



AGENT INFORMATION SOFTWARE, INC.

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April 19, 2017

Dear Shareholders:

On May 24, 2017 at 9:30 am the Company will hold its annual shareholder meeting at our corporate offices located at 430 N. Vineyard Ave. Suite 100 Ontario, CA 97164. The meeting will begin at 9:30am.

Attached you will find the 2016 Proxy Card. The audit was completed on March 31st. The audited financial statements can be downloaded from <http://www.agentinformationsoftware.com/investors.htm>. They are also available from Computershare at <http://www.investorvote.com/AIFS>.

As reported last year, 2016 was a year in which we worked hard to strengthen our products and customer services. For 66 years, the company has always looked to improve and refine our products to meet our customer needs. Several new programs were put in place to address changing customer needs via workflow refinements. A focus on providing more customer requested enhancements for both SHAREit and VERSO were also undertaken in 2016. The company made several major releases all intended to address customer needs and workflow refinements.

Seeking to extend our reach, the company invested in the development of two prototype programs: a mobile APP, Library Mobile. The new mobile APP is available for both the Apple and Android marketplaces. We also launch SLIMS, a small public library software system. As the library user community and staff continues to show acceptance of the mobile platforms our libraries are seeing an increased need for a true mobile library APP that can address functions available to a mobile device (GPS, Scanners, etc.) and to provide a more conscience user experience.

As also mentioned last year the company rolled out its new MONTAGEdc product which is a digital content manager. We have new sales team on board and are continuing to see sales opportunities in the market as customers look for modern, simple to use, SaaS based digital collection products. If you would like to see how one of our customers is using the product visit our website for more details regarding Albert Wisner Public Library

SHAREit continues to see growth for the company in 2016 with the addition of a major state contract with Vermont which will be installed in early 2017. The product implementations in Indiana and South Dakota has gone very well. Recently the staff of ACCESSPA announced that SHAREit had resulted in a 33% increase in fulfillment of requests from their prior system. As Indiana said about SHAREit, the flexibility of SHAREit has allowed the state to break down the individual silos of information in the state to truly provide a resource sharing solution for everyone in the state. The steady implementations of our resource sharing solution represents approximately 6,000 connected libraries utilizing the hybrid solution to make nearly a million unique ILL requests in 2016.

VERSO started the year in 2016 well with several opportunities, but the overall number of RFPs was down substantially from prior years. Many libraries expressed that the lack of investment in new systems was a direct result of the uncertainty of the election and federal budgets. Several opportunities opted to extend existing contracts for a year or two rather than go out for a RFP in 2016. The trend for new RFPs in 2017 seems to be ahead of last year. Libraries are again looking for potential new systems which can address the needs of the library but can also take advantage of new technology via SaaS delivery resulting in cost savings for the library. With the development investment made in the

VERSO mobile-device responsive front-end, in addition to many staff and patron product enhancements, the company expects a favorable response to the over a half a dozen RFPs we have responded to already in 2017. The company continues to be most challenged in the marketplace with the perception that we are only small system provider. Our goal with VERSO is to continue pursue larger systems, and to show the cost benefits available as the originator of SaaS delivered products in the industry.

The company will continue to focus on new products and functionality to meet the market needs including a look at the next generation database and search technology that will allow us to take advantage of cost savings. We continue to feel strongly that our company longevity, product platform, and continued focused as a SaaS solution provider will make the company's products and services more relevant than ever.

I would like to thank you, our shareholders, for the continued support in AIFS's long-term strategy and vision. I hope you share our excitement about AIFS's performance as we work to shape our products to the benefit of libraries and their membership.

If you have questions, please do not hesitate to email me at prc@auto-graphics.com or call me directly at 909-569-1520 or you may contact our controller, Bryan Straight at 909-569-1535.

Best regards,



Paul R. Cope
President