



## Letter from the President

March, 2011

As we embark upon 2011, it seems appropriate to provide an update on the various activities in which Trilogy is engaged.

On the Leasing front, we are at record levels in terms of our portfolio size and our net cash position (cash and equivalents minus debt). Our portfolio is at approximately \$250M in terms of origination cost and we achieved record profits in 2010. We have continued to add new accounts and are at our highest levels in terms of staff. Our remarketing process took great strides during 2010 with our average days in inventory far reduced from prior years. We have many leasing programs with a variety of customers which have been in place for many years, in some cases for more than a decade. Our customer attrition rate has been essentially zero.

Trilogy Solutions (our HP Elite Blade and Storage channel partner) has had quite an active 2010. We dramatically grew our customer portfolio through the establishment of a Strategic Technology Consulting, Assessment, Integration and Demonstration Practice. These offerings resulted in increased return on investment for our existing and new customers in the areas of virtualization, server/storage consolidation and network performance and management. We have continued to forge partnerships with organizations which strengthen our offerings. In addition to HP, we have relationships with Akorri, Microsoft, Novell, Symantec, VMware and Xangati. We are consistently profitable and continue to broaden our portfolio and expand our customer base.

Our newest offering is in the managed services space. We are most excited about our entry to this arena. We have commenced operations by offering managed hosting, disaster recovery, co-location, and managed systems and networks. We are supporting a major financial services software provider by implementing and operating a Software as a Service (SaaS) offering with a tight service level agreement and a worry-free environment for our client. This is an activity that Trilogy has added which fits perfectly as our clients move further into cloud computing. I envision strong growth in this marketplace in 2011 and beyond.

Trilogy has continued to expand our product portfolio since our inception 11+ years ago. We feel our ability to provide financing and technology to a broad array of customers is strong and evolving. We welcome your input as to how we might be more useful to your organization. We are honored by your continued support of Trilogy and look forward to providing you with quality service for years to come.

Jeffrey A. Liebenthal  
President and Chief Executive Officer