



# 1Q 2008 EARNINGS

*For Immediate Release*

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## **NIC Earns Five Cents Per Share in First Quarter 2008 as Portal Revenues Increase by 20 Percent**

OLATHE, Kan. – May 5, 2008 – NIC Inc. (NASDAQ: EGOV) today announced net income of \$3.0 million and earnings per share of five cents on total revenues of \$24.7 million for the three months ended March 31, 2008. Operating income was \$4.7 million for the quarter, up 17 percent over first quarter 2007. The company reported net income of \$2.7 million and earnings per share of four cents on total revenues of \$20.6 million in first quarter 2007.

Quarterly portal revenues were a record \$23.8 million, a 20 percent increase over first quarter 2007. On a same state basis, portal revenues grew 12 percent in the first quarter, compared to a 16 percent increase during the same period a year ago. Same-state, non-DMV transaction-based revenues grew 26 percent over first quarter 2007 through strong performance in vehicle licensing and registration, professional license filing, and various corporate license searches and applications. Same-state DMV revenues were flat year over year.

NIC's portals launched 164 new non-DMV revenue-generating services and another 220 applications are in the development pipeline.

"NIC employees nationwide and our 21 state portal partners continue to deliver success for the company and value to our shareholders," said Harry Herington, Chief Executive Officer of NIC. "First quarter underscores the health of the business and the steady organic revenue growth from non-DMV services."

Selling and administrative expense were \$6.0 million in the current quarter compared to \$5.1 million in the first quarter of 2007. As a percentage of portal revenues, selling and administrative expenses were 25 percent in the current quarter, down from 26 percent in the first quarter of 2007.

Cash flow from operations was \$5.7 million in the first quarter. At March 31, 2008, NIC's cash and cash equivalents totaled \$38.4 million and investment securities totaled \$6.7 million.

On February 28, 2008, NIC paid a special \$0.25 per share cash dividend that totaled approximately \$15.7 million. This dividend was paid from available cash and investment securities.

### **Operating Highlights**

During the first quarter, multiyear, portal-management contract renewals were approved by the states of Hawaii (<http://www.eHawaii.gov>) and Maine (<http://www.Maine.gov>) following competitive rebids. Alabama (<http://www.Alabama.gov>) also awarded NIC with a one-year contract extension.

“We thank our partners in Hawaii, Maine and Alabama for their continued partnership and confidence in our ongoing ability to serve the eGovernment needs of their citizens and businesses,” said Herington.

### **Full-Year 2008 Outlook**

For full-year 2008, NIC expects total revenues of \$98.5 - \$100.7 million, portal revenues of \$95.0 - \$97.0 million, and software and services revenues of \$3.5 - \$3.7 million. The Company also anticipates operating income of \$17.0 - \$18.5 million and net income of \$10.7 - \$11.7 million.

NIC’s projections do not include any new portal contracts.

“Our portal business is off to a solid start in 2008 and continues to deliver consistent growth,” said Steve Kovzan, Chief Financial Officer of NIC. “Portal revenue growth and margins are in line with our expectations and selling and administrative expenses are returning to historical levels of modest growth.”

### **First Quarter Earnings Webcast Details**

#### **Webcast Information**

To sign in and listen: The Webcast system is available at <http://www.nicusa.com/investor>.

A replay of the Webcast will be available until 11:00 p.m. (EDT) on August 3, 2008, by visiting <http://www.nicusa.com/investor>.

The conference call replay will also be available via Podcast download by visiting <http://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 2,900 state and local agencies that serve more than 69

million people in the United States. Additional company information is available at

<http://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 2007 Annual Report on Form 10-K filed on March 17, 2008, with the Securities and Exchange Commission.

(financial tables below)





