

ANNUAL REPORT 2003

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Financial Highlights

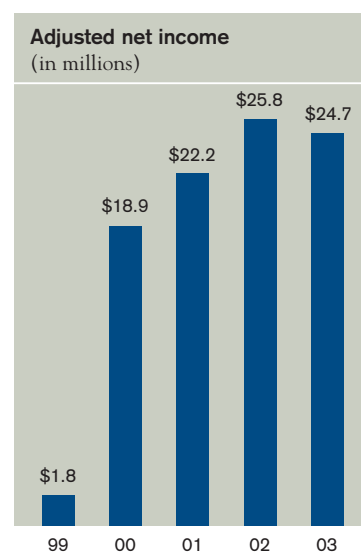
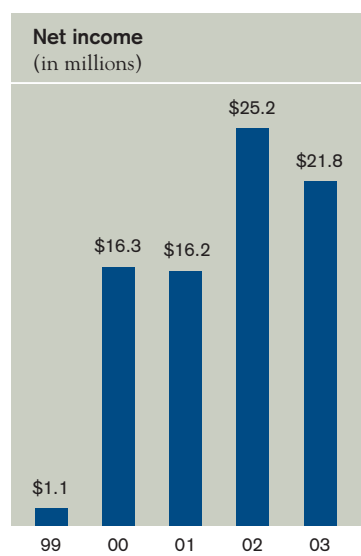
(IN THOUSANDS)

Statement of Income Data:

	1999	2000	2001	2002	2003
Revenues	\$ 85,298	\$ 138,619	\$ 156,378	\$ 175,721	\$ 196,814
Net income	1,101	16,268	16,187	25,196	21,845
Adjusted net income ^{(1) (2) (3) (4) (5)}	1,834 ⁽¹⁾	18,872 ⁽²⁾	22,215 ⁽³⁾	25,798 ⁽⁴⁾	24,709 ⁽⁵⁾

Balance Sheet Data:

	1999	2000	2001	2002	2003
Cash, cash equivalent and Investments	\$ 39,915	\$ 67,667	\$ 104,189	\$ 121,857	\$ 155,403
Working capital	46,948	70,192	101,224	124,679	158,366
Total assets	80,943	152,406	180,720	220,196	264,019
Total shareholders' equity	58,626	110,032	141,204	185,286	228,242



1 In fiscal 1999, these amounts exclude the effect of \$1.1 million for the amortization of acquisition-related intangibles.

2 In fiscal 2000, these amounts exclude the effect of non-recurring charges to operations of \$3.0 million in connection with the write-off of in process research and development and acquisition-related expenses; and \$1.2 million for the amortization of acquisition-related intangibles.

3 In fiscal 2001, these amounts exclude the effect of the \$4.3 million reserve against revenues for a bankrupt customer; and \$5.2 million for the amortization of acquisition-related intangibles.

4 In fiscal 2002, these amounts exclude the effect of non-recurring charges to operations of \$1.5 million in connection with the write-off of in-process research and development; \$1.8 million for the amortization of acquisition-related intangibles; and the \$2.3 million recovery relating to the bankrupt customer.

5 In fiscal 2003, these amounts exclude the effect of non-recurring charges to operations of \$0.9 million in connection with a restructuring charge and \$0.9 million for acquisition-related expenses; \$3.4 million for the amortization of acquisition-related intangibles; and the \$0.8 million recovery relating to the bankrupt customer.

Letter to Shareholders



RICHARD M. HADDRILL
Chief Executive Officer



PETE SINISGALLI
President, Chief Operating Officer

TO OUR SHAREHOLDERS:

The past year was another very successful year for our Company. We again increased revenues and further strengthened our competitive position. Despite one of the most difficult years for spending on information technology, we continued to make thoughtful investments to build long-term shareholder value including:

- Delivered our first synchronized product release, which increases the interoperability and ease of installation of our broad application suites, and allows customers to more effectively purchase and realize quick return on investment on our solutions.
- Built a leadership position in RFID technology, including development of our own RFID solutions, enabling existing applications with RFID capabilities and developing a team of RFID experts. Our RFID in a Box™ solution was selected as the Technology of the Year by *IndustryWeek* magazine.
- Expanded our capabilities in continental Europe and Asia, where we are seeing improving opportunities in 2004.
- Grew our teams of dedicated research and development personnel to more than 350 at year-end, from just over 200 at the start of 2003. Our offshore development center in Bangalore has exceeded our own high expectations during this ramp-up year, and represents a competitive advantage as we enter 2004.
- Invested in expanding our transportation management solutions in partnership with key customers. We enter 2004 with a functionally rich and leading technology for our Transportation Management Systems application suite.
- Developed vertical industry expansion in verticals such as food and high tech, where we are now the leader; and government and life sciences, which represent great growth opportunities over the next few years.

- Continued customer satisfaction initiatives, which have contributed to some of the best satisfaction survey results in our history, including accolades from independent survey source Nucleus Research.
- Acquired ReturnCentral, Inc., a leader in reverse logistics, and Streamsoft LLC, a leader in warehouse slot optimization software, which further expanded our solution offerings and core competencies. And, in early 2004 we also added a team of specialists in distributed order management. We remain excited about all of these acquisitions as we enter 2004.

Despite the cost of these investments and the overall weak spending environment in 2003, we achieved excellent operating results for the year.

Total revenue increased by 12% to \$196.8 million; and core revenues grew to \$172.5 million in 2003, an increase of 14% over the \$150.7 million in 2002.

International revenue increased to \$38.7 million in 2003, from \$33.4 million in 2002, representing a 16% increase.

We generated a strong \$36.3 million cash from operations in 2003, and increased cash by \$33.5 million to \$155.4 million at December 31, 2003.

For 14 years our success has been built on our dedication to customer success and satisfaction. We have licensed our solutions to more than 900 customers, including numerous industry leaders. Our existing customers continue to demonstrate their satisfaction with the Company, contributing 43% of our license revenues. Our focus on our customers has allowed us to develop solid business partnerships, which are key contributors to our product development as well as our financial success.

We also remained focused on good business ethics and corporate governance. Our Company principles and corporate ethics policies laid out more than four years ago have been key to our strong reputation, and will serve us well for years to come. During the year we had some changes in the

composition of the board of directors, including the well-deserved “retirement” of Founder and Chairman Alan Dabbieri, and the appointment of John Huntz as independent chairman. Also, Paul Goodwin, vice chair of CSX, joined us as another independent director early in 2003. We will continue to monitor our ethics policies and corporate governance policies to ensure compliance with the evolving standards as well as for the overall effectiveness of such policies.

As we enter 2004 I am very excited at the prospect of leveraging our financial strength, customer partnerships and strategic investments into an improving information technology spending environment. We see clear growth opportunities from leveraging our investments in RFID technology, global infrastructure, vertical industry expansion, newer products and customer satisfaction. This strong position is further enhanced by the ever more complex supply chain challenges confronting our customers related to expanding global operations, shorter product life cycles and RFID technology.

I am also excited about our recent announcement of Pete Sinisgalli as president and COO. We first tried to recruit Pete more than one year ago. His experience in the supply chain industry and in technology, combined with a strong cultural fit, make him the ideal candidate to lead the Company to even higher levels as he assumes the CEO role on July 1, 2004, when I become vice chairman. Finally, I would like to thank all of our valued customers, shareholders, business partners, board members and employees for their support of the Company during my tenure as CEO of Manhattan Associates. I look forward to actively helping Pete Sinisgalli and the rest of the Manhattan Associates team in the years ahead.

Richard M. Hadrill
Chief Executive Officer

Board of Directors

JOHN J. HUNTZ, JR.*

Chairman of the Board of Directors
Managing Director of Fuqua Ventures, LLC

RICHARD M. HADRILL

Chief Executive Officer of
Manhattan Associates

BRIAN J. CASSIDY

Co-Founder of Webforia

PAUL R. GOODWIN*

Vice-Chairman and Chief Financial Officer of
CSX Corporation

THOMAS E. NOONAN*

President and Director of ISS Group, Inc.

DEEPAK RAGHAVAN

Co-Founder of Manhattan Associates



Seated: John J. Huntz, Jr., Richard M. Hadrill
From left: Deepak Raghavan, Thomas E. Noonan,
Paul R. Goodwin, Brian J. Cassidy

*Member of the Audit and Compensation Committees

Executive Officers and Key Members of Management



RICHARD M. HADDRILL
Chief Executive Officer

ED QUIBELL
Senior Vice President and
Chief Financial Officer

JEFF MITCHELL
Executive Vice President,
Sales and Marketing

ERIC PETERS
Executive Vice President,
Strategy and Business Development

RAMESH SRINIVASAN
Executive Vice President,
Warehouse Management Systems

JEFFRY W. BAUM
Senior Vice President,
International Operations

DAVID K. DABBIERE
Vice President and Chief Legal Officer

BRUCE EICHER
Senior Vice President, Human Resources
and Customer Satisfaction

EDDIE CAPEL
Vice President, Product Management
and Trading Partner Management

From left: Richard M. Haddrill, Ed Quibell, David K. Dabbieri, Jeffry W. Baum, Jeff Mitchell, Ramesh Srinivasan, Eric Peters, Eddie Capel, Bruce Eicher



growth
innovations
solutions



2003 WAS A
YEAR OF EXPANSION



Fortune Magazine named Manhattan Associates one of America's fastest growing companies for the second consecutive year

GROWTH

2003 Year-End Summary

Manhattan Associates continued our financial success in 2003, boosting total revenue to \$196.8 million—a 12% increase over the \$175.7 million generated in 2002. Additionally, as our international presence continued to expand, our international revenue followed suit. Total international revenue jumped to \$38.7 million—a 16% increase. We anticipate this trend will continue as we enhance our global capabilities.

Our financial success was made possible because of the more than 200 client implementations that took place in 2003. Up 41% from 2002, these spanned our eight target verticals—retail, consumer goods, food, life sciences, high tech/electronics, industrial/wholesale, government and third party logistics. The completion of these deployments brought our current total to more than 900 customers across 1,685 sites. Additionally, 94% of this install base is on Customer Support and Software Enhancements, which generates recurring revenue. With a solid customer base and a clear vision of the future, Manhattan Associates is well poised to continue on this path of success into 2004.

2003 Acquisitions

As a leader in the supply chain execution industry, it is important to anticipate and respond to market needs. In 2003, we looked to the capabilities of two leading companies to strengthen our solution offerings and enhance the value we provide to our customers. Midway through the year, Manhattan Associates acquired ReturnCentral, Inc., a leading provider of reverse supply chain software and solutions. ReturnCentral's reverse logistics capabilities added to the functionality in our existing solutions by allowing customers to automate every aspect of the return and disposition process. As part of our Trading Partner Management application suite, this Web-based, end-to-end returns management solution ensures that critical product and shipping information is tracked, stored, referenced and reported. With this information, customers are able to maximize net asset recovery.

A second strategic purchase came with the October 2003 acquisition of Streamsoft LLC. The slotting optimization technology offered by this company serves to enhance Manhattan Associates' existing Slotting Optimization application, which is part of our Warehouse Management Systems application suite. Joining forces with Streamsoft has allowed Manhattan Associates to broaden the base of our slotting application users. It has also provided additional expertise regarding how to strategically place goods in a warehouse in order to achieve supply chain optimization.

Company History

During the mid-1980s, U.S. clothing manufacturers initiated studies to determine how to move goods through the supply chain more efficiently. As an active participant in these studies, Manhattan Associates' founders observed that distribution was a key area in which technology could improve order accuracy and turnaround—ultimately resulting in huge cost savings and improved customer service. In 1990 Manhattan Associates, Inc., was founded in Manhattan Beach, California. The Company's first software solution helped suppliers comply with the unique shipping-label specifications of major retailers. This was quickly followed by the development of a world-class warehouse management system, which forms the basis of one of our core solutions today.

Following are the milestones we've crossed over the last 14 years:

1990: Founded in Manhattan Beach, California	1991: Went live with first customer	1994: Signed 50th customer Experienced 97% growth in annual revenue	1995: Relocated to Atlanta, Georgia Hired 25th employee and ended year with \$11.2 million in revenue	1997: Expanded to 200 employees, and \$32.5 million in revenue	1998: Acquired PAC and KSA's DCMS Held initial public offering (Nasdaq: MANH) Opened office in the United Kingdom Launched Top 100 Retail Compliance Guarantee
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Current Company Overview

Since 1990, Manhattan Associates has continued to see steady growth. The Company rounded out 2003 with \$196.8 million in total revenue. This contributed to our fourteenth consecutive year of growth. Despite tough economic conditions, Manhattan Associates has continued to steadily increase our market position. We have accomplished this by remaining dedicated to our customer base and strategically expanding our solution offerings through product growth and acquisitions.

As our global presence continues to grow, we are well positioned to assist clients worldwide. Manhattan Associates has 19 offices in eleven countries including Australia, China, France, Germany, India, Japan, Mexico, Singapore, the Netherlands, the United Kingdom and the United States. As many of our customers source and distribute goods around the world, this puts us in a solid position to meet their global needs. One region experiencing tremendous growth is Asia-Pacific. In response, Manhattan Associates has invested in expanding operations in Japan, China and Southeast Asia. We are proud to have more than 1,000 employees around the world, 92.5% of which are focused on creating and maintaining customer value.

2000:

Acquired Intrepa LLC

Grew to \$133.1 million in revenue and 750 customers

2001:

Expanded business development and operations into France and Germany

Earned ISO 9001 Certificate of Approval

2002:

Acquired Logistics.com

Opened Center of Expertise in Sydney, Australia, and a Benelux Center of Expertise in the Netherlands

Secured partnerships and began operations to serve customers throughout Asia-Pacific, including Japan and Singapore

Established an office in India

2003:

Acquired ReturnCentral, Inc., and Streamsoft LLC

Joined the Auto-ID Center and announced RFID in a Box™ solution

Expanded Top 100 Retail Compliance Guarantee to include emerging RFID requirements

Closed out year with more than 1,000 employees, more than 900 customers and \$196.8 million in revenue

Manhattan Associates' Worldwide Offices and Centers of Expertise



growth



innovations

solutions



2003 WAS A
YEAR OF BREAKTHROUGHS



IndustryWeek named Manhattan Associates'
RFID in a Box™ solution Technology of the Year

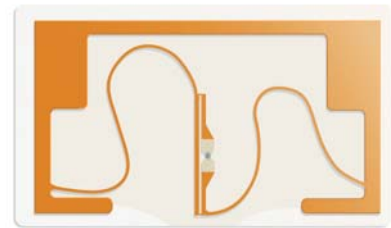
INNOVATIONS

An important attribute of any successful company is its ability to stay ahead of the technology curve and anticipate market demand. At Manhattan Associates we pride ourselves on being in touch with the needs of our customers. As a result, we are at the forefront of emerging solutions and concepts.

RFID

Leadership

One of the notable technologies of the year was radio frequency identification (RFID). As an early member of the Auto-ID Center, which worked to develop electronic product code (EPC) standards, Manhattan Associates demonstrated our commitment to this emerging technology. As the Auto-ID Center evolved into EPCglobal in 2003, we continued to play an active role in the standards and technology development process.



Education

Having built a strong RFID knowledge base, we feel it is important to work closely with our customers to educate them on the technology. That is why we launched a comprehensive Webinar series that ran throughout the year. With sessions including an executive briefing, the nuts and bolts of RFID and a Wal-Mart compliance overview, we were able to educate people at all levels on a variety of topics important to their business.

Solutions

But, our involvement in RFID goes beyond thought leadership. We made significant advancements in 2003 towards developing solutions to meet our customers' needs. Our award-winning RFID in a Box™ solution provides customers with an easy one-step way to implement RFID in their operations. By giving them all of the components necessary for RFID implementation—hardware, software, tags, etc.—in one package, we are able to help them take the necessary steps towards RFID-enablement.

We saw a need for other RFID applications emerge throughout the year. Our Integration Platform for RFID was launched in 2003 to help customers decipher the unique information generated by RFID tags and pass that information along to legacy systems, Manhattan Associates' applications, other applications or custom systems. Additionally, we designed and developed RFID-specific functionality in our Warehouse Management Systems and Trading Partner Management application suites to take better advantage of the benefits of RFID.

Guaranteed Compliance

Finally, working closely with major retailers and government agencies, we were able to gain an intimate understanding of their RFID mandates. As a result, we were the first to offer guaranteed compliance with the RFID requirements for the top 100 U.S. and global retailers. Additionally, we are working closely with the U.S. government to establish compliance with its upcoming mandates, set to be announced in 2004. By maintaining these relationships and offering this guarantee, we have eliminated the burden on our customers to keep current with mandates, allowing them to concentrate on their core business.

What's Ahead

With various RFID projects in progress, 2004 promises to be a solid year for Manhattan Associates' RFID efforts. We will continue to build out our solutions to meet and anticipate our clients' needs. And we will remain active in the education of our customers.

Optimization

While optimizing existing supply chain technology isn't a novel concept—Manhattan Associates' approach is. Our commitment to helping customers leverage our solutions begins with the team of PhDs we have on staff and extends to the significant investment we make each year in research and development. Because of these efforts we were able to file for patent protection on various optimization algorithms that help maximize efficiencies within our Transportation Management Systems (TMS) application suite. We also developed several advanced algorithms in our Warehouse Management Systems (WMS) application suite.

Maximizing Transportation Efficiencies

The TMS algorithms touch both the shipper and the carrier side of transportation. Shippers benefit from our Transportation Planning & Execution and Transportation Procurement applications. The Transportation Planning & Execution application considers a variety of business restrictions, costs and physical network factors—cross-dock needs, pooling points, zone skipping options, etc.—and uses this information to dynamically produce the best shipment plan to meet order delivery requirements. The fourth generation shipment planning optimization algorithms address the largest and most complex transportation networks, which traditionally could not have been handled using less-advanced algorithms. The result is reduced transportation spend and greater shipment efficiency.

The algorithms built into the Transportation Procurement application help to optimize a shipper's strategic routing guide. Once a company has determined its high-level transportation strategy, this application can help a shipper determine the specifics. It does this by optimizing which carriers to use and where to use them based on each carrier's rates and the shipper's business constraints. This means reducing transportation spend, while acting within those pre-established business constraints.

Always looking for ways to reduce costs and improve operating ratios, carriers also benefit from our optimization efforts. The Carrier Management application helps carriers answer key operational questions such as which drivers should be used to transport which loads, which routes should be taken and where drivers should stop for fuel. Powered by industry-leading algorithms, the decision support offered by this application determines the best options based on the carrier's business objectives. This helps maximize overall operational efficiency while meeting customer service objectives.

More Effective Warehousing

Optimization algorithms were also built into the WMS application suite. Cartonization, inventory allocation, cross docking, reserve storage utilization and back-order processing are some of the areas that are impacted.

Our cartonization logic utilizes the latest 3-D cubing algorithms to reduce transportation spend. It does this by more efficiently combining goods to reduce the number of containers that a warehouse must ship to complete an order. Storage and space are always issues at warehouses. That is why our reserve storage optimization is so critical to effectively utilize a facility. By optimizing the path of goods through the warehouse, this functionality can reduce the travel time required for inventory moves and improve space utilization, allowing companies to get the most out of their facilities.

Inventory allocation and cross-docking algorithms both impact labor. By determining the most optimal way to pick goods, our allocation algorithms have been enhanced to reduce the number of pick tasks required per unit shipped, maximizing throughput and minimizing labor costs. Cross-docking algorithms help increase throughput and inventory turns by reducing the total number of moves a product makes. This allows for better use of warehouse space and improves customer service. Another algorithm that benefits customer service levels focuses on back-order processing. Optimizing this area increases the availability of goods and improves the overall order fill rate. This ultimately boosts customer satisfaction, while improving revenue targets.

Integrated Logistics Solutions

Overview

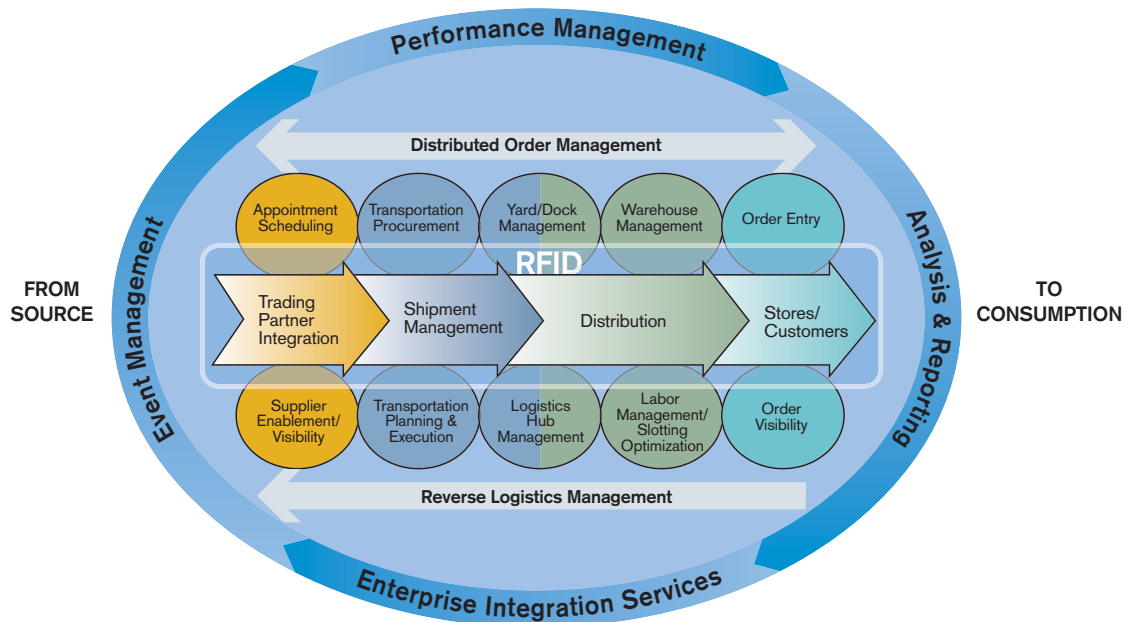
At Manhattan Associates we are constantly working to increase the value we provide to our customers. Our belief is that by looking at our customers' supply chains from a business process standpoint rather than a pure feature/function perspective, we will be able to more effectively identify opportunities for improvement. Integrated Logistics Solutions represents a platform for supply chain execution, with a comprehensive set of synchronized applications that can be implemented as an integrated whole or as individual point solutions.

Solution

When brought together as a whole, Integrated Logistics Solutions offers execution, synchronization and visibility for both the forward and reverse supply chains. Included in the Integrated Logistics Solutions architecture are capabilities for managing the entire supply chain ecosystem. This includes all partners involved with the movement of goods from source to consumption.

What's Ahead

In 2004 Manhattan Associates will continue to focus on Integrated Logistics Solutions. We will leverage our domain expertise in our key verticals to define industry-specific best practices and business processes. By taking into account the challenges faced by each industry, we can better meet and anticipate our customers' needs and provide increased value.



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innovations



solutions

2003 WAS A YEAR OF ADVANCEMENTS



Cape Horn Strategies named Manhattan Associates one of only five software companies with 10 or more years of sustained profitability and growth

SOLUTIONS

Modular Yet Integrated Application Suites

The global leader in providing supply chain execution solutions, Manhattan Associates has three application suites—Trading Partner Management (TPM), Transportation Management Systems (TMS) and Warehouse Management Systems (WMS). These three suites manage all aspects of supply chain execution—from trading partner communication and performance analysis to distribution center operations and transportation networks. Integrated yet modular, these solutions enable businesses around the world to execute on information and move products efficiently from source to consumption. They also provide global supply chain visibility into orders, shipments and inventory.

Supporting Applications

To ensure optimal performance and tangible return on investment, Manhattan Associates' solutions have several support applications. The Execution Dashboard serves as the single portal into all of our solutions. It gives customers real-time access and visibility to information generated by each of our three application suites, enabling execution. Events, Analysis and Reporting modules make up the Performance Management supporting applications. Together they provide monitoring, alerting, data analysis, and pre-configured and customized reporting capabilities. Recent enhancements, including the addition of vendor scorecards, greater analysis functionalities and enhanced usability, have allowed customers to utilize the information generated by these modules beyond the four walls of the warehouse. Finally, Enterprise Integration Services provides integration—not only within and between Manhattan Associates' application suites—but also with the rest of the enterprise. The result is full execution capabilities, an increase in supply chain velocity and more informed decisions.

Synchronized Release

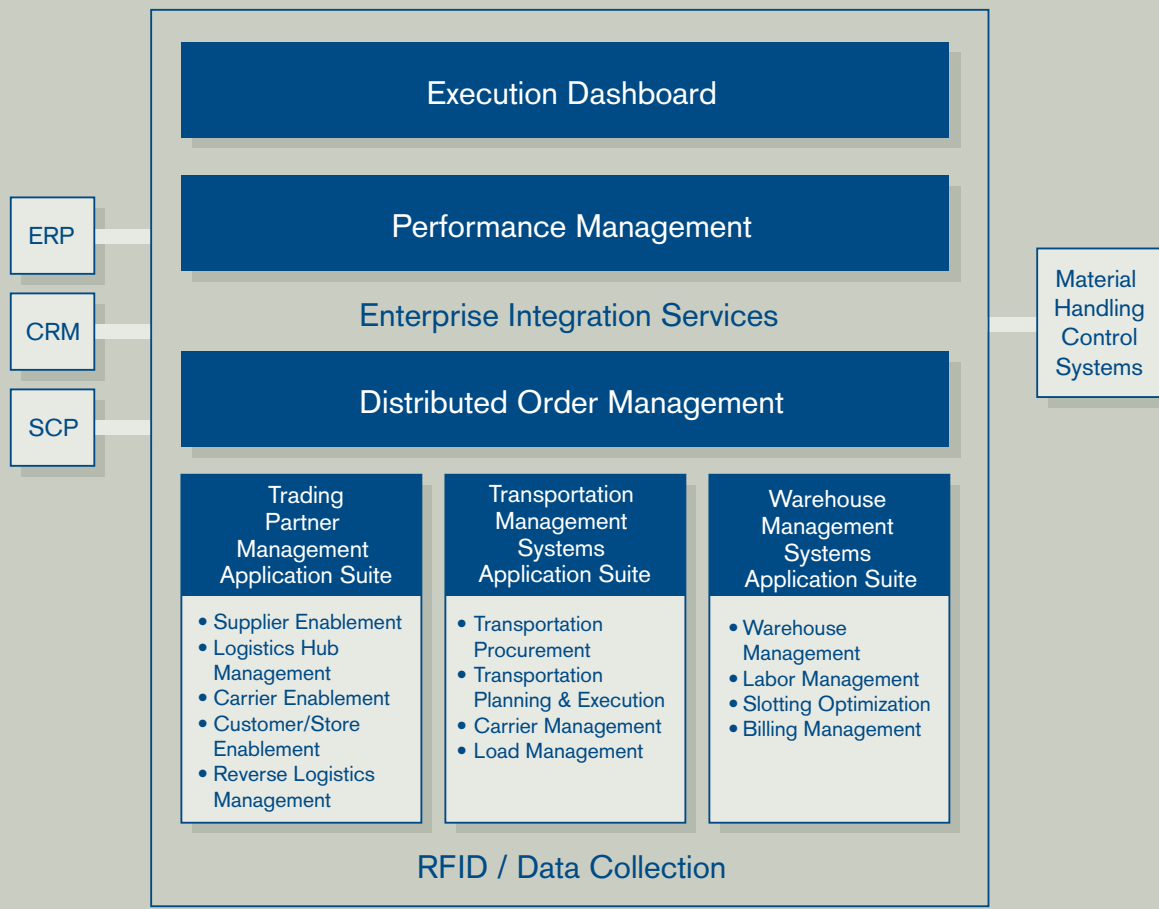
This past year marked a significant shift in Manhattan Associates' product development strategy. We devoted considerable resources to synchronizing the release of our entire set of application suites. The goal of this effort was to simplify the upgrade path for customers, enhance product quality and lower the total cost of ownership. Utilizing this release strategy ensures the simultaneous delivery of our supply chain execution offerings across multiple platforms. Additionally, it more accurately reflects how our customers are using our solutions. With the flexibility and adaptability of our integrated yet modular solutions, we can continually expand our product footprint. This allows us to offer our customers support for emerging needs and new technologies.

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→ **solutions:** Supply Chain Execution

Manhattan Associates' Integrated, Modular Supply Chain Execution Solutions



SOLUTIONS

Global Capabilities

As Manhattan Associates' customers continue to expand their presence around the world, we have placed a stronger emphasis on enhancing our global capabilities. Tremendous effort was put into the internationalization of our Trading Partner Management, Transportation Management Systems and Warehouse Management Systems application suites in 2003. We added Unicode capabilities that support both single- and double-byte languages. This eases deployment in businesses around the world—regardless of language or technology differences. We have also localized our solutions into languages including Chinese, French, German, Japanese and Spanish.

2004 Efforts

In 2004 we will continue to focus on broadening the scope and flexibility of our solutions, while adapting to an ever-changing supply chain market. The next synchronized release promises to deliver an even higher level of quality, usability, scalability and performance—across applications. The addition of reverse logistics functionality, enhanced slotting capabilities, the new standalone Labor Management application, RFID and voice enablement and the overall integration of applications will take our solutions to the next level. By maintaining close relationships with our customers and industry leaders around the world, we will remain dedicated to identifying market needs and developing the innovative solutions necessary for our clients to succeed.

Top Ten Differentiators

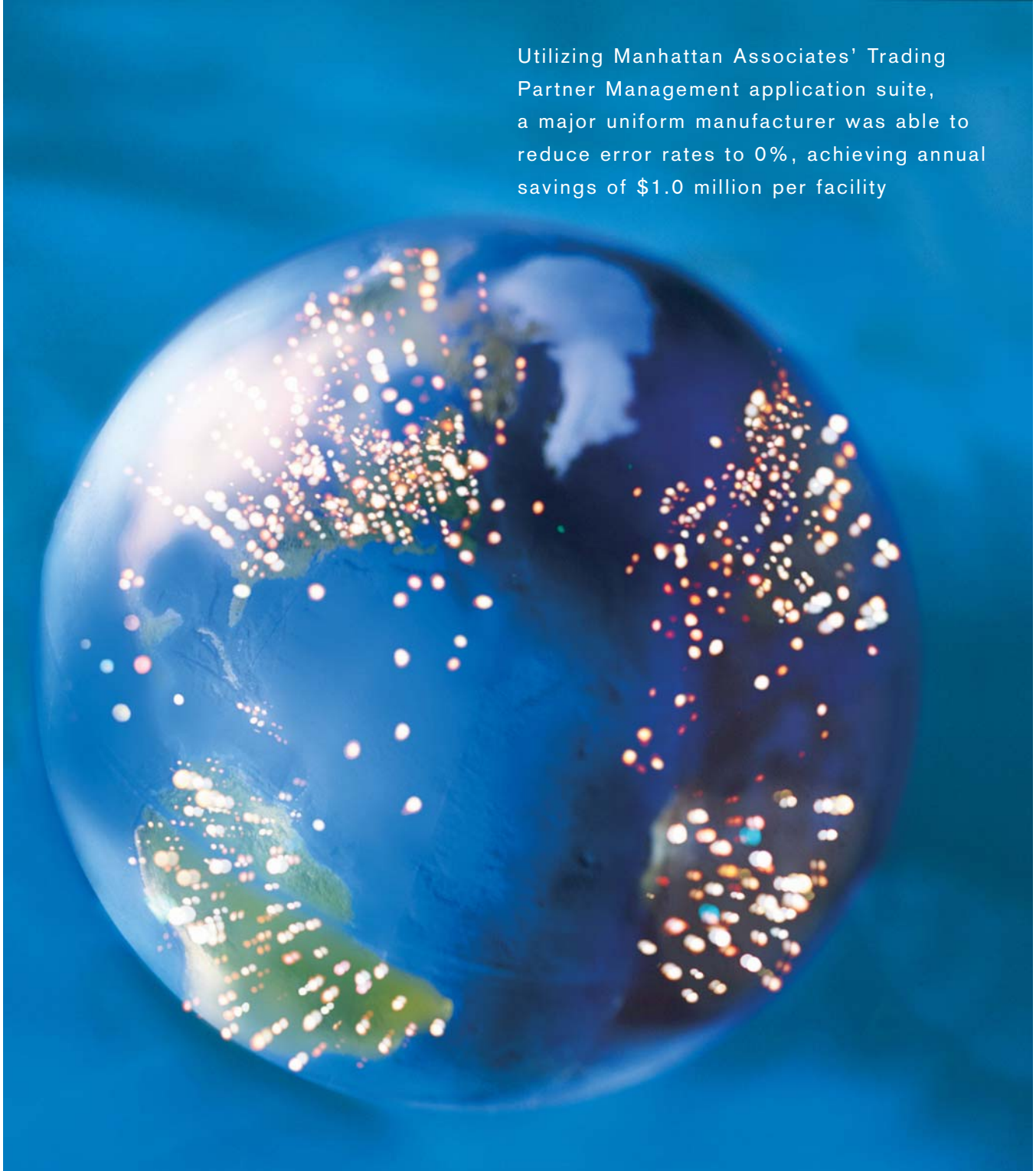
- Global presence and focus, with 19 offices in eleven countries
- Unparalleled combination of domain knowledge and product depth, creating best-of-value solutions
- One of only five software companies to be profitable 10 years in a row
- Modular yet integrated solutions that provide the flexibility to be implemented as standalone applications or complete source-to-consumption solutions
- Comprehensive ecosystem that encompasses solutions, customers and partners
- Market penetration at the top of each of our eight industry verticals
- Lower total cost of ownership due to clear upgrade path and proven ability to implement on time and on budget
- Integration technology, services and tools that mitigate risk and cost
- Constant investment in research and development through economic downturns and evolving technologies
- ISO 9001 certification across development, services and customer service departments

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→ **solutions:** Trading Partner Management Application Suite

Utilizing Manhattan Associates' Trading Partner Management application suite, a major uniform manufacturer was able to reduce error rates to 0%, achieving annual savings of \$1.0 million per facility



TRADING PARTNER MANAGEMENT

Overview

Manhattan Associates' Trading Partner Management (TPM) application suite provides customers with real-time visibility, connectivity and execution functionality across the supply chain. It does this by integrating suppliers, hubs, transportation providers and end customers and allowing them to exchange critical business information online. With system-to-user and system-to-system integration via the Web, sharing and executing against real-time information is made simple. All that is needed is an Internet connection and a printer. Together the Supplier Enablement, Logistics Hub Management, Carrier Enablement, Customer/Store Enablement and newly added Reverse Logistics Management applications create source-to-consumption supply chain visibility. In 2003 we enhanced our ability to provide this synchronization by making a strategic acquisition, creating important functionality enhancements and continuing our dedication to product integration.

Strategic Acquisition

The second quarter acquisition of ReturnCentral, Inc., added advanced returns management capabilities to Manhattan Associates' solutions. This enabled us to provide our customers with tools to handle the flow of goods throughout the supply chain cycle. The newly established Reverse Logistics Management application encompasses inbound returns management, returns processing management and outbound returns management. Each of these components comes together to create earlier visibility into returns and generate additional supply chain efficiencies.

Since nearly 20% of everything that is sold is returned, Manhattan Associates recognized the marketplace need to establish a solution that would streamline the overall supply chain, create better relationships and generate a quick return on investment. These capabilities are especially important in Europe where the Waste Electrical and Electronic Equipment (WEEE) initiative will be launched in August 2004. This directive aims to minimize the impact of electrical and electronic equipment on the environment by requiring retailers to manage and pay for the collection and disposal of items or face fines.

Functionality Enhancements

Another area of focus during 2003 was solution functionality. RFID has become a major initiative for many companies. Manhattan Associates spent a significant amount of time and effort building out RFID capabilities within our Trading Partner Management and Warehouse Management Systems (WMS) application suites. By allowing customers to share and execute against data generated from RFID tags, we are able to help them enhance the effectiveness of their supply chains. Product functionality was also improved with the introduction of factory-direct fulfillment capabilities. This helps speed the receiving process by removing an entire step from the supply chain. As a result, unnecessary handling is reduced, transportation costs are lowered and order cycle times are improved.

Product Integration

During 2003 we increased the integration infrastructure between the TPM application suite and other Manhattan Associates solutions. By establishing integration between TPM and WMS we have ensured seamless synchronization of data such as advance ship notices (ASNs) and receipt transactions. This has improved overall global inventory visibility. TPM and the Performance Management supporting applications are also further integrated to allow clients to execute against data generated by the Events, Analysis and Reporting modules. If a supplier is continually late or delivering incomplete orders, this information can be captured and adjustments made to future business transactions. The integration touch points within each of these applications further facilitate the synchronization of communication across even the most complex supply chains.

2003 Enhancements for Trading Partner Management

- Developed a single, comprehensive TPM application suite offering including order and source capabilities
- Extended support for compliance with the top 100 retailers to TPM
- Introduced Reverse Logistics Management application through the strategic acquisition of ReturnCentral, Inc.
- Established remote RFID tag generation functionality
- Added functionality to facilitate SKU-level ASNs across trading partner network
- Instituted lot tracking capabilities
- Launched factory-direct fulfillment capabilities
- Created price ticket printing functionality
- Enhanced Reverse Logistics Management application by adding a multi-channel feature
- Built support for the Oracle database

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→ **solutions:** Transportation Management Systems Application Suite



Since deploying Manhattan Associates' Transportation Planning & Execution application in 2001 to control its North American ground transportation network, PPG Industries' annual return on investment has consistently been greater than 100%

TRANSPORTATION MANAGEMENT SYSTEMS

Overview

Manhattan Associates' Transportation Management Systems (TMS) application suite manages one of the largest controllable costs in the supply chain—transportation. Modular in design, this suite's Transportation Procurement, Transportation Planning & Execution, Carrier Management and newly developed Load Management applications provide a full range of transportation capabilities. Used to optimally procure, plan and execute transportation services, these tools offer functionality for shippers, carriers and private fleets. Each works to effectively manage daily operational issues, including advanced strategic planning. As this solution continues to expand its product footprint, increase integration, add functionality and address emerging regulatory issues, users will continually benefit from increased return on investment.

Regulatory Compliance

Transportation is an industry governed by rules and regulations. Therefore, it is important to have solutions and processes in place that can adjust to changing needs. The new 2004 U.S. Federal Motor Carrier Service Administration's (FMCSA) revised Hours-of-Service rules will have a major impact on both carriers and shippers. Like the European Union's Road Transport Directive, these regulations have changed the number of hours a driver is allowed to be on the road, and have increased the amount of time they are required to rest. These changes are expected to have a major impact on transportation rates and capacity. Through updates to our Carrier Management application and the addition of a new Load Management application, our customers are well poised to comply with these regulations, and minimize their potential business impact.

Product Integration

Major advancements were made towards integrating TMS with other Manhattan Associates solutions. By synchronizing communication between the Transportation Management Systems and Warehouse Management Systems (WMS) application suites, changes and updates can occur in both systems simultaneously. Additionally, each customer can determine which workflows will govern supply chain operations based on its individual needs. Similar touch points were built into the new Load Management application so that it too can share information in real time with the WMS. Finally, the Events, Analysis and Reporting modules of the Performance Management supporting applications are now able to seamlessly share information and data with the execution-based TMS application suite. This aids in further enhancing transportation optimization.

Enhanced Functionality

Our relationships with customers and industry leaders have continued to be a useful resource in helping us assess market demands. In 2003 we expanded our TMS product footprint to proactively meet our clients' needs. One area of expansion was the development of our fourth generation shipment planning optimization tool. This uses state-of-the-art algorithms to plan for even the most complex transportation networks. Ocean, air and rail functionality were added to our Transportation Planning & Execution application, giving our customers international multi-modal capabilities. Improvements were also made to our transportation financial tool, which manages and audits the entire transportation network.

2003 Enhancements for Transportation Management Systems

- Established international ocean, air and rail transportation management capabilities in Transportation Planning & Execution application
- Developed fourth generation shipment planning optimization algorithm to perform routing and consolidation for the most complex freight
- Added support for parcel rating and routing within Transportation Planning & Execution application
- Created Load Management application to handle carrier self-appointments, dock scheduling and yard management
- Released FMCSA revised Hours-of-Service updates for the entire Carrier Management application
- Offered Transportation Procurement application as installed software
- Enhanced transportation finance functionality within our Transportation Planning & Execution application to allow shippers to track and monitor cost and revenue allocation
- Fully integrated TMS and WMS application suites
- Internationalized products with support for multiple languages, currencies and locales
- Expanded platform support for underlying operating systems, application servers, Web servers and databases

growth

innovations

→ **solutions:** Warehouse Management Systems Application Suite



Geest Prepared Foods Limited boosted picking accuracy to 99.97% using Manhattan Associates' Warehouse Management application

WAREHOUSE MANAGEMENT SYSTEMS

Overview

Manhattan Associates' Warehouse Management Systems (WMS) application suite manages all physical processes that take place in and around the distribution center. With its Warehouse Management, Labor Management, Slotting Optimization and Billing Management applications, the suite helps users handle the growing demands and changing conditions of local and global supply chains. Functionally robust and modular in nature, this solution has helped clients in a variety of industries reduce the costs associated with the inefficient movement of goods, redundant processes and excess inventory. In 2003 Manhattan Associates continued to expand our product footprint across all of our WMS applications. We focused on advancing product integration, incorporating emerging technology capabilities and increasing overall functionality.

Product Integration

The integration of the Warehouse Management Systems and Transportation Management Systems (TMS) application suites synchronizes the communication between the two systems. This increased the overall execution efficiency and visibility, and enabled heightened levels of optimization. With this integration, customers are able to determine how warehouse and transportation workflows will drive supply chain efficiencies. They can do this while factoring in exceptions, changes and updates to both systems. The result is a real-time execution environment that synchronizes warehouse and transportation information, while providing one, unified integration point to enterprise systems.

Innovative Solutions

Major innovative advancements included the addition of RFID and voice enablement capabilities in our WMS application suite. With direct integration to our WMS solution, information from RFID tags and voice-activated technologies can be captured and executed on in real time. This provides our clients with reduced labor costs, increased order accuracy and improved efficiencies. Web services support was also added to the WMS product footprint in 2003. This further enhances the flow of communication by enabling companies to share information via the Web—regardless of technology platform.

Functionality Enhancements

The combination of architecture improvements, functionality enhancements and a strategic acquisition has improved the performance and reliability of Manhattan Associates' WMS. The October acquisition of Streamsoft LLC enhanced our slotting capabilities. It did this by enabling us to support advanced slotting across all major platforms and databases. Teamed with the 2003 enhancements to our Slotting Optimization application, we are now able to offer sophisticated shelf-space optimization and generate detailed reports that provide increased value. The addition of team and reflective standards to our Labor Management application, combined with our ability to account for configurable personal fatigue/delay, further advanced the competitive advantages of our standalone labor solution. Each of these application enhancements contributes to warehouse optimization, which is at the forefront of many corporations' efforts to drive down costs.

2003 Enhancements for Warehouse Management Systems

- Developed capabilities to support RFID and voice enablement
- Fully integrated WMS and TMS application suites
- Implemented EAN/AI functionality to capture and filter bar code information
- Established support for Web services
- Enabled all applications to be implemented as standalone modules
- Developed labor planning and monitoring functionality that is native to Warehouse Management application
- Revolutionized Labor Management application by making significant functionality enhancements
- Expanded technology support for slotting across all major platforms and databases
- Embedded decision-support tools in Slotting Optimization application that quantify annual labor savings associated with slotting
- Added highly advanced shelf-space optimization algorithms for Slotting Optimization application
- Allowed European suppliers to incorporate Factory Gate Pricing needs by improving overall supply chain effectiveness

Partners

At Manhattan Associates we believe that in order to be the best, we have to surround ourselves with the best. That is why we place a strong emphasis on forming solid business partnerships. By teaming with experienced software and hardware providers, third party integrators and consulting companies, we are able to meet our clients' needs and exceed their expectations. Manhattan Associates' partner development efforts saw significant advancements in 2003. In addition to adding 12 new alliance partners, we also strengthened key global partnerships with companies including Accenture, Microsoft and Symbol Technologies. Our Independent Software Vendor Certification Program was also launched early in the year. This program provides interface standardization between our supply chain execution solutions and those of the third-party ISVs with whom we partner. As we continue to expand our partnership base we look to the needs of our customers to drive the relationships we form.



Key 2003 Partner Highlights

- Continued to expand the Manhattan Associates ecosystem by strengthening existing and adding new interfaces to business and application systems to include: Ecometry, GlobeRanger, Intenia, JDA, Lawson, NextLinX, Oracle, PeopleSoft, SAP, SeeBeyond, Siemens Dematic and webMethods
- Teamed with alliance partners such as Accenture, Alien, Microsoft and Printronix to create award-winning RFID in a Box™ solution
- Adopted IBM's DB2 and WebSphere technologies into our Transportation Management Systems and Warehouse Management Systems application suites, and worked closely with IBM's Business Consulting Services to deliver joint solutions across industries
- Continued to focus on all IBM platforms including iSeries, pSeries and xSeries, with concentration on broadening the IBM footprint by adding storage solutions, software and leasing services
- Built our Warehouse Management application for Windows on the most recent Microsoft .NET platform and committed to continued use of Microsoft tools and technology in the core development of our product to provide customers with more stability, greater performance and a richer, more standardized tool set
- Completed an interface to Microsoft's Great Plains, which allows small businesses with Microsoft's ERP solution to take advantage of our established WMS links, and positions us to continue to build additional EIS and ERP interfaces quickly and efficiently
- Developed a standardized put-to-light, pick-to-light and conveyor interface with Siemens Dematic's newest warehouse control system as part of our base solution offering

Corporate Information

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Inquiries regarding stock transfers, lost certificates or address changes should be directed to the above address.

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FORM 10-K

A copy of the 2003 Form 10-K, filed with the Securities and Exchange Commission, may be obtained by shareholders online at www.manh.com or without charge by writing to the Manhattan Associates Investor Relations department at the Company headquarters.

NASDAQ SYMBOL

The Company's common stock is traded in the Nasdaq National Market under the symbol MANH.

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Manhattan Associates Customers (a partial list)

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Ability Tri-Modal	ITM-LI SAS
Adchem Corporation	J Sainsbury plc
AGFA/Bayer	Kiabi S.A.
Alco Industries, Inc.	Komatsu Europe International NV
Amerex Group Inc.	Langham Logistics Services
American Eagle Outfitters	Mary Kay Inc.
AmerisourceBergen Services Corp.	McKesson Corporation
Aramark Uniform and Career Apparel	Metron North America, Ltd.
Ben E. Keith Company	Newell Rubbermaid, Inc.
BJ's Wholesale Club, Inc.	NYK Line
BMW Group	NYK Logistics (Europe) Limited
Boss Manufacturing Company	Okaidi France
Bristol-Myers Squibb Company	Olympus America, Inc.
Burberry Ltd.	Panalpina World Transport Ltd.
Bunsha	Patagonia, Inc.
C&J Clark International Ltd.	Pfizer Canada, Inc.
Cabela's Incorporated	Plaid Enterprises, Inc.
Canon (UK) Limited	PT Sejatibina Delta Informatika
Cingular Wireless LLC	Raley's
Columbia Sportswear Company	Retail Brand Alliance
Costa's PTY, Limited	River Island Clothing Company Ltd.
Croscill, Inc.	Samskip hf
Electronic Data Systems Limited	Sara Lee Corporation
Ewals Cargo Care NV	Siemens Energy & Automation, Inc.
Exel plc	Sysco Corporation
Games Workshop Group PLC	TDG (UK) Limited
Geest Prepared Foods Limited	The Limited, Inc.
Giant Eagle, Inc.	The Pep Boys–Manny, Moe & Jack
Guess?, Inc.	The Sports Authority, Inc.
Gulf States Toyota	Tibbett & Britten Group
Hagar hf	Tiffany and Co.
Halfords Ltd.	Transports Graveleau
Harold's Stores, Inc.	United Foods, Inc.
Healthcare Logistics Limited	USF Corporation
Hoogenbosch Retail Group BV	Waterford Wedgwood USA, Inc.
Hot Topic, Inc.	Wella (UK) Ltd.
House of Fraser plc	Wolverine World Wide, Inc.
Hugo Boss Cleveland	World Duty Free Europe Limited



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