

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 18, 2004

CHECKFREE CORPORATION

(Exact Name of Registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

0-26802
(Commission File
No.)

58-2360335
(IRS Employer
Identification Number)

4411 East Jones Bridge Road
Norcross, Georgia 30092
(678) 375-3000
(Address, including zip code, and telephone number
including area code of Registrant's
principal executive offices)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On October 18, 2004, CheckFree Corporation (“CheckFree”) issued a press release announcing its financial results for the first quarter ended September 30, 2004, and its expectations for the second quarter ended December 31, 2004 and fiscal 2005 (the “Press Release”). Pursuant to General Instruction F of Form 8-K, a copy of the Press Release is furnished as Exhibit 99.1 to this Form 8-K and is incorporated herein by reference. The information in this Form 8-K, including Exhibit 99.1, shall not be treated as “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended.

CheckFree will broadcast its first quarter conference call at 5:00 p.m. (ET) on October 18, 2004 to review its financial results for the first quarter ended September 30, 2004, and its expectations for the second quarter ending December 31, 2004 and for fiscal 2005. To phone into the conference call, dial 1-877-232-1067 anytime after 4:45 p.m. (ET) and ask for the CheckFree conference call. CheckFree will also broadcast the call on the Internet. The live conference call will be accessible through the Investor Center section of the CheckFree corporate Web site at <http://www.checkfreecorp.com>. A digital replay of the call will be available on the same Web site after 7:00 p.m. (ET) on October 18, 2004.

Certain of the CheckFree’s statements contained or incorporated by reference in this Form 8-K are not purely historical, and as such are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These include statements regarding management’s intentions, plans, beliefs, expectations or projections of the future, and include statements regarding forecasts and expectations of revenue and earnings for the second quarter of fiscal 2005, earnings and free cash flow for fiscal 2005 as a whole, and the performance of each of CheckFree’s divisions and sequential transaction growth in the second quarter of fiscal 2005 (paragraphs 5, 9, 10, 11 and 12 of the Press Release). Forward-looking statements involve risks and uncertainties, including without limitation, the various risks inherent in CheckFree’s business, and other risks and uncertainties detailed from time to time in CheckFree’s periodic reports filed with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended June 30, 2004 (filed September 3, 2004). One or more of these factors have affected, and could in the future affect, CheckFree’s business and financial results in future periods, and could cause actual results to differ materially from plans and expectations. There can be no assurance that the forward-looking statements contained or incorporated by reference in this Form 8-K will prove to be accurate, and issuance of such forward-looking statements should not be regarded as a representation by CheckFree, or any other person, that the objectives and plans of CheckFree will be achieved. All forward-looking statements contained or incorporated by reference in this Form 8-K are based on information presently available to management, and CheckFree assumes no obligation to update any forward-looking statements.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits.

Exhibit No.

Description

99.1*

CheckFree Corporation’s Press Release issued October 18, 2004.

* Such press release is being “furnished” (not filed) pursuant to Item 2.02 of this Current Report on Form 8-K.

SIGNATURES

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

CheckFree Corporation

Date: October 18, 2004

By: /s/ David E. Mangum
David E. Mangum, Executive Vice President and
Chief Financial Officer

EXHIBIT INDEX

| <i>Exhibit No.</i> | <i>Description</i> |
|--------------------|--|
| 99.1* | CheckFree Corporation's Press Release issued October 18, 2004. |

* The Press Release is being "furnished" (not filed) under Item 2.02 of this Current Report on Form 8-K.



Media relations contact:
Judy DeRango Wicks
(678) 375-1595
jdwicks@checkfree.com

Investor relations contact:
Tina Moore
(678) 375-1278
tmoore@checkfree.com

FOR IMMEDIATE RELEASE

CheckFree Announces Fiscal 2005 First Quarter Results

ATLANTA (October 18, 2004) — CheckFree Corporation (NASDAQ: CKFR) today announced first quarter revenue of \$177.8 million, representing 26 percent growth over the same period last year. The Company's GAAP (Generally Accepted Accounting Principles) net income was \$6.2 million, or \$0.07 per share, and underlying net income was \$26.9 million, or \$0.29 per share. Free cash flow was \$28.3 million for the quarter, as outlined in **Attachment A**.

GAAP Results: Net income for the first quarter was \$6.2 million, compared to a net loss of \$6.7 million for the same quarter last year. Earnings per share were \$0.07 for the first quarter of fiscal 2005, compared to a loss per share of \$0.07 for the first quarter of last year. Net cash provided by operating activities was \$31.7 million for the first quarter of fiscal 2005, compared to \$27.0 million for the same period last year.

Underlying Results: Underlying net income for the first quarter was \$26.9 million, compared to \$19.4 million for the same quarter of last year. Underlying earnings per share were \$0.29 for the first quarter of fiscal 2005, compared to \$0.21 for the first quarter of last year. Underlying net income and earnings per share exclude the amortization of acquisition-related intangible assets and related tax benefits. A reconciliation of CheckFree's underlying results to its GAAP results is included in **Attachment A**.

"CheckFree had a good first quarter, with consistent results across each of our divisions," said Pete Kight, CheckFree's Chairman and Chief Executive Officer. "We showed steady performance from Investment Services, and Software delivered better-than-expected sales during a traditionally slow quarter. In Electronic Commerce, e-Bill and transaction growth were directly in line with our expectations, with our walk-in bill payment business contributing better-than-expected transaction results. Distribution points for our fully integrated electronic billing and payment solution continue to increase steadily."

"These fiscal first quarter results represent a good start for CheckFree, providing a solid foundation on which to build for the rest of fiscal 2005," Kight concluded.

First Quarter Highlights

The Company reported that its Electronic Commerce division processed 205.8 million transactions for the quarter, a 25 percent increase over the previous quarter; delivered 29.6 million e-Bills, an increase of 14 percent over the previous quarter; and increased the number of fully enabled electronic billing and payment distribution points to more than 1,400.

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First quarter results for the Electronic Commerce division also included better-than-expected transaction volume and associated revenue from the Company's walk-in bill payment operations. Integration of this business into the Company's Electronic Commerce division continues as planned, following the acquisition of American Payment Systems, Inc., late in the fourth quarter of fiscal 2004.

The Company also reported stronger-than-expected license sales in its Software division in the first quarter. Refer to **Attachment B** for details on the financial performance of CheckFree's divisions in the first quarter of fiscal 2005, and **Attachment C** for electronic billing and payment metrics.

Financial Outlook

"For the second quarter of fiscal 2005, we expect revenue in the range of \$178 million to \$183 million, and GAAP earnings per share in the range of \$0.07 to \$0.10," said CheckFree Chief Financial Officer David Mangum. "This expectation equates to underlying earnings per share in the range of \$0.30 to \$0.32 for the quarter."

"Our expectations for the second quarter of fiscal 2005 are based on an outlook for continued solid performance from both our Investment Services and Software divisions," he continued. "Sequential quarterly transaction growth is expected to be in the range of 4 to 7 percent, reflecting our expectations for solid growth across all of our electronic billing and payment distribution points, and more modest growth from our walk-in bill payment business," he continued.

"Our first quarter results set us on a favorable course for achieving our fiscal year expectations. We continue to expect full-year earnings per share in the range of \$0.39 to \$0.45 on a GAAP basis, and in the range of \$1.26 to \$1.30 on an underlying basis, and free cash flow of more than \$145 million for the year," Mangum concluded.

The difference between GAAP and underlying earnings expectations for fiscal 2005 and the second quarter of fiscal 2005 is due to expected acquisition-related intangible amortization expense and related tax benefits.

Conference Call on the Internet

CheckFree will broadcast its first quarter conference call at 5:00 p.m. (ET) today to review its financial results for the first quarter ended September 30, 2004, and its expectations for the second quarter of fiscal 2005 and for fiscal 2005. To phone into the conference call, dial 1-877-232-1067 anytime after 4:45 p.m. (ET) and ask for the CheckFree Conference Call. CheckFree will also broadcast the call on the Internet. The live conference call will be accessible through the Investor Center section of the CheckFree corporate Web site at <http://www.checkfreecorp.com>. A digital replay of the call will be available on the same Web site after 7:00 p.m. (ET).

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About CheckFree (www.checkfreecorp.com)

Founded in 1981, CheckFree Corporation (NASDAQ: CKFR) provides financial electronic commerce services and products to organizations around the world. CheckFree Electronic Commerce solutions enable thousands of financial services providers and billers to offer their customers the convenience of receiving and paying their household bills online or in person through retail outlets. CheckFree Investment Services provides a broad range of investment management solutions and outsourced services to thousands of financial services organizations, which manage more than \$1 trillion in assets. CheckFree Software develops, markets and supports software applications that are used by financial institutions to process more than two-thirds of the 10 billion Automated Clearing House transactions in the United States. The division also provides global trade processing, reconciliation, financial messaging, compliance and electronic billing and statement software to hundreds of organizations across the globe.

Certain of the Company's statements in this press release are not purely historical, and as such are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These include statements regarding management's intentions, plans, beliefs, expectations or projections of the future, and include statements in this document regarding forecasts and expectations of revenue and earnings for the second quarter of fiscal 2005, earnings and free cash flow for fiscal 2005 as a whole, and the performance of each of our divisions and sequential transaction growth in the second quarter of fiscal 2005 (paragraphs 5, 9, 10, 11 and 12). Forward-looking statements involve risks and uncertainties, including without limitation, the various risks inherent in the Company's business, and other risks and uncertainties detailed from time to time in the Company's periodic reports filed with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the year ended June 30, 2004 (filed September 3, 2004). One or more of these factors have affected, and could in the future affect, the Company's business and financial results in future periods, and could cause actual results to differ materially from plans and projections. There can be no assurance that the forward-looking statements made in this document will prove to be accurate, and issuance of such forward-looking statements should not be regarded as a representation by the Company, or any other person, that the objectives and plans of the Company will be achieved. All forward-looking statements made in this press release are based on information presently available to management, and the Company assumes no obligation to update any forward-looking statements.

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CHECKFREE CORPORATION AND SUBSIDIARIES
Consolidated Condensed Statements of Operations
(Unaudited)
(In thousands, except per share data)

| | Three Months Ended September 30, | |
|---|-------------------------------------|------------|
| | 2004 | 2003 |
| Revenues: | | |
| Processing and servicing | \$ 158,842 | \$ 124,245 |
| License fees | 5,874 | 4,962 |
| Maintenance fees | 7,355 | 6,701 |
| Other | 5,762 | 5,356 |
| Total revenues | 177,833 | 141,264 |
| Expenses: | | |
| Cost of processing, servicing and support | 75,362 | 59,288 |
| Research and development | 20,223 | 14,903 |
| Sales and marketing | 14,226 | 12,325 |
| General and administrative | 15,035 | 11,523 |
| Depreciation and amortization | 44,017 | 50,613 |
| Total expenses | 168,863 | 148,652 |
| Income (loss) from operations | 8,970 | (7,388) |
| Equity in net loss of joint venture | (647) | — |
| Interest, net | 1,696 | (1,624) |
| Income (loss) before income taxes | 10,019 | (9,012) |
| Income tax expense (benefit) | 3,812 | (2,343) |
| Net income (loss) | \$ 6,207 | \$ (6,669) |
| Basic income (loss) per share: | | |
| Net income (loss) | \$ 0.07 | \$ (0.07) |
| Weighted average number of shares | 90,315 | 89,463 |
| Diluted income (loss) per share: | | |
| Net income (loss) | \$ 0.07 | \$ (0.07) |
| Weighted average number of shares | 92,212 | 89,463 |

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CHECKFREE CORPORATION AND SUBSIDIARIES
Consolidated Condensed Balance Sheets
(Unaudited)
(In thousands)

| | <u>September 30,</u> <u>2004</u> | <u>June 30,</u> <u>2004</u> |
|--|-------------------------------------|--------------------------------|
| Current assets: | | |
| Cash, cash equivalents and investments | \$ 217,744 | \$ 208,029 |
| Settlement assets | 86,829 | 82,520 |
| Accounts receivable, net | 102,567 | 85,217 |
| Accounts receivable, related parties | 4,774 | 26,632 |
| Prepaid expenses and other assets | 19,733 | 14,727 |
| Deferred income taxes | 34,444 | 49,129 |
| Total current assets | 466,091 | 466,254 |
| Property and equipment, net | 87,445 | 91,912 |
| Capitalized software and intangible assets, net | 886,497 | 917,543 |
| Investments | 82,529 | 68,344 |
| Other noncurrent assets | 4,089 | 4,396 |
| Investment in joint venture | 808 | 483 |
| Total assets | \$ 1,527,459 | \$ 1,548,932 |
| Current liabilities: | | |
| Accounts payable, accrued liabilities and other | \$ 64,799 | \$ 83,637 |
| Settlement obligations | 85,429 | 82,611 |
| Deferred revenues | 37,388 | 36,193 |
| Total current liabilities | 187,616 | 202,441 |
| Accrued rent and other | 3,392 | 4,313 |
| Deferred income taxes | 1,429 | 17,492 |
| Capital leases and long-term obligations, less current portion | 25,599 | 25,504 |
| Net stockholders' equity | 1,309,423 | 1,299,182 |
| Total liabilities and stockholders' equity | \$ 1,527,459 | \$ 1,548,932 |

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Attachment A**Calculation of Free Cash Flow
(Unaudited)
(In millions)**

| | Three Months Ended September 30, | |
|---|---|------------------|
| | 2004 | 2003 |
| Net cash provided by operating activities | \$ 31.7 | \$ 27.0 |
| Excluding: Net change settlement accounts | 1.5 | — |
| Less: Capital expenditures | (4.9) | (5.4) |
| Free cash flow | <u>\$ 28.3</u> | <u>\$ 21.6</u> |
| Additional Information: | | |
| Net cash used in investing activities | <u>\$ (31.3)</u> | <u>\$ (49.2)</u> |
| Net cash provided by financing activities | <u>\$ 0.8</u> | <u>\$ 0.4</u> |

Use of Non-GAAP Financial Information

The Company supplements its reporting of cash flow information determined in accordance with GAAP by using "free cash flow" in this earnings release as a measure to evaluate its liquidity. The Company defines free cash flow as GAAP net cash provided by operating activities, exclusive of the net change in settlement accounts and less capital expenditures. The Company believes free cash flow provides useful information to management and investors in understanding its financial results and assessing its prospects for future performance. CheckFree also uses free cash flow as a factor in determining long-term incentive compensation for senior management.

The Company excludes the net change in settlement accounts from free cash flow because it believes this facilitates management's and investors' ability to analyze operating cash flow trends. In connection with its walk-in bill payment business, the Company's balance sheet reflects settlement assets and settlement obligations. The settlement assets represent payment receipts in transit to the Company from agents, and the settlement obligations represent scheduled but unpaid payments due to billers. Balances in settlement accounts fluctuate daily based on deposit timing and payment transaction volume. These timing differences are not reflective of the Company's liquidity, and thus, CheckFree excludes the net change in settlement accounts from free cash flow.

As a technology company, CheckFree makes significant capital expenditures in order to update its technology and to remain competitive. The Company's free cash flow reflects the amount of cash it generated that remains, after it has met those operational needs, for the evaluation and execution of strategic initiatives such as acquisitions, stock and/or debt repurchases and other investing and financing activities, including servicing additional debt obligations.

Free cash flow does not solely represent residual cash flow available for discretionary expenditures, as certain of CheckFree's non-discretionary obligations are also funded out of free cash flow. These consist primarily of payments on capital leases and other long-term commitments, if any, as reflected in the table entitled "Contractual Obligations" in the "Liquidity and Capital Resources" section of "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in CheckFree's Annual Report on Form 10-K for the fiscal year ended June 30, 2004, which was filed with the Securities and Exchange Commission on September 3, 2004.

The Company's free cash flow should be considered in addition to, and not as a substitute for, net cash provided by operating activities or any other amount determined in accordance with GAAP. Further, CheckFree's measure of free cash flow may not be comparable to similarly titled measures reported by other companies.

Attachment A (continued).

Reconciliation of GAAP to Underlying Net Income (Loss) and Earnings (Loss) Per Share
(Unaudited)
(In thousands, except per share data)

| | Three Months Ended September 30, | |
|--|-------------------------------------|------------|
| | 2004 | 2003 |
| Total revenue — GAAP and underlying | \$ 177,833 | \$ 141,264 |
| Net income (loss) per GAAP | \$ 6,207 | \$ (6,669) |
| Amortization of acquisition-related intangible assets | 33,215 | 40,494 |
| Tax benefit of underlying adjustments | (12,568) | (14,467) |
| Underlying net income | \$ 26,854 | \$ 19,358 |
| GAAP basic weighted average shares outstanding | 90,315 | 89,463 |
| GAAP impact of dilutive options and warrants | 1,897 | — |
| GAAP diluted weighted average shares outstanding | 92,212 | 89,463 |
| Underlying basic weighted average shares outstanding | 90,315 | 89,463 |
| Underlying impact of dilutive options and warrants | 1,897 | 1,895 |
| Underlying diluted weighted average shares outstanding | 92,212 | 91,358 |
| GAAP basic earnings (loss) per share | \$ 0.07 | \$ (0.07) |
| GAAP diluted earnings (loss) per share | \$ 0.07 | \$ (0.07) |
| Underlying basic earnings per share | \$ 0.30 | \$ 0.22 |
| Underlying diluted earnings per share | \$ 0.29 | \$ 0.21 |

Use of Non-GAAP Financial Information

CheckFree supplements its reporting of net income (loss) and earnings (loss) per share information determined in accordance with GAAP by using “underlying net income (loss)” and “underlying earnings (loss) per share” in this earnings release. Management evaluates various items as they arise and determines whether to include or exclude these items from GAAP net income (loss) and earnings (loss) per share in calculating underlying net income (loss) and underlying earnings (loss) per share, depending on whether or not, in the opinion of management, they reflect the underlying performance of the Company’s core operations.

Examples of such items may include, but not be limited to, amortization of acquisition-related intangible assets, cumulative effects of accounting changes, revenue associated with warrants issued to third parties, and related tax benefits. CheckFree believes that underlying net income (loss) and underlying earnings (loss) per share are useful to investors because they reflect one of the primary ways by which management measures the Company’s growth and performance. CheckFree also uses underlying net income (loss) and underlying earnings (loss) per share as a factor in determining short- and long-term incentive compensation for management.

CheckFree’s underlying net income (loss) and underlying earnings (loss) per share should be considered in addition to, and not as a substitute for, net income (loss) or earnings (loss) per share or any other amount determined in accordance with GAAP. CheckFree’s measures of underlying net income (loss) and underlying earnings (loss) per share reflect management’s judgment of particular items, and may not be comparable to similarly titled measures reported by other companies.

Attachment A (continued)

CHECKFREE CORPORATION AND SUBSIDIARIES
Supplemental Underlying Consolidated Condensed Statements of Operations
(Unaudited)
(In thousands, except per share data)

| | Three Months Ended September 30, | |
|---|-------------------------------------|------------|
| | 2004 | 2003 |
| Revenue: | | |
| Processing and servicing | \$ 158,842 | \$ 124,245 |
| License fees | 5,874 | 4,962 |
| Maintenance fees | 7,355 | 6,701 |
| Other | 5,762 | 5,356 |
| Total revenue | 177,833 | 141,264 |
| Expenses: | | |
| Cost of processing, servicing and support | 75,362 | 59,288 |
| Research and development | 20,223 | 14,903 |
| Sales and marketing | 14,226 | 12,325 |
| General and administrative | 15,035 | 11,523 |
| Depreciation and amortization | 10,802 | 10,119 |
| Total expenses | 135,648 | 108,158 |
| Income from operations | 42,185 | 33,106 |
| Equity in net loss of joint venture | (647) | — |
| Interest, net | 1,696 | (1,624) |
| Income before income taxes | 43,234 | 31,482 |
| Income tax expense | 16,380 | 12,124 |
| Net income | \$ 26,854 | \$ 19,358 |
| Basic income per share: | | |
| Net income | \$ 0.30 | \$ 0.22 |
| Weighted average number of shares | 90,315 | 89,463 |
| Diluted income per share: | | |
| Net income | \$ 0.29 | \$ 0.21 |
| Weighted average number of shares | 92,212 | 91,358 |

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Attachment B

Division Results
Reconciliation of GAAP Results to Underlying Results
(Unaudited)
(In thousands)

| | Three Months Ended | |
|---|---------------------------|-------------|
| | 2004 | 2003 |
| Electronic Commerce: | | |
| Total revenue — GAAP and underlying | \$ 138,207 | \$ 106,555 |
| Operating income (loss) per GAAP | \$ 14,388 | \$ (5,599) |
| Amortization of acquisition-related intangible assets | 32,563 | 39,521 |
| Underlying operating income | \$ 46,951 | \$ 33,922 |
| Investment Services: | | |
| Total revenue — GAAP and underlying | \$ 22,843 | \$ 20,293 |
| Operating income per GAAP | \$ 2,409 | \$ 4,686 |
| Amortization of acquisition-related intangible assets | 151 | 232 |
| Underlying operating income | \$ 2,560 | \$ 4,918 |
| Software: | | |
| Total revenue — GAAP and underlying | \$ 16,783 | \$ 14,416 |
| Operating income per GAAP | \$ 132 | \$ 1,487 |
| Amortization of acquisition-related intangible assets | 501 | 741 |
| Underlying operating income | \$ 633 | \$ 2,228 |
| Corporate: | | |
| Operating loss per GAAP and underlying | \$ (7,959) | \$ (7,962) |

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Attachment C**Electronic Billing and Payment Metrics**
(In millions, except revenue/transaction and percentages)

| | Quarter Ended | | | | |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|
| | 9/30/2004 | 6/30/2004 | 3/31/2004 | 12/31/2003 | 9/30/2003 |
| Transactions | | | | | |
| Full Service | | | | | |
| Revenue | \$ 99.1 | \$ 96.2 | \$ 94.0 | \$ 91.8 | \$ 85.5 |
| Active Subscribers ⁽¹⁾ | 6.4 | 5.9 | 5.5 | 5.0 | 4.6 |
| Transactions | 133.5 | 123.9 | 115.5 | 106.1 | 94.3 |
| Revenue/Transaction | \$ 0.74 | \$ 0.78 | \$ 0.81 | \$ 0.87 | \$ 0.91 |
| Payment Services⁽²⁾ | | | | | |
| Revenue | \$ 30.5 | \$ 14.0 | \$ 12.8 | \$ 12.0 | \$ 11.9 |
| Transactions | 72.3 | 41.3 | 36.7 | 33.1 | 32.4 |
| Revenue/Transaction | \$ 0.42 | \$ 0.34 | \$ 0.35 | \$ 0.36 | \$ 0.37 |
| Total | 205.8 | 165.2 | 152.2 | 139.2 | 126.7 |
| Sequential Quarterly Growth | 25% | 8% | 9% | 10% | 5% |
| Other Revenue⁽³⁾ | \$ 8.6 | \$ 8.3 | \$ 8.4 | \$ 8.7 | \$ 9.2 |
| e-Bill Delivery | | | | | |
| Electronic bills distributed | 29.6 | 25.9 | 22.5 | 18.5 | 14.7 |
| Quarterly sequential growth | 14% | 15% | 22% | 26% | 27% |
| Electronic Rate⁽⁴⁾ | | | | | |
| Electronic payment rate | 83% | 79% | 78% | 78% | 76% |

(1) "Active" refers to subscribers who have viewed or paid a bill in the last 90 days at a Consumer Service Provider that outsources essentially all of its electronic billing and payment (EBP) functions to CheckFree.

(2) Payment Services includes a full quarter of walk-in bill payment results for the quarter September 30, 2004, and eight days for the quarter ended June 30, 2004.

(3) Other revenue includes Health and Fitness, Professional Services and Stored Value Products.

(4) Includes walk-in bill payment transactions.

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