

Birch Hill Equity Partners Enters into an Agreement to Take Private Softchoice Corporation for \$20.00 per Common Share

Source: Softchoice (4/23/2013)

- Softchoice Board recommends that Shareholders support the Transaction

TORONTO, April 22, 2013 /CNW/ - Softchoice Corporation (TSX: SO), a leading North American provider of IT Solutions and Services, announced today that it has entered into an arrangement agreement (the "Arrangement") under which certain funds managed by Birch Hill Equity Partners will indirectly acquire all of the issued and outstanding common shares of Softchoice for cash at a price of \$20.00 per share (the "Transaction"), representing total equity value, on a fully diluted basis, of approximately \$412 million.

The Transaction is compelling for Softchoice shareholders offering immediate liquidity at a substantial premium. The \$20.00 per share consideration represents a 24% cash-adjusted¹ premium to the closing price on April 22, 2013 and a 27% cash-adjusted premium to the volume-weighted average price of Softchoice shares over the last 30 trading days and a 42% cash-adjusted premium to the volume-weighted average price of Softchoice shares over the last 60 trading days on the Toronto Stock Exchange.

The board of directors of Softchoice (the "Board"), based on the recommendation of its special committee (the "Special Committee") and with the benefit of advice from its financial and legal advisors, has unanimously determined that the Arrangement is in the best interests of Softchoice and recommends that shareholders of Softchoice (the "Shareholders") vote in favour of the Arrangement.

CIBC World Markets Inc., the financial advisor to the Special Committee, has orally provided a fairness opinion to the Special Committee to the effect that, as of the date of such opinion and subject to the assumptions, limitations and qualifications contained in such opinion, the consideration to be received by the Shareholders pursuant to the Arrangement Agreement is fair, from a financial point of view, to such Shareholders.

"Birch Hill is a very well respected private equity firm with an exceptional track record of investing in leading Canadian companies that have demonstrated strong future potential," said Bill Linton, Chairman of the Board. "The Board of Directors of Softchoice believes that this agreement is highly attractive to all stakeholders. It offers shareholders a substantial premium and a fully-funded all cash offer. It also provides management with the opportunity to continue the transformation of Softchoice's business with the sponsorship of a highly regarded organization."

"We have gone through remarkable change and growth in our transition to becoming a services company," said David MacDonald, President and CEO of Softchoice. "I am extremely proud of what we have accomplished and believe that this agreement with Birch Hill offers us the opportunity to more aggressively pursue our growth strategy and enhance our financial performance and strategic position over the long-term."

"Softchoice is a Canadian success story with a long history of creating value for its customers, employees, and shareholders. We look forward to working with David and his management team as they continue to build Softchoice into one of North America's leading technology solutions providers." stated Pierre Schuurmans, partner at Birch Hill.

¹The “cash adjusted” calculation deducts the Company’s cash on hand at December 31, 2012 from both its market capitalization and from the total acquisition price implied by the offer in order to better measure the premium being offered.

Details of the Arrangement

The Transaction will be carried out by way of a statutory Plan of Arrangement under the Canada Business Corporations Act, and will be subject to approval by (i) at least two-thirds of the votes cast in person or by proxy and as otherwise required by law at a special meeting of Shareholders (the “Meeting”) that is expected to be held in mid-June. The Transaction is also subject to the final approval of the Ontario Superior Court of Justice following the Meeting.

Under the terms of the Arrangement Agreement, the Transaction is also subject to the receipt of applicable regulatory approvals (including approval under the *Competition Act* (Canada) and the U.S. *Hart-Scott Rodino Antitrust Improvements Act*) and the satisfaction of certain closing conditions customary in transactions of this nature, including the absence of material adverse changes in the business and affairs of Softchoice. The Transaction is not conditional on Birch Hill obtaining financing.

The Arrangement Agreement contains customary non-solicitation provisions which restrict Softchoice from soliciting or entertaining any third party acquisition proposals, subject to customary “fiduciary out” provisions that entitle Softchoice to consider and accept a superior proposal subject to a matching right in favour of Birch Hill. If the Arrangement Agreement is terminated in certain circumstances, including if Softchoice enters into an agreement with respect to a superior proposal or if the Board withdraws its recommendation with respect to the Arrangement, Birch Hill is entitled to a termination payment of \$12 million. Softchoice is entitled to a reverse break fee of \$12 million if the Arrangement Agreement is terminated in certain circumstances due to the fault of Birch Hill.

Softchoice’s directors and certain senior executive officers have entered into voting agreements which provide that they will vote the Softchoice shares held by them in favour of the resolution authorizing the Arrangement. As part of the Transaction, certain members of senior management, may be rolling-over a portion of their equity interests in Softchoice into equity in the entity that will be acquiring Softchoice.

The upcoming annual meeting of Shareholders scheduled for May 15, 2013 is being postponed until June 28, 2013 and will be cancelled if the Arrangement has been completed by then.

The Company has agreed that it will not pay any dividends prior to the date of the completion of the Transaction. Accordingly, there will be no quarterly dividend payment that would otherwise have been payable in June.

The terms and conditions of the Transaction will be summarized in Softchoice's management information circular, which will be mailed to Shareholders. A copy of the Arrangement Agreement will be available on Softchoice’s website at www.softchoice.com and on SEDAR at www.sedar.com.

The Special Committee’s exclusive financial advisor is CIBC World Markets Inc. and their legal counsel is Borden Ladner Gervais LLP. Birch Hill has engaged TD Securities Inc. as exclusive financial advisor and Stikeman Elliott LLP as legal counsel in connection with the transaction. In addition, TD Securities Inc. has fully underwritten the acquisition financing.

About SOFTCHOICE

As a leading North American provider of technology solutions and services, Softchoice combines the efficiency and reliability of a national IT supplier with the personal touch and technical expertise of a local solutions provider. Softchoice's holistic approach to technology includes solution design, implementation and asset management and cloud services, as well as access to one of the most comprehensive and cost-effective technology distribution networks in North America. With over 1,200 employees, Softchoice manages the technology needs of thousands of corporate and public sector organizations across the United States and Canada.

Softchoice stock is listed on the Toronto Stock Exchange (TSX) under the trading symbol "SO." The common shares of Softchoice are not registered under the U.S. Securities Act of 1933 and are not publicly traded in the United States.

About Birch Hill

With \$2 billion in capital under management, 20 partner companies and 31 fully realized investments since 1994, Birch Hill is the leader in long-term value creation in the Canadian mid-market. As a group, Birch Hill's partner companies represent one of Canada's largest corporate entities with over \$4.7 billion in total revenue and more than 28,000 employees. For more information about Birch Hill Equity Partners, please visit www.birchhillequity.com.

Forward-Looking Information

This press release contains forward-looking statements that involve risks and uncertainties. These forward-looking statements relate to expectations, intentions and plans contained in this press release that are not historical fact. When used in this press release, the words "anticipate", "expect", "will" and similar expressions generally identify forward-looking statements. These statements reflect our current expectations and are subject to a number of risks and uncertainties including, but not limited to, change in technology and general market conditions, many of which are set out or incorporated by reference in Softchoice's latest Annual Information Form. Due to the many risks and uncertainties, Softchoice cannot assure that the forward-looking statements contained in this press release will be realized.

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