



Dear Shareholder:

On February 3, 2012, SofTech, Inc.'s Board of Directors adopted a shareholder rights agreement. This letter contains a summary of the rights agreement as well as answers to some of the questions you may have about how the rights agreement affects your SofTech common stock.

What is the purpose of the rights agreement?

The rights agreement is designed to preserve the value of SofTech's federal net operating loss carryforwards ("NOLs") from unintended limitation under Section 382 of the Internal Revenue Code ("Section 382"), and thus enable all SofTech shareholders to realize the long-term value of their investment in the company. As of May 31, 2011 SofTech had net operating loss carryforwards of approximately \$18.3 million. NOLs can generally be used to offset future taxable income and, therefore, reduce federal income tax obligations. However, SofTech's ability to use its NOLs will be limited by Section 382 if an "ownership change" occurs. Generally, an "ownership change" under Section 382 occurs if, at any time, one or more shareholders owning 5% or more of a company's common stock increase their ownership by more than 50% over a rolling three-year period. While the rights agreement does not guarantee prevention of such an "ownership change", it was adopted to reduce the likelihood of an ownership change occurring that would result in an unintended triggering of Section 382 and the resulting restrictions on SofTech's use of its NOLs. The SofTech Board's action in adopting the rights agreement at this time was not in response to any specific transaction or proposed transaction.

What is a right?

The rights issued under the rights agreement represent an opportunity (but not an obligation) to purchase certain SofTech securities, or in certain cases, securities of any entity that acquires SofTech, but only during the period when these rights are exercisable and subject to certain other limitations. The rights expire upon the earlier of (i) the exhaustion of our NOLs and (ii) February 2, 2015, unless that date is advanced or extended or unless the rights are earlier redeemed or exchanged by SofTech.

When are these rights exercisable?

Initially, the rights are not exercisable. The rights would only become exercisable when a person acquires beneficial ownership of 4.99% or more of SofTech's common stock or commences a tender offer for 4.99% or more of SofTech's common stock, unless, in either case, the transaction is approved by SofTech's Board of Directors.

How many rights did I receive?

One right was issued for every share of SofTech's common stock that was outstanding at the close of business on February 15, 2012.

Will I be receiving a new stock certificate?

No. However, if in the future the rights separate from the common stock and become exercisable, then separate rights certificates would be distributed.

Do these rights change the number of shares of SofTech common stock that I own as of February 15, 2012?

No, you will continue to own the same number of shares of SofTech's common stock that you owned prior to February 15, 2012.

Are there tax consequences to the issuance of the rights?

The distribution of the rights should not be taxable to shareholders or to SofTech for U.S. federal tax purposes.

Can I sell my rights or buy more rights?

Not now. At this point the rights are attached to, and automatically trade with, SofTech's common stock and therefore may not be bought or sold separately from SofTech's common stock. The rights will not separate from the common stock unless they become exercisable.

Can SofTech redeem my rights?

Yes, SofTech can redeem your rights at \$0.001 per right at any time prior to the date that a person acquires beneficial ownership of 4.99% or more of SofTech's common stock.

Do I need to do anything to acquire these rights?

No. They automatically become attached to your stock as of the close of business on February 15, 2012. You should, however, keep this letter and the attached Summary of Rights together with your stock certificate.

How can I learn more about the shareholder rights plan?

If you would like more information about the rights agreement, we encourage you to read the following summary. The full text of the Rights Agreement is available at <http://www.softech.com/cdocs/RightsAgreement.pdf>.

Sincerely,

Joseph P. Mullaney
President and Chief Executive Officer