



FOR IMMEDIATE RELEASE

ARI Network Services, Inc., Provides Supplemental Proxy Voting Information

Milwaukee, Wis., December 2, 2016 – ARI Network Services (NASDAQ: [ARIS](#)) today mailed a letter to its stockholders in connection with the Company’s upcoming 2017 Annual Meeting of Stockholders to be held on January 5, 2017.

The full text of the letter being mailed to stockholders follows:

PROTECT YOUR INVESTMENT

VOTE THE ENCLOSED WHITE PROXY CARD TODAY!

December 2, 2016

Dear Fellow Shareholder,

You may have seen Park City Capital, LLC’s (Park City) most recent press release concerning ARI Network Services, Inc. (ARI or ARIS). Instead of making the case for the qualifications and track record of its nominees, Park City has immediately reduced itself to a strategy of character assassination, misleading half-truths and manipulation of facts. We consider Park City’s allegations and statements in the release to be little more than a distraction, and they do nothing to support their own candidates or refute ARI’s strong performance record. We expect similarly styled press releases and communications from Park City in the future as they are unable to stand on the qualifications and track record of their own nominees. We refuse to engage in the point-by-point mudslinging contest that Park City seemingly wishes to provoke. Rather, we want to reiterate the points in our prior communication as well as address four issues that we believe are of primary importance to our shareholders.

Park City’s Baseless Allegations Against William C. Mortimore Regarding Merge Healthcare

Mr. Mortimore has served on ARI’s board since 2004 and has been Chairman of ARI’s audit committee since 2007. During his tenure, and due in large part to his careful and conscientious oversight, ARI’s corporate governance and financial reporting have been strong and transparent, with:

- No instances of financial restatements
- No material weaknesses in internal controls over financial reporting or similar issues

It is clear that Park City’s distorted version of Mr. Mortimore’s history at Merge Healthcare Inc. was carefully crafted to impugn his character and reputation by implying that he was in some way implicated in fraudulent activities. However, even a close reading of Park City’s own account reveals that any such implication is completely unfounded. **In fact, after an extremely thorough and exhaustive investigation**



of the events in question, the SEC affirmatively notified Mr. Mortimore that he would not be the subject of any enforcement action or ongoing investigation, effectively exonerating him from any allegation of wrongdoing in the matter. It is telling that the Board of Merge Healthcare had the confidence in Mr. Mortimore to turn to him in 2006 to help shepherd the company through the complex investigation as its interim CEO, stating in a company press release that, “With a continuing commitment to the Company he originally built, Bill is uniquely suited to lead the Company at this time.”

Mr. Mortimore founded Merge Healthcare in the basement of his home and built it into a thriving enterprise. Merge Healthcare was recently acquired by IBM in a transaction valued at \$1 billion.

In order to further attempt to distract you from the weakness of its own position and the strength of ARIS’s nominees and performance, we anticipate that Park City may next raise a 35+ year-old matter in which Mr. Mortimore was subject to an SEC consent decree relating to alleged misrepresentations made to investors in the course of a project financing, presumably without mentioning that Mr. Mortimore incurred no sanctions or fines and admitted no wrongdoing in connection with that matter. We do not believe this decades-old matter in any way detracts from Mr. Mortimore’s value as a member of our Board of Directors. **Mr. Mortimore enjoys the full support and confidence of ARI’s Board of Directors.**

We reject in the strongest possible terms Park City’s obvious and shameful attempt to distort Mr. Mortimore’s track record, and we are confident that our fellow shareholders will do the same.

ARI’s Strategy IS Working

We believe ARIS’s performance over past few years speaks for itself. **Most notably**¹:

- **For the calendar year-to-date 2016 through November 30, total shareholder return for ARIS was 18%, outperforming the NASDAQ Composite Index (NASDAQ) by 12% and the Dow Jones Industrial Average (DOW) by 8%**
- **For each of the 12-, 24- and 36-month periods ended November 30, 2016, total shareholder return outperformed NASDAQ by no less than 27% and the DOW by no less than 29%**
- **For the five-year period ended November 30, total shareholder return was 271%, outperforming NASDAQ by 168% and the DOW by 212%**
- **Since the Financial Crisis of 2007 to 2008, ARIS has delivered a total shareholder return of 391%, outperforming NASDAQ by 153% and the DOW by 273%**²
- **ARIS’s stock price has increased from \$0.50 in October 2010 to \$5.44 in October 2016**

These strong returns were made possible due to management of ARIS, under the careful direction of our Board of Directors, executing on our growth strategy, delivering:

- **Revenue growth from \$30.1 million to \$47.7 million, or 58%**

¹ All financial results are based on FY13 to FY16 year-end results, unless otherwise noted.

² Based on the Yahoo Finance closing stock prices on January 1, 2009, and November 30, 2016, respectively.

- A transition from an operating loss to operating income of over \$3.5 million
- Cash flow from operations growing from \$2.4 million to \$7.7 million or 221%
- A three-year daily trading volume increase of 3130%; and a five-year daily trading volume increase of 382%³

Your Board and management team are confident in our belief that our strategy will continue to work and produce significant results. **The highly qualified, experienced Directors nominated by your Board have been, and continue to be, critical members of our team.** We have maintained our diligent focus on growing the business both organically and by acquisition. By executing on our strategic plan, we have been able to **invest in the future while continuing to deliver results for shareholders.**

At Board meetings, our Directors regularly review comparable market valuation metrics and comparable transactions in the marketplace, consistently weighing that data against our view of the long-term prospects of ARIS. Further, contrary to assertions made by Mr. Fox, our ultimate goal is to maximize value for ARIS's shareholders, which may or may not include selling the Company.

ARIS Board Nominees

ARIS believes its director nominees bring unique, relevant and important experience to the Board.

William C. Mortimore

- Extensive public company experience as a business operator, board member and audit committee chair
- Extensive technical background that brings unique expertise with IT infrastructure, cyber security and software development
- Lead the successful initial public offering of Merge Healthcare while serving as the CEO
- A long track record of delivering results to ARI's shareholders

Robert Y. Newell, IV

- Extensive public company experience, serving three public companies as CFO and completing four initial public offerings
- Experience with strategic corporate collaborations, licensing agreements and sales
- Experience as founding investor in technology and life science companies in Silicon Valley
- Long-term relationships in commercial and investment banking markets
- A long track record of delivering results to ARI's shareholders

³ Based on the Yahoo Finance closing volume data for ARIS as of November 15, 2016, November 15, 2013, and November 15, 2011.

Neither of Park City's Nominees possess these skills or would bring any new or relevant experience, skills or competencies to the Board. We would encourage you to review our Letter and definitive Proxy Statement dated November 28, 2016, for additional information.

Executive Compensation

ARIS's strategy as it relates to executive compensation is to align short-term cash compensation and long-term equity compensation to shareholder value. Park City failed to mention in its release that a majority of our CEO's and CFO's long-term compensation is in the form of restricted shares of ARIS common stock that will not vest until ARIS' volume weighted average stock price reaches and maintains at \$6.00 per share, \$7.00 per share, \$8.00 per share and \$9.00 per share. We believe the current long-term equity compensation clearly aligns with shareholder interests.

Short-term cash compensation consists of an annual salary and bonus. A survey of executive compensation at publicly traded software companies with revenues between \$25 million and \$100 million (roughly half our size to two times our size) reveals that the aggregate compensation of our three named executive officers is below the average compensation of their peers within the survey companies.⁴ This means that over 50% of the public companies in the survey pay executives more than ARI. Further, the bonus portion of our officers' compensation is a higher percentage of their total earnings, meaning they have more compensation at risk than their counterparts.

For reference, in order for ARI's executives to earn their bonus, they must perform against an annual recurring revenue growth target and an annual adjusted EBITDA target. Lastly, a survey with the same criteria run by the same organization reveals that the compensation of our directors is also below the average compensation of directors in similar size organizations. **While our executive compensation is below the average of our peers, an analysis of the five-year stock price returns of companies in the same survey places ARI at the very top⁵.**

In Conclusion — ARIS Board is Highly Qualified, Delivering Results and Aligned with ALL Shareholders

Your Board is comprised of six highly qualified and very experienced Directors, five of who are independent and all of who are actively engaged in overseeing initiatives for enhancing shareholder value. There is a broad and diverse set of skills and experiences represented on your Board, including in the areas of technology, strategic planning, mergers and acquisitions, corporate governance, legal, accounting,

⁴ Based upon data compiled by Equilar.

⁵ For the five years ending 12/1/2016. Returns could not be calculated for two of the firms in the survey.



finance, marketing, risk management, capital allocation and the public markets. **With an aggregate ownership of over 10.30% of ARIS's equity, the interests of your entire Board and your Executive Officers are fully aligned with our fellow shareholders, and we are fully invested in the future success of ARIS.**

We believe that our two highly-qualified and very experienced director nominees for election to your Board at the upcoming Annual Meeting – **Robert Y. Newell, IV and William C. Mortimore** – have the integrity, knowledge, investor perspective, breadth of relevant and diverse experiences, relationships and commitment to the long-term success of ARIS necessary to enable ARIS to continue executing on its strategic initiatives.

PROTECT YOUR INVESTMENT!

YOUR VOTE IS IMPORTANT FOR THE FUTURE OF ARIS

Your vote at the upcoming Annual Meeting is important in shaping our future, no matter how many shares you own. We are asking for your support by voting the **WHITE** proxy card or voting instruction form to **VOTE FOR ALL** of your Board's highly qualified and experienced nominees to ensure that ARIS continues its successful long-term plan to build long-term shareholder value. Whether or not you plan to attend the Annual Meeting, we urge you to sign, return and date the enclosed **WHITE** proxy card or voting instruction form today in the postage-paid envelope provided. If you are voting by phone or Internet, please follow the instructions on the enclosed **WHITE** proxy card or voting instruction form. Please vote each and every **WHITE** proxy card or voting instruction form you receive since you may hold multiple accounts.

We also urge you to discard any blue proxy card or voting instruction form that you may receive from Park City. Even a WITHHOLD vote with respect to Park City's nominees on its blue proxy card or voting instruction form will cancel any proxy or voting instruction form previously given to ARIS.

We ask you to VOTE the WHITE proxy card today in favor of your Board's highly qualified and very experienced nominees who will be committed to executing on a strategic plan that has already delivered increased growth, increased profitability and achieved 299% shareholder returns over the last five years.

On behalf of your Board of Directors, we thank you for your continued support. We look forward to communicating further with you in the coming weeks.

Sincerely,

The Board of Directors
ARI Network Services, Inc.



If you have any questions or require assistance with your vote, please contact our proxy solicitor:

**M O R R O W
S O D A L I**

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**Banks and Brokerage Firms Call: (203) 658-9400
Shareholders Call Toll Free: (800) 662-5200**

About ARI

ARI Network Services, Inc. (ARI) (NASDAQ: [ARIS](#)) offers an award-winning suite of SaaS, software tools, and marketing services to help dealers, manufacturers and distributors in selected vertical markets Sell More Stuff!™ – online and in-store. Our innovative products are powered by a proprietary data repository of enriched original equipment and aftermarket electronic content spanning more than 17 million active part and accessory SKUs and 750,000 equipment/vehicle models. Business is complicated, but we believe our customers' technology tools don't have to be. We remove the complexity of selling and servicing new and used vehicle inventory, parts, garments and accessories for customers in the automotive tire and wheel aftermarket, powersports, outdoor power equipment, marine, recreational vehicle, home medical equipment, and appliance industries. More than 23,500 dealers, 195 distributors and 3,360 brands worldwide leverage our web and eCatalog platforms to Sell More Stuff!™ For more information on ARI, visit investor.arinet.com.

Additional Information

- Follow @ARI_Net on Twitter: twitter.com/ARI_Net
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Notice Regarding Forward-Looking Statements

Certain statements in this news release contain “forward-looking statements” regarding future events and our future results that are subject to the safe harbors created under the Securities Act of 1933. All statements other than statements of historical facts are statements that could be deemed to be forward-looking statements. These statements are based on current expectations, estimates, forecasts, and projects about the markets in which we operate and the beliefs and assumptions of our management. Words such as “expects,” “anticipates,” “targets,” “goals,” “projects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “endeavors,” “strives,” “may,” or variations of such words, and similar expressions are intended to identify such forward-looking statements. Readers are cautioned that these forward-looking statements are subject to a number of risks, uncertainties and assumptions that are difficult to predict, estimate or verify. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. Such risks and uncertainties include those factors described in Part 1A of the company’s most recent annual report on Form 10-K, as such may be amended or supplemented by subsequent quarterly reports on Form 10-Q, or other reports filed with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements are made only as of the date hereof, and the company undertakes no obligation to publicly release the result of any revisions to these forward-looking statements. For more information, please refer to the company’s filings with the Securities and Exchange Commission.

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