

SETTLEMENT ANNOUNCEMENT

Blackboard Inc. and Defendants Billy Hoffman and Virgil Griffith have agreed to settle and resolve the lawsuit filed by Blackboard against for Defendants Hoffman and Griffith on the following terms:

A. Defendants Hoffman and Griffith each agree that it would be wrong to use any instrument to open a closed circuit box attached to the System without Blackboard's permission, to tap into the wires of the Blackboard Transaction System™ (“System”) to capture or analyze electronic communications transmitted over the System, to use or disclose any information concerning the System obtained through such improper means, to engage in unauthorized use of or access to computer systems (including computers, computer networks, computer programs, and associated data) such as the System comprises, or to enable or solicit financial fraud through the use of counterfeit debit cards or unauthorized “drop in” card readers. To the extent Defendants’ conduct gave the appearance of any of these categories of improper conduct, Defendants Billy Hoffman and Virgil Griffith each apologize to Blackboard and Blackboard’s clients.

B. The Defendants shall refrain from any further unauthorized access to or use of the System. Defendants may only use or access the System for routine transactions conducted in their status as authorized users of an installed System or as expressly authorized by Blackboard. For purposes of this paragraph, any transaction designed to better understand or determine how the System works is not a “routine” transaction.

C. The Defendants will not use or display any name, trademark or logo of Blackboard publicly or commercially, without the consent of Blackboard, and will not again represent or suggest that any products or services they participate in providing can legitimately be used or interfaced specifically with a Blackboard system without the express prior approval of Blackboard.

D. Notwithstanding statements made by Hoffman in anticipation of his planned InterzOne II presentation in April 2003, Hoffman and Griffith each do hereby state under penalty of perjury that neither of them, at any time, created or otherwise built a drop-in compatible reader or transaction processing system, including any reader or transaction processing system that would work with an existing RS-485 or IPC network (including the System), and that they do not know of any such reader or transaction processing system ever being created, except by Blackboard. Consistent with the fact that they did not build any such readers, Hoffman and Griffith each also state, under penalty of perjury, that neither of them distributed any such reader or transaction processing system, and that neither of them distributed any plans for such a reader or transaction processing system to any third-parties. Any contrary impression created by comments on their websites would be wrong and false.

D. Hoffman and Griffith shall, within ninety (90) days after execution of this Agreement, each perform forty (40) hours of community service for the charitable organization(s) or educational institution(s) of Blackboard’s choice as approved by Defendants, with said approval not to be withheld unreasonably.

Based on the above covenants of Billy Hoffman and Virgil Griffith, as more fully described in a confidential Settlement Agreement among the parties, Blackboard has agreed to dismiss its lawsuit against Defendants Hoffman and Griffith with prejudice.