

Blackboard Inc.

WebCT, Inc. Transaction Briefing
October 12, 2005

Safe Harbor Statement

Any statements in this press release about future expectations, plans and prospects for Blackboard and other statements containing the words "believes," "anticipates," "plans," "expects," "will," and similar expressions, including statements about the expected impact of the acquisition on Blackboard's earnings per share in future periods, constitute forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those indicated by such forward-looking statements as a result of various important factors, including the timing and extent of regulatory review, the timing of the closing, the ability of Blackboard to integrate the business, operations and personnel of WebCT following the acquisition, and the ability of both companies to retain their existing customers and gain new customers before and after the closing of the acquisition. Other factors that could affect the results discussed in our forward-looking statements include those set forth in the "Risk Factors" section of our most recent 10-Q filed with the SEC. In addition, the forward-looking statements included in this press release represent the Company's views as of October 12, 2005. The Company anticipates that subsequent events and developments will cause the Company's views to change. However, while the Company may elect to update these forward-looking statements at some point in the future, the Company specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to October 12, 2005.

Transaction Summary

Blackboard Inc. has announced its planned acquisition of WebCT, Inc., a leading developer and provider of web-based course management applications and services, in an all cash transaction

- Transaction details:
 - \$180 million in cash
 - Assuming WebCT's cash balance at closing is \$26 million, as it was on August 31, 2005, the effective purchase price would be approximately \$154 million ^(a)
 - Blackboard has obtained committed financing of up to \$70 million
- Deal has been approved by the board of directors of each company and the stockholders of WebCT
- Deal is subject to customary closing conditions and pending government approvals
- Transaction is expected to close during the 4th quarter of 2005 or early 2006

a. Effective purchase price may differ materially at close due to changes in WebCT's cash balance.

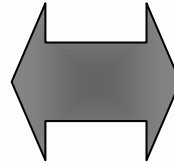
Company Highlights



Blackboard®

e-Education enterprise software applications and services to higher education, K-12, corporate, government and commercial institutions

Headquarters: Washington, DC
Year Founded: 1997
Employees:^(a) 507
Product Origin: Cornell University
Ownership: NASDAQ: BBBB
Revenue:^(b) \$111.4 million



Learning management software for higher education institutions

Headquarters: Lynnfield, MA
Year Founded: 1995
Employees:^(a) 274
Product Origin: University of British Columbia
Ownership: Private
Revenue:^(b) \$38.4 million

a. Employee counts as of June 30, 2005

b. Financials as of December 31, 2004



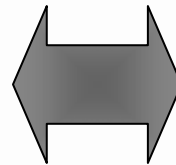
3,700+ Clients



Blackboard

2,229 Total Clients

Higher Education:	1,235
International:	504
K-12:	387
Other:	103



1,480 Total Clients

Higher Education:	857
International:	514
K-12:	48
Other:	61



UNIVERSITY OF MARYLAND



Software Product Offerings



Blackboard



Course Management Software
Introductory



Course Management Software
Enterprise



Academic Portal Software



Content Management Software



Transaction Software



Evaluation Software

In
Development



Business Models



Blackboard



Number of Clients (Subscribers)	2,229	1,480
Average Licenses per Subscriber	1.35	1.03
Average Client Value	\$35,000	\$21,100
Historical Renewal Rate	90%+	~88%

WebCT Amplifies Growth Strategy

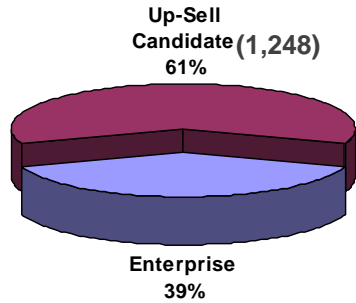
1. **Increase Penetration in Core US Higher Education Market**
 - Acquisition increases unique client base by approximately 64%
 - Reinforces Blackboard as a leader in the industry
2. **Expand in International and K-12 Markets**
 - Adds 514 international clients
 - Adds approximately 20 new international reseller relationships
 - Better position in U.S. K-12 due to larger client reference base
3. **Grow Same Client Values: Up-Sell and Cross-Sell**
 - Approximately 38% of WebCT clients are running a non-enterprise version of their product
 - WebCT currently can only offer its 1,480 clients one product type compared to Blackboard's five product offerings
4. **Leverage Communities of Practice**
 - Brings together millions of student and faculty end-users for publishers
 - Combines the industry's two largest independent developers communities in the education industry
5. **Pursue Strategic Relationships and Acquisitions**
 - Experienced M&A and integration teams

Example: Up-sell and Cross-sell Opportunities

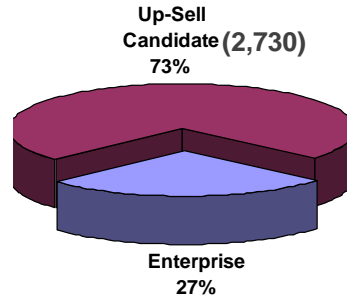
Up-Sell Opportunities (Course Management):

Key Facts:

Pre-Merger



Post-Merger



Fully-adopted Blackboard client: ~\$160,000

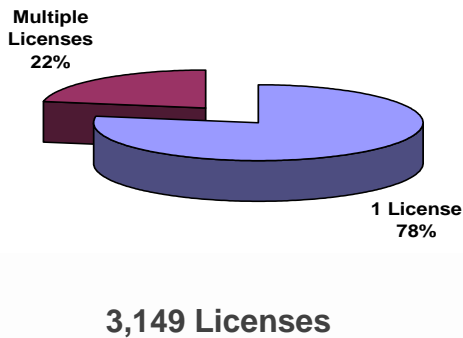
Average client value:

Blackboard \$35,000

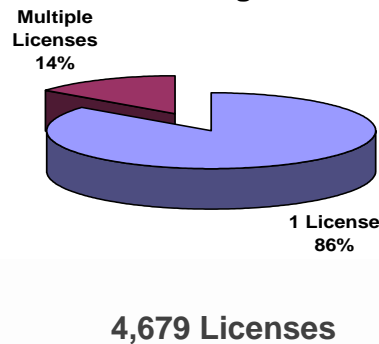
WebCT \$21,100

Cross-Sell Opportunities:

Pre-Merger



Post-Merger



Average licenses per client:

Blackboard 1.35

WebCT 1.03

Strategically Complementary Businesses



Blackboard®

Annual subscription model

U.S. and international post-secondary, K-12, government, corporate and commercial

Broad application suites – Learning, Community, Content and Transaction

Ease of use

Turnkey hosted solutions

Leading direct sales force

Strong growth and operating leverage

Model

Clients

Functions

R&D

Services

Sales

Financial Results



Annual subscription model

U.S. and international post-secondary

Single product application - Learning

Features and functionality

Renowned client support and service

Broad international reseller relationships

Strong growth and operating leverage



Client Benefits

- Community: Creates the largest, most engaged community of practice of colleges, universities and other institutions engaged in e-Learning.
- Experience: Opens access to an unparalleled collection of e-Learning offerings.
- Leadership: Assembles the most extensive body of technology and client service experience in academic e-Learning.
- Innovation: Creates economies of scale that will enable investments in greater client, product and support innovation.
- Expertise - Combines the two largest e-Learning developer communities, providing an unrivaled platform for ongoing innovation.

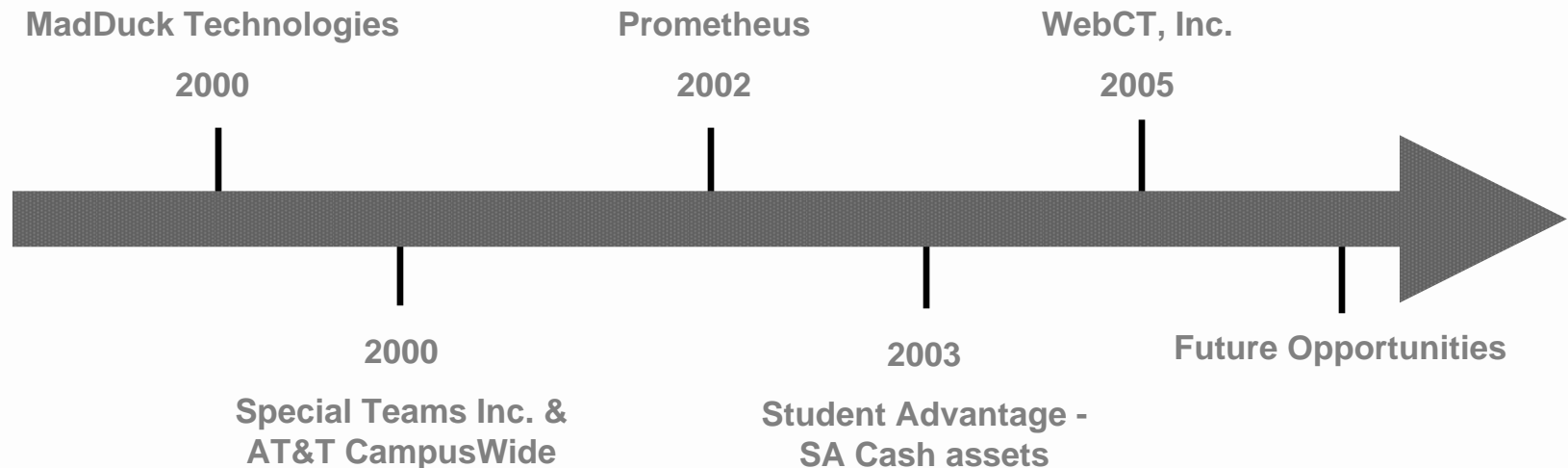
Comprehensive Integration Plan

- Goals
 - Minimize disruption to existing clients and business operations
 - Enhance client value proposition
 - Identify cost synergies, where appropriate
- Product Development
 - Immediate development of uniform, standards-based API's
 - Longer-term development of new, best of breed product suite
- Client Support
 - Continue to enhance and expand client support organizations leveraging larger support infrastructure and industry best practices
- Sales & Professional Services
 - Market, sell and support all Blackboard and WebCT products
- Partners & Alliances
 - Support and expand partner relationships

Integration plan is in place with a shared vision for post-closing execution and minimal anticipated disruption to business.

Managing Integration Risk

- Similar business models, organizational structures and cultures
- Focused integration plan
- Experienced management teams with acquisition and integration expertise



Key Financial Highlights

- Potential for growth through additional up-selling and cross-selling opportunities
- Higher margins through mix, scale and operating leverage
- Improved long-term cash flow generation and profitability
- Identifiable operating efficiencies
- Modestly accretive to non-GAAP earnings in first year (FY2006)^{(a)(b)}
- Significantly accretive to non-GAAP earnings in second year (FY 2007)^{(a)(b)}
- Dilutive to GAAP 2006 and 2007 EPS due to purchase accounting impact

a. Non-GAAP EPS excludes certain acquisition and integration costs, amortization of intangibles, stock-based compensation expense and the impact of purchase accounting adjustments.

b. Assumes transaction closes January 1, 2006.

Financial Metrics



Blackboard



FY 2004

Revenue	\$111.4 mm	\$38.4 mm ~\$43 mm (LTM 6/30)
Product/Services Revenue Mix	89% / 11%	90% / 10%
Domestic/International Revenue Mix	85% / 15%	72% / 28%
Gross Margin	70%	79%
Renewal Rate	90%+	~88%

June 30, 2005

Cash	\$99.7 mm	\$20.8 mm
Deferred Revenue	\$69.6 mm	\$18.9 mm
Annualized Contract Value	\$94 mm	\$31 mm
License Count	3,149	1,530



Earnings Considerations

Within the first 12 months following closing, we expect:

Revenues:

- A significant reduction in WebCT's revenue due to capitalization of deferred revenues under purchase accounting (no cash impact)
- To reduce the practice of perpetual licensing which will result in reduced short-term revenues and earnings but will enhance longer-term visibility and predictability

Expenses:

- To incur acquisition, financing and integration related charges and expenses
- To record significant goodwill and other intangible assets, which will result in a material non-cash amortization expense (expected to impact future years as well)
- Increased interest expense associated with debt financing

Q3 2005 & FY 2005 Guidance

Q3 2005 Guidance

- Total Revenue of \$35.4 - \$35.9 million
- Net Income of \$6.2 - \$6.5 million resulting in EPS of \$0.21 - \$0.23 per share
- Cash Net Income^(a) of \$6.2 - \$6.6 million resulting in Cash EPS of \$0.22 - \$0.23 per share
- Assumes 4% effective tax rate and 28.9 million diluted shares

FY 2005 Guidance

- Total Revenue of \$134 - \$135 million
- Net Income of \$24.0 - \$24.6 million resulting in EPS of \$0.84 - \$0.86 per share
- Cash Net Income^(a) of \$24.3 - \$24.9 million resulting in cash EPS of \$0.85 - \$0.87 per share
- Assumes 4% effective tax rate and 28.5 million diluted shares

a. Blackboard provides cash net income as an additional information regarding Blackboard's operating results. These measures are not in accordance with, nor are they an alternative for, GAAP and may be different from cash net income and other non-GAAP measures used by other companies.

Initial FY 2006 Guidance

(pre-acquisition)

- Total Revenue of \$155 - \$159 million
- Operating (EBIT) margins of approximately 20%
- Net Income of \$21.7 - \$23.0 million resulting in EPS of \$0.73 - \$0.77 per share
- Cash Net Income of \$21.9 - \$23.2 million resulting in cash EPS of \$0.74 - \$0.78 per share
- Assumes a 38% effective tax rate and 29.7 million diluted shares
- Excludes the impact of equity-based compensation expense under FAS 123(R)

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Transaction Updates

We will continue to provide updated information regarding this transaction at:

<http://www.blackboard.com/webct>

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