



## CONSTELLATION SOFTWARE INC. ANNOUNCES RIGHTS OFFERING OF DEBENTURES

**Toronto, Ontario – June 16, 2014** – Constellation Software Inc. (TSX: CSU) (the “**Company**”) has announced a rights offering (the “**Rights Offering**”) pursuant to which the Company will distribute rights (the “**Rights**”) that will entitle holders of common shares (“**Common Shares**”) of the Company (the “**Shareholders**”) on the applicable record date to purchase up to C\$100 million aggregate principal amount of unsecured subordinated floating rate debentures of the Company (the “**Debentures**”). The Company will not issue any Debentures unless a minimum C\$50 million principal amount of Debentures will be issuable upon the exercise of Rights by the holders thereof.

The net proceeds of the Rights Offering are expected to be used by the Company to pay down indebtedness under its existing credit facility (the “**Credit Facility**”).

Under the terms of the Rights Offering, Shareholders will receive one Right for each Common Share held. For every 21.192 Rights held, the holder of such Rights will be entitled to subscribe for C\$100 principal amount of Debentures. The Rights and the Debentures will be qualified for distribution in each province and territory of Canada by way of a short form prospectus.

The Rights will be exercisable until 4:30 p.m. (Toronto time) (the “**Expiry Time**”) on November 7, 2014 (the “**Expiry Date**”) at a price of C\$95.00 per C\$100 principal amount of Debentures purchased. Rights not fully exercised prior to the Expiry Time on the Expiry Date will be void and of no further value.

The Debentures will have a maturity date of March 31, 2040 (the “**Maturity Date**”). The Debentures will be issuable only in denominations of C\$100 and integral multiples thereof and, from and including the date of issue to but excluding March 31, 2015, will bear interest at a rate of 7.4% per annum (the “**Initial Rate**”). From and including March 31, 2015 to but excluding the Maturity Date, the interest rate applicable to the Debentures will be reset on an annual basis on March 31 of each year, at a rate equal to the annual average percentage change in the All-items Consumer Price Index during the 12 month period ending on December 31 in the prior year (which amount may be positive or negative) plus 6.5% (the “**Floating Interest Rate**”). Notwithstanding the foregoing, the interest rate applicable to the Debentures will not be less than 0%. Interest, if any, will be payable quarterly in arrears in equal instalments on March 31, June 30, September 30 and December 31 in each year, commencing on March 31, 2015. The first interest payment will include interest accrued from and including the date of the closing of the offering to, but excluding, March 31, 2015. The Initial Rate will only apply to the Debentures in respect of the first interest payment on March 31, 2015. Effective March 31, 2015, the interest rate payable on the Debentures will be based on the applicable Floating Interest Rate.

All payments in respect of the Debentures will be subordinated in right of payment to the prior payment in full of all senior indebtedness of the Company, which includes the Credit Facility.

The Company will not have the right to redeem the Debentures prior to March 31, 2015. On March 31 of each year beginning on March 31, 2015, the Debentures may be redeemed, in whole or in part, at the option of the Company on not more than five years and 15 days' and not less than five years' notice to holders of Debentures, at a price equal to the principal amount thereof plus accrued and unpaid interest up to but excluding the date fixed for redemption. For example, if the Company chooses to exercise its right to redeem the Debentures on March 31, 2015, the Company would be required to deliver notice of such redemption to holders of Debentures during the period beginning on March 16, 2015 and ending on March 31, 2015, and the effective date of redemption would be March 31, 2020. Given the foregoing, the first possible redemption date will be March 31, 2020.

Holders of Debentures will not have the right to require the Company to repurchase all or any portion of the Debentures prior to March 31, 2015. On March 31 of each year beginning on March 31, 2015, holders of Debentures may require the Company to repurchase (or may "put") the Debentures, in whole or in part, on not more than five years' and 15 days' and not less than five years' notice to the Company, at a price equal to the principal amount thereof plus accrued and unpaid interest up to but excluding the date fixed for repurchase. For example, if a holder of Debentures chooses to exercise its rights to have the Company repurchase such holder's Debentures on March 31, 2015, the holder would be required to deliver notice of such repurchase to the Company during the period beginning on March 16, 2015 and ending on March 31, 2015, and the effective date of repurchase would be March 31, 2020. Given the foregoing, the first possible repurchase date will be March 31, 2020.

The Company's ability to redeem or repurchase the Debentures will be subject to compliance with the terms of its senior indebtedness, including the Credit Facility, at the time of redemption or repurchase.

Further details regarding the Rights Offering can be found in the preliminary short form prospectus of the Company which has been filed on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Forward Looking Statements**

The statements contained in this press release which are not historical facts are forward-looking statements, which involve risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Words such as "may", "will", "expect", "believe", "plan", "intend", "should", "anticipate" and other similar terminology are intended to identify forward-looking statements. These statements reflect current assumptions and expectations regarding future events and speak only as of the date of this press release. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to vary significantly from the results discussed in the forward-looking statements.

**About Constellation Software Inc.**

The Common Shares are listed on the TSX under the symbol “CSU”. The Company acquires, manages and builds vertical market software businesses.

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