



To Our Shareholders

It is my pleasure to report that Logility had another strong year despite difficult marketplace conditions. We grew operating earnings for the third consecutive year and continued to strengthen our balance sheet with a net increase in our cash and investments by 14% over last year to approximately \$31 million. During the year, we repurchased 102,300 shares of common stock in open market transactions at a cost of \$471,544. Further, to ensure that our corporate governance continues to meet the highest standards, we continue to work diligently with our outside directors, audit committee, auditors and legal counsel to comply with the requirements of the Sarbanes-Oxley Act, the U.S. Securities and Exchange Commission, and NASDAQ.

Our strong balance sheet and overall organizational stability helped us continue to focus on what we do best—develop innovative solutions that simplify complex supply chain challenges and consistently deploy our solutions quickly to drive rapid return on investment for our customers.

In fiscal 2004, rapid globalization of supply chains and the continued adoption of Internet technology increased the need for companies to build strong and flexible infrastructures capable of delivering visibility improvements; optimizing inventory investments with customer service objectives; and supporting long-term business strategies while capitalizing on short-term global growth opportunities. Radio frequency identification (RFID) emerged as the latest technology enabler for savvy consumer goods manufacturers and retailers to increase visibility of shipments, accelerate inventory movements and eliminate out of stock situations.

With the delivery of Logility Voyager Solutions™ 7.0, we continued to strategically position Logility with the most significant product release in our history and, in the process, fortified our commitment to offering easy-to-use products that drive operational and financial value for our customers. Our latest Internet-based products embed performance management capabilities to give companies a complete view of supply chain activities and enable real-time corrective measures to deliver a higher percentage of perfect orders. These products support RFID technology for tracking products at the carton, pallet and container level to streamline the shipment of goods and accelerate the receipt of products into distribution centers. This release also offers market-leading collaborative Sales and Operations Planning (S&OP), which enables companies to better align daily operational activities with strategic corporate objectives, more effectively balance supply and demand, and make better-informed decisions that impact both the top and bottom line.

Moving forward, our goal remains to help distribution-intensive manufacturing, wholesale, and retail organizations continually synchronize supply and demand, improve forecasting and distribution, reduce inventory levels, increase perfect orders, decrease transportation costs and gain global visibility into supply chain performance. With our proven leadership team and superior financial condition, we are in a good position to realize our goal by continuing to invest heavily in product development, as well as examining potential relationships to expand distribution channels and penetrate key vertical markets. We are currently recognized as a leader in developing and marketing collaborative supply chain solutions, and our plans are structured to strengthen this leadership position.

Finally, we would like to express our gratitude to our customers, employees, and shareholders for their dedication and contribution to Logility's continuing success.

Sincerely,

J. Michael Edenfield
Chief Executive Officer

