OBJECTIVE:: The objective of this study was to test whether a financial incentive integrated with health benefits for an online physical activity program was associated with increased employee participation and improved health status among participants compared with nonparticipants. METHODS:: Participation in the Virtual Fitness Center (VFC), an online physical activity program associated with a $150 cash rebate, was assessed. Risk status for 2004 VFC participants and nonparticipants was compared using a health risk appraisal. RESULTS:: A total of 53.8% of total eligible employees were VFC participants and reduced their risk for physical inactivity (8.4% points), life dissatisfaction (2.1), low perception of health (1.9), high risk status (1.3), smoking (0.4), and high body weight (0.2). CONCLUSIONS:: Providing a cash incentive is one strategy for encouraging VFC participation and eliciting improved health status in an employer-sponsored, web-based physical activity program.