company going bankrupt within 2 years.

Yellow

Z-SCORE BELOW 1.80- Probability of Financial Catastrophe is Very High.

Red