

AMERICAN SOFTWARE



American Software
2003 Annual Report

Dear Fellow Shareholders:



I am very pleased to report to you that our Company has completed another successful year within an economic environment that has been difficult for our industry. For several years, market conditions have been characterized by reduced capital spending for technology, including software. During this period, American Software has recorded consistent performance, having reported profits for nine consecutive quarters. As of this writing, there is no clear indication that the environment relative to capital expenditures for software is actually improving. However, many experts are predicting that 2004 will be a major turnaround year.

Throughout the downturn, we have positioned the company so that we may fully participate in the eventual upturn. We have the people, products, customers, and capital to continue our success. Our people are highly skilled and motivated. We continue to invest in our products, adding those features and enhancements that will generate the most value for our customers. Our customer base is satisfied and willing to serve as references to new prospects. We are debt free and have growing capital reserves.

During the year, we enhanced shareholder value by repurchasing 605,500 shares in open market transactions at an average price of \$3.07 per share. Under the existing share buy-back program, we are authorized to buy up to 1,899,000 additional shares. With year-ending cash and investments over \$60,000,000 and no debt, we initiated a quarterly dividend program on July 9, 2003. The first dividend in the amount of \$.06 per share is payable on or about September 19, 2003 to shareholders of record at the close of business on August 20, 2003.

We are working diligently with our outside directors, audit committee, auditors and legal counsel to implement all requirements of the Sarbanes-Oxley Act and the rules being enacted by the Securities and Exchange Commission and NASDAQ to ensure that our corporate governance activities continue to meet the highest standards.

We are looking forward to the new year with enthusiasm and confidence. We believe we have laid a foundation for the future that will prove rewarding to our customers, employees and shareholders over the long term.

Thank you for your continued support.

Sincerely,

A handwritten signature in black ink that reads "James C. Edenfield". The signature is written in a cursive, flowing style.

James C. Edenfield
President and Chief Executive Officer

Executive Officers

James C. Edenfield

President and Chief Executive Officer

J. Michael Edenfield

Executive Vice President;
President and Chief Executive
Officer, Logility, Inc.

Jeffrey W. Coombs

Executive Vice President
American Software USA, Inc.

G. Alan Brooks

President, New Generation Computing, Inc.

John E. Nale, Jr.

President, The Proven Method, Inc.

Vincent C. Klinges

Chief Financial Officer

James R. McGuone

Secretary

Board of Directors

Thomas L. Newberry, Ph.D.

Chairman of the Board of Directors

James C. Edenfield

President, Chief Executive Officer

J. Michael Edenfield

Executive Vice President;
President and Chief Executive
Officer, Logility, Inc.

David H. Gambrell

Partner, Gambrell & Stolz, LLP

W. Dennis Hogue

Chief Executive Officer
Datatrac Corporation

John J. Jarvis, Ph.D.

Executive Director, The Logistics Institute -
Asia Pacific, Georgia Institute of Technology

James B. Miller, Jr.

Chairman, President, and Chief Executive
Officer, Fidelity National Corporation

Thomas L. Newberry, V

Chief Executive Officer, 1% Club, Inc.

Offices

Worldwide Locations

Corporate Headquarters

470 East Paces Ferry Road, NE
Atlanta, GA 30305
Phone 404-261-4381
Fax 404-264-5514

International Offices

American Software France S.A.

Tour Litwin
10/10 Bis, Rue Jean-Jaures
92807 Puteaux
Paris, France
Phone +33 1 4907 8555
Fax +33 1 4907 8560

American Software (UK) Ltd.

St. George's Business Centre
Locke King Road
Weybridge, Surrey
KT13 OTS
United Kingdom
Phone +44 19 328 55554
Fax +44 19 328 54563

Logility, Spain

2a Planta
Edificio Dublin
San Fernando Business Park
28830 Madrid
Spain
Phone +34 91 678 1190
Fax +34 91 676 5185

Subsidiaries

American Software USA, Inc.

470 East Paces Ferry Road, NE
Atlanta, GA 30305
Phone 404-261-4381
Fax 404-264-5514

ASI Properties, Inc.

470 East Paces Ferry Road, NE
Atlanta, GA 30305
Phone: 404-261-4381
Fax: 404-238-5514

Logility, Inc.

470 East Paces Ferry Road, NE
Atlanta, GA 30305
Phone: 404-261-9777
Fax: 404-264-5514

Boston

25 Corporate Drive, Suite 100
Burlington, MA 01803
Phone 781-229-2322
Fax 781-229-8808

Chicago

1700 Higgins Road, Suite 280
Des Plaines, IL 60018
Phone 847-699-6620
Fax 847-669-6671

Dallas

5068 West Plano Parkway
Atrium Executive Business Center
Suite 300
Plano, TX 75093
Phone 972-738-8560
Fax 972-738-8561

Pittsburgh

7500 Brooktree Drive, Suite 214
Wexford, PA 15090
Phone 724-935-1642
Fax 724-935-1651

New Generation Computing, Inc.

16401 N.W. 58th Avenue
Miami, FL 33014
Phone: 305-556-9122
Fax: 305-828-6358

The Proven Method, Inc.

470 East Paces Ferry Road, NE
Atlanta, GA 30305
Phone: 404-238-8480
Fax: 404-238-8499

Market Makers

The following firms make a market
in the common shares of
American Software:

Avondale Partners, LLC
BrokerageAmerica, LLC
Cantor, Fitzgerald & Co.
Forge Financial Group, Inc.
Goldman, Sachs & Co.
Hill, Thompson, Magid & Co.
Knight Securities L.P.
Morgan, Keegan & Company
Schwab Capital Markets
Seidler Amdec Securities Inc.
SunTrust Robinson Humphrey
Capital Markets

Contact Information

American Software, Inc.
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Fax 404-264-5514
www.amsoftware.com

Investor Contact

Pat McManus
Phone 404-364-7615
Fax 404-364-7803
info@amsoftware.com

Annual Meeting

The annual meeting of shareholders
will be held at 1:00 PM EST on
Monday, August 18, 2003, at
American Software Headquarters,
470 East Paces Ferry Road, NE
Atlanta, GA.
All American Software
shareholders are
encouraged to attend.

Exchange: NASDAQ National Market Symbol: AMSWA

Inquiries regarding stock transfers,
lost certificates or address changes
should be directed to the
following address:

Transfer Agent

Wachovia Bank, N.A.
Equity Services Group
1525 West W.T. Harris Blvd, 3C3
Charlotte, NC 28288
Phone: 800-829-8432
www.wachovia.com

Independent Auditors

KPMG LLP
303 Peachtree Street, NE
Suite 2000
Atlanta, GA 30308-2355
Phone 404-222-3000

Forward-looking Statements

This annual report may include statements that
may constitute "forward-looking statements,"
including estimates of future business
prospects or financial results and statements
containing the words "believe," "expect," or
similar expressions. Any forward-looking state-
ments herein are made pursuant to the safe
harbor provision of the Private Securities
Litigation Reform Act of 1995. There are a
number of factors that could cause actual
results to differ materially from those anticipated
by statements made herein. These factors
include, but are not limited to, changes in
general economic conditions, technology and
the market for the Company's products and
services, including economic conditions within
the e-commerce markets; the timely availability
and market acceptance of these products and
services; the effect of competitive products
and pricing; the uncertainty of the viability and
effectiveness of strategic alliances; and the
irregular pattern of the Company's revenues.
For a more detailed discussion of these risks
and uncertainties, as well as our financial
condition, business operations, products and
services, directors and executive officers and
common stock, please refer to our Annual
Report on Form 10-K for the fiscal year ended
April 30, 2003 furnished within





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www.amsoftware.com