

ARI NETWORK SERVICES INC /WI  
Form DEFM14A  
July 31, 2017  
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

SCHEDULE 14A

(RULE 14a-101)

Proxy Statement Pursuant to Section 14(a)  
of the Securities Exchange Act of 1934

Filed by the Registrant  Filed by a 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)**

N/A

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

Proposed maximum aggregate value of transaction:

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Amount Previously Paid:

(1)

Form, Schedule or Registration Statement No.:

(2)

Filing Party:

(3)

Date Filed:

(4)

**ARI Network Services, Inc.**  
**10850 West Park Place, Suite 1200**  
**Milwaukee, Wisconsin 53224**  
July 31, 2017

To the Shareholders of ARI Network Services, Inc.:

You are cordially invited to attend a special meeting of shareholders (the Special Meeting) of ARI Network Services, Inc., a Wisconsin corporation (ARI, the Company, we, us, or our), to be held on August 28, 2017, at 9:00 a.m., 10:00 a.m., or 11:00 a.m. local time, at 10850 West Park Place, Suite 1200, Milwaukee, Wisconsin 53224.

At the Special Meeting, you will be asked to consider and vote on a proposal to approve and adopt the Agreement and Plan of Merger (as it may be amended from time to time, the Merger Agreement), dated June 20, 2017, by and among ARI, Expedition Holdings LLC, a Delaware limited liability company (Parent), and Expedition Merger Sub, Inc., a Wisconsin corporation and a direct wholly owned subsidiary of Parent (Merger Sub). Parent and Merger Sub were formed by affiliates of True Wind Capital, L.P. (TWC). Pursuant to the terms of the Merger Agreement, Merger Sub will merge with and into ARI (the Merger), and ARI will become a wholly owned subsidiary of Parent. At the Special Meeting, you will also be asked to consider and vote on a non-binding, advisory proposal to approve compensation that will or may become payable by ARI to its named executive officers in connection with the Merger.

If the Merger is completed, you will be entitled to receive \$7.10 in cash, without interest, for each share of common stock that you own, which represents a premium of approximately 33% to ARI's average closing price for the period of 60 trading days ending June 20, 2017, the date of the Merger Agreement.

**The Board of Directors of ARI (the Board or Board of Directors), after considering the factors more fully described in the enclosed proxy statement, has unanimously (1) determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement are advisable to, fair to and in the best interests of ARI and its shareholders; and (2) adopted and approved the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement. The Board of Directors unanimously recommends that you vote (1) **FOR** the approval and adoption of the Merger Agreement; (2) **FOR** the adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to approve and adopt the Merger Agreement at the time of the Special Meeting; and (3) **FOR** the proposal to approve, by non-binding, advisory vote, compensation that will or may become payable by ARI to its named executive officers in connection with the Merger.**

The enclosed proxy statement provides detailed information about the Special Meeting, the Merger Agreement and the Merger. A copy of the Merger Agreement is attached as Annex A to the proxy statement. The proxy statement also describes the actions and determinations of the Board of Directors in connection with its evaluation of the Merger Agreement and the Merger. We encourage you to read the proxy statement and its annexes, including the Merger Agreement, carefully and in their entirety, as they contain important information.

Whether or not you plan to attend the Special Meeting in person, please sign, date and return, as promptly as possible, the enclosed proxy card in the accompanying prepaid reply envelope or grant your proxy electronically over the Internet or by telephone. If you attend the Special Meeting and vote in person by ballot, your vote will revoke any proxy that you have previously submitted.

If you hold your shares in street name, you should instruct your bank, broker or other nominee how to vote your shares in accordance with the voting instruction form that you will receive from your bank, broker or other nominee. Your bank, broker or other nominee cannot vote on any of the proposals, including the proposal to approve and adopt the Merger Agreement, without your instructions.

**Your vote is very important, regardless of the number of shares that you own. We cannot complete the Merger unless the proposal to approve and adopt the Merger Agreement is approved by the affirmative vote of the holders of at least a majority of the outstanding shares of ARI common stock.**

If you have any questions or need assistance voting your shares, please contact our Proxy Solicitor:

Morrow Sodali LLC  
470 West Avenue 3rd floor  
Stamford, CT 06902

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

On behalf of the Board of Directors, I thank you for your support and appreciate your consideration of this matter.

Sincerely,

/s/ William H. Luden, III  
William H. Luden, III  
*Chairman of the Board of Directors*

The accompanying proxy statement is dated July 31, 2017 and, together with the enclosed form of proxy card, is first being mailed on or about July 31, 2017.

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**ARI Network Services, Inc.  
10850 West Park Place, Suite 1200  
Milwaukee, Wisconsin 53224**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON AUGUST 28, 2017**

Notice is hereby given that a special meeting of shareholders (the Special Meeting) of ARI Network Services, Inc., a Wisconsin corporation (ARI, the Company, we, us, or our), will be held on August 28, 2017, at 9:00 a.m., local at 10850 West Park Place, Suite 1200, Milwaukee, Wisconsin 53224, for the following purposes:

1. To consider and vote on the proposal to approve and adopt the Agreement and Plan of Merger (as it may be amended from time to time, the Merger Agreement), dated June 20, 2017, by and among ARI, Expedition Holdings LLC, a Delaware limited liability company (Parent), and Expedition Merger Sub, Inc., a Wisconsin corporation and direct wholly owned subsidiary of Parent (Merger Sub). Parent and Merger Sub were formed by affiliates of True Wind Capital, L.P. (TWC). Pursuant to the terms of the Merger Agreement, Merger Sub will merge with and into ARI (the Merger), and ARI will become a wholly owned subsidiary of Parent;
2. To consider and vote on any proposal to adjourn the Special Meeting to a later date or dates if necessary or appropriate to solicit additional proxies if there are insufficient votes to approve and adopt the Merger Agreement at the time of the Special Meeting;
3. To consider and vote on the proposal to approve, by non-binding, advisory vote, compensation that will or may become payable by ARI to its named executive officers in connection with the Merger; and
4. To transact any other business that may properly come before the Special Meeting or any adjournment, postponement or other delay of the Special Meeting.

Only shareholders of record as of the close of business on July 28, 2017 are entitled to notice of the Special Meeting and to vote at the Special Meeting or any adjournment, postponement or other delay thereof.

**The Board of Directors unanimously recommends that you vote (1) FOR the approval and adoption of the Merger Agreement; (2) FOR the adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to approve and adopt the Merger Agreement at the time of the Special Meeting; and (3) FOR the proposal to approve, by non-binding, advisory vote, compensation that will or may become payable by ARI to its named executive officers in connection with the Merger.**

Whether or not you plan to attend the Special Meeting in person, please sign, date and return, as promptly as possible, the enclosed proxy card in the accompanying prepaid reply envelope or grant your proxy electronically over the Internet or by telephone. If you attend the Special Meeting and vote in person by ballot, your vote will revoke any proxy that you have previously submitted. If you hold your shares in street name, you should instruct your bank, broker or other nominee how to vote your shares in accordance with the voting instruction form that you will receive from your bank, broker or other nominee. Your bank, broker or other nominee cannot vote on any of the proposals, including the proposal to approve and adopt the Merger Agreement, without your instructions.

By the Order of the Board of Directors,  
/s/ William A. Nurthen

William A. Nurthen  
*Secretary*

Dated: July 31, 2017

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**YOUR VOTE IS IMPORTANT**

WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING IN PERSON, WE ENCOURAGE YOU TO SUBMIT YOUR PROXY AS PROMPTLY AS POSSIBLE (1) BY TELEPHONE; (2) THROUGH THE INTERNET; OR (3) BY SIGNING AND DATING THE ENCLOSED PROXY CARD AND RETURNING IT IN THE POSTAGE-PAID ENVELOPE PROVIDED. You may revoke your proxy or change your vote at any time before it is voted at the Special Meeting.

If you hold your shares in street name, you should instruct your bank, broker or other nominee how to vote your shares in accordance with the voting instruction form that you will receive from your bank, broker or other nominee. Your broker or other agent cannot vote on any of the proposals, including the proposal to approve and adopt the Merger Agreement, without your instructions.

If you are a shareholder of record, voting in person by ballot at the Special Meeting will revoke any proxy that you previously submitted. If you hold your shares through a bank, broker or other nominee, you must obtain a legal proxy in order to vote in person at the Special Meeting.

If you fail to (1) return your proxy card; (2) grant your proxy electronically over the Internet or by telephone; or (3) attend the Special Meeting in person, your shares will not be counted for purposes of determining whether a quorum is present at the Special Meeting and, if a quorum is present, will have the same effect as a vote AGAINST the proposal to approve and adopt the Merger Agreement but will have no effect on the other two proposals.

We encourage you to read the accompanying proxy statement and its annexes, including all documents incorporated by reference into the accompanying proxy statement, carefully and in their entirety. If you have any questions concerning the Merger, the Special Meeting or the accompanying proxy statement, would like additional copies of the accompanying proxy statement or need help voting your shares of common stock, please contact our Proxy Solicitor:

Morrow Sodali LLC  
470 West Avenue 3rd floor  
Stamford, CT 06902

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

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ANNEXES

ANNEX A AGREEMENT AND PLAN OF MERGER

ANNEX B OPINION OF PACIFIC CREST SECURITIES, A DIVISION OF KEYBANC CAPITAL MARKETS INC.

## SUMMARY

*This summary highlights selected information from this proxy statement related to the merger of Expedition Merger Sub, Inc. with and into ARI Network Services, Inc., which we refer to as the Merger, and may not contain all of the information that is important to you. To understand the Merger more fully and for a more complete description of the legal terms of the Merger, you should carefully read this entire proxy statement, the annexes to this proxy statement and the documents that we refer to in this proxy statement. You may obtain the information incorporated by reference in this proxy statement without charge by following the instructions under the caption Where You Can Find More Information. The Merger Agreement is attached as Annex A to this proxy statement. We encourage you to read the Merger Agreement, which is the legal document that governs the Merger, carefully and in its entirety.*

*Except as otherwise specifically noted in this proxy statement, ARI, the Company, we, our, us and similar words refer to ARI Network Services, Inc., including, in certain cases, our subsidiaries. Throughout this proxy statement, we refer to Expedition Holdings LLC as Parent and Expedition Merger Sub, Inc. as Merger Sub. In addition, throughout this proxy statement we refer to the Agreement and Plan of Merger, dated June 20, 2017, by and among ARI, Parent and Merger Sub, as it may be amended from time to time, as the Merger Agreement.*

### **Parties Involved in the Merger**

#### ***ARI Network Services, Inc.***

ARI offers an award-winning suite of SaaS, software tools, and marketing services to help dealers, equipment 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 models.

ARI common stock is listed on The NASDAQ Capital Market (NASDAQ) under the symbol ARIS.

#### ***Expedition Holdings LLC***

Expedition Holdings LLC was formed on June 16, 2017, solely for the purpose of engaging in the transactions contemplated by the Merger Agreement and has not engaged in any business activities other than in connection with the transactions contemplated by the Merger Agreement and arranging of the equity financing and debt financing in connection with the Merger.

#### ***Expedition Merger Sub, Inc.***

Expedition Merger Sub, Inc. is a direct wholly owned subsidiary of Parent and was formed on June 19, 2017, solely for the purpose of engaging in the transactions contemplated by the Merger Agreement and has not engaged in any business activities other than in connection with the transactions contemplated by the Merger Agreement and arranging of the equity financing and debt financing in connection with the Merger.

Parent and Merger Sub are each affiliated with True Wind Capital, L.P. (TWC). In connection with the transactions contemplated by the Merger Agreement, (1) TWC has provided to Parent equity commitments of up to \$93,341,000; and (2) Parent has obtained debt financing commitments from AB Private Credit Investors LLC (the Lender) for an aggregate amount of up to \$72.5 million, comprised of a \$7.5 million revolving credit facility, which will be available to fund a portion of the payments contemplated by the Merger Agreement, and a \$55 million to \$65 million term loan facility (in each case, pursuant to the terms and conditions as described further under the caption The Merger Financing of the Merger).



Parent, Merger Sub and TWC are affiliated with True Wind Capital Management, LLC ( True Wind ), a San Francisco-based private equity firm managing \$560 million focused on investing in leading technology companies.

## **The Merger**

Upon the terms and subject to the conditions of the Merger Agreement, if the Merger is completed, Merger Sub will merge with and into ARI, and ARI will continue as the surviving corporation and as a wholly owned subsidiary of Parent (the Surviving Corporation ). As a result of the Merger, ARI will cease to be a publicly traded company, all outstanding shares of ARI common stock will be canceled and converted into the right to receive \$7.10 per share in cash, less any applicable withholding taxes (the Per Share Merger Consideration ), and you will not own any shares of the capital stock of the Surviving Corporation.

After the Merger is completed, you will have the right to receive the Per Share Merger Consideration, but you will no longer have any rights as a shareholder of ARI.

## **Treatment of Options, Restricted Stock, Performance Restricted Shares and Restricted Stock Units**

The Merger Agreement provides that ARI's equity awards that are outstanding immediately prior to the time at which the Merger will become effective (the Effective Time ) will be subject to the following treatment at the Effective Time:

### ***Options***

All outstanding options to purchase shares of Company common stock (whether or not then vested or exercisable) at the Effective Time of the Merger will be cancelled and converted into the right of the option holders to receive for each share of common stock subject to the option holder's option, an amount in cash equal to: (x) \$7.10, minus (y) the sum of (1) the exercise price per share of common stock of such option, and (2) any applicable withholding amounts.

### ***Restricted Stock***

All outstanding restricted shares (other than the performance restricted shares described below) immediately prior to the Effective Time of the Merger will vest in full and become free of restrictions and convert into the right to receive an amount in cash equal to \$7.10, less any applicable withholding amounts.

### ***Performance Restricted Shares***

All or a portion of the unvested performance restricted shares (which were granted to certain employees of ARI in March of 2015 and vest based on certain share price targets) at the Effective Time of the Merger will vest in accordance with the terms of such grant agreements, and such vested portion of the performance restricted shares will become free of restrictions and convert into the right to receive an amount in cash equal to \$7.10, less any applicable withholding amounts.

Any performance restricted shares that remain unvested at the Effective Time will be forfeited, and the number of shares of common stock outstanding at the Effective Time of the Merger will be reduced accordingly.

### ***Restricted Stock Units***

Any restricted stock units ( RSUs ) outstanding, if any, at the Effective Time of the Merger will entitle the holder to receive an amount, if any, for each share of common stock in respect of which such holder received an RSU whether or not then vested in accordance with the terms of such grant agreements, equal to (x) \$7.10, less (y) any applicable

withholding amounts.

### **Employee Stock Purchase Plan**

Prior to the Effective Time, the Compensation Committee (the Compensation Committee ) of the Board of Directors of ARI (the Board or Board of Directors ) will determine a date prior to the Effective Time on which the then-current offering period under ARI's 2000 Employee Stock Purchase Plan, as amended (the Employee Stock Purchase Plan ) will terminate, and accumulated payroll deductions with respect to the Employee Stock Purchase Plan on that date will be used to purchase the applicable number of shares of ARI common stock. The Employee Stock Purchase Plan will terminate immediately following the termination date of the then-current offering period.

### **Financing of the Merger**

We anticipate that the total funds needed to complete the Merger and the related transactions will be approximately \$140 million, which will be funded via equity financing and debt financing described below and potentially with the Company's cash on hand, which may be used to pay certain fees and expenses payable by Parent and Merger Sub. This amount includes funds needed to (i) pay our shareholders the amounts due to them under the Merger Agreement; (ii) make payments due as of the Effective Time in respect of our outstanding equity-based awards pursuant to the Merger Agreement, (iii) pay all fees and expenses payable by Parent and Merger Sub under the Merger Agreement and Parent's agreements with the Lender, and (iv) pay certain specified debt of ARI.

In connection with the Merger, Parent has (i) entered into an equity commitment letter, dated as of June 20, 2017, with TWC, for an equity commitment of up to \$93,341,000, and (ii) obtained debt financing commitments from the Lender, pursuant to which the Lender has committed to provide Parent with up to \$72.5 million under a senior credit facility, comprised of a \$7.5 million revolving credit facility, which will be available to fund a portion of the payments contemplated by the Merger Agreement, and a \$55 million to \$65 million term loan facility. For more information, see the section of this proxy statement captioned The Merger Financing of the Merger, beginning on page 56 of this proxy statement.

### **Conditions to the Closing of the Merger**

The obligations of ARI, Parent and Merger Sub, as applicable, to consummate the Merger are subject to the satisfaction or waiver of certain conditions, including (among other conditions), the following:

- all waiting periods under the HSR Act (as defined below) will have been terminated or expired;
- the consummation of the Merger not being made illegal or otherwise prohibited by any law or order of any governmental authority of competent jurisdiction;
- shareholder approval of the Merger and Merger Agreement will have been obtained and will be in full force and effect;
- the accuracy of the representations and warranties of ARI, Parent and Merger Sub in the Merger Agreement, subject to materiality qualifiers (generally other than as would not constitute a Material Adverse Effect (as defined in the section captioned The Merger Agreement Representations and Warranties ARI ) or, in the case of the capitalization representations and warranties of ARI, other than as would not increase the aggregate merger consideration by more than \$200,000), as of the date of the Merger Agreement and as of the date on which the closing of the Merger occurs (the Closing Date ), or, as applicable, the date in respect of which such representation or warranty was specifically made;
- ARI, Parent and Merger Sub having performed in all material respects their obligations under the Merger Agreement at or before the Effective Time;



receipt of certificates executed by officers of ARI, on the one hand, or Parent and Merger Sub, on the other hand, to the effect that the conditions described in the preceding two bullets have been satisfied; and since the date of the Merger Agreement, there not having occurred or arisen any Material Adverse Effect.

### **Regulatory Approvals Required for the Merger**

ARI and Parent have agreed to use their commercially reasonable efforts to comply with all regulatory notification requirements and obtain all regulatory approvals required to consummate the Merger and the other transactions contemplated by the Merger Agreement. These approvals include the expiration or early termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (HSR Act). Early termination of the waiting period under the HSR Act was granted on July 14, 2017.

### **Recommendation of the Board of Directors**

The Board of Directors, after considering various factors described under the caption The Merger Recommendation of the Board of Directors and Reasons for the Merger, has unanimously: (1) determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement are advisable to, fair to and in the best interests of ARI and its shareholders; and (2) adopted and approved the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement. The Board of Directors unanimously recommends that you vote (1) **FOR** the approval and adoption of the Merger Agreement; (2) **FOR** the adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to approve and adopt the Merger Agreement at the time of the Special Meeting; and (3) **FOR** the proposal to approve, by non-binding, advisory vote, compensation that will or may become payable by ARI to its named executive officers in connection with the Merger.

### **Opinion of ARI's Financial Advisor**

Pacific Crest Securities, a division of KeyBanc Capital Markets Inc. (PCS), and Houlihan Lokey Capital, Inc. (HLC), were retained by the Board of Directors to act as financial advisors in connection with the Merger. On June 20, 2017, PCS rendered its oral opinion, which was subsequently confirmed in a written opinion dated June 20, 2017, to the Board of Directors to the effect that, as of such date, and based upon and subject to the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of review undertaken by PCS as set forth in its written opinion, the Per Share Merger Consideration to be received by the holders of shares of ARI common stock (other than Parent and its affiliates) pursuant to the Merger Agreement was fair from a financial point of view to such holders of shares of ARI common stock.

**The full text of PCS written opinion to the Board of Directors, dated June 20, 2017, is attached to this proxy statement as Annex B and is incorporated by reference herein. The written opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations and qualifications of the review undertaken by PCS in rendering its opinion. You should read the written opinion carefully in its entirety. The opinion was provided to the Board of Directors and addresses only, as of the date of the written opinion, the fairness, from a financial point of view, of the Per Share Merger Consideration to be paid to the holders of shares of ARI common stock (other than Parent and its affiliates) pursuant to the Merger Agreement, and it does not address any other aspect of the proposed transactions. It does not constitute a recommendation as to how any shareholder should vote with respect to the Merger or any other matter, and does not in any manner address the price at which ARI common stock will trade at any time. The summary of the written opinion set forth herein is qualified in its entirety by reference to**

**the full text of the written opinion. See the section entitled The Merger Opinion of ARI's Financial Advisor, beginning on page 42 of this proxy statement.**

### **Interests of ARI's Directors and Named Executive Officers in the Merger**

When considering the recommendation of the Board of Directors that you vote to approve the proposal to approve and adopt the Merger Agreement, you should be aware that our directors and named executive officers may have interests in the Merger that are different from, or in addition to, your interests as a shareholder. In (i) evaluating and negotiating the Merger Agreement; (ii) approving the Merger Agreement and the Merger; and (iii) recommending that the Merger Agreement be approved and adopted by shareholders, the Board of Directors was aware of and considered these interests to the extent that they existed at the time, among other matters. These interests include the following:

- accelerated vesting of stock options, restricted shares, and a portion of performance restricted shares and the termination or settlement of such applicable awards that are in-the-money in exchange for cash;
- the entitlement of each named executive officer to receive payments and benefits under either an employment agreement or the Change in Control Agreements in connection with an involuntary termination of employment other than for cause, as such term is defined in the applicable employment agreement or Change of Control Agreement, or if the executive officer voluntarily terminates his employment for good reason, as such term is defined in the applicable employment agreement or Change of Control Agreement, within the two year period following the Effective Time;
- continued employment of ARI's officers by the Surviving Corporation anticipated following the Effective Time; and
- continued indemnification and directors and officers liability insurance to be provided by the Surviving Corporation.

If the proposal to approve and adopt the Merger Agreement is approved, we anticipate that the shares of common stock held by our directors and named executive officers as of the Effective Time will be treated in the same manner as outstanding shares of common stock held by all other shareholders. For more information, see the section of this proxy statement captioned The Merger Interests of ARI's Directors and Named Executive Officers in the Merger, beginning on page 51 of this proxy statement.

### **Legal Proceedings Regarding the Merger**

On July 21, 2017, a putative class action lawsuit was filed by a purported shareholder of ARI against ARI and its directors in the U.S. District Court for the Eastern District of Wisconsin, captioned *Sean Sharkey et al v. ARI Network Services, Inc. et al*, Case No. 17-cv-1012. The action generally alleges failure to adequately disclose material information in violation of Sections 14(a) and 20(a) of the Exchange Act and Rule 14a-9 promulgated thereunder. The plaintiff seeks, among other things, equitable relief to enjoin consummation of the Merger, rescission of the Merger and/or rescissory damages, and attorneys and experts fees. ARI and the individual defendants all believe that the claims asserted against each of them are without merit and intend to vigorously defend against this lawsuit.

On July 25, 2017, a putative class action lawsuit was filed by a purported shareholder of ARI against ARI, its directors, Parent, Merger Sub and TWC in the U.S. District Court for the Western District of Wisconsin, captioned *Robert Berg et al v. ARI Network Services, Inc. et al*, Case No. 17-cv-1033. The action generally alleges failure to adequately disclose material information in violation of Sections 14(a) and 20(a) of the Exchange Act and Rule 14a-9 promulgated thereunder. The plaintiff seeks, among other things, equitable relief to enjoin consummation of the Merger, rescission of the Merger and/or rescissory damages, and attorneys and experts fees. ARI, the individual

defendants, Parent, Merger Sub and TWC all believe that the claims asserted against each of them are without merit and intend to vigorously defend against this lawsuit.

### **Appraisal Rights**

No dissenters', appraisal or similar rights or demands are exercisable by any ARI shareholder in connection with the merger under Section 180.1302(1) or Section 180.1302(2) of the Wisconsin Business Corporation Law (the WBCL).

### **U.S. Federal Income Tax Consequences of the Merger**

For U.S. federal income tax purposes, the receipt of cash by a U.S. Holder (as defined under the caption 'The Merger U.S. Federal Income Tax Consequences of the Merger') in exchange for such U.S. Holder's shares of common stock in the Merger generally will be a taxable transaction. Such receipt of cash by each U.S. Holder will generally result in the recognition of gain or loss in an amount measured by the difference, if any, between the amount of cash that such U.S. Holder receives in the Merger and such U.S. Holder's adjusted tax basis in the shares of common stock surrendered in the Merger.

A Non-U.S. Holder (as defined under the caption 'The Merger U.S. Federal Income Tax Consequences of the Merger') generally will not be subject to U.S. federal income tax with respect to the exchange of common stock for cash in the Merger unless such Non-U.S. Holder has certain connections to the United States, but may be subject to backup withholding tax unless the Non-U.S. Holder complies with certain certification procedures or otherwise establishes a valid exemption from backup withholding tax.

For more information, see the section of this proxy statement captioned 'The Merger U.S. Federal Income Tax Consequences of the Merger,' beginning on page 60 of this proxy statement. **Shareholders should consult their own tax advisors concerning the U.S. federal income tax and other relevant tax consequences relating to the Merger in light of their particular circumstances and any consequences arising under the laws of any state, local or foreign taxing jurisdiction.**

### **Acquisition Proposals**

Under the Merger Agreement, from the date of the Merger Agreement until the earlier of the Effective Time or termination of the Merger Agreement, ARI has agreed to cease and to cause to be terminated any discussions or negotiations with any person or its affiliates, directors, officers, managers, employees, consultants, agents, financing sources, attorneys, accounting, representatives and other advisors with respect to any Acquisition Proposal. ARI has agreed that neither it nor its subsidiaries will, and ARI will not instruct, authorize or knowingly permit its and its subsidiaries' representatives to, directly or indirectly:

- solicit, initiate, propose or induce the making of, or knowingly encourage, any proposal, inquiry or offer that constitutes, or would reasonably be expected to lead to, any Acquisition Proposal (as defined in the section captioned 'The Merger Agreement Acquisition Proposals');
- engage in, continue or otherwise participate in any external discussions or negotiations regarding, or provide any non-public information or data, or afford access to ARI's business, employees, properties, assets, books, or records to any person (other than to Parent, Merger Sub or their designees) relating to, or that would reasonably be expected to lead to, any Acquisition Proposal;
- knowingly facilitate any effort or attempt to make an Acquisition Proposal;
- approve, endorse or recommend any proposal that constitutes, or is reasonably expected to lead to, an Acquisition Proposal;

enter into any letter of intent, memorandum of understanding, merger agreement, acquisition agreement or other contract relating to an Acquisition Proposal (except for a Comparable

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Confidentiality Agreement (as defined in the section captioned "The Merger Agreement Acquisition Proposals"). Notwithstanding these restrictions, under certain circumstances, prior to the approval of the Merger Agreement by ARI shareholders, ARI may provide information of ARI and its subsidiaries to, and engage or participate in negotiations or discussions with, and afford access to the business, employees, properties, assets, books and records of ARI, the person that submitted such written Acquisition Proposal provided that ARI's Board determines in good faith after consultation with its financial and legal advisors that such Acquisition Proposal is a Superior Proposal (as defined in the section captioned "The Merger Agreement Acquisition Proposals") or could reasonably be expected to result in a Superior Proposal and not to do so would reasonably be likely to be inconsistent with the directors' exercise of their fiduciary duties. For more information, see the section of this proxy statement captioned "The Merger Agreement Acquisition Proposals," beginning on page 71 of this proxy statement.

### **Change of Recommendation**

The Board of Directors has unanimously recommended that you vote for the approval and adoption of the Merger and the Merger Agreement. The Merger Agreement provides that the Board of Directors may not change its recommendation, or take other actions constituting a Change of Recommendation, except in certain specified circumstances. For more information, see the section of this proxy statement captioned "The Merger Agreement The Board of Directors' Recommendation; Change of Recommendation," beginning on page 72 of this proxy statement.

### **Termination of the Merger Agreement**

The Merger Agreement may be terminated prior to the Effective Time in the following ways:

By mutual written consent of ARI and Parent;

By either ARI or Parent:

- subject to certain exceptions, if the Merger has not been consummated on or before December 20, 2017, which date we refer to as the Outside Date;
- if there will be a permanent injunction, restraining order, ruling or decree of any nature of any governmental entity that is in effect that restrains, enjoins or prohibits the consummation of the transactions contemplated hereby; and/or
- if ARI's shareholders fail to approve the proposal to approve and adopt the Merger Agreement at the Special Meeting, or any adjournment or postponement thereof, at which a vote on such proposal is taken.

By ARI:

- if any representation or warranty of the Parent or the Merger Sub has become untrue or upon a breach of any representation, warranty, covenant or obligation by the Parent or the Merger Sub, which (i) would result in the failure of certain of ARI's closing conditions and (ii) such failure is not capable of being cured, or is not cured by Parent or Merger Sub, before the earlier of the Outside Date or, if curable or able to be performed by the Outside Date, the date that is 30 calendar days following ARI's delivery of written notice thereof, it being understood that ARI will not be entitled to terminate the Merger Agreement if such breach has been cured prior to termination; provided that any failures related to the financing of the Merger is provided for below;
- at any time prior to shareholder approval of the Merger Agreement in order to enter into a definitive agreement providing for a Superior Offer in accordance with the terms of the Merger Agreement;
- if all of the Parent's conditions have been satisfied or waived and the Parent fails to consummate the transactions; and/or

- if (i) all of the conditions applicable to Parent's and Merger Sub's closing conditions have been satisfied or, to the extent permitted by and the Merger Agreement, waived, (ii) ARI has irrevocably notified Parent in writing that it is ready, willing and able to consummate the Closing, (iii) ARI has given Parent three business days' notice prior to such termination stating ARI's intention to terminate the Merger Agreement if the Parent and Merger Sub fail to consummate the Merger by the Closing Date, and (iv) Parent fails to complete the Closing on the later of the expiration of the three business day period, and the Closing Date.

By Parent:

- in the event the Board will have made a Change of Recommendation; and/or
- if any representation or warranty of ARI has become untrue or upon a breach or failure to perform of any representation, warranty, covenant or obligation by ARI, which (i) would result in the failure of certain of Parent's and Merger Sub's closing conditions and (ii) such failure is not capable of being cured, or, if curable or able to be performed, is not cured by Parent or Merger Sub, before the earlier of the Outside Date and the date that is 30 calendar days following ARI's delivery of written notice thereof, it being understood that Parent will not be entitled to terminate the Merger Agreement if such breach has been cured prior to termination.

### **Termination Fees and Expense Reimbursement**

Except in specified circumstances, whether or not the Merger is completed, ARI, on the one hand, and Parent and Merger Sub, on the other hand, are each responsible for all of their respective costs and expenses incurred in connection with the Merger and the other transactions contemplated by the Merger Agreement. ARI will be required to pay to Parent a termination fee of \$4,767,000 if the Merger Agreement is terminated under specified circumstances. Parent will be required to pay to ARI a reverse termination fee of \$8,264,000 if the Merger Agreement is terminated under different specified circumstances. For more information on these termination fees, see the section of this proxy statement captioned "The Merger Agreement Termination Fees and Expense Reimbursement," beginning on page 81 of this proxy statement.

### **Effect on ARI if the Merger is Not Completed**

If the Merger Agreement is not approved and adopted by shareholders or if the Merger is not completed for any other reason, shareholders will not receive any payment for their shares of common stock. Instead, ARI will remain an independent public company, our common stock will continue to be listed and traded on NASDAQ and registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and we will continue to file periodic reports with the U.S. Securities and Exchange Commission (the "SEC"). Under specified circumstances, ARI will be required to pay Parent a termination fee upon the termination of the Merger Agreement; under different specified circumstances, Parent will be required to pay ARI a reverse termination fee upon the termination of the Merger Agreement. For more details see the section of this proxy statement captioned "The Merger Agreement Termination Fees and Expense Reimbursement," beginning on page 81 of this proxy statement.

### **The Special Meeting**

#### ***Date, Time and Place***

A special meeting of shareholders of ARI (the "Special Meeting") will be held on August 28, 2017, at 9:00 a.m., local time, at 10850 West Park Place, Suite 1200, Milwaukee, Wisconsin 53224.

***Record Date; Shares Entitled to Vote***

You are entitled to vote at the Special Meeting if you owned shares of common stock at the close of business on July 28, 2017 (the Record Date ). You will have one vote at the Special Meeting for each share of common stock that you owned at the close of business on the Record Date.

***Purpose***

At the Special Meeting, we will ask shareholders to vote on proposals to (1) approve and adopt the Merger Agreement; (2) adjourn the Special Meeting to a later date or dates to solicit additional proxies if there are insufficient votes to approve and adopt the Merger Agreement at the time of the Special Meeting; and (3) approve, by non-binding, advisory vote, compensation that will or may become payable by ARI to its named executive officers in connection with the Merger.

***Quorum***

As of the Record Date, there were 17,369,872 shares of ARI common stock outstanding and entitled to vote at the Special Meeting. A quorum will be present at the Special Meeting if a majority of the votes entitled to be cast by the holders of the outstanding shares of ARI common stock at the close of business on the Record Date are represented in person or by proxy.

***Required Vote***

The affirmative vote of a majority of the votes that holders of the outstanding shares of ARI common stock at the close of business on the Record Date are entitled to cast is required to approve and adopt the Merger Agreement. Approval of the proposal to adjourn the Special Meeting, requires the affirmative vote of a majority of the votes cast at the Special Meeting by the holders of shares of ARI common stock present or represented by proxy and entitled to vote on the proposal. Approval, by non-binding, advisory vote, of compensation that will or may become payable to ARI's executive officers in connection with the Merger requires the affirmative vote of a majority of the votes cast at the Special Meeting by the holders of shares of ARI common stock present or represented by proxy and entitled to vote on the proposal.

***Share Ownership of Our Directors and Executive Officers***

As of the Record Date, our directors and executive officers beneficially owned and were entitled to vote, in the aggregate, 1,830,732 shares of ARI common stock, representing approximately 10.18% of the shares of common stock outstanding on the Record Date. Our directors and executive officers have executed voting agreements obligating them to vote all of their shares of common stock (1) **FOR** the approval and adoption of the Merger Agreement; and (2) **FOR** the adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to approve and adopt the Merger Agreement at the time of the Special Meeting; and have further informed us that they currently intend to vote (3) **FOR** the non-binding, advisory proposal to approve compensation that will or may become payable by ARI to its named executive officers in connection with the Merger.

***Voting and Proxies***

Any shareholder of record entitled to vote may submit a proxy by returning a signed proxy card by mail in the accompanying prepaid reply envelope or granting a proxy electronically over the Internet or by telephone, or may vote in person by appearing at the Special Meeting. If you are a beneficial owner and hold your shares of common stock in street name through a bank, broker or other nominee, you should instruct your bank, broker or other nominee on how

you wish to vote your shares of common stock using the instructions provided by your bank, broker or other nominee. Under applicable stock exchange rules, banks, brokers or other nominees have the



discretion to vote on routine matters. The proposals to be considered at the Special Meeting are non-routine matters, and banks, brokers and other nominees cannot vote on these proposals without your instructions. **Therefore, it is important that you cast your vote or instruct your bank, broker or nominee on how you wish to vote your shares.**

If you are a shareholder of record, you may change your vote or revoke your proxy at any time before it is voted at the Special Meeting by (1) signing another proxy card with a later date and returning it prior to the Special Meeting; (2) submitting a new proxy electronically over the Internet or by telephone after the date of the earlier submitted proxy; (3) delivering a written notice of revocation to ARI's Secretary; or (4) attending the Special Meeting and voting in person by ballot.

If you hold your shares of common stock in street name, you should contact your bank, broker or other nominee for instructions regarding how to change your vote. You may also vote in person at the Special Meeting if you obtain a legal proxy from your bank, broker or other nominee.

## QUESTIONS AND ANSWERS

The following questions and answers address some commonly asked questions regarding the Merger, the Merger Agreement and the Special Meeting. These questions and answers may not address all questions that are important to you. We encourage you to read carefully the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents we refer to in this proxy statement. You may obtain the information incorporated by reference in this proxy statement without charge by following the instructions under the caption Where You Can Find More Information.

**Q: Why am I receiving these materials?**

**A:** The Board of Directors is furnishing this proxy statement and form of proxy card to the holders of shares of ARI common stock in connection with the solicitation of proxies to be voted at the Special Meeting.

**Q: What am I being asked to vote on at the Special Meeting?**

**A:** You are being asked to vote on the following proposals:

- 1) To approve and adopt the Merger Agreement pursuant to which Merger Sub will merge with and into ARI, and ARI will become a wholly owned direct subsidiary of Parent;
- 2) To approve the adjournment of the Special Meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to approve and adopt the Merger Agreement at the time of the Special Meeting; and
- 3) To approve, by non-binding, advisory vote, compensation that will or may become payable by ARI to its named executive officers in connection with the Merger.

**Q: When and where is the Special Meeting?**

**A:** The Special Meeting will take place on August 28, 2017, at 9:00 a.m., local time, at 10850 West Park Place, Suite 1200, Milwaukee, Wisconsin 53224.

**Q: Who is entitled to vote at the Special Meeting?**

**A:** Shareholders as of the Record Date are entitled to notice of the Special Meeting and to vote at the Special Meeting (and at any adjournment or postponement thereof). Each holder of shares of ARI common stock is entitled to cast one vote on each matter properly brought before the Special Meeting for each share of common stock owned as of the Record Date.

**Q: May I attend the Special Meeting and vote in person?**

**A:** Yes. All shareholders as of the Record Date may attend the Special Meeting and vote in person. Seating will be limited. Shareholders will need to present proof of ownership of shares of ARI common stock, such as a bank or brokerage account statement, and a form of personal identification to be admitted to the Special Meeting. No cameras or recording equipment will be permitted in the Special Meeting.

Even if you plan to attend the Special Meeting in person, to ensure that your shares will be represented at the Special Meeting we encourage you to sign, date and return the enclosed proxy card in the accompanying prepaid reply envelope or grant your proxy electronically over the Internet or by telephone. If you attend the Special Meeting and vote in person by ballot, your vote will revoke any proxy previously submitted.

If you hold your shares in street name, you should instruct your bank, broker or other nominee how to vote your shares in accordance with the voting instruction form that you will receive from your bank, broker or other nominee. Your broker or other agent cannot vote on any of the proposals, including the proposal to approve and adopt the Merger Agreement, without your instructions. If you hold your shares in street name, you may not vote your shares in person at the Special Meeting unless you obtain a legal proxy from your bank, broker or other nominee.

**Q: What is the proposed Merger and what effects will it have on ARI?**

**A:** The proposed Merger is the acquisition of ARI by Parent. If the proposal to approve and adopt the Merger Agreement is approved by shareholders and the other closing conditions under the Merger Agreement have been satisfied or waived, Merger Sub will merge with and into ARI, with ARI continuing as the Surviving Corporation. As a result of the Merger, ARI will become a wholly owned subsidiary of Parent, and our common stock will no longer be publicly traded and will be delisted from NASDAQ. In addition, our common stock will be deregistered under the Exchange Act, and we will no longer file periodic reports with the SEC.

**Q: What will I receive if the Merger is completed?**

**A:** Upon completion of the Merger, you will be entitled to receive the Per Share Merger Consideration for each share of ARI common stock that you own. For example, if you own 100 shares of common stock, you will receive \$710.00 in cash in exchange for your shares of common stock, less any applicable withholding taxes.

**Q: How does the Per Share Merger Consideration compare to the market price of the common stock?**

**A:** The relationship of the \$7.10 Per Share Merger Consideration to the trading price of the common stock constituted a premium of approximately 33% to ARI's average closing price for the period of 60 trading days ending June 20, 2017, the date of the Merger Agreement.

**Q: What do I need to do now?**

**A:** We encourage you to read this proxy statement, the annexes to this proxy statement and the documents that we refer to in this proxy statement carefully and consider how the Merger affects you. Then sign, date and return, as promptly as possible, the enclosed proxy card in the accompanying reply envelope, or grant your proxy electronically over the Internet or by telephone, so that your shares can be voted at the Special Meeting. If you hold your shares in street name, please refer to the voting instruction forms provided by your bank, broker or other nominee to vote your shares. **Please do not send your stock certificates with your proxy card.**

**Q: Should I send in my stock certificates now?**

**A:** No. After the Merger is completed, you will receive a letter of transmittal containing instructions for how to send your ARI stock certificates to the paying agent in order to receive the appropriate cash payment for the shares of common stock represented by your stock certificates. You should use the letter of transmittal to exchange your stock certificates for the cash payment to which you are entitled. **Please do not send your stock certificates with your proxy card.**

**Q: What happens if I sell or otherwise transfer my shares of common stock after the Record Date but before the Special Meeting?**

**A:** The Record Date for the Special Meeting is earlier than the date of the Special Meeting and the date the Merger is expected to be completed. If you sell or transfer your shares of ARI common stock after the Record Date but before the Special Meeting, unless special arrangements (such as provision of a proxy) are made between you and the person to whom you sell or otherwise transfer your shares and each of you notifies ARI in writing of such special arrangements, you will transfer the right to receive the Per Share Merger Consideration, if the Merger is completed, to the person to whom you sell or transfer your shares, but you will retain your right to vote those shares at the Special Meeting. **Even if you sell or otherwise transfer your shares of common stock after the Record Date, we encourage you to sign, date and return the enclosed proxy card in the accompanying reply envelope or grant your proxy electronically over the Internet or by telephone.**

**Q: How does the Board of Directors recommend that I vote?**

**A:** The Board of Directors, after considering the various factors described under the caption "The Merger Recommendation of the Board of Directors and Reasons for the Merger," has

unanimously (1) determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement are advisable to, fair to and in the best interests of ARI and its shareholders; and (2) adopted and approved the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement.

The Board of Directors unanimously recommends that you vote (1) **FOR** the approval and adoption of the Merger Agreement; (2) **FOR** the adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to approve and adopt the Merger Agreement at the time of the Special Meeting; and (3) **FOR** the proposal to approve, by non-binding, advisory vote, compensation that will or may become payable by ARI to its named executive officers in connection with the Merger.

**Q: What happens if the Merger is not completed?**

**A:** If the Merger Agreement is not approved and adopted by shareholders or if the Merger is not completed for any other reason, shareholders will not receive any payment for their shares of ARI common stock. Instead, ARI will remain an independent public company, our common stock will continue to be listed and traded on NASDAQ and registered under the Exchange Act, and we will continue to file periodic reports with the SEC. ARI will be required to pay Parent a termination fee of \$4,767,000 upon the termination of the Merger Agreement under specified circumstances, and Parent will be required to pay to ARI a reverse termination fee of \$8,264,000 if the Merger Agreement is terminated under different specified circumstances, in each case as described in the section captioned The Merger Agreement Termination Fees and Expense Reimbursement, beginning on page 81 of this proxy statement.

**Q: What vote is required to adopt the Merger Agreement?**

**A:** The affirmative vote of a majority of the votes that holders of the outstanding shares of ARI common stock at the close of business on the Record Date are entitled to cast is required to approve and adopt the Merger Agreement.

If a quorum is present at the Special Meeting, the failure of any shareholder of record to (1) submit a signed proxy card; (2) grant a proxy over the Internet or by telephone; or (3) vote in person by ballot at the Special Meeting will have the same effect as a vote **AGAINST** the proposal to approve and adopt the Merger Agreement. If you hold your shares in street name and a quorum is present at the Special Meeting, the failure to instruct your bank, broker or other nominee how to vote your shares will have the same effect as a vote **AGAINST** the proposal to approve and adopt the Merger Agreement. If a quorum is present at the Special Meeting, abstentions will have the same effect as a vote **AGAINST** the proposal to approve and adopt the Merger Agreement.

**Q: What vote is required to approve any proposal to adjourn the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the Merger Agreement at the time of the Special Meeting and to approve, by non-binding, advisory vote, compensation that will or may become payable by ARI to its named executive officers in connection with the Merger?**

**A:** Approval of the proposal to adjourn the Special Meeting requires the affirmative vote of a majority of the votes cast at the Special Meeting by the holders of shares of ARI common stock present or represented by proxy and entitled to vote on the proposal. Approval, by non-binding, advisory vote, of compensation that will or may become payable by ARI to its named executive officers in connection with the Merger requires the affirmative vote of a majority of the votes cast at the Special Meeting by the holders of shares of ARI common stock present or represented by proxy and entitled to vote on the proposal.

The failure of any shareholder of record to (1) submit a signed proxy card; (2) grant a proxy over the Internet or by telephone; or (3) vote in person by ballot at the Special Meeting will not have any effect on the adjournment proposal or the proposal to approve, by non-binding, advisory vote, compensation that will or may become payable by ARI to its named executive officers in connection with the Merger. If you hold your shares in street name, the failure to

instruct your bank, broker or other nominee how to vote your shares will not have any effect on the adjournment proposal and the proposal to approve, by non-binding, advisory vote, compensation that will or may become payable by ARI to its named executive officers in connection with the Merger. Abstentions will not have any effect on the adjournment proposal or the proposal to approve, by non-binding, advisory vote, compensation that will or may become payable by ARI to its named executive officers in connection with the Merger.

**Q: Why am I being asked to cast a non-binding, advisory vote regarding compensation that will or may become payable by ARI to its named executive officers in connection with the Merger?**

**A:** SEC rules require ARI to seek a non-binding, advisory vote regarding compensation that will or may become payable by ARI to its named executive officers in connection with the Merger.

**Q: What is the compensation that will or may become payable by ARI to its named executive officers in connection with the Merger for purposes of this advisory vote?**

**A:** The compensation that will or may become payable by ARI to its named executive officers in connection with the Merger is certain compensation that is tied to or based on the Merger and payable to certain of ARI's named executive officers. For further detail, see the section captioned Proposal 3: Advisory, Non-Binding Vote on Merger-Related Executive Compensation Arrangements.

**Q: What will happen if shareholders do not approve the compensation that will or may become payable by ARI to its named executive officers in connection with the Merger at the Special Meeting?**

**A:** Approval of the compensation that will or may become payable by ARI to its named executive officers in connection with the Merger is not a condition to completion of the Merger. The vote with respect to the compensation that will or may become payable by ARI to its named executive officers in connection with the Merger is an advisory vote and will not be binding on ARI or Parent. If the Merger Agreement is approved and adopted by the shareholders and the Merger is completed, the compensation that will or may become payable by ARI to its named executive officers in connection with the Merger will or may be paid to ARI's named executive officers even if shareholders fail to approve such compensation.

**Q: What is the difference between holding shares as a shareholder of record and as a beneficial owner?**

**A:** If your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, you are considered, with respect to those shares, to be the shareholder of record. In this case, this proxy statement and your proxy card have been sent directly to you by ARI. If your shares are held through a bank, broker or other nominee, you are considered the beneficial owner of shares of common stock held in street name. In that case, this proxy statement has been forwarded to you by your bank, broker or other nominee who is considered, with respect to those shares, to be the shareholder of record. As the beneficial owner, you have the right to direct your bank, broker or other nominee how to vote your shares by following their instructions for voting. You are also invited to attend the Special Meeting. However, because you are not the shareholder of record, you may not vote your shares in person at the Special Meeting unless you obtain a legal proxy from your bank, broker or other nominee.

**Q: How may I vote?**

**A:** If you are a shareholder of record (that is, if your shares of ARI common stock are registered in your name with American Stock Transfer & Trust Company, our transfer agent), there are four ways to vote:  
by signing, dating and returning the enclosed proxy card in the accompanying prepaid reply envelope;

by visiting the Internet at the address on your proxy card;  
by calling toll-free (within the U.S. or Canada) the phone number on your proxy card; or  
by attending the Special Meeting and voting in person by ballot.

A control number, located on your proxy card, is designed to verify your identity and allow you to vote your shares of ARI common stock, and to confirm that your voting instructions have been properly recorded when voting electronically over the Internet or by telephone. Please be aware that, although there is no charge for voting your shares, if you vote electronically over the Internet or by telephone, you may incur costs such as Internet access and telephone charges for which you will be responsible.

Even if you plan to attend the Special Meeting in person, you are strongly encouraged to vote your shares of ARI common stock by proxy. If you are a record holder or if you obtain a legal proxy to vote shares that you beneficially own, you may still vote your shares of ARI common stock in person by ballot at the Special Meeting even if you have previously voted by proxy. If you are present at the Special Meeting and vote in person by ballot, your previous vote by proxy will not be counted.

If your shares are held in street name through a bank, broker or other nominee, you may vote through your bank, broker or other nominee by completing and returning the voting form provided by your bank, broker or other nominee, or, if such a service is provided by your bank, broker or other nominee, electronically over the Internet or by telephone. To vote over the Internet or by telephone through your bank, broker or other nominee, you should follow the instructions on the voting form provided by your bank, broker or nominee.

**Q: If my broker holds my shares in street name, will my broker vote my shares for me?**

**A:** No. Your bank, broker or other nominee is permitted to vote your shares on any proposal currently scheduled to be considered at the Special Meeting only if you instruct your bank, broker or other nominee how to vote. You should follow the procedures provided by your bank, broker or other nominee to vote of your shares. Without instructions, your shares will not be voted on such proposals, which will have the same effect as if you voted against the approval and adoption of the Merger Agreement, but will have no effect on the adjournment proposal or the proposal to approve, by non-binding, advisory vote, compensation that will or may become payable by ARI to its named executive officers in connection with the Merger.

**Q: May I change my vote after I have mailed my signed proxy card?**

**A:** Yes. If you are a shareholder of record, you may change your vote or revoke your proxy at any time before it is voted at the Special Meeting by:

signing another proxy card with a later date and returning it to us prior to the Special Meeting;  
submitting a new proxy electronically over the Internet or by telephone after the date of the earlier submitted proxy;  
delivering a written notice of revocation to the Secretary; or  
attending the Special Meeting and voting in person by ballot.

If you hold your shares of common stock in street name, you should contact your bank, broker or other nominee for instructions regarding how to change your vote. You may also vote in person at the Special Meeting if you obtain a legal proxy from your bank, broker or other nominee.

**Q: What is a proxy?**

**A:** A proxy is your legal designation of another person, referred to as a proxy, to vote your shares of common stock. The written document describing the matters to be considered and voted on at the Special Meeting is called a proxy statement. The document used to designate a proxy to vote your shares of common stock is called a proxy card. Our Board of Directors has designated Roy W. Olivier, our Chief Executive Officer, and William A.

Nurthen, our Chief Financial Officer, and each of them, with full power of substitution, as the proxy holders for the Special Meeting.

**Q: If a shareholder gives a proxy, how are the shares voted?**

**A:** Regardless of the method you choose to vote, the proxy holders will vote your shares in the way that you indicate. When completing the Internet or telephone process or the proxy card, you may specify whether your shares should be voted for or against or to abstain from voting on all, some or none of the specific items of business to come before the Special Meeting.

If you properly sign your proxy card but do not mark the boxes showing how your shares should be voted on a matter, the shares represented by your properly signed proxy will be voted (1) **FOR** the approval and adoption of the Merger Agreement; (2) **FOR** the adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to approve and adopt the Merger Agreement at the time of the Special Meeting; and (3) **FOR** the proposal to approve, by non-binding, advisory vote, compensation that will or may become payable by ARI to its named executive officers in connection with the Merger.

**Q: What should I do if I receive more than one set of voting materials?**

**A:** You may receive more than one set of voting materials, including multiple copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a shareholder of record and your shares are registered in more than one name, you will receive more than one proxy card.

Please sign, date and return (or grant your proxy electronically over the Internet or by telephone) each proxy card and voting instruction card that you receive.

**Q: Where can I find the voting results of the Special Meeting?**

**A:** If available, ARI may announce preliminary voting results at the conclusion of the Special Meeting. ARI intends to publish final voting results in a Current Report on Form 8-K to be filed with the SEC following the Special Meeting. All reports that ARI files with the SEC are publicly available when filed. See the section of this proxy statement captioned *Where You Can Find More Information*.

**Q: Will I be subject to U.S. federal income tax upon the exchange of common stock for cash pursuant to the Merger?**

**A:** If you are a U.S. Holder (as defined under the caption *The Merger U.S. Federal Income Tax Consequences of the Merger*), the exchange of ARI common stock for cash pursuant to the Merger will be a taxable transaction for U.S. federal income tax purposes, which generally will require you to recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference, if any, between the amount of cash you received pursuant to the Merger and your adjusted tax basis in the shares of common stock surrendered pursuant to the Merger. Backup withholding tax may also apply to the cash payments made pursuant to the Merger, unless the U.S. Holder complies with certification procedures under the backup withholding tax rules.

A Non-U.S. Holder (as defined under the caption *The Merger U.S. Federal Income Tax Consequences of the Merger*) generally will not be subject to U.S. federal income tax with respect to the exchange of ARI common stock for cash in the Merger unless such Non-U.S. Holder has certain connections to the United States. A Non-U.S. Holder may, however, be subject to backup withholding tax with respect to the cash payments made pursuant to the Merger, unless the holder complies with certain certification procedures or otherwise establishes a valid exemption from backup withholding tax.

You should consult your own tax advisor to determine the U.S. federal income tax and other relevant tax consequences of the Merger to you in light of your own particular circumstances and any consequences arising under the laws of any state, local or foreign taxing jurisdiction. A more complete description of certain U.S. federal income tax consequences of the Merger is

provided under the caption The Merger U.S. Federal Income Tax Consequences of the Merger.

**Q: What will the holders of ARI stock options, restricted stock, performance restricted shares and restricted stock units receive in the Merger?**

**A:** All outstanding options to purchase shares of Company common stock (whether or not then vested or exercisable) at the Effective Time of the Merger will be cancelled and converted into the right of the option holders to receive an amount in cash an amount, if any, for each share of common stock subject to the option holder's option, equal to: (x) \$7.10, minus (y) the sum of (1) the exercise price per share of common stock of such option, and (2) any applicable withholding amounts.

All outstanding restricted shares (other than the performance restricted shares described below) immediately prior to the Effective Time of the Merger will vest in full and become free of restrictions and convert into the right to receive an amount in cash equal to \$7.10, less any applicable withholding amounts.

All or a portion of the unvested performance restricted shares (which were granted to certain employees of ARI in March of 2015 and vest based on certain share price targets) at the Effective Time of the Merger will vest in accordance with the terms of such grant agreements, and such vested portion of the performance restricted shares will become free of restrictions and convert into the right to receive an amount in cash equal to \$7.10, less any applicable withholding amounts. Any performance restricted shares that remain unvested will be forfeited, and the number of shares of common stock outstanding at the Effective Time of the merger will be reduced accordingly.

Any RSUs outstanding, if any, at the Effective Time of the Merger will entitle the holder to receive an amount, if any, for each share of common stock in respect of which such holder received an RSU whether or not then vested in accordance with the terms of such grant agreements, equal to (x) \$7.10, less (y) any applicable withholding amounts.

**Q: What will happen to participants in ARI's Employee Stock Purchase Plan?**

**A:** Prior to the Effective Time, the Compensation Committee will determine a date prior to the Effective Time on which the then-current offering period under ARI's Employee Stock Purchase Plan will terminate, and accumulated payroll deductions with respect to the Employee Stock Purchase Plan on that date will be used to purchase the applicable number of shares of ARI common stock. The Employee Stock Purchase Plan will terminate immediately following the termination date of the then-current offering period.

**Q: When do you expect the Merger to be completed?**

**A:** We are working toward completing the Merger as quickly as possible and currently expect to complete the Merger in the third calendar quarter of 2017. However, the exact timing of completion of the Merger cannot be predicted because the Merger is subject to the closing conditions specified in the Merger Agreement, many of which are outside of our control.

**Q: Am I entitled to appraisal rights?**

**A:** No. No dissenters', appraisal or similar rights or demands are exercisable by any ARI shareholder in connection with the merger under Section 180.1302(1) or Section 180.1302(2) of the WBCL.

**Q: Do any of ARI's directors or officers have interests in the Merger that may differ from those of ARI shareholders generally?**

**A:** Yes. In considering the recommendation of the Board of Directors with respect to the proposal to approve and adopt the Merger Agreement, you should be aware that our directors and executive officers may have interests in the Merger that are different from, or in addition to, the interests of ARI shareholders generally. In (i) evaluating and negotiating the Merger Agreement; (ii) approving the Merger Agreement and the Merger; and (iii) recommending that the Merger Agreement be approved and adopted by shareholders, the Board of Directors was aware of and considered these interests to the extent that they existed at the time, among



other matters. For more information, see the section of this proxy statement captioned "The Merger Interests of ARI's Directors and Named Executive Officers of ARI in the Merger," beginning on page 51 of this proxy statement.

**Q: Who can help answer my questions?**

**A:** If you have any questions concerning the Merger, the Special Meeting or the accompanying proxy statement, would like additional copies of the accompanying proxy statement or need help voting your shares of ARI common stock, please contact our Proxy Solicitor:

Morrow Sodali LLC  
470 West Avenue 3rd floor  
Stamford, CT 06902

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

## FORWARD-LOOKING STATEMENTS

This proxy statement, the documents to which we refer you in this proxy statement and information included in oral statements or other written statements made or to be made by us or on our behalf contain forward-looking statements that do not directly or exclusively relate to historical facts. You can typically identify forward-looking statements by the use of forward-looking words, such as predicts, plan, expects, focus, anticipates, believes, goal, target, potential, may, will, might, momentum, can, could, design, see, seek, forecast and other words. Shareholders are cautioned that any forward-looking statements are not guarantees of future performance and may involve significant risks and uncertainties, and that actual results may vary materially from those in the forward-looking statements. These risks and uncertainties include, but are not limited to, the risks detailed in our filings with the SEC, including in our most recent filings on Forms 10-K and 10-Q, factors and matters described or incorporated by reference in this proxy statement, and the following factors:

- the inability to complete the Merger due to the failure to obtain shareholder approval or failure to satisfy the other conditions to the completion of the Merger, including receipt of required regulatory approvals;
- the failure by Parent to obtain the necessary equity and debt financing set forth in the commitments entered into in connection with the Merger, or alternative financing, or the failure of any such financing to be sufficient to complete the Merger and the other transactions contemplated by the Merger Agreement;
- the fact that, although Parent must use reasonable best efforts to obtain the financing contemplated by the Debt Commitment Letter, there is a risk that the debt financing might not be obtained and that, in certain instances, ARI's only viable recourse would be the \$8,264,000 reverse termination fee payable by Parent under the terms of the Merger Agreement;
- the risk that the Merger Agreement may be terminated in circumstances that require us to pay Parent a termination fee of \$4,767,000;
- the outcome of legal proceedings, if any, that may be instituted against us and others related to the Merger Agreement;
- risks that the proposed Merger disrupts our current operations or affects our ability to retain or recruit key employees;
- the fact that receipt of the all-cash Per Share Merger Consideration would be taxable to shareholders that are treated as U.S. holders for U.S. federal income tax purposes;
- the fact that, if the Merger is completed, shareholders will forego the opportunity to realize the potential long-term value of the successful execution of ARI's current strategy as an independent company;
- the possibility that Parent could, at a later date, engage in unspecified transactions, including restructuring efforts, special dividends or the sale of some or all of ARI's assets to one or more as-yet unknown purchasers, that could conceivably produce a higher aggregate value than that available to shareholders in the Merger;
- the fact that under the terms of the Merger Agreement, ARI is prohibited from soliciting other alternative proposals during the pendency of the Merger;
- the effect of the announcement or pendency of the Merger on ARI's business relationships, operating results and business generally;
- the amount of the costs, fees, expenses and charges related to the Merger Agreement or the Merger;
- risks related to the Merger diverting management's or employees' attention from ongoing business operations;
- risks that our stock price may decline significantly if the Merger is not completed; and

risks related to the timing and receipt of regulatory approvals from various domestic and foreign governmental entities required in connection with the Merger (including any conditions, limitations or restrictions placed on these approvals) and the risk that one or more governmental entities may deny approval.

Consequently, all of the forward-looking statements that we make in this proxy statement are qualified by the information contained or incorporated by reference herein, including (1) the information contained under this caption and (2) the information contained under the captions Risk Factors and Special Note Regarding Forward-Looking Statements and information in our consolidated financial statements and notes thereto included in our most recent filings on Form 10-K and Form 10-Q. No assurance can be given that these are all of the factors that could cause actual results to vary materially from the forward-looking statements.

Except as required by applicable law, we undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise. Shareholders are advised to consult any future disclosures that we make on related subjects as may be detailed in our other filings made from time to time with the SEC.

## THE SPECIAL MEETING

The enclosed proxy is solicited on behalf of the Board of Directors for use at the Special Meeting.

### **Date, Time and Place**

We will hold the Special Meeting on August 28, 2017, at 9:00 a.m., local time, at 10850 West Park Place, Suite 1200, Milwaukee, Wisconsin 53224.

### **Purpose of the Special Meeting**

At the Special Meeting, we will ask shareholders to vote on proposals to (i) approve and adopt the Merger Agreement, (ii) adjourn the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to approve and adopt the Merger Agreement at the time of the Special Meeting and (iii) approve, by non-binding, advisory vote, compensation that will or may become payable by ARI to its named executive officers in connection with the Merger.

### **Record Date; Shares Entitled to Vote; Quorum**

Only shareholders of record as of the Record Date are entitled to notice of the Special Meeting and to vote at the Special Meeting. A list of shareholders entitled to vote at the Special Meeting will be available at our principal executive offices, located at 10850 West Park Place, Suite 1200, Milwaukee, Wisconsin 53224, during regular business hours beginning two business days after the notice of the Special Meeting and at the place of the Special Meeting during the meeting.

As of the Record Date, there were 17,369,872 shares of ARI common stock outstanding and entitled to vote at the Special Meeting.

A quorum will be present at the Special Meeting if a majority of the votes entitled to be cast by the holders of the outstanding shares of ARI common stock at the close of business on the record date are represented in person or by proxy. In the event that a quorum is not present at the Special Meeting, it is expected that the meeting will be adjourned to solicit additional proxies.

### **Vote Required; Abstentions and Broker Non-Votes**

The affirmative vote of a majority of the votes that holders of the outstanding shares of ARI common stock at the close of business on the Record Date are entitled to cast is required to approve and adopt the Merger Agreement. Adoption of the Merger Agreement by shareholders is a condition to the closing of the transactions contemplated by the Merger Agreement.

Approval of the proposal to adjourn the Special Meeting requires the affirmative vote of a majority of the votes cast at the Special Meeting by the holders of shares of ARI common stock present or represented by proxy and entitled to vote on the proposal. Approval, by non-binding, advisory vote, of compensation that will or may become payable by ARI to its named executive officers in connection with the Merger requires the affirmative vote of a majority of the shares of common stock having voting power present in person or represented by proxy at the Special Meeting and entitled to vote on the subject matter.

If a shareholder abstains from voting, that abstention will have the same effect as if the shareholder voted **AGAINST** the proposal to approve and adopt the Merger Agreement. For shareholders who attend the meeting or are represented

by proxy and abstain from voting, the abstention will have the no effect on the proposal to adjourn the Special Meeting to a later date to solicit additional proxies if there are insufficient votes to approve and adopt the Merger Agreement at the time of the Special Meeting no effect on the proposal to approve, by non-binding, advisory vote, compensation that will or may become payable by ARI to its named executive officers in connection with the Merger.

Each broker non-vote will have the same effect as a vote **AGAINST** the proposal to approve and adopt the Merger Agreement, but will have no effect on (i) any proposal to adjourn

the Special Meeting to a later date to solicit additional proxies if there are insufficient votes to approve and adopt the Merger Agreement at the time of the Special Meeting or (ii) the proposal to approve, by non-binding, advisory vote, compensation that will or may become payable by ARI to its named executive officers in connection with the Merger. A broker non-vote generally occurs when a bank, broker or other nominee holding shares on your behalf does not vote on a proposal because the bank, broker or other nominee has not received your voting instructions and lacks discretionary power to vote the shares.

### **Shares Held by ARI's Directors and Executive Officers**

As of the Record Date, our directors and executive officers beneficially owned and were entitled to vote, in the aggregate, 1,830,732 shares of ARI common stock, representing approximately 10.18% of the shares of common stock outstanding on the Record Date. Our directors and executive officers have executed voting agreements obligating them to vote all of their shares of common stock (1) **FOR** the approval and adoption of the Merger Agreement and (2) **FOR** the adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to approve and adopt the Merger Agreement at the time of the Special Meeting and have further informed us that they currently intend to vote (3) **FOR** the non-binding, advisory proposal to approve compensation that will or may become payable by ARI to its named executive officers in connection with the Merger.

### **Voting of Proxies**

If your shares are registered in your name with our transfer agent, American Stock Transfer & Trust Company, you may cause your shares to be voted by returning a signed and dated proxy card in the accompanying prepaid envelope, or you may vote in person at the Special Meeting. Additionally, you may grant a proxy electronically over the Internet or by telephone by following the instructions on your proxy card. You must have the enclosed proxy card available, and follow the instructions on the proxy card, in order to grant a proxy electronically over the Internet or by telephone. Based on your proxy cards or Internet and telephone proxies, the proxy holders will vote your shares according to your directions.

If you plan to attend the Special Meeting and wish to vote in person, you will be given a ballot at the Special Meeting. If your shares are registered in your name, you are encouraged to vote by proxy even if you plan to attend the Special Meeting in person. If you attend the Special Meeting and vote in person by ballot, your vote will revoke any previously submitted proxy.

Voting instructions are included on your proxy card. All shares represented by properly signed and dated proxies received in time for the Special Meeting will be voted at the Special Meeting in accordance with the instructions of the shareholder. Properly signed and dated proxies that do not contain voting instructions will be voted (1) **FOR** approval and adoption of the Merger Agreement; (2) **FOR** the adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to approve and adopt the Merger Agreement at the time of the Special Meeting; and (3) **FOR** the proposal to approve, by non-binding, advisory vote, compensation that will or may become payable by ARI to its named executive officers in connection with the Merger.

If your shares are held in street name through a bank, broker or other nominee, you may vote through your bank, broker or other nominee by completing and returning the voting form provided by your bank, broker or other nominee or attending the Special Meeting and voting in person with a legal proxy from your bank, broker or other nominee. If such a service is provided, you may vote over the Internet or telephone through your bank, broker or other nominee by following the instructions on the voting form provided by your bank, broker or other nominee. If you do not return your bank's, broker's or other nominee's voting form, do not vote via the Internet or telephone through your bank, broker or other nominee, if possible, or do not attend the Special Meeting and vote in person with a legal proxy from your bank, broker or other nominee, it will have the same effect as if you voted **AGAINST** the proposal to approve

and adopt the Merger Agreement but will not have any effect on the adjournment proposal or the proposal to approve,  
by

non-binding, advisory vote, compensation that will or may become payable by ARI to its named executive officers in connection with the Merger.

### **Revocability of Proxies**

If you are a shareholder of record, you may change your vote or revoke your proxy at any time before it is voted at the Special Meeting by:

- signing another proxy card with a later date and returning it to us prior to the Special Meeting;
- submitting a new proxy electronically over the Internet or by telephone after the date of the earlier submitted proxy;
- delivering a written notice of revocation to ARI's Secretary; or
- attending the Special Meeting and voting in person by ballot.

If you have submitted a proxy, your appearance at the Special Meeting, in the absence of voting in person or submitting an additional proxy or revocation, will not have the effect of revoking your prior proxy.

If you hold your shares of common stock in street name, you should contact your bank, broker or other nominee for instructions regarding how to change your vote. You may also vote in person at the Special Meeting if you obtain a legal proxy from your bank, broker or other nominee.

Any adjournment, postponement or other delay of the Special Meeting, including for the purpose of soliciting additional proxies, will allow shareholders who have already sent in their proxies to revoke them at any time prior to their use at the Special Meeting as adjourned, postponed or delayed.

### **Board of Directors Recommendation**

The Board of Directors, after considering various factors described under the caption **The Merger Recommendation of the Board of Directors and Reasons for the Merger**, has unanimously (1) determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement are advisable to, fair to and in the best interests of ARI and shareholders; and (2) adopted and approved the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement. The Board of Directors unanimously recommends that you vote (1) **FOR** the approval and adoption of the Merger Agreement; (2) **FOR** the adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to approve and adopt the Merger Agreement at the time of the Special Meeting; and (3) **FOR** the proposal to approve, by non-binding, advisory vote, compensation that will or may become payable by ARI to its named executive officers in connection with the Merger.

### **Solicitation of Proxies**

The expense of soliciting proxies will be borne by ARI. We have retained Morrow Sodali LLC, a proxy solicitation firm (the Proxy Solicitor), to solicit proxies in connection with the Special Meeting at a cost of approximately \$15,000 plus expenses. We will also indemnify the Proxy Solicitor against losses arising out of its provisions of these services on our behalf. In addition, we may reimburse banks, brokers and other nominees representing beneficial owners of shares for their expenses in forwarding soliciting materials to such beneficial owners. Proxies may also be solicited by our directors, officers and employees, personally or by telephone, email, fax, over the Internet or other means of communication. No additional compensation will be paid for such services.



### **Anticipated Date of Completion of the Merger**

Assuming timely satisfaction of necessary closing conditions, including the approval by shareholders of the proposal to approve and adopt the Merger Agreement, we anticipate that the Merger will be consummated in the third calendar quarter of 2017.

### **Appraisal Rights**

No dissenters', appraisal or similar rights or demands are exercisable by any ARI shareholder in connection with the merger under Section 180.1302(1) or Section 180.1302(2) of the WBCL.

### **Other Matters**

At this time, we know of no other matters to be voted on at the Special Meeting. If any other matters properly come before the Special Meeting, your shares of common stock will be voted in accordance with the discretion of the appointed proxy holders.

### **Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on August 28, 2017**

The proxy statement is available at <http://investor.arinet.com> by clicking the SEC Filings tab.

### **Householding of Special Meeting Materials**

Unless we have received contrary instructions, we may send a single copy of this proxy statement to any household at which two or more shareholders reside if we believe the shareholders are members of the same family. Each shareholder in the household will continue to receive a separate proxy card. This process, known as householding, reduces the volume of duplicate information received at your household and helps to reduce our expenses.

If you would like to receive your own set of our disclosure documents this year or in future years, follow the instructions described below. Similarly, if you share an address with another shareholder and together both of you would like to receive only a single set of our disclosure documents, follow these instructions.

If you are a shareholder of record, you may contact us by writing to ARI Network Services, Inc., Attention: Secretary, 10850 West Park Place, Suite 1200, Milwaukee, Wisconsin 53224 or calling us at (414) 973-4300. Eligible shareholders of record receiving multiple copies of this proxy statement can request householding by contacting us in the same manner. If a bank, broker or other nominee holds your shares, please contact your bank, broker or other nominee directly.

### **Questions and Additional Information**

If you have any questions concerning the Merger, the Special Meeting or the accompanying proxy statement, would like additional copies of the accompanying proxy statement or need help voting your shares of common stock, please contact our Proxy Solicitor:

Morrow Sodali LLC  
470 West Avenue 3rd floor  
Stamford, CT 06902

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

Shareholders May Call Toll-Free: (800) 662-5200

### **PROPOSAL 1: ADOPTION OF THE MERGER AGREEMENT**

We are asking you to approve and adopt the Merger Agreement and the Merger contemplated by the Merger Agreement.

For a summary of and detailed information regarding this proposal, see the information about the Merger Agreement and the Merger throughout this proxy statement, including the information set forth in the sections captioned "The Merger" beginning on page 27 of this proxy statement and "The Merger Agreement" beginning on page 63 of this proxy statement. A copy of the Merger Agreement is attached to this proxy statement as Annex A. You are urged to read the Merger Agreement carefully in its entirety.

Under applicable law, we cannot complete the Merger without the affirmative vote of a majority of the votes that holders of the outstanding shares of ARI common stock at the close of business on the Record Date are entitled to cast on the proposal to approve and adopt the Merger Agreement and the Merger. If you abstain from voting, fail to cast your vote, in person or by proxy, or fail to give voting instructions to your brokerage firm, bank, trust or other nominee, it will have the same effect as a vote against the proposal to approve and adopt the Merger Agreement.

**The Board of Directors unanimously recommends that you vote FOR this proposal.**

### **PROPOSAL 2: ADJOURNMENT OF THE SPECIAL MEETING**

We are asking you to approve a proposal to adjourn the Special Meeting to a later date or dates if necessary or appropriate to solicit additional proxies if there are insufficient votes to approve and adopt the Merger Agreement at the time of the Special Meeting. If shareholders approve the adjournment proposal, we could adjourn the Special Meeting and any adjourned session of the Special Meeting and use the additional time to solicit additional proxies, including proxies from shareholders that have previously returned properly executed proxies voting against approval and adoption of the Merger Agreement. Among other things, approval of the adjournment proposal could mean that, even if we had received proxies representing a sufficient number of votes against approval and adoption of the Merger Agreement such that the proposal to approve and adopt the Merger Agreement would be defeated, we could adjourn the Special Meeting without a vote on the approval and adoption of the Merger Agreement and seek to convince the holders of those shares to change their votes to votes in favor of approval and adoption of the Merger Agreement. Additionally, we may seek to adjourn the Special Meeting if a quorum is not present or otherwise at the discretion of the chairman of the Special Meeting.

**The Board of Directors unanimously recommends that you vote FOR this proposal.**

### **PROPOSAL 3: ADVISORY, NON-BINDING VOTE ON MERGER-RELATED**

#### **EXECUTIVE COMPENSATION ARRANGEMENTS**

Section 14A of the Exchange Act, which was enacted as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, requires that we provide shareholders with the opportunity to vote to approve, on an advisory, non-binding basis, the payment of certain compensation that will or may become payable by ARI to its named executive officers in connection with the Merger, as disclosed in the section captioned "The Merger Interests of ARI's Directors and Named Executive Officers in the Merger," beginning on page 51 of this proxy statement.

We are asking shareholders to indicate their approval of the various compensation that will or may become payable by ARI to its named executive officers in connection with the Merger. These payments are set forth in the section captioned "The Merger Interests of ARI's Directors and Named Executive Officers in the Merger," beginning on page 51

of this proxy statement, and the accompanying footnotes. In general, the various plans and arrangements pursuant to which these compensation payments may be made have previously formed part of ARI's overall compensation program for our named executive officers and previously have been disclosed to shareholders as part of the Compensation Discussion and Analysis and related sections of our annual proxy statements.

These historical arrangements were adopted and approved by the Compensation Committee of the Board of Directors, which is composed solely of non-management directors, and are believed to be reasonable and in line with marketplace norms.

Accordingly, we are seeking approval of the following resolution at the Special Meeting:

RESOLVED, that the shareholders of ARI Network Services, Inc. approve, on a nonbinding, advisory basis, the compensation that will or may become payable by ARI to its named executive officers that is based on or otherwise relates to the Merger as disclosed pursuant to Item 402(t) of Regulation S-K in the section captioned "The Merger - Interests of ARI's Directors and Named Executive Officers in the Merger."

Shareholders should note that this proposal is not a condition to completion of the Merger, and as an advisory vote, the result will not be binding on ARI, the Board of Directors, Parent or the named executive officers. Further, the underlying plans and arrangements are contractual in nature and not, by their terms, subject to shareholder approval. Accordingly, regardless of the outcome of the advisory vote, if the Merger is consummated our named executive officers will be eligible to receive the compensation that is based on or otherwise relates to the Merger in accordance with the terms and conditions applicable to the underlying plans and agreements and the Merger Agreement.

**The Board of Directors unanimously recommends that you vote FOR this proposal.**

## THE MERGER

This discussion of the Merger is qualified in its entirety by reference to the Merger Agreement, which is attached to this proxy statement as Annex A and incorporated into this proxy statement by reference. You should read the entire Merger Agreement carefully as it is the legal document that governs the Merger.

### Parties Involved in the Merger

#### *ARI Network Services, Inc.*

10850 West Park Place, Suite 1200  
Milwaukee, Wisconsin 53224

ARI offers an award-winning suite of SaaS, software tools, and marketing services to help dealers, equipment 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 models.

ARI common stock is listed on NASDAQ under the symbol ARIS.

#### *Expedition Holdings LLC*

c/o True Wind Capital GP, LLC  
480 Pacific Avenue, Suite 200  
San Francisco, CA 94133

Expedition Holdings LLC was formed on June 16, 2017, solely for the purpose of engaging in the transactions contemplated by the Merger Agreement and has not engaged in any business activities other than in connection with the transactions contemplated by the Merger Agreement and arranging of the equity financing and debt financing in connection with the Merger.

#### *Expedition Merger Sub, Inc.*

c/o True Wind Capital GP, LLC  
480 Pacific Avenue, Suite 200  
San Francisco, CA 94133

Merger Sub is a direct wholly owned subsidiary of Parent and was formed on June 19, 2017, solely for the purpose of engaging in the transactions contemplated by the Merger Agreement and has not engaged in any business activities other than in connection with the transactions contemplated by the Merger Agreement and arranging of the equity financing and debt financing in connection with the Merger.

Parent and Merger Sub are each affiliated with True Wind. In connection with the transactions contemplated by the Merger Agreement, (1) TWC has provided to Parent an equity commitment of up to \$93,341,000; and (2) Parent has obtained a debt financing commitment from the Lender for an aggregate amount of up to \$72.5 million, comprised of a \$7.5 million revolving credit facility, which will be available to fund a portion of the payments contemplated by the Merger Agreement, and a \$55 million to \$65 million term loan facility (in each case, pursuant to the terms and conditions as described further under the caption The Merger Financing of the Merger, beginning on page 56 of this proxy statement). After giving effect to the Merger, ARI, as the Surviving Corporation, will be affiliated with True Wind.

### Effect of the Merger

Upon the terms and subject to the conditions of the Merger Agreement, if the Merger is completed, Merger Sub will merge with and into ARI, and ARI will continue as the Surviving Corporation and as a wholly owned subsidiary of Parent. As a result of the Merger, our common stock will no longer be publicly traded and will be delisted from NASDAQ. In addition, our common stock will be deregistered under the Exchange Act, and we will no longer file periodic reports with the SEC. If the Merger is completed, you will not own any shares of the capital stock of the Surviving Corporation.

The Effective Time will occur upon the filing of articles of merger with the Wisconsin Department of Financial Institutions (or at such later time as we, Parent and Merger Sub may agree and specify in the articles of merger).

### **Effect on ARI if the Merger is Not Completed**

If the Merger Agreement is not approved and adopted by shareholders or if the Merger is not completed for any other reason, shareholders will not receive any payment for their shares of common stock. Instead, ARI will remain an independent public company, our common stock will continue to be listed and traded on NASDAQ and registered under the Exchange Act and we will continue to file periodic reports with the SEC. In addition, if the Merger is not completed, we expect that shareholders will continue to be subject to the same risks and opportunities to which they are currently subject, including risks related to the highly competitive industry in which ARI operates and risks related to adverse economic conditions.

Furthermore, if the Merger is not completed, and depending on the circumstances that caused the Merger not to be completed, the price of our common stock may decline significantly. If that were to occur, it is uncertain when, if ever, the price of our common stock would return to the price at which it trades as of the date of this proxy statement.

Accordingly, if the Merger is not completed, there can be no assurance as to the effect of these risks and opportunities on the future value of your shares of common stock. If the Merger is not completed, the Board of Directors will continue to evaluate and review ARI's business operations, strategic direction and capitalization, among other things, and will make such changes as are deemed appropriate. If the Merger Agreement is not approved and adopted by shareholders or if the Merger is not completed for any other reason, there can be no assurance that any other transaction acceptable to the Board of Directors will be offered or that ARI's business, prospects or results of operation will not be adversely impacted.

Upon termination of the Merger Agreement under specified circumstances, ARI will be required to pay Parent a termination fee of \$4,767,000. Parent will be required to pay to ARI a reverse termination fee of \$8,264,000 if the Merger Agreement is terminated under different specified circumstances. For more information, please see the section captioned "The Merger Agreement Termination Fees and Expense Reimbursement," beginning on page 81 of this proxy statement.

### **Merger Consideration**

In the Merger, each outstanding share of common stock (other than shares owned by Parent or Merger Sub) will be converted into the right to receive the Per Share Merger Consideration.

After the Merger is completed, you will have the right to receive the Per Share Merger Consideration, but you will no longer have any rights as a shareholder of ARI.

### **Background of the Merger**

As part of its ongoing assessment of ARI's business, the Board of Directors, together with senior management, regularly reviews and evaluates ARI's business strategy, financial performance and business opportunities with a view towards strengthening ARI's business and identifying prospects to increase shareholder value. As part of this evaluation, the Board of Directors has, from time to time, considered a variety of strategic alternatives for ARI, including transactions and business combinations (whether structured as a merger, sale of ARI, joint venture or transformative acquisition by ARI). During the period since ARI's relisting on NASDAQ in December 2013 and prior to the events described below and the process that resulted in ARI's entry into the Merger Agreement, ARI had, from time to time, been involved in preliminary discussions with multiple potential strategic and financial buyers. In each



case, the relevant parties determined not to pursue a transaction.

During December 2013, Messrs. Olivier and Nurthen had a telephonic discussion with representatives from PCS, which had expressed interest in advising ARI on exploring strategic alternatives.

During January 2015, Messrs. Olivier and Nurthen had a telephonic discussion with representatives from an investment bank (Investment Bank B) which had expressed interest in advising ARI on exploring strategic alternatives.

During January 2015, Messrs. Olivier and Nurthen gave a presentation to a private equity firm (Financial Party B) that had expressed interest in learning more about ARI. The initial presentation was based solely upon publicly available information, since the parties had not yet entered into a confidentiality agreement. The parties subsequently entered into a confidentiality agreement containing standstill provisions on January 20, 2015. The discussions ultimately stalled in 2015, as Financial Party B wanted access to confidential information, which, based on discussions among ARI's management and Board of Directors, ARI determined not to provide in the absence of a formal indication of interest from Financial Party B.

During April 2015, Messrs. Olivier and Nurthen met in New York City with representatives of an investment bank (Investment Bank C) interested in advising ARI on pursuing transactions, either from a buy-side or sell-side perspective.

During November 2015, ARI was approached by a strategic party (Strategic Party C) expressing interest in learning more about ARI. The parties executed a confidentiality agreement on November 20, 2015. On November 23, 2015, Mr. Olivier visited the offices of Strategic Party C to give a presentation on ARI. Subsequent conversations with Strategic Party C revealed that Strategic Party C had an interest in pursuing a potential transaction with ARI, but not at a premium to ARI's then-current trading price. Based on discussions among ARI's management and Board of Directors, discussions with Strategic Party C were discontinued.

In light of ARI's recent growth trajectory and the resulting attention ARI had begun to receive from investment banking firms and potential investors, management and the Board of Directors began informally discussing ways to explore the range of potential alternatives available to ARI for maximizing shareholder value.