

AVISTA CORP
Form 4
February 08, 2016

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
MEYER DAVID J

(Last) (First) (Middle)
1411 E MISSION AVE
(Street)

SPOKANE, WA 99202

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
AVISTA CORP [AVA]

3. Date of Earliest Transaction (Month/Day/Year)
02/04/2016

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Vice President

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
____ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount	(D)	Price
Common Stock - Restricted Shares	02/04/2016		A		1,388	A	11
Shares held in 401(k) Plan					4,303.2071	I	held by Trustee
Shares held by D.A. Davidson in IRA					1,142	I	held by Trustee

Shares held in Executive Deferral Account 2,666.4444 I held by Trustee

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Amount or Number of Shares
Performance Share Grant for 2016	(2)	02/04/2016		A	4,158	(3) (3)	Common Stock	4,158

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MEYER DAVID J 1411 E MISSION AVE SPOKANE, WA 99202			Vice President	

Signatures

/s/David J. Meyer 02/08/2016
 **Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

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- (1) Restricted Shares vest 1/3 each year over a 3-year period and are payable in Avista Corp. Common Stock at the end of each year in the 3-year period.
- (2) No conversion price. Shares awarded if performance measure is met.
- (3) Each performance cycle is 3 years in length. Shares will be issued at the end of each 3-year cycle if performance measure is met.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. **2007 2008 2009**

Matthew P. Lawlor

\$ 140,256 \$ 126,447 \$ 168,560 \$ 963,631 \$ 1,065,017 \$ 301,000

Raymond T. Crosier

\$ 79,688 \$ 51,310 \$ 92,107 \$ 553,133 \$ 421,897 \$ 164,477

Catherine A. Graham

\$ 57,378 \$ 39,270 \$ 67,909 \$ 418,967 \$ 324,020 \$ 121,267

- (3) Mr. Lawlor retired as our Chief Executive Officer on December 14, 2009. Mr. Lawlor resigned as our Chairman on January 20, 2010.
- (4) Mr. Crosier was appointed as our interim Chief Executive Officer on December 14, 2009. Mr. Crosier resigned as our interim Chief Executive Officer, President and Chief Operating Officer on April 20, 2010.

Grant of Plan-Based Awards

The following table summarizes the plan-based awards granted to our named executive officers during the fiscal year ended December 31, 2009. The option awards and the unvested portion of the stock awards identified in the table below are also reported in the Outstanding Equity Awards at Fiscal Year-End table that follows.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Awards (\$/sh)	Closing Price on Grant Date (\$)	Grant Date and Fair Value of Stock Awards and Option Awards (\$)
		Threshold (#)	Target (#)	Maximum (#)	Threshold (#)	Target (#)	Maximum (#)					
Matthew Lawlor(1)	3/6/2009	\$					97,500		\$	\$ 3.44	\$ 335,400	
Raymond Crosier(2)	3/6/2009	\$			29,167	58,333	87,500		\$	\$ 3.44	\$ 301,000	
Latherine L. Graham	3/6/2009	\$						26,250	\$	\$ 3.44	\$ 90,300	
Matthew Lawlor(1)	3/6/2009	\$			15,938	31,875	47,813		\$	\$ 3.44	\$ 164,477	
Latherine L. Graham	3/6/2009	\$						21,875	\$	\$ 3.44	\$ 75,250	
Latherine L. Graham	3/6/2009	\$			11,751	23,501	35,252		\$	\$ 3.44	\$ 121,267	

- (1) Mr. Lawlor retired as our Chief Executive Officer on December 14, 2009. Mr. Lawlor resigned as our Chairman on January 20, 2010. Mr. Lawlor's unvested stock and option awards were forfeited February 19, 2010.
- (2) Mr. Crosier was appointed as our interim Chief Executive Officer on December 14, 2009. Mr. Crosier resigned as our interim Chief Executive Officer, President and Chief Operating Officer on April 20, 2010. Mr. Crosier's unvested stock and option awards were forfeited on the date of resignation.

Outstanding Equity Awards at Fiscal Year-End

The following table summarizes the outstanding option and stock awards held by our named executive officers at December 31, 2009.

Name	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Option Awards		Option Expiration Date	Number of Shares or Units That Have Not Vested (2)	Stock Awards		
			Equity Incentive Plan Awards: Number of	Exercise Price (\$)			Market Value of Shares or Units of Stock That Have Not Vested	Equity Incentive Plan Awards: Number of	Unearned Shares, Units or Other Rights That Have Not Vested (3)
Matthew P. Lawlor(4)	47,823			\$ 3.06	1/11/2011	217,219	\$ 1,142,572	14,706	\$ 77,354
Matthew P. Lawlor(4)	82,524			\$ 2.3	1/1/2012				
Matthew P. Lawlor(4)	93,895	13,413		\$ 2.86	2/15/2012				
Matthew P. Lawlor(4)	8,000			\$ 6.21	12/11/2013				
Matthew P. Lawlor(4)	18,750			\$ 4.40	6/4/2013				
Matthew P. Lawlor(4)	9,300			\$ 8.59	12/31/2014				
	10,126			\$ 11.05	12/30/2015				

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Matthew P. Lawlor(4)	15,903		\$ 11.05	1/1/2013				
Matthew P. Lawlor(4)	15,944	7,972	\$ 9.7	1/16/2014				
Matthew P. Lawlor(4)	19,558	39,116	\$ 12.01	1/2/2015				
Matthew P. Lawlor(4)	7,877	15,752	\$ 10.24	2/28/2015				
Raymond T. Lawlor(4)		169,839	\$ 3.44	3/6/2016				
Raymond T. Crosier(5)	40,807		\$ 3.06	1/11/2011	83,589	\$ 439,678	6,620	\$ 34,821
Raymond T. Crosier(5)	72,815		\$ 2.30	1/1/2012				
Raymond T. Crosier(5)	53,931	7,704	\$ 2.86	2/15/2012				
Raymond T. Crosier(5)	7,000		\$ 6.21	12/11/2013				
Raymond T. Crosier(5)	16,250		\$ 4.40	6/4/2013				
Raymond T. Crosier(5)	8,000		\$ 8.59	12/31/2014				
Raymond T. Crosier(5)	7,498		\$ 11.05	12/30/2015				
Raymond T. Crosier(5)	10,288		\$ 11.05	1/1/2013				
Raymond T. Crosier(5)	9,292	4,645	\$ 9.70	1/16/2014				
Raymond T. Crosier(5)	4,890	9,779	\$ 12.01	1/2/2015				
Raymond T. Crosier(5)	1,970	3,938	\$ 10.24	2/28/2015				

Raymond T. Crosier(5)		45,726	\$ 3.44	3/6/2016				
Catherine A. Graham	63,261	40,141	\$ 3.2	3/18/2012	65,011	\$ 341,958	5,407	\$ 28,441
Catherine A. Graham	6,000		\$ 6.21	12/11/2013				
Catherine A. Graham	6,000		\$ 8.59	12/31/2014				
Catherine A. Graham	6,955		\$ 11.05	12/30/2015				
Catherine A. Graham	6,216		\$ 11.05	1/1/2013				
Catherine A. Graham	7,545	3,772	\$ 9.70	1/16/2014				
Catherine A. Graham	4,075	8,149	\$ 12.01	1/2/2015				
Catherine A. Graham	1,641	3,282	\$ 10.24	2/28/2015				
Catherine A. Graham		38,105	\$ 3.44	3/6/2016				

(1) The following number of stock options vest on the following dates:

Matthew P. Lawlor(4)		Raymond T. Crosier(5)		Catherine A. Graham	
Number of Options	Vest Date	Number of Options	Vest Date	Number of Options	Vest Date
92,019	1/1/2010	26,746	1/1/2010	22,190	1/1/2010
13,413	2/15/2010	7,704	2/15/2010	40,141	3/18/2010
84,047	1/1/2011	22,100	1/1/2011	18,417	1/1/2011
56,613	1/1/2012	15,242	1/1/2012	12,701	1/1/2012

(2) The following number of shares vest on the following dates:

Matthew P. Lawlor(4)		Raymond T. Crosier(5)		Catherine A. Graham	
Number of Shares	Vest Date	Number of Shares	Vest Date	Number of Shares	Vest Date
50,821	1/1/2010	14,802	1/1/2010	12,281	1/1/2010
87,500	3/5/2010	47,813	3/5/2010	35,252	3/5/2010
46,398	1/1/2011	12,224	1/1/2011	10,187	1/1/2011
32,500	1/1/2012	8,750	1/1/2012	7,291	1/1/2012

(3) The following number of incentive plan shares vest on the following dates:

Matthew P. Lawlor(4)		Raymond T. Crosier(5)		Catherine A. Graham	
Number of Shares	Vest Date	Number of Shares	Vest Date	Number of Shares	Vest Date
8,846	3/1/2010	5,155	3/1/2010	4,186	3/1/2010
5,860	3/1/2011	1,465	3/1/2011	1,221	3/1/2011

(4) Mr. Lawlor retired as our Chief Executive Officer on December 14, 2009. Mr. Lawlor resigned as our Chairman on January 20, 2010. Mr. Lawlor's unvested stock and option awards were forfeited February 19, 2010.

(5) Mr. Crosier was appointed as our interim Chief Executive Officer on December 14, 2009. Mr. Crosier resigned as our interim Chief Executive Officer, President and Chief Operating Officer on April 20, 2010. Mr. Crosier's unvested stock and option awards were forfeited on the date of resignation.

Option Exercises and Stock Vested

The following table summarizes the exercises of stock options and vesting of restricted stock units for our named executive officers during the fiscal year ended December 31, 2009.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Matthew P. Lawlor	18,750	\$ 57,000	43,241	\$ 171,244
Raymond T. Crosier	16,250	\$ 31,688	20,509	\$ 78,788
Catherine A. Graham	45,000	\$ 12,600	15,726	\$ 60,958

Pension Benefits

The table disclosing the actuarial present value of our named executive officers accumulated benefit under defined benefits plans, the number of years of credited service under each such plan and the amount of pension benefits paid to each named executive officer during the year is omitted because we do not have a defined benefit plan for named

executive officers. The only retirement plans available to named executive officers in 2009 were our qualified 401(k) savings and retirement plan, which is available to all employees.

Non-Qualified Deferred Compensation

The table disclosing contributions to non-qualified defined contributions and other deferred compensation plans, and each named executive officer's withdrawals, earnings and fiscal year end balances in those plans is omitted because we had no non-qualified deferred compensation plans or benefits for named executive officers or other employees in 2009.

Change-in-Control Arrangements

Under our 2005 Restricted Stock and Option Plan, with respect to grants made before January 1, 2010, the grants to all employees who were employed for at least two years prior to a change of control vest upon a change of control. For all other employees, their grants under this plan shall vest upon the one year anniversary of the change of control or as to any of such employees whose employment is terminated prior to such anniversary, upon the date of termination. With respect to grants made after December 31, 2009, in the event of a change of control grants to

any employee will vest upon termination of the employee's employment if such termination was by the Company other than for cause or by the employee for good reason and if such termination occurs on or before the first anniversary of a change of control. Please also refer to our prior discussion in the **Potential Payments Upon Termination or Change in Control** section of this document.

Director Compensation

Each non-employee Director receives a one-time option to purchase shares of common stock with a fair market value of \$39,000 (with an exercise price at the fair market value of the common stock at the time of grant) at the beginning of his or her initial term. The stock option vests annually over three years. Additionally, each non-employee Director receives annually (i) a fee of \$29,000, (ii) an additional fee of \$2,500 for each Board Committee on which he or she serves as the Chairperson, (iii) an additional fee of \$1,250 if he or she serves on the Audit Committee, (iv) stock awards with a fair market value of \$39,000, (v) an additional stock award with a fair market value of \$2,500 for each Board Committee on which he serves as the Chairperson, and (vi) an additional stock award with a fair market value of \$1,250 if he or she serves on the Audit Committee. The cash fees are paid in quarterly installments. The stock awards are granted at the beginning of each annual term and they vest over the course of one year. We reimburse Directors for expenses they incur in connection with attending Board and Committee meetings. The employee director and the appointed designee of the holders of our Series A-1 Preferred Stock do not receive any compensation for their participation in Board or Committee meetings.

The following table summarizes the cash, equity awards and other compensation earned, paid or awarded to each of our independent Directors during the fiscal year ended December 31, 2009.

Name	Fees Earned		Non-Equity Incentive Compensation		Change in Pension Value and Nonqualified Deferred Compensation		All Other Compensation	Total (\$)
	or Paid in Cash (\$)	Stock Awards (\$)(1)	Option Awards (\$)(2)	Plan Compensation (\$)	Earnings (\$)	Compensation (\$)		
Stephen S. Cole	\$ 31,500	\$ 41,511	\$	\$	\$	\$	\$	\$ 73,011
John C. Dorman	\$ 33,245	\$ 41,511	\$ 39,035	\$	\$	\$	\$	\$ 113,791
Michael H. Heath(3)	\$ 6,800	\$	\$	\$	\$	\$	\$	\$ 6,800
Edward Horowitz	\$ 31,745	\$ 39,006	\$ 39,035	\$	\$	\$	\$	\$ 109,786
Bruce A. Jaffe	\$ 32,495	\$ 40,262	\$ 39,035	\$	\$	\$	\$	\$ 111,792
Michael E. Leitner	\$	\$	\$	\$	\$	\$	\$	\$
Janey A. Place(3)	\$ 10,633	\$	\$	\$	\$	\$	\$	\$ 10,633
J. Heidi Roizen(3)	\$ 11,550	\$	\$	\$	\$	\$	\$	\$ 11,550
Ervin R. Shames	\$ 31,500	\$ 41,511	\$	\$	\$	\$	\$	\$ 73,011
Joseph J. Spalluto(4)	\$ 32,500	\$ 39,006	\$	\$	\$	\$	\$	\$ 71,506
William H. Washecka	\$ 32,750	\$ 42,767	\$	\$	\$	\$	\$	\$ 75,517
Barry D. Wessler	\$ 32,750	\$ 42,767	\$	\$	\$	\$	\$	\$ 75,517

- (1) The values represent the aggregate grant date fair value of stock awards granted in accordance with SEC rules. Generally, the aggregate grant date fair value is the amount that the Company expects to expense in its financial statements over the award's vesting schedule. These amounts reflect the Company's accounting expense and do not correspond to the actual value that will be realized by the named Directors. See our Annual Reports on Form 10-K for the years ended December 31, 2009, 2008 and 2007 for complete descriptions of the assumptions made in the valuation of the stock awards.
- (2) The values represent the aggregate grant date fair value of stock awards granted in accordance with SEC rules. Generally, the aggregate grant date fair value is the amount that the company expects to expense in its financial

statements over the award's vesting schedule. These amounts reflect the company's accounting expense and do not correspond to the actual value that will be realized by the named Directors. See our Annual Reports on Form 10-K for the years ended December 31, 2009, 2008 and 2007 for complete descriptions of the assumptions made in the valuation of the option awards. The grants shown are a one-time option award grant for Mr. Dorman, Mr. Horowitz and Mr. Jaffe for being elected to serve on the Company's Board. All their terms began May 15, 2009.

As of December 31, 2009, the number of aggregate shares underlying outstanding option awards held by the Directors is as follows:

Name	Option Awards Outstanding
Stephen S. Cole	22,431
John C. Dorman	12,420
Michael H. Heath(3)	51,963
Edward A. Horowitz	12,420
Bruce A. Jaffe	12,420
Janey A. Place(3)	13,091
J. Heidi Roizen(3)	13,091
Ervin R. Shames	42,220
Joseph J. Spalluto(4)	45,334
William H. Washecka	27,753
Barry D. Wessler	23,740

(3) Mr. Heath's, Ms. Place's and Ms. Roizen's terms expired in May of 2009.

(4) Joseph J. Spalluto resigned as a member of the Board on January 20, 2010.

COMPENSATION COMMITTEE REPORT

The Management Development and Compensation Committee of the Board of Directors has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Management Development and Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

THE MANAGEMENT DEVELOPMENT AND COMPENSATION COMMITTEE

Ervin R. Shames, Chairman
Stephen S. Cole
Edward D. Horowitz

REPORT OF AUDIT COMMITTEE

The Audit Committee of the Board of Directors, which consists entirely of directors who meet the independence and experience requirements of the Nasdaq Global Select Market, has furnished the following report:

The Audit Committee assists the Board in overseeing and monitoring the integrity of our financial reporting process, compliance with legal and regulatory requirements, systems integrity and security procedures and the quality of internal and external audit processes. The Committee's role and responsibilities are set forth in its charter adopted by the Board. The Committee reviews and reassesses its charter annually and recommends any changes to the Board for approval. The Audit Committee is responsible for overseeing Online Resources Corporation's overall financial reporting process, and for the appointment, compensation, retention, and oversight of the work of Online Resources Corporation's independent registered accountants. In fulfilling its responsibilities for the consolidated financial statements for 2009, the Audit Committee:

Reviewed and discussed the audited consolidated financial statements for the fiscal year ended December 31, 2009 with management and KPMG LLP, Online Resources Corporation's independent auditors for that period;

Discussed with KPMG LLP the matters required to be discussed by Statement on Auditing Standards No. 61, as amended; and

Received written disclosures and the letter from KPMG LLP regarding its independence as required by Independence Standards Board Standard No. 1. The Audit Committee further discussed with KPMG LLP their independence. The Audit Committee also considered the status of pending litigation, taxation matters and other areas of oversight relating to the financial reporting and audit process that the committee determined appropriate.

Based on the Audit Committee's review of the audited consolidated financial statements and discussions with management and KPMG LLP, the Audit Committee recommended to the Board that the audited consolidated financial statements be included in Online Resources Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2009 for filing with the SEC.

MEMBERS OF THE ONLINE RESOURCES CORPORATION AUDIT COMMITTEE

William H. Washecka, Chairman
Bruce A. Jaffe
Michael E. Leitner
Barry D. Wessler

PERFORMANCE GRAPH

The following graph compares the annual percentage change in our cumulative total stockholder return on our common stock during the period commencing on December 31, 2004 and ending on December 31, 2009 (as measured by dividing (i) the sum of (A) the cumulative amount of dividends for the measurement period, assuming dividend reinvestment, and (B) the difference between our share price at the end and the beginning of the measurement period; by (B) our share price at the beginning of the measurement period) with the cumulative total return of the Nasdaq Stock Market and the Interactive Week Internet Index (IIX) during such period. We have not paid any dividends on our common stock, and we do not include dividends in the representation of our performance. The stock price performance on the graph below does not necessarily indicate future price performance.

**Comparison of Cumulative Total Return Among Online Resources Corporation,
Nasdaq Stock Market and Interactive Internet Week Index**

	Fiscal Year Ended December 31,					
	2004	2005	2006	2007	2008	2009
Online Resources Corporation, Common Stock	\$ 100	\$ 147	\$ 136	\$ 158	\$ 63	\$ 70
Interactive Week Internet Index (IIX)	\$ 100	\$ 101	\$ 111	\$ 122	\$ 72	\$ 104
Nasdaq Stock Exchange Composite Index	\$ 100	\$ 101	\$ 115	\$ 132	\$ 77	\$ 135

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

During 2009 all reports which were required to be filed pursuant to Section 16(a) of the Securities Exchange Act were filed on a timely basis, except that due to administrative errors, the following reports were filed late. Form 4s for Stephen S. Cole, John C. Dorman, Bruce A. Jaffe, Ervin R. Shames, Joseph J. Spalluto, William H. Washecka and Barry D. Wessler, with a due date of August 4, 2009, were filed on August 27, 2009. A Form 3 for Edward D. Horowitz that was due May 26, 2009 was filed on May 27, 2009 and a Form 4 for Matthew P. Lawlor that was due November 20, 2009 was filed on December 4, 2009.

ELECTION OF DIRECTORS

(Proposal 1)

Our Board of Directors currently consists of nine members, classified into three classes as follows: (1) William H. Washecka and Stephen S. Cole constitute a class with a term ending at the 2011 annual meeting (the Class I Directors); (2) John C. Dorman, Edward D. Horowitz and Bruce A. Jaffe constitute a class with a term ending at the 2012 annual meeting (the Class II Directors) and (3) Donald W. Layden, Jr., Ervin R. Shames and Barry D. Wessler constitute a class with a term ending at the upcoming 2010 Annual Meeting (the Class III Directors). Michael E. Leitner serves as the appointed designee of the holders of our Series A-1 Preferred Stock for whom Tennenbaum Capital Partners, LLC serves as the advisor, and he is not a member of a class. At each annual meeting of our stockholders, directors are elected for a full term of three years to succeed those directors whose terms are expiring.

The Governance Committee recommended and the Board of Directors voted to nominate Donald W. Layden, Jr., Ervin R. Shames and Barry D. Wessler for election at the 2010 Annual Meeting for a term of three years, each of whom has consented to be nominated, has consented to be named in this proxy statement and serve, if elected. The directors elected by the stockholders at the annual meeting to serve on the Board will serve until the 2013 annual meeting of stockholders, and until their successors are elected and qualified. The Class I Directors and the Class II Directors will serve until our annual meeting of stockholders to be held in 2011 and 2012, respectively, and until their respective successors are elected and qualified.

Unless authority to vote for any of these nominees is withheld, any shares voted by the enclosed proxy card will be voted **FOR** the election of Donald W. Layden, Jr., Ervin R. Shames and Barry D. Wessler as members of the Board of Directors. In the event that any nominee becomes unable or unwilling to serve, the Company may nominate a substitute nominee and such person will be named and information regarding such person will be provided to stockholders in a proxy supplement and revised proxy card disseminated at that time.

A plurality of the votes of the shares present in person or represented by proxy at the 2010 Annual Meeting is required to elect each nominee as a director.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF DONALD W. LAYDEN, JR., ERVIN R. SHAMES AND BARRY D. WESSLER AS MEMBERS OF OUR BOARD OF DIRECTORS UNDER PROPOSAL 1 ON THE PROXY CARD, AND PROXIES GRANTED WILL BE VOTED IN FAVOR THEREOF UNLESS A STOCKHOLDER HAS INDICATED OTHERWISE ON THE PROXY.

RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

(Proposal 2)

The Audit Committee has appointed KPMG LLP (KPMG), independent registered public accountants, to audit our consolidated financial statements for the fiscal year ending December 31, 2010. The Board proposes that the stockholders ratify this appointment. KPMG audited our consolidated financial statements for the fiscal year ended December 31, 2009. We expect that representatives of KPMG will be present at the meeting, will be able to make a statement if they so desire and will be available to respond to appropriate questions.

The following table presents fees for professional audit services rendered by KPMG for the audit of our annual consolidated financial statements for the years ended December 31, 2009 and 2008, and fees billed for other services rendered by KPMG during those periods.

	2009	2008
Audit fees(1)	\$ 1,231,342	\$ 1,213,295
Audit related fees		
Tax fees All other fees		
Total	\$ 1,231,342	\$ 1,213,295

- (1) Audit fees consisted of audit work performed in the preparation of financial statements, as well as work generally only the independent auditor can reasonably be expected to provide, such as reviews of our quarterly reports on Form 10-Q, compliance with Section 404 of the Sarbanes-Oxley Act of 2002 and research to comply with generally accepted accounting principles.

All of the services set forth above in the categories were approved by the Audit Committee pursuant to Rule 2-01(c)(7)(i)(C).

Consistent with SEC policies regarding auditor independence, the Audit Committee has responsibility for appointing, setting compensation and overseeing the work of the independent auditor. In recognition of this responsibility, the Audit Committee has established a policy to pre-approve all audit and permissible non-audit services provided by the independent auditor.

Prior to engagement of the independent auditor for the next year's audit, management will submit an aggregate of services expected to be rendered during that year for each of four categories of services to the Audit Committee for approval.

1. **Audit** services include audit work performed in the preparation of financial statements, as well as work that generally only the independent auditor can reasonably be expected to provide, including comfort letters, attest services and consultation regarding financial accounting and/or reporting standards.
2. **Audit-Related** services are for assurance and related services that are traditionally performed by the independent auditor, including due diligence related to employee benefit plan audits and special procedures required to meet certain regulatory requirements.
3. **Tax** services include all services performed by the independent auditor's tax personnel except those services specifically related to the audit of the financial statements, and includes fees in the areas of tax compliance, tax planning, and tax advice.
4. **Other Fees** are those associated with services not captured in the other categories. We generally do not request such services from the independent auditor.

Prior to engagement, the Audit Committee pre-approves these services by category of service. The fees are budgeted and the Audit Committee requires the independent auditor and management to report actual fees versus the budget

periodically throughout the year by category of service. During the year, circumstances may arise when it may become necessary to engage the independent auditor for additional services not contemplated in the original pre-approval. In those instances, the Audit Committee requires specific pre-approval before engaging the independent auditor.

Although shareholder ratification is not required, the selection of KPMG is being submitted for ratification at the 2009 Annual Meeting with a view towards soliciting the shareholders' opinions, which the Audit Committee will take into consideration in future deliberations. If KPMG's selection is not ratified at the 2010 Annual Meeting, the Audit Committee will consider the engagement of other independent accountants. The Audit Committee may terminate KPMG's engagement as our independent accountants and engage other independent accountants without the approval of our shareholders whenever the Audit Committee deems appropriate.

The affirmative vote of a majority of the shares present or represented and entitled to vote at the 2010 Annual Meeting is required to ratify the appointment of the independent public accountants.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RATIFICATION OF KPMG LLP AS THE COMPANY'S AUDITORS UNDER PROPOSAL 2 ON THE PROXY CARD, AND PROXIES GRANTED WILL BE VOTED IN FAVOR THEREOF UNLESS A STOCKHOLDER HAS INDICATED OTHERWISE ON THE PROXY.

CODE OF CONDUCT AND ETHICS

We have adopted a code of conduct and ethics that applies to all of our directors, officers (including our Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Principal Accounting Officer, Controller and any person performing similar functions) and employees. We have made the code of conduct and ethics available on our website at www.orcc.com. Disclosure regarding any amendments to, or waivers from, provisions of the code of conduct and ethics that apply to our directors, principal executive and financial officers will be included in a Current Report on Form 8-K within five business days following the date of the amendment or waiver, unless website posting of such amendments or a waiver thereof is then permitted by the rules of the Nasdaq Global Select Market.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In 2009 through the mailing date of this proxy statement, Online Resources did not engage in any transactions with a related person in which the amount involved exceeded \$120,000.

OTHER MATTERS

The Board of Directors knows of no other business which will be presented to the 2010 Annual Meeting. If any other business is properly brought before the 2010 Annual Meeting, proxies in the enclosed form will be voted in accordance with the judgment of the persons voting the proxies.

STOCKHOLDER PROPOSALS AND NOMINATIONS FOR DIRECTORS

To be considered for inclusion in our proxy statement and form of proxy relating to the annual meeting of stockholders to be held in 2011, a stockholder proposal must be received by the Secretary at our principal executive offices not later than February 3, 2011. Any such proposal will be subject to rules and regulations under the Securities Exchange Act of 1934, as amended.

Our Bylaws provide an advance notice procedure for a stockholder to properly bring a proposal before, or nominate directors for election at, an annual meeting. The stockholder must give timely written notice to the Secretary of Online Resources Corporation. To be timely, a stockholder notice of the proposal must be delivered or mailed to and received at our principal executive office not less than ninety (90) days prior to the date of such annual meeting; provided, however, that in the event that less than one hundred (100) days notice or prior public disclosure of the date of the meeting is given or made to stockholders, to be timely, notice of the proposal by the stockholder must be received not later than the close of business on the tenth day following the date on which notice to stockholders of such annual meeting date was mailed or such public disclosure was made. Proposals received after such date will not be voted on at such annual meeting. If a proposal is received before that date, the proxies that management solicits for such annual meeting may still exercise discretionary voting authority on the stockholder proposal under circumstances consistent with the proxy rules of the SEC.

Chantilly, Virginia

June 4, 2010

4795 MEADOW WOOD LANE CHANTILLY, VA 20151 VOTE BY INTERNET www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form. **ELECTRONIC DELIVERY OF FUTURE STOCKHOLDER**

COMMUNICATIONS If you would like to reduce the costs incurred by Online Resources Corporation in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access stockholder communications electronically in future years. **VOTE BY PHONE 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions. **VOTE BY MAIL** Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Online Resources Corporation, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. **PLEASE CAST YOUR VOTE AS SOON AS POSSIBLE! YOUR VOTE IS IMPORTANT! TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:**

ONLIR1 KEEP THIS PORTION FOR YOUR RECORDS THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED. DETACH AND RETURN THIS PORTION ONLY ONLINE

RESOURCES CORPORATION THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE LISTED NOMINEES AND FOR THE PROPOSALS. For All Withhold All For All Except To withhold authority to vote for any individual nominee(s), mark For All Except and write the number(s) of the nominee(s) on the line below. **Vote on Directors 1.ELECTION OF DIRECTORS** (or if the nominee is not available for election, such substitute as the Board of Directors may designate): Proposal to elect the following nominees each as a Director of the Company: 01) Donald W. Layden, 02) Ervin R. Shames, 03) Barry D. Wessler 000 Vote on Proposals 2.Proposal to ratify the appointment of KPMG LLP as the Company's independent registered public accountants for the Company's year ending December 31, 2010. For Against Abstain 000 Please sign exactly as name(s) appear(s) hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. For address changes and/or comments, please check this box and write them on the back where indicated. Please indicate if you plan to attend this meeting.00 Yes No Signature [PLEASE SIGN WITHIN BOX] Date Signature (Joint Owners) Date

ONLINE RESOURCES CORPORATION 4795 MEADOW WOOD LANE CHANTILLY, VIRGINIA
20151 PROXY FOR ANNUAL MEETING OF STOCKHOLDERS JULY 1, 2010 2:00 P.M. EASTERN
DAYLIGHT TIME THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned, revoking any previous proxies relating to these shares, hereby acknowledges receipt of the Notice and Proxy Statement dated June 4, 2010 in connection with the Annual Meeting of Stockholders to be held on Thursday, July 1, 2010, at 2:00 P.M. Eastern Daylight Time, at our Corporate Headquarters, located at 4795 Meadow Wood Lane, Chantilly, VA 20151, and hereby appoints John C. Dorman and Catherine A. Graham, and each of them (with full power to act alone), the attorneys and proxies of the undersigned, with power of substitution to each, to vote all shares of the common stock of Online Resources Corporation that are registered in the name provided in this Proxy and that the undersigned is entitled to vote at the 2010 Annual Meeting of Stockholders, and at any adjournments of the meeting, with all the powers that undersigned would have if personally present at the meeting.

Without limiting the general authorization given by this Proxy, the proxies are, and each of them is, instructed to vote or act as follows on the proposals set forth in this Proxy. THIS PROXY WHEN EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN. IF NO DIRECTION IS MADE THIS PROXY WILL BE VOTED FOR PROPOSAL 1 (THE ELECTION OF DIRECTORS) AND FOR PROPOSAL 2 (RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS). IN THEIR DISCRETION THE PROXIES ARE AUTHORIZED TO VOTE UPON SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING OR ANY ADJOURNMENTS OF THE MEETING, INCLUDING WHETHER OR NOT TO ADJOURN THE MEETING. AT THE PRESENT TIME, THE BOARD OF DIRECTORS KNOWS OF NO OTHER BUSINESS TO BE PRESENTED AT THE ANNUAL MEETING. Address Changes/Comments: (If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

(CONTINUED AND TO BE SIGNED ON REVERSE SIDE)