



## *News---For Immediate Release*

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### **ONLINE RESOURCES POSTS FIRST QUARTER 2006 RESULTS**

#### *Core Earnings at High End of Guidance*

**CHANTILLY, Va., April 24, 2006** – Online Resources Corporation (Nasdaq: ORCC), a leading provider of Internet financial services, today reported financial and operating results for the three months ended March 31, 2006.

The following results reflect the introduction in 2006 of equity compensation and tax expensing, which were not included in first quarter 2005 results. First quarter 2005 also benefited from three large clients who were acquired and departed from the Company's platform.

- Revenue for the first quarter of 2006 was \$16.7 million, up 11 percent from \$15.1 million in first quarter 2005. After adjusting the 2005 period for the acquired clients, revenue would have increased 23 percent.
- Earnings before interest, taxes, depreciation and amortization (Ebitda), a non-GAAP measure, was \$3.1 million, an 11 percent decline from \$3.5 million in the prior year. After adjusting the 2005 period for the acquired clients, Ebitda would have increased an estimated 30 percent.
- Net income was \$0.8 million, down 66 percent versus \$2.2 million in the prior year. Net income per share was \$0.03, down 70 percent versus \$0.10 per share in 2005. After adjusting the 2005 period for the acquired clients and accounting changes, net income per share was up \$0.02 per share over an estimated \$0.01 per share in the prior year.
- Core net income, a non-GAAP measure, was \$1.5 million, a 34 percent decrease versus \$2.3 million in 2005. Core net income per share was \$0.06 versus \$0.11 in the prior year. After adjusting the 2005 period for the acquired clients and accounting changes, core net income per share was up \$0.02 per share over an estimated \$0.04 per share in 2005.

“Operating results were strong in the quarter, as we achieved the high end of our guidance for core earnings and exceeded First Call consensus,” stated Matthew P. Lawlor, chairman and chief executive officer of the Company. “The Company got out of the blocks quickly this year with a record sequential increase in users of our banking and payment services. We took a big stride toward meeting our 2005 goal of doubling consumer billpay adoption by year-end 2007.”

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Lawlor continued, “We also proceeded with a planned expansion in development spending. These initiatives are beginning to pay-off, as reflected in the signing of a number of major clients. For the remainder of 2006, we look forward to a return to healthy sequential growth in revenue and earnings.”

### 2006 Business Outlook

The Company provided guidance for the second quarter and reiterated guidance for full year 2006. Guidance includes equity compensation and tax expensing in 2006, but not in 2005. Guidance also does not anticipate the release of any additional valuation allowance in 2006, though the Company may do so. This guidance is in millions, except for per share data. These statements are forward-looking, and actual results may differ materially.

	Second Quarter			Full Year		
	2005 Actual	2006 Guidance	% Change	2005 Actual	2006 Guidance	% Change
<b>Revenue</b>	\$14.3	\$17.4-17.9	23%	\$60.5	\$72.0-75.0	21%
<b>Ebitda (a)(b)</b>	\$2.9	\$3.7-4.1	34%	\$13.9	\$17.9-18.9	32%
<b>Per share</b>	\$0.11	\$0.13-0.15	27%	\$0.54	\$0.64-0.68	22%
<b>Net Income (e)(f)</b>	\$1.6	\$1.0-1.3	nc	\$22.7	\$6.1-6.7	nc
<b>Per share</b>	\$0.06	\$0.04-0.05	nc	\$0.88	\$0.22-0.24	nc
<b>Core Net Income (a)(c)(d)(f)</b>	\$1.6	\$1.7-2.0	nc	\$9.4	\$8.7-9.1	nc
<b>Per share</b>	\$0.06	\$0.06-0.07	nc	\$0.36	\$0.31-0.33	nc
<b>Fully Diluted Shares</b>	26.5	27.6	4%	25.9	27.7	7%

nc = not comparable

- (a) The Company uses non-GAAP (Generally Accepted Accounting Principles) financial measures, including Ebitda and core net income, to evaluate performance and establish goals. It believes that these measures are valuable to investors in assessing the Company's operating results when viewed in conjunction with GAAP results.
- (b) Ebitda is a pro forma measure defined as earnings before interest, taxes, depreciation, amortization and equity compensation expense.
- (c) Core net income is a pro forma measure defined as net income before the amortization of acquisition-related intangible assets, equity compensation expense, merger-related charges, restructuring-related charges, impairment charges, cumulative effect of change in accounting methods, income tax benefit from the release of valuation allowance and non-recurring tax charges. Some or all of these items may not be applicable in any given reporting period. Core net income for the 2005 periods does not reflect a full tax rate.
- (d) Excludes amortization of acquisition-related intangible assets of approximately \$0.1 million for the first quarters of 2006 and 2005, and \$0.5 and \$0.4 million for the years 2006 and 2005, respectively. Excludes equity compensation expense of approximately \$0.6 million for the first quarter 2006 and \$2.4 million for the year 2006.
- (e) Net income and net income per share for full year 2005 include a \$13.7 million benefit from the release of valuation allowance against the Company's deferred tax asset.
- (f) Year over year comparisons for net income, core net income and their associated per share amounts are not comparable because of one or more of the following: 1) differences in tax rates, 2) tax benefit from the release of valuation allowance in full year 2005, or 3) equity compensation expense in the 2006 periods.

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The Company's management will host a conference call to discuss the results today at 5:00 p.m. ET. The conference call dial-in number is (800) 938-1087 for domestic participants and (706) 679-7266 for international participants. Alternatively, a live web cast of the call will be available through the "Investors" section of Online Resources' web site at [www.orcc.com](http://www.orcc.com). The call and web cast will be recorded and available for playback from 8:00 pm ET on April 24th until midnight on Monday, May 1st. For the conference call playback, dial (800) 642-1687 for domestic participants and (706) 645-9291 for international participants and enter code 6411565. For web cast replay, go to the "Investors" section of [www.orcc.com](http://www.orcc.com).

### **About Online Resources**

Online Resources powers web-based financial services for over 800 firms nationwide. The Company provides a suite of proprietary banking and payment services that are branded to its client banks, credit unions, card issuers and billers. The Company serves over 4 million consumer end-users and processes \$15 billion in payments annually. Founded in 1989, Online Resources (Nasdaq: ORCC, Website: [www.orcc.com](http://www.orcc.com)) is a recognized leader in financial technology services.

*This news release contains statements about future events and expectations, which are "forward-looking statements." Any statement in this release that is not a statement of historical fact may be deemed to be a forward-looking statement. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Specifically factors that might cause such a difference include, but are not limited to: the company's history of losses and anticipation of future losses; the company's dependence on the marketing efforts of third parties; the potential fluctuations in the company's operating results; the company's potential need for additional capital; the company's potential inability to expand the company's services and related products in the event of substantial increases in demand for these services and related products; the company's competition; the company's ability to attract and retain skilled personnel; the company's reliance on the company's patents and other intellectual property; the early stage of market adoption of the services it offers; consolidation of the banking and financial services industry; and those risks and uncertainties discussed in filings made by the company with the Securities and Exchange Commission, including those risks and uncertainties contained under the heading "Risk Factors" in the company's Form 10-K, latest 10-Q, and S-3 as filed with the Securities and Exchange Commission. These factors should be considered in evaluating the forward-looking statements, and undue reliance should not be placed on such statements.*

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**Online Resources Corporation**  
**Quarterly Operating Data**  
(Unaudited)

	Total					% Change	
	1Q05 <sup>1</sup>	2Q05	3Q05	4Q05	1Q06	1Q06 vs. 4Q05	1Q06 vs. 1Q05
<b>BANKING SERVICES</b>							
Revenue (#M)	\$12.5	\$12.4	\$13.5	\$13.9	\$14.7	6%	18%
Users (#K)	1,195	1,243	1,346	1,475	1,631	11%	36%
Account Presentation (#K)	501	511	577	638	716	12%	43%
Bill Payment (#K)	828	858	907	984	1,072	9%	29%
Adoption Rate (%)							
Account Presentation <sup>2</sup>	27.6%	28.1%	26.9%	29.0%	31.9%	10%	16%
Bill Payment <sup>3</sup>	9.0%	9.5%	9.1%	9.6%	10.3%	7%	14%
Other Metrics							
Bill Payment Transactions (#M)	10.9	11.3	11.6	12.4	13.9	12%	28%
Clients	740	740	799	820	840	2%	14%
<b>CARD &amp; CREDIT SERVICES</b>							
Revenue (#M)	\$2.6	\$1.9	\$1.8	\$1.8	\$2.0	11%	-23%
Users (#K)	2,213	2,405	2,587	2,811	2,946	5%	33%
Adoption Rate (%) <sup>4</sup>	15.7%	16.0%	16.4%	17.3%	17.9%	3%	14%
Clients	6	6	7	8	9	13%	50%
<b>TOTAL COMPANY</b>							
Users	3,408	3,648	3,933	4,286	4,577	7%	34%
Clients	746	746	806	828	849	3%	14%

**Notes:**

<sup>1</sup>Client and user counts do not include Sears, a Card Services client whose portfolio had been acquired prior to our acquisition of Incurrent and came off our platform in 2Q05.

<sup>2</sup>The number of end-users divided by the 2.2 million total launched checking and other eligible accounts held with our Banking Services clients. The numbers of checking accounts are as reported to us by our clients.

<sup>3</sup>The number of end-users divided by the 10.4 million total payments-eligible launched checking accounts held with our Banking Services clients. The number of checking account are as reported to us by our clients.

<sup>4</sup>The number of users divided by the 16.5 million active card accounts held with our Card Services clients. Based on industry averages, we have defined active card accounts to be 50% of total card accounts, and like the industry, are reporting adoption rates against the active card account base.

**Online Resources Corporation**  
**Consolidated Statement of Operations**  
(In thousands, except per share data)

	THREE MONTHS ENDED	
	MARCH 31,	
	2006	2005
	(Unaudited)	(Unaudited)
Revenues:		
Account presentation services	\$ 1,928	\$ 2,827
Payment services	10,395	8,443
Relationship management services	2,097	2,045
Professional services and other	2,297	1,797
Total revenues	<u>16,717</u>	<u>15,112</u>
Expenses:		
Cost of revenues	<u>7,661</u>	<u>6,235</u>
Gross profit	9,056	8,877
General and administrative	4,425	3,364
Selling and marketing	2,708	2,145
Systems and development	1,143	1,125
Total expenses	<u>8,276</u>	<u>6,634</u>
Income from operations	780	2,243
Other income (expense)		
Interest income	599	29
Interest expense	(2)	(4)
Total other income	<u>597</u>	<u>25</u>
Income before taxes	1,377	2,268
Income tax provision (benefit)	620	60
Net income	<u>\$ 757</u>	<u>\$ 2,208</u>
Net income per share		
Basic	\$ 0.03	\$ 0.11
Diluted	\$ 0.03	\$ 0.10
Shares used in calculation of net income per share:		
Basic	25,303	19,358
Diluted	27,447	21,606
Reconciliation of net income to Ebitda (See Note 1):		
Net income	\$ 757	\$ 2,208
Depreciation and amortization	1,746	1,283
Equity compensation expense	617	-
Other income	(597)	(25)
Income tax provision	620	60
Ebitda (See Note 1)	<u>\$ 3,143</u>	<u>\$ 3,526</u>
Reconciliation of net income to core net income (See Note 2):		
Net income	\$ 757	\$ 2,208
Equity compensation expense	617	-
Amortization of intangible assets	138	78
Core net income (see Note 2)	<u>\$ 1,512</u>	<u>\$ 2,286</u>

**Notes:**

1. Ebitda represents earnings before interest, taxes, depreciation and amortization, and equity compensation expense.
2. Core net income represents net income before the amortization of acquisition-related intangible assets, equity compensation expense, merger-related charges, restructuring-related charges, impairment charges, cumulative effect of change in accounting methods, income tax benefit from the release of valuation allowance and non-recurring tax charges. Some or all of these items may not be applicable in any given reporting period.

**Online Resources Corporation**  
**Condensed Consolidated Balance Sheets**  
(In thousands)

	<b>MARCH 31,</b>	<b>DECEMBER 31,</b>
	<b>2006</b>	<b>2005</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>ASSETS</b>		
Current assets:		
Cash, cash equivalents and short-term investments	\$ 56,043	\$ 55,864
Restricted cash	1,617	2,220
Accounts receivable, net	8,002	7,262
Deferred implementation costs	695	609
Deferred tax asset, current portion	1,413	2,030
Prepaid expenses and other current assets	1,064	1,034
Total current assets	<u>68,834</u>	<u>69,019</u>
Property and equipment, net	16,617	15,242
Deferred tax asset, less current portion	11,635	11,635
Goodwill	16,322	16,322
Intangible assets	2,191	2,330
Deferred implementation costs, less current portion	546	521
Other assets	608	527
Total assets	<u>\$ 116,753</u>	<u>\$ 115,596</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable, accrued expenses and other current liabilities	\$ 3,410	\$ 4,524
Deferred revenues	2,793	2,638
Deferred rent obligation	172	161
Capital lease obligation	1	8
Total current liabilities	<u>6,376</u>	<u>7,331</u>
Deferred revenues, less current portion	1,121	1,213
Deferred rent obligation, less current portion	1,829	1,796
Other long-term liabilities	1,595	2,220
Total liabilities	<u>10,921</u>	<u>12,560</u>
Stockholders' equity	105,832	103,036
Total liabilities and stockholders' equity	<u>\$ 116,753</u>	<u>\$ 115,596</u>

**Online Resources Corporation**  
**Condensed Consolidated Statement of Cash Flows**  
(In thousands)

	THREE MONTHS ENDED	
	MARCH 31,	
	2006	2005
	(Unaudited)	(Unaudited)
Operating activities:		
Net income	\$ 757	\$ 2,208
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,746	1,283
Provision for losses on accounts receivable	-	2
Amortization of discount premium	-	(1)
Equity compensation expense	617	-
Deferred tax expense	617	-
Changes in assets and liabilities	(1,990)	10
Net cash provided by operating activities	<u>1,747</u>	<u>3,502</u>
Investing activities:		
Purchases of property and equipment	(2,983)	(1,496)
Net purchases of available-for-sale securities	-	(1,000)
Net cash used by operating activities	<u>(2,983)</u>	<u>(2,496)</u>
Financing activities:		
Proceeds from the issuance of common stock	1,422	848
Repayment of capital lease obligations	(7)	(4)
Net cash provided by financing activities	<u>1,415</u>	<u>844</u>
Net increase in cash and cash equivalents	179	1,850
Cash and cash equivalents at beginning of period	55,864	3,342
Cash and cash equivalents at end of period	<u>\$ 56,043</u>	<u>\$ 5,192</u>