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**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

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**SCHEDULE TO**

**(Rule 13e-4)**

**TENDER OFFER STATEMENT UNDER SECTION 14(d)(1) OR 13(e)(1)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

**BLACKBAUD, INC.**

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(Name of Subject Company (Issuer))

**BLACKBAUD, INC.**

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(Name of Filing Person (Offeror))

**Common Stock, par value \$0.001 per share**

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(Title of Class of Securities)

**09227Q 10 0**

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(CUSIP Number of Class of Securities)

**Robert J. Sywolski  
President and Chief Executive Officer  
2000 Daniel Island Drive  
Charleston, South Carolina 29492  
(843) 216-6200**

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(Name, address and telephone numbers of person authorized to receive notices and communication on behalf of filing persons)

Copies to:  
Donald R. Reynolds, Esq.  
Wyrick Robbins Yates & Ponton LLP  
4101 Lake Boone Trail, Suite 300  
Raleigh, North Carolina 27607  
(919) 781-4000

**Calculation Of Filing Fee**

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**Transaction Valuation\***  
**\$38,000,005**

**Amount of Filing Fee**  
**\$4,472.60**

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\* Calculated solely for purposes of determining the filing fee. This amount assumes the purchase of a total of 2,620,690 shares of outstanding common stock, par value \$0.001 per share, at a price per share of \$14.50. The amount of the filing fee, calculated in accordance with Rule 0-11 of the Securities Exchange Act of 1934, as amended, equals 1/50th of one percent of the value of the transaction.

o Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: N/A  
Form or Registration No.: N/A  
Filing party: N/A  
Date filed: N/A

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

- third party tender offer subject to Rule 14d-1.
- issuer tender offer subject to Rule 13e-4.
- going-private transaction subject to Rule 13e-3.
- amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer.

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## SCHEDULE TO

This Tender Offer Statement on Schedule TO relates to the offer by Blackbaud, Inc., a Delaware corporation (“Blackbaud”), to purchase up to 2,620,690 shares of common stock, par value \$0.001 per share, or such lesser number of shares as is properly tendered and not properly withdrawn, at a price of \$14.50 per share, net to the seller in cash, without interest. Blackbaud’s offer is being made upon the terms and subject to the conditions set forth in the Offer to Purchase dated June 3, 2005 and in the related Letter of Transmittal which, as amended or supplemented from time to time, together constitute the offer. This Schedule TO is intended to satisfy the reporting requirements of Rule 13e-4(c)(2) of the Securities Exchange Act of 1934, as amended.

### **Item 1. Summary Term Sheet.**

The information set forth in the Summary Term Sheet in the Offer to Purchase dated June 3, 2005 (the “Offer to Purchase”), attached hereto as Exhibit (a)(1) (i), is incorporated herein by reference.

### **Item 2. Subject Company Information.**

(a) The name of the issuer is Blackbaud, Inc. The address of Blackbaud’s principal executive offices is 2000 Daniel Island Drive, Charleston, South Carolina 29492. Blackbaud’s telephone number at that location is (843) 216-6200.

(b) The information set forth in the last paragraph of “Introduction” of the Offer to Purchase is incorporated herein by reference.

(c) The information set forth in Section 8 (“Price Range of Shares; Dividends”) of the Offer to Purchase is incorporated herein by reference.

### **Item 3. Identity and Background of Filing Person.**

(a) Blackbaud, Inc. is filing this Schedule TO. The information set forth in Item 2(a) above and the information set forth in Section 10 (“Certain Information Concerning Blackbaud”) and Section 11 (“Interest of Directors and Executive Officers; Transactions and Arrangements Concerning Shares”) of the Offer to Purchase is incorporated herein by reference.

### **Item 4. Terms of the Transaction.**

(a) The information set forth in Section 1 (“Number of Shares; Proration”); Section 2 (“Background and Purpose of the Offer; Material Effects of the Offer”); Section 3 (“Procedures for Tendering Shares”); Section 4 (“Withdrawal Rights”); Section 5 (“Purchase of Shares and Payment of Purchase Price”); Section 6 (“Conditional Tender of Shares”); Section 11 (“Interest of Directors and Executive Officers; Transactions and Arrangements Concerning Shares”); Section 14 (“Certain United States Federal Income Tax Consequences”); and Section 15 (“Extension of the Offer; Termination; Amendment”) of the Offer to Purchase is incorporated herein by reference.

(b) The information set forth in Section 11 (“Interest of Directors and Executive Officers; Transactions and Arrangements Concerning Shares”) of the Offer to Purchase is incorporated herein by reference.

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**Item 5. Past Contacts, Transactions, Negotiations and Agreements.**

(e) The information set forth in Section 11 (“Interest of Directors and Executive Officers; Transactions and Arrangements Concerning Shares”) of the Offer to Purchase is incorporated herein by reference.

**Item 6. Purposes of the Transaction and Plans or Proposals.**

(a) The information set forth in Section 2 (“Background and Purpose of the Offer; Material Effects of the Offer”) of the Offer to Purchase is incorporated herein by reference.

(b) The information set forth in Section 2 (“Background and Purpose of the Offer; Material Effects of the Offer”) of the Offer to Purchase is incorporated herein by reference.

(c) The information set forth in Section 2 (“Background and Purpose of the Offer; Material Effects of the Offer”) and Section 12 (“Effects of the Offer on the Market for Shares; Registration under the Exchange Act”) of the Offer to Purchase is incorporated herein by reference.

**Item 7. Source and Amount of Funds or Other Consideration.**

(a) The information set forth in Section 9 (“Source and Amount of Funds”) of the Offer to Purchase is incorporated herein by reference.

(b) Not applicable.

(d) Not applicable.

**Item 8. Interests in Securities of the Subject Company.**

(a) The information set forth in Section 11 (“Interest of Directors and Executive Officers; Transactions and Arrangements Concerning Shares”) of the Offer to Purchase is incorporated herein by reference.

(b) The information set forth in Section 11 (“Interest of Directors and Executive Officers; Transactions and Arrangements Concerning Shares”) of the Offer to Purchase is incorporated herein by reference.

**Item 9. Person/Assets, Retained, Employed, Compensated or Used.**

(a) The information set forth in Section 16 (“Fees and Expenses”) of the Offer to Purchase is incorporated herein by reference.

**Item 10. Financial Statements.**

(a) The financial information set forth under Section 10 (“Certain Information Concerning Blackbaud”) in the Offer to Purchase, the financial information included in Item 8 of the Company’s Annual Report on Form 10-K for the year ended December 31, 2004, and the financial information included in Item 1 of the Company’s Quarterly Report on Form 10-Q for the three-month period ended March 31, 2005, is incorporated herein by reference.

(b) The pro forma financial information set forth under Section 10 (“Certain Information Concerning Blackbaud”) in the Offer to Purchase is incorporated herein by reference.

**Item 11. Additional Information.**

(a) The information set forth in Section 11 (“Interest of Directors and Executive Officers; Transactions and Arrangements Concerning Shares”), Section 12 (“Effects of the Offer on the Market for Shares; Registration under the Exchange Act”) and Section 13 (“Legal Matters; Regulatory Approvals”) of the Offer to Purchase is incorporated herein by reference.

(b) The information set forth in the Offer to Purchase and in the related Letter of Transmittal, as each may be amended from time to time, is incorporated herein by reference.

**Item 12. Exhibits.**

The index to exhibits appears on the page immediately following the signature page of this Schedule TO.

**Item 13. Information Required by Schedule 13e-3.**

Not applicable.

**SIGNATURES**

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Schedule TO is true, complete and correct.

Dated: June 3, 2005

**BLACKBAUD, INC.**

By: /s/ Timothy V. Williams  
Name: Timothy V. Williams  
Title: Vice President and Chief Financial Officer

## EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
(a)(1)(i)	Offer to Purchase dated June 3, 2005.
(a)(1)(ii)	Letter of Transmittal (including Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9).
(a)(1)(iii)	Notice of Guaranteed Delivery.
(a)(1)(iv)	Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
(a)(1)(v)	Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and other Nominees.
(a)(1)(vi)	Letter to Stockholders dated June 3, 2005.
(a)(5)(i)	Press release dated May 31, 2005.
(a)(5)(ii)	Press release dated June 3, 2005.
(b)	None.
(d)(i)	Investor Rights Agreement dated as of October 13, 1999 among Blackbaud, Inc. and certain of its stockholders (filed as Exhibit 10.1 to Company's Registration Statement on Form S-1 on February 20, 2004, and incorporated herein by reference).
(d)(ii)	Employment and Noncompetition Agreement dated as of March 1, 2000 between Blackbaud, Inc. and Robert J. Sywolski (filed as Exhibit 10.2 to Company's Registration Statement on Form S-1 on February 20, 2004, and incorporated herein by reference).
(d)(iii)	Option Agreement dated as of March 8, 2000 between Blackbaud, Inc. and Robert J. Sywolski (filed as Exhibit 10.3 to Company's Registration Statement on Form S-1 on February 20, 2004, and incorporated herein by reference).
(d)(iv)	Blackbaud, Inc. 1999 Stock Option Plan, as amended (filed as Exhibit 10.6 to Company's Amendment No. 1 Registration Statement on Form S-1 on April 6, 2004, and incorporated herein by reference).
(d)(v)	Blackbaud, Inc. 2000 Stock Option Plan, as amended (filed as Exhibit 10.7 to Company's Amendment No. 1 Registration Statement on Form S-1 on April 6, 2004, and incorporated herein by reference).
(d)(vi)	Blackbaud, Inc. 2001 Stock Option Plan, as amended (filed as Exhibit 10.8 to Company's Amendment No. 1 Registration Statement on Form S-1 on April 6, 2004, and incorporated herein by reference).
(d)(vii)	Employment and Noncompetition Agreement dated as of April 1, 2004 between Blackbaud, Inc. and Robert J. Sywolski (filed as Exhibit 10.18 to Company's Amendment No. 3 Registration Statement on Form S-1 on June 16, 2004, and incorporated herein by reference).
(d)(viii)	Blackbaud, Inc. 2004 Stock Plan (filed as Exhibit 10.20 to Company's Amendment No. 1 Registration Statement on Form S-1 on April 6, 2004, and incorporated herein by reference).
(d)(ix)	Form of Notice of Stock Option Grant and Stock Option Agreement under the Blackbaud, Inc. 2004 Stock Plan (filed as Exhibit 10.24 to Company's Quarterly Report on Form 10-Q on November 12, 2004, and incorporated herein by reference).
(g)	None.
(h)	None.





**Offer to Purchase for Cash up to  
2,620,690 Shares of its Common Stock  
at a Purchase Price of \$14.50 Per Share**

**THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON FRIDAY, JULY 1, 2005, UNLESS THE OFFER IS EXTENDED.**

Blackbaud, Inc. hereby offers to purchase up to 2,620,690 shares of its common stock, \$0.001 par value per share, at a purchase price of \$14.50 per share, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in this Offer to Purchase and the related Letter of Transmittal. This Offer to Purchase and the Letter of Transmittal together, as amended and supplemented from time to time, constitute the "Offer." In the Offer, the terms "the Company", "Blackbaud", "we", "us", or "our" refer to Blackbaud, Inc., a Delaware corporation.

Only shares properly tendered and not properly withdrawn will be purchased at the purchase price. Because several large stockholders have indicated that they intend to tender an aggregate of more than 2,620,690 shares, we expect to purchase tendered shares on a pro rata basis, with appropriate adjustment to avoid the purchase of fractional shares. Shares not purchased in the Offer will be returned to the tendering stockholders at our expense promptly following the expiration date of the Offer (as defined in Section 1).

**We reserve the right, in our sole discretion but subject to applicable legal requirements, to purchase more than 2,620,690 shares pursuant to the Offer, but we do not currently intend to do so. The Offer is not conditioned on any minimum number of shares being tendered. The Offer is, however, subject to other conditions. See Section 7.**

**You should carefully evaluate all information in the Offer, consult your own investment and tax advisors, and make your own decisions as to whether to tender shares and, if so, how many shares to tender.**

**Our Board of Directors has approved the Offer and a special pricing committee of independent directors not affiliated with stockholders intending to tender shares in the Offer has approved the pricing and other terms of the Offer. However, neither we nor any member of our Board of Directors or the Dealer Manager or the Information Agent makes any recommendation to you as to whether you should or should not tender your shares. We have not authorized any person to make any such recommendation. If anyone makes any recommendation or representation to you or gives you any information, you must not rely on that recommendation, representation or information as having been authorized by us, the Dealer Manager or the Information Agent.**

Our shares are listed and traded on The NASDAQ National Market under the symbol "BLKB". On May 31, 2005, the last full trading day before the date of the public announcement of the Offer, the last reported sale price of our shares on The NASDAQ National Market was \$13.76 per share. **We encourage you to obtain current market quotations for our common stock before deciding whether to tender your shares. See Section 8.**

**Our controlling stockholder, Hellman & Friedman Capital Partners III, L.P., has advised us that it and its affiliates intend to tender approximately 24,000,000 shares pursuant to the Offer. Two of our executive officers have informed us that they intend to tender an aggregate of approximately 130,000 shares in the Offer. We do not expect that any of our directors or other executive officers will tender shares pursuant to the Offer. See Section 11.**

Questions and requests for assistance may be directed to The Altman Group Inc. ("The Altman Group"), our Information Agent, or J.P. Morgan Securities Inc. ("JPMorgan"), our Dealer Manager, in each case at the telephone numbers and addresses set forth on the back cover of this Offer to Purchase. You may request additional copies of this Offer to Purchase and other Offer documents from the Information Agent at the telephone number and address on the back cover of this Offer to Purchase.

**The Dealer Manager for this Offer is:**

**JPMorgan**

### **Important**

If you want to tender all or part of your shares, you must do one of the following before the expiration date of the Offer:

- if your shares are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, contact the nominee and have the nominee tender your shares for you; or
- if you hold shares in your own name, complete and sign the Letter of Transmittal according to its instructions, and deliver it, together with any required signature guarantees, the certificates for your shares and any other documents required by the Letter of Transmittal, to Wachovia Bank, N.A., the Depository for the Offer; or
- if you are an institution participating in The Depository Trust Company, which we call the “book-entry transfer facility” in this Offer to Purchase, tender your shares according to the procedure for book-entry transfer described in Section 3.

If you want to tender shares but your stock certificates are not immediately available, or if you cannot comply with the procedures for book-entry transfer described in this Offer on a timely basis, or if you cannot deliver all required documents to the Depository prior to the expiration of the Offer, you may tender your shares by following the procedures for guaranteed delivery set forth in Section 3.

Questions and requests for assistance may be directed to The Altman Group, the Information Agent for the Offer, or to JPMorgan, the Dealer Manager for the Offer, at the addresses and telephone numbers listed on the back cover of this document. Requests for additional copies of this document and/or the related Letter of Transmittal may be directed to the Information Agent.

We are not making the Offer to, and will not accept any tendered shares from, holders in any jurisdiction where it would be illegal to do so. However, we may, at our discretion, take any actions necessary for us to make the Offer to stockholders in any such jurisdiction.

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## Summary Term Sheet

We are providing this summary term sheet for your convenience. It highlights material information in this document, but is only a summary and does not describe all of the details of the Offer contained in the other sections of this document. We urge you to read the entire document and the related Letter of Transmittal, which contain the full details of the Offer. We have included references to the sections of this document where you will find a more complete discussion.

### Who is offering to purchase my shares?

Blackbaud, Inc. is offering to purchase your shares of Blackbaud common stock.

### What is the purpose of the Offer?

The purpose of the Offer is to return excess cash to stockholders by allowing all stockholders an opportunity to sell a portion of their investment in Blackbaud and to enhance value to our stockholders over the long term. This Offer will provide immediate liquidity for stockholders who desire it. Further, it provides an opportunity for stockholders to sell their shares at lower transaction costs than are normally associated with market sales, and also allows stockholders to sell a portion of their shares while retaining a continuing equity interest in Blackbaud. In addition, the Offer permits stockholders who elect not to tender to hold a greater percentage ownership in our shares following the Offer and thus in our future earnings and assets, while bearing the risks associated with owning our shares. See section 2.

### What is the offer price for the shares?

Blackbaud is offering to purchase shares for \$14.50 per share. We plan to pay this purchase price in cash, without interest, for all the shares we purchase under the Offer. See Section 1.

### How many shares is Blackbaud offering to purchase?

We are offering to purchase 2,620,690 shares in the Offer, or such lesser number of shares as are properly tendered. The 2,620,690 shares represent approximately 6% of our outstanding common stock as of May 31, 2005. See Section 1. In accordance with applicable legal requirements, we may purchase in the Offer an additional number of shares not to exceed 2% of our currently outstanding shares of common stock (approximately 865,440 shares) without extending the period of time during which the Offer is open. See Section 15.

### How does Blackbaud intend to pay for the shares?

We intend to utilize our available cash to purchase the shares and pay expenses. We will need a maximum of approximately \$38 million to purchase 2,620,690 shares and to pay related expenses. The Offer is not subject to the receipt of financing by us. See Section 9.

### When does the Offer expire if not extended?

You may tender your shares until the Offer expires. The Offer will expire on Friday, July 1, 2005, at 5:00 p.m., New York City time, unless we extend it. See Section 1. We may choose to extend the Offer for any reason, subject to applicable law, but we are not required to do so. See the next questions and Section 15.

### Can the Offer be extended, amended or terminated and under what circumstances?

We can extend, amend or terminate the Offer in our sole discretion, subject to applicable law. If we extend the Offer, we will delay the acceptance of any shares that have been tendered. See Section 15.

**How will I be notified if Blackbaud extends the Offer?**

We will issue a press release by 9:00 a.m., New York City time, on the first business day after the last previously scheduled expiration date if we decide to extend the Offer. We cannot assure you that the Offer will be extended or, if extended, for how long. See Section 15.

**Are there any conditions to the Offer?**

Yes. Our obligation to accept and pay for your tendered shares is subject to conditions such as the absence of court and governmental action prohibiting the Offer, changes in general market conditions or our business that, in our judgment, may be materially adverse to us and circumstances that would cause our shares to be delisted from the NASDAQ National Market or cause us to no longer be subject to the periodic reporting requirements of the Securities Exchange Act of 1934, which we refer to as the Exchange Act. See Section 7.

**Is there a minimum number of shares that must be tendered?**

No, the Offer is not conditioned on any minimum number of shares being tendered. See Section 7.

**How do I tender my shares?**

If you are the registered holder of your shares and decide to tender your shares, you must:

- deliver your shares by mail, physical delivery or book-entry transfer and deliver a completed and signed Letter of Transmittal or an agent's message to the Depository before 5:00 p.m., New York City time, on Friday, July 1, 2005, or such later time and date to which we may extend the Offer; or
- if certificates for your shares are not immediately available for delivery to the Depository, comply with the guaranteed delivery procedure before 5:00 p.m., New York City time, on Friday, July 1, 2005, or such later time and date to which we may extend the Offer; or
- if you hold your shares through a broker, dealer, commercial bank, trust company or other nominee, you must contact the nominee if you wish to tender your shares.

In certain circumstances, you must comply with the guaranteed delivery procedure. You may contact the Information Agent or the Dealer Manager for assistance. See Section 3 and the instructions to the Letter of Transmittal.

**Once I have tendered shares in the Offer, can I withdraw my tender?**

Yes. You may withdraw any shares you have tendered at any time before 5:00 p.m., New York City time, on Friday, July 1, 2005, unless we extend the Offer, in which case you can withdraw your shares until the expiration of the Offer as extended. If we have not accepted for payment the shares you have tendered to us, you may also withdraw your shares after 5:00 p.m., New York City time, on Monday, August 1, 2005. See Section 3 and Section 4.

**How do I withdraw shares I previously tendered?**

You must deliver on a timely basis a written or facsimile notice of your withdrawal to the Depository at either the address or facsimile number listed on the back cover of this document. Your notice of withdrawal must specify your name, the number of shares to be withdrawn and the name of the registered holder of the shares. Additional requirements apply if the certificates for shares to be withdrawn have been delivered to the Depository or if your shares have been tendered under the procedure for book-entry transfer described in Section 3. See Section 4.

**What if more shares are tendered than Blackbaud is willing to acquire?**

In the event that more than 2,620,690 shares are properly tendered and not properly withdrawn before the expiration date, we will purchase fewer than all of the tendered shares on a pro rata basis. We expect this to happen. If proration is required, we will determine the proration factor promptly after the expiration of the Offer. The proration factor for each stockholder tendering shares will be based on the ratio that the number of shares properly tendered and not properly withdrawn by such stockholder bears to the total number of shares properly tendered and

not properly withdrawn by all stockholders. Appropriate adjustments will be made to avoid purchases of fractional shares. See Section 1 and Section 3.

Our majority stockholder, Hellman & Friedman Capital Partners III, L.P., as well as its affiliates (collectively “H&F”), who collectively beneficially own 24,035,745 shares, have advised us that they intend to tender all of their shares. As a result, we expect that proration will be required in the Offer. Therefore, it is likely that we will not purchase all of the shares that you tender in the Offer.

If any tendered shares are not purchased or are properly withdrawn before, or if fewer than all shares evidenced by a stockholder’s certificates are tendered, certificates for unpurchased shares will be returned promptly. In the case of shares tendered by book-entry transfer at the book-entry transfer facility, the shares will be credited to the appropriate account maintained by the tendering stockholder at the book-entry transfer facility, in each case without expense to the stockholder.

**When and how will I receive payment from Blackbaud for the shares I tender?**

We will pay the purchase price, net in cash, without interest, for the shares we purchase promptly after the expiration of the Offer and the acceptance of the shares for payment. We will pay for the shares accepted for purchase by depositing the aggregate purchase price with the Depositary promptly after the expiration date of the Offer. The Depositary will transmit to you the payment for all your shares accepted for payment. See Section 5.

**Has Blackbaud or its Board of Directors adopted a position on the Offer?**

Our Board of Directors has approved the Offer and a special pricing committee of our directors who are not affiliated with any stockholders that intend to tender shares in the Offer has approved the price per share to be paid in the Offer. However, neither we nor any member of our Board of Directors or the Dealer Manager or the Information Agent makes any recommendation to you as to whether you should or should not tender your shares. We have not authorized any person to make any such recommendation. You should carefully evaluate all information in the Offer, consult your own investment and tax advisors, and make your own decisions about whether to tender shares and, if so, how many shares to tender.

**Do Blackbaud’s insiders or affiliates have any material interest in the transaction?**

H&F, our majority stockholder, beneficially owns 24,035,745 shares and has advised us that it or its affiliates intend to tender all of their shares. JMI Equity Fund IV, L.P. and its affiliates (collectively, “JMP”), of which our director Paul V. Barber serves as a general partner, has advised us that it intends to tender approximately 1,700,000 shares. Two of our executive officers have informed us that they intend to tender an aggregate of approximately 130,000 shares in the Offer. We do not anticipate that any of our directors or other executive officers will tender any shares in the Offer. See Section 11.

**Does the Company intend to repurchase any Shares other than pursuant to the Offer during or after the Offer?**

Rule 13e-4 of the Exchange Act prohibits us and our affiliates from purchasing any Shares, other than pursuant to the Offer, until at least ten business days after the Expiration Date, except pursuant to certain limited exceptions provided in Rule 14e-5 of the Exchange Act. Beginning ten business days after the expiration date of the Offer, we may make stock repurchases from time to time on the open market and/or in private transactions. Whether we make additional repurchases will depend on many factors, including, without limitation, the number of shares, if any, that we purchase in this Offer, our business and financial performance and situation, the business and market conditions at the time, including the price of the shares, and such other factors as we may consider relevant. Any of these repurchases may be on the same terms or on terms that are more or less favorable to the selling stockholders than the terms of the Offer.

**Following the Offer, will Blackbaud continue to be a public company?**

Yes. The completion of the Offer in accordance with its conditions will not cause our common stock to be delisted from the NASDAQ National Market or cause us to no longer be subject to the periodic reporting requirements of the Exchange Act. See Section 12.

**If I decide not to tender, how will the Offer affect my shares?**

Stockholders who choose not to tender might also benefit from the Offer. Non-tendering stockholders will own a proportionately greater percentage interest of Blackbaud following the Offer. Our purchase of shares pursuant to the Offer will reduce the number of shares that might otherwise trade publicly and may reduce the number of our stockholders. It is not possible to predict the number of remaining stockholders of record, assuming the maximum number of shares are tendered without being subject to proration, because that depends on the number of shares tendered by each tendering stockholder. See Section 2.

**What is a recent trading price of Blackbaud common stock?**

On May 31, 2005, the last full trading day before the date of the public announcement of the Offer, the last reported sale price of our shares on the NASDAQ National Market was \$13.76 per share. The market price of shares of Blackbaud common stock is subject to fluctuation. You should obtain current market quotations before making any decisions with respect to the Offer.

**Will I have to pay brokerage commissions if I tender my shares?**

If you are a registered stockholder and you tender your shares directly to the Depositary, you will not incur any brokerage commissions. If you hold shares through a broker or bank, we urge you to consult your broker or bank to determine whether transaction costs are applicable. See Section 16.

**What are the United States federal income tax consequences if I tender my shares?**

Generally, you will be subject to United States federal income taxation when you receive cash from us in exchange for the shares you tender. The cash you receive for your tendered shares will generally be treated for United States federal income tax purposes either as (1) a sale or exchange eligible for capital gains treatment or (2) as a dividend subject to ordinary income tax rates. See Section 14.

**Will I have to pay stock transfer tax if I tender my shares?**

If you are the registered holder and you instruct the Depositary in the Letter of Transmittal to make the payment for the shares directly to you, then generally you will not incur any stock transfer tax. See Section 5.

**Who can I talk to if I have questions?**

The Information Agent or the Dealer Manager can help answer your questions. The Information Agent is The Altman Group and the Dealer Manager is JPMorgan, contact information for both of whom is listed on the back cover of this document.

## Forward-Looking Statements

In this Offer and the documents incorporated by reference in this Offer, we provide forward-looking statements relating to future events and a future outlook on our business, based on our own internal projections as of the date of this Offer. Any projection or forward-looking statement involves judgments and individual judgments may vary. It is routine for our internal projections and expectations to change as the quarter or year progresses and therefore, it should be clearly understood that internal projections based on information available to us today may change, even prior to the end of these periods. Although these projections may change, we will not necessarily inform you if they do. Statements in our presentation other than historical data and information constitute forward-looking statements and involve risks and uncertainties. Actual results may differ materially from those projections and forward-looking statements. You should assume that the information appearing in this Offer to Purchase is accurate as of the date hereof only. In addition to risks associated with this Offer discussed in Section 2, many factors could cause our projections not to be achieved, including but not limited to:

- The market for software and services for nonprofit organizations might not grow, and nonprofit organizations might not continue to adopt our products and services;
- We might not generate increased business from our current customers, which could limit our revenue in the future;
- If our customers do not renew their annual maintenance and support agreements for our products or if they do not renew them on terms that are favorable to us, our business might suffer;
- A substantial majority of our revenue is derived from our product The Raiser's Edge and a decline in sales or renewals of this product and related services could harm our business;
- Our quarterly financial results fluctuate and might be difficult to forecast and, if our future results are below either any guidance we might issue or the expectations of public market analysts and investors, the price of our common stock might decline;
- We encounter long sales and implementation cycles, particularly for our largest customers, which could have an adverse effect on the size, timing and predictability of our revenue and sales;
- We have recorded a significant deferred tax asset, and we might never realize the full value of our deferred tax asset, which would result in a charge against our earnings;
- Our failure to compete successfully could cause our revenue or market share to decline;
- We might not be able to manage our future growth efficiently or profitably;
- Because competition for highly qualified personnel is intense, we might not be able to attract and retain the employees we need to support our planned growth;
- Our services revenue produces substantially lower gross margins than our license revenue, and an increase in services revenue relative to license revenue would harm our overall gross margins.
- Failure to adapt to technological changes and to achieve broad adoption and acceptance of our new products and services could adversely affect our earnings;
- If our products fail to perform properly due to undetected errors or similar problems, our business could suffer;
- Our failure to integrate third-party technologies could harm our business;
- If the security of our software, in particular our hosted Internet solutions products, is breached, our business and reputation could suffer;
- If we are unable to detect and prevent unauthorized use of credit cards and bank account numbers and safeguard confidential donor data, we could be subject to financial liability, our reputation could be harmed and customers may be reluctant to use our products and services;
- We currently do not have any issued patents, but we rely upon trademark, copyright, patent and trade secret laws to protect our proprietary rights, which might not provide us with adequate protection;



- If we do not successfully address the risks inherent in the expansion of our international operations, our business could suffer;
- Future acquisitions could prove difficult to integrate, disrupt our business, dilute stockholder value and strain our resources;
- Claims that we infringe upon third parties' intellectual property rights could be costly to defend or settle;
- If we become subject to product or general liability or errors and omissions claims, they could be time-consuming and costly;
- If we were found subject to or in violation of any laws or regulations governing privacy or electronic fund transfers, we could be subject to liability or forced to change our business practices;
- Increasing government regulation could affect our business; and
- Outstanding employee stock options subject to variable accounting and recent proposed changes to accounting standards could cause us to record significant compensation expense and could significantly reduce our earnings in future periods.

In addition, please refer to other factors detailed in our filings with the Securities and Exchange Commission, including our annual report on Form 10-K for the fiscal year ended December 31, 2004, our quarterly report on Form 10-Q for the quarter ended March 31, 2005, and any Current Reports on Form 8-K filed during the current fiscal year currently on file.

We undertake no obligation to make any revision to the forward-looking statements contained in this Offer to Purchase or the accompanying Letter of Transmittal or to update them to reflect events or circumstances occurring after the date of this Offer to Purchase. Notwithstanding any statement in this Offer to Purchase or the accompanying Letter of Transmittal, the safe harbor protections of the Private Securities Litigation Reform Act of 1995 do not apply to statements made in connection with a tender offer.

## INTRODUCTION

### **To the Holders of our Common Stock:**

We invite our stockholders to tender shares of Blackbaud, Inc. common stock, par value \$0.001 per share, for purchase by us. We are offering to purchase for cash, up to 2,620,690 shares at a price of \$14.50 per share, net to the seller, without interest. Our offer is being made upon the terms and subject to the conditions set forth in this Offer to Purchase and the related Letter of Transmittal. We refer to this Offer to Purchase and the related Letter of Transmittal, as they may be amended or supplemented from time to time, as the "Offer." Only shares properly tendered and not properly withdrawn will be purchased.

We reserve the right, in our sole discretion but subject to any applicable legal requirements, to purchase more than 2,620,690 shares pursuant to the Offer but do not currently intend to do so.

The Offer is not conditioned on any minimum number of shares being tendered. The Offer is, however, subject to other conditions. See Section 7.

Our majority stockholder, Hellman & Friedman Capital Partners III, L.P., who together with its affiliates (collectively "H&F") beneficially own 24,035,745 shares after effecting a distribution of 5,000,000 shares of Blackbaud common stock held by them to their investors on June 1, 2005, has advised us that it intends to tender into the Offer all of its shares. Additionally, some of the investors that H&F distributed shares to on June 1, 2005 may tender some or all of the distributed shares in the Offer. Based on the expectation that H&F will tender all of its shares in the Offer and after giving effect to H&F's distribution, we expect that H&F will own between 53.6% and 56.1% of the outstanding shares of our common stock, depending on the actual number of shares tendered by our other stockholders. The shares that we expect to be tendered by H&F exceed the number of shares that we are seeking to purchase in the Offer.

If, as expected, more than 2,620,690 shares (or such greater number of shares as we may elect to purchase) are properly tendered and not properly withdrawn, we will buy shares on a pro rata basis from all stockholders who properly tender their shares based on the ratio that the number of shares properly tendered and not properly withdrawn by such stockholder bears to the total number of shares properly tendered and not properly withdrawn by all stockholders. We will return shares tendered and that we do not purchase because of proration or conditional tender provisions promptly following the expiration date of the Offer. See Section 1 and Section 3.

**Our Board of Directors has approved the Offer and a special pricing committee of independent directors not affiliated with stockholders intending to tender shares in the Offer has approved the pricing terms of the Offer. However, neither we nor any member of our Board of Directors or the Dealer Manager or the Information Agent makes any recommendation to you as to whether you should or should not tender your shares. We have not authorized any person to make any such recommendation. If anyone makes any recommendation or representation to you or gives you any information, you must not rely on that recommendation, representation or information as having been authorized by us, the Dealer Manager or the Information Agent.**

Tendering stockholders who hold shares registered in their own name and who tender their shares directly to the Depository will not be obligated to pay brokerage commissions, solicitation fees or, subject to Instruction 7 of the Letter of Transmittal, stock transfer taxes on our purchase of shares in the Offer. Stockholders holding shares through brokers or banks are urged to consult the brokers or banks to determine whether transaction costs may apply if stockholders tender shares through the brokers or banks and not directly to the Depository. Also, any tendering stockholder or other payee who fails to complete, sign and return to the Depository the Substitute Form W-9 that is included as part of the Letter of Transmittal or Form W-8BEN obtained from the Depository may be subject to required United States federal income tax backup withholding equal to 28% of the gross proceeds payable to the tendering stockholder or other payee pursuant to the offer. See Section 3.

As of May 31, 2005, we had 43,272,000 issued and outstanding shares of common stock, and options to purchase 8,244,197 shares of common stock outstanding under our stock option plans. The 2,620,690 shares that we are offering to purchase pursuant to the Offer represent approximately 6% of our shares outstanding on May 31, 2005, not including shares obtainable upon exercise of outstanding stock options. Our shares are listed and traded on The Nasdaq National Market under the symbol "BLKB". On May 31, 2005, the last full trading day before the announcement of the Offer, the last reported sale price of our shares on Nasdaq was \$13.76 per share. Stockholders are urged to obtain current market quotations for our shares before deciding whether to tender shares. See Section 8.

## THE OFFER

### 1. Number of Shares; Proration.

*General.* Upon the terms and subject to the conditions of the Offer, we will purchase for cash up to 2,620,690 shares. For shares purchased by Blackbaud pursuant to the Offer, we will pay to the sellers tendering such shares \$14.50 per share, net to the seller, without interest.

The term “expiration date” means 5:00 p.m., New York City time, on Friday, July 1, 2005, unless and until we, in our sole discretion, extend the period of time during which the Offer will remain open. In that case, the term “expiration date” shall mean the latest time and date at which the Offer, as so extended by us, shall expire. See Section 15 for a description of our right to extend, delay, terminate or amend the Offer.

If we:

- increase or decrease the price to be paid for shares;
- increase the aggregate number of shares being sought by more than 2% of the outstanding shares;
- decrease the aggregate number of shares being sought;

then the Offer must remain open for at least ten business days following the date that notice of the increase or decrease is first published, sent or given in the manner specified in Section 15. If we make any other changes that require such a minimum offer period, we will comply with the requirements of applicable law. The term “business day” means any day other than a Saturday, Sunday or United States federal holiday and consists of the time period from 12:01 a.m. through 5:00 p.m., New York City time.

The Offer is not conditioned on the tender of any minimum number of shares. The Offer is, however, subject to the other conditions described in Section 7.

If the number of shares validly tendered and not properly withdrawn before the expiration date is less than or equal to 2,620,690 shares (or such greater number of shares as we may elect to purchase pursuant to the Offer), we will, upon the terms and subject to the conditions of the Offer, purchase all shares so tendered and not properly withdrawn.

Only shares properly tendered and not properly withdrawn will be purchased. Because some of our largest stockholders have indicated that they intend to tender an aggregate of more than 2,620,690 shares, it is expected that tendered shares will be purchased on a pro rata basis. All shares not purchased pursuant to the Offer, including shares not purchased because of proration or conditional tenders, will be returned to the tendering stockholders at our expense promptly following the expiration date.

*Proration.* As used in this Offer, the term “proration period” refers to the period of time during which shares may be tendered and withdrawn in the Offer. The proration period will end on the expiration date. On the expiration date (and, accordingly, the completion of the proration period), upon the terms and subject to the conditions of the Offer, if, as expected, more than 2,620,690 shares have been properly tendered and are not properly withdrawn, we will purchase such properly tendered shares on a pro rata basis with appropriate adjustments to avoid purchases of fractional shares. Holders of fewer than 100 shares will be prorated together with all other tendering stockholders.

For the purpose of proration, the number of shares will be rounded up or down as nearly as practicable to result in the tender of whole shares rather than fractional shares. If proration of tendered shares is required, we will determine the proration factor promptly after the expiration date. The proration factor for each holder tendering shares will be based on the ratio that the number of shares properly tendered and not properly withdrawn by such holder bears to the total number of shares properly tendered and not properly withdrawn by all holders. Because of the difficulty in determining the number of shares properly tendered and not properly withdrawn, we do not expect that we will be able to announce the final proration factor or commence payment for any shares purchased under the Offer until seven to ten business days after the expiration date. The preliminary results of any proration will be announced by press release promptly after the expiration date. You may obtain preliminary proration information from the Information Agent and may be able to obtain such information from your broker.

We expect that we will prorate the number of shares purchased pursuant to the Offer. As discussed in Section 14, the number of shares to be purchased from a particular stockholder may affect the tax treatment of the purchase to the stockholder and the stockholder's decision whether to tender. Accordingly, a stockholder may tender shares subject to the condition that a specified minimum number of the stockholder's shares tendered pursuant to a Letter of Transmittal or Notice of Guaranteed Delivery must be purchased if any shares tendered are purchased. Any stockholder desiring to make a conditional tender must so indicate in the box captioned "Conditional Tender" in the Letter of Transmittal or, if applicable, the Notice of Guaranteed Delivery. Each stockholder is urged to consult with his or her own tax advisor. See Section 6.

This Offer and the related Letter of Transmittal will be mailed to record holders of the shares and will be furnished to brokers, dealers and other nominee stockholders and similar persons whose names, or the names of whose nominees, appear on our stockholder list or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of shares.

## **2. Background and Purpose of the Offer; Material Effects of the Offer.**

*Purpose of the Offer.* The purpose of the Offer is to return excess cash to stockholders by allowing all stockholders an opportunity to sell a portion of their investment in Blackbaud and to enhance value to our stockholders over the long term. This Offer will provide immediate liquidity for stockholders who desire it. Further, it provides an opportunity for stockholders to sell their shares at lower transaction costs than are normally associated with market sales, and also allows stockholders to sell a portion of their shares while retaining a continuing equity interest in Blackbaud. In addition, the Offer permits stockholders who elect not to tender to hold a greater percentage ownership in our shares following the Offer and thus in our future earnings and assets, while bearing the risks associated with owning our shares.

Our Board of Directors and management remain committed to increasing stockholder value. The Board of Directors decided to pursue a tender offer after an intensive ongoing review of our strategic alternatives, including exploration of various stock acquisition possibilities. The Board of Directors has determined that it is in the best interests of Blackbaud and its stockholders to return excess capital to stockholders while preserving our ability to invest in business growth opportunities that have the potential to increase our market share and/or expand the depth and breadth of our current lines of business. Accordingly, our Board of Directors unanimously approved the Offer on the terms previously presented to it.

Two members of our Board of Directors are affiliated with stockholders that have advised us that they intend to tender shares in the Offer. David R. Tunnell serves as a Managing Director of H&F, which has advised us that it intends to tender approximately 24,000,000 shares in the Offer, and Paul V. Barber is a general partner of JMI, which has advised us that it intends to tender approximately 1,700,000 shares in the Offer. In addition to unanimous approval of the Offer by the Board of Directors, we also created a special pricing committee of Dr. Sandra R. Hernández and Andrew M. Leitch, independent directors who are not affiliated with stockholders intending to tender shares in the Offer. That committee determined the price per share to be paid by us in the Offer.

Neither the Company nor any member of our Board of Directors, nor the Dealer Manager or the Information Agent, makes any recommendation as to whether you should tender or refrain from tendering shares and neither we nor our Board of Directors has authorized any person to make any such recommendation. You are urged to evaluate carefully all information contained in this Offer, consult your own investment and tax advisors and make your own decision whether to tender and, if so, how many shares to tender.

Rule 13e-4 of the Exchange Act prohibits us and our affiliates from purchasing any Shares, other than pursuant to the Offer, until at least ten business days after the Expiration Date, except pursuant to certain limited exceptions provided in Rule 14e-5 of the Exchange Act. After completion of the Offer and in accordance with applicable laws, we may make additional repurchases from time to time on the open market and/or in private transactions. Whether we make additional repurchases will depend on many factors, including, without limitation, the number of shares, if any, that we purchase in this Offer, our business and financial performance and situation, the business and market conditions at the time, including the price of the shares, and such other factors we consider relevant. Any of these repurchases may be on the same terms or on terms that are more or less favorable to the selling stockholders than the terms of the Offer. We currently intend to continue as a publicly traded company, and we do not plan to effect any

open-market stock repurchases if these would cause our shares to be delisted from The NASDAQ National Market or cause us to no longer be subject to the periodic reporting requirements of the Exchange Act.

Stockholders who do not tender their shares of common stock pursuant to this Offer and stockholders who otherwise retain an equity interest in the Company will continue to be stockholders with the risks and rewards associated with owning our equity and equity-based securities. Holders who do not to tender any of their shares pursuant to this Offer will realize a proportionate increase in their relative equity interest, and thus in our earnings and assets, subject to any risks resulting from our purchase of shares and our ability to issue additional equity securities in the future.

Other than as described herein, we currently have no plans in connection with the Offer that relate to or would result in: (i) any extraordinary transaction (such as a merger, reorganization or liquidation) involving Blackbaud; (ii) any purchase, sale or transfer of a material amount of assets of Blackbaud; (iii) any material change in the present dividend rate or policy, or indebtedness or capitalization of, Blackbaud; (iv) any change in the present Board of Directors or senior management of Blackbaud (including any plans or proposals to change the number or the term of directors or to fill any existing vacancies on the board or to change any material term of the employment contract of any executive officer); (v) any other material change in our corporate structure or business; (vi) our common stock to cease to be authorized to be quoted on The NASDAQ National Market; (vii) our common stock becoming eligible for termination of registration under § 12(g)(4) of the Exchange Act; (viii) the suspension of our obligation to file additional reports under § 15(d) of the Exchange Act; (ix) the acquisition by any person of additional securities of Blackbaud; or (x) any changes in our certificate of incorporation or bylaws.

Although we do not currently have any plans, other than as described in this document, that relate to or would result in any of the events discussed above, as we continue to evaluate opportunities for enhancing stockholder value, we may undertake or plan actions, proposals or negotiations that relate to or could result in one or more of these events including, without limitation, continuing discussions with any parties about potential transactions described above or related or other transactions, but there can be no assurance that we will do so.

*Potential Risks and Disadvantages of the Offer.* The Offer also presents some potential risks and disadvantages to us and our continuing stockholders, including:

- The Offer, particularly if subscribed to in full, will reduce our “public float,” which is the number of shares owned by non-affiliate stockholders and available for trading in the securities markets. This reduction in our public float might result in a lower stock price and/or reduced liquidity in the trading market for our common stock following completion of the Offer.
- The Offer might increase the proportional holdings of significant stockholders, if they elect not to participate, and increase the proportional holdings of our directors and executive officers.
- In addition, if any stockholder tenders his or her shares, the number of outstanding shares remaining will decrease and effectively give remaining stockholders a greater percentage ownership interest in Blackbaud. Thus, our remaining stockholders will bear a higher proportionate share of risk in the event of future losses.
- By reducing our cash balances, the Offer could (i) reduce our ability to engage in significant transactions without additional debt or equity financing, (ii) reduce our ability to cover existing contingent or other future liabilities or (iii) negatively impact our liquidity during periods of increased capital or operating expenses. There can be no assurance that we would be able to raise additional debt or equity financing in the future.
- We generate interest income on cash balances. If we complete the Offer, our cash balances and, in turn, interest income would be reduced.

Although certain of our major stockholders have informed us of their current intentions with respect to tendering shares held by them in the Offer, in each instance the actual number of shares they tender may vary from the amounts that these stockholders have informed us that they currently intend to tender. See Section 11 for a more detailed discussion of beneficial ownership of our common stock by our major stockholders, directors and executive officers.

### 3. Procedures for Tendering Shares.

*Proper Tender of Shares.* For shares to be tendered properly in the Offer: (1) the certificates for such shares (or confirmation of receipt of such shares under the procedure for book-entry transfer described below), together with a properly completed and duly executed Letter of Transmittal (or a manually signed facsimile thereof), including any required signature guarantees, or an “agent’s message” (as defined below), and any other documents required by the Letter of Transmittal, must be received before 5:00 p.m., New York City time, on the expiration date by the Depository at its address listed on the back cover of this document; or (2) the tendering stockholder must comply with the guaranteed delivery procedure set forth below.

In accordance with Instructions 3 and 4 of the Letter of Transmittal, each stockholder desiring to tender shares pursuant to the Offer must indicate the number of shares being tendered.

**Any certificates delivered to us, the Dealer Manager or the Information Agent will not be forwarded to the Depository and will not be deemed to be properly tendered.**

**Stockholders holding their shares through a broker, dealer, commercial bank, trust company or other nominee must contact the nominee in order to tender their shares. If you hold shares through brokers or banks, you are urged to consult the brokers or banks to determine whether transaction costs are applicable if you tender shares through the brokers or banks and not directly to the Depository.**

Stockholders may tender shares subject to the condition that all or a specified minimum number of shares be purchased. See Section 6. Any stockholder desiring to make such a conditional tender should so indicate in the box captioned “Conditional Tender” on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery. It is the tendering stockholder’s responsibility to determine the minimum number of shares to be purchased. **Stockholders should consult their own investment and tax advisors with respect to the effect of proration of the Offer and the advisability of making a conditional tender.** See Section 14.

*Signature Guarantees and Method of Delivery.* No signature guarantee is required if:

- the Letter of Transmittal is signed by the registered holder of the shares (which term, for purposes of this Section 3, includes any participant in The Depository Trust Company, referred to as the “book-entry transfer facility,” whose name appears on a security position listing as the owner of the shares) tendered therewith and such holder has not completed either the box captioned “Special Delivery Instructions” or the box captioned “Special Payment Instructions” on the Letter of Transmittal; or
- shares are tendered for the account of an “eligible guarantor institution” (as defined below). See Instruction 1 of the Letter of Transmittal.

The term “eligible guarantor institution” means a bank, broker, dealer, credit union, savings association or other entity which is a member in good standing of the Securities Transfer Agents Medallion Program or a bank, broker, dealer, credit union, savings association or other entity which is an eligible guarantor institution, as such term is defined in Rule 17Ad-15 under the Exchange Act.

If a certificate for shares is registered in the name of a person other than the person executing a Letter of Transmittal, or if payment is to be made to a person other than the registered holder, then the certificate must be endorsed or accompanied by an appropriate stock power, in either case signed exactly as the name of the registered holder appears on the certificate, with the signature guaranteed by an eligible guarantor institution.

Payment for shares tendered and accepted for payment under the Offer will be made only after timely receipt by the Depository of certificates for such shares (or a timely confirmation of the book-entry transfer of such shares into the Depository’s account at the book-entry transfer facility as described above), a properly completed and duly executed Letter of Transmittal or a manually signed facsimile thereof, or an agent’s message in the case of a book-entry transfer, and any other documents required by the Letter of Transmittal.

**The method of delivery of all documents, including certificates for shares, the Letter of Transmittal and any other required documents, is at your election and risk. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.**

Note that we are not offering any procedure for late delivery and that all required deliveries must be received prior to the expiration date, unless the Offer is extended.

**All deliveries made in connection with the Offer, including a Letter of Transmittal and certificates for shares, must be made directly to the Depository and not to us, the Dealer Manager, the Information Agent or the book-entry transfer facility. Any documents delivered to us, the Dealer Manager, the Information Agent or the book-entry transfer facility will not be forwarded to the Depository, and, therefore, will not be deemed to be properly tendered.**

*Book-Entry Transfer.* The Depository will establish an account with respect to the shares for purposes of the Offer at the book-entry transfer facility within two business days after the date of this document, and any financial institution that is a participant in the book-entry transfer facility's system may make book-entry transfer of the shares by causing the book-entry transfer facility to transfer shares into the Depository's account in accordance with the book-entry transfer facility's procedures for transfer. Although delivery of shares may be effected through a book-entry transfer into the Depository's account at the book-entry transfer facility, either (1) a properly completed and duly executed Letter of Transmittal or a manually signed facsimile thereof with any required signature guarantees, or an agent's message, and any other required documents must be transmitted to and received by the Depository at its address listed on the back cover of this document before the expiration date; or (2) the guaranteed delivery procedure described below must be followed.

**Delivery of the Letter of Transmittal and any other required documents to the book-entry transfer facility does not constitute delivery to the Depository.**

The term "agent's message" means a message transmitted by the book-entry transfer facility to, and received by, the Depository, which states that the book-entry transfer facility has received an express acknowledgment from the participant in the book-entry transfer facility tendering the shares that such participant has received and agrees to be bound by the terms of the Letter of Transmittal and that we may enforce such agreement against such participant.

*Guaranteed Delivery.* If a stockholder desires to tender shares pursuant to the offer and the stockholder's share certificates are not immediately available or cannot be delivered to the Depository before the Expiration Date (or the procedure for book-entry transfer cannot be completed on a timely basis), or if time will not permit all required documents to reach the Depository before the Expiration Date, the shares still may be tendered, if all of the following conditions are satisfied:

(1) the tender is made by or through an eligible guarantor institution;

(2) the Depository receives by hand, mail, overnight courier, telegram or facsimile transmission, on or before the Expiration Date, a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form we have provided with this Offer to Purchase, including (where required) a guarantee by an eligible guarantor institution in the form set forth in the Notice of Guaranteed Delivery; and

(3) the certificates for all tendered shares, in proper form for transfer (or confirmation of book-entry transfer of the shares into the Depository's account at the Book-Entry Transfer Facility), together with a properly completed and duly executed Letter of Transmittal, or a manually signed facsimile of the Letter of Transmittal, or an Agent's Message in the case of a book-entry transfer, and any required signature guarantees and other documents required by the Letter of Transmittal, are received by the Depository within three NASDAQ trading days after the date of receipt by the Depository of the Notice of Guaranteed Delivery.

*Blackbaud Stock Options.* We are not offering, as part of the Offer, to purchase any stock options outstanding and tenders of stock options will not be accepted. Holders of stock options who wish to participate in the Offer may exercise their stock options and purchase shares, and then tender the shares under the Offer, provided that any exercise of a stock option and tender of shares is in accordance with applicable law and the terms of the applicable plan and option agreements. In no event are any stock options to be delivered to the Depository in connection with a tender of shares hereunder. An exercise of a stock option cannot be revoked even if all or a portion of the Shares received upon the exercise or conversion and tendered in the Offer are not purchased in the Offer for any reason. Based upon information received from certain stockholders intending to participate in the Offer, we expect that proration will be required in the Offer. Therefore, it is likely that we will not purchase all of the shares an optionee tenders in the Offer.

*Return of Unpurchased Shares.* If any tendered shares are not purchased under the Offer or are properly withdrawn before the expiration date, or if fewer than all shares evidenced by a stockholder's certificates are tendered, certificates for unpurchased shares will be returned promptly after the expiration or termination of the Offer or the proper withdrawal of the shares, as applicable, or, in the case of shares tendered by book-entry transfer at the book-entry transfer facility, the shares will be credited to the appropriate account maintained by the tendering stockholder at the book-entry transfer facility, in each case without expense to the stockholder.

*United States Federal Backup Withholding Tax.* Under the United States federal backup withholding tax rules, the Depository must withhold a portion of the gross proceeds payable to a stockholder or other payee under the Offer and remit that amount to the United States Treasury, unless the stockholder or other payee provides such person's taxpayer identification number (employer identification number or social security number) to the Depository and certifies under penalties of perjury that such number is correct or otherwise establishes an exemption. In addition, if the Depository is not provided with the correct taxpayer identification number or another adequate basis for exemption, the holder may be subject to certain penalties imposed by the Internal Revenue Service. Therefore, you should complete and sign the Substitute Form W-9 included as part of the Letter of Transmittal in order to provide the information and certification necessary to avoid backup withholding, unless you otherwise establish to our or the Depository's satisfaction, as the case may be, that you are not subject to backup withholding. Specified holders (including, among others, all corporations and certain foreign stockholders) are not subject to these backup withholding and reporting requirements rules. In order for a foreign holder to qualify as an exempt recipient, that holder must submit an IRS Form W-8BEN or other applicable form, signed under penalties of perjury, attesting to that holder's exempt status. The applicable form can be obtained from the Information Agent. See Instruction 12 of the Letter of Transmittal.

**To prevent federal backup withholding tax on the gross payments made to you for shares purchased under the Offer, if you do not otherwise establish an exemption from such withholding, you must provide the Depository with your correct taxpayer identification number and provide other information by completing the substitute Form W-9 included with the Letter of Transmittal.**

See Section 14 for a discussion of United States federal income tax consequences to tendering holders that are U.S. holders (as that term is described in Section 14).

*Federal Income Tax Withholding on Payments to Foreign Stockholders.* Even if a foreign stockholder has provided the required certification as described above to avoid backup withholding, the Depository will withhold United States federal income taxes at a rate of 30% of the gross payment payable to a foreign stockholder or his, her or its agent unless the Depository determines that an exemption from, or a reduced rate of, withholding tax is available under a tax treaty or that an exemption from withholding is applicable because the gross proceeds are effectively connected with the conduct of a trade or business of the foreign stockholder within the United States. For this purpose, a foreign stockholder is any stockholder that is not a U.S. holder (as defined in Section 14). In order to obtain a reduced rate of withholding under a tax treaty, a foreign stockholder must deliver to the Depository before the payment a properly completed and executed IRS Form W-8BEN. In order to obtain an exemption from withholding on the grounds that the gross proceeds paid under the Offer are effectively connected with the conduct of a trade or business within the United States, a foreign stockholder must deliver to the Depository a properly completed and executed IRS Form W-8ECI. A foreign stockholder may be eligible to obtain a refund of all or a portion of any tax withheld if they or it satisfies one of the "Section 302 tests" for capital gain treatment described in Section 14 or is otherwise able to establish that no withholding or a reduced amount of withholding is due. Federal backup withholding tax generally will not apply to amounts subject to the 30% or a treaty-reduced rate of federal income tax withholding.

**Foreign stockholders are urged to consult their tax advisors regarding the application of United States federal income tax withholding, including eligibility for a reduction of, or an exemption from, withholding tax, and the refund procedure. See Instruction 13 of the related Letter of Transmittal.**

*Determination of Validity; Rejection of Shares; Waiver of Defects; No Obligation to Give Notice of Defects.* All questions as to the number of shares to be accepted and the validity, form, eligibility (including time of receipt) and acceptance for payment of any tender of shares will be determined by us, in our sole discretion, and our determination will be final and binding on all parties. We reserve the absolute right to reject any or all tenders of any shares that we



determine are not in proper form or the acceptance for payment of or payment for which we determine may be unlawful. We also reserve the absolute right to waive any of the conditions of the Offer. We also reserve the right to waive any defect or irregularity in any tender with respect to any particular shares or any particular stockholder. Our interpretation of the terms of the Offer will be final and binding on all parties. No tender of shares will be deemed to have been properly made until all defects or irregularities have been cured by the tendering stockholder or waived by us. We, the Depositary, the Information Agent and any other person are not under any duty to give notification of any defects or irregularities in any tender and will not incur any liability for failure to give any such notification.

*Tendering Holder's Representation and Warranty; Our Acceptance Constitutes an Agreement.* A tender of shares under any of the procedures described above will constitute your acceptance of the terms and conditions of the Offer, as well as your representation and warranty to us that:

- the shares that you tender are not currently subject to any contractual or other restrictions;
- you have a "net long position" in the shares or equivalent securities at least equal to the shares tendered, within the meaning of Rule 14e-4 under the Exchange Act; and
- the tender of shares complies with Rule 14e-4.

It is a violation of Rule 14e-4 for a person, directly or indirectly, to tender shares for that person's own account unless, at the time of tender and at the end of the proration period or period during which shares are accepted by lot (including any extensions thereof), the person so tendering:

- has a net long position equal to or greater than the amount tendered in the subject securities or securities immediately convertible into, or exchangeable or exercisable for, the subject securities; and
- will deliver or cause to be delivered the shares in accordance with the terms of the Offer.

Rule 14e-4 provides a similar restriction applicable to the tender on behalf of another person. Our acceptance for payment of shares that you tender under the Offer will constitute a binding agreement between us and you upon the terms and conditions of the Offer.

*Lost, Stolen, Destroyed or Mutilated Certificates.* If your certificate for part or all of your shares has been lost, stolen, destroyed or mutilated, you may contact Wachovia Bank, N.A., the transfer agent for our common stock, at (800) 829-8432, for instructions as to obtaining a replacement certificate. That certificate will then be required to be submitted together with the Letter of Transmittal in order to receive payment for shares that are tendered and accepted for payment. You may be required to post a bond to secure against the risk that the certificates may be subsequently recirculated. You are urged to contact the transfer agent immediately in order to permit timely processing of this documentation and to determine if the posting of a bond is required.

**Certificates for shares together with a properly completed and duly executed Letter of Transmittal or facsimile thereof, or an agent's message, and any other documents required by the Letter of Transmittal, must be delivered to the Depositary and not to us, the Dealer Manager or the Information Agent. Any such documents delivered to us, the Dealer Manager or the Information Agent will not be forwarded to the Depositary and therefore will not be deemed to be properly tendered.**

#### **4. Withdrawal Rights.**

Except as otherwise provided in this Section 4, tenders of shares under the Offer are irrevocable. Shares tendered under the Offer may be withdrawn at any time before the expiration date and, unless we have already accepted the shares for payment under the Offer, at any time after 5:00 p.m., New York City time, on Monday, August 1, 2005.

For a withdrawal to be effective, a written or facsimile transmission notice of withdrawal must be timely received in a timely manner by the Depositary at either the address or facsimile number listed on the back cover of this document. Any such notice of withdrawal must specify the name of the tendering stockholder, the number of shares to be withdrawn and the name of the registered holder of such shares. If the certificates for shares to be withdrawn have been delivered or otherwise identified to the Depositary, then, before the release of such certificates, the tendering stockholder must also submit the serial numbers shown on such certificates to the Depositary and the

signature on the notice of withdrawal must be guaranteed by an eligible guarantor institution, unless such shares have been tendered for the account of an eligible guarantor institution.

If shares have been tendered under the procedure for book-entry transfer described in Section 3, any notice of withdrawal must also specify the name and the number of the account at the book-entry transfer facility to be credited with the withdrawn shares and must otherwise comply with such book-entry transfer facility's procedures. All questions as to the form and validity (including the time of receipt) of any notice of withdrawal will be determined by us, in our sole discretion, which determination will be final and binding on all parties. We, the Depository, the Dealer Manager, the Information Agent and any other person are not under any duty to give notification of any defects or irregularities in any notice of withdrawal and will not incur any liability for failure to give any such notification.

Withdrawals may not be rescinded and any shares properly withdrawn will thereafter be deemed not properly tendered for purposes of the Offer unless the withdrawn shares are properly re-tendered before the expiration date by following one of the procedures described in Section 3.

If we extend the Offer, are delayed in our purchase of shares, or are unable to purchase shares under the Offer for any reason, then, without prejudice to our rights under the Offer, the Depository may, subject to applicable law, retain tendered shares on our behalf, and such shares may not be withdrawn except to the extent tendering stockholders are entitled to withdrawal rights as described in this Section 4.

## 5. Purchase of Shares and Payment of Purchase Price.

Upon the terms and subject to the conditions of the Offer, promptly after the expiration date, we will accept for payment and pay for, and thereby purchase, up to 2,620,690 shares (or such greater number of shares as we elect to purchase) if properly tendered and not properly withdrawn, or such lesser number of shares as are properly tendered and not properly withdrawn, in accordance with Section 4, before the scheduled expiration date of the Offer.

For purposes of the Offer, we will be deemed to have accepted for payment and therefore purchased shares that are properly tendered and not properly withdrawn, subject to the proration provisions of the Offer, only when, as and if we give oral or written notice to the Depository of our acceptance of the shares for payment under the Offer.

We will accept for payment and pay the per share purchase price for all of the shares accepted for payment pursuant to the offer as soon as practicable after the expiration date. In all cases, payment for shares tendered and accepted for payment pursuant to the offer will be made promptly, subject to possible delay due to expected proration, but only after timely receipt by the Depository of certificates for shares, or of a timely book-entry confirmation of shares into the Depository's account at the book-entry transfer facility, and a properly completed and duly executed Letter of Transmittal, or manually signed facsimile of the Letter of Transmittal, or agent's message in the case of a book-entry transfer, and any other required documents.

We will pay for shares purchased under the Offer by depositing the aggregate purchase price for such shares with the Depository, which will act as agent for tendering stockholders for the purpose of receiving payment from us and transmitting payment to the tendering holders of stock.

In the event of proration, which we expect to be necessary, we will determine the proration factor and pay for those tendered shares accepted for payment promptly after the expiration date. However, we do not expect to be able to announce the final results of any proration and commence payment for shares purchased until approximately seven to ten business days after the expiration date. Certificates for all shares tendered and not purchased, including all shares not purchased due to proration, will be returned to the tendering stockholder, or, in the case of shares tendered by book-entry transfer, will be credited to the account maintained with the book-entry transfer facility by the participant therein who so delivered the shares, at our expense, promptly after the expiration date or termination of the Offer without expense to the tendering stockholders. **Under no circumstances will we pay interest on the purchase price regardless of any delay in making such payment.** In addition, if certain events occur, we might not be obligated to purchase shares under the Offer. See Section 7.

We will pay or cause to be paid all stock transfer taxes, if any, payable on the transfer to us of shares purchased under the Offer. If, however, payment of the purchase price is to be made to any person other than the registered holder, or if tendered certificates are registered in the name of any person other than the person signing the Letter of

Transmittal, the amount of all stock transfer taxes, if any (whether imposed on the registered holder or the other person), payable on account of the transfer to the person will be deducted from the purchase price unless satisfactory evidence of the payment of the stock transfer taxes, or exemption therefrom, is submitted. See Instruction 6 of the Letter of Transmittal.

**If you or any other payee fails to complete in full, sign and return to the Depository the Substitute Form W-9 included with the Letter of Transmittal, you may be subject to U.S. federal income tax backup withholding on the gross proceeds paid to you or any other payee under the Offer. See Section 3. Also see Section 14 regarding United States federal income tax consequences for U.S. holders. Non-United States holders are urged to consult their tax advisors regarding the application of United States federal income tax withholding, including eligibility for a withholding tax reduction or exemption, and the refund procedure.**

#### **6. Conditional Tender of Shares.**

Under certain circumstances, we may prorate the number of shares purchased in the Offer. As discussed in Section 14, the number of shares to be purchased from a particular stockholder may affect the tax treatment of the purchase to the stockholder and the stockholder's decision whether to tender. The conditional tender alternative is made available so that a stockholder may (1) know with certainty the number of the stockholder's shares, if any, which will be purchased pursuant to the Offer (provided such shares are properly tendered and the conditions of such stockholder's tender are satisfied) or (2) seek to structure the purchase of shares from the stockholder in the offer in such a manner that it will be treated as a sale of such shares by the stockholder, rather than the payment, in whole or in part, of a dividend to the stockholder, for United States federal income tax purposes. Accordingly, a stockholder may tender shares subject to the condition that a specified minimum number of the stockholder's shares tendered must be purchased if any shares tendered by such stockholder are purchased. Each stockholder is urged to consult with his or her own tax advisor.

In order to make a conditional tender, the box captioned "Conditional Tender" in the Letter of Transmittal or, if applicable, the Notice of Guaranteed Delivery must be checked. In this box in the Letter of Transmittal or the Notice of Guaranteed Delivery, the minimum number of shares being tendered that must be purchased if any are to be purchased must be calculated and appropriately indicated. After the Offer expires, if more than 2,620,690 shares are properly tendered and not properly withdrawn and we must prorate our acceptance of and payment for tendered shares, we will calculate a preliminary proration percentage based upon all shares properly tendered, conditionally or unconditionally. If the effect of this preliminary proration would be to reduce the number of shares to be purchased from any stockholder below the minimum number specified by that stockholder, the conditional tender will automatically be regarded as withdrawn, unless chosen by random lot for reinstatement as discussed in the next paragraph.

After giving effect to these withdrawals, we will accept the remaining shares properly tendered, conditionally or unconditionally, on a pro rata basis, if necessary. If we are able to purchase all of the remaining tendered shares and the total number that we would purchase would be below 2,620,690 then, to the extent feasible, we will select enough of the conditional tenders that would otherwise have been deemed withdrawn to permit us to purchase 2,620,690 shares. In selecting these conditional tenders, we will select by random lot and will select only from stockholders who tendered all of their shares. Upon selection by random lot, if any, we will limit our purchase in each case to the designated minimum number of shares to be purchased.

#### **7. Conditions of the Offer.**

The Offer is not conditioned on the tender of any minimum number of shares. Notwithstanding any other provision of the Offer, we will not be required to accept for payment, purchase or pay for any shares tendered, and we may terminate or amend the Offer or postpone the acceptance for payment of, or the purchase of and payment for, tendered shares, subject to the rules under the Exchange Act, if at any time on or after June 3, 2005 and before the expiration date any of the following events has occurred (or we have reasonably determined occurred) that, in our

reasonable judgment and regardless of the circumstances giving rise to the event or events, makes it inadvisable to proceed with the Offer or with acceptance for payment of the tendered shares:

- any action or proceeding by any government or governmental, regulatory or administrative agency, authority or tribunal or any other person, domestic or foreign, before any court, authority, agency or tribunal has been threatened or instituted or is pending that directly or indirectly:
  - challenges the making of the Offer or the acquisition of some or all of the shares under the Offer or otherwise relates in any manner to the Offer; or
  - in our judgment, could materially and adversely affect our business, condition (financial or other), income, operations or prospects or that of our subsidiaries or otherwise materially impair in any way the contemplated future conduct of the business of us or our subsidiaries or materially impair the contemplated benefits of the Offer to us;
- any action has been threatened or taken or is pending, or any approval has been withheld, or any statute, rule, regulation, judgment, order or injunction has been threatened, proposed, sought, promulgated, enacted, entered, amended, enforced or deemed to be applicable to the Offer or us or any of our subsidiaries, by any court or any authority, agency or tribunal that, in our judgment, would or might directly or indirectly:
  - make the acceptance for payment of or payment for some or all of the shares illegal or otherwise restrict or prohibit completion of the Offer;
  - delay or restrict our ability, or render us unable, to accept for payment or pay for some or all of the shares;
  - materially impair the contemplated benefits of the Offer to us; or
  - materially and adversely affect our business, condition (financial or other), income, operations or prospects or that of our subsidiaries, or otherwise materially impair in any way the contemplated future conduct of the business of us or any of our subsidiaries;
- there has occurred:
  - any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or in the over-the-counter market in the United States or the European Union;
  - the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States or the European Union;
  - the commencement of a war, armed hostilities or other international or national calamity or crisis, including any act or acts of terrorism, directly or indirectly involving the United States or any of its territories;
  - any decrease in the market price of our common stock by an amount greater than 10% from the closing price on June 3, 2005 or any change in the general political, market, economic or financial conditions in the United States or abroad that could, in our judgment, have a material adverse effect on our business, operations or prospects or the trading in the shares;
  - in the case of any of the foregoing existing at the time of the commencement of the Offer, in our reasonable judgment, a material acceleration or worsening thereof;
  - any decline in either the NASDAQ Composite Index or the Standard and Poor's Index of 500 Industrial Companies by an amount greater than 10% from the close of business on June 3, 2005; or
  - a tender offer or exchange offer for any or all of the shares (other than this Offer), or any merger, business combination or other similar transaction with or involving us or any of our subsidiaries, has been proposed, announced or made by any person;
- one or more of the following has occurred:
  - any entity, "group" (as that term is used in Section 13(d)(3) of the Exchange Act) or person shall have acquired or proposed to acquire beneficial ownership of more than 5% of the outstanding shares (other than

any such person, entity or group who has filed a Schedule 13D or Schedule 13G with the Securities and Exchange Commission on or before June 3, 2005);

- any such entity, group or person who has filed a Schedule 13D or Schedule 13G with the Securities and Exchange Commission on or before June 3, 2005 shall have acquired or proposed to acquire beneficial ownership of an additional 2% or more of the outstanding shares; or
- any person, entity or group shall have filed a Notification and Report Form under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or made a public announcement reflecting an intent to acquire us or any of our subsidiaries or any of our respective assets or securities other than in connection with a transaction authorized by our Board of Directors;

- any change or changes has occurred in the business, financial condition, assets, income, operations, prospects or stock ownership of us or our subsidiaries that, in our judgment, is or may be material and adverse to us or our subsidiaries;
- any limitation, whether or not mandatory, by any governmental, regulatory or administrative agency or authority on, or any event that in our reasonable judgment might affect, the extension of credit by banks or other lending institutions in the United States or the European Union; or
- we determine that there is a reasonable likelihood that the completion of the Offer and the purchase of the shares might otherwise cause the shares to be delisted from The NASDAQ National Market or cause us to no longer be subject to the periodic reporting requirements of the Exchange Act.

These conditions are for our benefit. We may assert them in our reasonable judgment regardless of the circumstances giving rise to any such condition. We may waive them, in whole or in part, at any time in our sole discretion. Our failure at any time to exercise any of these rights will not be deemed a waiver of any such right. Each such right is an ongoing right and may be asserted at any time and from time to time. All conditions to the Offer other than those dependent upon receipt of necessary government approvals, must be satisfied or waived prior to the expiration date. Our determination or judgment concerning the events described above will be final and binding on all parties.

#### 8. Price Range of Shares; Dividends.

*Price Range of Shares.* Our common stock has traded on The NASDAQ National Market under the symbol “BLKB” since July 26, 2004 following our initial public offering of stock. The following table presents the high and low sales price per share of our common stock for each of the fiscal quarters indicated, as reported on the NASDAQ National Market.

	<u>High</u>	<u>Low</u>
<b>Year ended December 31, 2004</b>		
Third Quarter (beginning July 26, 2004)	\$ 12.65	\$ 8.30
Fourth Quarter	15.22	9.46
<b>Year ending December 31, 2005</b>		
First Quarter	\$ 15.01	\$ 10.73
Second Quarter (through May 31, 2005)	14.05	11.84

On May 31, 2005, the last full trading day before the date of the public announcement of the Offer, the last reported sale price of our shares on the NASDAQ National Market was \$13.76 per share. **We urge you to obtain current market quotations for our common stock before deciding whether to tender your shares.**

*Dividends and Stock Repurchase Program.* Our Board of Directors has adopted a dividend policy which reflects an intention to distribute to our stockholders a portion of the cash generated by our business that exceeds our operating needs and capital expenditures as regular quarterly dividends. This policy reflects our judgment that we can provide greater value to our stockholders by distributing to them a portion of the cash generated by our business.

We believe that our dividend policy will limit, but not preclude, our ability to pursue growth. This limitation could be significant, for example, with respect to any large acquisitions and growth opportunities that require cash investments in amounts greater than our available cash or external financing resources. In order to pay dividends at the level currently anticipated under our dividend policy and to fund any substantial portion of our stock repurchase program, we expect that we would need financing or borrowings to fund any significant acquisitions or to pursue growth opportunities requiring capital expenditures significantly beyond our anticipated capital expenditure levels. However, we intend to retain sufficient cash after the distribution of dividends and any repurchase of shares, including the repurchase of shares of this Offer, to permit the pursuit of growth opportunities that do not require a significant capital investment.

In accordance with this dividend policy, we paid quarterly dividends in the first and second quarters of 2005 of \$0.05 per share, and currently intend to pay quarterly dividends at an annual rate of \$0.20 per share of common stock for each of the remaining fiscal quarters in 2005. Dividends at this rate would total approximately \$8.7 million in the aggregate on the common stock in 2005 (assuming 43,272,000 shares of common stock are outstanding).

Our stockholders might not receive any dividends as a result of the following factors:

- we are not obligated to pay dividends;
- our credit facility limits the amount of dividends we are permitted to pay;
- our Board of Directors could decide to reduce dividends or not to pay dividends at all, at any time and for any reason;
- the amount of dividends distributed is subject to state law restrictions;
- our stockholders have no contractual or other legal right to dividends; and
- we might not have enough cash to pay dividends due to changes to our operating earnings, working capital requirements and anticipated cash needs.

For dividends that we intend to declare for the third and fourth fiscal quarters of 2005, we intend to pay dividends on our common stock on the 15th day of August and November, respectively (or the next business day if the 15th day is not a business day), to holders of record on the 5th day of each such month (or the immediately preceding business day if the 5th day is not a business day).

On February 1, 2005, we announced that our Board of Directors had approved a stock repurchase program to purchase up to \$35 million of our outstanding shares of common stock in open market or privately negotiated transactions from time to time. We have purchased a total of 861,076 shares of our common stock for an aggregate purchase price of \$10.6 million through May 31, 2005 under this repurchase program. In connection with approving the Offer, the Board of Directors determined to terminate this stock repurchase program.

## **9. Source and Amount of Funds.**

Assuming a full subscription to the Offer, the aggregate purchase price will be \$38 million. We expect that our fees and expenses for the Offer will be approximately \$350,000. We expect to fund our purchase of shares tendered in the Offer from available cash on hand and we do not intend to use alternative arrangements or plans for financing the Offer. As of March 31, 2005, we had approximately \$43.3 million in cash and cash equivalents.

## **10. Certain Information Concerning Blackbaud.**

*General.* Blackbaud is the leading global provider of software and related services designed specifically for nonprofit organizations. Approximately 13,000 organizations — including the American Red Cross, Bowdoin College, the Chesapeake Bay Foundation, the Crohn's & Colitis Foundation of America, the Detroit Zoological Society, Episcopal High School, Help the Aged, the New York Philharmonic and United Way of America — use Blackbaud products and consulting services for fundraising, financial management, business intelligence and school administration. Blackbaud's solutions include The Raiser's Edge®, The Financial Edge™, The Education Edge™, The Patron Edge™, Blackbaud NetCommunity™, The Information Edge™, WealthPoint™ and ProspectPoint™, as well as a wide range of consulting and educational services. Founded in 1981, Blackbaud is headquartered in Charleston, South

Carolina, and has operations in Toronto, Ontario, Glasgow, Scotland, and Sydney, Australia. As of December 31, 2004, we had approximately 880 employees, consisting of 215 in sales and marketing, 160 in research and development, 380 in customer support, and 125 general and administrative personnel. Our principal executive offices are located at 2000 Daniel Island Drive, Charleston, South Carolina 29492, and our telephone number at that location is (843) 216-6200.

*Summary Unaudited Pro Forma Financial Information.* The following unaudited pro forma financial information give effect to the assumed reacquisition of 2,620,690 shares of our common stock pursuant to the Offer at a price of \$14.50 per share. The unaudited pro forma consolidated balance sheet is based on the Company's historical balance sheet as of March 31, 2005 and has been prepared to reflect the reacquisition of 2,620,690 shares of common stock at \$14.50 per share as if the reacquisition of the shares had occurred on March 31, 2005. The unaudited pro forma consolidated statements of operations are based on the Company's historical statements of operations for the year ended December 31, 2004 and the three months ended March 31, 2005 and give effect to the reacquisition of the shares as if the reacquisition occurred on January 1, 2004.

The unaudited pro forma balance sheet and statements of operations should be read in conjunction with our historical financial statements, including notes thereto, and Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the fiscal year ended December 31, 2004 and our Quarterly Report on Form 10-Q for the three months ended March 31, 2005, both of which have been filed with the Securities and Exchange Commission and are incorporated by reference in this Offer to Purchase.

**BLACKBAUD, INC.**  
**PRO FORMA CONSOLIDATED BALANCE SHEET (UNAUDITED)**  
**As of March 31, 2005**  
**(in thousands, except share and per share amounts)**

	As Reported	Pro Forma Adjustments	Pro Forma
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 43,269	\$ (38,000)(a) (350)(b)	\$ 4,919
Accounts receivable, net of allowance of \$1,419	18,314		18,314
Prepaid expenses and other current assets	2,084		2,084
Deferred tax asset, current portion	542		542
Total current assets	<u>64,209</u>	<u>(38,350)</u>	<u>25,859</u>
Property and equipment, net	6,610		6,610
Deferred tax asset	82,552		82,552
Goodwill	1,699		1,699
Deferred financing fees, net	121		121
Other assets	84		84
Total assets	<u>\$ 155,275</u>	<u>\$ (38,350)</u>	<u>\$ 116,925</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current liabilities:			
Trade accounts payable	\$ 2,484		\$ 2,484
Current portion of capital lease obligations	7		7
Accrued expenses and other current liabilities	10,814		10,814
Deferred revenue	50,918		50,918
Total current liabilities	<u>64,223</u>		<u>61,223</u>
Long-term deferred revenue	793		793
Total liabilities	<u>65,016</u>		<u>65,016</u>
Commitments and contingencies			
Stockholders' equity:			
Preferred stock; 20,000,000 shares authorized, none outstanding	—		—
Common stock, \$.001 par value; 180,000,000 shares authorized, 43,490,756 shares issued and outstanding at March 31, 2005	43		43
Additional paid-in capital	54,781		54,781
Deferred compensation	(789)		(789)
Treasury stock, at cost; 656,876 and 3,277,566 shares at March 31, 2005, as reported and pro forma, respectively	(7,969)	(38,000)(a) (350)(b)	(46,319)
Accumulated other comprehensive income	322		322
Retained earnings	43,871		43,871
Total stockholders' equity	<u>90,259</u>	<u>(38,350)</u>	<u>51,909</u>
Total liabilities and stockholders' equity	<u>\$ 155,275</u>	<u>\$ (38,350)</u>	<u>\$ 116,925</u>
Book value per share	\$ 2.11		\$ 1.29

(a) Records the repurchase of 2,620,690 shares of our common stock at \$14.50 per share via the Offer as if it had occurred on March 31, 2005.

(b) It is assumed that expenses of \$350,000 directly related to the Offer will be incurred. These costs are recorded with treasury stock.



BLACKBAUD, INC.

PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS AND RATIO OF EARNINGS (UNAUDITED)  
For the Three Months Ended March 31, 2005 and the Year Ended December 31, 2004  
(in thousands, except share and per share amounts)

	Three Months Ended March 31, 2005			Year Ended December 31, 2004		
	As Reported	Pro Forma Adjustments	Pro Forma	As Reported	Pro Forma Adjustments	Pro Forma
<b>Revenue</b>						
License fees	\$ 6,468		\$ 6,468	\$ 25,387		\$ 25,387
Services	11,429		11,429	42,555		42,555
Maintenance and subscriptions	18,442		18,442	66,487		66,487
Other revenue	934		934	4,316		4,316
<b>Total revenue</b>	<b>37,273</b>		<b>37,273</b>	<b>138,745</b>		<b>138,745</b>
<b>Cost of revenue</b>						
Cost of license fees	1,059		1,059	3,923		3,923
Cost of services (of which \$91 and \$(540) in the three months ended March 31, 2005 and the twelve months ended December 31, 2004, respectively, was stock option compensation expense (benefit))	6,593		6,593	22,146		22,146
Cost of maintenance and subscriptions (of which \$11 and \$(91) in the three months ended March 31, 2005 and the twelve months ended December 31, 2004, respectively, was stock option compensation expense (benefit))	2,830		2,830	10,484		10,484
Cost of other revenue	816		816	3,986		3,986
<b>Total cost of revenue</b>	<b>11,298</b>		<b>11,298</b>	<b>40,539</b>		<b>40,539</b>
<b>Gross profit</b>	<b>25,975</b>		<b>25,975</b>	<b>98,206</b>		<b>98,206</b>
Sales and marketing	7,681		7,681	27,437		27,437
Research and development	5,047		5,047	17,875		17,875
General and administrative	3,705		3,705	12,240		12,240
Amortization	0		0	32		32
Costs of initial public offering	0		0	2,455		2,455
Stock option compensation	(7,742)		(7,742)	19,010		19,010
<b>Total operating expenses</b>	<b>8,691</b>		<b>8,691</b>	<b>79,049</b>		<b>79,049</b>
<b>Income from operations</b>	<b>17,284</b>		<b>17,284</b>	<b>19,157</b>		<b>19,157</b>
Interest income	253	(161)(a)	92	331	(331)(a)	—
Interest expense	(13)		(13)	(272)	(313)(a)	(585)
Other income, net	(112)		(112)	356		356
<b>Income before provision for income taxes</b>	<b>17,412</b>	<b>(161)</b>	<b>17,251</b>	<b>19,572</b>	<b>(644)</b>	<b>18,928</b>
Income tax provision	6,553	(64)(b)	6,489	6,931	(257)(b)	6,674
<b>Net income</b>	<b>\$ 10,859</b>	<b>\$ (97)</b>	<b>\$ 10,762</b>	<b>\$ 12,641</b>	<b>\$ (387)</b>	<b>\$ 12,254</b>
<b>Earnings per share</b>						
Basic	\$ 0.25		\$ 0.27	\$ 0.30		\$ 0.31
Diluted	\$ 0.23		\$ 0.24	\$ 0.27		\$ 0.28
<b>Common shares and equivalents outstanding</b>						
Basic weighted average shares	42,643,705	(2,620,690)(c)	40,023,015	42,496,280	(2,620,690)(c)	39,875,590
Diluted weighted average shares	47,555,533	(2,620,690)(c)	44,934,843	46,540,790	(2,620,690)(c)	43,920,100
<b>Dividends per share</b>	<b>\$ 0.05</b>		<b>\$ 0.05</b>	<b>—</b>		<b>—</b>
<b>Summary of stock option compensation expense (benefit)</b>						
Cost of services	\$ 91		\$ 91	\$ (540)		\$ (540)
Cost of maintenance and subscription revenue	11		11	(91)		(91)

	Three Months Ended March 31, 2005			Year Ended December 31, 2004		
	As Reported	Pro Forma Adjustments	Pro Forma	As Reported	Pro Forma Adjustments	Pro Forma
<b>Total cost of revenue</b>	102		102	(631)		(631)
Sales and marketing	74		74	(112)		(112)
Research and development	55		55	(457)		(457)
General and administrative	(7,871)		(7,871)	19,579		19,579
<b>Total operating expense</b>	<u>(7,742)</u>		<u>(7,742)</u>	<u>19,010</u>		<u>19,010</u>
<b>Total stock option compensation (benefit) expense</b>	<u>\$ (7,640)</u>		<u>\$ (7,640)</u>	<u>\$ 18,379</u>		<u>\$ 18,379</u>
<b>Ratio of earnings to fixed charges(d)</b>	54.4		53.9	12.8		10.6

- (a) Interest income is decreased due to a reduced level of cash during the period. The assumed interest rate for the purposes of calculating reduced interest income was 1.65% for both the three months ended March 31, 2005 and the year ended December 31, 2004, and approximates the actual average interest rates earned on the cash balances during such periods. Additionally, interest expense for the year ended December 31, 2004 increased to the extent that the interest income decrease exceeded reported interest earned during the period.
- (b) Income tax provision has been lowered due to the reduced interest income earned during the periods. The statutory income tax rate used was 39.9% for both the three months ended March 31, 2005 and for the year ended December 31, 2005.
- (c) Records the adjustment to weighted average shares outstanding reflecting the repurchase of 2,620,690 shares of our common stock at \$14.50 per share via the Offer as if it had occurred as of January 1, 2004.
- (d) The ratio of earnings to fixed charges reflects the Company's ability to cover interest costs and other fixed charges with operating earnings. Applicable components of the Company's fixed charges are interest expense, amortization of debt costs and interest components of rent expense. Additionally, applicable components of the Company's earnings include pre-tax income and fixed charges (as defined above).

### BLACKBAUD, INC.

#### COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES For the Three Months Ended March 31, 2005 and for the Years Ended December 31, 2004 and 2003 (Amounts in thousands of dollars)

	As Reported			Pro Forma	
	Three Months Ended March 31, 2005	Years Ended December 31,		Three Months Ended March 31, 2005	Year Ended December 31, 2004
		2004	2003		
Pre-tax earnings	\$ 17,412	\$ 19,572	\$ 3,469	\$ 17,251	\$ 18,928
Fixed charges:					
Gross interest expense	13	272	2,559	13	585
Interest component of rent expense	313	1,392	1,607	313	1,392
<b>Total fixed charges</b>	<u>\$ 326</u>	<u>\$ 1,664</u>	<u>\$ 4,166</u>	<u>\$ 326</u>	<u>\$ 1,977</u>
Pre-tax earnings plus fixed charges	\$ 17,738	\$ 21,236	\$ 7,635	\$ 17,577	\$ 20,905
<b>Ratio of earnings to fixed charges</b>	54.4	12.8	1.8	53.9	10.6

*Additional Information.* We are subject to the informational filing requirements of the Securities Exchange Act of 1934, and, accordingly, are obligated to file reports, statements and other information with the Securities and Exchange Commission relating to our business, financial condition and other matters. Information, as of particular dates, concerning our directors and executive officers, their remuneration, options granted to them, the principal holders of our securities and any material interest of these persons in transactions with us is required to be disclosed in proxy statements distributed to our stockholders and filed with the Securities and Exchange Commission. We have also filed an Issuer Tender Offer Statement on Schedule TO with the Securities and Exchange Commission that includes additional information relating to the Offer.

These reports, statements and other information can be inspected and copied at the public reference facilities maintained by the Securities and Exchange Commission at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549. Copies of this material may also be obtained by mail, upon payment of the Security and Exchange Commission's customary charges, from the Public Reference Section of the Securities and Exchange Commission at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. The Securities and Exchange Commission also maintains a web site on the Internet at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Securities and Exchange Commission. The reference to the URL of the Securities and Exchange Commission's web site is intended to be an inactive textual reference only. Information about the Public Reference Room may be obtained by calling the Securities and Exchange Commission for more information at 1-800-SEC-0330.

*Incorporation by Reference.* The rules of the Securities and Exchange Commission allow us to "incorporate by reference" information into this document, which means that we can disclose important information by referring people to another document filed separately with the Securities and Exchange Commission. These documents contain important information about us.

<b>SEC Filings</b>	<b>Period Covered</b>	<b>Date Filed</b>
Annual Report on Form 10-K	Year ended December 31, 2004	March 14, 2005
Quarterly Report on Form 10-Q	Quarter ended March 31, 2005	May 13, 2005

Any of the documents incorporated by reference in this document can be obtained from us or from the Security and Exchange Commission's web site at the address described above. Documents incorporated by reference are available from us without charge, excluding any exhibits to those documents. Documents incorporated by reference in this Offer to Purchase can be obtained by requesting them in writing or by telephone from us at 2000 Daniel Island Drive, Charleston, South Carolina 29492, Attention: Investor Relations, telephone: (866) 900-2552. Those requesting documents should be sure to include their complete name and address in their request. If any incorporated documents are requested, we will mail them by first class mail, or another equally prompt means, within one business day after we receive the request.

#### **11. Interest of Directors and Executive Officers; Transactions and Arrangements Concerning Shares.**

*Beneficial Ownership.* As of May 31, 2005, we had 43,272,000 issued and outstanding shares and 8,244,197 shares reserved for issuance upon exercise of all outstanding stock options under our stock option plans. The 2,620,690 shares that we are offering to purchase represent approximately 6% of the shares outstanding on May 31, 2005, not including shares obtainable upon exercise of outstanding stock options.

As of May 31, 2005, and after giving effect to the transactions set forth in the footnotes to the table below, our directors and executive officers as a group (18 persons) beneficially owned an aggregate of 30,681,564 shares of our common stock (including 4,755,179 shares issuable upon exercise of stock options that are or will become exercisable within 60 days of May 31, 2005), representing approximately 63.89% of issued and outstanding shares. Our directors and executive officers are entitled to participate in the Offer on the same basis as all other stockholders. Two of our executive officers have informed us that they intend to tender an aggregate of approximately 130,000 shares in the Offer. We do not expect any directors or other executive officers to tender shares in the Offer.

The following table sets forth, as to each of our directors, executive officers and holders of 5% or more of our common stock (1) the number of shares and percentage of common stock beneficially owned as of May 31, 2005, including that number of shares issuable upon exercise of options that are or will become exercisable within sixty days

of May 31, 2005, (2) the number of shares expected to be tendered by such person in the Offer and (3) assuming our purchase of 2,620,690 shares in the Offer, the number of shares being retained by such person and the percentage which such shares would represent of the resulting outstanding shares.

Unless indicated below, the persons named in the table have sole voting and investment power with respect to all shares beneficially owned by them, subject to community property laws where applicable. Except as otherwise indicated below, the business address of each person listed in the table is c/o Blackbaud, Inc., 2000 Daniel Island Drive, Charleston, South Carolina 29492 and the business telephone number is (843) 216-6200.

<b>Beneficial Owner</b>	<b>Shares Beneficially Owned</b>	<b>Percentage Beneficially Owned</b>	<b>Shares Expected to be Tendered in the Offer</b>	<b>Shares Expected to be Retained After the Offer(1)</b>	<b>Percentage Beneficially Owned After the Offer(1)</b>
Hellman & Friedman Capital Partners III, L.P.(2)	21,942,231	50.71%	21,942,231	20,611,247	50.70%
H&F Orchard Partners III, L.P.(2)	1,612,799	3.73%	1,612,799	1,514,969	3.73%
H&F International Partners III, L.P.(2)	480,715	1.11%	480,715	451,556	1.11%
David R. Tunnell(3)	24,041,977	55.56%	24,035,745	22,584,004	55.55%
Robert J. Sywolski(4)	2,675,680	5.82%	—	2,675,680	6.18%
Paul V. Barber(5)	1,694,868	3.92%	1,692,839	1,592,183	3.92%
Timothy V. Williams(6)	625,000	1.42%	—	625,000	1.51%
Louis J. Attanasi(7)	334,170	*	118,784	326,965	*
Charles T. Cumbaa(6)	287,500	*	—	287,500	*
Gerard J. Zink(8)	243,679	*	10,986	243,013	*
Christopher R. Todd(6)	153,213	*	—	153,213	*
Germaine M. Ward(6)	152,500	*	—	152,500	*
Edward M. Roshitsh(6)	125,000	*	—	125,000	*
Heidi H. Strenck(9)	103,234	*	—	103,234	*
Richard S. Braddock(6)	65,000	*	—	65,000	*
Marco W. Hellman (10)	50,116	*	—	50,116	*
Andrew L. Howell(6)	35,312	*	—	35,312	*
Laura W. Kennedy(6)	34,433	*	—	34,433	*
Anthony J. Powell(6)	34,207	*	—	34,207	*
Dr. Sandra R. Hernández(6)	20,000	*	—	20,000	*
Andrew M. Leitch(6)	5,675	*	—	5,675	*
All executive officers and directors as a group (18 persons)(11)	30,681,564	63.89%	28,858,354	29,113,034	60.62%

\* Less than one percent.

- (1) In computing the shares owned and percentage ownership of a person after the Offer, we assumed our major stockholders, directors and executive officers tendered that number of shares that they have informed us they intend to tender in the Offer as set forth in the column entitled "Shares Expected to Be Tendered in the Offer." We also assumed that all other issued and outstanding shares of common stock of Blackbaud were tendered in the Offer, that no shares were conditionally tendered and that 2,620,690 shares were purchased by us in the Offer. To the extent fewer than all other issued and outstanding shares of common stock of Blackbaud are tendered in the Offer, the percentage ownership of persons listed in the table and who tender in the Offer could decrease.
- (2) Gives effect to the distribution by Hellman & Friedman Capital Partners III, L.P., H&F Orchard Partners III, L.P. and H&F International Partners III, L.P. (the "H&F Funds") of an aggregate of 5,000,000 shares to their investors on June 1, 2005 prior to the commencement of this Offer. H&F Investors III is the sole general partner of the H&F Funds. Investment decisions for the H&F Funds with respect to the Blackbaud shares are

made by the investment committee of H&F Investors III which is currently composed of Brian Powers, Warren Hellman, Thomas Steyer and Matthew Barger, each of whom disclaims beneficial ownership in the Blackbaud shares except to the extent of his pecuniary interest therein. Membership of the investment committee is subject to change from time to time. The address for each of the H&F Funds is One Maritime Plaza, 12th Floor, San Francisco, California 94111.

- (3) Includes 4,982 shares of common stock received by Mr. Tunnell in the distribution by the H&F Funds to their investors on June 1, 2005 prior to the commencement of this Offer and 1,250 shares obtainable upon the exercise of stock options. Also includes 24,035,745 shares held by the H&F Funds described in footnote 2. Mr. Tunnell serves as a Managing Director of Hellman & Friedman LLC and an officer of H&F Investors III. Mr. Tunnell disclaims beneficial ownership of these shares except to the extent of his indirect pecuniary interest therein.
- (4) Gives effect to the Mr. Sywolski's sale on June 1, 2005 of 317,000 shares and cancellation of options to purchase 532,343 shares as payment, under a net exercise, for the exercise price of the options necessary for Mr. Sywolski to exercise in order to sell such shares and for payment of taxes related thereto. Includes 2,674,361 shares of common stock obtainable upon exercise of outstanding stock options and 779 shares received in the distribution by the JMI Funds to their investors on June 1, 2005 (see footnote 5 below). Does not include shares held by JMI Associates IV, LLC, of which Mr. Sywolski is a member.
- (5) Includes 1,692,839 shares held by the JMI Funds, of which Mr. Barber serves as a general partner and gives effect to the distribution by JMI Equity Fund IV, L.P., JMI Euro Equity Fund IV, L.P., JMI Equity Fund IV (A1), L.P. and JMI Equity Side Fund, L.P. (the "JMI Funds") of an aggregate of 352,151 shares to their investors on June 1, 2005 prior to the commencement of this Offer. Mr. Barber disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein. Also includes 779 shares received by Mr. Barber in the distribution by the JMI Funds to their investors on June 1, 2005 and 1,250 shares obtainable upon the exercise of stock options.
- (6) Consists solely of shares of common stock obtainable upon the exercise of stock options.
- (7) Includes 50,078 shares held by the 1999 Attanasi Family Trust and 215,386 shares of common stock obtainable upon the exercise of stock options.
- (8) Includes 232,693 shares of common stock obtainable upon the exercise of stock options.
- (9) Includes 86,234 shares of common stock obtainable upon the exercise of stock options.
- (10) Includes 44,491 shares of common stock received by Mr. Hellman in the distribution by the H&F Funds to their investors on June 1, 2005 prior to the commencement of the Offer and 5,625 shares obtainable upon the exercise of outstanding stock options. Excludes shares held by the H&F Funds, of which Mr. Hellman is a limited partner (see footnote 2). Mr. Hellman may be deemed to have an indirect pecuniary interest (within the meaning of Rule 16a-1 of the Exchange Act) in a portion of the shares beneficially owned by the H&F Funds.
- (11) Includes the shares and shares underlying stock options specified in footnotes (3)–(10).

*Agreements, Arrangements or Understandings.* Except as otherwise described below or elsewhere in this Offer, neither we nor, to the best of our knowledge, any of our affiliates, directors or executive officers, is a party to any agreement, arrangement, or understanding, whether or not legally enforceable, with any other person concerning the transfer or voting of securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss, or the giving or withholding of proxies, consents or authorizations.

Based on our records and on information provided to us by our directors, executive officers, affiliates, subsidiaries and holders of 5% or greater of our common stock, to our knowledge neither we nor any of our affiliates, subsidiaries or holders of 5% or greater of our common stock, nor any associates or subsidiaries of any of the foregoing, has effected any transactions involving the shares during the 60 days prior to June 3, 2005 except:

- (1) Shares of common stock we purchased pursuant to our existing stock repurchase program during the second quarter of 2005 of an aggregate of 204,200 shares of our common stock at an average price of \$13.02 per share, which we effected in open market transactions on The Nasdaq National Market through a registered broker-dealer;

(2) The distribution of an aggregate of 5,000,000 shares by Hellman & Friedman Capital Partners III, L.P., H&F Orchard Partners III, L.P. and H&F International Partners III, L.P. to their respective investors as described below;

(3) The sale on June 1, 2005 by our President and Chief Executive Officer, Robert J. Sywolski, of 317,000 shares at a price per share of \$12.00 and cancellation of options to purchase 532,343 shares as payment, under a net exercise, for the exercise price of the options necessary for Mr. Sywolski to exercise in order to sell such shares and for payment of taxes related thereto; and

(4) Sales of shares by our executive officers as described below.

As of May 31, 2005, Hellman & Friedman Capital Partners III, L.P., H&F Orchard Partners III, L.P. and H&F International Partners III, L.P. held 29,035,745 issued and outstanding shares, which as of such date represented approximately 67.1% of our issued and outstanding shares. Each of Hellman & Friedman Capital Partners III, L.P., H&F Orchard Partners III, L.P. and H&F International Partners III, L.P. has informed Blackbaud that it has, as of the date of this Offer to Purchase, effected a distribution of certain shares of our common stock held by it to its investors. The aggregate number of shares distributed by Hellman & Friedman Capital Partners III, L.P., H&F Orchard Partners III, L.P. and H&F International Partners III, L.P. was 5,000,000 shares, which were distributed on a pro rata basis among 72 investors. Decisions by Hellman & Friedman Capital Partners III, L.P., H&F Orchard Partners III, L.P. and H&F International Partners III, L.P. with respect to distributions of shares held by them are made independent of Blackbaud, and additional distributions may occur from time to time in the future. After giving effect to the distribution, Hellman & Friedman Capital Partners III, L.P., H&F Orchard Partners III, L.P. and H&F International Partners III, L.P. hold an aggregate of 24,035,745 issued and outstanding shares. We have been informed by Hellman & Friedman Capital Partners III, L.P., H&F Orchard Partners III, L.P. and H&F International Partners III, L.P. that they intend to tender 21,942,231, 1,612,799 and 480,715 shares, respectively, in the Offer. Except as otherwise disclosed in this Offer to Purchase, we have not been informed by the investors who received shares in the distribution of their intent with respect to tendering the shares held by them in the Offer.

Mr. Tunnell, a director of Blackbaud, is deemed to beneficially own the shares held by each of Hellman & Friedman Capital Partners III, L.P., H&F Orchard Partners III, L.P. and H&F International Partners III, L.P. through his position as Managing Director of the general partner of these funds.

Except for Mr. Sywolski's transaction described above, the following table lists all sales of our stock by our executive officers during the 60 days prior to June 3, 2005. All of the shares sold by the executive officers were sold in connection with broker assisted cashless exercises of stock options except for shares sold by Messrs. Attanasi and Zink, which were held directly prior to sale. All of the transactions listed were disclosed on Form 4 reports filed with the SEC.

<u>Name of Executive Officer</u>	<u>Date of Transaction</u>	<u>Number of Shares Sold</u>	<u>Price Per Share</u>
Louis J. Attanasi	May 2, 2005	28,800	\$ 12.98
	May 5, 2005	2,000	\$ 13.01
	May 6, 2005	2,100	\$ 13.02
	May 9, 2005	500	\$ 13.01
	May 16, 2005	4,100	\$ 13.01
	May 18, 2005	12,500	\$ 13.01

<b>Name of Executive Officer</b>	<b>Date of Transaction</b>	<b>Number of Shares Sold</b>	<b>Price Per Share</b>
Richard S. Braddock	April 4, 2005	1,400	\$ 13.00
	April 5, 2005	11,700	\$ 13.00
	April 12, 2005	1,900	\$ 13.00
	May 6, 2005	2,100	\$ 13.02
	May 9, 2005	500	\$ 13.01
	May 16, 2005	4,100	\$ 13.01
	May 18, 2005	3,300	\$ 13.01
	May 19, 2005	500	\$ 13.42
	May 23, 2005	4,500	\$ 13.41
	Laura W. Kennedy	April 4, 2005	1,000
April 12, 2005		1,000	\$ 13.00
April 18, 2005		1,000	\$ 13.00
April 27, 2005		1,000	\$ 12.20
May 4, 2005		1,000	\$ 13.05
May 5, 2005		3,000	\$ 13.01
May 6, 2005		2,100	\$ 13.02
May 9, 2005		500	\$ 12.99
May 10, 2005		5,000	\$ 12.99
May 12, 2005		2,500	\$ 12.99
May 13, 2005		2,500	\$ 13.01
May 16, 2005		6,600	\$ 13.01
May 18, 2005		13,800	\$ 13.08
May 19, 2005		13,000	\$ 13.20
May 23, 2005		2,000	\$ 13.51
May 25, 2005		2,300	\$ 13.55
May 26, 2005		12,300	\$ 13.81
May 27, 2005		1,400	\$ 14.05
Anthony J. Powell		April 18, 2005	3,600
	April 19, 2005	2,300	\$ 13.00
	April 28, 2005	4,100	\$ 13.00
	April 29, 2005	12,000	\$ 13.04
	May 2, 2005	9,000	\$ 13.00
	May 3, 2005	4,400	\$ 13.00
	May 4, 2005	13,551	\$ 13.00
Heidi H. Strenck	April 4, 2005	5,000	\$ 12.75
	May 19, 2005	10,000	\$ 13.29
Christopher R. Todd	April 5, 2005	1,400	\$ 13.00
	April 6, 2005	11,200	\$ 13.00
	April 12, 2005	2,400	\$ 13.00
	May 25, 2005	6,700	\$ 14.04
	May 27, 2005	1,800	\$ 14.05

Name of Executive Officer	Date of Transaction	Number of Shares Sold	Price Per Share
Germaine M. Ward	April 29, 2005	12,100	\$ 13.04
	May 2, 2005	1,000	\$ 13.05
	May 4, 2005	1,900	\$ 13.01
	May 26, 2005	2,800	\$ 14.05
	May 27, 2005	2,200	\$ 14.05
Gerard J. Zink	April 5, 2005	21,400	\$ 12.90
	April 6, 2005	12,400	\$ 12.97
	April 11, 2005	3,000	\$ 12.90
	April 12, 2005	3,200	\$ 12.90

### ***Agreements with Executive Officers***

In April 2004, we entered into a two-year employment agreement with Robert J. Sywolski to serve as our President and Chief Executive Officer. Under the agreement, Mr. Sywolski is entitled to an annual base salary of \$525,000 per year, subject to periodic review and adjustment by our compensation committee. Mr. Sywolski is also entitled to receive an annual bonus, 80% of which is based on attainment of revenue and Adjusted EBITDA goals and 20% of which is based on the subjective evaluation of Mr. Sywolski's performance by the compensation committee. Mr. Sywolski's bonus is targeted at 80% of his annual base salary, but can increase to approximately 150% of his annual base salary if we exceed our revenue and Adjusted EBITDA goals and Mr. Sywolski qualifies for the full amount of the subjective portion of his bonus. In addition, Mr. Sywolski's bonus may be less than 80% of his base salary if we do not meet our revenue and Adjusted EBITDA goals or he does not qualify for the full amount of the subjective portion of this bonus. For purposes of this bonus calculation, Adjusted EBITDA means the sum of the following determined on a consolidated basis, without duplication, for us and our subsidiaries in accordance with generally accepted accounting principles: (a) net income plus (b) the sum of the following to the extent deducted in determining net income (i) income and franchise taxes, (ii) interest expense, (iii) bonus expense and (iv) amortization, depreciation and other non-cash charges (including non-cash stock compensation charges) less (c) interest income and any extraordinary gains.

Subject to certain exceptions, Mr. Sywolski is entitled to a severance payment equal to his base salary for the remainder of the term of the agreement if we terminate his employment without cause, if he is constructively terminated or if he terminates his employment upon a change in control. Pursuant to our prior employment agreement with Mr. Sywolski dated March 2000, we also granted Mr. Sywolski an option to purchase 3,524,244 shares of our common stock. Among other things, this option requires us to pay Mr. Sywolski 10% of his gain upon exercise, in order to help satisfy his tax obligations. Mr. Sywolski has agreed to certain confidentiality and non-competition provisions in his employment agreement.

We have also entered into at-will employment agreements with certain of our other executive officers. Each officer may participate in our executive bonus plan and all other employee benefit plans that we offer. Each agreement prohibits the officer from entering into employment with any direct competitor and from soliciting any employee of ours to leave us while the agreement is in effect and for two years after termination of the agreement. None of the agreements provide for any severance payments. The agreements have no set term.

### **12. Effects of the Offer on the Market for Shares; Registration under the Exchange Act.**

Our purchase of shares in the Offer will reduce the number of shares that might otherwise be traded publicly and might reduce the number of our stockholders. Nonetheless, we anticipate that there will be a sufficient number of shares outstanding and publicly traded following completion of the Offer to ensure a continued trading market for the shares. Based upon the published guidelines of The NASDAQ National Market and the conditions of the Offer, we do not believe that our purchase of shares under the Offer will cause the remaining outstanding shares of our common stock to be delisted from The NASDAQ National Market.



The shares are registered under the Exchange Act, which requires, among other things, that we furnish certain information to our stockholders and the Securities and Exchange Commission and comply with the proxy rules of the Securities and Exchange Commission in connection with meetings of our stockholders. We believe that our purchase of shares under the Offer, pursuant to the terms of the Offer, will not preclude us from remaining subject to the periodic reporting requirements of the Exchange Act.

### **13. Legal Matters; Regulatory Approvals.**

Except as described above, we are not aware of any license or regulatory permit that appears material to our business that might be adversely affected by our acquisition of shares as contemplated by the Offer or of any approval or other action by any government or governmental, administrative or regulatory authority or agency, domestic, foreign or supranational, that would be required for our acquisition or ownership of shares as contemplated by the Offer. Should any such approval or other action be required, we presently contemplate that we will seek that approval or other action. We are unable to predict whether we will be required to delay the acceptance for payment of and payment for shares tendered in the Offer pending the outcome of any such matter. We cannot assure you that any such approval or other action, if needed, would be obtained or would be obtained without substantial cost or conditions or that the failure to obtain the approval or other action might not result in adverse consequences to our business and financial condition. Our obligations under the Offer to accept for payment and pay for shares is subject to conditions. See Section 7.

### **14. Certain United States Federal Income Tax Consequences.**

The following summary describes material U.S. federal income tax consequences relating to the Offer. This summary is based upon the Internal Revenue Code of 1986, as amended, which is referred to in this section as the Code, the Treasury regulations promulgated under the Code, administrative pronouncements and judicial decisions, all as in effect as of the date hereof and all of which are subject to change, possibly with retroactive effect. This summary addresses only holders who hold shares as capital assets for U.S. federal income tax purposes. This discussion applies only to "U.S. holders" (as described below). No assurance can be given that the Internal Revenue Service or any court will agree with the summary set forth below. This summary also does not address the state, local, estate, gift or foreign tax consequences of participating in the Offer. For purposes of this discussion, the term "U.S. holder" means:

- a citizen or resident of the United States;
- a corporation or other entity taxable as a corporation created or organized in the United States or under the laws of the United States or of any political subdivision thereof;
- an estate, the income of which is includible in gross income for United States federal income tax purposes regardless of its source; or
- a trust if (i) its administration is subject to the primary supervision of a U.S. court and it has one or more U.S. persons who have the authority to control all of its substantial decisions, or (ii) it was treated as domestic trust on August 19, 1996 and has a valid election in effect to be treated as a domestic trust.

The tax treatment of a partner in a partnership (or any entity treated as a partnership for U.S. federal income tax purposes) will generally depend on the status of the partner and the activities of the partnership. Partners in partnerships holding shares should consult their tax advisors.

In addition, this discussion does not deal with all possible tax consequences relating to a U.S. holder's investment in our shares, such as tax reporting or disclosure consequences, and does not deal with the tax consequences applicable to all categories of U.S. holders, some of which may be subject to special tax rules (not described herein), including U.S. holders who are:

- dealers or certain traders in securities or currencies;
- tax-exempt entities;
- banks, financial institutions or insurance companies;

- grantor trusts;
- real estate investment trusts or regulated investment companies;
- holders of our shares who hold such shares as part of a position in a straddle or as part of a hedging or conversion transaction for U.S. federal income tax purposes;
- holders of our shares whose functional currency is not the U.S. dollar;
- holders of our shares who acquired their shares in connection with a stock option plan, a stock purchase plan, or in some other compensatory transaction;
- holders of our shares who acquired their shares in connection with transactions that are subject to the alternative minimum tax provisions of the Code; and
- holders of our shares who are subject to U.S. federal income taxation as U.S. expatriates.

**WE URGE YOU TO CONSULT YOUR TAX ADVISOR TO DETERMINE THE PARTICULAR TAX CONSEQUENCES TO YOU OF PARTICIPATING OR NOT PARTICIPATING IN THE OFFER.**

*Characterization of the Purchase.* Our purchase of shares under the Offer will be a taxable transaction for U.S. federal income tax purposes. As a consequence of the purchase, a U.S. holder will, depending on the U.S. holder's particular circumstances, be treated either as having sold the U.S. holder's shares or as having received a distribution in respect of stock from us.

Under Section 302 of the Code, a U.S. holder whose shares we purchase under the Offer will be treated as having sold the shares, and thus will recognize capital gain or loss if the purchase:

- results in a "complete termination" of the U.S. holder's equity interest in us;
- results in a "substantially disproportionate" redemption with respect to the U.S. holder; or
- is "not essentially equivalent to a dividend" with respect to the U.S. holder.

Each of these tests, referred to as the Section 302 tests, is explained in more detail below.

If a U.S. holder satisfies any of the Section 302 tests explained below, the U.S. holder will be treated as if the U.S. holder sold the shares to us and will recognize capital gain or loss equal to the difference between the amount of cash received under the Offer and the U.S. holder's adjusted income tax basis in the shares surrendered in exchange for such cash. This gain or loss generally will be long-term capital gain or loss if the U.S. holder's holding period for the shares that were sold exceeds one year as of the date of our purchase under the Offer. Currently, the maximum long-term capital gain rate for individual U.S. holders is 15%. Specified limitations apply to the deductibility of capital losses by U.S. holders. Gain or loss must be determined separately for each block of shares (shares acquired at the same cost in a single transaction) that we purchase from a U.S. holder under the Offer. A U.S. holder generally may be able to designate, through the U.S. holder's broker or on the Letter of Transmittal, which blocks of shares the U.S. holder wishes to tender under the Offer if fewer than all of the U.S. holder's shares are tendered under the Offer, and the order in which the U.S. holder wishes us to purchase different blocks in the event of proration under the Offer. U.S. holders should consult their tax advisors and brokers concerning the mechanics and desirability of that designation. Under the "wash sale" rules of Section 109 of the Code, loss recognized on our shares sold pursuant to the Offer will be disallowed to the extent the U.S. holder acquires our shares within thirty days before or after the date the shares are purchased pursuant to the Offer, and in that event the basis and holding period of the acquired shares will be readjusted to reflect the disallowed loss.

If a U.S. holder does not satisfy any of the Section 302 tests explained below, our purchase of a U.S. holder's shares under the Offer will not be treated as a sale or exchange under Section 302 of the Code with respect to the U.S. holder. Instead, the amount received by the U.S. holder with respect to our purchase of the shares under the Offer generally will be treated as a dividend distribution to the U.S. holder with respect to the U.S. holder's shares under Section 301 of the Code (taxable at a maximum rate for individual U.S. holders of 15% if certain holding period and other requirements are met) to the extent of the U.S. holder's share of our current and accumulated earnings and profits (as described in the Code). We estimate that our aggregate accumulated earnings and profits as

of December 31, 2004 were approximately \$15 million. In addition, we anticipate that we will have positive current-year earnings and profits for the 2005 calendar year. To the extent the amount received by a U.S. holder under Section 301 of the Code exceeds the U.S. holder's share of our current and accumulated earnings and profits, the excess first will be treated as a tax-free return of capital to the extent, generally, of the U.S. holder's adjusted tax basis in the U.S. holder's shares with respect to which the distribution is received, and any remainder will be treated as capital gain (which may be long-term capital gain).

To the extent that our purchase of a U.S. holder's shares under the Offer is treated as the receipt by the U.S. holder of a dividend, the U.S. holder generally would not be able to reduce the taxable dividend amount by any basis in the purchased shares. Instead, the U.S. holder's adjusted income tax basis in the purchased shares will generally be added to any shares retained by the U.S. holder. Further, to the extent that our purchase of an individual U.S. holder's shares under the Offer is treated as the receipt by the U.S. holder of a dividend taxed at the maximum 15% rate described above, any loss on the sale or exchange of the individual holder's retained shares could be treated as long-term capital loss to the extent of such dividend if the dividend qualifies as an "extraordinary dividend" within the meaning of Code Section 1059.

*Constructive Ownership of Stock and Other Issues.* In applying each of the Section 302 tests explained below, U.S. holders must take into account not only shares that they actually own but also shares they are treated as owning under the constructive ownership rules of Section 318 of the Code. Under the constructive ownership rules, a U.S. holder is treated as owning any shares that are owned (actually and in some cases constructively) by certain related individuals and entities as well as shares that the U.S. holder has the right to acquire by exercise of an option or warrant or by conversion or exchange of a security. Due to the factual nature of the Section 302 tests explained below, U.S. holders should consult their tax advisors to determine whether the purchase of their shares under the Offer qualifies for sale treatment in their particular circumstances.

We cannot predict whether or the extent to which the Offer will be oversubscribed. If the Offer is oversubscribed, proration of tenders under the Offer will cause us to accept fewer shares than are tendered. Proration may affect whether the surrender by a stockholder of shares pursuant to the Offer will meet any of the Section 302 tests. No assurance can be given that we will purchase a sufficient number of shares from a U.S. holder under the Offer to ensure that the U.S. holder receives sale or exchange treatment, rather than distribution treatment, under the rules described below. Further no assurance can be given that a U.S. holder will be able to determine in advance whether its disposition of shares pursuant to the Offer will be treated as a sale or exchange or as a distribution in respect of stock from us.

*Section 302 Tests.* You must satisfy one of the following tests in order for our purchase of your shares under the Offer to be treated as a sale or exchange for U.S. federal income tax purposes:

*Complete Termination Test.* Our purchase of a U.S. holder's shares under the Offer will result in a "complete termination" of the U.S. holder's equity interest in us if all of the shares that are actually owned by the U.S. holder are sold and all of the shares that are constructively owned by the U.S. holder, if any, are sold (or, with respect to shares owned by certain related individuals, the U.S. holder satisfies special conditions set forth in Section 302(c) of the Code, which, if satisfied, prevent attribution of certain shares to the U.S. holder). U.S. holders wishing to satisfy the "complete termination" test through satisfaction of the special conditions set forth in Section 302(c) of the Code should consult their tax advisors concerning the mechanics and desirability of those conditions.

*Substantially Disproportionate Test.* Our purchase of a U.S. holder's shares under the Offer generally will result in a "substantially disproportionate" redemption with respect to the U.S. holder if the percentage of the then-outstanding shares actually and constructively owned by the U.S. holder after the purchase is less than 80% of the percentage of the shares actually and constructively owned by the U.S. holder before the purchase. In addition, to satisfy this test, the U.S. holder must own less than 50% of the total combined voting power of our stock immediately after the purchase. The factors for this test are computed by treating a holder as also constructively owning all shares owned by certain related individuals described in Code Section 318.

*Not Essentially Equivalent to a Dividend Test.* Our purchase of a U.S. holder's shares under the Offer will be treated as "not essentially equivalent to a dividend" if the reduction in the U.S. holder's proportionate interest in us as a result of the purchase constitutes a "meaningful reduction" of the U.S. holder's proportionate interest in us, given the U.S. holder's particular facts and circumstances. The IRS has indicated in a published revenue ruling that even a small reduction in the percentage interest of a stockholder whose relative stock interest in a publicly held corporation is minimal and who exercises no control over corporate affairs should constitute a "meaningful reduction."

Contemporaneous dispositions or acquisitions of stock by a stockholder may be deemed to be part of a single integrated transaction and, if so, may be taken into account in determining whether any of the Section 302 tests, described above, are satisfied. U.S. holders should consult their tax advisors as to the application of any of these Section 302 tests to their particular circumstances.

*Corporate Stockholder Dividend Treatment.* If a corporate U.S. holder does not satisfy any of the Section 302 tests described above, a corporate U.S. holder may, to the extent that any amounts received by it under the Offer are treated as a dividend, be eligible for the dividends-received deduction. The dividends-received deduction is subject to certain limitations. In addition, any amount received by a corporate U.S. holder pursuant to the Offer that is treated as a dividend may constitute an "extraordinary dividend" under Section 1059 of the Code. Corporate U.S. holders should consult their own tax advisors as to the application of Sections 243, 246, 246A and 1059 of the Code to the Offer, and to the tax consequences of dividend treatment in their particular circumstances.

*Backup Withholding.* See Section 3 with respect to the application of United States federal backup withholding tax.

**The discussion above under this Section 14 is included for general information only. You are urged to consult your tax advisor to determine the particular tax consequences to you of the Offer, including the applicability and effect of state, local and foreign tax laws.**

#### **15. Extension of the Offer; Termination; Amendment.**

We expressly reserve the right, in our sole discretion, at any time and from time to time, and regardless of whether or not any of the events set forth in Section 7 have occurred or are deemed by us to have occurred, to extend the period of time during which the Offer is open and delay our acceptance for payment of and payment for any shares by giving oral or written notice of such extension to the Depositary and making a public announcement of such extension. During any such extension, all shares previously tendered and not properly withdrawn will remain subject to the Offer and to the right of a tendering stockholder to withdraw such stockholder's shares. We also expressly reserve the right, in our sole discretion, to terminate the Offer and not accept for payment or pay for any shares not theretofore accepted for payment or paid for or, subject to applicable law, to postpone payment for shares upon the occurrence of any of the conditions specified in Section 7 hereof by giving oral or written notice of such termination or postponement to the Depositary and making a public announcement of such termination or postponement. Our reservation of the right to delay payment for shares which we have accepted for payment is limited by Rule 13e-4(f)(5) under the Exchange Act, which requires that we pay the consideration offered or return the shares tendered promptly after termination or withdrawal of a tender offer.

Subject to compliance with applicable law, we further reserve the right, in our sole discretion, and regardless of whether any of the events set forth in Section 7 shall have occurred or shall be deemed by us to have occurred, to amend the Offer in any respect, including, without limitation, by decreasing or increasing the consideration offered in the Offer to holders of shares or by decreasing or increasing the number of shares being sought in the Offer. Amendments to the Offer may be made at any time and from time to time effected by public announcement, such announcement, in the case of an extension, to be issued no later than 9:00 a.m., Eastern Time, on the next business day after the last previously scheduled or announced expiration date. Any public announcement made under the Offer will be disseminated promptly to stockholders in a manner reasonably designed to inform stockholders of such change. Without limiting the manner in which we may choose to make a public announcement, except as required by applicable law, we shall have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release through Business Wire or other similar services.

If we materially change the terms of the Offer or the information concerning the Offer, we will extend the Offer to the extent required by Rules 13e-4(d)(2) and 13e-4(f)(1) under the Exchange Act. These rules and certain related releases and interpretations of the Securities and Exchange Commission provide that the minimum period during which a tender offer must remain open following material changes in the terms of an offer or information concerning an offer (other than a change in price or a change in percentage of securities sought) will depend on the facts and circumstances, including the relative materiality of such terms or information.

If (a) we either (i) increase or decrease the price to be paid for shares; or (ii) increase the number of shares being sought by more than 2% of the outstanding shares; or (iii) decrease the number of shares being sought; and (b) the Offer is scheduled to expire at any time earlier than the expiration of a period ending on the tenth business day from, and including, the date that notice of any such increase or decrease is first published, sent or given in the manner specified in this Section 15, then, in each case, we will extend the Offer for ten business days.

#### **16. Fees and Expenses.**

We have retained JPMorgan to act as the Dealer Manager in connection with the Offer. JPMorgan will receive reasonable and customary compensation for its services. We also have agreed to reimburse JPMorgan for reasonable out-of-pocket expenses incurred in connection with the Offer, and to indemnify JPMorgan against certain liabilities in connection with the Offer, including liabilities under the federal securities laws. JPMorgan has rendered various investment banking and other services to us in the past and may continue to render such services in the future, for which they have received, and may continue to receive, customary compensation from us. In the ordinary course of its trading and brokerage activities, JPMorgan and its affiliates may hold long or short positions, for their own accounts or for those of their customers, in securities of Blackbaud.

We have retained The Altman Group to act as Information Agent and Wachovia Bank, N.A. to act as Depositary in connection with the Offer. The Information Agent may contact holders of shares by mail, telephone, telegraph and in person and may request brokers, dealers, commercial banks, trust companies and other nominee stockholders to forward materials relating to the Offer to beneficial owners. The Information Agent and the Depositary will each receive reasonable and customary compensation for their respective services, will be reimbursed by us for specified reasonable out-of-pocket expenses and will be indemnified against certain liabilities in connection with the Offer, including certain liabilities under the federal securities laws.

No fees or commissions will be payable by us to brokers, dealers, commercial banks or trust companies (other than fees to the Dealer Manager and the Information Agent as described above) for soliciting tenders of shares under the Offer. Stockholders holding shares through brokers or banks are urged to consult the brokers or banks to determine whether transaction costs are applicable if stockholders tender shares through such brokers or banks and not directly to the Depositary. Upon request, however, we will reimburse brokers, dealers, commercial banks and trust companies for customary mailing and handling expenses incurred by them in forwarding the Offer and related materials to the beneficial owners of shares held by them as a nominee or in a fiduciary capacity. No broker, dealer, commercial bank or trust company has been authorized to act as the agent of Blackbaud, the Dealer Manager, the Information Agent or the Depositary for purposes of the Offer. We will pay or cause to be paid all stock transfer taxes, if any, on its purchase of shares except as otherwise provided in this document and Instruction 7 in the Letter of Transmittal.

#### **17. Miscellaneous.**

We are not aware of any jurisdiction where the making of the Offer is not in compliance with applicable law. If we become aware of any jurisdiction where the making of the Offer or the acceptance of shares pursuant thereto is not in compliance with applicable law, we will make a good faith effort to comply with the applicable law. If, after such good faith effort, we cannot comply with the applicable law, the Offer will not be made to nor will tenders be accepted from or on behalf of the holders of shares in such jurisdiction. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on our behalf by one or more registered brokers or dealers licensed under the laws of that jurisdiction.

Pursuant to Rule 13e-4 under the Exchange Act, we have filed with the Securities and Exchange Commission a tender offer statement on Schedule TO, which contains additional information with respect to the Offer. The Schedule TO, including the exhibits and any amendments and supplements thereto, may be examined, and copies

may be obtained, at the same places and in the same manner as is described in Section 10 with respect to information concerning us.

**We have not authorized any person to make any recommendation on our behalf as to whether you should or should not tender your shares in the Offer. You should rely only on the information contained in this document or any other document to which we have referred you. We have not authorized any person to give any information or to make any representation in connection with the Offer other than those contained in this document or in the related documents referred to in this document. If anyone makes any recommendation or representation to you or gives you any information, you must not rely on that recommendation, representation or information as having been authorized by us.**

**June 3, 2005**

The Letter of Transmittal, certificates for shares and any other required documents should be sent or delivered by each stockholder of Blackbaud or such holder's broker, dealer, commercial bank, trust company or other nominee to the Depositary at one of its addresses set forth below.

The Depositary for the Offer is:

**WACHOVIA BANK, N.A.**

*By mail or overnight  
delivery:*

Wachovia Bank, N.A.  
Corporate Actions — NC1153  
1525 West W.T. Harris Blvd., 3C3  
Charlotte, NC 28262-8522

*By hand delivery:*

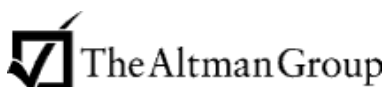
Wachovia Bank, N.A.  
Corporate Actions — NC1153  
1525 West W.T. Harris Blvd., 3C3  
Charlotte, NC 28262-8522

*By facsimile transmission  
(for eligible institutions only):*  
(704) 590-7628

For confirmation call:  
(704) 590-7623

Any questions or requests for assistance may be directed to the Information Agent at its telephone number and location listed below. Requests for additional copies of this Offer to Purchase or the Letter of Transmittal may be directed to the Information Agent at its telephone number and location listed below. Stockholders may also contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Offer. To confirm delivery of shares, stockholders are directed to contact the Depositary.

The Information Agent for the Offer is:



1275 Valley Brook Avenue  
Lyndhurst, New Jersey 07071  
Banks and Brokers Call: (201) 460-1200  
All Others Call Toll Free: (800) 548-5210

The Dealer Manager for the Offer is:

**J.P. Morgan Securities Inc.**

277 Park Avenue  
New York, New York 10172  
(212) 622-2624 (Call Collect)  
(866) 262-0777 (Call Toll Free)

**LETTER OF TRANSMITTAL  
To Tender Shares of Common Stock,  
Par Value \$0.001 Per Share  
of  
Blackbaud, Inc.**

**Pursuant to the Offer to Purchase Dated June 3, 2005**

**THE TENDER OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON FRIDAY, JULY 1, 2005, UNLESS THE TENDER OFFER IS EXTENDED.**

*The Depositary for the tender offer is:*

**WACHOVIA BANK, N.A.**

*By mail or overnight  
delivery:*

Wachovia Bank, N.A.  
Corporate Actions — NC1153  
1525 West W.T. Harris Blvd., 3C3  
Charlotte, NC 28262-8522

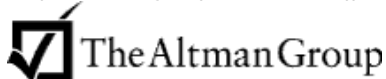
*By hand delivery:*

Wachovia Bank, N.A.  
Corporate Actions — NC1153  
1525 West W.T. Harris Blvd., 3C3  
Charlotte, NC 28262-8522

*By facsimile transmission  
(for eligible institutions only):*  
(704) 590-7628

For confirmation call:  
(704) 590-7623

*The Information Agent for the tender offer is:*



1275 Valley Brook Avenue  
Lyndhurst, New Jersey 07071

Banks and Brokers Call: (201) 460-1200  
All Others Call Toll Free: (800) 548-5210



List below each certificate number, the number of shares represented by each certificate and the number of such shares tendered. If the space provided below is inadequate, list such information on a separately executed and signed schedule and affix the schedule to this Letter of Transmittal. The names and addresses of the holders should be printed, if not already printed below, exactly as they appear on the certificates representing the shares tendered hereby. The shares that the undersigned wishes to tender should be indicated in the appropriate boxes.

DESCRIPTION OF SHARES TENDERED (SEE INSTRUCTIONS 3 AND 4)		
Name(s) and Address(es) of Registered Holder(s) (Please Fill in Exactly as Name(s) Appear on Certificate(s))	Certificate(s) Tendered (Attach Additional Signed List, if Necessary)	
	Certificate Number(s)*	Number of Shares Represented By Certificate(s)*
		Number of Shares Tendered**
	Total Shares Tendered*	

Indicate the order (by certificate number) in which shares are to be purchased in the event of proration\*\*\* (attach additional signed list if necessary):  
 1st 2nd 3rd 4th 5th 6th

- o CHECK HERE IF ANY CERTIFICATES REPRESENTING SHARES TENDERED HEREBY HAVE BEEN LOST, STOLEN, DESTROYED OR MUTILATED. YOU MUST COMPLETE AN AFFIDAVIT OF LOSS AND RETURN IT WITH YOUR LETTER OF TRANSMITTAL. PLEASE CALL WACHOVIA BANK, N.A. AT (800) 829-8432, TO OBTAIN AN AFFIDAVIT OF LOSS AND FOR FURTHER INSTRUCTIONS. SEE INSTRUCTION 14.
- \* Need not be completed if shares are delivered by book-entry transfer.
- \*\* If you desire to tender fewer than all shares evidenced by any certificates listed above, please indicate in this column the number of shares you wish to tender. Otherwise, all shares evidenced by such certificates will be deemed to have been tendered. See Instruction 4.
- \*\*\* If you do not designate an order, in the event less than all shares tendered are purchased due to proration, shares will be selected for purchase by the Depository. See Instruction 8.

All questions regarding the tender offer should be directed to The Altman Group Inc. ("The Altman Group"), the Information Agent, or to J.P. Morgan Securities Inc. ("JPMorgan"), the Dealer Manager, at their respective addresses and telephone numbers set forth on the back cover page of the Offer to Purchase.

**This Letter of Transmittal, including the accompanying instructions, and the Offer to Purchase should be read carefully before you complete this Letter of Transmittal.**

**Delivery of this Letter of Transmittal to an address other than one of those shown above for the Depository does not constitute a valid delivery. Deliveries to Blackbaud, Inc., the Dealer Manager of the tender offer or the Information Agent of the tender offer will not be forwarded to the Depository and therefore will not constitute valid delivery to the Depository. Deliveries to the book-entry transfer facility will not constitute valid delivery to the Depository.**

This Letter of Transmittal is to be used only if (1) certificates for shares are to be forwarded with it, or such certificates will be delivered under a Notice of Guaranteed Delivery previously sent to the Depository or (2) a tender of shares is to be made by book-entry transfer to the account maintained by the Depository at The Depository Trust Company, or any other "qualified" registered securities depository, referred to as the "book-entry transfer facility," under Section 3 of the Offer to Purchase.

Stockholders who desire to tender shares under the tender offer and who cannot deliver the certificates for their shares or who are unable to comply with the procedures for book-entry transfer before the "expiration date" (as defined in Section 1 of the Offer to Purchase), and who cannot deliver all other documents required by this Letter of Transmittal to the Depository before the expiration date, may tender their shares according to the guaranteed delivery procedures set forth in Section 3 of the Offer to Purchase. See Instruction 2. Delivery of documents to the book-entry transfer facility does not constitute delivery to the Depository.

- o CHECK HERE IF TENDERED SHARES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER TO AN ACCOUNT MAINTAINED BY THE DEPOSITARY WITH THE BOOK-ENTRY TRANSFER FACILITY AND COMPLETE THE FOLLOWING:

Name of Tendering Institution: \_\_\_\_\_

Account Number: \_\_\_\_\_

Transaction Code Number: \_\_\_\_\_

- o CHECK HERE IF CERTIFICATES FOR TENDERED SHARES ARE BEING DELIVERED UNDER A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE DEPOSITARY AND COMPLETE THE FOLLOWING:

Name(s) of Registered Holder(s): \_\_\_\_\_

Date of Execution of Notice of Guaranteed Delivery: \_\_\_\_\_

Name of Institution which Guaranteed Delivery: \_\_\_\_\_

Account Number: \_\_\_\_\_

To Wachovia Bank, N.A.:

The undersigned hereby tenders to Blackbaud, Inc., a Delaware corporation ("Blackbaud"), the above-described shares of Blackbaud common stock, par value \$0.001 per share, at the purchase price of \$14.50 per share, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated June 3, 2005, of Blackbaud, receipt of which is hereby acknowledged, and in this Letter of Transmittal which, as amended and supplemented from time to time, together constitute the tender offer.

Subject to and effective upon acceptance for payment of the shares tendered hereby in accordance with the terms of the tender offer, including, if the tender offer is extended or amended, the terms or conditions of any such extension or amendment, the undersigned hereby sells, assigns and transfers to or upon the order of Blackbaud all right, title and interest in and to all shares tendered hereby and orders the registration of such shares tendered by book-entry transfer that are purchased under the tender offer to or upon the order of Blackbaud and hereby irrevocably constitutes and appoints the Depositary as attorney-in-fact of the undersigned with respect to such shares, with the full knowledge that the Depositary also acts as the agent of Blackbaud, with full power of substitution, such power of attorney being an irrevocable power coupled with an interest, to:

(a) deliver certificates for shares, or transfer ownership of such shares on the account books maintained by the book-entry transfer facility, together in either such case with all accompanying evidences of transfer and authenticity, to or upon the order of Blackbaud, upon receipt by the Depositary, as the undersigned's agent, of the purchase price with respect to such shares;

(b) present certificates for such shares for cancellation and transfer on the books of Blackbaud; and

(c) receive all benefits and otherwise exercise all rights of beneficial ownership of such shares, subject to the next paragraph, all in accordance with the terms of the tender offer.

The undersigned hereby covenants, represents and warrants to Blackbaud that:

(a) the undersigned understands that tendering of shares under any one of the procedures described in Section 3 of the Offer to Purchase and in the instructions hereto will constitute the undersigned's acceptance of the terms and conditions of the tender offer, including the undersigned's representation and warranty that (i) the undersigned has a net long position in shares or equivalent securities at least equal to the shares tendered within the meaning of Rule 14e-4 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and (ii) such tender of shares complies with Rule 14e-4 under the Exchange Act;

(b) when and to the extent Blackbaud accepts the shares for purchase, Blackbaud will acquire good, marketable and unencumbered title to them, free and clear of all security interests, liens, charges, encumbrances, conditional sales agreements or other obligations relating to their sale or transfer, and not subject to any adverse claim; and

(c) on request, the undersigned will execute and deliver any additional documents the Depositary or Blackbaud deems necessary or desirable to complete the assignment, transfer and purchase of the shares tendered hereby.

The names and addresses of the registered holders should be printed, if they are not already printed above, exactly as they appear on the certificates representing the shares tendered hereby. The certificate numbers, the number of shares represented by such certificates, and the number of shares that the undersigned wishes to tender, should be set forth in the appropriate boxes above.

The undersigned understands that all shares properly tendered and not properly withdrawn will be purchased at the purchase price of \$14.50 per share, net to the seller in cash, without interest, upon the terms and subject to the conditions of the tender offer, including its proration and conditional tender provisions, and that Blackbaud will return at its expense all other shares, including shares not purchased because of proration or conditional tender, promptly following the expiration date.

The undersigned recognizes that under certain circumstances set forth in the Offer to Purchase, Blackbaud may terminate or amend the tender offer or may postpone the acceptance for payment of, or the payment for, shares tendered or may accept for payment fewer than all of the shares tendered hereby. The undersigned understands that

certificate(s) for any shares not tendered or not purchased will be returned to the undersigned at the address indicated above. The undersigned recognizes that Blackbaud has no obligation, under the Special Payment Instructions, to transfer any certificate for shares from the name of its registered holder, or to order the registration or transfer of shares tendered by book-entry transfer, if Blackbaud purchases none of the shares represented by such certificate or tendered by such book-entry transfer.

The undersigned understands that acceptance of shares by Blackbaud for payment will constitute a binding agreement between the undersigned and Blackbaud upon the terms and subject to the conditions of the tender offer.

The check for the aggregate net purchase price for such of the tendered shares as are purchased by Blackbaud will be issued to the order of the undersigned and mailed to the address indicated above unless otherwise indicated under either of the "Special Payment Instructions" or the "Special Delivery Instructions" boxes below.

All authority conferred or agreed to be conferred in this Letter of Transmittal shall survive the death or incapacity of the undersigned and any obligations or duties of the undersigned under this Letter of Transmittal shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned. Except as stated in the Offer to Purchase, this tender is irrevocable.

**CONDITIONAL TENDER**  
**[Optional]**  
**(See Instruction 5)**

A tendering stockholder may condition his or her tender of shares upon Blackbaud purchasing a specified minimum number of such shares tendered, all as described in Section 6 of the Offer to Purchase. Unless at least that minimum number of shares indicated below is purchased by Blackbaud pursuant to the terms of the tender offer, none of the shares tendered by such tendering stockholder will be purchased. It is the tendering stockholder's responsibility to calculate that minimum number of shares that must be purchased if any are purchased, and each stockholder is urged to consult his or her broker or other financial and tax advisors. Unless the box below has been checked and a minimum number of shares has been specified, the tender will be deemed unconditional.

The minimum number of shares tendered hereby that must be purchased, if any are purchased, is: \_\_\_\_\_ shares.

If, because of proration, such minimum number of shares tendered hereby will not be purchased, Blackbaud may accept conditional tenders by random lot, if necessary. However, to be eligible for purchase by random lot, the tendering stockholder must have tendered all of his or her shares and checked this box:

The tendered shares represent all shares held by the undersigned, and the undersigned wishes such shares to be eligible for purchase by random lot.

**SPECIAL PAYMENT INSTRUCTIONS**  
**[Optional]**  
**(See Instructions 1, 4, 6, 7 and 9)**

To be completed **only** if the check for the purchase price of shares purchased is to be issued in the name of someone other than the undersigned.

Issue check to:

Name: \_\_\_\_\_  
(Please Print)

Address: \_\_\_\_\_  
\_\_\_\_\_  
(Including Zip Code)

\_\_\_\_\_  
(Tax Identification or Social Security Number)  
(See Substitute Form W-9 Included Herewith)

**SPECIAL DELIVERY INSTRUCTIONS**  
**[Optional]**  
**(See Instructions 1, 4, 6 and 9)**

To be completed **only** if certificates for any shares not tendered or not accepted for payment and/or the check for the purchase price of any Shares accepted for payment is to be sent to someone other than the undersigned or to the undersigned at an address other than that shown under "Description of the Shares Tendered."

Name: \_\_\_\_\_  
(Please Print)

Address: \_\_\_\_\_  
\_\_\_\_\_  
(Including Zip Code)

**PLEASE READ THIS ENTIRE LETTER OF TRANSMITTAL  
CAREFULLY BEFORE COMPLETING**

**STOCKHOLDER(S) SIGN HERE  
(See Instructions 1 and 6)**

**(Please Complete Substitute Form W-9 Included Herewith)**

Must be signed by registered holder(s) exactly as name(s) appear(s) on share certificate(s) or on a security position listing or by person(s) authorized to become registered holder(s) by share certificates and documents transmitted herewith. If a signature is by an officer on behalf of a corporation or by an executor, administrator, trustee, guardian, attorney-in-fact, agent or other person acting in a fiduciary or representative capacity, please provide full title and see Instruction 6.

\_\_\_\_\_  
\_\_\_\_\_  
(Signature(s))

Dated: \_\_\_\_\_, 2005

Name(s): \_\_\_\_\_  
\_\_\_\_\_

(Please Print)

Capacity (Full Title): \_\_\_\_\_  
\_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Include Zip Code)

(Area Code) Telephone Number: \_\_\_\_\_

Tax Identification or Social Security Number: \_\_\_\_\_

**GUARANTEE OF SIGNATURE(S)  
(If required, see Instructions 1 and 6)**

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Name(s)

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name of Firm

\_\_\_\_\_  
Address

\_\_\_\_\_  
(Area Code) Telephone Number

Dated: \_\_\_\_\_, 2005

**INSTRUCTIONS TO LETTER OF TRANSMITTAL  
FORMING PART OF THE TERMS OF THE TENDER OFFER  
OF  
BLACKBAUD, INC.**

1. **Guarantee of Signatures.** No signature guarantee is required if either:

(a) this Letter of Transmittal is signed by the registered holder of the shares exactly as the name of the registered holder appears on the certificate, which term, for purposes of this document, shall include any participant in a book-entry transfer facility whose name appears on a security position listing as the owner of shares, tendered with this Letter of Transmittal, and payment and delivery are to be made directly to such registered holder unless such registered holder has completed either the box entitled “Special Payment Instructions” or “Special Delivery Instructions” above; or

(b) such shares are tendered for the account of a bank, broker, dealer, credit union, savings association or other entity which is a member in good standing of the Securities Transfer Agents Medallion Program or a bank, broker, dealer, credit union, savings association or other entity which is an “eligible guarantor institution,” as such term is defined in Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended, each such entity, referred to as an “eligible guarantor institution.”

In all other cases, signatures must be guaranteed by an eligible guarantor institution. See Instruction 6.

2. **Delivery of Letter of Transmittal and Certificates; Guaranteed Delivery Procedures.** This Letter of Transmittal is to be used only if certificates are delivered with it to the Depository, or such certificates will be delivered under a Notice of Guaranteed Delivery previously sent to the Depository, or if tenders are to be made under the procedure for tender by book-entry transfer set forth in Section 3 of the Offer to Purchase. Certificates for all physically tendered shares, or confirmation of a book-entry transfer into the Depository’s account at the book-entry transfer facility of shares tendered electronically, together in each case with a properly completed and duly executed Letter of Transmittal or manually signed facsimile of it, or an agent’s message (as defined below), and any other documents required by this Letter of Transmittal, should be mailed or delivered to the Depository at the appropriate address set forth herein and must be delivered to the Depository before the expiration date.

The term “agent’s message” means a message transmitted by the book-entry transfer facility to, and received by, the Depository, which states that the book-entry transfer facility has received an express acknowledgment from the participant in such book-entry transfer facility tendering the shares that such participant has received and agrees to be bound by the terms of the Letter of Transmittal, and that Blackbaud may enforce such agreement against such participant.

Stockholders whose certificates are not immediately available or who cannot deliver certificates for their shares and all other required documents to the Depository before the expiration date, or whose shares cannot be delivered before the expiration date under the procedures for book-entry transfer, may tender their shares by or through any eligible guarantor institution by properly completing and duly executing and delivering a Notice of Guaranteed Delivery, or facsimile of it, and by otherwise complying with the guaranteed delivery procedure set forth in Section 3 of the Offer to Purchase. Under such procedure, the certificates for all physically tendered shares or book-entry confirmation, as the case may be, as well as a properly completed and duly executed Letter of Transmittal, or manually signed facsimile of it, or an agent’s message, and all other documents required by this Letter of Transmittal, must be received by the Depository within three Nasdaq National Market trading days after receipt by the Depository of such Notice of Guaranteed Delivery, all as provided in Section 3 of the Offer to Purchase.

The Notice of Guaranteed Delivery may be delivered by hand, facsimile transmission or mail to the Depository and must include, if necessary, a guarantee by an eligible guarantor institution in the form set forth in such notice. For shares to be tendered validly under the guaranteed delivery procedure, the Depository must receive the Notice of Guaranteed Delivery before the expiration date.

**The method of delivery of all documents, including certificates for shares, is at the option and risk of the tendering stockholder. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to assure delivery.**



Blackbaud will not accept any alternative or contingent or (except as specified in Instruction 5 below) conditional tenders, nor will it purchase any fractional shares. All tendering stockholders, by execution of this Letter of Transmittal, or a facsimile of it, waive any right to receive any notice of the acceptance of their tender.

3. **Inadequate Space.** If the space provided in the box captioned “Description of Shares Tendered” is inadequate, the certificate numbers, the number of shares represented by each certificate and the number of shares tendered should be listed on a separate signed schedule and attached to this Letter of Transmittal.

4. **Partial Tenders and Unpurchased Shares.** (Not applicable to stockholders who tender by book-entry transfer.) If fewer than all of the shares evidenced by any certificate are to be tendered, fill in the number of shares that are to be tendered in the column entitled “Number of Shares Tendered.” In such case, if any tendered shares are purchased, a new certificate for the remainder of the shares evidenced by the old certificates will be issued and sent to the registered holder(s) promptly after the expiration date. Unless otherwise indicated, all shares represented by the certificates listed and delivered to the Depository will be deemed to have been tendered.

5. **Conditional Tender.** As described in Section 6 of the Offer to Purchase, stockholders may condition their tenders on all or a minimum number of their tendered shares being purchased.

To make a conditional tender a stockholder must indicate this in the box captioned “Conditional Tender” in this Letter of Transmittal or, if applicable, the Notice of Guaranteed Delivery. In the box in this Letter of Transmittal or the Notice of Guaranteed Delivery, a stockholder must calculate and appropriately indicate the minimum number of shares that must be purchased if any are to be purchased.

As discussed in Sections 1 and 6 of the Offer to Purchase, proration may affect whether Blackbaud accepts conditional tenders and may result in shares tendered pursuant to a conditional tender being deemed withdrawn if the minimum number of shares would not be purchased. If, because of proration, such minimum number of shares tendered hereby will not be purchased, Blackbaud may accept conditional tenders by random lot, if necessary. However, to be eligible for purchase by random lot, a stockholder must have tendered all of his or her shares and checked the box so indicating. Upon selection by random lot, if any, Blackbaud will limit its purchase in each case to the designated minimum number of shares.

All tendered shares will be deemed unconditionally tendered unless the “Conditional Tender” box is completed.

#### 6. Signatures on Letter of Transmittal, Stock Powers and Endorsements.

(a) If this Letter of Transmittal is signed by the registered holder(s) of the shares tendered hereby, the signature(s) must correspond exactly with the name(s) as written on the face of the certificate(s) without any change whatsoever.

(b) If the shares are registered in the names of two or more joint holders, each such holder must sign this Letter of Transmittal.

(c) If any tendered shares are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal, or photocopies of it, as there are different registrations of certificates.

(d) When this Letter of Transmittal is signed by the registered holder(s) of the shares listed and transmitted hereby, no endorsements of certificate(s) representing such shares or separate stock powers are required unless payment is to be made or the certificates for shares not tendered or not purchased are to be issued to a person other than the registered holder(s). **Signature(s) on such certificate(s) must be guaranteed by an eligible guarantor institution. If this Letter of Transmittal is signed by a person other than the registered holder(s) of the certificate(s) listed, or if payment is to be made to a person other than the registered holder(s), the certificate(s) must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear(s) on the certificate(s), and the signature(s) on such certificates or stock power(s) must be guaranteed by an eligible guarantor institution. See Instruction 1.**

(e) If this Letter of Transmittal or any certificates or stock powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative

capacity, such persons should so indicate when signing and must submit proper evidence to the Depository that is satisfactory to Blackbaud of their authority to so act.

7. **Stock Transfer Taxes.** Except as provided in this Instruction 7, no stock transfer tax stamps or funds to cover such stamps need to accompany this Letter of Transmittal. Blackbaud will pay or cause to be paid any stock transfer taxes payable on the transfer to it of shares purchased under the tender offer. If, however:

- (a) payment of the purchase price is to be made to any person other than the registered holder(s); or
- (b) tendered certificates are registered in the name of any person(s) other than the person(s) signing this Letter of Transmittal;

then the Depository will deduct from the purchase price the amount of any stock transfer taxes (whether imposed on the registered holder(s), such other person(s) or otherwise) payable on account thereof, unless satisfactory evidence of the payment of such taxes or an exemption from them is submitted.


8. **Order of Purchase in Event of Proration.** Stockholders may designate the order in which their shares are to be purchased in the event of proration. The order of purchase may have an effect on the United States federal income tax classification and the amount of any gain or loss on the shares purchased. See Section 14 of the Offer to Purchase.

9. **Special Payment and Delivery Instructions.** If check(s) are to be issued in the name of a person other than the signer of the Letter of Transmittal or if such check(s) are to be sent to someone other than the person signing the Letter of Transmittal or to the signer at a different address, the boxes captioned "Special Payment Instructions" and/or "Special Delivery Instructions" on this Letter of Transmittal should be completed as applicable and signatures must be guaranteed as described in Instructions 1 and 6.

10. **Irregularities.** All questions as to the number of shares to be accepted and the validity, form, eligibility, including time of receipt, and acceptance for payment of any tender of shares will be determined by Blackbaud in its sole discretion, which determinations shall be final and binding on all parties. Blackbaud reserves the absolute right to reject any or all tenders of shares it determines not to be in proper form or the acceptance of which or payment for which may, in the opinion of Blackbaud, be unlawful. Blackbaud also reserves the absolute right to waive with respect to all stockholders any of the conditions of the tender offer and to waive any defect or irregularity in the tender of any particular shares, and Blackbaud's interpretation of the terms of the tender offer, including these instructions, will be final and binding on all parties. No tender of shares will be deemed to be properly made until all defects and irregularities have been cured or waived. Unless waived, any defects or irregularities in connection with tenders must be cured within such time as Blackbaud shall determine. None of Blackbaud, the Dealer Manager (as defined in the Offer to Purchase), the Depository, the Information Agent (as defined in the Offer to Purchase) or any other person is or will be obligated to give notice of any defects or irregularities in tenders and none of them will incur any liability for failure to give any such notice.

11. **Questions and Requests for Assistance and Additional Copies.** Any questions or requests for assistance or for additional copies of the Offer to Purchase, the Letter of Transmittal or the Notice of Guaranteed Delivery may be directed to the Information Agent at the telephone number and address set forth below. You may also contact the Dealer Manager or your broker, dealer, commercial bank or trust company for assistance concerning the tender offer.

*The Information Agent for the tender offer is:*

 **The Altman Group**  
1275 Valley Brook Avenue  
Lyndhurst, New Jersey 07071  
Bank and Brokers Call: (201) 460-1200  
All Others Call: (800) 548-5210

**12. Tax Identification Number and Backup Withholding.** U.S. federal income tax law generally requires that a stockholder whose tendered shares are accepted for purchase, or such stockholder's assignee, in either case, referred to as the "payee," provide the Depository with such payee's correct taxpayer identification number, which, in the case of a payee who is an individual, is such payee's social security number. If the Depository is not provided with the correct taxpayer identification number or an adequate basis for an exemption, such payee may be subject to penalties imposed by the Internal Revenue Service and backup withholding in an amount equal to 30% of the gross proceeds received pursuant to the tender offer. If withholding results in an overpayment of taxes, a refund may be obtained. To prevent backup withholding, each payee must provide the Depository with a correct taxpayer identification number by completing the Substitute Form W-9 included herewith, and certify, under penalties of perjury, that such taxpayer identification number is correct (or that such payee is awaiting a taxpayer identification number), that such stockholder is not subject to backup withholding of federal income tax, and that such stockholder is a U.S. person. If the payee does not have a taxpayer identification number, such payee should (i) consult the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for instructions on applying for a taxpayer identification number, (ii) write "Applied For" in the space provided in Part 1 of the Substitute Form W-9 and (iii) sign and date the Substitute Form W-9 and the Certificate of Awaiting Taxpayer Identification Number. If the payee does not provide such payee's taxpayer identification number to the Depository, backup withholding will apply and will reduce the net amount paid to the selling stockholder. Note that writing "Applied For" on the Substitute Form W-9 means that the payee has already applied for a taxpayer identification number or that such payee intends to apply for one in the near future. If shares are held in more than one name or are not in the name of the actual owner, consult the Substitute Form W-9 Guidelines for information on which taxpayer identification number to report. Exempt payees, including, among others, all corporations and certain foreign individuals, are not subject to backup withholding and reporting requirements. To prevent possible erroneous backup withholding, an exempt payee should check the exempt payee box in Part 2 of Substitute Form W-9, and should sign and date the form. See the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional instructions. In order for a nonresident alien or foreign entity to qualify as an exempt payee, such person must submit a completed IRS Form W-8BEN or a Substitute Form W-8 (or similar form), signed under penalties of perjury attesting to such exempt status. Such form may be obtained from the Depository.

**13. Withholding on Foreign Holder.** The following discussion applies to any "foreign stockholder," that is, a stockholder that, for U.S. federal income tax purposes, is a non-resident alien individual, a foreign corporation, a foreign partnership, a foreign estate or a foreign trust. A foreign stockholder who has provided a completed IRS Form W-8BEN or a Substitute Form W-8 (or similar form) to the Depository will not be subject to backup withholding. However, foreign stockholders generally are subject to withholding under Internal Revenue Code sections 1441 or 1442 at a rate of 30% of the gross payments received by such foreign stockholders which are subject to dividend treatment. If a stockholder's address is outside the United States, and if the Depository has not received a Substitute Form W-9, the Depository will assume that the stockholder is a foreign stockholder. The general 30% withholding rate may be reduced under a tax treaty, if appropriate certification (Form W-8BEN) is furnished to the Depository. A foreign stockholder may be eligible to obtain a refund of all or a portion of any tax withheld if such stockholder meets those tests described in Section 14 of the Offer to Purchase that would characterize the exchange as a sale (as opposed to a dividend) or is otherwise able to establish that no tax or a reduced amount of tax is due. Foreign stockholders are urged to consult their tax advisors regarding the application of U.S. federal income tax withholding and the refund procedure.

**14. Lost, Stolen, Destroyed or Mutilated Certificates.** If any certificate representing shares has been lost, stolen, destroyed or mutilated, the stockholder should notify Wachovia Bank, N.A., the transfer agent for the shares, of that fact by calling Wachovia Bank, N.A. at (800) 829-8432 and asking for instructions on obtaining a replacement certificate(s). Wachovia Bank, N.A. will require you to complete an affidavit of loss and return it to Wachovia Bank, N.A. Such stockholder will then be instructed by Wachovia Bank, N.A. as to the steps that must be taken in order to replace the certificate. A bond may be required to be posted by the stockholder to secure against the risk that the certificate may be subsequently recirculated. This Letter of Transmittal and related documents cannot be processed until the procedures for replacing lost, stolen, destroyed or mutilated certificates have been followed.

**Important: this Letter of Transmittal or a manually signed photocopy of it (together with certificate(s) for shares or confirmation of book-entry transfer and all other required documents) or, if applicable, the Notice of Guaranteed Delivery must be received by the Depository before the expiration date.**

**SUBSTITUTE  
FORM W-9**

**Part 1** — Taxpayer Identification Number — Please provide your TIN in the box at right and certify by signing and dating below. If awaiting TIN, write "Applied For."

Social Security Number

OR

Employer Identification Number

Department of the Treasury  
Internal Revenue Service

**Payer's Request for Taxpayer  
Identification Number (TIN)  
and Certification**

**Part 2** — For Payees Exempt from Backup Withholding — Check the box if you are NOT subject to backup withholding.

**Part 3** — CERTIFICATION — UNDER PENALTIES OF PERJURY, I CERTIFY THAT:

- (1) The number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me), and
- (2) I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service ("IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends, or
- (c) the IRS has notified me that I am no longer subject to backup withholding.
- (3) I am a U.S. person (including a U.S. resident alien).

**Certification Instructions** — You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. However, if, after being notified by the IRS that you were subject to backup withholding, you received another notification from the IRS that you are no longer subject to backup withholding, do not cross out item 2.

SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_, 2005

**NOTE:** FAILURE TO COMPLETE THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF 30% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE OFFER. IN ADDITION, FAILURE TO PROVIDE SUCH INFORMATION MAY RESULT IN A PENALTY IMPOSED BY THE INTERNAL REVENUE SERVICE. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

**YOU MUST COMPLETE THE FOLLOWING CERTIFICATE  
IF YOU WROTE "APPLIED FOR" INSTEAD OF A TIN  
IN THE SUBSTITUTE FORM W-9**

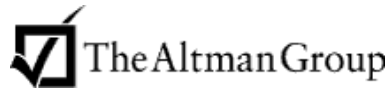
**CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER**

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (a) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number by the time of payment, 30% of all reportable payments made to me will be withheld until I provide a taxpayer identification number.

Signature \_\_\_\_\_ Date \_\_\_\_\_

Any questions and requests for assistance or additional copies of the Offer to Purchase, the Letter of Transmittal and related materials may be directed to the Information Agent at its address and telephone number set forth below. Stockholders may also contact their broker, dealer, commercial bank or trust company for assistance concerning the tender offer.

*The Information Agent for the tender offer is:*



1275 Valley Brook Avenue  
Lyndhurst, New Jersey 07071  
Bank and Brokers Call: (201) 460-1200  
All Others Call Toll Free: (800) 548-5210

*The Dealer Manager for the tender offer is:*

**J.P. Morgan Securities Inc.**

277 Park Avenue  
New York, New York 10172  
(212) 622-2624 (Call Collect)  
(866) 262-0777 (Call Toll Free)

**GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION  
NUMBER ON SUBSTITUTE FORM W-9**

**Guidelines for Determining the Proper Identification Number to Give the Payer.** — Social Security numbers have nine digits separated by two hyphens: i.e. 000-00-0000. Employer identification numbers have nine digits separated by only one hyphen: i.e. 00-0000000. The table below will help determine the number to give the payer.

<b>For this type of account:</b>	<b>Give the name and SOCIAL SECURITY number of —</b>
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account.(1)
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)
4. a. The usual revocable savings trust account (grantor is also trustee)	The grantor-trustee(1)
b. So-called trust account that is not a legal or valid trust under state law	The actual owner(1)
5. Sole proprietorship or single-owner LLC	The owner(3)
6. Sole proprietorship or single-owner LLC	The owner(3)
7. A valid trust, estate, or pension trust	The legal entity (Do not furnish the identifying number of the personal representative or trustee unless the legal entity itself is not designated in the account title.)(4)

<b>For this type of account:</b>	<b>Give the EMPLOYER IDENTIFICATION number of —</b>
8. Corporate or LLC electing corporate status on Form 8837	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership or multi-member LLC	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a State or local government, school district, or prison) that receives agricultural program payments	The public entity

- (1) List first and circle the name of the person whose number you furnish. If only one person on a joint account has a social security number, that person's number must be furnished.  
(2) Circle the minor's name and furnish the minor's social security number.  
(3) Show the individual name of the owner. Either the social security number or employer identification number may be furnished.  
(4) List first and circle the name of the legal trust, estate, or pension trust.

**NOTE:** If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.

# GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9

Page 2

## Obtaining a Number

If you do not have a taxpayer identification number or you do not know your number, obtain Form SS-5, Application for a Social Security Card (for resident individuals), Form SS-4, Application for Employer Identification Number (for businesses and all other entities), or Form W-7, Application for IRS Individual Taxpayer Identification Number (for alien individuals required to file U.S. tax returns), at an office of the Social Security Administration or the Internal Revenue Service.

To complete the Substitute Form W-9, if you do not have a taxpayer identification number, write "applied for" in the space provided for the taxpayer identification number, sign and date the Form, and give it to the requester. Generally, you will then have 60 days to obtain a taxpayer identification number and furnish it to the requester. If the requester does not receive your taxpayer identification number within 60 days, backup withholding, if applicable, will begin and will continue until you furnish your taxpayer identification number to the requester.

## Payees and Payments Exempt from Backup Withholding

Set forth below is a list of payees that are exempt from backup withholding with respect to all or certain types of payments. For interest and dividends, all listed payees are exempt except the payee in item (9). For broker transactions, all payees listed in items (1) through (13) and any person registered under the Investment Advisors Act of 1940 who regularly acts as a broker is exempt. For payments subject to reporting under Sections 6041 and 6041A, the payees listed in items (1) through (7) are generally exempt. For barter exchange transactions and patronage dividends, the payees listed in items (1) through (5) are exempt.

- (1) An organization exempt from tax under Section 501(a), an IRA, or a custodial account under Section 403(b)(7) if the account satisfies the requirements of Section 401(f)(2).
- (2) The United States or any of its agencies or instrumentalities.
- (3) A state, the District of Columbia, a possession of the United States, or any of their subdivisions or instrumentalities.
- (4) A foreign government or any of its political subdivisions, agencies or instrumentalities.
- (5) An international organization or any of its agencies or instrumentalities.
- (6) A corporation.
- (7) A foreign central bank of issue.
- (8) A dealer in securities or commodities registered in the U.S., the District of Columbia, or a possession of the U.S.
- (9) A futures commission merchant registered with the Commodity Futures Trading Commission.
- (10) A real estate investment trust.
- (11) An entity registered at all times under the Investment Company Act of 1940.
- (12) A common trust fund operated by a bank under Section 584(a).
- (13) A financial institution.
- (14) A middleman known in the investment community as a nominee or custodian.
- (15) A trust exempt from tax under Section 664 or described in Section 4947.

Payments of dividends and patronage dividends not generally subject to backup withholding include the following:

- Payments to nonresident aliens subject to withholding under Section 1441.
- Payments to partnerships not engaged in a trade or business in the U.S. and which have at least one nonresident partner.
- Payments of patronage dividends not paid in money.
- Payments made by certain foreign organizations.
- Section 404(k) distributions made by an ESOP.

Payments of interest not generally subject to backup withholding include the following:

- Payments of interest on obligations issued by individuals. Note: You may be subject to backup withholding if this interest is \$600 or more and is paid in the course of the payer's trade or business and you have not provided your correct taxpayer identification number to the payer.
- Payments of tax-exempt interest (including exempt-interest dividends under Section 852).
- Payments described in Section 6049(b)(5) to non-resident aliens.
- Payments on tax-free covenant bonds under Section 1451.
- Payments made by certain foreign organizations.
- Mortgage or student loan interest paid to you.

Exempt payees described above should file a Substitute Form W-9 to avoid possible erroneous backup withholding. FILE THIS FORM WITH THE PAYER, FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER, CHECK THE EXEMPT PAYEE BOX AND RETURN IT TO THE PAYER. IF YOU ARE A NONRESIDENT ALIEN OR A FOREIGN ENTITY NOT SUBJECT TO BACKUP WITHHOLDING, FILE WITH PAYER A COMPLETED INTERNAL REVENUE SERVICE FORM W-8BEN OR FORM W-8ECI, AS APPLICABLE.

Certain payments other than interest, dividends, and patronage dividends, that are not subject to information reporting are also not subject to backup withholding. For details, see Sections 6041, 6041A, 6042, 6044, 6045, 6049, 6050A and 6050N and the regulations promulgated thereunder.

**Privacy Act Notice.** — Section 6109 requires most recipients of dividend, interest, or other payments to give taxpayer identification numbers to payers who must report the payments to the IRS. The IRS uses the numbers for identification purposes. Payers must be given the numbers whether or not recipients are required to file tax returns. Payers must generally withhold 30% of taxable interest, dividend, and certain other payments to a payee who does not furnish a taxpayer identification number to a payer. Certain penalties may also apply.

## Penalties

**(1) Penalty for Failure to Furnish Taxpayer Identification Number.** — If you fail to furnish your taxpayer identification number to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

**(2) Civil Penalty for False Information with Respect to Withholding.** — If you make a false statement with no reasonable basis which results in no imposition of backup withholding, you are subject to a penalty of \$500.

**(3) Criminal Penalty for Falsifying Information.** — Falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

**FOR ADDITIONAL INFORMATION CONSULT YOUR TAX ADVISER OR THE INTERNAL REVENUE SERVICE**

**Notice of Guaranteed Delivery**  
**for**  
**Offer to Purchase for Cash up to 2,620,690 Shares of its**  
**Common Stock, Par Value \$0.001 Per Share,**  
**at a Purchase Price of \$14.50 Per Share**  
**by**  
**Blackbaud, Inc.**

**THE TENDER OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE**  
**AT 5:00 P.M., NEW YORK CITY TIME,**  
**ON FRIDAY, JULY 1, 2005, UNLESS THE TENDER OFFER IS EXTENDED.**

As set forth in Section 3 of the Offer to Purchase, dated June 3, 2005, this Notice of Guaranteed Delivery, or a facsimile hereof, must be used to accept the tender offer if:

(a) certificates representing shares of common stock, par value \$0.001 per share, of Blackbaud, Inc., a Delaware corporation ("Blackbaud"), cannot be delivered prior to the "expiration date" (as defined in Section 1 of the Offer to Purchase); or

(b) the procedure for book-entry transfer cannot be completed before the "expiration date" (as defined in Section 1 of the Offer to Purchase); or

(c) time will not permit a properly completed and duly executed Letter of Transmittal, or manually signed facsimile thereof, and all other required documents to reach the Depository referred to below before the expiration date.

This form or a facsimile of it, signed and properly completed, may be delivered by hand or transmitted by facsimile transmission or mailed to the Depository so that it is received by the Depository before the expiration date. See Section 3 of the Offer to Purchase.

*The Depository for the tender offer is:*

**Wachovia Bank, N.A.**

*By mail or overnight  
delivery:*

Wachovia Bank, N.A.  
Corporate Actions — NC1153  
1525 West W.T. Harris Blvd., 3C3  
Charlotte, NC 28262-8522

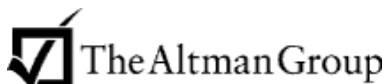
*By hand delivery:*

Wachovia Bank, N.A.  
Corporate Actions — NC1153  
1525 West W.T. Harris Blvd., 3C3  
Charlotte, NC 28262-8522

*By facsimile transmission  
(for eligible institutions only):*  
(704) 590-7628

For confirmation call:  
(704) 590-7623

*The Information Agent for the tender offer is:*



Banks and Brokers Call: (201) 460-1200  
All Others Call Toll Free: (800) 548-5210

**Delivery of this Notice of Guaranteed Delivery to an address other than those shown above or transmission of instructions via the facsimile number other than the one listed above does not constitute a valid delivery. Deliveries**



**to Blackbaud, the Dealer Manager of the tender offer or the Information Agent of the tender offer will not be forwarded to the Depository and therefore will not constitute valid delivery. Deliveries to the book-entry transfer facility (as defined in the Offer to Purchase) will not constitute valid delivery to the Depository.**

This Notice of Guaranteed Delivery form is not to be used to guarantee signatures. If a signature on the Letter of Transmittal is required to be guaranteed by an “eligible guarantor institution” (as defined in Section 3 of the Offer to Purchase) under the instructions thereto, such signature must appear in the applicable space provided in the signature box on the Letter of Transmittal.

Ladies and Gentlemen:

The undersigned hereby tenders to Blackbaud, Inc. the number of shares of common stock, par value \$0.001 per share, of Blackbaud specified below at a price per share of \$14.50, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in the Offer to Purchase, and the related Letter of Transmittal, which, as may be amended and supplemented from time to time, together constitute the tender offer, receipt of which are hereby acknowledged.

**CONDITIONAL TENDER**  
**[Optional]**

A tendering stockholder may condition his or her tender of shares upon Blackbaud purchasing a specified minimum number of such shares tendered, all as described in Section 6 of the Offer to Purchase. Unless at least that minimum number of shares indicated below is purchased by Blackbaud pursuant to the terms of the tender offer, none of the shares tendered by such tendering stockholder will be purchased. It is the tendering stockholder's responsibility to calculate that minimum number of shares that must be purchased if any are purchased, and each stockholder is urged to consult his or her broker or other financial and tax advisors. Unless the box below has been checked and a minimum number of shares has been specified, the tender will be deemed unconditional.

The minimum number of shares tendered hereby that must be purchased, if any are purchased, is: \_\_\_\_\_ shares.

If, because of proration, such minimum number of shares tendered hereby will not be purchased, Blackbaud may accept conditional tenders by random lot, if necessary. However, to be eligible for purchase by random lot, the tendering stockholder must have tendered all of his or her shares and checked this box:

The tendered shares represent all shares held by the undersigned, and the undersigned wishes such shares to be eligible for purchase by random lot.

**(Please Type or Print)**

Number of Shares Tendered: \_\_\_\_\_

Certificate Numbers (if available and applicable): \_\_\_\_\_

Name(s) of Record Holder(s): \_\_\_\_\_

Address(es): \_\_\_\_\_

\_\_\_\_\_

Area Code(s) and Telephone Number(s): \_\_\_\_\_  
(Including Zip Code)

\_\_\_\_\_

**Sign here:**

Signature(s): \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_, 2005

If shares will be tendered by book-entry transfer, check the box:

Name of Tendering Institution: \_\_\_\_\_

Account Number: \_\_\_\_\_

Transaction Code Number: \_\_\_\_\_

\_\_\_\_\_

**GUARANTEE**

**(Not to be used for Signature Guarantee)**

The undersigned, a bank, broker, dealer, credit union, savings association or other entity which is a member in good standing of the Securities Transfer Agents Medallion Program or a bank, broker, dealer, credit union, savings association or other entity which is an "eligible guarantor institution," as such term is defined in rule 17Ad-15 under the securities exchange act of 1934, as amended, each of the foregoing constituting an "Eligible Guarantor Institution," guarantees the delivery to the Depository of the shares tendered hereby, in proper form for transfer, or a confirmation that the shares tendered hereby have been delivered under the procedure for book-entry transfer set forth in the Offer to Purchase into the Depository's account at the book-entry transfer facility, together with a properly completed and duly executed letter of transmittal, or a manually signed facsimile thereof, and any other required documents, all within three Nasdaq National Market trading days of the date hereof.

Name of Firm: \_\_\_\_\_

Name of Firm: \_\_\_\_\_

\_\_\_\_\_  
**(Authorized Signature)**

\_\_\_\_\_  
**(Authorized Signature)**

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
**(Zip Code)**

\_\_\_\_\_  
**(Zip Code)**

\_\_\_\_\_  
**Area Code and Telephone Number:**

\_\_\_\_\_  
**Area Code and Telephone Number:**

Dated: \_\_\_\_\_, 2005

Dated: \_\_\_\_\_, 2005

**Do not send share certificates with this Notice of Guaranteed Delivery.  
Share certificates should be sent with your Letter of Transmittal.**

**Offer to Purchase for Cash up to 2,620,690 Shares of its  
Common Stock, Par Value \$0.001 Per Share,  
at a Purchase Price of \$14.50 Per Share  
by  
Blackbaud, Inc.**

**THE TENDER OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL  
EXPIRE AT 5:00 P.M., NEW YORK CITY TIME,  
ON FRIDAY, JULY 1, 2005, UNLESS THE TENDER OFFER IS EXTENDED.**

June 3, 2005

To Brokers, Dealers, Commercial Banks,  
Trust Companies and Other Nominees:

Blackbaud, Inc., a Delaware corporation ("Blackbaud"), has appointed us to act as the Dealer Manager in connection with its offer to purchase for cash up to 2,620,690 shares of its common stock, par value \$0.001 per share ("Blackbaud common stock"), at a purchase price of \$14.50 per share, upon the terms and subject to the conditions set forth in its Offer to Purchase, dated June 3, 2005 (the "Offer to Purchase"), and in the related Letter of Transmittal (the "Letter of Transmittal"), which, as may be amended and supplemented from time to time, together constitute the tender offer.

Blackbaud will purchase 2,620,690 shares of Blackbaud common stock properly tendered and not properly withdrawn before the "expiration date" (as defined in Section 1 of the Offer to Purchase), or such lesser number of shares as are properly tendered and not properly withdrawn, at a price of \$14.50 per share, net to the seller in cash, without interest, upon the terms and subject to the conditions of the tender offer, including the proration and conditional tender provisions thereof. Blackbaud reserves the right, in its sole discretion, to purchase more than 2,620,690 shares of Blackbaud common stock under the tender offer, subject to applicable legal requirements. Shares of Blackbaud common stock tendered and not purchased because of proration or conditional tender will be returned promptly after the expiration date at the expense of Blackbaud to the stockholders who tendered such shares. See Section 1 of the Offer to Purchase.

If, at the expiration date, more than 2,620,690 shares of Blackbaud common stock, or such greater number of shares as Blackbaud may elect to purchase in accordance with applicable legal requirements, are properly tendered and not properly withdrawn, Blackbaud will, upon the terms and subject to the conditions of the tender offer, accept such shares for purchase on a pro rata basis from all such tendering stockholders, subject to the conditional tender provisions described in Section 6 of the Offer to Purchase.

**The tender offer is not conditioned on any minimum number of shares of Blackbaud common stock being tendered. The tender offer is, however, subject to other conditions. See Section 7 of the Offer to Purchase.**

For your information and for forwarding to your clients for whom you hold shares of Blackbaud common stock registered in your name or in the name of your nominee, we are enclosing the following documents:

1. Offer to Purchase, dated June 3, 2005;
2. Letter of Transmittal for your use and for the information of your clients (together with accompanying instructions and Substitute Form W-9);
3. Notice of Guaranteed Delivery to be used by you to accept the tender offer on behalf of those clients whose share certificates and all other required documents cannot be delivered to the Depository before the expiration date or if the procedure for book-entry transfer cannot be completed before the expiration date;
4. Letter to clients that you may send to your clients for whose accounts you hold shares of Blackbaud common stock registered in your name or in the name of your nominee, with space provided for obtaining such clients' instructions with regard to the tender offer;
5. Guidelines of the Internal Revenue Service for Certification of Taxpayer Identification Number on Substitute Form W-9;

6. Letter dated June 3, 2005, from the President and Chief Executive Officer of Blackbaud to stockholders of Blackbaud; and

7. Return envelope addressed to the Depository.

**We urge you to contact your clients as promptly as possible. The tender offer, proration period and withdrawal rights will expire at 5:00 p.m., New York City time, on Friday, July 1, 2005, unless the tender offer is extended.**

No fees or commissions will be payable to brokers, dealers, commercial banks, trust companies or any person for soliciting tenders of shares of Blackbaud common stock under the tender offer other than fees paid to the Dealer Manager and the Information Agent, as described in the Offer to Purchase. Blackbaud will, however, upon request, reimburse you for customary mailing and handling expenses incurred by you in forwarding any of the enclosed materials to the beneficial owners of shares of Blackbaud common stock held by you as a nominee or in a fiduciary capacity. Blackbaud will pay or cause to be paid any stock transfer taxes applicable to its purchase of shares, except as otherwise provided in the Offer to Purchase and Letter of Transmittal.

In order to take advantage of the tender offer, a properly completed and duly executed Letter of Transmittal, or a manually signed facsimile thereof, including any required signature guarantees and any other required documents, must be sent to the Depository with either a certificate or certificates representing the tendered shares of Blackbaud common stock or confirmation of their book-entry transfer, all in accordance with the instructions set forth in the Offer to Purchase and Letter of Transmittal.

Holders of shares of Blackbaud common stock whose certificate(s) for such shares are not immediately available, holders who cannot deliver such certificate(s) and all other required documents to the Depository or holders who cannot complete the procedures for book-entry transfer before the expiration date must tender their shares according to the procedure for guaranteed delivery set forth in Section 3 of the Offer to Purchase.

The Board of Directors of Blackbaud has approved the tender offer and a special pricing committee of independent directors not affiliated with stockholders intending to tender shares in the tender offer has approved the pricing terms of the tender offer. However, neither Blackbaud nor its Board of Directors nor the Dealer Manager makes any recommendation to stockholders as to whether to tender or refrain from tendering their shares of Blackbaud common stock. Stockholders must make their own decision as to whether to tender their shares of Blackbaud common stock and, if so, how many shares to tender. Stockholders should discuss whether to tender all or any portion of their shares with their brokers or other financial and tax advisors. Major stockholders have advised Blackbaud that they intend to tender approximately 24,000,000 shares of Blackbaud common stock in the tender offer. Two of Blackbaud's executive officers have informed Blackbaud that they intend to tender an aggregate of approximately 130,000 shares in the tender offer. Blackbaud does not anticipate that any directors or other executive officers of Blackbaud will tender shares in the tender offer.

Any inquiries you may have with respect to the tender offer should be addressed to J.P. Morgan Securities Inc., the Dealer Manager of the tender offer, or to The Altman Group Inc. ("The Altman Group"), the Information Agent of the tender offer, at their respective addresses and telephone numbers set forth on the back cover page of the Offer to Purchase.

Additional copies of the enclosed material may be obtained from The Altman Group, by calling them at: (201) 460-1200 or toll-free at (800) 548-5210.

Very truly yours,

J.P. Morgan Securities Inc.

Enclosures

**Nothing contained herein or in the enclosed documents shall make you or any other person an agent of Blackbaud, the Dealer Manager, the Information Agent or the Depositary or any affiliate of the foregoing, or authorize you or any other person to use any document or make any statement on behalf of any of them in connection with the tender offer other than the documents enclosed herewith and the statements contained therein.**

**Offer to Purchase for Cash up to 2,620,690 Shares of its  
Common Stock, Par Value \$0.001 Per Share,  
at a Purchase Price of \$14.50 Per Share  
by  
Blackbaud, Inc.**

June 3, 2005

To Our Clients:

Enclosed for your consideration are the Offer to Purchase, dated June 3, 2005, and the related Letter of Transmittal, which, as amended and supplemented from time to time, together constitute the tender offer, in connection with the tender offer by Blackbaud, Inc., a Delaware corporation ("Blackbaud"), to purchase up to 2,620,690 shares of its common stock, par value \$0.001 per share ("Blackbaud common stock"), at a purchase price of \$14.50 per share, net to the sellers in cash, without interest, upon the terms and subject to the conditions set forth in the tender offer.

Blackbaud will purchase 2,620,690 shares of Blackbaud common stock properly tendered and not properly withdrawn before the "expiration date" (as defined in Section 1 of the Offer to Purchase), or such lesser number of shares as are properly tendered and not properly withdrawn, at a price of \$14.50 per share, net to the seller in cash, without interest, upon the terms and subject to the conditions of the tender offer, including the proration and conditional tender provisions thereof. Blackbaud reserves the right, in its sole discretion, to purchase more than 2,620,690 shares of Blackbaud common stock under the tender offer, subject to applicable legal requirements. Shares of Blackbaud common stock tendered and not purchased because of proration or conditional tender will be returned promptly after the expiration date at the expense of Blackbaud to the stockholders who tendered such shares. See Section 1 of the Offer to Purchase.

If, at the expiration date, more than 2,620,690 shares of Blackbaud common stock, or such greater number of shares as Blackbaud may elect to purchase in accordance with applicable legal requirements, are properly tendered and not properly withdrawn, Blackbaud will, upon the terms and subject to the conditions of the tender offer, accept such shares for purchase on a pro rata basis from all such tendering stockholders, subject to the conditional tender provisions described in Section 6 of the Offer to Purchase.

We are the owner of record of shares of Blackbaud common stock held for your account. As such, we are the only ones who can tender your shares, and then only pursuant to your instructions. **We are sending you the Letter of Transmittal for your information only; you cannot use it to tender shares of Blackbaud common stock we hold for your account.**

Please instruct us as to whether you wish us to tender any or all of the shares of Blackbaud common stock we hold for your account on the terms and subject to the conditions of the tender offer.

We call your attention to the following:

1. You may tender shares of Blackbaud common stock at a price of \$14.50 per share as indicated in the attached instruction form, net to you in cash, without interest.
2. You should consult with your broker on the possibility of designating the priority in which your shares will be purchased in the event of proration.
3. The tender offer is not conditioned upon any minimum number of shares being tendered. The tender offer is, however, subject to certain other conditions set forth in Section 7 of the Offer to Purchase.
4. The tender offer, proration period and withdrawal rights will expire at 5:00 p.m., New York City time, on July 1, 2005, unless Blackbaud extends the tender offer.
5. The tender offer is for 2,620,690 shares, constituting approximately 6% of the issued and outstanding shares of Blackbaud common stock as of May 31, 2005.



6. Tendering stockholders who are registered stockholders or who tender their shares directly to Wachovia Bank, N.A. will not be obligated to pay any brokerage commissions or fees, solicitation fees, or, except as set forth in the Offer to Purchase and the Letter of Transmittal, stock transfer taxes on the purchase by Blackbaud of shares of Blackbaud common stock under the tender offer.

7. If you wish to condition your tender upon the purchase of a specified minimum number of the shares of Blackbaud common stock which you tender, you may elect to do so and thereby avoid possible proration of your tender. You are urged to consult your own tax advisor with regard to this election. The purchase of shares by Blackbaud of Blackbaud common stock from all tenders which are so conditioned may be determined by random lot. To elect such a condition complete the section below captioned "Conditional Tender".

8. The Board of Directors of Blackbaud has approved the tender offer and a special pricing committee of independent directors not affiliated with stockholders intending to tender shares in the tender offer has approved the pricing terms of the tender offer. However, neither Blackbaud nor its Board of Directors nor the Dealer Manager makes any recommendation to you as to whether to tender or refrain from tendering your shares of Blackbaud common stock. You must make your own decision as to whether to tender your shares of Blackbaud common stock and, if so, how many shares to tender. You should discuss whether to tender all or any portion of your shares with your broker or other financial and tax advisors. Major stockholders have advised Blackbaud that they intend to tender approximately 24,000,000 shares of Blackbaud common stock in the tender offer. Two of Blackbaud's executive officers have informed Blackbaud that they intend to tender an aggregate of approximately 130,000 shares in the tender offer. Blackbaud does not anticipate that any directors or any other executive officers of Blackbaud will tender shares in the tender offer.

If you wish to have us tender any or all of your shares of Blackbaud common stock, please so instruct us by completing, executing, detaching and returning to us the attached instruction form. If you authorize us to tender your shares of Blackbaud common stock, we will tender all such shares unless you specify otherwise on the attached instruction form.

**Your instruction form should be forwarded to us in ample time to permit us to submit a tender on your behalf before the expiration date of the tender offer. The tender offer, proration period and withdrawal rights will expire at 5:00 p.m., New York City time, on July 1, 2005, unless Blackbaud extends the tender offer.**

As described in the Offer to Purchase, if more than 2,620,690 shares, or such greater number of shares as Blackbaud may elect to purchase in accordance with applicable legal requirements, are properly tendered and not properly withdrawn before the expiration date, Blackbaud will accept shares for purchase on a pro rata basis, if necessary, with adjustments to avoid purchases of fractional shares, as provided in the Offer to Purchase, subject to the conditional tender provisions described in the Offer to Purchase.

The tender offer is being made solely under the Offer to Purchase and the related Letter of Transmittal and is being made to all record holders of shares. The tender offer is not being made to, nor will tenders be accepted from or on behalf of, holders of shares residing in any jurisdiction in which the making of the tender offer or acceptance thereof would not be in compliance with the securities, blue sky or other laws of such jurisdiction.

**Instruction Form With Respect To  
Offer to Purchase for Cash up to 2,620,690 Shares of its  
Common Stock, Par Value \$0.001 Per Share  
at a Purchase Price of \$14.50 Per Share  
by  
Blackbaud, Inc.**

The undersigned acknowledge(s) receipt of your letter and the enclosed Offer to Purchase, dated June 3, 2005, and the related Letter of Transmittal, which, as may be amended and supplemented from time to time, together constitute the tender offer in connection with the tender offer by Blackbaud, Inc., a Delaware corporation ("Blackbaud"), to purchase up to 2,620,690 shares of its common stock, par value \$0.001 per share ("Blackbaud common stock"), at a purchase price of \$14.50 per share, net to the seller in cash, without interest, upon the terms and subject to the conditions of the tender offer.

The undersigned understands that Blackbaud will purchase 2,620,690 shares of Blackbaud common stock properly tendered and not properly withdrawn before the "expiration date" (as defined in Section 1 of the Offer to Purchase), or such lesser number of shares as are properly tendered and not properly withdrawn, at a price of \$14.50 per share, net to the seller in cash, without interest, upon the terms and subject to the conditions of the tender offer, including the proration and conditional tender provisions thereof. Blackbaud reserves the right, in its sole discretion, to purchase more than 2,620,690 shares of Blackbaud common stock under the tender offer, subject to applicable legal requirements. Shares of Blackbaud common stock tendered and not purchased because of proration or conditional tender will be returned promptly after the expiration date at the expense of Blackbaud to the stockholders who tendered such shares.

The undersigned hereby instruct(s) you to tender to Blackbaud the number of shares of Blackbaud common stock indicated below or, if no number is indicated, all shares you hold for the account of the undersigned, under the terms and subject to the conditions of the tender offer.

Aggregate number of shares of Blackbaud common stock to be tendered by you for the account of the undersigned:

\_\_\_\_\_ shares of Blackbaud common stock

**CONDITIONAL TENDER**  
**[Optional]**

A tendering stockholder may condition his or her tender of shares upon Blackbaud purchasing a specified minimum number of such shares tendered, all as described in Section 6 of the Offer to Purchase. Unless at least that minimum number of shares indicated below is purchased by Blackbaud pursuant to the terms of the tender offer, none of the shares tendered by such tendering stockholder will be purchased. It is the tendering stockholder's responsibility to calculate that minimum number of shares that must be purchased if any are purchased, and each stockholder is urged to consult his or her broker or other financial and tax advisors. Unless the box below has been checked and a minimum number of shares has been specified, the tender will be deemed unconditional.

The minimum number of shares tendered hereby that must be purchased, if any are purchased, is: \_\_\_\_\_ shares.

If, because of proration, such minimum number of shares tendered hereby will not be purchased, Blackbaud may accept conditional tenders by random lot, if necessary. However, to be eligible for purchase by random lot, the tendering stockholder must have tendered all of his or her shares and checked this box:

The tendered shares represent all shares held by the undersigned, and the undersigned wishes such shares to be eligible for purchase by random lot.

**The method of delivery of this document is at the option and risk of the tendering stockholder. If delivery is by mail, registered mail with return receipt requested, properly insured, is requested. In all cases, sufficient time should be allowed to assure delivery.**

**SIGNATURE BOX  
(Please Print)**

Signature(s):

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Dated: \_\_\_\_\_, 2005

Name(s) and address(es):

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(Including Zip Code)

Area code and telephone number:

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Taxpayer Identification or Social Security Number:

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2000 Daniel Island Drive  
Charleston, South Carolina 29492

June 3, 2005

To Our Stockholders:

Blackbaud Inc., a Delaware corporation ("Blackbaud"), is offering to purchase up to 2,620,690 shares of our common stock from existing stockholders, subject to the terms set forth in the enclosed Offer to Purchase and the related Letter of Transmittal. The purchase price to be paid by Blackbaud will be \$14.50 per share, net to the seller in cash, without interest. On May 31, 2005, the last trading day prior to the announcement of the tender offer, the closing price of Blackbaud common stock on the Nasdaq National Market was \$13.76 per share.

Any stockholder whose shares are properly tendered directly to Wachovia Bank, N.A., the Depository for the tender offer, and purchased under the tender offer will receive the net purchase price in cash, without interest, promptly after the expiration of the tender offer. You may tender all or only a portion of your shares upon the terms and subject to the conditions of the tender offer.

The terms and conditions of the tender offer are explained in detail in the enclosed Offer to Purchase and the related Letter of Transmittal. I encourage you to read these materials carefully before making any decision with respect to the tender offer. The instructions on how to tender shares are also explained in detail in the accompanying materials.

The Board of Directors of Blackbaud has approved the tender offer, and a special pricing committee of independent directors not affiliated with stockholders intending to tender shares in the tender offer has approved the tender offer price. However, neither Blackbaud nor any member of its Board of Directors nor the Dealer Manager of the tender offer makes any recommendation to you as to whether or not you should tender your shares. You must make your own decision as to whether to tender your shares and, if so, how many shares to tender. You should discuss whether to tender all or any portion of your shares with your broker or other financial and tax advisors. Major stockholders have advised Blackbaud that they intend to tender approximately 24,000,000 shares of Blackbaud common stock in the tender offer.

The tender offer will expire at 5:00 p.m., New York City time, on Friday, July 1, 2005, unless extended by Blackbaud. If you have any questions regarding the tender offer or need assistance in tendering your shares, please contact The Altman Group, the Information Agent for the tender offer, at (800) 548-5210, or J.P. Morgan Securities Inc., the Dealer Manager for the tender offer, at (866) 262-0777.

Sincerely,

Robert J. Sywolski  
President and Chief Executive Officer

## **Blackbaud, Inc. Announces Self Tender Offer for Up To 2,620,690 Shares of Its Common Stock**

**Charleston, S.C. (May 31, 2005)** - Blackbaud, Inc. (Nasdaq: BLKB), the leading provider of software and related services designed specifically for nonprofit organizations, announced today that its Board of Directors has authorized a self tender offer to purchase up to 2,620,690 common shares, or approximately 6% of its outstanding common shares as of May 31, 2005, through a fixed-price tender offer at a price of \$14.50 per share in cash.

Blackbaud expects to file offering materials with the Securities and Exchange Commission and to commence its offer on or about June 3, 2005. The offer will subsequently remain open for 20 business days, unless extended by Blackbaud.

The closing price for Blackbaud's common stock on the Nasdaq exchange on May 31, 2005, the last day of trading prior to the announcement of the tender offer, was \$13.76 per share.

Robert J. Sywolski, President and Chief Executive Officer of Blackbaud, said, "The strength of Blackbaud's cash flow generation capabilities has been established over a long period of time. We believe that this tender offer is consistent with our goal of maximizing long-term stockholder value. This tender offer will allow us to return a portion of our excess cash to stockholders who elect to participate and provide stockholders with an opportunity to obtain liquidity with respect to those shares."

In connection with the announcement of the tender offer, Blackbaud announced that it would not purchase any more shares pursuant to the \$35 million stock repurchase program approved by its Board of Directors in February 2005.

Blackbaud's majority stockholder, Hellman & Friedman Capital Partners III, L.P., as well as its affiliates H&F Orchard Partners III, L.P. and H&F International Partners III, L.P. (collectively "H&F"), have also advised Blackbaud that they intend to tender approximately 24,000,000 shares in the tender offer in order to ensure pro rata participation in the tender offer. Additionally, H&F has informed Blackbaud that prior to June 3, 2005 it will effect a distribution of 5,000,000 shares of Blackbaud's common stock held by them to their investors. Some of these investors may tender some or all of the distributed shares in this offer. Based on the expectation that H&F will tender all of its shares and after giving effect to the proposed self tender offer and H&F's stock distribution, H&F will own between 53% and 56% of Blackbaud's stock outstanding, depending on the actual number of shares tendered by Blackbaud's stockholders.

The offer is not conditioned on any minimum number of shares being tendered. However, the offer is subject to a number of specific terms and conditions, which are detailed in the Offer to Purchase and related Letter of Transmittal being mailed to stockholders. J.P. Morgan Securities, Inc. is acting as dealer manager for the tender offer.

### **Additional Information and Where to Find It**

THIS PRESS RELEASE IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT AN OFFER TO BUY OR THE SOLICITATION OF AN OFFER TO SELL ANY SHARES OF BLACKBAUD'S COMMON STOCK.

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In connection with the self tender offer, Blackbaud expects to file with the SEC an Offer to Purchase and related materials as part of a Schedule TO. These materials will contain important information. Investors and security holders are advised to carefully review these documents and related materials when they become available.

Investors and security holders may obtain a free copy of the Offer to Purchase and other documents filed by Blackbaud with the Commission at the Commission's web site, [www.sec.gov](http://www.sec.gov). Copies of the Offer to Purchase, as well as Blackbaud's related filings made with the Commission, may also be obtained Blackbaud's Investor Relations Department at (866) 900-2552.

#### **About Blackbaud, Inc.**

Blackbaud is the leading global provider of software and related services designed specifically for nonprofit organizations. Approximately 13,000 organizations — including the American Red Cross, Bowdoin College, the Chesapeake Bay Foundation, the Crohn's & Colitis Foundation of America, the Detroit Zoological Society, Episcopal High School, Help the Aged, the New York Philharmonic and United Way of America — use Blackbaud products and consulting services for fundraising, financial management, business intelligence and school administration. Blackbaud's solutions include *The Raiser's Edge*®, *The Financial Edge*™, *The Education Edge*™, *The Patron Edge*™, *Blackbaud NetCommunity*™, *The Information Edge*™, *WealthPoint*™ and *ProspectPoint*™, as well as a wide range of consulting and educational services. Founded in 1981, Blackbaud is headquartered in Charleston, South Carolina, and has operations in Toronto, Ontario, Glasgow, Scotland, and Sydney, Australia.

Blackbaud, the Blackbaud logo, *The Raiser's Edge*, *The Financial Edge*, *The Education Edge*, *The Patron Edge*, *Blackbaud NetCommunity*, *The Information Edge*, *WealthPoint* and *ProspectPoint* are trademarks or registered trademarks of Blackbaud, Inc.

#### **Forward-looking statements**

Except for historical information, all of the statements, expectations, and assumptions contained in this news release are forward-looking statements that involve a number of risks and uncertainties. Although Blackbaud attempts to be accurate in making these forward-looking statements, it is possible that future circumstances might differ from the assumptions on which such statements are based. In addition, other important factors that could cause results to differ materially include the following: risk associated with successful implementation of multiple integrated software products; lengthy sales and implementation cycles, particularly in larger organizations; uncertainty regarding increased business and renewals from existing customers; continued success in sales growth; adoption of our products and services by nonprofits; risks related to our dividend and stock repurchase program, including potential limitations on our ability to grow and the possibility that we might discontinue payment of dividends; risk associated with product concentration; economic conditions and seasonality; competition; risks associated with management of growth; risks associated with acquisitions; technological changes that make our products and services less competitive; the ability to attract and retain key personnel; and the other risk factors set forth from time to time in the SEC filings for Blackbaud, copies of which are available free of charge upon request from Blackbaud's investor relations department.

## **Blackbaud, Inc. Announces Commencement of its Previously Announced Self Tender Offer for Up To 2,620,690 Shares of Its Common Stock**

**Charleston, S.C. (June 3, 2005)** - Blackbaud, Inc. (Nasdaq: BLKB), the leading provider of software and related services designed specifically for nonprofit organizations, commenced its previously announced self tender offer for up to 2,620,690 shares at a price of \$14.50 per share. The price represents a premium of approximately 5.4% over the closing share price of \$13.76 per share on May 31, 2005, the last full trading day prior to announcement, and a premium of approximately 13.3% over the closing share price of \$12.80 per share on June 2, 2005, the trading day prior to commencement. The 2,620,690 shares that Blackbaud is offering to purchase pursuant to the offer represent approximately 6% of its shares issued and outstanding on May 31, 2005.

The tender offer commenced today, June 3, 2005, and will expire at 5:00 p.m. New York City time, on July 1, 2005, unless extended by Blackbaud. J.P. Morgan Securities, Inc. will act as Dealer Manager, The Altman Group will act as Information Agent and Wachovia Bank, N.A. will act as the Depositary in connection with the tender offer. Any stockholders who require tender offer materials may contact the Information Agent for the offer at the address and telephone number indicated below.

As previously announced, the tender offer is available to all Blackbaud stockholders. The offer is not conditioned on any minimum number of shares being tendered. However, the offer is subject to a number of specific terms and conditions, which are detailed in the Offer to Purchase and related Letter of Transmittal being mailed to stockholders.

Certain stockholders have indicated that they intend to tender an aggregate of approximately 24,000,000 shares. If, as expected, more than 2,620,690 shares are tendered, Blackbaud will purchase shares from tendering stockholders on a pro rata basis. All shares tendered but not purchased by Blackbaud will be returned promptly to the tendering stockholder.

None of Blackbaud, Inc., its Board of Directors, the Dealer Manager, the Information Agent or the Depositary makes any recommendation to stockholders as to whether to tender or refrain from tendering shares.

THIS PRESS RELEASE IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT AN OFFER TO BUY OR THE SOLICITATION OF AN OFFER TO SELL ANY SHARES OF BLACKBAUD, INC. COMMON STOCK. THE SOLICITATION OF OFFERS TO BUY BLACKBAUD, INC. COMMON STOCK WILL ONLY BE MADE PURSUANT TO AN OFFER TO PURCHASE AND RELATED MATERIALS DISTRIBUTED TO STOCKHOLDERS BY BLACKBAUD, INC. STOCKHOLDERS SHOULD CAREFULLY READ THOSE MATERIALS BECAUSE THEY CONTAIN IMPORTANT INFORMATION, INCLUDING THE VARIOUS TERMS AND CONDITIONS OF THE OFFER. STOCKHOLDERS CAN OBTAIN COPIES OF THE OFFER TO PURCHASE, RELATED MATERIALS AND OTHER DOCUMENTS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION THROUGH THE COMMISSION'S WEB SITE AT [HTTP://WWW.SEC.GOV](http://www.sec.gov) WITHOUT CHARGE. STOCKHOLDERS CAN ALSO OBTAIN COPIES OF THE OFFER TO PURCHASE AND RELATED MATERIALS, WITHOUT CHARGE, FROM BLACKBAUD, INC AS PROVIDED IN THE OFFER TO PURCHASE, OR FROM THE COMPANY'S INFORMATION AGENT, THE ALTMAN GROUP BY CALLING (800) 548-5210.

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## **About Blackbaud, Inc.**

Blackbaud is the leading global provider of software and related services designed specifically for nonprofit organizations. Approximately 13,000 organizations — including the American Red Cross, Bowdoin College, the Chesapeake Bay Foundation, the Crohn's & Colitis Foundation of America, the Detroit Zoological Society, Episcopal High School, Help the Aged, the New York Philharmonic and United Way of America — use Blackbaud products and consulting services for fundraising, financial management, business intelligence and school administration. Blackbaud's solutions include *The Raiser's Edge*®, *The Financial Edge*™, *The Education Edge*™, *The Patron Edge*™, *Blackbaud NetCommunity*™, *The Information Edge*™, *WealthPoint*™ and *ProspectPoint*™, as well as a wide range of consulting and educational services. Founded in 1981, Blackbaud is headquartered in Charleston, South Carolina, and has operations in Toronto, Ontario, Glasgow, Scotland, and Sydney, Australia.

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## **Forward-looking statements**

Except for historical information, all of the statements, expectations, and assumptions contained in this news release are forward-looking statements that involve a number of risks and uncertainties. Although Blackbaud attempts to be accurate in making these forward-looking statements, it is possible that future circumstances might differ from the assumptions on which such statements are based. In addition, other important factors that could cause results to differ materially include the following: risk associated with successful implementation of multiple integrated software products; lengthy sales and implementation cycles, particularly in larger organizations; uncertainty regarding increased business and renewals from existing customers; continued success in sales growth; adoption of our products and services by nonprofits; risks related to our dividend and stock repurchase program, including potential limitations on our ability to grow and the possibility that we might discontinue payment of dividends; risk associated with product concentration; economic conditions and seasonality; competition; risks associated with management of growth; risks associated with acquisitions; technological changes that make our products and services less competitive; the ability to attract and retain key personnel; and the other risk factors set forth from time to time in the SEC filings for Blackbaud, copies of which are available free of charge upon request from Blackbaud's investor relations department.