

ARI NETWORK SERVICES INC /WI  
Form 8-K  
October 20, 2006

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **October 19, 2006**

**ARI NETWORK SERVICES, INC.**

(Exact name of registrant as specified in its charter)

**Wisconsin**  
(State or other jurisdiction  
of incorporation)

**0-19608**  
(Commission  
File Number)

**39-1388360**  
(IRS Employer  
Identification No.)

**11425 West Lake Park Drive, Suite 900**

**Milwaukee, Wisconsin**

(Address of principal executive offices)

**53224**

(Zip Code)

Registrant's telephone number, including area code: **(414) 973-4300**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

- “ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- “ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- “ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- “ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 1.01 Entry into a Material Definitive Agreement.**

On October 19, 2006, the Board of Directors of ARI Network Services, Inc. approved the fiscal year 2007 current year and long-term bonus arrangements for the Company's executive officers.

The fiscal 2007 current year bonus amounts will be based on four, equally-weighted performance goals: (1) revenue, (2) operating income, (3) cash and (4) individual performance objectives (MBOs). The quantitative performance objectives are tied to the Company's budget and are measured and paid on a quarterly basis, split 20% for each of the first three quarters and 40% for the fourth quarter.

The long-term bonus arrangements consist of a series of three one-year performance periods commencing with fiscal 2008. The amount of the payout is adjusted on a sliding scale based upon the extent to which the Company's revenue plan is achieved for each of the three years, ranging from a floor of 75% of the target award if the Company's revenue objectives are not met to a cap of 200% of the target award if revenue equals or exceeds 150% of plan. The award is paid in three annual installments following fiscal years 2008, 2009 and 2010, provided the executive is then employed by the Company. One-half of the floor amount is paid in ARI stock, valued at the time of payment, and the remainder is paid in cash.

On October 19, 2006, the Board of Directors also set fiscal 2007 Board compensation the same as it was in fiscal 2006.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: October 20, 2006

**ARI NETWORK SERVICES, INC.**

By: /s/ Brian E. Dearing\_\_\_\_\_

Brian E. Dearing

Chairman and Chief Executive Officer