



NEWS RELEASE

For Immediate Release

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NIC Achieves Positive EBITDA in the First Quarter

**Strong operating performance delivers 54% revenue growth over first quarter 2001;
Company reaffirms EPS profitability target by the end of 2002**

OVERLAND PARK, Kan. – April 25, 2002 – National Information Consortium (Nasdaq: EGOV) today announced financial results for the first quarter ended March 31, 2002. Revenues increased by 54% over first quarter 2001 to a record high of \$12.4 million, compared with 29% revenue growth during the same period last year. The company reported positive EBITDA of \$0.5 million in the first quarter, compared to a loss of \$5.0 million in the first quarter of last year. Net loss for the current quarter was \$0.9 million, or \$0.02 per share.

“We are very pleased with these results, which reflect our focus on delivering consistent revenue growth while controlling costs,” said Jim Dodd, NIC’s Chief Executive Officer. “NIC’s financial success is driven by a leadership position that is underpinned by a strong and growing customer base, superior technology solutions, and a favorable economic model. We are proud to have reached this key milestone that validates our position as a long-term competitor in the eGovernment space.”

“In particular, eGovernment continues to be a recession-resistant sector that rewards best-of-breed players like NIC,” continued Dodd. “Demand for state and local eGovernment services continues to rise, and solid execution in our core outsourced portal operations generated strong quarterly revenue and margin growth as a result. Portal revenues were up 58%, while gross margin more than doubled, reaching 41% in 2002 compared to 20% in last year’s first quarter. Our diverse base of 23 state and local government installations supported this healthy growth, and NIC’s operations in Tennessee, Virginia, and Oklahoma were particularly successful this quarter.”

Eric Bur, NIC’s Chief Financial Officer, added, “We continue to gain greater leverage in our operations, and we’ve experienced significant improvement on both a year-over-year and sequential basis. Gross margins are continuing to ramp up, reaching 34% this quarter versus 18% in first quarter 2001. NIC’s expense controls also improved substantially this quarter, with general and administrative costs representing 25% of revenue this

quarter versus 70% in the first quarter of 2001. Sales and marketing expenses were equally well-managed, running just 5% of revenue this quarter as compared to 9% in last year's first quarter."

"We believe NIC will benefit from the government sector's continued technology expansion because of our expansive base of successful installations and healthy business development pipeline," concluded Dodd. "As a result, we expect to post positive EBITDA throughout the balance of this year and anticipate reporting earnings per share profitability by the fourth quarter of this year."

First Quarter Operating Highlights

The Company's operations were enhanced by four new long-term eGovernment contracts, including:

- A three-year agreement to build a self-funding enterprise portal for the state of Alabama;
- A five-year, \$3.75 million agreement to enhance and manage an ethics & elections reporting system for the state of Michigan; and
- Application service provider contracts with Corpus Christi, Texas, and Des Moines, Iowa, to create and host online government services through existing NIC portals in Dallas County and Iowa, respectively.

"NIC's roster of long-term portal partnerships continues to grow, and we expect to sign several more key contracts throughout the year," said Bur. "We are also encouraged by the additional revenue streams we have created within our existing operational base. For example, NIC deployed 60 new revenue-generating applications throughout our portal franchise this quarter, and another 64 are currently in development."

The following operational milestones also occurred in the first quarter:

- MyFloridaCounty (www.MyFloridaCounty.com), the nation's first vertical county government portal, was launched to support court clerks in all 67 Florida counties;
- New Hampshire's online applications for professional licenses (www.NHlicenses.com) and hunting & fishing licenses (www.NHfishandgame.com) were launched; and
- NIC and alliance partner America Online introduced a partnership between AOL GovernmentGuide (www.governmentguide.com) and the nation's two largest local government associations, the National League of Cities (NLC) and the National Association of Counties (NACo). With this new agreement, the 20,000 local governments represented by NLC and NACo are able to update and enhance their GovernmentGuide listings. NIC currently categorizes and manages a database of 83,000 site links for the nation's most popular government-related Web site.

Financial Highlights

For the quarter ended March 31, 2002, total revenues were \$12.4 million, a 54% increase over first quarter 2001. Portal revenues were \$8.6 million, a 58% increase over first quarter 2001. This increase was driven by same state revenue growth, which rose 25% over first quarter 2001, as well as by incremental revenues from recently installed portal platforms in Oklahoma, Montana, and Rhode Island and by a full quarter of revenues from the Company's Tennessee and Idaho portals.

Software and services revenues were \$3.8 million, a 46% increase over first quarter 2001. Quarterly gross profit for software and services rose to 19% in 2002, compared to 12% last year. The increase was driven primarily by revenues from the Company's corporate filing system installation for the California Secretary of State and by better than expected revenues from the Company's AOL alliance.

EBITDA for the quarter improved dramatically from the prior year, reaching positive \$0.5 million, compared to a loss of \$5.0 million for the first three months of the prior year.

For the quarter ended March 31, 2002, net loss was \$0.9 million, or \$0.02 per share. In the first quarter of 2001, NIC's net loss was \$10.1 million, or \$0.18 per share.

First Quarter Earnings Call and Webcast Details

Conference Call

Thursday, April 25, 2002

5:00 p.m. EDT

Call bridge: 1-800-240-4186

Call leaders: Jim Dodd, Chief Executive Officer
Eric Bur, Chief Financial Officer

A replay of the call will be available until May 5 by dialing 1-800-405-2236 and using passcode 461212.

Webcast

Thursday, April 25, 2002

5:00 p.m. EDT

To sign in and listen: The Webcast system will be available at www.nicusa.com at 12 p.m. EDT on Thursday, April 25.

Some users may need to refresh their browsers to view the Webcast. A replay of the Webcast will be available until May 23 by visiting www.nicusa.com.

About NIC

NIC delivers more Web-enabled government solutions than any other provider in the world. The Company is helping to transform the relationships between government and the communities it serves by providing convenient online government services that make life easier for businesses and citizens. Through partnerships at all levels of government, NIC manages transactions for over 1,000 state & local agencies that serve more than 49 million people in the United States. Recent news releases and other information are on NIC's Web site at www.nicusa.com.

The statements in this release regarding continued implementation of NIC's business model and its development of new products and services are forward-looking statements. There are a number of important factors that could cause actual results to differ materially from those suggested or indicated by such forward-looking statements. These include, among others, the success of the Company in signing contracts with new states and government agencies, including continued favorable government legislation; NIC's ability to develop new services; existing states and agencies adopting those new services; acceptance of eGovernment solutions by businesses and citizens; competition; and general economic conditions and the other important cautionary statements and risk factors described in NIC's Annual Report on Form 10-K filed on March 25, 2002, with the Securities and Exchange Commission.

(financial tables follow)

NATIONAL INFORMATION CONSORTIUM, INC.
FINANCIAL SUMMARY
(UNAUDITED)

(Thousands except for per share amounts)

	Three months ended	
	March 31,	
	2002	2001
Revenues:		
Portal revenues	\$ 8,586	\$ 5,432
Software and services revenues	<u>3,780</u>	<u>2,586</u>
Total revenues	<u>12,366</u>	<u>8,018</u>
Cost of revenues:		
Cost of portal revenues	5,058	4,341
Cost of software and services revenues	3,063	2,271
General and administrative	3,145	5,619
Sales and marketing	650	753
Stock compensation	311	386
Depreciation and amortization	<u>1,163</u>	<u>8,386</u>
Total operating expenses	<u>13,390</u>	<u>21,756</u>
Operating loss	<u>(1,024)</u>	<u>(13,738)</u>
Other income (expense):		
Interest income	41	463
Interest expense	(11)	(6)
Equity in net loss of affiliates	(224)	(820)
Other income (expense), net	-	7
Total other income (expense)	<u>(194)</u>	<u>(356)</u>
Loss before income taxes and minority interest	(1,218)	(14,094)
Income tax benefit	<u>(338)</u>	<u>(3,938)</u>
Loss before minority interest	(880)	(10,156)
Minority interest	<u>-</u>	<u>(22)</u>
Net loss	<u>\$ (880)</u>	<u>\$ (10,134)</u>
Net loss per share:		
Basic and diluted	<u>\$ (0.02)</u>	<u>\$ (0.18)</u>
Weighted average shares outstanding	<u>56,358</u>	<u>56,041</u>

Other Financial Data:

EBITDA (1)	\$ 450	\$ (4,966)
Reconciliation of EBITDA to net loss:		
EBITDA	\$ 450	\$ (4,966)
Stock compensation	(311)	(386)
Depreciation and amortization	(1,163)	(8,386)
Interest income	41	463
Interest expense	(11)	(6)
Equity in net loss of affiliates	(224)	(820)
Other income (expense), net	-	7
Income tax benefit	338	3,938
Minority interest	<u>-</u>	<u>22</u>
Net loss	<u>\$ (880)</u>	<u>\$ (10,134)</u>

(1) Represents net loss before interest, income taxes, depreciation and amortization, and other noncash items presented in the table above. We report EBITDA because we believe that EBITDA provides investors with additional information for estimating our value and evaluating our ability to generate cash flow from operations. EBITDA is a financial measure commonly used in high technology growth industries and should not be construed as an alternative to operating income (loss) as determined in accordance with generally accepted accounting principles (GAAP). EBITDA as determined by the Company may not be comparable to EBITDA as reported by other companies. In addition, EBITDA is not intended to represent operating cash flow as determined in accordance with GAAP.

Key Financial Metrics:

Revenue growth - outsourced portals	58.1%	19.8%
Revenue growth - software and services	46.2%	55.1%
Gross margin - outsourced portals	41.1%	20.1%
Gross margin - software and services	19.0%	12.2%
General and administrative costs as a percentage of revenue	25.4%	70.1%
Sales and marketing costs as a percentage of revenue	5.3%	9.4%

NATIONAL INFORMATION CONSORTIUM
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
Thousands except for share amounts

	March 31, 2002	December 31, 2001
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 14,546	\$ 17,235
Marketable securities	7,884	4,066
Trade accounts receivable	15,604	12,194
Prepaid expenses	1,041	1,156
Other current assets	<u>1,268</u>	<u>2,808</u>
Total current assets	40,343	37,459
Property and equipment, net	5,689	6,386
Deferred income taxes	32,135	31,757
Other assets	281	270
Investments in affiliates	1,281	1,501
Intangible assets, net	<u>4,058</u>	<u>4,440</u>
Total assets	<u>\$ 83,787</u>	<u>\$ 81,813</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 12,885	\$ 11,232
Accrued expenses	6,038	5,676
Income taxes payable	51	21
Capital lease obligations - current portion	14	14
Note payable - current portion	326	348
Application development contracts	2,260	3,962
Other current liabilities	<u>2,282</u>	<u>476</u>
Total current liabilities	23,856	21,729
Capital lease obligation - long-term portion	1	1
Note payable - long-term portion	<u>463</u>	<u>524</u>
Total liabilities	<u>24,320</u>	<u>22,254</u>
Commitments and contingencies	-	-
Shareholders' equity:		
Common stock, no par, 200,000,000 shares authorized 56,486,204 and 56,260,197 shares issued and outstanding	-	-
Additional paid-in capital	195,637	195,159
Accumulated deficit	(135,159)	(134,279)
Accumulated other comprehensive income	<u>-</u>	<u>1</u>
	60,478	60,881
Less notes and stock subscriptions receivable	(15)	(15)
Less deferred compensation expense	<u>(996)</u>	<u>(1,307)</u>
Total shareholders' equity	59,467	59,559
Total liabilities and shareholders' equity	<u>\$ 83,787</u>	<u>\$ 81,813</u>