

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-8
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

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

Delaware
(State or other jurisdiction
of incorporation or organization)

58-2360335
(I.R.S. Employer
Identification No.)

4411 East Jones Bridge Road
Norcross, Georgia 30092
(Address of Registrant's principal executive offices)

BLUEGILL TECHNOLOGIES, INC.
AMENDED AND RESTATED
1998 INCENTIVE AND NON-QUALIFIED
STOCK OPTION PLAN
(Full Title of the Plan)

Peter F. Sinisgalli
President and Chief Operating Officer
CheckFree Holdings Corporation
4411 East Jones Bridge Road
Norcross, Georgia 30092
(678) 375-3000
(Name, address and telephone number of agent for service)

Copies of Correspondence to:
Robert J. Tannous, Esq.
Porter, Wright, Morris & Arthur LLP
41 South High Street
Columbus, Ohio 43215

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price*	Amount of Registration Fee*
Common stock, \$.01 par value.....	591,796	\$30.63	\$18,126,712	\$4,786

* Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(h), based upon the average of the high and low prices of CheckFree Holdings Corporation Common Stock as reported on the Nasdaq National Market on April 24, 2000.

This Registration Statement shall be deemed to cover an indeterminate number of additional shares of CheckFree Holdings Corporation Common Stock, \$.01 par value, as may be issuable pursuant to future stock dividends, stock splits or similar transactions.

PART I

INFORMATION REQUIRED IN THE SECTION 10(A) PROSPECTUS

The documents containing the information concerning the BlueGill Technologies, Inc. Amended and Restated 1998 Incentive and Non-Qualified Stock Option Plan, specified in Part I will be sent or given to employees as specified by Rule 428(b)(1). These documents are not filed as part of this registration statement in accordance with the Note to Part I of the Form S-8 Registration Statement.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE

The Securities and Exchange Commission allows us to incorporate by reference the information we file with it, which means that we can disclose important information by reference to you by referring you to those documents. The information incorporated by reference is considered to be a part of this registration statement, and information that we later file with the Commission will automatically update and supersede this information. Accordingly, we incorporate by reference the following documents we filed with the Commission pursuant to the Securities Exchange Act of 1934 (Commission File Number 0-26802):

- Our Annual Report on Form 10-K for the year ended June 30, 1999 (filed September 27, 1999);
- Our Quarterly Reports on Form 10-Q for the quarters ended September 30, 1999 (filed November 15, 1999) and December 31, 1999 (filed February 10, 2000);
- Our Current Reports on Form 8-K dated November 29, 1999 (filed December 2, 1999), dated December 20, 1999 (filed December 23, 1999), dated January 11, 2000 (filed January 11, 2000), dated February 15, 2000 (filed February 17, 2000), dated March 16, 2000 (filed March 22, 2000, amended on April 27, 2000), March 28, 2000 (filed March 28, 2000), April 2, 2000 (filed April 3, 2000) and April 27, 2000 (filed April 27, 2000);
- Our Definitive Proxy Statement for our Annual Meeting of Stockholders held on November 4, 1999 (filed October 8, 1999); and
- The description of our common stock contained in our Form 8-A (File No. 0-26802), as amended or updated; and
- All documents filed by us pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the date of this registration statement and before the offering of our common stock under the BlueGill Amended and Restated 1998 Incentive and Non-Qualified Stock Option Plan thereby is completed (other than portions of such documents described in paragraphs (i), (k), and (l) of Item 402 of Regulation S-K promulgated by the Commission).

ITEM 4. DESCRIPTION OF SECURITIES.

Not applicable.

ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL.

Not applicable.

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Delaware law, our certificate of incorporation and our bylaws contain provisions relating to the limitation of liability and indemnification of our directors and officers. We describe these provisions below.

Under Section 145 of Delaware General Corporation Law, indemnification of any person who is or was a party or threatened to be made so in any action by reason of the fact that he is or was a director, officer, employee, or agent of the corporation or was serving as such of another corporation or enterprise at the request of the corporation is permitted against expenses, including attorneys' fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred by the indemnified person in such proceeding where:

- the indemnified person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation;
- in criminal actions, where he or she had no reasonable cause to believe his conduct was unlawful; and
- in lawsuits brought by or on behalf of the corporation, if the standards of conduct described above are met, except that no indemnification is permitted in respect to any matter in which the person is adjudged to be liable to the corporation unless a court shall determine that indemnification is fair and reasonable in view of all the circumstances of the case.

Indemnification against expenses, including attorneys' fees, actually and reasonably incurred by directors, officers, employees, and agents is required in those cases where the person to be indemnified has been successful on the merits or otherwise in defense of a lawsuit of the type described above. In cases where indemnification is permissive, a determination as to whether the person met the applicable standard of conduct must be made, unless ordered by a court, by majority vote of the disinterested directors, by a committee of the disinterested directors designated by a majority vote of such directors, even though less than a quorum, by independent legal counsel, or by the stockholders. Such indemnification rights are specifically not deemed to be exclusive of other rights of indemnification by agreement or otherwise and the corporation is authorized to advance expenses incurred prior to the final disposition of a matter upon receipt of an undertaking to repay such amounts on a determination that indemnification was not permitted in the circumstances of the case.

Our certificate of incorporation provides that our directors are not personally liable to us or our stockholders for monetary damages for breach of their fiduciary duties as directors to the fullest extent permitted by Delaware law. Existing Delaware law permits the elimination of limitation of directors' personal liability to us or our shareholders for monetary damages for breach of their fiduciary duties, except for:

- any breach of a director's duty of loyalty to us or our stockholders;
- acts or omissions not in good faith or involving intentional misconduct or a knowing violation of law;
- any transaction for which a director derived improper personal benefits;
- the unlawful payment of dividends; and
- unlawful stock repurchases or redemptions.

Because of these exculpation provisions, stockholders may be unable to recover monetary damages against directors for actions taken by them that constitute negligence or that otherwise violate their fiduciary duties as directors, although it may be possible to obtain injunctive or other equitable relief with respect to such actions. If equitable remedies are not available to stockholders, stockholders may not have an effective remedy against a director in connection with the director's conduct.

Our bylaws also provide that we will indemnify and hold harmless any person who was or is a party or is threatened to be a party to, or is involved in, any threatened, pending or completed civil, criminal, administrative, or investigative action, suit, or proceeding by reason of the fact that the person:

- is or was one of our directors or officers; or
- is or was serving at our request as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise or as a member of any committee or similar body to the fullest extent permitted by Delaware law.

We will also pay the expenses incurred in connection with any such proceeding in advance of its final disposition to the fullest extent authorized by Delaware law. This right to indemnification will be a contract right. We may, by action of our board, provide indemnification to our employees and agents to the extent and to the effect that our board determines to be appropriate and authorized by Delaware law. In determining the right to indemnification under our bylaws, we have the burden of proof that the indemnitee has not met the applicable standard of conduct. If successful in whole or in part in such a proceeding, the indemnitee is entitled to be indemnified for all reasonable expenses incurred in connection with such proceeding.

If any provision of our bylaws relating to indemnification is held invalid, illegal, or unenforceable, the remaining provisions shall not be affected. An indemnitee also may elect, as an alternative to the indemnification provisions provided in the bylaws, to follow procedures authorized by Delaware law. The bylaws provide specific procedure for the advancement of expenses and for the determination of entitlement to indemnification, as follows:

- entitlement to indemnification shall be determined by a majority vote of disinterested directors, by a written opinion of independent counsel under certain circumstances, by our stockholders, if a majority of the disinterested directors determine the issue should be submitted to the stockholders, or, if none of the person empowered to make a determination have been appointed and have made a determination within 60 days after the receipt of a request for indemnification, the indemnitee is deemed to be entitled to indemnification unless the indemnitee misrepresented or omitted a material fact in making or supporting his request for indemnification or the indemnification is prohibited by law; and
- the termination of an action by judgment, order, settlement, or conviction or upon a plea of nolo contendere does not adversely affect the right of an indemnitee to indemnification or create any presumption with respect to any standard of conduct. An indemnitee is entitled to indemnification for expenses if he is successful on the merits, if the action is terminated without a determination of liability on the part of the indemnitee, or if the indemnitee was not then a party to the action. An indemnitee who is not to be entitled to indemnification may appeal such determination either through the courts or by arbitration.

We intend to purchase and maintain insurance on behalf of any person who:

- is or was one of our directors, officers, employees, or agents; or
- is or was serving at our request as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against and incurred by the person in any such capacity, or arising out of the person's status as such, whether or not we would have the power or obligation to indemnify the person against such liability under our bylaws.

We have entered into indemnification contracts with our directors and certain officers which provide that such directors and officers will be indemnified to the fullest extent provided by Delaware Law by reason of the fact that they were a director, officer, employee, or agent, of ours, or were serving at our request as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise.

No indemnity will be provided under such indemnification contracts:

- except to the extent that the aggregate losses to be indemnified pursuant thereto exceed the amount for which the indemnitee is indemnified pursuant to any directors and officers liability insurance purchased and maintained by us;

- in respect to remuneration paid to an indemnitee if it shall be determined by a final judgment that such remuneration was in violation of law;
- on account of any suit in which judgment is rendered against an indemnitee for an accounting of profits made from the purchase or sale by indemnitee of our securities pursuant to the provision so Section 16(b) of the Securities Exchange Act of 1934 or similar provisions of any state or local law;
- on account of the indemnitee's act or omission being finally adjudged to have been not in good faith or involving intentional misconduct or a knowing violation of law; or
- if a final decision by a court having jurisdiction in the matter shall determine that such indemnification is not lawful.

Under the BlueGill Technologies, Inc. Amended and Restated 1998 Incentive and Non-Qualified Stock Option Plan, no member of our board, or no member of our stock option and compensation committee appointed by our board, shall be liable for any good faith determination, act or failure to act in connection with the Plan or any option granted thereunder.

This discussion of our restated certificate of incorporation, by-laws, indemnification agreements, and of Section 145 of Delaware Law is not intended to be exhaustive and is respectively qualified in its entirety by such certificate of incorporation, by-laws, agreements, and Delaware law.

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED.

Not applicable.

ITEM 8. EXHIBITS.

Exhibit Number -----	Exhibit Description -----
4(a) *	BlueGill Technologies, Inc. Amended and Restated 1998 Incentive and Non-Qualified Stock Option Plan.
4(b)	Restated Certificate of Incorporation of the Company. (Exhibit 3(a) to the Current Report on Form 8-K, dated December 22, 1997, filed with the Securities and Exchange Commission on December 30, 1997, and incorporated herein by reference).
4(c)	By-Laws of the Company. (Exhibit 3(b) to the Current Report on Form 8-K, dated December 22, 1997, filed with the Securities and Exchange Commission on December 30, 1997, and incorporated herein by reference).
5 *	Opinion of Porter, Wright, Morris & Arthur LLP regarding legality.
23.1	Consent of Porter, Wright Morris & Arthur LLP (included in Exhibit 5 filed herein).
23.2 *	Consent of Deloitte & Touche LLP.
23.3 *	Consent of Deloitte & Touche LLP.
23.4 *	Consent of Arthur Andersen LLP.
24 *	Power of Attorney.

* Filed with this Registration Statement

ITEM 9. UNDERTAKINGS

We hereby undertake:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:
 - (i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;
 - (ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed what was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.
 - (iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

Provided, however, that paragraphs (1)(i) and (1)(ii) do not apply if the registration statement is on Form S-3 or Form S-8, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.
- (2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

We hereby undertake that, for purposes of determining any liability under the Securities Act of 1933, each filing of our annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Norcross, State of Georgia, on April 28, 2000.

CHECKFREE HOLDINGS CORPORATION

By: /s/ Allen L. Shulman

Allen L. Shulman, Executive Vice President, Chief Financial Officer, and General Counsel

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated:

SIGNATURE	TITLE	DATE
* Peter J. Kight ----- Peter J. Kight	Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)	April 28, 2000
* Mark A. Johnson ----- Mark A. Johnson	Vice Chairman and Director	April 28, 2000
*Allen L. Shulman ----- Allen L. Shulman	Executive Vice President, Chief Financial Officer and General Counsel (Principal Financial Officer)	April 28, 2000
*Gary A. Luoma, Jr. ----- Gary A. Luoma, Jr.	Vice President, Chief Accounting Officer and Assistant Secretary (Principal Accounting Officer)	April 28, 2000
*George R. Manser ----- George R. Manser	Director	April 28, 2000
*Eugene F. Quinn ----- Eugene F. Quinn	Director	April 28, 2000
*Jeffrey M. Wilkins ----- Jeffrey M. Wilkins	Director	April 28, 2000
*William P. Boardman ----- William P. Boardman	Director	April 28, 2000

*By: /s/ Curtis A. Loveland

Curtis A. Loveland, attorney-in-fact
for each of the persons indicated

REGISTRATION NO. 333 --

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-8

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

CHECKFREE HOLDINGS CORPORATION

EXHIBITS

EXHIBIT INDEX

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AMENDED AND RESTATED
BLUEGILL TECHNOLOGIES, INC.
1998 INCENTIVE AND NON-QUALIFIED
STOCK OPTION PLAN

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AMENDED AND RESTATED
BLUEGILL TECHNOLOGIES, INC.
1998 INCENTIVE AND NON-QUALIFIED
STOCK OPTION PLAN

Section 1. Name and Purposes of the Plan.

(a) Name. The Plan will be known as the Amended and Restated BlueGill Technologies, Inc. 1998 Incentive and Non-Qualified Stock Option Plan.

(b) Purposes. The purpose of the Plan is to provide key Employees and Consultants with an opportunity to share in the capital appreciation of the Common Stock of the Company. The Options granted pursuant to the Plan are intended to constitute either Incentive Stock Options or Non-Qualified Stock Options, as determined by the Administrator of the Plan at the time of grant.

Section 2. Definitions. As used herein, the following definitions shall apply:

(a) "Administrator" shall be the Board or a Committee appointed by the Board pursuant to Section 3 of the Plan, which shall administer the Plan.

(b) "Affiliate" shall mean, whether now or hereafter existing, a person or entity that directly, or indirectly controls or is controlled by, or is under common control with, the Company, except that when used in connection with an Incentive Stock Option, "Affiliate" shall mean a Subsidiary.

(c) "Board" shall mean the Board of Directors of the Company, as constituted from time to time.

(d) "Change of Control" shall mean the happening of an event (excluding a Public Offering) that shall be deemed to have occurred upon the earliest to occur of the following events: (i) the date the shareholders of the Company (or the Board, if shareholder action is not required) approve a plan or other arrangement pursuant to which the Company will be dissolved or liquidated; (ii) the date the stockholders of the Company (or the Board, if stockholder action is not required) approve a definitive agreement to sell or otherwise dispose of all or substantially all of the assets of the Company; (iii) the date the stockholders of the Company (or the Board, if stockholder action is not required) and the stockholders of the other constituent corporations (or their respective boards of directors, if and to the extent that stockholder action is not required) have approved a definitive agreement to merge or consolidate the Company with or into another corporation, other than, in either case, a merger or consolidation of the Company in which holders of shares of the Company's voting capital stock immediately prior to the merger or consolidation will have at least fifty percent (50%) of the ownership of voting capital stock of the surviving corporation immediately after the

merger or consolidation (on a fully diluted basis), which voting capital stock is to be held by each such holder in the same or substantially similar proportion (on a fully diluted basis) as such holder's ownership of voting capital stock of the Company immediately before the merger or consolidation; (iv) the date any entity, person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act), other than (A) the Company, (B) any of its Subsidiaries, (C) any of the holders of the capital stock of the Company, as determined on the date that this Plan is adopted by the Board, (D) any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its Subsidiaries or (E) any Affiliate of any of the foregoing, shall have acquired beneficial ownership of, or shall have acquired voting control over more than fifty percent (50%) of the outstanding shares of the Company's voting capital stock (on a fully diluted basis), unless the transaction pursuant to which such person, entity or group acquired such beneficial ownership or control resulted from the original issuance by the Company of shares of its voting capital stock and was approved by at least a majority of directors who shall have been members of the Board for at least twelve (12) months prior to the date of such approval; (v) the first day after the date of this Plan when directors are elected such that there shall have been a change in the composition of the Board such that a majority of the Board shall have been members of the Board for less than twelve (12) months, unless the nomination for election of each new director who was not a director at the beginning of such twelve (12) month period was approved by a vote of at least sixty percent (60%) of the directors then still in office who were directors at the beginning of such period; or (vi) the date upon which the Board determines (in its sole discretion) that based on then current available information, the events described in clause (iv) are reasonably likely to occur.

(e) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto.

(f) "Committee" shall mean the Committee appointed by the Board in accordance with Section 3(a) of the Plan, if one is appointed, in which event the Committee shall possess the power and authority of the Board with respect to the Plan as set forth in Section 3(b) of the Plan.

(g) "Common Stock" shall mean the common stock of the Company, [no] par value per share.

(h) "Company" shall mean BLUEGILL TECHNOLOGIES, INC., a Delaware corporation, and any successor in interest that agrees to assume and maintain the Plan.

(i) "Consultant" shall mean: (i) any person associated with the Company or any Subsidiary of the Company who is engaged by the Company or the Subsidiary to render services and is compensated by the Company or the Subsidiary for such services, including but not limited to, an advisor or independent contractor; and (ii) any director of the Company or any Subsidiary of the Company whether or not compensated for such services in person's capacity as a director; provided, however, that in the event the Company registers any class of an equity security pursuant to the Exchange Act, the term "Consultant" will thereafter not include any director who is not compensated for his services or is paid only a director's fee by the Company.

(j) "Disability" or "Disabled" with respect to an Optionee shall mean (i) when the Optionee is determined to be disabled within the meaning of any long-term disability policy or program sponsored by the Company covering the Optionee, as in effect as of the date of such determination, or (ii) if no such policy or program shall be in effect, (A) if the Optionee is an employee of the Company, when the Optionee is unable to resume full-time employment with the Company for a continuous period of six (6) consecutive months or six (6) months in any twelve (12) consecutive month period by reason of a physical or mental impairment, or (B) if the Optionee is not an employee of the Company, when the Optionee is unable to engage in any substantial gainful activity by reason of a physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than six (6) months or six (6) months in any twelve (12) consecutive month period. The determination of whether an Optionee is Disabled pursuant to subparagraph (ii) shall be determined by the Board of Directors, whose determination shall be conclusive; provided that, (A) if an Optionee is bound by the terms of an employment agreement between the Optionee and the Company, then whether the Optionee is "Disabled" for purposes of the Plan shall be determined in accordance with the procedures set forth in said employment agreement, if such procedures are therein provided; and (B) an Optionee bound by such an employment agreement shall not be determined to be Disabled under the Plan any earlier than he or she would be determined to be disabled under his or her employment agreement.

(k) "Disinterested Person" shall have the meaning set forth in Rule 16(b)-3(c)(2)(i), as amended, promulgated under Section 16 of the Exchange Act.

(l) "Employee" shall mean any person, including but not limited to, officers and directors, employed by the Company or any Subsidiary of the Company. The payment of directors' fees by the Company shall not be sufficient to constitute "employment" by the Company.

(m) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(n) "Fair Market Value" shall mean, as of any date, the fair market value of a share of Common Stock as determined pursuant to Section 7 hereof.

(o) "Incentive Stock Option" shall mean any Option that is intended to be and is designated as an incentive stock option within the meaning of Section 422 of the Code.

(p) "Non-Qualified Stock Option" shall mean any Option that is not intended to qualify as an Incentive Stock Option.

(q) "Option" shall mean an Incentive Stock Option or a Non-Qualified Stock Option as the case may be, granted pursuant to the Plan.

(r) "Option Agreement" shall mean the written agreement by and between the Company and an Optionee under which Optionee may purchase the Shares pursuant to the exercise of an Option.

(s) "Optionee" shall mean an Employee or Consultant to whom an Option is granted.

(t) "Plan" shall mean this Amended and Restated BlueGill Technologies, Inc. 1998 Incentive and Non-Qualified Stock Option Plan, as amended from time to time.

(u) "Public Offering" shall mean the consummation of a firm commitment underwritten public offering of equity securities of the Company registered under the Securities Act.

(v) "Sale of the Company" shall mean the earliest of: (i) the closing of a sale, transfer or other disposition of all or substantially all of the shares of the capital stock then outstanding of the Company (except if such transferee is then an Affiliate); (ii) the closing of a sale, transfer or other disposition of all or substantially all of the assets of the Company (except if such transferee is then an Affiliate); or (iii) the merger or consolidation of the Company with or into another corporation (except an Affiliate), other than a merger or consolidation of the Company in which the holders of shares of the Company's voting capital stock outstanding immediately before such merger or consolidation hold greater than fifty percent (50%) of the surviving entity's voting capital stock after such consolidation or merger.

(w) "Securities Act" shall mean the Securities Act of 1933, as amended.

(x) "Securities Broker" means a registered securities broker acceptable to the Board who agrees to effect the cashless exercise of an Option.

(y) "Share" or "Shares" shall mean a share or shares of Common Stock, as adjusted in accordance with Section 8 of the Plan, that is allocated to the Plan.

(z) "Stock Purchase and Restriction Agreement" shall mean an agreement in such form or forms as the Board (subject to the terms and conditions of this Plan) may from time to time approve, which an Optionee shall be required to execute as a condition of purchasing Shares upon the exercise of an Option.

(aa) "Subsidiary" shall mean, whether now or hereafter existing, a subsidiary or parent corporation of the Company as such term is defined in Sections 424(e), (f) and (g) of the Code. Subsidiary shall also mean BlueGill Technologies Corp., an Ontario corporation.

(bb) "Vested Amount" shall mean, with respect to each Option, a percentage of the shares for which the Option has become exercisable (subject to the further terms of the Plan) by application of the schedule set forth in Section 4(b).

Section 3. Administration.

(a) Procedure. The Plan shall be administered by the Board or a Committee consisting of not less than two (2) persons appointed by the Board, which shall be the Administrator. Members

of the Board or the Committee who are eligible for Options or who have been granted Options may vote on any matters affecting the administration of the Plan or the grant of any Options pursuant to the Plan, except that no such member shall act upon the granting of an Option to himself or herself, but any such member may be counted in determining the existence of a quorum at any meeting of the Board or the Committee during which action is taken with respect to the granting of Options to such member. In the event the Company has a class of equity securities registered under the Exchange Act and, unless the Board determines otherwise, from the effective date of such registration until six (6) months after the termination of such registration, all grants of options to eligible officers or directors of the Company shall be made solely by the Board, only if each member is a Disinterested Person or, otherwise, by a Committee of two (2) or more directors, each of whom is a Disinterested Person.

(b) Committee. If a Committee is appointed by the Board, then the Committee shall possess the power and authority of the Board in administering the Plan on behalf of the Board, subject to the terms and conditions as the Board may prescribe. Members of the Committee may or may not be members of the Board and shall serve for such period of time as the Board may determine. From time to time, the Board may increase the size of the Committee and appoint additional members thereto, remove members (with or without cause) and appoint new members in substitution therefor, fill vacancies however caused, or remove all members of the Committee and thereafter directly administer the Plan.

(c) Powers of the Administrator. Subject to the provisions of the Plan (and, in the case of the Committee, the specific duties delegated by the Board to such Committee), the Administrator shall have the authority, in its sole discretion:

(1) to determine whether and to what extent Options are granted hereunder;

(2) to determine the Fair Market Value of the Common Stock based upon review of relevant information and in accordance with Section 7 of the Plan;

(3) to determine the exercise price of the Options in accordance with Section 6(b) of the Plan;

(4) to select the Optionees to whom Options may from time or time be granted;

(5) to determine the number of Shares to be subject to each Option granted hereunder;

(6) to prescribe, amend and rescind rules and regulations relating to the Plan;

(7) to determine the terms and provisions of each Option granted under the Plan, each Option Agreement and each other agreement that in the sole discretion of the Administrator

may be required (all of which agreements need not be identical with the terms of other Options, Option Agreements or other agreements);

(8) to determine the circumstances under which the vesting or exercise date of an Option will be accelerated;

(9) to interpret the Plan or any agreement entered into with respect to the grant or exercise of Options;

(10) to authorize any person to execute on behalf of the Company any instrument required to effectuate the grant of an Option previously granted by the Board or to take such other actions as may be necessary or appropriate with respect to the Company's rights pursuant to Options or agreements relating to the granting or exercise thereof;

(11) to determine whether and under what circumstances an Option may be exercised without a payment of cash under Section 6(c) hereof;

(12) to terminate the Plan in the event of a Change of Control or Sale of the Company; and

(13) to make such other determinations and establish such other procedures as it deems necessary or advisable for the administration of the Plan.

(d) Effect of the Administrator's Decision. All decisions, determinations and interpretations of the Administrator pursuant to the provisions of the Plan shall be final and binding on all Optionees and any other holders of Options.

(e) Limitation of Liability. Notwithstanding anything herein to the contrary, no member of the Board or the Committee shall be liable for any good faith determination, act or failure to act in connection with the Plan or any Option awarded hereunder.

Section 4. Eligibility.

(a) Eligible Persons. Options may be granted at any time and from time to time to any Employee or Consultant who shall be selected by the Administrator. Any grant of Options may include or exclude any Employee or Consultant as the Administrator shall determine in its sole discretion. Consultants who are not also Employees of the Company are eligible to be granted Non-Qualified Stock Options under the Plan but are not eligible to be granted Incentive Stock Options under the Plan.

(b) Vesting and Exercisability of Options. Subject to the provisions of Section 6 hereof and except to the extent the Board provides otherwise, each Option shall not be exercisable until

vested and shall vest as follows: twenty percent (20%) on the first anniversary of the date of grant and five percent (5%) on each three month anniversary following that first anniversary.

The Vested Amount of each Option shall be exercisable on and after that portion of the Option becomes vested. The unvested portion of each Option may not be exercised.

(c) Effect Upon Engagement. The Plan will not and does not confer upon any Optionee any right with respect to the continuation of any employment, consulting or any other relationship with the Company nor will it interfere in any way with such Optionee's right or the Company's right to terminate that Optionee's employment, consulting or other relationship with the Company at any time, whether with or without cause.

Section 5. Stock Subject to the Plan.

(a) Maximum Number of Shares. Subject to the provisions of Section 8 of the Plan, the maximum aggregate number of Shares which may be optioned and sold under the Plan is four million (4,000,000) Shares. The Shares may be authorized, but unissued or reacquired, Common Stock.

(b) Return of Shares to the Plan. If an Option expires, is terminated or become unexercisable for any reason without having been exercised in full, then the unpurchased Shares subject thereto shall, unless the Plan shall have been terminated, return to the Plan and become available for future grants under the Plan.

Section 6. Terms and Conditions of Options. Each Option granted under the Plan shall be authorized by the Administrator and shall be evidenced by an Option Agreement, which shall state or incorporate by reference all other terms and conditions of the Plan including, without limitation, the following terms and conditions:

(a) Number of Shares. The Option Agreement shall state the number of Shares subject to the Option.

(b) Option Exercise Price. The per Share exercise price for the Shares to be issued pursuant to the exercise of an Incentive Stock Option shall be stated in the Option Agreement and shall be no less than the Fair Market Value per share of the Common Stock on the date such Option is granted, without regard to any restriction other than a restriction that by its terms will never lapse; provided, however, that any Incentive Stock Option granted under this Plan to an Employee who, at the time such Option is granted, owns more than ten percent (10%) of the current total combined voting power of all classes of the capital stock of the Company, shall have an exercise price per Share of not less than one hundred ten percent (110%) of the Fair Market Value of the Common Stock on the date such Option is granted. The per Share exercise price for the Shares to be issued pursuant to the exercise of a Non-Qualified Stock Option shall be stated in the Option Agreement and shall be determined by the Administrator.

(c) Consideration. The consideration to be paid for the Shares to be issued upon the exercise of an Option, including the method of payment, shall be determined by the Administrator and may consist entirely of: (i) cash; (ii) check; (iii) authorization from the Company to retain, from the total number of Shares for which the Option is exercised, that number of Shares having a Fair Market Value on the date of exercise equal to the exercise price for the total Shares for which the Option is exercised; (iv) to the extent permitted under the Exchange Act, the delivery of a properly executed exercise notice together with irrevocable instructions to a Securities Broker to promptly deliver to the Company the amount of sale or loan proceeds required to pay the exercise price; or (v) such other consideration and method of payment as the Administrator may from time to time determine. In making its determination as to the type of consideration to accept, the Administrator shall consider if the acceptance of such consideration may be reasonably expected to benefit the Company.

(d) Form of Option. The Option Agreement shall state whether the Option granted thereunder is intended to be an Incentive Stock Option or a Non-Qualified Stock Option and shall, subject to the terms of the Option Agreement, constitute a binding determination as to the form of Option granted thereunder.

(e) Exercise of an Option.

(1) Unless otherwise provided by the Administrator, the Vested Amount of any Option granted hereunder shall be exercisable, in whole or in part, at such times and under such further conditions as may be determined by the Administrator and as set forth in the Option Agreement.

(2) An Option may not be exercised for a fraction of a Share. In the event of a "cashless exercise" as permitted under Section 6(c) hereof, the Company shall issue shares for the whole number of shares acquired through such cashless exercise and cash for the value of any fractional share.

(3) An Option may not be exercised after the date of expiration of its term as shall be set forth in the Option Agreement.

(4) An Option shall be deemed to have been exercised when written notice of such exercise has been received by the Company at its principal executive office in accordance with the terms of the Option Agreement by the person entitled to exercise the Option, and full payment for the Shares with respect to which the Option is to be exercised has been received by the Company, accompanied by an executed Stock Purchase and Restriction Agreement and any other agreements required by the Administrator or the terms of the Plan and/or Option Agreement. An Optionee shall have no right to vote or receive dividends and shall have no other rights as a shareholder with respect to the Shares, notwithstanding the exercise of the Option, until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the stock certificate evidencing such Shares. No adjustment shall be made for a

dividend or other right for which the record date is prior to the date stock certificate with respect to the Shares is issued.

(5) As soon as practicable after the proper exercise of an Option in accordance with the provisions of the Plan, the Company shall, without transfer or issue tax to the Optionee, deliver to the Optionee at the principal executive office of the Company or such other place as shall be mutually agreed upon between the Company and the Optionee, a certificate or certificates representing the Shares for which the Option shall have been exercised. The time of issuance and delivery of the certificate(s) representing the Shares for which the Option shall have been exercised may be postponed by the Company for such period as may be required by the Company, with reasonable diligence, to comply with any applicable listing requirements of any national or regional securities exchange or any law or regulation applicable to the issuance or delivery of such Shares.

(6) The exercise of an Option in any manner shall result in a decrease in the number of Shares that thereafter may be available both for purposes of the Plan and for sale under the Option by the number of Shares as to which the Option is exercised.

(f) Termination of Options.

(1) Termination in General. Unless sooner terminated as provided in this Plan, each Option shall be exercisable for the period of time as shall be determined by the Administrator and set forth in the Option Agreement and shall be void and unexercisable thereafter.

(2) Termination of Relationship with the Company. Unless sooner terminated as provided in this Plan, in the event of the termination of an Optionee's employment or consulting relationship with the Company (as the case may be) for any reason other than the death or Disability of the Optionee, such Optionee may, within three (3) months (or such other period of time as is determined by the Administrator) from the date of such termination (but in no event later than the expiration date of the term of such Option as set forth in the Option Agreement), exercise the Option up to the Vested Amount as of the date of termination, but only to the extent that the Optionee was entitled to exercise the Option on the date of such termination. To the extent the Optionee was not entitled to exercise the Option on the date of such termination, or if the Optionee does not exercise such Option to the extent so entitled within the time specified herein, the Option will terminate.

(3) Death or Disability. Unless sooner terminated as provided in this Plan, in the event of the death or Disability of an Optionee while employed or engaged by the Company (as the case may be), Options held by such Optionee that are exercisable on the date of Disability or death shall be exercisable up to the Vested Amount as of the date of Disability or death for a period of twelve (12) months commencing on the date of the Optionee's Disability or death. Such Options may be exercisable by the Optionee or his or her legal guardian or representative or, in the case of death, by his or her executor(s) or administrator(s); provided, however, if such disabled Optionee shall commence any employment or engagement during such twelve (12) month period with or by a competitor of the Company (including, but not limited to, full or part-time employment or

independent consulting work), as determined solely in the judgment of the Administrator, then all Options held by such Optionee that have not yet been exercised shall terminate immediately upon the commencement thereof.

(4) Agreement to Terminate. Options may be terminated at any time by agreement between the Company and the Optionee.

(g) Other Provisions.

(1) Notwithstanding any provision in this Plan or an Option Agreement to the contrary, no Option granted to any Optionee under this Plan shall be treated as an Incentive Stock Option to the extent that such Option would cause the aggregate Fair Market Value of all Shares with respect to which Incentive Stock Options are exercisable by such Optionee for the first time during any calendar year (determined as of the date of grant of each such Option) to exceed \$100,000. For purposes of determining whether an Incentive Stock Option granted to an Optionee would cause the aggregate Fair Market Value to exceed the \$100,000 limitation, such Incentive Stock Options shall be taken into account in the order granted. For purposes of this subsection, Incentive Stock Options granted to an Optionee shall include all incentive stock options under all plans of the Company that are incentive stock option plans within the meaning of Section 422 of the Code. Options may be exercised in any order elected by the Optionee, whether or not the Optionee holds any unexercised Options under this Plan or any other plan of the Company.

(2) Notwithstanding any other provision of this Plan or an Option Agreement to the contrary, no Incentive Stock Option shall be (A) granted under this Plan after ten (10) years from the date on which this Plan is adopted by the Board, or (B) exercisable more than ten (10) years from the date of grant; provided that if an Incentive Stock Option shall be granted under this Plan to any Employee who, at the time of the grant of such Option, owns stock possessing more than ten percent (10%) of the total combined voting power for all classes of the Company's capital stock, the foregoing clause (B) shall be deemed modified by substituting the term "five (5) years" for the term "ten (10) years" that appears therein.

Section 7. Fair Market Value of Common Stock. The Fair Market Value of a Share of Common Stock, as of any date, shall be determined as follows:

(a) If the Shares of Common Stock are listed on a national or regional securities exchange or traded through NASDAQ/NMS, then the Fair Market Value of a share of Common Stock shall be the closing price for a share of Common Stock on the principal such exchange or on NASDAQ/NMS, as reported in The Wall Street Journal or such other source as the Administrator deems reliable on the relevant valuation date, or if there is no trading on that date, on the next trading date.

(b) If the Shares of Common Stock are traded in the over-the-counter market, then the Fair Market Value of a share of Common Stock shall be the mean of the bid and asked prices for a

share of Common Stock on the relevant valuation date as reported in The Wall Street Journal or other source the Administrator deems reliable (or, if not so reported, as otherwise reported by the National Association of Securities Dealers Automated Quotations ("NASDAQ") System or the NASD OTC Bulletin Board), or if there is no trading on such date, on the next trading date.

(c) In the absence of an established market for the Common Stock, the Fair Market Value of a share of Common Stock shall be determined by the Administrator in its sole discretion.

Section 8. Adjustments.

(a) Adjustments. Subject to any required action by the shareholders of the Company, the number of Shares covered by each outstanding Option, the number of Shares that have been authorized for issuance under the Plan but as to which no Options have yet been granted or that have been returned to the Plan upon cancellation or expiration of an Option, and the price per Share of the Common Stock covered by an Option will each be proportionately adjusted for any increase or decrease in the number of outstanding shares of Common Stock resulting from stock splits, reverse stock splits, stock dividends, reclassifications and recapitalizations. Such adjustment shall be made by the Board whose determination in that respect will be final, binding and conclusive. Except as provided herein, no issuance by the Company of shares of stock of any class or securities convertible into shares of stock of any class, will affect, and no adjustment by reason thereof will be made with respect to, the number or price of shares of Common Stock subject to an Option.

(b) No Fractional Shares. No fractional Shares shall be issuable on account of any action aforesaid, and the aggregate number of Shares into which Shares then covered by the Option, when changed as the result of such action, shall be reduced to the number of whole Shares resulting from such action, unless the Board, in its sole discretion, shall determine to issue scrip certificates in respect to any fractional Shares, which scrip certificates shall be in a form and have such terms and conditions as the Board in its discretion shall prescribe.

Section 9. Rights as a Shareholder. An Optionee shall have no rights as a shareholder of the Company and shall not have the right to vote nor receive dividends with respect to any Shares subject to an Option until such Option has been exercised and a stock certificate with respect to the Shares purchased upon such exercise of the Option has been issued to Optionee as set forth in Section 6(e)(4) and (5) hereof.

Section 10. Forfeiture. Notwithstanding any other provision of this Plan, if an Optionee's employment or consulting relationship with the Company (as the case may be) is terminated by the Company and the Board makes a determination that the Optionee (i) has engaged in any type of disloyalty to the Company, including without limitation, fraud, embezzlement, theft, or dishonesty in the course of Optionee's employment or consulting relationship, (ii) has been convicted of a felony or other crime involving a breach of trust or fiduciary duty owed to the Company, (iii) has made an unauthorized disclosure of trade secrets or confidential information of the Company, or (iv) has breached any employment agreement, consulting agreement, confidentiality agreement, assignment

of inventions or work product agreement, non-competition agreement or any other agreement with the Company in any material respect, then, at the election of the Board, all unexercised Options held by the Optionee (whether or not then exercisable) shall terminate. In the event of such an election by the Board, in addition to immediate termination of all unexercised Options, the Optionee shall forfeit all Shares for which the Company has not yet delivered stock certificates to the Optionee and the Company shall refund to the Optionee the exercise price paid to it upon exercise of the Option with respect to such Shares. Notwithstanding anything herein to the contrary, the Company may withhold delivery of stock certificates pending the resolution of any inquiry that could lead to a finding resulting in forfeiture.

Section 11. Time of Granting Options. The date of grant of an Option shall, for all purposes, be the date on which the Administrator makes the determination to grant the Option or such other date as is determined by the Administrator. Notice of the determination shall be given to each Optionee to whom an Option is so granted within a reasonable time after the date of such grant.

Section 12. Modification, Extension, Renewal of Option. Subject to the terms and conditions of the Plan, the Board may modify, extend or renew an Option, or accept the surrender of an Option (to the extent not theretofore exercised); provided that no Incentive Stock Option may be modified, extended or renewed if such action would cause such Option to cease to be an incentive stock option within the meaning of Section 422 of the Code.

Section 13. Transferability. No Option may be sold, pledged, assigned, transferred or disposed of in any manner other than by will or by the laws of descent and distribution. During the lifetime of the Optionee, his or her Options shall be exercisable only by the Optionee, or, in the event of the Optionee's legal incapacity or Disability, by the legal guardian or representative of the Optionee.

Section 14. Power of Board if Change of Control or Sale of the Company. Notwithstanding anything to the contrary set forth in this Plan, in the event of a Change of Control or Sale of the Company, the Board shall have the right, in its sole discretion, to accelerate the vesting of all Options that have not vested as of the date of the Change of Control or sale of the Company and/or to establish an earlier date for the expiration of the exercise of an Option (notwithstanding a later expiration of exercisability set forth in an Option Agreement). In addition, in the event of a Change of Control, the Board shall have the right, in its sole discretion, subject to and conditioned upon a Sale of the Company, to (1) arrange for the successor company (or other entity) to assume all of the rights and obligations of the Company under this Plan; or (2) terminate this Plan and (a) to pay to all Optionees cash with respect to those Options that are vested as of the date of the Sale of the Company in an amount equal to the difference between the Option Price and the Fair Market Value of a Share of Common Stock (determined as of the date the Plan is terminated) multiplied by the number of Options that are vested as of the date of the Sale of the Company which are held by the Optionee as of the date of the Sale of the Company, or (b) to arrange for the exchange of all Options for options to purchase common stock in the successor corporation, or (c) to distribute to each Optionee other property in an amount equal to and in the same form as the Optionee would have

received from the successor corporation if the Optionee had owned the Shares subject to Options that are vested as of the date of the Sale of the Company rather than the Option at the time of the Sale of the Company. The form of payment or distribution to the Optionee pursuant to this Section shall be determined by the Board in its sole discretion.

Section 15. Amendment or Termination of the Plan. Insofar as permitted by law and the Plan, the Board may at any time suspend, terminate, discontinue, alter or amend the Plan in any respect whatsoever; provided, however, that without prior approval of the shareholders, no such revision or amendment may change the aggregate number of Shares for which Options may be granted hereunder, change the designation of the class of Optionees eligible to receive Options or decrease the price at which Options may be granted. Any other provision of this Section notwithstanding, the Board specifically is authorized to adopt any amendment to this Plan deemed by the Board to be necessary or advisable to assure that the Incentive Stock Options or the Non-Qualified Stock Options available under the Plan continue to be treated as such, respectively, under all applicable laws.

Section 16. Application of Funds. The proceeds received by the Company from the sale of Shares pursuant to the exercise of Options shall be used for general corporate purposes.

Section 17. No Obligation to Exercise Option. The granting of an Option shall impose no obligation upon the Optionee to exercise such Option.

Section 18. Approval of Shareholders. This Plan shall become effective on the date that it is adopted by the Board; provided that it shall become limited to a non-qualified stock option plan if it is not approved by the shareholders of a majority of the Company's outstanding voting stock within one year (365 days) of its adoption by the Board. The Board may grant Options hereunder prior to approval of the Plan, or any material amendments thereto, by the holders of a majority of the Company's outstanding voting stock; provided that any and all Options so granted shall be converted into non-qualified stock options if the Plan, or a material amendment, is not approved by such shareholders within 365 days of its adoption or material amendment.

Section 19. Conditions Upon Issuance of Shares.

(a) Options granted under the Plan are conditioned upon the Company obtaining any required permit or order from appropriate governmental agencies, authorizing the Company to issue such Options and Shares issuable upon the exercise thereof.

(b) Shares shall not be issued pursuant to the exercise of an Option unless the exercise of such Option and the issuance and delivery of such Shares pursuant thereto shall comply with all relevant provisions of law, including, without limitation, the Securities Act, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the Shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(c) As a condition to the exercise of an Option, the Board may require the person exercising such Option to execute an agreement with, and/or may require the person exercising such Option to make any representation and/or warranty to, the Company as may be, in the judgment of counsel to the Company, required under applicable law or regulation, including but not limited to, a representation and warranty that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation and warranty is appropriate under any of the aforementioned relevant provisions of law.

Section 20. Reservation of Shares.

(a) The Company, during the term of this Plan, shall at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

(b) The Company, during the term of this Plan, shall use its best efforts to seek to obtain from appropriate regulatory agencies any requisite authorization in order to issue and sell such number of Shares as shall be sufficient to satisfy the requirements of the Plan. The inability of the Company to obtain from any such regulatory agency having jurisdiction the requisite authorization(s) deemed by the Company's counsel to be necessary for the lawful issuance and sale of any Shares hereunder, or the inability of the Company to confirm to its satisfaction that any issuance and sale of any Shares hereunder will meet applicable legal requirements, shall relieve the Company of any liability in respect to the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

Section 21. Other Agreements. Options shall be evidenced by an Option Agreement in such form or forms as the Administrator (subject to the terms and conditions of this Plan) may from time to time approve, which Option Agreement shall evidence and reflect the terms and conditions of an Option as set forth in Section 6 hereof. Upon exercise of an Option, the Optionee shall execute and deliver to the Company a Stock Purchase and Restriction Agreement in such form or forms as the Administrator shall approve from time to time. The Administrator may, from time to time, require such other agreements in connection with the Option as it, in its sole discretion, deems advisable. The Option Agreement and the Stock Purchase and Restriction Agreement and any other agreement required by the Plan or the Option Agreement, as determined by the Board or the Administrator, may contain such other provisions as the Board or the Administrator, in its discretion deems advisable and that are not inconsistent with the provisions of this Plan, including, without limitation, restrictions upon or conditions precedent to the exercise of the Option.

Section 22. Taxes, Fees, Expenses and Withholding.

(a) The Company shall pay all original issue and transfer taxes (but not income taxes, if any) with respect to the grant of an Option and/or the issue and transfer of Shares pursuant to the exercise thereof, and all other fees and expenses necessarily incurred by the Company in connection

therewith, and will, from time to time, use its best efforts to comply with all laws and regulations that, in the opinion of counsel for the Company, shall be applicable thereto.

(b) The granting of Options hereunder and the issuance of Shares pursuant to the exercise thereof is conditioned upon the Company's reservation of the right to withhold in accordance with any applicable law, from any compensation or other amounts payable to the Optionee, any taxes required to be withheld under federal, state or local law as a result of the grant or exercise of such Option or the sale of the Shares issued upon exercise thereof. To the extent that compensation or other amounts, if any, payable to the Optionee is insufficient to pay any taxes required to be so withheld, the Company may, in its sole discretion, require the Optionee (or such other person entitled herein to exercise the Option), as a condition to the exercise of an Option, to pay in cash to the Company an amount sufficient to cover such tax liability or otherwise to make adequate provision for the Company's satisfaction of its withholding obligations under federal, state and local law.

Section 23. Notices. Any notice to be given to the Company pursuant to the provisions of this Plan shall be addressed to the Company in care of its Secretary (or such other person as the Company may designate from time to time) at its principal executive office, and any notice to be given to an Optionee shall be delivered personally, by facsimile or addressed to the Optionee at the address given beneath the signature of the Optionee on his or her Option Agreement, or at such other address as such Optionee or his or her permitted transferee (upon the transfer of the Shares) may hereafter designate in writing to the Company. Any such notice shall be deemed duly given when delivered, when acknowledged received by sender's facsimile machine, or when enclosed in a properly sealed envelope or wrapper addressed as aforesaid, registered or certified, and deposited, postage and registry or certification fee prepaid, in a post office or branch post office regularly maintained by the United States Postal Service. It shall be the obligation of each Optionee and each permitted transferee holding Shares purchased upon exercise of an Option to provide the Secretary of the Company, by letter mailed as provided herein, with written notice of his or her direct mailing address.

Section 24. No Enlargement of Employee Rights. This Plan is purely voluntary on the part of the Company, and the continuance of the Plan shall not be deemed to constitute a contract between the Company and any Employee or Consultant, or to be consideration for, or a condition of, the employment or service of any Employee or Consultant as the case may be. Nothing contained in this Plan shall be deemed to give any Employee or Consultant the right to be retained in the employ or service of the Company, or to interfere with the right of the Company to discharge or retire any Employee or Consultant thereof at any time. No Employee or Consultant shall have any right to or interest in Options authorized hereunder prior to the grant thereof to such Employee or Consultant, and upon such grant such Employee or Consultant shall have only such rights and

interests as are expressly provided herein, subject, however, to all applicable provisions of the Company's Certificate of Incorporation, as the same may be amended from time to time.

Section 25. Information to Optionees. The Company, upon request, shall provide without charge to each Optionee copies of such annual and periodic reports as are provided by the Company to its shareholders generally.

Section 26. Availability of Plan. A copy of this Plan shall be delivered to the Secretary of the Company and shall be shown to any eligible person making reasonable inquiry concerning it.

Section 27. Invalid Provisions. In the event that any provision of this Plan is found to be invalid or otherwise unenforceable under any applicable law, such invalidity or unenforceability shall not be construed as rendering any other provisions contained herein as invalid or unenforceable, and all such other provisions shall be given full force and effect to the same extent as though the invalid or unenforceable provision was not contained herein.

Section 28. Applicable Law. This Plan shall be governed by and construed in accordance with the laws of the State of Michigan.

Section 29. Board Action. Notwithstanding anything to the contrary set forth in this Plan, any and all actions of the Board or Committee, as the case may be, taken under or in connection with this Plan and any agreements, instruments, documents, certificates or other writings entered into, executed, granted, issued and/or delivered pursuant to the terms hereof, shall be subject to and limited by any and all votes, consents, approvals, waivers or other actions of all or certain shareholders of the Company or other persons required pursuant to (a) the Company's Certificate of Incorporation (as the same may be amended and/or restated from time to time), (b) the Company's Bylaws (as the same may be amended and/or restated from time to time), and (c) any other agreement, instrument, document or writing now or hereafter existing, between or among the Company and its shareholders or other persons (as the same may be amended from time to time).

Section 30. Miscellaneous. This Plan is intended to comply with the conditions and requirements for employee benefit plans under Rule 16b-3, as promulgated under Section 16 of the Exchange Act.

PORTER, WRIGHT, MORRIS & ARTHUR LLP
41 South High Street
Columbus, Ohio 43215-6194
Telephone: 614/227-2000
Facsimile: 614/227-2100

April 28, 2000

CheckFree Holdings Corporation
4411 East Jones Bridge Road
Norcross, Georgia 30092

Re: Registration Statement on Form S-8
BlueGill Technologies, Inc. Amended and Restated 1998
Incentive and Non-Qualified Stock Option (the "Plan")

Ladies and Gentlemen:

We have acted as counsel for CheckFree Holdings Corporation, a Delaware corporation ("CheckFree"), in connection with the Registration Statement on Form S-8 (the "Registration Statement"), filed by CheckFree with the Securities and Exchange Commission under the Securities Act of 1933, as amended, with respect to the registration of 591,796 shares of CheckFree common stock, \$.01 par value (the "Shares"), to be issued under the Plan.

In connection with this opinion, we have examined such corporate records, documents, and other instruments of the registrant as we have deemed necessary.

Based on the foregoing, we are of the opinion that the Shares will, when issued and paid for in accordance with the provisions of the Plan, be legally issued, fully paid and nonassessable, and entitled to the benefits of the Plan.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement.

Very truly yours,

/s/ Porter, Wright, Morris & Arthur LLP

PORTER, WRIGHT, MORRIS & ARTHUR LLP

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Registration Statement of CheckFree Holdings Corporation on Form S-8 of our reports dated August 9, 1999, appearing in and incorporated by reference in the Annual Report on Form 10-K of CheckFree Holdings Corporation for the year ended June 30, 1999.

/s/ Deloitte & Touche LLP

DELOITTE & TOUCHE LLP

Atlanta, Georgia
April 27, 2000

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Registration Statement of CheckFree Holdings Corporation on Form S-8 of our report dated October 22, 1999 (February 15, 2000 as to Note 4) on the consolidated financial statements of MSFDC, L.L.C. and subsidiaries, a development stage company, as of July 2, 1999, and July 3, 1998, and the related consolidated statements of operations, members' capital deficiency and cash flows for the year ended July 2, 1999, and the periods from June 18, 1997 (inception) to July 3, 1998, and from June 18, 1997 (inception) to July 2, 1999, appearing in Amendment No. 1 to Current Report on Form 8-K/A of CheckFree Holdings Corporation, filed April 27, 2000.

/s/ Deloitte & Touche LLP

DELOITTE & TOUCHE LLP
Seattle, Washington
April 27, 2000

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement of our report dated February 28, 2000, included in CheckFree Holdings Corporation's Current Report on Form 8-K dated March 16, 2000 for the year ended December 31, 1999 and to all references to our Firm included in this registration statement.

/s/ Arthur Andersen LLP

Ann Arbor, Michigan
April 26, 2000

POWER OF ATTORNEY

Each of the undersigned officers and directors of CheckFree Holdings Corporation, a Delaware corporation (the "Company") hereby appoints Peter J. Kight, Mark A. Johnson, and Curtis A. Loveland as his true and lawful attorneys-in-fact, or any of them, with power to act without the others, as his true and lawful attorney-in-fact, in his name and on his behalf, and in any and all capacities stated below, to sign and to cause to be filed with the Securities and Exchange Commission (the "Commission"), the Company's Registration Statement on Form S-8 (the "Registration Statement") to register under the Securities Act of 1933, as amended, 910,000 shares of Common Stock, \$.01 par value, of the Company to be sold and distributed by the Company pursuant to the BlueGill Technologies, Inc. Amended and Restated 1998 Incentive and Non-Qualified Stock Option Plan (the "Plan") and such other number of shares as may be issued under the anti-dilution provision of the Plan, and any and all amendments, including post-effective amendments, to the Registration Statement, hereby granting unto such attorneys-in-fact, and to each of them, full power and authority to do and perform in the name of and on behalf of the undersigned, in any and all such capacities, every act and thing whatsoever necessary to be done in and about the premises as fully as the undersigned could or might do in person, hereby granting to each such attorney-in-fact full power of substitution and revocation, and hereby ratifying all that any such attorney-in-fact or his substitute may do by virtue hereof.

IN WITNESS WHEREOF, the undersigned have signed these presents this 22nd day of March, 2000.

Signature

Title

/s/ Peter J. Kight

Chairman of the Board of Directors
and Chief Executive Officer
(Principal Executive Officer)-----
Peter J. Kight

/s/ Mark A. Johnson

Vice Chairman and Director

Mark A. Johnson

/s/ Allen L. Shulman

Executive Vice President, Chief Financial
Officer and General Counsel
(Principal Financial Officer)-----
Allen L. Shulman

/s/ Gary A. Luoma, Jr.

Vice President, Chief Accounting Officer and
Assistant Secretary
(Principal Accounting Officer)-----
Gary A. Luoma, Jr.

/s/ William P. Boardman

Director

William P. Boardman

/s/ George R. Manser

Director

George R. Manser

/s/ Eugene F. Quinn

Director

Eugene F. Quinn

/s/ Jeffrey M. Wilkins

Director

Jeffrey M. Wilkins