

April 1, 2005

Dear StoreNext Business Partners,

Retalix today announced that it is completing the acquisition of two major retail software companies, TCI and IDS. This great news brings many positive impacts for StoreNext dealers and will continue to strengthen our competitive position.

Of course you are likely to be very familiar with TCI. As one of the undisputed market leaders in the headquarters/enterprise and back office segments of our business, TCI's installed base of TCI Store and IMS in Tier II/III broadens our common footprint on the independent grocery business. Plus, of course, in the critical headquarters/hosting market, TCI Retail is an obvious leader with a powerful product line and well-established track record in our business.

The TCI acquisition opens up important opportunities for StoreNext dealer partners. First and most obviously, StoreNext dealers will have yet another set of "best-of-breed" products that are well-known market leaders. TCI's strong wholesaler relationships will be just as important, with outstanding potential for product integration and partnerships at key wholesalers who have standardized on TCI. StoreNext dealers also get new products that support a wider range of third-party POS platforms – and the foot-in-the-door with new customers this will bring.

StoreNext will be working to package tighter integration between TCI's solutions and StoreNext's ScanMaster and ISS45 POS. There are also some promising opportunities where host/headquarters products from TCI can be used to augment StoreNext's Connected Services suite.

Integrated Distribution Solutions (IDS) is an extremely successful company headquartered in Omaha with a broad suite of supply-chain solutions that complement the OMI International products acquired last year. IDS provides enterprise-level resource and planning (ERP) solutions used by wholesalers, food service distributors and C-store companies that drive supplier and customer relationship management, business analytics, labor optimization and warehouse management.

IDS has proved itself particularly strong at medium and small food retailers – not only are such companies under-served by the largest ERP providers, but there is also the obvious match with StoreNext's Tier II/III business. Besides providing StoreNext dealers with another set of Retalix-oriented grocers and wholesalers, IDS has developed powerful analytic and management modules that show promise for further strengthening StoreNext's hosting/enterprise suite with Connected Services and the new TCI systems.

For the StoreNext dealer, there are simply no down-sides to this news. Not only will these Retalix acquisitions add to your product opportunities, but they bring key resources and relationships that will accelerate StoreNext's system leadership and our dealers' sales environment. Provided with this letter you will find the Retalix press releases from this morning, as well as some key questions and answers regarding these Retalix acquisitions. Please feel free to contact me at your convenience if you desire further discussions.

To Your Success,



Ray Carlin