



1Q 2007 EARNINGS

For Immediate Release

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NIC Earns Four Cents Per Share as Same State Revenues Increase 16 Percent in the First Quarter

OLATHE, Kan. – April 30, 2007 – NIC Inc. (NASDAQ: EGOV) today announced net income of \$2.7 million and earnings per share of four cents on total revenues of \$20.6 million for the three months ended March 31, 2007. Operating income was \$4.1 million for the quarter. The Company reported net income of \$2.9 million and earnings per share of five cents on total revenues of \$15.7 million in first quarter 2006.

Quarterly portal revenues were a record \$19.9 million, a 17 percent increase over first quarter 2006. On a same state basis, portal revenues grew 16 percent in the first quarter, compared to an eight percent increase during the same period a year ago. NIC's online income tax payment, Uniform Commercial Code filing, and professional license renewal services performed well in the first quarter, helping same state transaction-based revenues from non-driver record exchange (non-DMV) applications rise 38 percent. Total DMV revenues grew 10 percent on a same state basis in the first quarter, up from three percent growth during the same period last year.

"Thanks to the efforts of our employees nationwide, NIC continues to deliver valuable eGovernment services to our 19 state partners as well as the citizens and businesses they serve," said Jeff Fraser, Chief Executive Officer of NIC. "Taxpayers expect government to provide a higher level of service, and we are well-positioned to help our state partners meet these rising demands by building and managing the next generation of innovative online government services."

In the first quarter, NIC's portals launched 84 new non-DMV revenue-generating services and another 136 applications are in the development pipeline. "We continue to see unlimited opportunity to build new services and cross-sell existing applications across our base of state and local government partners," said NIC President Harry Herington.

Reflecting NIC's ongoing investment in long-term growth, selling and administrative expenses rose to \$5.1 million in the current quarter compared to \$3.4 million in the first quarter of 2006. As a percentage of portal revenue, selling and administrative expenses were 26 percent in the current quarter, up from 20 percent in the first quarter of 2006.

The Webcast system is available at www.nicusa.com/investor. Some users may need to refresh their browsers to view the Webcast information. A replay of the Webcast will be available until 11:00 p.m. (EDT) on July 30, 2007, by visiting www.nicusa.com/investor.

An audio replay of NIC's first quarter earnings call will be available until 4:00 p.m. (EDT) on May 7 by dialing 1-800-405-2236 and using passcode 11088240.

NIC's earnings announcements are also available via podcast download. For more information, visit www.nicusa.com/investor.

About NIC

NIC manages more eGovernment services than any provider in the world. The company is helping governments communicate more effectively with citizens and businesses by putting essential services online. NIC provides eGovernment solutions for 2,600 state and local agencies that serve more than 61 million people in the United States. Additional company information is available 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 services by businesses and citizens; competition; and general economic conditions and the other important cautionary statements and risk factors described in NIC's 2006 Annual Report on Form 10-K filed on March 15, 2007, with the Securities and Exchange Commission.

(financial tables follow)

NIC INC.
FINANCIAL SUMMARY
(UNAUDITED)
Thousands except for per share amounts

	Three months ended	
	March 31,	
	2007	2006
Revenues:		
Portal revenues	\$ 19,868	\$ 16,989
Software & services revenues	766	(1,241)
Total revenues	20,634	15,748
Operating expenses:		
Cost of portal revenues, exclusive of depreciation & amortization	10,454	8,277
Cost of software & services revenues, exclusive of depreciation & amortization	470	(1,329)
Selling & administrative	5,120	3,428
Depreciation & amortization	536	505
Total operating expenses	16,580	10,881
Operating income	4,054	4,867
Other income (expense):		
Interest income	580	380
Equity in net loss of affiliates	-	(97)
Total other income (expense)	580	283
Income before income taxes	4,634	5,150
Income tax provision	1,888	2,232
Net income	\$ 2,746	\$ 2,918
Basic net income per share	\$ 0.04	\$ 0.05
Diluted net income per share	\$ 0.04	\$ 0.05
Weighted average shares outstanding:		
Basic	61,652	61,129
Diluted	61,969	61,596

Key Financial Metrics:

Revenue growth - outsourced portals	17%	24%
Same state revenue growth - outsourced portals	16%	8%
Gross profit percentage - outsourced portals	47%	51%
Selling & administrative costs as a percentage of portal revenues	26%	20%
Recurring portal revenue percentage	93%	97%

Portal Revenue Analysis (Thousands):

DMV	\$ 11,460	\$ 11,176
Non-DMV	8,408	5,813
Total	\$ 19,868	\$ 16,989

NIC INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
Thousands

	<u>March 31,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 33,083	\$ 36,745
Marketable securities	-	45,008
Trade accounts receivable	37,437	28,729
Unbilled revenues	205	1,069
Deferred income taxes	817	711
Prepaid expenses & other current assets	<u>1,196</u>	<u>1,645</u>
Total current assets	72,738	113,907
Property and equipment, net	4,324	3,790
Deferred income taxes	21,302	22,013
Other assets	<u>459</u>	<u>424</u>
Total assets	<u>\$ 98,823</u>	<u>\$ 140,134</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 34,697	\$ 34,202
Accrued expenses	5,970	5,911
Application development contracts	474	513
Other current liabilities	<u>258</u>	<u>255</u>
Total current liabilities	41,399	40,881
Other long-term liabilities	<u>1,119</u>	-
Total liabilities	<u>42,518</u>	<u>40,881</u>
Commitments and contingencies	-	-
Shareholders' equity:		
Common stock, no par, 200,000 shares authorized	-	-
61,759 and 61,574 shares issued and outstanding	-	-
Additional paid-in capital	164,584	210,210
Accumulated deficit	<u>(108,111)</u>	<u>(110,789)</u>
Less treasury stock	56,473	99,421
Total shareholders' equity	<u>(168)</u>	<u>(168)</u>
Total liabilities and shareholders' equity	<u>\$ 98,823</u>	<u>\$ 140,134</u>

NIC INC.
SUMMARY OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)
Thousands

	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Accumulated Deficit</u>	<u>Treasury Stock</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>				
Balance, January 1, 2007	61,574	\$ -	\$ 210,210	\$ (110,789)	\$ (168)	\$ 99,253
Cumulative effect of FIN 48	-	-	-	(68)	-	(68)
Net income	-	-	-	2,746	-	2,746
Cash dividends on common stock	-	-	(46,730)	-	-	(46,730)
Stock options exercised	133	-	454	-	-	454
Stock-based compensation	-	-	411	-	-	411
Issuance of common stock under employee stock purchase plan	52	-	239	-	-	239
Balance, March 31, 2007	<u>61,759</u>	<u>\$ -</u>	<u>\$ 164,584</u>	<u>\$(108,111)</u>	<u>\$(168)</u>	<u>\$56,305</u>

NIC INC.
CASH FLOW SUMMARY
(UNAUDITED)
Thousands

	Three months ended March 31,	
	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Net income	\$ 2,746	\$ 2,918
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation & amortization	536	505
Stock-based compensation expense	411	200
Application development contracts	(39)	(556)
Deferred income taxes	1,656	2,071
Equity in net loss of affiliates	-	97
Changes in operating assets and liabilities		
(Increase) in trade accounts receivable	(8,708)	(4,358)
Decrease in unbilled revenues	864	2,029
(Increase) decrease in prepaid expenses & other current assets	449	(113)
Decrease in other assets	-	9
Increase in accounts payable	495	7,893
Increase (decrease) in accrued expenses	59	(1,983)
Increase (decrease) in other current liabilities	<u>3</u>	<u>(141)</u>
Net cash provided by (used in) operating activities	<u>(1,528)</u>	<u>8,571</u>
Cash flows from investing activities:		
Purchases of property and equipment	(1,046)	(785)
Capitalized internal use software development costs	(59)	(46)
Purchases of marketable securities	-	(5,000)
Sales and maturities of marketable securities	<u>45,008</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>43,903</u>	<u>(5,831)</u>
Cash flows from financing activities:		
Cash dividends on common stock	(46,730)	-
Proceeds from sale of treasury stock	-	65
Proceeds from employee common stock purchases	239	157
Proceeds from exercise of employee stock options	<u>454</u>	<u>307</u>
Net cash provided by (used in) by financing activities	<u>(46,037)</u>	<u>529</u>
Net increase (decrease) in cash and cash equivalents	(3,662)	3,269
Cash and cash equivalents, beginning of period	<u>36,745</u>	<u>36,902</u>
Cash and cash equivalents, end of period	<u>\$ 33,083</u>	<u>\$ 40,171</u>