UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q/A NO. 1

(Mark One)

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended September 30, 1999

OR

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____________________ to _____________________

Commission file number: 0-26802

CHECKFREE HOLDINGS CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE	58-2360335
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4411 EAST JONES BRIDGE ROAD, NORCROSS, GEORGIA 30092
(Address of principal executive offices, including zip code)

(678) 375-3000
(Registrant's telephone number, including area code)

NOT APPLICABLE
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for at least the past 90 days. YES X NO ___

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: 52,211,714 shares of Common Stock, $.01 par value, were outstanding at November 10, 1999.

FORM 10-Q

CHECKFREE HOLDINGS CORPORATION

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CHECKFREE HOLDINGS CORPORATION AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	JUNE 30, 1999	SEPTEMBER 30, 1999
	(IN THOUSANDS, EXCEPT SHARE DATA)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 12,446	$ 6,439
Investments	10,266	8,956
Accounts receivable, net	45,660	51,758
Prepaid expenses and other assets	7,800	7,624
Deferred income taxes	6,513	5,997
Total current assets	82,685	80,774
Property and equipment, net	69,823	73,400
Capitalized software, net	20,059	21,287
Intangible assets, net	45,875	44,691
Investments	1,875	1,875
Deferred income taxes	21,920	24,831
Other noncurrent assets	10,524	9,924
Total	$ 252,761	$ 256,782
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 9,634	$ 10,184
Accrued liabilities	26,971	26,643
Current portion of long-term obligations	1,640	1,640
Deferred revenue	20,195	24,750
Total current liabilities	58,440	63,217
Accrued rent and other	3,536	3,596
Obligations under capital leases - less current portion	3,882	3,814
Commitments and contingencies		
Stockholders' equity:		
Preferred stock- 15,000,000 authorized shares, $.01 par value; no amounts issued or outstanding	--	--
Common stock- 150,000,000 authorized shares, $.01 par value; issued 57,305,659 and 57,508,759 shares, respectively; outstanding 51,756,278 and 51,958,405 shares, respectively	518	520
Additional paid-in-capital	480,385	483,890
Other	--	(319)
Accumulated deficit	(294,000)	(297,936)
Total stockholders' equity	186,903	186,155
Total	$ 252,761	$ 256,782

See Notes to Interim Unaudited Condensed Consolidated Financial Statements.

CHECKFREE HOLDINGS CORPORATION AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	THREE MONTHS ENDED SEPTEMBER 30,	
	1998	1999
	(IN THOUSANDS, EXCEPT SHARE DATA)	
Revenues:		
Processing and servicing	$ 45,054	$ 58,304
License Fees	2,971	2,996
Maintenance Fees	4,964	4,438
Other	3,825	3,282
Total revenues	56,814	69,020
Expenses:		
Cost of processing, servicing and support	37,089	42,993
Research and development	6,578	6,824
Sales and marketing	7,824	8,668
General and administrative	6,733	9,924
Depreciation and amortization	5,966	6,976
Total expenses	64,190	75,385
Net gain on dispositions of assets	3,914	--
Loss from operations	(3,462)	(6,365)
Interest, net	793	245
Loss before income taxes	(2,669)	(6,120)
Income tax benefit	(1,201)	(2,184)
Net loss	$ (1,468)	$ (3,936)
Basic earnings (loss) per share:		
Net income (loss) per common share	$ (0.03)	$ (0.08)
Equivalent number of shares	55,510	51,848
Diluted earnings (loss) per share:		
Net income (loss) per common share	$ (0.03)	$ (0.08)
Equivalent number of shares	55,510	51,848

See Notes to Interim Unaudited Condensed Consolidated Financial Statements.

CHECKFREE HOLDINGS CORPORATION AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	THREE MONTHS ENDED SEPTEMBER 30,	
	1998	1999
	(IN THOUSANDS)	
Cash flows from operating activities:		
Net loss	$ (1,468)	$ (3,936)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,966	6,976
Deferred income tax provision	(1,201)	(2,184)
Net gain on dispositions of assets	(3,914)	--
Purchases of investments- Trading	--	(8,037)
Proceeds from maturities and sales of investments, net- Trading	--	9,347
Change in certain assets and liabilities (net of acquisitions and dispositions):		
Accounts receivable	937	(6,098)
Prepaid expenses and other	675	176
Other noncurrent assets	--	600
Accounts payable	(3,768)	550
Accrued liabilities	1,654	853
Deferred revenue	(2,325)	4,555
Income tax accounts	(1,430)	(211)
Accrued rent and other	--	60
Net cash provided by (used in) operating activities	(4,874)	2,651
Cash flows from investing activities:		
Purchase of property and software	(10,444)	(8,631)
Proceeds from sale of assets	11,421	--
Capitalization of software development costs	(1,241)	(1,897)
Net cash provided by (used in) investing activities	(264)	(10,528)
Cash flows from financing activities:		
Principal payments under capital lease obligations	(175)	(68)
Proceeds from stock options exercised, including related tax benefits	388	1,153
Proceeds from employee stock purchase plan	1,070	785
Purchase of treasury stock	(2,066)	--
Net cash provided by (used in) financing activities	(783)	1,870
Net decrease in cash and cash equivalents	(5,921)	(6,007)
Cash and cash equivalents:		
Beginning of period	36,535	12,446
End of period	$ 30,614	$ 6,439
Supplemental disclosure of cash flow information:		
Interest paid	$ 128	$ 27
Income taxes paid	$ 1,624	$ 188
Capital lease additions	$ 1,583	$ --
Unsettled portion of treasury share purchase	$ 3,757	$ --
Stock funding of 401(k) match	$ 963	$ 1,059

CHECKFREE HOLDINGS CORPORATION AND SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1998 AND 1999

1. The accompanying condensed consolidated financial statements and notes thereto have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission for Form 10-Q and include all of the information and disclosures required by generally accepted accounting principles for interim financial reporting. The results of operations for the three months ended September 30, 1998 and 1999 are not necessarily indicative of the results for the full year.

These financial statements should be read in conjunction with the financial statements, accounting policies and financial notes thereto included in the Company's Annual Report filed with the Securities and Exchange Commission on Form 10-K. In the opinion of management, the accompanying condensed consolidated unaudited financial statements reflect all adjustments (consisting only of normal recurring adjustments) which are necessary for a fair representation of financial results for the interim periods presented.

2. Basic earnings (loss) per common share amounts were computed by dividing income (loss) available to shareholders by the weighted average number of shares outstanding. Diluted per-common-share amounts assume the issuance of common stock for all potentially dilutive equivalent shares outstanding except in loss periods when such an adjustment would be anti-dilutive. For the periods reported herein, there were no differences between basic and diluted earnings per share. The number of anti-dilutive equivalent shares excluded from the per share calculations are 5,765,718 and 5,502,093 for the three months ended September 30, 1998 and 1999, respectively.

3. In the quarter ended September 30, 1999, the Company adopted Statement of Position ("SOP") 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." The Statement distinguishes accounting for costs of computer software developed or obtained for internal use from guidance under Statement of Financial Accounting Standards ("SFAS") 86, "Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed." The adoption of SOP 98-1 did not result in a material impact on reported results.

4. In the quarter ended September 30, 1999, the Company issued 36,226 shares of common stock to fund its 401(k) match, the cost of which was accrued during the year ended June 30, 1999.

5. In the quarter ended September 30, 1999, the Company issued 46,819 shares of common stock in conjunction with the employee stock purchase plan, which was funded through employee payroll deductions accumulated in the immediately preceding six-month period.

6. In the quarter ended September 30, 1999, the Company issued 13,000 shares of restricted stock to certain key employees. Shares issued were recorded at their fair market value on the date of the grant with a corresponding charge to stockholders' equity. The unearned portion is being amortized as compensation expense on a straight-line basis over the related vesting periods. Sale of these shares is restricted prior to the date of vesting.

7. GUARANTOR FINANCIAL INFORMATION

CheckFree Management Corporation is a guarantor of the Company's $172,500,000 convertible subordinated notes that were issued November 29, 1999. CheckFree Management Corporation was formed as a medical claims management subsidiary in order to appropriately minimize, control, and manage the medical claims liabilities of the Company and its subsidiaries. As of September 30, 1999, the Company and its subsidiaries own approximately 63% of CheckFree Management Corporation. Separate financial statements of the other guarantor subsidiaries have not been separately presented because (1) CheckFree Holdings Corporation, the parent Company, has no operations or assets other than its investment in its subsidiaries, (2) all of the subsidiaries have guaranteed the securities on a full, unconditional, and joint and several basis and (3) all of the subsidiaries other than CheckFree Management Corporation are wholly owned by the Company. The following table sets forth condensed consolidating financial information of the Company, CheckFree Management Corporation, and other wholly owned guarantor subsidiaries as of and for the three months ended September 30, 1999:

CHECKFREE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
SEPTEMBER 30, 1999
(IN THOUSANDS)

	CheckFree Holdings Corporation	CheckFree Management Corporation	Combined Wholly-owned Guarantor Subsidiaries	Eliminations	CheckFree Holdings Corporation Consolidated
Current Assets:					
Cash and cash equivalents	$ 63	$ (3)	$ 6,379	$ --	$ 6,439
Investments	--	--	8,956	--	8,956
Accounts receivable, net	--	2,319	51,758	(2,319)(1)	51,758

Prepaid expenses and other assets	--	--	9,943	(2,319)(2)	7,624
Deferred income taxes	--	--	5,997	--	5,997
Total current assets	63	2,316	83,033	(4,638)	80,774
Property and equipment, net	--	--	73,400	--	73,400
Capitalized software, net	--	--	21,287	--	21,287
Intangible assets, net	--	--	44,691	--	44,691
Investment in subsidiaries	186,277	--	--	(186,277)(3)	--
Other investments	--	--	1,875	--	1,875
Deferred income taxes	--	--	24,831	--	24,831
Other noncurrent assets	--	27,021	36,236	(27,021)(1) (26,312)(2)	9,924
	$ 186,340	$ 29,337	$ 285,353	$(244,248)	$ 256,782
Current Liabilities:					
Accounts payable	$ --	$ 226	$ 10,184	(226)(4)	$ 10,184
Accrued liabilities	185	132	28,285	(2,319)(1) 134 (3) 226 (4)	26,643
Current portion of long-term obligations	--	2,319	1,640	(2,319)(2)	1,640
Deferred revenue	--	--	24,750	--	24,750
Total current liabilities ..	185	2,677	64,859	(4,504)	63,217
Accrued rent and other	--	26,313	30,616	(27,021)(1) (26,312)(2)	3,596
Obligations under capital leases - less current portion	--	--	3,814	--	3,814
Redeemable Preferred Stock	--	116	--	(116)(3)	--
Stockholders' equity	186,155	231	186,064	(186,295)(3)	186,155
	$ 186,340	$ 29,337	$ 285,353	$(244,248)	$ 256,782

1. Elimination of note receivable between CheckFree Corporation, a wholly owned subsidiary of CheckFree Holdings, and CheckFree Management Corporation.
2. Elimination of claims liability deposit between CheckFree Corporation, a wholly owned subsidiary of CheckFree Holdings, and CheckFree Management Corporation.
3. Elimination of CheckFree Holdings investment in subsidiaries, and reclassification of the minority interest of CheckFree Management Corporation.
4. Elimination of other intercompany balances

CHECKFREE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS
THREE MONTHS ENDED SEPTEMBER 30, 1999
(IN THOUSANDS)

	CheckFree Holdings Corporation	CheckFree Management Corporation	Combined Wholly-owned Guarantor Subsidiaries	Eliminations	CheckFree Holdings Corporation Consolidated
Revenues:					
Processing and servicing	$ --	$ --	$ 58,304	$ --	$ 58,304
License Fees	--	--	2,996	--	2,996
Maintenance fees	--	--	4,438	--	4,438
Other	59	--	3,282	(59)(1)	3,282
Total revenues	59	--	69,020	(59)	69,020
Expenses:					
Cost of processing, servicing and support	--	--	42,993	--	42,993
Research and development	--	--	6,824	--	6,824
Sales and marketing	--	--	8,668	--	8,668
General and administrative	--	59	9,924	(59)(1)	9,924
Depreciation and amortization .	--	--	6,976	--	6,976
Total expenses	--	59	75,385	(59)	75,385
Income (loss) from operations	59	(59)	(6,365)	--	(6,365)
Interest income	--	635	844	(635)(3) (572)(4)	272
Interest expense	--	(572)	(662)	635(3) 572(4)	(27)
Income (loss) before income taxes	59	4	(6,183)	--	(6,120)
Income tax benefit	--	--	(2,184)	--	(2,184)

Income (loss) before equity in earnings of subsidiaries	59	4	(3,999)	--	(3,936)
Equity in earnings of subsidiaries	(3,995)	--	--	3,995(2)	--
Net income (loss)	$ (3,936)	$ 4	$ (3,999)	$ 3,995	$ (3,936)

1. Elimination of administrative fee between CheckFree Holdings Corporation and CheckFree Management Corporation.
2. Elimination of CheckFree Holdings investment in subsidiaries, including the minority interest of CheckFree Management Corporation.
3. Elimination of the interest income / expense from the note receivable between CheckFree Corporation, a wholly owned subsidiary of CheckFree Holdings, and CheckFree Management Corporation.
4. Elimination of the interest income/ expense from the claims liability deposit between CheckFree Corporation, a wholly owned subsidiary of CheckFree Holdings, and CheckFree Management Corporation.

CHECKFREE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
THREE MONTHS ENDED SEPTEMBER 30, 1999
(IN THOUSANDS)

	CheckFree Holdings Corporation	CheckFree Management Corporation	Combined Wholly-owned Guarantor Subsidiaries	Eliminations	CheckFree Holdings Corporation Consolidated
Operating activities:					
Net income	$ (3,936)	$ 4	$ (3,999)	3,995 (1)	$ (3,936)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:					
Equity in earnings of subsidiaries	3,995	--	--	(3,995)(1)	--
Net inter-subsidiary cash transfers.....	(1,269)		1,269	--	--
Depreciation and amortization	--	--	6,976	--	6,976
Deferred income tax provision	--	--	(2,184)	--	(2,184)
Purchases of investments-Trading	--	--	(8,037)	--	(8,037)
Proceeds from sales and maturities of investments-Trading	--	--	9,347	--	9,347
Change in certain assets and liabilities (net of acquisitions and dispositions):					
Accounts receivable	--	--	(6,098)	--	(6,098)
Prepaid expenses and other	--	--	176	--	176
Other noncurrent assets	--	--	600	--	600
Accounts payable	--	--	550	--	550
Accrued liabilities	--	--	853	--	853
Deferred revenues	--	--	4,555	--	4,555
Income tax accounts	--	--	(211)	--	(211)
Accrued rent and other	--	--	60	--	60
Net cash provided by (used in) operating activities	(1,210)	4	3,857	--	2,651
Investing activities:					
Purchase of property and software	--	--	(8,631)	--	(8,631)
Capitalization of software development costs	--	--	(1,897)	--	(1,897)
Proceeds (principal payments) on related party loan	--	429	(429)	--	--
Net cash provided by (used in) investing activities	--	429	(10,957)	--	(10,528)
Financing Activities:					
Principal payments on capital lease obligations	--	--	(68)	--	(68)
Proceeds from stock options exercised, including related tax benefits	1,153	--	--	--	1,153
Proceeds from employee stock purchase plan	--	--	785	--	785
Proceeds from (funding of) assumption of health plan claims		(727)	727	--	--
Net cash provided by (used in) financing activities	1,153	(727)	1,444	--	1,870
Net decrease in cash and cash equivalents	(57)	(294)	(5,656)	--	(6,007)
Cash and cash equivalents:					
Beginning of period	120	291	12,035	--	12,446
End of period	$ 63	$ (3)	$ 6,379	$ --	$ 6,439

(1) Elimination of CheckFree Holdings investment in subsidiaries, including the minority interest of CheckFree Management Corporation.

The following table represents the equity structure of CheckFree Management Corporation as of September 30, 1999.

REDEEMABLE PREFERRED STOCK:	
Class C, 350 authorized shares, $100 par value; 350 shares issued and outstanding	$ 37,100
Class D, 750 authorized shares, $100 par value; 750 shares issued and outstanding	79,500
Total redeemable preferred stock	$116,600
STOCKHOLDERS' EQUITY:	
Preferred stock- Class B, 600 authorized shares, $100 par value; 600 shares issued, no amounts outstanding	-
Common stock- Class A, 1,900 authorized shares, $100 par value; 1,900 shares issued and outstanding	$190,000
Retained earnings	41,026
Total stockholders' equity	$231,026

Redeemable Preferred Stock - The holders are entitled to receive dividends before any dividend is declared or paid on shares of Class A Common Stock. Such dividends are cumulative and are payable at times determined by the CheckFree Management Corporation's Board of Directors. The holders are entitled to one vote per share and each class has certain rights with respect to election of the Company's Board of Directors. On or after January 1, 2004, the Company may, at its option, redeem the shares of Class C and Class D preferred stock for cash, the amount of which is determined by the "Formula Value", plus any accrued but unpaid dividends. The "Formula Value" provides for the price to be par value plus a percentage of the increase in the Company valuation from the inception date, not to exceed a per share price of $500. On or after January 1, 2005, the holders of Class C and Class D preferred stock may require the Company to redeem their shares for cash, the amount of which is determined by the Formula Value defined above, plus any accrued but unpaid dividends. At September 30, 1999 the redemption value of the preferred stock is approximately equal to its carrying value. In the event of liquidation, dissolution or winding up of the Company, holders of Class C and Class D preferred stock are entitled to receive, prior to and in preference to any distributions to the holders of Class B preferred stock or Class A common stock, an amount determined by the Formula Value, plus any accrued but unpaid dividends.

Capital Stock - Holders of class A Common Stock are entitled to one vote per share and have certain rights with respect to election of the Company's Board of Directors. The holders of Class B, Preferred Stock have certain additional rights, privileges and preferences. The holders are entitled to one vote per share and each class has certain rights with respect to election of the Company's Board of Directors. The holders are entitled to receive dividends before any dividend is declared or paid on shares of Class A Common Stock. Such dividends are cumulative and are payable at times determined by the Board of Directors. In the event of liquidation, dissolution or winding up of the Company, subject to the redeemable preferred stock preferences, holders of Class B preferred stock are entitled to receive an amount equal to the par value plus any accrued but unpaid dividends.

In December 1998, the Company entered into a Stockholders' Agreement with each holder of common and preferred stock. The agreement restricts the sale or transfer of any shares of stock without express written consent of all stockholders. In addition, the agreement provides that the holder of the Class A Common Stock, CheckFree Holdings, is subject to capital calls when and if the Board of Directors determines that the Company will have a cash shortfall for any quarter. Through September 30, 1999, no additional capital contributions were required.

8. In October 1999, the Company announced a new agreement with one of its customers. Under the terms of the agreement, the customer purchased 250,000 shares of the Company's stock, was issued warrants to purchase 1 million shares, and has the ability to earn warrants on up to 2 million additional shares upon achievement of specific performance targets. None of the warrants can vest and become exercisable prior to September 2002. Shares of stock acquired by the customer under the terms of this agreement are subject to certain transfer and other restrictions.

9. On October 25, 1999, the Company executed an amendment to its working capital line-of-credit agreement. The amendment extends the term of the line through December 30, 1999, and changes certain financial covenants contained in the agreement.

10. In June 1998, the Financial Accounting Standards Board issued SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," which will require that all derivative financial instruments be recognized as either assets or liabilities in the balance sheet. SFAS 133 will be effective for the Company's first quarter of fiscal 2001. The Company is in the process of evaluating the effects of this new statement.

11. Certain amounts in the prior years' financial statements have been reclassified to conform to current year presentation.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

We are the leading provider of electronic billing and payment services. Our Electronic Commerce business provides services that allow customers to:

- Receive electronic bills through the Internet;
- Pay any bill - electronic or paper - to anyone; and
- Perform customary banking transactions, including balance inquiries, transfers between accounts and on-line statement reconciliations.

We currently provide electronic billing and payment services for approximately 3 million consumers. Our services are available through over 350 sources, including:

- 23 of the 25 largest U.S. banks;
- 8 of the top 10 U.S. brokerage firms;
- Internet portals;
- Internet-based banks;
- Internet financial sites such as Quicken.com; and
- Personal financial management software such as Quicken and Microsoft Money

We have developed relationships with over 1,100 merchants nationwide that enable us to remit in excess of 50% of all of our bill payments electronically. During the three months ended September 30, 1999, we processed an average of nearly 13 million transactions per month, and for the twelve months ended June 30, 1999 we processed more than 125 million transactions.

In March 1997, we introduced electronic billing - "E-Bill" - which enables merchants to deliver billing as well as marketing materials interactively to their customers over the Internet. As of September 30, 1999, we have signed contracts for E-Bill services with 77 of the country's largest billers. During the month of September 1999, we presented more than 20,000 electronic bills, which is more than double the number of bills presented through E-bill Services in March of 1999. Additionally, 53 CheckFree distribution points are live with Internet billing and payment.

We are also a leading provider of portfolio management and information services and financial applications software. Our Investment Services business offers portfolio management and information services for fee-based money managers and financial planners within investment advisory firms, brokerage firms, banks and insurance companies. Our fee-based money manager clients are typically sponsors or managers of wrap money management products or traditional money managers, managing investments of institutions and high net worth individuals. Our Software businesses provide electronic commerce and financial applications software and services for businesses and financial institutions. We design, market, license and support software products for automated clearinghouse, or ACH, processing, reconciliation and regulatory compliance.

During the fiscal year ended June 30, 1999, Electronic Commerce accounted for 68% of our revenues and Investment Services and Software each accounted for 16% of our revenues.

Our current business was developed through expansion of our core Electronic Commerce business and the acquisition of companies operating in similar or complementary businesses. Our major acquisitions include Servantis Systems Holdings, Inc. in February 1996, Security APL, Inc. in May 1996, Intuit Services Corporation in January 1997 and Mobius Group, Inc. in March 1999.

During fiscal 1998, we made the decision to sell some of our software businesses that did not directly promote our strategic direction. These divestitures included the sale of our recovery management business in August 1997, our item processing business in March 1998, our wire and electronic banking businesses in April 1998, our leasing business in July 1998, our mortgage business in September 1998 and our imaging business in October 1998. While we have no pending agreements to dispose of our remaining software businesses, we do receive offers for them from time to time.

RESULTS OF OPERATIONS

The following table sets forth as percentages of total operating revenues, certain consolidated statements of operations data:

	THREE MONTHS ENDED SEPTEMBER 30, 1998	1999
Total revenues:	100.0%	100.0%
Expenses:		
Cost of processing, servicing and support........	65.3%	62.3%
Research and development.........................	11.6%	9.9%
Sales and marketing..............................	13.8%	12.6%
General and administrative.......................	11.9%	14.4%
Depreciation and amortization....................	10.5%	10.1%
Total expenses..............................	113.0%	109.2%
Net gain on dispositions of assets...................	6.9%	-
Loss from operations................................	(6.1)%	(9.2)%
Interest, net.......................................	1.4%	0.4%
Loss before income taxes............................	(4.7)%	(8.9)%
Income tax benefit..................................	(2.1)%	(3.2)%
Net loss..	(2.6)%	(5.7)%

Reported revenue increased 21%, from $56.8 million for the three months ended September 30, 1998 to $69.0 million for the three months ended September 30, 1999. The overall increase is due to internal growth in our Electronic Commerce and Investment Services businesses offset by a decrease in our Software business. The increase in Investment Services is partially due to the acquisition of Mobius Group in March 1999. The reduction in our reported Software revenue was due primarily to divestitures of our mortgage business in September 1998 and our imaging business in October 1998. On a pro forma basis, net of the divestiture of the Software businesses previously mentioned and adjusting for the acquisition of Mobius Group, revenue increased 22%, from $56.7 million for the three months ended September 30, 1998 to $69.0 million for the three months ended September 30, 1999. In our Electronic Commerce business, revenue grew by 25%, driven primarily by a 20% increase in subscribers from approximately 2.5 million at September 30, 1998 to approximately 3.0 million at September 30, 1999. Pro forma revenue in our Investment Services business grew by 20%, primarily due to an increase in portfolios managed from 546,000 at September 30, 1998 to 767,000 at September 30, 1999. Pro forma revenue, net of divested businesses, in our Software business grew by 7%, in spite of a general slowdown in the market resulting from Year 2000 purchasing moratoriums.

Reported processing and servicing revenue increased $13.2 million, or 29%, from $45.1 million for the three months ended September 30, 1998 to $58.3 million for the three months ended September 30, 1999. On a pro forma basis, adjusting for the acquisition of Mobius Group, processing and servicing revenue increased $11.7 million, or 25%, from $46.6 million for the three months ended September 30, 1998 to $58.3 million for the three months ended September 30, 1999. Pro forma growth was due primarily to the increase in subscribers in our Electronic Commerce business and the increase in portfolios managed in our Investment Services business mentioned previously.

Reported license revenue increased by $0.2 million, or 7%, from $2.8 million for the three months ended September 30, 1998 to $3.0 million for the three months ended September 30, 1999. On a pro forma basis, excluding the impact of divested software businesses, license revenue increased $0.3 million, or 11%, from $2.7 million for the three months ended September 30, 1998 to $3.0 million for the three months ended September 30, 1999. The relatively low license performance in both periods is due to typically low seasonal license sales in the first fiscal quarter in the Software business.

Reported maintenance revenue declined by $0.6 million, or 12%, from $5.0 million for the three months ended September 30, 1998 to $4.4 million for the three months ended September 30, 1999. On a pro forma basis, excluding the impact of divested software businesses, maintenance revenue increased by $0.3 million, or 7%, from $4.1 million for the three months ended September 30, 1998 to $4.4 million for the three months ended September 30, 1999. This increase is due to new maintenance paying customers added during fiscal 1999 offset slightly by retention rates in the upper 80% range for the core maintenance base in our Software business.

Reported other revenue, consisting mostly of consulting fees, decreased by $0.5 million, or 13%, from $3.8 million for the three months ended September 30, 1998 to $3.3 million for the three months ended September 30, 1999. On a pro forma basis, excluding the impact of divested software businesses and the acquisition of Mobius Group, other revenue remained constant at $3.3 million for the three months ended September 30, 1998 and 1999. Implementation fees have remained relatively consistent in all three businesses, Electronic Commerce, Software and Investment Services.

Our cost of processing, servicing and support was $37.1 million or 65.3% of total revenue for the three months ended September 30, 1998 and $43.0 million or 62.3% of total revenue for the three months ended September 30, 1999. Cost of processing as a percentage of servicing only revenue (total revenue less license revenue) was 68.9% for the three months ended September 30, 1998 and 65.1% for the three months ended September 30, 1999. Improvement in this area is due to a year over year increase in the percentage of electronic versus paper payments and inherent leverage resulting from the conversion of over two-thirds of our subscribers from legacy processing systems to the new Genesis processing system throughout the fiscal year ended June 30, 1999 and into fiscal 2000.

Our research and development costs were $6.6 million, or 11.6% of revenue for the three months ended September 30, 1998 and $6.8 million, or 9.9% of total revenue for the three months ended September 30, 1999. Adjusted for capitalized development costs of $1.2 million for the three months ended September 30, 1998 and $1.9 million for the three months ended September 30, 1999, gross research and development costs were $7.8 million, or 13.7% of total revenue for the quarter ended September 30, 1998 and $8.7 million, or 12.6% of total revenue for the quarter ended September 30, 1999. We continue to invest a significant portion of our revenue into research and development activities in all business segments in anticipation and support of revenue growth, quality improvement and efficiency enhancement opportunities.

Sales and marketing costs were $7.8 million, or 13.8% of total revenue for the three months ended September 30, 1998 and $8.7 million, or 12.6% of total revenue for the three months ended September 30, 1999. We have increased our sales staff to sign additional billers in support of our electronic billing product offerings and have increased program management staff in support of new non-subscriber based products designed to leverage our existing electronic payment infrastructure. We expect to incur increased promotional expenses in support of the rollout of electronic billing and payment offerings through Internet portals such as Yahoo! and other partners such as WingspanBank.com in an effort to accelerate the growth of subscribers in our Electronic Commerce segment.

General and administrative expenses were $6.7 million, or 11.9% of total revenue for the three months ended September 30, 1998 and $9.9 million, or 14.4% of total revenue for the three months ended September 30, 1999. The increase in general and administrative expenses is due principally to an increase in facilities costs resulting from new facilities in Dublin, Ohio and Jersey City, New Jersey; an increase in administrative staff required to manage growth in all areas of the company; and an increase in our reserve for estimated doubtful accounts.

Depreciation and amortization costs increased from $6.0 million for the three months ended September 30, 1998 to $7.0 million for the three months ended September 30, 1999. Reductions in depreciation and amortization expense resulting from the divestiture of the previously mentioned software businesses have been offset by

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Except for the historical information contained herein, the matters discussed in our Form 10-Q include certain forward-looking statements within the meaning of Section 27A of the Securities Act, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created thereby. Those statements include, but may not be limited to, all statements regarding our and management's intent, belief and expectations, such as statements concerning our future profitability, our operating and growth strategy, and Year 2000 issues. Investors are cautioned that all forward-looking statements involve risks and uncertainties including, without limitation, the factors set forth under the caption "Business -- Business Risks" in the Annual Report on Form 10-K for the year ended June 30, 1999 and other factors detailed from time to time in our filings with the Securities and Exchange Commission. One or more of these factors have affected, and in the future could affect, our businesses and financial results in the future and could cause actual results to differ materially from plans and projections. Although we believe that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate. Therefore, there can be no assurance that the forward-looking statements included in this Form 10-Q will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives and plans will be achieved. All forward-looking statements made in this Form 10-Q are based on information presently available to our management. We assume no obligation to update any forward-looking statements.

PART II. OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS.

(c) On August 5, 1999, we granted Peter F. Sinisgalli, our President and Chief Operating Officer, 12,000 restricted shares of our common stock. The grant was made pursuant to a Restricted Stock Agreement entered into between Mr. Sinisgalli and us. Additionally, on August 5, 1999, we granted John Frech, CheckFree Corporation's Senior Vice President, Computer Operations, 1,000 restricted shares of our common stock. The grant was made pursuant to a Restricted Stock Agreement entered into between Mr. Frech and us. Both of the grants were made under the exemption from registration provided by Section 4(1) of the Securities Act of 1933.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) EXHIBITS.

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
27*	Financial Data Schedule.
99	CheckFree Management Corporation Interim Unaudited Condensed Financial Statements and Notes.

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* Previously filed with this report.

(b) REPORTS ON FORM 8-K.

We did not file any Current Reports on Form 8-K with the Securities and Exchange Commission during the quarter ended September 30, 1999.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this amended report to be signed on its behalf by the undersigned thereunto duly authorized.

CHECKFREE HOLDINGS CORPORATION

Date: July 7, 2000	By:	/s/ David Mangum -- David Mangum, Executive Vice President and Chief Financial Officer* (Principal Financial Officer)
Date: July 7, 2000	By:	/s/ Gary A. Luoma, Jr. -- Gary A. Luoma, Jr., Vice President, Chief Accounting Officer, and Assistant Secretary(Principal Accounting Officer)

* In his capacity as Executive Vice President and Chief Financial Officer, Mr. Mangum is duly authorized to sign this report on behalf of the Registrant.

CHECKFREE HOLDINGS
CORPORATION

FORM 10-Q FOR THE QUARTER ENDED
SEPTEMBER 30, 1999

EXHIBIT INDEX

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
27*	Financial Data Schedule.
99	CheckFree Management Corporation Interim Unaudited Condensed Financial Statements and Notes.

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* Previously filed with this report.

Exhibit 99

CHECKFREE MANAGEMENT CORPORATION
UNAUDITED CONDENSED BALANCE SHEETS

	June 30, 1999	September 30, 1999
	(In thousands, except share data)	
ASSETS		
Current assets:		
Cash	$ 291	$ (3)
Related party note receivable, current portion	1,970	2,319
Total current assets	2,261	2,316
Related party note receivable, less current portion	27,798	27,021
Total	$ 30,059	$ 29,337
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Claims payable	$ 318	$ 226
Accrued liabilities	-	132
Deposit for future claims liability	1,970	2,319
Total current liabilities	2,288	2,677
Deposit for future claims liability, less current portion	27,430	26,313
Redeemable Preferred Stock:		
Class C, 350 authorized shares, $100 par value; 350 shares issued and outstanding	36	37
Class D, 750 authorized shares, $100 par value; 750 shares issued and outstanding	78	79
Total redeemable preferred stock	114	116
Stockholders' equity:		
Preferred stock- Class B, 600 authorized shares, $100 par value; 600 shares issued, no amounts outstanding	-	-
Common stock- Class A, 1,900 authorized shares, $100 par value; 1,900 shares issued and outstanding	190	190
Retained earnings	37	41
Total stockholders' equity	227	231
Total	$ 30,059	$ 29,337

See notes to Interim Unaudited Condensed Financial Statements

CHECKFREE MANAGEMENT CORPORATION
UNAUDITED CONDENSED STATEMENT OF OPERATIONS

	Three months ended September 30, 1999
	(In thousands)
Revenues:	
Interest income from related party	$ 631
Other interest income	4
Total revenues	635
Expenses:	
Interest expense on deposit for future claims liability	572
General and administrative	59
Total expenses	631
Income before income tax	4
Income tax expense	-
Net income	4
Dividends on redeemable preferred stock	2
Net income applicable to common shareholders	$ 2

See Notes to Interim Unaudited Condensed Financial Statements

CHECKFREE MANAGEMENT CORPORATION
UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

	Three Months Ended September, 30 1999 (In thousands)
Cash flows from operating activities:	
Net income	$ 4
Net cash provided by operating activities	4
Cash flows from investing activities:	
Principal payments received on related party note	429
Net cash provided by investing activities	429
Cash flows from financing activities:	
Payments made on health plan liabilities	(727)
Net cash used in financing activities	(727)
Net decrease in cash	(294)
Cash:	
Beginning of period	291
End of period	$ (3)
Supplemental disclosure of cash flow information:	
Interest paid	$ 572
Dividends accrued on redeemable preferred stock	$ 2

See notes to Interim Unaudited Condensed Financial Statements

CHECKFREE MANAGEMENT CORPORATION
NOTES TO INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1999

1. INTRODUCTION

CheckFree Management Corporation ("CheckFree Management") was formed from a plan of recapitalization of RCM Systems, Inc., a wholly owned subsidiary of CheckFree Holdings Corporation ("CheckFree Holdings"), on December 8, 1998. CheckFree Management was formed as a medical claims management subsidiary in order to appropriately minimize, control, and manage the medical claims liabilities of CheckFree Holdings and its subsidiaries. As of September 30, 1999, CheckFree Holdings and its subsidiaries own approximately 63% of CheckFree Management.

The accompanying condensed consolidated financial statements and notes thereto have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission for Form 10-Q and include all of the information and disclosures required by generally accepted accounting principles for interim financial reporting. The results of operations for the three months ended September 30, 1999 are not necessarily indicative of the results for the full year.

These financial statements should be read in conjunction with the financial statements, accounting policies and financial notes thereto of CheckFree Management included within CheckFree Holdings Corporation and Subsidiaries Annual Report filed with the Securities and Exchange Commission on Form 10-K/A. In the opinion of management, the accompanying condensed unaudited financial statements reflect all adjustments (consisting only of normal recurring adjustments) which are necessary for a fair representation of financial results for the interim periods presented.

2. RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998 the Financial Accounting Standards Board issued SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," which will require that all derivative financial instruments be recognized as either assets or liabilities in the balance sheet. SFAS 133 will be effective for the Company's first quarter of fiscal 2001. The Company's current investment policy does not allow for the use of hedging instruments. In anticipation of the adoption of SFAS 133, the Company is currently reviewing all outstanding contracts for evidence of embedded derivative. Based on the procedures undertaken through this point, management does not believe that adoption of SFAS 133 will have a material impact on its results of operations

3. SUBSEQUENT EVENTS

On November 19, 1999, CheckFree Corporation, a wholly-owned subsidiary of CheckFree Holdings, purchased all outstanding shares of Class D Preferred Stock. Subsequent to this purchase, CheckFree Holdings and its subsidiaries own 89% of the Company.