

ARI NETWORK SERVICES INC /WI  
Form DEFA14A  
December 13, 2016

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

SCHEDULE 14A INFORMATION  
(Rule 14a – 101)

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934  
(Amendment No. \_\_)

Filed by the Registrant  
Filed by the Party other than the Registrant  
Check the appropriate box:  
Preliminary Proxy Statement  
Confidential, for Use of the Commission Only (as permitted by Rule 14a-6 (e)(2))  
Definitive Proxy Statement  
Definitive Additional Materials  
Soliciting Material Pursuant to §240.14a-12

ARI NETWORK SERVICES, INC.  
(Name of Registrant as Specified In Its Charter)  
(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):  
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(3) Filing Party:

(4) Date Filed:

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PROTECT YOUR INVESTMENT

VOTE THE ENCLOSED WHITE PROXY CARD TODAY!

December 13, 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). We know that you may be feeling overwhelmed with communications on this matter, but we want to take a few moments of your time to update and/or reiterate the points in our prior communications that we believe are of primary importance to our shareholders.

ARI's Strategy IS Working

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

- 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%
- ARIS's stock price has increased from \$0.50 in October 2010 to \$5.44 in October 2016

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

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

- 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%

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 Park City, our ultimate goal is to maximize value for ARIS's shareholders, which may or may not include selling the Company.

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## 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

Based on our review, we do not believe that either 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.

**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 whom are independent and all of whom 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, finance, marketing, risk management, capital allocation and the public markets. In addition, ARI's Board consists of members who have experience in sale transactions, both public and private. In addition, the Board considers it their fiduciary duty to consider all possibilities, including a sale transaction, in any comprehensive review of alternatives to maximizing shareholder value.

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 strategies for maximizing shareholder value.

William C. Mortimore's Record with ARI

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
- No material Code of Business Conduct and Ethics policy violations
- No material Whistleblower Policy reports

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We would like to add that Mr. Mortimore is one of the loudest voices in our board room regarding the importance of corporate governance and has been one of the strongest proponents of ARI's comprehensive Code of Business Conduct and Ethics and Whistleblower Policy. We believe that ARI's record during Mr. Mortimore's more than 10-year tenure on the Board, both in terms of corporate governance and in delivering total shareholder return, reflects the seriousness that he and all the other members of your Board bring to the job every day.

In our letter of December 2, 2016, we noted in our discussion of the events that took place at Merge Healthcare Inc. that "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". As a point of clarification, we wish to note that while Mr. Mortimore did in fact receive such a notification from the SEC, the SEC's decision not to pursue an enforcement action did not constitute an "exoneration" of Mr. Mortimore.

Mr. Mortimore enjoys the full support and confidence of ARI's Board of Directors.

**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 BOTH of your Board's highly-qualified and experienced nominees to ensure that ARIS continues its successful 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 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.

We thank you for your continued support and look forward to communicating further with you in the coming weeks.

Sincerely,

The Board of Directors  
ARI Network Services, Inc.

PLEASE VOTE THE WHITE PROXY CARD TODAY

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

MORROW

SODALI

470 West Avenue

Stamford, CT 06902

Banks and Brokerage Firms Call: (203) 658-9400

Shareholders Call Toll Free: (800) 662-5200

#### Important Additional Information

ARI has filed a definitive proxy statement on Schedule 14A (the Proxy Statement) with the Securities and Exchange Commission (SEC) in connection with its Board of Directors' solicitation of proxies to vote in favor of the directors nominated by the Board and to vote on the other matters described therein and any other matters that properly come before the 2017 Annual Meeting of Shareholders. On November 28, 2016, ARI commenced the mailing of the Proxy Statement and a WHITE proxy card to each ARI shareholder entitled to vote at the Annual Meeting. ARI has engaged Morrow Sodali (Morrow) to assist it in soliciting proxies from its shareholders. ARI has agreed to pay customary compensation to Morrow for such services and to indemnify Morrow and certain related persons against certain liabilities relating to or arising out of the engagement. Directors and certain officers of ARI may solicit proxies, although they will receive no additional compensation for such services. Information regarding securities ownership by the Board of Directors and certain members of management as of October 28, 2016, is contained in the Proxy Statement. ARI shareholders should read the Proxy Statement (including any amendments or supplements thereto) because these documents contain (or will contain) important information. The Proxy Statement and other public filings made by ARI with the SEC are available without charge from the SEC's website at [sec.gov](http://sec.gov) and from ARI at <http://investor.arinet.com>.

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