

ICG

March 31, 2010

Description of Terms

Consolidated Statements of Operations

Effect of Various Accounting Methods on our Results of Operations

The various interests that the Company acquires in its partner companies are accounted for under three methods: the consolidation method, the equity method and the cost method. The applicable accounting method is generally determined based on the Company's voting interest in a partner company.

Consolidation. Partner companies in which the Company directly or indirectly owns more than 50% of the outstanding voting securities and for which other stockholders do not possess the right to affect significant management decisions are accounted for under the consolidation method of accounting. Under this method, a partner company's balance sheet and results of operations are reflected within the Company's Consolidated Financial Statements. All significant intercompany accounts and transactions are eliminated. Participation of other partner company stockholders in the net assets and in the earnings or losses of a consolidated partner company is reflected in the caption "Noncontrolling interest" in the Company's Consolidated Balance Sheets and "Net income (loss) attributable to the noncontrolling interest" on the Company's Consolidated Statements of Operations. Noncontrolling interest adjusts the Company's consolidated results of operations to reflect only the Company's share of the earnings or losses of the consolidated partner company. The results of operations and cash flows of a consolidated partner company are included through the latest interim period in which the Company owned a greater than 50% direct or indirect voting interest for the entire interim period or otherwise exercised control over the partner company. Upon dilution of control below 50%, the accounting method is adjusted to the equity or cost method of accounting, as appropriate, for subsequent periods.

During the three months ended March 31, 2010, the Company accounted for the following three partner companies under this method: ICG Commerce, Investor Force and GovDelivery (the Company acquired 89.4% of GovDelivery on December 31, 2009). During the three months ended March 31, 2009, the Company accounted for the following three partner companies under this method: ICG Commerce, Investor Force and Vcommerce Corporation.

Equity Method. Partner companies that are not consolidated, but over which the Company exercises significant influence, are accounted for under the equity method of accounting. Whether or not the Company exercises significant influence with respect to a partner company depends on an evaluation of several factors, including, among others, representation on the partner company's board of directors and the Company's ownership level, which is generally between a 20% and 50% interest in the voting securities of the partner company, including voting rights associated with the Company's holdings in common stock, preferred stock and other convertible instruments in the partner company. Under the equity method of accounting, a partner company's accounts are not reflected within the Company's Consolidated Balance Sheets and Statements of Operations; however, the Company's share of the earnings or losses of the partner company is reflected in the caption "Equity loss" in the Consolidated Statements of Operations. The carrying value of equity method partner companies is reflected in "Ownership interests in partner companies" in the Company's Consolidated Balance Sheets. When the Company's interest in an equity method partner company is reduced to zero, no further losses are recorded in the Company's Consolidated Financial Statements unless the Company has guaranteed obligations of the partner company or has committed to additional funding. When the partner company subsequently reports income, the Company will not record its share of such income until it equals the amount of its share of losses not previously recognized.

During the three months ended March 31, 2010, the Company accounted for nine of its partner companies under this method.

Cost Method. Partner companies not accounted for under the consolidation or the equity method of accounting are accounted for under the cost method of accounting. Under this method, the Company's share of the earnings or losses of such companies is not included in the Consolidated Balance Sheets or Consolidated Statements of Operations. However, cost method partner company impairment charges are recognized in the Consolidated Statements of Operations. If circumstances suggest that the value of the partner company has subsequently recovered, such recovery is not recorded.

When a cost method partner company qualifies for use of the equity method, the Company's interest is adjusted retroactively for its share of the past results of its operations. Therefore, prior losses could significantly decrease the Company's carrying value at that time.

The Company records its ownership interest in equity securities of partner companies accounted for under the cost method at cost, unless these securities have readily determinable fair values based on quoted market prices, in which case these interests are valued at fair value and classified as marketable securities or some other classification in accordance with Accounting Standards Codification ("ASC") section 320, "Investments-Debt and Equity Securities."

During the three months ended March 31, 2010, the Company accounted for one of its partner companies under this method.

Certain items impacting the consolidated financial statements: (\$ millions)

	Q1	
	2010	2009
Gains (losses):		
Other gains (losses):		
Sales of marketable securities	\$35.0	\$0.2
Unrealized gain/(loss) on mark-to-market of hedges	0.7	(3.5)
Gain on Creditex sale	5.0	0.4
Sales of partner companies	0.1	1.0
Other, net	(0.5)	(0.3)
Other Income (Loss)	\$40.3	\$(2.2)
Stock-based compensation:		
Corporate	\$(0.6)	\$(1.2)
Consolidated partner companies (ICG's Share)	(0.1)	(0.1)
Equity method partner companies (ICG's Share)	(0.3)	(0.3)
Total Stock-based compensation	\$(1.0)	\$(1.6)
Impairment of equity method partner company	\$(2.9)	\$(0.5)
Income tax benefit (expense)	\$(0.6)	\$0.1
Less: Non-controlling share of consolidated partner company income taxes	\$0.2	\$—
ICG's share of Partner Company charges, net	\$(0.1)	\$(0.8)
Purchase accounting activity:		
Deferred revenue adjustment	\$(0.9)	\$—
Amortization of intangibles of consolidated partner company	(0.4)	(0.1)
Amortization of intangibles included in equity loss (ICG's Share)	(1.4)	(1.2)
Total Purchase Accounting Activity	\$(2.7)	\$(1.3)

Aggregate Core Consolidated and Equity Company Information

In an effort to illustrate macro trends within its core companies, ICG provides an aggregation of revenue and net income (loss) figures reflecting 100% of the Aggregate Revenue and Aggregate EBITDA for core companies. ICG calculates Aggregate EBITDA for these purposes as earnings (losses) before interest, tax, depreciation and amortization and refers to it as "Aggregate EBITDA." ICG refers to the Aggregate Revenue of its core partner companies as "Aggregate Revenue." We report Aggregate Revenue and Aggregate EBITDA for our core companies based on the sum total of the individual GAAP results of our core companies. ICG does not own its core companies in their entirety and, therefore, this information should be considered in this context. Aggregate Revenue and Aggregate EBITDA, in this context, represent certain financial measures used by ICG's management to evaluate the performance of core companies. ICG also reports Aggregate EBITDA for our core companies exclusive of stock-based compensation and unusual items. ICG's management considers charges unusual when they are transactional driven or non-recurring.

To provide additional transparency into the operating activities of our core companies, we further present an aggregation of those core companies which we account for under consolidated method of accounting which we refer to as "core consolidated." Additionally, we present an aggregation of those core companies which we account for under the equity method of accounting which we refer to as "core equity."

To aid in the comparability of the aggregate core company information, ICG is presenting this aggregate core company information assuming the GovDelivery acquisition occurred on January 1, 2009 by including GovDelivery's historical results for all periods presented.

ICG's management believes these non-GAAP financial measures provide useful information to investors, potential investors, securities analysts and others so each group can evaluate core companies' current and future prospects in a similar manner as ICG's management and review results on a comparable basis for all periods presented.

Certain components of historical reported amounts of core company aggregate information are recast from quarter to quarter. The following table reconciles certain prior quarterly components of core company aggregate information amounts reported in our fourth quarter earnings release, dated February 25, 2010, to what is reported in this release.

Aggregate Core Company information (\$ in thousands):	Q1 2009	Q2 2009	Q3 2009	Q4 2009
Aggregate Revenue reported in Q4 2009	\$68,210	\$69,076	\$69,151	\$72,771
Other	(21)	(1)	—	17
Aggregate Revenue reported in this release	<u>\$68,189</u>	<u>\$69,075</u>	<u>\$69,151</u>	<u>\$72,789</u>
Aggregate EBITDA/EBITDA (loss) reported in Q4 2009	\$(3,003)	\$1,054	\$1,485	\$6,410
Other	(7)	(6)	(5)	(508)
Aggregate EBITDA/EBITDA (loss) reported in this release	<u>\$(3,010)</u>	<u>\$1,048</u>	<u>\$1,480</u>	<u>\$5,902</u>
Aggregate Net income (loss) reported in Q4 2009	\$(6,873)	\$(3,994)	\$(3,580)	\$33,193
Other	(6)	(6)	(5)	(515)
Aggregate Net income (loss) reported in this release	<u>\$(6,879)</u>	<u>\$(4,000)</u>	<u>\$(3,585)</u>	<u>\$32,678</u>

ICG's Share of Net Loss of Core, Other Holdings and Disposed Partner Companies

This line item represents ICG's share of the net loss of core, other holdings and disposed partner companies accounted for under the consolidated and equity method of accounting.

Corporate Expenses and Interest Income (Expense), net

Corporate general and administrative expenses consist of payroll and related expenses for executive, operational, acquisitions, finance and administrative personnel, professional fees and other general corporate expenses for ICG. Corporate general and administrative expenses increased during the three months ended March 31, 2010 from the three months ended March 31, 2009 primarily related to one time reductions in 2009 associated with the estimated accrual related to the Internet Capital Group 2009 Performance Plan.