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 December 31, 1997

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)

(770) 441-3387
(Registrant's telephone number, including area code)

CHECKFREE CORPORATION
(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: 55,361,649 shares of Common Stock, $.01 par value, were outstanding at February 6, 1998.

FORM 10-Q

CHECKFREE HOLDINGS CORPORATION

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PART 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CHECKFREE HOLDINGS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	December 31, 1997	June 30, 1997
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 51,809,466	$ 32,085,872
Investments	9,473,635	4,430,558
Accounts receivable, net	40,629,199	44,506,852
Prepaid expenses and other	3,019,660	2,197,477
Deferred income taxes	5,856,227	3,002,341
Total current assets	110,788,187	86,223,100
Property and equipment, net	41,659,544	44,027,188
Capitalized software, net	18,962,250	26,644,084
Intangible assets, net	36,872,767	56,895,587
Deferred income taxes	912,897	3,063,250
Other noncurrent assets	7,034,373	6,983,057
Total	$ 216,230,018	$ 223,836,266
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 5,619,913	$ 7,050,860
Accrued liabilities and other	21,650,033	32,289,023
Current portion of long-term obligations	909,470	953,220
Deferred revenue	19,174,333	26,497,863
Total current liabilities	47,353,749	66,790,966
Long-term obligations - less current portion	7,985,837	8,401,027
Total Liabilities	55,339,586	75,191,993
Stockholders' Equity		
Preferred stock - 15,000,000 authorized shares, $.01 par value; no shares issued or outstanding	-	-
Common stock - 150,000,000 authorized shares, $.01 par value; issued 56,027,333 shares, 55,546,321 shares	560,273	555,464
Additional paid in capital	457,320,327	454,850,522
Treasury stock - at cost, 963,295 shares, 1,041,552 shares	(4,315,081)	(6,007,391)
Accumulated deficit	(292,675,087)	(300,754,322)
Total Stockholders' Equity	160,890,432	148,644,273
Total	$ 216,230,018	$ 223,836,266

See Notes to Interim Condensed Consolidated Unaudited Financial Statements.

CHECKFREE HOLDINGS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three months ended December 31, 1997	Three months ended December 31, 1996	Six months ended December 31, 1997	Six months ended December 31, 1996
Revenues:				
Processing and servicing	$ 38,436,057	$ 17,795,490	$ 72,945,847	$ 35,731,896
Merchant discount	-	3,382,568	-	6,633,023
License	7,490,936	8,602,294	13,294,571	13,494,148
Maintenance	6,419,251	4,766,173	13,260,252	8,353,019
Other	4,169,170	3,958,501	9,102,051	6,954,805
Total revenues	56,515,414	38,505,026	108,602,721	71,166,891
Expenses:				
Cost of processing, servicing and support	30,788,031	23,021,538	60,118,605	44,824,375
Research and development	8,729,177	7,013,834	16,797,157	13,968,225
Sales and marketing	7,883,274	6,849,083	15,310,476	12,409,935
General and administrative	5,092,693	4,559,814	10,532,569	9,605,532
Depreciation and amortization	6,074,478	5,755,731	13,115,795	11,316,541
In process research and development	719,000	-	719,000	-
Exclusivity amortization	-	-	2,962,500	-
Total expenses	59,286,653	47,200,000	119,556,102	92,124,608
Net gain on dispositions of assets	-	-	25,369,091	-
Income (loss) from operations	(2,771,239)	(8,694,974)	14,415,710	(20,957,717)
Interest, net	755,761	511,344	1,113,801	882,375
Income (loss) before income taxes	(2,015,478)	(8,183,630)	15,529,511	(20,075,342)
Income tax expense (benefit)	(323,224)	(2,862,996)	7,450,276	(7,025,096)
Net income (loss)	$ (1,692,254)	$ (5,320,634)	$ 8,079,235	$(13,050,246)
Basic earnings per share:				
Net income (loss) per common share	$ (0.03)	$ (0.13)	$ 0.15	$ (0.31)
Equivalent number of shares	55,028,174	41,533,981	54,845,659	41,582,074
Diluted earnings per share:				
Net income (loss) per common share	$ (0.03)	$ (0.13)	$ 0.14	$ (0.31)
Equivalent number of shares	55,028,174	41,533,981	57,134,974	41,582,074

See Notes to Interim Condensed Consolidated Unaudited Financial Statements

CHECKFREE HOLDINGS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
(UNAUDITED)

	Six Months Ended December 31,	
	1997	1996
Cash Flows From Operating Activities:		
Net Income (loss)	$ 8,079,235	$(13,050,246)
Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities:		
Depreciation and amortization	13,115,795	11,316,541
Exclusivity amortization	2,962,500	-
Deferred income taxes	6,943,394	(7,026,369)
Net gain on dispositions of assets	(25,369,091)	-
Write-off of in process research and development	719,000	-
Gain on sale of business	-	(213,132)
Loss on disposal of property and equipment	497,683	262,811
Changes in operating assets and liabilities:		
Accounts receivable	733,435	2,408,130
Prepaid expenses and other	(1,394,379)	(1,249,860)
Accounts payable	(1,483,064)	(957,176)
Accrued liabilities	1,283,411	(975,986)
Customer deposits	(212,265)	-
Deferred revenues	(5,241,059)	3,474,368
Income taxes payable	17,781	-
Net cash provided by (used in) operating activities	652,376	(6,010,919)
Cash Flows From Investing Activities:		
Purchase of property and software	(8,716,544)	(7,893,171)
Proceeds from the sale of property and equipment	340,006	352,999
Purchase of business	(11,000,000)	-
Proceeds from purchase price adjustment	8,889,000	-
Proceeds from sale of business	-	19,000,000
Proceeds from the sale of assets	33,499,990	-
Purchase of investments	(7,941,060)	(4,517,345)
Proceeds from maturities and sales of investments, net	2,897,983	13,231,688
Net cash provided by investing activities	17,969,375	20,174,171
Cash Flows From Financing Activities:		
Repayment of stockholder and other notes payable	(43,750)	(81,250)
Principal payments under capital lease obligations	(415,190)	(612,729)
Purchase of treasury stock	-	(5,252,911)
Proceeds from exercise of stock options including related income tax benefits	806,541	262,563
Proceeds from employee stock purchase plan	754,242	-
Net cash provided by (used in) financing activities	1,101,843	(5,684,327)
Net Increase In Cash And Cash Equivalents	19,723,594	8,478,925
Cash And Cash Equivalents At Beginning Of Period	32,085,872	20,987,355
Cash And Cash Equivalents At End Of Period	$ 51,809,466	$ 29,466,280
Supplemental Disclosure of Cash Flow Information		
Interest paid	$ 267,500	$ 323,524
Income taxes paid	$ 1,120,845	-
Issuance of treasury shares	$ 1,692,311	-
Capital lease additions	-	$ 488,302

See Notes to Interim Condensed Consolidated Unaudited Financial Statements

CHECKFREE HOLDINGS CORPORATION AND SUBSIDIARIES
NOTES TO INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED DECEMBER 31, 1997 AND 1996

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 six months ended December 31, 1997 and 1996 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 unaudited condensed consolidated 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 common shareholders by the weighted average number of common shares outstanding. Diluted per-common-share amounts assume the issuance of common stock for all potentially dilutive equivalent shares outstanding. Due to anti dilution provisions of FAS 128, diluted per-common-share amounts are consistent with basic per-common-share amounts in loss periods. The following table reconciles differences in income and shares outstanding between basic and diluted for the periods indicated.

	For the Six Months Ended					
	December 31, 1997			December 31, 1996		
	Income (Numerator)	Shares (Denominator)	Per-Share Amount	Income (Numerator)	Shares (Denominator)	Per-Share Amount
Basic EPS Income (loss) available to common shareholders	$ 8,079,235	54,845,659	$ 0.15	$ (13,050,246)	41,582,074	$ (0.31)
Effect of Dilutive Securities Stock Options	0	2,289,315		0	0	
Diluted EPS Income (loss) available to stockholders + assumed conversions	$ 8,079,235	57,134,974	$ 0.14	$ (13,050,246)	41,582,074	$ (0.31)

	For the Three Months Ended					
	December 31, 1997			December 31, 1996		
	Income (Numerator)	Shares (Denominator)	Per-Share Amount	Income Numerator	Shares (Denominator)	Per-Share Amount
Basic EPS Income (loss available to common shareholders	$ (1,692,254)	55,028,174	$ (0.03)	$ (5,320,634)	41,533,981	$ (0.13)
Effect of Dilutive Securities Stock Options	0	0		0	0	
Diluted EPS Income (loss) available to stockholders + assumes conversions	$ (1,692,254)	55,028,174	$ (0.03)	$ (5,320,634)	41,533,981	$ (0.13)

The following table quantifies options to purchase shares of common stock at varying prices outstanding at the dates noted that were not included in the computation of diluted earnings per share ("EPS") because the options' exercise price was greater than the average market price of the common shares during the period.

	December 31	
	1997	1996
Six Month Period Ended	72,779	338,904
Three Month Period Ended	61,348	357,441

3. During the quarter ended September 30, 1997, the Company reissued 78,257 shares of treasury stock to fund its 401(k) match, which accrued during the year ended June 30, 1997.

4. On August 29, 1997, the Company sold certain software and related assets for $33.5 million. The gain from the sale of approximately $28.4 million has enabled the Company to eliminate a deferred tax benefit valuation allowance of $6.0 million in the quarter ended September 30, 1997. The deferred tax benefit valuation allowance reduction was first applied against the balance of goodwill and remaining amounts were ratably applied against remaining intangible asset balances resulting from the Servantis acquisition.

5. The Company periodically assesses the likelihood of recovering the cost of long-lived assets based on its expectation of future profitability and undiscounted cash flow of the related operations. These factors, along with management's plans with respect to the operations, are considered in assessing the recoverability of property and purchased intangibles. During the quarter ended September 30, 1997, the Company recorded a writedown of approximately $3.0 million for certain equipment and capitalized costs and reflected this in net gain on dispositions of assets.

6. On October 3, 1997, the Company acquired the net assets of Advanced Mortgage Technologies, Inc. ("AMTI") for cash of $1.0 million. The acquisition was treated as a purchase for accounting purposes, and accordingly, the assets and liabilities were recorded based on their fair values at the date of the acquisition. Of the total purchase price, $0.2 million was allocated to goodwill and $0.1 million to other identifiable intangible assets. Additionally, $0.7 million was allocated to in-process research and development, which was charged to operations at the time of the acquisition. AMTI provides mortgage default management software.

7. On October 29, 1997, the Company announced a ten year processing agreement with a strategic partner and executed the definitive agreements on January 8, 1998. Under the terms of the agreements, the strategic partner will acquire 10-year warrants exercisable at $20 15/16 per share for 10 million shares of the Company's common stock. Three million warrants vest upon execution of a processing outsourcing agreement and the Company expects to incur a non-cash charge of between $30 million and $50 million dependent upon the market value of the stock on the execution date, which is expected to occur before the end of the fiscal year. The remaining seven million warrants are to vest upon achievement of specific performance targets set forth in the agreement. Any shares acquired by the strategic partner upon exercise of the warrants will be subject to certain transfer and other restrictions.

8. In November 1997, the Company paid $10 million as the final installment of the exclusivity arrangement related to the purchase of Intuit Services Corporation ("ISC") which occurred in January 1997. Additionally, under the terms of the purchase agreement the Company received $8.9 million from the seller as a purchase price adjustment, which resulted in a corresponding reduction in goodwill effective October 1, 1997.

9. Certain amounts in the June 30, 1997 balance sheet have been reclassified to conform to the December 31, 1997 presentation. In addition, certain amounts in the condensed consolidated statements of operations for the six months ended December 31, 1996 have been reclassified to conform with December 31, 1997 presentation.

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

OVERVIEW

The business was founded in 1981, and following a number of acquisitions and divestitures reorganized its corporate structure on December 22, 1997. CheckFree Holdings Corporation (the "Company") is the parent corporation of CheckFree Corporation, the principal operating company of the business. In connection with the restructuring, holders of common stock of CheckFree Corporation became holders of an identical number of shares of common stock of CheckFree Holdings Corporation. The restructuring was effected by a merger conducted pursuant to Section 251(g) of the Delaware General Corporation Law, which provides for the formation of a holding company structure without a vote of the stockholders of the Company. For more detailed information concerning the restructuring, please refer to the Company's Form 8-K filed on December 30, 1997.

The Company is the leading provider of electronic commerce services, software and related products for over 2.2 million consumers, 1,000 businesses and 850 financial institutions. The Company designs, develops and markets services that enable its customers to make electronic payments and collections, automate paper-based recurring financial transactions and conduct secure transactions on the Internet. As a result of significant acquisitions in 1996 and 1997, the Company now operates in three business segments: Electronic Commerce, Software, and Investment Services. The Company's electronic transaction processing services, software, and related products are targeted to financial institutions, businesses, institutional investment portfolio managers, and their customers.

The Company's focus has turned from integration of acquisitions to evolution of the electronic commerce marketplace and quality improvement combined with greater efficiency. The Company is driving to grow the profitability of the business by continuing to grow revenue and realizing the economies of scale and leverage inherent in its business model as well as continuing to improve costs primarily in remittance, customer care and data processing. With continued sales and marketing efforts geared toward promoting its new electronic commerce offerings, especially electronic bill presentment, existing and enhanced investment and software product and service offerings, and the continued growth in subscribers resulting from the continued acceptance in the marketplace of electronic commerce services, the Company expects revenue to continue to improve. Improvements in remittance and customer care costs and quality will primarily be driven by an increased percentage of electronic versus paper transactions processed on certain platforms. Improvements in data processing costs and quality are addressed by the Company's Genesis project, which is designed to provide a single, state of the art processing platform and to promote customer care efficiency. Genesis will also contribute to an increased percentage of transactions being effected electronically.

The Company expects that these efforts will allow it to defend and extend its leading position in the rapidly growing electronic commerce market. Barring any unforeseen circumstances, this trend is expected to continue in the near future. There can be no assurance, however, that the Company will be able to successfully compete against current or future competitors or that the competitive pressures faced by the Company will not have a material adverse effect on its business, operating results, and financial condition.

RESULTS OF OPERATIONS

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

	Three months ended December 31,		Six months ended December 31,	
	1997	1996	1997	1996
Total Revenues:	100.0%	100.0%	100.0%	100.0%
Expenses:				
Cost of processing, servicing and support	54.5%	59.8%	55.4%	63.0%
Research and development	15.4%	18.2%	15.5%	19.6%
Sales and marketing	13.9%	17.8%	14.1%	17.4%
General and administrative	9.0%	11.8%	9.7%	13.5%
Depreciation and amortization	10.7%	14.9%	12.1%	15.9%
In process research and development	1.3%	-	0.7%	-
Exclusivity amortization	-	-	2.7%	-
Total Expenses	104.9%	122.6%	110.1%	129.4%
Net gain on disposition of assets	-	-	23.4%	-
Income (loss) from operations	(4.9%)	(22.6%)	13.3%	(29.4%)
Interest, net	1.3%	1.3%	1.0%	1.2%
Income (loss) before income taxes	(3.6%	(21.3%)	14.3%	(28.2%)
Income tax expense (benefit)	(0.6%)	(7.4%)	6.9%	(9.9%)
Net income (loss)	(3.0%)	(13.8%)	7.4%	(18.3%)

Revenue increased 47% from $38.5 million to $56.5 million for the three months ended December 31, 1996 and 1997, respectively and 53% from $71.2 million to $108.6 million for the six months ended December 31, 1996 and 1997, respectively. The increases in revenue are due primarily to internal growth in the Company's electronic commerce and investment services businesses, additional revenue contributed from the purchase of ISC, which was completed in January of 1997, and the elimination of purchase profits relating to the February 1996 Servantis acquisition amounting to $1.7 million and $7.7 million in the quarter and six months ended December 31, 1996, respectively. On a pro forma basis, year to date revenue increased 34% over the prior year driven by internal growth of 56% in the electronic commerce business, 37% in the investment services business and 4% in the software business. Pro forma revenue increased 34% on a quarter over quarter basis as a result of growth of 56% in electronic commerce, 41% in investment services, and 2% in software. Pro forma results are based on prior year adjusted for the acquisitions noted above and divestitures of the Company's securities business which was sold in October 1996, the credit card processing business which was sold in March 1997, and the credit management business which was sold in August 1997. Pro forma growth rates in the electronic commerce business unit is driven primarily by an increase in subscribers from approximately 1.3 million at December 31, 1996 (includes ISC subscribers) to 2.2 million at December 31, 1997. Investment services revenue growth is due primarily to an increase in portfolios managed from approximately 302,000 at December 31, 1996 to over 400,000 at December 31, 1997. Growth in software is primarily the result of maintenance and services generated from new license sales in 1997 and 1996.

Processing and servicing revenue increased by 104% from $35.7 million to $72.9 million in the six month periods ending December 31, 1996 and 1997, respectively, and by 116% from $17.8 million to $38.4 million in the quarter ending December 31, 1996 and 1997, respectively. On a pro forma basis, processing and servicing revenue increased by 52% from $48.1 million to $72.9 million in the six months ending December 31, 1996 and 1997, respectively and by 55% from $24.8 million to $38.4 million in the quarter ending December 31, 1996 and 1997, respectively. This growth was due to the increase in subscribers in the Electronic Commerce segment and the increase in portfolios managed in the Investment Services segment mentioned above.

Merchant discount revenue decreased from $6.6 million to $0 in the six months ended December 31, 1996 and 1997, respectively and decreased from $3.4 million to $0 in the three months ended December 31, 1996 and 1997, respectively, due to the sale of the Company's credit card processing business in March 1997.

License revenue remained constant at $13.5 million versus $13.3 million for the six months ended December 31, 1996 and 1997, respectively. On a pro forma basis, excluding the elimination of purchased profits and adjusting for the sales of the Company's securities business and credit management business license revenue declined by $200,000 from $13.5 million to $13.3 million on a year over year basis. For the quarter ended December 31, 1996 and 1997, license revenue declined from $8.6 million to $7.5 million, respectively. On a pro forma basis, license revenue declined by $200,000 from $7.7 million to $7.5 million on a quarter over quarter basis. The consistent results are the due to an unusually strong second quarter in 1996.

Maintenance revenue increased from $8.4 million to $13.3 million for the six months ended December 31, 1996 and 1997, respectively and from $4.8 million to $6.4 million for the three months ended December 31, 1996 and 1997, respectively. On a pro forma basis, excluding the elimination of purchased profits and adjusting for the sales of the securities business and the credit management business, maintenance revenue increased by 10% from $12.1 million to $13.3 million in the six month periods ending December 31, 1996 and 1997, respectively, and by 8% from $5.9 million to $6.4 million quarter over quarter. Customer retention rates in the mid to upper 80% range are offset by an average maintenance price increase of approximately 7% as well as first year maintenance from new license sales.

Other revenue, consisting mainly of consulting fees, increased from $7.0 million to $9.1 million in the six months ended December 31, 1996 and 1997, respectively, and from $4.0 million to $4.2 million for the three months ended December 31, 1996 and 1997, respectively. On a pro forma basis, excluding the elimination of purchased profits and adjusting for the sales of the securities and credit management businesses, other revenue increased from $7.3 million to $9.1 million for the six months ended December 31, 1996 and 1997, respectively, and from $3.8 million to $4.2 million for the three months ended December 31, 1996 and 1997, respectively. Year to date and quarterly increases are due primarily to increased implementations in all business segments.

The cost of processing, servicing and support was $44.8 million and $60.1 million or 63.0% and 55.4% of total revenue for the six months ended December 31, 1996 and 1997, respectively. These same costs were $23.0 million and $30.8 million or 59.8% and 54.5% of total revenue for the three months ended December 31, 1996 and 1997, respectively. Cost of processing as a percentage of servicing only revenue (all revenue except license) and net of purchased profits of $6.3 million in the 1996 servicing revenue, was 70.0% and 63.1% for the six months ended December 31, 1996 and 1997, respectively. For the three months ended December 31, 1996 and 1997, the cost of processing as a percentage of servicing only revenue and net of purchased profits of $1.7 million in the 1996 servicing revenue was 72.9% and 62.8%, respectively. The efficiency improvements, both on a year over year and quarter over quarter basis, are due primarily to an increase in the percentage of electronic transactions versus paper transactions which resulted in lower customer care and material costs per transaction and through significant economies of scale and leverage inherent in the business model of the electronic commerce segment.

Research and development costs were $14.0 million and $16.8 million or 19.6% and 15.5% of total revenue for the six months ended December 31, 1996 and 1997, respectively. Excluding purchased profits, research and development costs were 17.7% and 15.5% for the same six month periods. These same costs were $7.0 million and $8.7 million or 18.2% and 15.4% of total revenue for the three months ended December 31, 1996 and 1997, respectively. Excluding purchased profits, research and development costs were 18.1% and 15.4% for the same three month periods. The dollar increase of $2.8 million in the year over year period and $1.7 million in the quarter over quarter period are primarily the result of added resources for Genesis development. Other research and development spending on existing products and services has remained fairly consistent from year to year resulting in the decrease of R&D as a percentage of revenue. The Company did not capitalize any development cost in the six month period or three month period ended December 31, 1996 and 1997, respectively.

Sales and marketing costs were $12.4 million and $15.3 million or 17.4% and 14.1% of total revenue for the six months ended December 31, 1996 and 1997, respectively. Excluding purchased profits, sales and marketing costs were 15.7% and 14.1% of total revenue for the same respective periods. Sales and marketing costs were $6.8 million

and $7.9 million or 17.8% and 13.9% of total revenue for the three months ended December 31, 1996 and 1997, respectively. Excluding purchased profits, sales and marketing costs were 17.7% and 13.9% for the same respective periods. The absolute increase in the cost in this area is due primarily to the addition of approximately 20 sales and marketing associates year over year in support of efforts to expand the number of merchants accepting electronic versus paper remittances but the cost as a percentage of revenue has declined due to economies of scale and leverage inherent in the Company's business model.

General and administrative expenses were $9.6 million and $10.5 million or 13.5% and 9.7% of total revenue for the six months ended December 31, 1996 and 1997, respectively. Excluding purchased profits, general and administrative costs were 12.2% and 9.7% of total revenue for the same six month periods. General and administrative expenses were $4.6 million and $5.1 million or 11.8% and 9.0% of total revenue for the three months ended December 31, 1996 and 1997, respectively. Excluding purchased profits, general and administrative expenses were 11.8% and 9.0% for the same three month periods. The Company's general and administrative costs have decreased as a percent of revenue on a year over year and quarter over quarter basis due to its ability to leverage corporate support services as revenue continues to grow.

Depreciation and amortization expenses increased by $1.8 million from $11.3 million for the six months ended December 31, 1996 to $13.1 million for the six months ended December 31, 1997. Similarly, depreciation and amortization expenses increased by $ .3 million from $5.8 million for the three months ended December 31, 1996 to $6.1 million for the three months ended December 31, 1997. Purchases of property, plant and equipment required for Genesis development and in support of the growth of the business, combined with tangible and intangible asset additions resulting from the purchase of ISC in January 1997 are offset largely by reductions in tangible and intangible assets resulting from the sale of the sale of the securities business in October 1996 and the credit management business in August 1997.

The $.7 million charge for in process research and development in the six month and three month periods ending December 31, 1997 resulted from the purchase of AMTI in October 1997.

Exclusivity amortization of $2.9 million in the six month period ended December 31, 1997 was the final amortization expense related to the exclusivity arrangement the Company entered into with Intuit in conjunction with the purchase of ISC in January 1997.

The net gain on dispositions of assets in the six months ended December 31, 1997 includes two items. In August 1997 the company sold certain software and related assets, which resulted in a gain on the sale of approximately $28.4 million. Additionally, the Company recorded a charge of approximately $3.0 million related to certain equipment and capitalized costs, as it was determined that the book value of these assets exceeded their net realizable value.

Net interest income increased by approximately 22% from $.9 million in the six months ended December 31, 1996 to $1.1 million in the six months ended December 31, 1997. On a quarter over quarter basis net interest income increased approximately 60% from $.5 million for the three months ended December 31, 1996 to $.8 million for the three months ended December 31, 1997. On a year over year basis, the Company's average cash and invested assets balance increased by approximately 23% from $39.7 million during the six months ended December 31, 1996 to $48.9 million during the six months ended December 31, 1997 resulting mainly in the increased net interest income. On a quarter over quarter basis, the Company's average cash and invested assets balance increased by 83% from $34.2 million during the three months ended December 31, 1996 to $62.7 million resulting mainly in the increased net interest income for the period. Cash and invested assets have improved in 1997 due primarily to the sale of the credit management business that resulted in cash proceeds of $33.5 million in August of this year.

The Company recorded an income tax benefit of $7.0 million and income tax expense of $7.5 million in the six-month period ended December 31, 1996 and 1997, respectively. The effective tax rates for the respective six-month periods were (35.0%) and 48.0%. For the three months ended December 31, 1996 and 1997 the Company recorded an income tax benefit of $2.9 million and $.3 million, respectively. The effective tax rates for the respective three-month periods were (35.0%) and (16.0%). The reported rates differ from the blended statutory rate of 40% primarily due to certain goodwill amortization and other expenses, which are not deductible for federal income tax purposes. Non

deductible goodwill and other expenses totaled approximately $2.7 million and $1.8 million in the six month and three month periods ended December 31, 1997, respectively.

SEGMENT INFORMATION

The following table sets forth operating revenue and operating income by industry segment for the periods noted (in thousands):

	Three Months Ended December 31,		Six Months Ended December 31,	
	1997	1996	1997	1996
Operating Revenue:				
Electronic Commerce	$ 32,660	$ 17,085	$ 62,966	$ 33,585
Software	16,508	16,207	31,656	27,397
Investment Services	7,347	5,213	13,981	10,185
Total Operating Revenue	$ 56,515	$ 38,505	$ 108,603	$ 71,167
Operating Income (Loss):				
Electronic Commerce	$ (210)	$ (5,216)	$ (1,102)	$ (9,148)
Software	1,841	2,053	2,043	(1,465)
Investment Services	1,376	322	2,448	1,072
Corporate	(5,059)	(5,854)	(10,660)	(11,417)
Exclusivity	--	--	(2,963)	--
In Process Research and Development	(719)		(719)	
Net Gain on Disposition of Assets	--	--	25,369	--
Total Operating Income (Loss)	$ (2,771)	$ (8,695)	$ 14,416	$ (20,958)

Revenue in the electronic commerce business unit increased by $15.6 million or 91% from $17.1 million to $32.7 million for the three months ended December 31, 1996 and 1997, respectively, and by $29.4 million or 87% from $33.6 million to $63.0 million for the six months ended December 31, 1996 and 1997, respectively due primarily to internal growth and the acquisition of ISC in January 1997. This growth was partially offset by the Company's credit card processing business, which contributed $4.0 million and $8.0 million in the three and six month periods ended December 31, 1996, respectively. On a pro forma basis, assuming ISC results are included in and the credit card processing business is excluded from the quarter and year to date results, revenue increased 56% quarter over quarter and 56% year over year driven by growth in subscribers from approximately 1.3 million at December 31, 1996 to 2.2 million at December 31, 1997. Operating losses in the electronic commerce segment decreased from $5.2 in the three

months ended December 31, 1996 to $.2 million for the same period in 1997 and decreased from $9.1 million in the six months ended December 31, 1996 to $1.1 million for the same period in 1997. On a pro forma basis, the operating loss decreased from $9.5 million to $.2 million in the three months ended December 31, 1996 and 1997, respectively and from $19.1 million to $1.1 million in the six months ended December 31, 1996 and 1997, respectively. Favorable operating results are primarily due to the continued revenue growth as well as continued efficiency improvements in remittance and customer care costs, reduction in costs from the integration of the ISC acquisition and significant economies of scale and leverage inherent in the segment's business model. Cost improvements in customer care and remittance are the result of growth in electronic payment percentage year over year.

Software revenue increased from $16.2 million for the three months ended December 31, 1996 to $16.5 million for the same period in 1997 and from $27.4 million for the six month period ended December 31, 1996 to $31.7 million for the same period in 1997. On a pro forma basis, excluding the effect of purchased profits and adjusting prior year to eliminate results contributed by the credit management business, revenue increased by 2% on a quarter over quarter basis and by 4% on a year over year basis. Revenue growth is primarily the result of maintenance and services generated from new license sales in 1996 and 1997. Reported operating results remained fairly consistent from a profit of $2.0 million for the three months ended December 31, 1996 to $1.8 million for the same period in 1997 and improved from a loss of $1.5 million for the six month period ended December 31, 1996 to a profit of $2.0 for the same period in 1997. On a pro forma basis, operating income decreased from $2.4 million to $1.8 million for the quarter ended December 31, 1996 and 1997, respectively and from $3.4 million to $2.0 million for the six months ended December 31, 1996 and 1997, respectively.

Revenue in investment services has increased by 41% from $5.2 million to $7.3 million in the three months ended December 31, 1996 and 1997, respectively, and by 37% from $10.2 million to $14.0 million in the six months ended December 31, 1996 and 1997, respectively. This improvement is due to a corresponding increase in portfolios managed from approximately 302,000 at December 31, 1996 to over 400,000 at December 31, 1997. Operating income has improved from $0.3 million to $1.4 million in the quarter ended December 31, 1996 and 1997, respectively and from $1.1 million to $2.4 million in the six months ended December 31, 1996 and 1997, respectively. Operating results have improved due to the leverage and economies of scale inherent in the segment's business model.

The corporate segment represents charges the Company's human resources, legal, finance and accounting functions and various other unallocated overhead charges. Corporate incurred an improvement in operating costs from $5.9 million to $5.0 million on a quarter over quarter basis and from $11.4 million to $10.7 million on a year over year basis. The improvements are due to successful efforts to assimilate the various acquisitions and leverage the existing infrastructure in light of overall growth in the business.

Exclusivity amortization represents amortization of charges capitalized in conjunction with the exclusivity arrangement with Intuit, entered into with the acquisition of ISC in January 1997. The charge of $2.9 million in the quarter ended September 30, 1997 is the final charge in this regard as the life of the exclusivity arrangement has expired.

In process research and development costs of $0.7 million in the quarter ended December 31, 1997 relates to the purchase of AMTI in October 1997.

The net gain on dispositions of assets amounting to $25.4 million in the six months ended December 31, 1997 includes two items. In August 1997 the Company sold certain software and related assets, which resulted in a gain on the sale of approximately $28.4 million. Additionally, the Company recorded a charge of approximately $3.0 million related to certain equipment and capitalized costs, as it was determined that the book value of these assets exceeded their net realizable value.

YEAR 2000

The Company has several projects currently in progress addressing the Year 2000 computer programming issue related to products available for sale and to software programs for internal use. In the Electronic Commerce segment the Company anticipates it will incur approximately $1.5 million in costs to correct outstanding issues in the various processing programs, the majority of which are contemplated in the Genesis program. In the Software segment, work has been completed on approximately 75% of the products to be modified and it will require an estimated $1.4 million in costs

to complete the remaining work. The Investment Services segment expects to incur approximately $500,000 to correct existing issues. For internal purposes the Company utilizes a small number of non-Year 2000 compliant computer programs and is currently evaluating whether to upgrade or replace the systems. In either case, the cost to upgrade is not expected to exceed $300,000 at this time. Failure by the Company, its customers or vendors to adequately address the Year 2000 issue in a timely manner could result in a material financial risk. Accordingly, the Company plans to adequately address all Year 2000 issues before problems materialize and believes that all such costs are adequately provided for in its 1998 and 1999 business plans.

LIQUIDITY AND CAPITAL RESOURCES

For the six months ended December 31, 1997, the Company's operating activities provided cash of $.7 million. During the six month period the company received $33.5 million from the sale of the credit management business and paid $1.0 million for the purchase of AMTI. In conjunction with the purchase of ISC, the Company paid the final installment of $10 million in November 1997, offset by receipt of $8.9 million for a purchase price adjustment per the terms of the purchase agreement. An additional $8.7 million has been invested in property additions primarily for computer related equipment and facilities and $5.0 million on the net purchase of investments. From a financing perspective, the Company received approximately $1.6 million from the exercise of stock options and the employee stock purchase plan and made payments of $.4 million on capital lease obligations. As a result, at December 31, 1997 the Company's cash and cash equivalents were $51.8 million, a net increase of $19.7 million from June 30, 1997 and $.1 million from September 30, 1997. Additionally, the Company's invested assets increased from $4.4 million at June 30, 1997 to $9.5 million at December 31, 1998. As a result of the increase in cash and invested assets, the Company's current ratio has improved from 1.3 to 2.3 and the related working capital has improved from $19.4 million to $63.4 million from June 30, 1997 to December 31, 1997, respectively.

The Company expects to break even for the three months ending March 31, 1998 and believes the existing cash, cash equivalents and investments will be sufficient to meet presently anticipated operating, working capital and capital expenditure requirements for the foreseeable future. To the extent that additional capital resources may be needed, the Company has access to a $20 million line of credit.

INFLATION

The Company believes the effects of inflation have not had a significant impact on the Company's results of operations.

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

Except for the historical information contained herein, the matters discussed in this Form 10-Q include certain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which are intended to be covered by the safe harbors created thereby. Those statements include, but may not be limited to, all statements regarding the intent, belief and expectations of the Company and its management, such as statements concerning the Company's future profitability. Investors are cautioned that all forward-looking statements involve risks and uncertainties including, without limitation, factors detailed from time to time in the Company's fillings with the Securities and Exchange Commission, including the Annual Report on Form 10-K for the year ended June 30, 1997 and the Company's Proxy Statement for the Annual Meeting of Stockholders held on October 30, 1997. Although the Company believes 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 presentation by the Company or any other person that the objectives and plans of the Company will be achieved.

PART II. OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES.

On December 22, 1997, CheckFree Corporation, a Delaware corporation, adopted a holding company form of organizational structure whereby Checkfree became the successor issuer to CheckFree Corporation. As a result of the reorganization, CheckFree Corporation became a wholly owned subsidiary of CheckFree.

In connection with the restructuring, holders of common stock of CheckFree Corporation became holders of an identical number of shares of common stock of CheckFree Holdings Corporation. The restructuring was effected by a merger conducted pursuant to Section 251(g) of the Delaware General Corporation Law, which provides for the formation of a holding company structure without a vote of the stockholders of the Company. For more detailed information concerning the restructuring, please refer to the Company's Form 8-K filed on December 30, 1997.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

The Annual Meeting of Stockholders of the Company was held on Thursday, October 30, 1997 for the following purposes:

(1) To elect two Class II Directors of the Company to serve for a three-year term expiring at the 2000 Annual Meeting of Stockholders.
(2) To approve and adopt an amendment to the Company's 1995 Stock Option Plan.
(3) To adopt the Company's Incentive Compensation Plan.

Each of management's proposals as presented in the proxy statement were approved with the following vote:

Proposal 1: The election of two Class II Directors of the Company, to serve until the 2000 Annual Meeting of Stockholders or until his successor is elected and qualified:

	Number of Shares Voted		
	FOR	WITHHOLD AUTHORITY	TOTAL
Mark A. Johnson	40,765,843	19,184	40,785,027
Eugene F. Quinn	40,761,101	23,926	40,785,027

Proposal 2: The approval of the Company's Amended and Restated 1995 Stock Option Plan:

Number of Shares Voted		
FOR	WITHHOLD AUTHORITY	TOTAL
39,917,061	775,852	40,692,913

Proposal 3: The adoption of the Company's Incentive Compensation Plan:

Number of Shares Voted:

FOR	WITHHOLD AUTHORITY	ABSTAIN	TOTAL
33,825,885	114,018	20,469	33,960,372

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

(a) EXHIBITS.

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
27 *	Financial Data Schedule.

* Previously filed with the Form 10-Q for the quarter ended December 31, 1997.

(b) REPORTS ON FORM 8-K.

The Registrant filed the following Current Reports on Form 8-K with the Securities and Exchange Commission:

(i) A current report on Form 8-K, dated December 22, 1997, was filed with the Securities and Exchange Commission on December 30, 1997 (Items 5 and 7).

(ii) A current report on Form 8-K, dated December 16, 1997, was filed with the Securities and Exchange Commission on December 18, 1997 (Items 5 and 7).

(iii) A current report on Form 8-K, dated October 29, 1997, was filed with the Securities and Exchange Commission on November 12, 1997 (Items 5 and 7).

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: March 3, 1998

By: /s/ Allen L. Shulman

Allen L. Shulman, Senior Vice President
and General Counsel

Date: March 3, 1998

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 Senior Vice President and General Counsel, Mr. Shulman is duly authorized to sign this report on behalf of the Registrant.

CHECKFREE HOLDINGS
CORPORATION

FORM 10-Q/A NO. 1 FOR THE QUARTER ENDED
DECEMBER 31, 1997

EXHIBIT INDEX

EXHIBIT NUMBER	EXHIBIT DESCRIPTION	EXHIBIT INDEX PAGE NUMBER
27 *	Financial Data Schedule.	

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* Previously filed with the Form 10-Q for the quarter ended December 31, 1997.