



## *News – For Immediate Release*

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### **ONLINE RESOURCES POSTS FOURTH QUARTER AND FULL YEAR 2009 RESULTS**

*Prepays \$15 Million of Senior Debt*

**CHANTILLY, Va., February 25, 2010** – Online Resources Corporation (Nasdaq: ORCC), a leading provider of online financial services, today reported financial and operating results for the three months and full year ended December 31, 2009. For the fourth quarter:

- Revenue was \$38.2 million, compared to \$37.2 million in the fourth quarter of 2008.
- Adjusted Ebitda, a non-GAAP measure that adjusts Ebitda for equity compensation expense and other expense was \$10.2 million, compared to \$9.6 million in the prior year period.
- Net loss available to common stockholders was \$1.1 million, or \$0.04 per share, compared to net income available to common stockholders of \$1.3 million or \$0.04 per diluted share in the fourth quarter of 2008.
- Core net income, a non-GAAP measure, was \$1.8 million, or \$0.06 per diluted share, compared to \$2.0 million, or \$0.07 per diluted share, in the same quarter of 2008.

Excluding a tax provision charge of \$0.9 million related to equity compensation, as well as costs of \$0.4 million related to the departure of the Company's former CEO (not including an equity compensation benefit of \$0.2 million), adjusted Ebitda, net loss available to common stockholders per share and core net income per diluted share would have been \$10.7 million, \$0.00 and \$0.10, respectively.

For the full year 2009, Online Resources reported revenue of \$151.9 million, compared to \$151.6 million in 2008; adjusted Ebitda of \$37.7 million, compared to \$32.7 million in 2008; net loss available to common stockholders of \$0.14 per share, compared to \$0.24 per share in 2008 and core net income of \$0.29 per diluted share, compared to \$0.24 per share in 2008.

"Despite a revenue environment that remained challenging, we closed the year with strong new client signings, particularly for our customizable Internet banking products. We also forged several new distribution partnerships that will give us broader access to the small financial institution market," said Raymond T. Crosier, the Company's president, chief operating officer and interim chief executive officer. "In addition, we achieved our goals for earnings and cash flow for the quarter and the year, which enabled us to significantly accelerate the pace of reducing our senior debt."

On December 1, 2009, the Company prepaid \$15 million of the senior secured debt it incurred to finance the acquisition of Princeton eCom. Of the \$85 million originally borrowed, \$48.8 million now remains outstanding.

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“During the current leadership transition, the Board is very pleased to have deep operating expertise within the Company that allows us to continue to drive the business and maintain our focus,” said John Dorman, co-chairman of the Company’s Board of Directors. “We are also working actively with management to thoroughly examine all aspects of the business for new ways to drive additional growth and profitability. Meanwhile, the Board has made excellent progress in identifying CEO candidates with proven track records of driving revenue and profitability and expects to be able bring this process to a conclusion quickly.”

### **Outlook for First Quarter 2010**

Online Resources provided the following guidance for the first quarter of 2010. These statements are forward-looking, and actual results may differ materially.

- Revenue for the first quarter is expected to be between \$35.5 and \$37.5 million.
- Adjusted Ebitda<sup>1,2</sup> for the quarter is expected to be between \$7.4 and \$8.7 million.
- Core net income<sup>1,3,4,5</sup> is expected to be between \$0.04 and \$0.06 per share.

The adjusted Ebitda and core net income guidance excludes any charges that may be incurred in the first quarter related to the departure of the Company’s former CEO. This may include litigation costs as the parties were not able to reach a financial settlement.

- (1) The Company uses non-GAAP (Generally Accepted Accounting Principles) financial measures, including adjusted 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.
- (2) Adjusted Ebitda is defined as earnings before interest, taxes, depreciation and amortization, preferred stock accretion, other (income) expense and equity compensation expense.
- (3) Core net income is defined as net income available to common stockholders before, on a pre-tax basis, the amortization of acquisition-related intangible assets, equity compensation expense, income tax benefit from the release of valuation allowance, income (costs) related to the fair market valuation of certain derivatives and mark-to-market investments, preferred stock accretion related to the redemption premium and all other non-recurring charges. Some or all of these items may not be applicable in any given reporting period.
- (4) Excludes estimates for amortization of acquisition-related intangible assets of \$1.6 million, equity compensation expense of \$1.0 million and preferred stock accretion related to the redemption premium of \$0.4 million.
- (5) Core net income per share calculated using estimated fully diluted shares outstanding of 32.5 million.

### **Conference Call and Web Cast**

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 (888) 296-4215 for domestic participants and (719) 457-2674 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 p.m. ET on February 25th until midnight on Thursday, March 4th. For the conference call playback, dial (888) 203-1112 for domestic participants and (719) 457-0820 for international participants and enter code 4579785. For web cast replay, go to the “Investors” section of [www.orcc.com](http://www.orcc.com).

### **About Online Resources**

Online Resources (Nasdaq: ORCC) powers financial interactions between millions of consumers and the Company’s financial institution and biller clients. Backed by its proprietary payments gateway that links banks directly with billers, the Company provides web and phone-based financial services, electronic payments and marketing services to drive consumer adoption. Founded in 1989, Online Resources is the largest financial technology provider dedicated to the online channel. For more information, visit [www.orcc.com](http://www.orcc.com).

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*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<sup>1</sup> (Unaudited)

	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09
<b>BANKING SERVICES</b>								
Payment Services <sup>2</sup>								
Revenue	\$19.7	\$18.1	\$18.4	\$17.9	\$17.5	\$17.2	\$17.1	\$16.7
Bill Payment Transactions	41.8	39.0	39.1	39.4	39.0	37.3	38.5	37.8
Other Revenue	\$4.5	\$5.1	\$5.6	\$5.3	\$5.4	\$5.9	\$5.7	\$7.7
<b>eCOMMERCE SERVICES</b>								
Payment Services - User Paid								
Revenue	\$7.0	\$6.4	\$6.2	\$5.8	\$6.5	\$5.8	\$4.7	\$4.1
Bill Payment Transactions	1.7	1.7	1.7	1.6	1.7	1.6	1.4	1.2
Payment Services - Biller Paid								
Revenue	\$5.2	\$5.6	\$6.0	\$6.2	\$7.1	\$7.0	\$7.2	\$7.3
Bill Payment Transactions	10.3	10.5	11.3	11.8	12.7	13.5	13.7	14.2
Other Revenue <sup>3</sup>	\$2.8	\$2.0	\$1.9	\$2.0	\$2.7	\$1.9	\$1.9	\$2.4
<b>OTHER KEY METRICS</b>								
Internet Banking Adoption Rate <sup>4</sup>	28.2%	32.8%	33.6%	35.4%	38.3%	40.8%	43.2%	46.0%
Banking Billpay Adoption Rate	9.0%	9.4%	10.0%	10.2%	10.4%	10.7%	11.1%	11.4%
Enterprise Users	13.5	12.6	13.0	13.2	13.8	14.0	14.3	14.8

**Notes:**

1. In millions except adoption rates.
2. Includes the revenues and transactions for large client Corporate Network eCom, which departed in 2Q08.
3. Includes revenues for large client Certegy, which departed in 2Q08.
4. The Company refined its definition of an Internet banking user in 1Q09 to incorporate a stricter definition of an active user. In order to make them consistent with the new definition, the Internet banking adoption rates for prior periods have been adjusted. User counts under the new definition have been estimated for the prior periods.

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

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2009	2008	2009	2008
	(Unaudited)		(Unaudited)	
Revenues:				
Account presentation services	\$ 2,321	\$ 1,789	\$ 8,198	\$ 7,909
Payment services	28,165	29,821	118,291	122,301
Relationship management services	2,107	1,977	8,162	8,068
Professional services and other	5,653	3,573	17,212	13,364
Total revenues	<u>38,246</u>	<u>37,160</u>	<u>151,863</u>	<u>151,642</u>
Expenses:				
Cost of revenues	18,764	18,546	77,260	77,353
Gross profit	<u>19,482</u>	<u>18,614</u>	<u>74,603</u>	<u>74,289</u>
General and administrative	7,576	6,916	31,140	33,445
Selling and marketing	4,796	5,526	20,747	24,207
Systems and development	2,763	2,408	9,394	9,906
Total expenses	<u>15,135</u>	<u>14,850</u>	<u>61,281</u>	<u>67,558</u>
Income from operations	<u>4,347</u>	<u>3,764</u>	<u>13,322</u>	<u>6,731</u>
Other income (expense)				
Interest income	13	98	117	531
Interest expense	(965)	1,462	(4,265)	(3,612)
Other (expense) income	-	(392)	91	(556)
Total other income (expense)	<u>(952)</u>	<u>1,168</u>	<u>(4,057)</u>	<u>(3,637)</u>
Income before tax provision	3,395	4,932	9,265	3,094
Income tax provision	2,185	1,399	4,135	1,175
Net income	1,210	3,533	5,130	1,919
Preferred stock accretion	2,347	2,260	9,208	8,873
Net (loss) income available to common stockholders	<u>\$ (1,137)</u>	<u>\$ 1,273</u>	<u>\$ (4,078)</u>	<u>\$ (6,954)</u>
Net (loss) income available to common stockholders per share:				
Basic	\$ (0.04)	\$ 0.04	\$ (0.14)	\$ (0.24)
Diluted	\$ (0.04)	\$ 0.04	\$ (0.14)	\$ (0.24)
Shares used in calculation of net (loss) income available to common stockholders per share:				
Basic	30,092	29,387	29,947	29,111
Diluted	30,092	30,062	29,947	29,111

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

	December 31, 2009	December 31, 2008
	(Unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$22,907	\$22,969
Short-term investments	-	1,009
Accounts receivable, net	17,457	15,742
Deferred tax asset, current portion	7,477	8,782
Prepaid expenses and other current assets	4,043	4,013
Total current assets	<u>51,884</u>	<u>52,515</u>
Property and equipment, net	25,561	28,707
Deferred tax asset, less current portion	22,490	25,295
Goodwill	181,516	181,516
Intangible assets	19,972	27,668
Deferred implementation costs, less current portion, and other assets	7,067	7,976
Total assets	<u>\$308,490</u>	<u>\$323,677</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$2,008	\$1,198
Accrued expenses	3,739	3,618
Notes payable, senior secured debt, current portion	8,250	15,937
Interest payable	27	6
Deferred revenues, current portion, and other current liabilities	6,793	7,513
Total current liabilities	<u>20,817</u>	<u>28,272</u>
Notes payable, senior secured debt, less current portion	40,500	59,500
Deferred revenues, less current portion, and other long-term liabilities	6,888	6,377
Total liabilities	<u>68,205</u>	<u>94,149</u>
Redeemable convertible preferred stock	100,623	91,415
Stockholders' equity	<u>139,662</u>	<u>138,113</u>
Total liabilities and stockholders' equity	<u>\$308,490</u>	<u>\$323,677</u>

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

	Twelve Months Ended	
	December 31,	
	2009	2008
	(Unaudited)	
<b>Operating activities</b>		
Net income	\$ 5,130	\$ 1,919
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred tax expense	3,568	778
Depreciation and amortization	20,236	21,270
Equity compensation expense	4,201	4,696
Write off and amortization of debt issuance costs	285	372
(Gain) loss on disposal of assets	(14)	50
Provision for losses on accounts receivable	77	56
(Gain) loss on investments	(91)	556
Change in fair value of stock price protection	-	1,565
Change in fair value of theoretical swap derivative	(106)	(3,574)
Loss on cash flow hedge derivative security	-	261
Changes in operating assets and liabilities, net of acquisitions:		
Consumer deposit receivable	-	8,279
Consumer deposit payable	-	(10,555)
Changes in certain other assets and liabilities	(79)	1,929
Net cash provided by operating activities	33,207	27,602
<b>Investing activities</b>		
Purchases of property and equipment	(9,260)	(13,471)
Sale of property and equipment	46	-
Sales of short term securities	2,100	6,570
Acquisition of Internet Transaction Solutions, Inc., net of cash acquired	-	(110)
Net cash used in investing activities	(7,114)	(7,011)
<b>Financing activities</b>		
Net proceeds from issuance of common stock	568	827
Repurchase of shares issued related to ITS acquisition	-	(1,965)
Payments for ITS stock protection	-	(112)
Repayment of 2007 notes	(26,687)	(9,563)
Repayment of capital lease obligations	(36)	(36)
Net cash used in by financing activities	(26,155)	(10,849)
Net (decrease) increase in cash and cash equivalents	(62)	9,742
Cash and cash equivalents at beginning of year	22,969	13,227
Cash and cash equivalents at end of period	\$ 22,907	\$ 22,969

## Online Resources Corporation

### Reconciliation of Non-GAAP Measures

(In thousands, except per share data)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2009	2008	2009	2008
	(Unaudited)		(Unaudited)	
<b>Reconciliation of adjusted Ebitda (See Note 1):</b>				
Net income	\$ 1,210	\$ 3,533	\$ 5,130	\$ 1,919
Depreciation and amortization (incl. loss on disposal of assets)	4,976	5,149	20,222	21,320
Equity compensation expense	894	725	4,201	4,696
Interest Expense, net	952	(1,560)	4,148	3,081
Other (income) expense	-	392	(91)	556
Income tax provision	2,185	1,399	4,135	1,175
Adjusted Ebitda (See Note 1)	<u>\$ 10,217</u>	<u>\$ 9,638</u>	<u>\$ 37,745</u>	<u>\$ 32,747</u>
<b>Reconciliation of core net income (See Note 2):</b>				
Net (loss) income available to common stockholders	\$ (1,137)	\$ 1,273	\$ (4,078)	\$ (6,954)
Preferred stock accretion related to redemption premium	400	392	1,590	1,558
Change in fair value of stock price protection	-	127	-	1,692
Change in fair value of theoretical swap derivative	(114)	(2,885)	(106)	(3,574)
Change in fair value of mark to market investments	-	393	(91)	556
Equity compensation expense	894	725	4,201	4,696
Tax valuation allowance benefit	2	(186)	36	(186)
Amortization of intangible assets	1,779	2,170	7,697	9,518
Core net income (see Note 2)	<u>\$ 1,824</u>	<u>\$ 2,009</u>	<u>\$ 9,249</u>	<u>\$ 7,306</u>
<b>Reconciliation of core net income per share:</b>				
Diluted net (loss) income available to common stockholders	\$ (0.04)	\$ 0.04	\$ (0.14)	\$ (0.24)
Preferred stock accretion related to redemption premium	0.01	0.01	0.05	0.05
Change in fair value of stock price protection	-	-	-	0.06
Change in fair value of theoretical swap derivative	-	(0.10)	-	(0.12)
Change in fair value of mark to market investments	-	0.01	-	0.02
Equity compensation expense	0.03	0.02	0.14	0.15
Tax valuation allowance benefit	-	(0.01)	-	(0.01)
Amortization of intangible assets	0.06	0.07	0.26	0.33
Other, including impact of treasury method and rounding	-	0.03	(0.02)	-
Core net income per share	<u>\$ 0.06</u>	<u>\$ 0.07</u>	<u>\$ 0.29</u>	<u>\$ 0.24</u>

**Notes:**

- Adjusted Ebitda is a non-GAAP measure defined as earnings before interest, taxes, depreciation and amortization, other (income) expense, preferred stock accretion and equity compensation expense.
- Core net income is a non-GAAP measure defined as net income available to common stockholders before, on a pre-tax basis, the amortization of acquisition-related intangible assets, equity compensation expense, income tax benefit from the release of valuation allowance, income (costs) related to the fair market valuation of certain derivatives and mark to market investments, preferred stock accretion related to the redemption premium and all other non-recurring charges. Some or all of these items may not be applicable in any given reporting period.