

NEWS RELEASE

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Auto-Graphics, Inc. Announces 2004 Earnings

Pomona, CA: Auto-Graphics, Inc. (Pink Sheets: AUGR) reported that operating income was \$270,000 for the year ended December 31, 2004, down \$100,000 from \$370,000 for the same period in 2003, due to a 7% decline in net sales. However, this performance does represent the twelfth consecutive quarter for which the Company has delivered a positive operating income.

The Company's net sales were \$5,372,000 in 2004, down \$400,000 from \$5,772,000 in 2003. The decline was due primarily to lower revenues from the state of Texas as funding was shifted by the legislature from the state level to individual libraries. Over the past year, the Company has won major multi-year contract renewals with the Tennessee, Kansas, Connecticut and Oklahoma state libraries. The Company was also recently selected by the Mississippi Library Commission to provide a statewide virtual union catalog and interlibrary loan system using the Company's AGenTM software product under a three-year contract.

In 2003, the Company significantly increased spending on sales and marketing staff and promotional expenses in an effort to increase sales and promote the AGen product line to existing consortia customers and individual libraries. To further address the new sales issue, the Company hired a new Chief Executive Officer with a strong sales and marketing background in ASP and applications software in June 2004.

Net income was \$214,000 in 2004 down from a net income of \$305,000 in 2003. Basic and diluted earnings per share was \$0.04 in 2004, compared to basic and diluted earnings per share of \$0.06 and \$0.05, respectively in 2003.

Auto-Graphics provides applications software and Web hosting services to clients who create, manage, publish and access information using the Internet. Visit www.auto-graphics.com for additional information.

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