

## To our Shareholders, Customers and Employees

It is my pleasure to report that Logility demonstrated on-going profitability and generated substantial value for our shareholders and customers throughout fiscal year 2003. We performed soundly from both a financial and operational perspective, including a record 50% growth in operating income that strengthened an already strong balance sheet and reinforced our overall organizational stability. Our financial viability intact, we concentrated on further development of our market-leading collaborative supply chain solutions, focusing on new ways to help our customers to deploy even faster and obtain an even greater return on investment.



As business processes have increased in complexity, dynamic global supply chains place intensive pressure on our customers to improve overall operational visibility, expedite collaborative efforts with their customers and suppliers, continuously monitor and proactively respond to dynamic conditions, and manage increased global sourcing. Logility remained focused on providing greater visibility, velocity and innovation to empower our customers to tackle these global supply chain challenges and gain market share over less nimble competitors.

In fiscal 2003, we significantly strengthened two key components of our Voyager Solutions to help our customers keep their world-wide supply chains running smoothly. Voyager Global Sourcing Management™, introduced this year, now gives retailers and manufacturers the ability to extend visibility into offshore production, optimize sourcing decisions, monitor the movement of goods, and improve the flow of information with supply-side trading partners. Collaborative sales and operations planning (S&OP) further enables companies to align market demand with actual manufacturing, sourcing and transportation capabilities to determine the best way to deliver orders on time and at a maximum profit.

Companies in distribution-intensive industries need our collaborative supply chain solutions more than ever to gain visibility, synchronize resources, optimize inventory investments, drive down costs and deliver superior customer service. Our domain expertise is deep in collaborative business processes, which remains an emerging area with tremendous opportunity and room for growth. We will continue to evaluate promising relationships with key distribution partners that have the greatest potential to exploit these growth areas and strengthen our overall market position; leverage our experienced direct sales organization and pursue additional indirect sales channels to maximize revenue opportunities; and invest aggressively in R&D to fuel the delivery of our fifth generation of collaborative supply chain solutions.

As we move into fiscal year 2004, we are enthusiastic about our strong financial position and the options it gives us. We are committed to remaining a market leader in collaborative supply chain management—raising the bar repeatedly and forcing our competitors to follow. We'd like to extend a heartfelt thank you to our employees, customers and shareholders for their continued dedication, partnership and leadership that resulted in an outstanding year. We're convinced we have the right people, products, partners and business strategy to capitalize on the opportunities at hand and deliver continued strong performances throughout fiscal year 2004.

A handwritten signature in black ink, reading "J. Michael Edenfield". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

J. Michael Edenfield  
Chief Executive Officer