
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

[Mark One]

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 0-23999

MANHATTAN ASSOCIATES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Georgia
(State or Other Jurisdiction of
Incorporation or Organization)

58-2373424
(I.R.S. Employer
Identification No.)

2300 Windy Ridge Parkway, Tenth Floor
Atlanta, Georgia
(Address of Principal Executive Offices)

30339
(Zip Code)

Registrant's Telephone Number, Including Area Code: (770) 955-7070

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulations S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of the Registrant's class of capital stock outstanding as of April 18, 2016, the latest practicable date, is as follows: 72,137,015 shares of common stock, \$0.01 par value per share.

MANHATTAN ASSOCIATES, INC.
FORM 10-Q
Quarter Ended March 31, 2016

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PART I
FINANCIAL INFORMATION

Item 1. Financial Statements

MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(in thousands, except share and per share data)

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
	<u>(unaudited)</u>	
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 105,812	\$ 118,416
Short-term investments	8,909	10,344
Accounts receivable, net of allowance of \$5,999 and \$7,031, respectively	84,119	97,379
Prepaid expenses and other current assets	11,365	10,772
Total current assets	<u>210,205</u>	<u>236,911</u>
Property and equipment, net	20,992	21,176
Goodwill, net	62,239	62,233
Deferred income taxes	2,915	4,648
Other assets	6,821	7,275
Total assets	<u>\$ 303,172</u>	<u>\$ 332,243</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 10,111	\$ 11,219
Accrued compensation and benefits	20,424	29,284
Accrued and other liabilities	12,271	13,853
Deferred revenue	70,201	68,757
Income taxes payable	6,110	4,072
Total current liabilities	<u>119,117</u>	<u>127,185</u>
Other non-current liabilities	9,089	9,566
Shareholders' equity:		
Preferred stock, no par value; 20,000,000 shares authorized, no shares issued or outstanding in 2016 and 2015	-	-
Common stock, \$0.01 par value; 200,000,000 shares authorized; 72,136,663 and 72,766,383 shares issued and outstanding at March 31, 2016 and December 31, 2015, respectively	721	728
Retained earnings	186,496	207,070
Accumulated other comprehensive loss	(12,251)	(12,306)
Total shareholders' equity	<u>174,966</u>	<u>195,492</u>
Total liabilities and shareholders' equity	<u>\$ 303,172</u>	<u>\$ 332,243</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

Item 1. Financial Statements (continued)

MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Income
(in thousands, except per share amounts)

	Three Months Ended March 31,	
	2016 (unaudited)	2015 (unaudited)
Revenue:		
Software license	\$ 20,607	\$ 19,314
Services	116,263	101,203
Hardware and other	12,990	13,006
Total revenue	<u>149,860</u>	<u>133,523</u>
Costs and expenses:		
Cost of license	3,152	2,906
Cost of services	51,904	44,784
Cost of hardware and other	9,757	10,547
Research and development	14,706	13,556
Sales and marketing	12,588	11,847
General and administrative	12,448	11,238
Depreciation and amortization	2,206	1,781
Total costs and expenses	<u>106,761</u>	<u>96,659</u>
Operating income	<u>43,099</u>	<u>36,864</u>
Other income, net	520	262
Income before income taxes	<u>43,619</u>	<u>37,126</u>
Income tax provision	<u>16,139</u>	<u>13,922</u>
Net income	<u>\$ 27,480</u>	<u>\$ 23,204</u>
Basic earnings per share	\$ 0.38	\$ 0.31
Diluted earnings per share	\$ 0.38	\$ 0.31
Weighted average number of shares:		
Basic	72,630	73,979
Diluted	73,020	74,607

See accompanying Notes to Condensed Consolidated Financial Statements.

Item 1. Financial Statements (continued)

MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
(in thousands)

	Three Months Ended March 31,	
	2016	2015
	(unaudited)	(unaudited)
Net income	\$ 27,480	\$ 23,204
Foreign currency translation adjustment	55	(371)
Comprehensive income	\$ 27,535	\$ 22,833

See accompanying Notes to Condensed Consolidated Financial Statements.

Item 1. Financial Statements (continued)

MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(in thousands)

	Three Months Ended March 31,	
	2016 (unaudited)	2015 (unaudited)
Operating activities:		
Net income	\$ 27,480	\$ 23,204
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,206	1,781
Equity-based compensation	4,688	3,078
Loss (Gain) on disposal of equipment	3	(7)
Tax benefit of stock awards exercised/vested	5,023	6,601
Excess tax benefits from equity-based compensation	(5,023)	(6,579)
Deferred income taxes	1,747	1,730
Unrealized foreign currency gain	(61)	(97)
Changes in operating assets and liabilities:		
Accounts receivable, net	13,554	2,440
Other assets	(228)	(2,024)
Accounts payable, accrued and other liabilities	(12,186)	(13,489)
Income taxes	2,044	(1,119)
Deferred revenue	1,179	(344)
Net cash provided by operating activities	<u>40,426</u>	<u>15,175</u>
Investing activities:		
Purchase of property and equipment	(1,906)	(3,098)
Net maturities (purchases) of investments	1,418	(1,279)
Net cash used in investing activities	<u>(488)</u>	<u>(4,377)</u>
Financing activities:		
Purchase of common stock	(57,791)	(36,033)
Proceeds from issuance of common stock from options exercised	18	278
Excess tax benefits from equity-based compensation	5,023	6,579
Net cash used in financing activities	<u>(52,750)</u>	<u>(29,176)</u>
Foreign currency impact on cash	<u>208</u>	<u>(241)</u>
Net change in cash and cash equivalents	(12,604)	(18,619)
Cash and cash equivalents at beginning of period	118,416	115,708
Cash and cash equivalents at end of period	<u>\$ 105,812</u>	<u>\$ 97,089</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of Manhattan Associates, Inc. and its subsidiaries (the “Company”) have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information, with the instructions to Form 10-Q and with Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required for complete financial statements. In the opinion of management, these condensed consolidated financial statements contain all normal recurring adjustments considered necessary for a fair presentation of the Company’s financial position at March 31, 2016, the results of operations for the three months ended March 31, 2016 and 2015, and cash flows for the three months ended March 31, 2016 and 2015. The results for the three months ended March 31, 2016 are not necessarily indicative of the results to be expected for the full year. These statements should be read in conjunction with the Company’s audited consolidated financial statements and management’s discussion and analysis included in the Company’s annual report on Form 10-K for the year ended December 31, 2015.

Principles of Consolidation

The accompanying condensed consolidated financial statements include the Company’s accounts and the accounts of its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Changes in Presentation of Comparative Financial Statements

In November 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2015-17, Balance Sheet Classification of Deferred Taxes, to simplify the presentation of the deferred income taxes. The ASU requires that all deferred tax assets and liabilities, along with any related valuation allowance, be classified as noncurrent on the balance sheet. The guidance does not change the existing requirement that only permits offsetting within a tax-paying component of an entity. This guidance is effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods, but may be adopted earlier, and may be applied either prospectively or retrospectively. We adopted this guidance in the first three months ended March 31, 2016 reporting on a retrospective basis. Accordingly, we reclassified the current deferred taxes to noncurrent on our December 31, 2015 condensed consolidated balance sheet, that increased noncurrent deferred tax assets \$4.6 million and decreased noncurrent deferred tax liabilities \$5.7 million to conform with the current presentation.

2. Revenue Recognition

The Company’s revenue consists of fees from the licensing and hosting of software (collectively included in “Software license” revenue in the Condensed Consolidated Statements of Income), fees from implementation and training services (collectively, “professional services”) and customer support services and software enhancements (collectively with professional services revenue included in “Services” revenue in the Condensed Consolidated Statements of Income), and sales of hardware and other revenue, which consists of reimbursements of out-of-pocket expenses incurred in connection with our professional services (collectively included in “Hardware and other” revenue in the Condensed Consolidated Statements of Income). All revenue is recognized net of any related sales taxes.

The Company recognizes license revenue when the following criteria are met: (1) a signed contract is obtained covering all elements of the arrangement, (2) delivery of the product has occurred, (3) the license fee is fixed or determinable, and (4) collection is probable. Revenue recognition for software with multiple-element arrangements requires recognition of revenue using the “residual method” when (a) there is vendor-specific objective evidence (VSOE) of the fair values of all undelivered elements in a multiple-element arrangement that is not accounted for using long-term contract accounting, (b) VSOE of fair value does not exist for one or more of the delivered elements in the arrangement, and (c) all other applicable revenue-recognition criteria for software revenue recognition are satisfied. For those contracts that contain significant customization or modifications, license revenue is recognized using contract accounting.

The Company allocates revenue to customer support services and software enhancements and any other undelivered elements of the arrangement based on VSOE of fair value of each element, and such amounts are deferred until the applicable delivery criteria and other revenue recognition criteria have been met. The balance of the revenue, net of any discounts inherent in the arrangement, is recognized at the outset of the arrangement using the residual method as the product licenses are delivered. If the Company cannot objectively determine the fair value of each undelivered element based on the VSOE of fair value, the Company defers revenue recognition until all elements are delivered, all services have been performed, or until fair value can be objectively determined. The Company must apply judgment in determining all elements of the arrangement and in determining the VSOE of fair value for each element, considering the price charged for each product on a stand-alone basis or applicable renewal rates. For arrangements that

include future software functionality deliverables, the Company accounts for these deliverables as a separate element of the arrangement. Because the Company does not sell these deliverables on a standalone basis, the Company is not able to establish VSOE of fair value of these deliverables. As a result, the Company defers all revenue under the arrangement until the future functionality has been delivered to the customer.

Payment terms for the Company's software licenses vary. Each contract is evaluated individually to determine whether the fees in the contract are fixed or determinable and whether collectability is probable. Judgment is required in assessing the probability of collection, which is generally based on evaluation of customer-specific information, historical collection experience, and economic market conditions. If market conditions decline, or if the financial conditions of customers deteriorate, the Company may be unable to determine that collectability is probable, and the Company could be required to defer the recognition of revenue until the Company receives customer payments. The Company has an established history of collecting under the terms of its software license contracts without providing refunds or concessions to its customers. Therefore, the Company has determined that the presence of payment terms that extend beyond contract execution in a particular contract do not preclude the conclusion that the fees in the contract are fixed or determinable. Although infrequent, when payment terms in a contract extend beyond twelve months, the Company has determined that such fees are not fixed or determinable and recognizes revenue as payments become due provided that all other conditions for revenue recognition have been met.

The Company's services revenue consists of fees generated from professional services and customer support and software enhancements related to the Company's software products. Professional services include system planning, design, configuration, testing, and other software implementation support, and are not typically essential to the functionality of the software. Fees from professional services performed by the Company are separately priced and are generally billed on an hourly basis, and revenue is recognized as the services are performed. In certain situations, professional services are rendered under agreements in which billings are limited to contractual maximums or based upon a fixed fee for portions of or all of the engagement. Revenue related to fixed-fee-based contracts is recognized on a proportional performance basis based on the hours incurred on discrete projects within an overall services arrangement. The Company has determined that output measures, or services delivered, approximate the input measures associated with fixed-fee services arrangements. Project losses are provided for in their entirety in the period in which they become known. Revenue related to customer support services and software enhancements is generally paid in advance and recognized ratably over the term of the agreement, typically twelve months.

Hardware and other revenue is generated from the resale of a variety of hardware products, developed and manufactured by third parties, that are integrated with and complementary to the Company's software solutions. As part of a complete solution, the Company's customers periodically purchase hardware from the Company for use with the software licenses purchased from the Company. These products include computer hardware, radio frequency terminal networks, radio frequency identification (RFID) chip readers, bar code printers and scanners, and other peripherals. Hardware revenue is recognized upon shipment to the customer when title passes. The Company generally purchases hardware from the Company's vendors only after receiving an order from a customer. As a result, the Company generally does not maintain hardware inventory.

In accordance with the other presentation matters within the Revenue Recognition Topic of the FASB Accounting Standards Codification (ASC), the Company recognizes amounts associated with reimbursements from customers for out-of-pocket expenses as revenue. Such amounts have been included in "Hardware and other" revenue in the Condensed Consolidated Statements of Income. The total amount of expense reimbursement recorded to revenue was \$4.2 million and \$5.3 million for the three months ended March 31, 2016 and 2015, respectively.

3. Fair Value Measurement

The Company measures its investments based on a fair value hierarchy disclosure framework that prioritizes and ranks the level of market price observability used in measuring assets and liabilities at fair value. Market price observability is affected by a number of factors, including the type of asset or liability and its characteristics. This hierarchy prioritizes the inputs into three broad levels as follows:

- Level 1—Quoted prices in active markets for identical instruments.
- Level 2—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3—Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company's investments are categorized as available-for-sale securities and recorded at fair market value. Investments with maturities of 90 days or less from the date of purchase are classified as cash equivalents; investments with maturities of greater than 90 days from the date of purchase but less than one year are generally classified as short-term investments; and investments with maturities of one year or greater from the date of purchase are generally classified as long-term investments. Unrealized holding gains and losses are reflected as a net amount in a separate component of shareholders' equity until realized. For the purposes of computing realized gains and losses, cost is determined on a specific identification basis.

At March 31, 2016, the Company's cash, cash equivalents, and short-term investments balances were \$66.4 million, \$39.4 million, and \$8.9 million, respectively. The Company currently has no long-term investments. Cash equivalents consist of highly liquid money market funds and certificates of deposit. Short-term investments consist of certificates of deposit. The Company uses quoted prices from active markets that are classified at Level 1 as a highest level observable input in the disclosure hierarchy framework for all available-for-sale securities. At March 31, 2016 and December 31, 2015, the Company had \$30.3 million in money market funds, which are classified as Level 1 and are included in cash and cash equivalents on the Condensed Consolidated Balance Sheets. The Company has no investments classified as Level 2 or Level 3.

4. Equity-Based Compensation

The Company granted 328,572 and 338,391 restricted stock units ("RSUs") during the three months ended March 31, 2016 and 2015, respectively. The Company recorded equity-based compensation expense related to restricted stock and RSUs of \$4.7 million and \$3.1 million during the three months ended March 31, 2016 and 2015, respectively.

A summary of changes in invested shares/units for the three months ended March 31, 2016 is as follows:

	<u>Number of shares/units</u>
Outstanding at December 31, 2015	1,205,533
Granted	328,572
Vested	(440,328)
Forfeited	(26,446)
Outstanding at March 31, 2016	<u>1,067,331</u>

No amounts were recorded for equity-based compensation expense related to stock options during the three months ended March 31, 2016 and 2015 as all stock options vested prior to 2014. The Company does not currently grant stock options.

A summary of changes in outstanding options for the three months ended March 31, 2016 is as follows:

	<u>Number of Options</u>
Outstanding at December 31, 2015	3,610
Exercised	(3,610)
Forfeited and expired	-
Outstanding at March 31, 2016	<u>-</u>

5. Income Taxes

The Company's effective tax rate was 37% and 37.5% for the three months ended March 31, 2016 and 2015, respectively. The decrease in the effective tax rate for the three months ended March 31, 2016 is primarily due to the U.S. research and development credit claimed for the quarter ended March 31, 2016, as the credit became permanent in December 2015 and was not claimed during the quarter ended March 31, 2015.

The Company applies the provisions for income taxes related to, among other things, accounting for uncertain tax positions and disclosure requirements in accordance with the Income Taxes Topic of the FASB ASC 740. For the three months ended March 31, 2016, there were no material changes to the Company's uncertain tax positions. There has been no change to the Company's policy that recognizes potential interest and penalties related to uncertain tax positions within its global operations in income tax expense.

The Company currently plans to permanently reinvest all of its remaining undistributed foreign earnings. Accordingly, no provision for U.S. federal and state income taxes has been provided thereon. Upon repatriation of those earnings, in the form of dividends or otherwise, the Company would be subject to both U.S. income taxes (subject to adjustment for foreign tax credits) and withholding taxes payable to various foreign countries. It is impractical to calculate the tax impact until such repatriation occurs.

The Company conducts business globally and, as a result, files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. In the normal course of business, the Company is subject to examination by taxing authorities throughout the world. The Company is no longer subject to U.S. federal income tax examinations, substantially all state and local income tax examinations and substantially all non-U.S. income tax examinations for years before 2012.

6. Net Earnings Per Share

Basic net earnings per share is computed using net income divided by the weighted average number of shares of common stock outstanding (“Weighted Shares”) for each period presented. Diluted net earnings per share is computed using net income divided by the sum of Weighted Shares and common equivalent shares (“CESS”) outstanding for each period presented using the treasury stock method.

The following is a reconciliation of the net income and share amounts used in the computation of basic and diluted net earnings per common share for the three months ended March 31, 2016 and 2015 (in thousands, except per share data):

	Three Months Ended March 31,	
	2016	2015
(in thousands, except per share data)		
Net income	<u>\$ 27,480</u>	<u>\$ 23,204</u>
Earnings per share:		
Basic	<u>\$ 0.38</u>	<u>\$ 0.31</u>
Effect of CESS	<u>-</u>	<u>-</u>
Diluted	<u>\$ 0.38</u>	<u>\$ 0.31</u>
Weighted average number of shares:		
Basic	<u>72,630</u>	<u>73,979</u>
Effect of CESS	<u>390</u>	<u>628</u>
Diluted	<u>73,020</u>	<u>74,607</u>

The anti-dilutive CESSs during 2016 and 2015 were immaterial.

7. Contingencies

From time to time, the Company may be involved in litigation relating to claims arising out of its ordinary course of business, and occasionally legal proceedings not in the ordinary course. Many of the Company’s installations involve products that are critical to the operations of its clients’ businesses. Any failure in a Company product could result in a claim for substantial damages against the Company, regardless of the Company’s responsibility for such failure. Although the Company attempts to limit contractually its liability for damages arising from product failures or negligent acts or omissions, there can be no assurance that the limitations of liability set forth in its contracts will be enforceable in all instances. The Company is not currently a party to any legal proceedings the result of which it believes is likely to have a material adverse impact upon its business, financial position, results of operations, or cash flows. The Company expenses legal costs associated with loss contingencies as such legal costs are incurred.

8. Operating Segments

The Company manages its business by geographic segment. The Company has three geographic reportable segments: North America and Latin America (the “Americas”); Europe, Middle East and Africa (“EMEA”); and Asia Pacific (“APAC”). All segments derive revenue from the sale and implementation of the Company’s supply chain commerce solutions. The individual products sold by the segments are similar in nature and are all designed to help companies manage the effectiveness and efficiency of their supply commerce chain. The Company uses the same accounting policies for each reportable segment. The chief executive officer and chief financial officer evaluate performance based on revenue and operating results for each reportable segment.

The Americas segment charges royalty fees to the other segments based on software licenses sold by those reportable segments. The royalties, which totaled approximately \$0.4 million and \$1.0 million for the three months ended March 31, 2016 and 2015, respectively, are included in cost of revenue for each segment with a corresponding reduction in America's cost of revenue. The revenues represented below are from external customers only. The geographical-based costs consist of costs of professional services personnel, direct sales and marketing expenses, cost of infrastructure to support the employees and customer base, billing and financial systems, management and general and administrative support. There are certain corporate expenses included in the Americas segment that are not charged to the other segments, including research and development, certain marketing and general and administrative costs that support the global organization, and the amortization of acquired developed technology. Included in the Americas' costs are all research and development costs including the costs associated with the Company's India operations.

The following table presents the revenues, expenses and operating income by reportable segment for the three months ended March 31, 2016 and 2015 (in thousands):

	Three Months Ended March 31,							
	2016				2015			
	Americas	EMEA	APAC	Consolidated	Americas	EMEA	APAC	Consolidated
Revenue:								
Software license	\$ 19,032	\$ 736	\$ 839	\$ 20,607	\$ 15,483	\$ 3,533	\$ 298	\$ 19,314
Services	97,378	14,469	4,416	116,263	82,212	14,200	4,791	101,203
Hardware and other	12,397	481	112	12,990	12,264	572	170	13,006
Total revenue	<u>128,807</u>	<u>15,686</u>	<u>5,367</u>	<u>149,860</u>	<u>109,959</u>	<u>18,305</u>	<u>5,259</u>	<u>133,523</u>
Costs and Expenses:								
Cost of revenue	54,239	7,685	2,889	64,813	46,401	8,907	2,929	58,237
Operating expenses	35,112	3,424	1,206	39,742	31,781	3,763	1,097	36,641
Depreciation and amortization	2,002	138	66	2,206	1,595	113	73	1,781
Total costs and expenses	<u>91,353</u>	<u>11,247</u>	<u>4,161</u>	<u>106,761</u>	<u>79,777</u>	<u>12,783</u>	<u>4,099</u>	<u>96,659</u>
Operating income	<u>\$ 37,454</u>	<u>\$ 4,439</u>	<u>\$ 1,206</u>	<u>\$ 43,099</u>	<u>\$ 30,182</u>	<u>\$ 5,522</u>	<u>\$ 1,160</u>	<u>\$ 36,864</u>

License revenues related to the Company's warehouse and non-warehouse product groups for the three months ended March 31, 2016 and 2015 are as follows (in thousands):

	Three Months Ended March 31,	
	2016	2015
Warehouse	\$ 13,451	\$ 10,925
Non-Warehouse	7,156	8,389
Total software license revenue	<u>\$ 20,607</u>	<u>\$ 19,314</u>

The Company's services revenues, which consist of fees generated from professional services and customer support and software enhancements related to its software products, for the three months ended March 31, 2016 and 2015 are as follows (in thousands):

	Three Months Ended March 31,	
	2016	2015
Professional services	\$ 84,506	\$ 72,659
Customer support and software enhancements	31,757	28,544
Total services revenue	<u>\$ 116,263</u>	<u>\$ 101,203</u>

9. New Accounting Pronouncement

In May 2014, the FASB issued guidance codified in ASC 606, Revenue Recognition – Revenue from Contracts with Customers, which will replace substantially all current revenue recognition guidance once it becomes effective. The new standard provides accounting guidance for all revenue arising from contracts with customers and affects all entities that enter into contracts to provide goods or services to their customers unless the contracts are in the scope of other standards. The new standard is less prescriptive and may require software entities to use more judgment and estimates in the revenue recognition process than are required under existing revenue guidance. This guidance is now effective for annual and interim periods beginning after December 15, 2017, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting

period with the option to elect certain practical expedients, or (ii) a modified retrospective approach with the cumulative effect of initially adopting the standard recognized at the date of adoption (which includes additional footnote disclosures). We are currently evaluating the impact the adoption of this standard will have on our Consolidated Financial Statements.

In November 2015, the FASB issued ASU 2015-17, Balance Sheet Classification of Deferred Taxes, to simplify the presentation of the deferred income taxes. The ASU requires that all deferred tax assets and liabilities, along with any related valuation allowance, be classified as noncurrent on the balance sheet. The guidance does not change the existing requirement that only permits offsetting within a tax-paying component of an entity. This guidance is effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods, but may be adopted earlier, and may be applied either prospectively or retrospectively. We adopted this guidance in the first three months ended March 31, 2016 reporting on a retrospective basis. Accordingly, we reclassified the current deferred taxes to noncurrent on our December 31, 2015 condensed consolidated balance sheet, that increased noncurrent deferred tax assets \$4.6 million and decreased noncurrent deferred tax liabilities \$5.7 million to conform with the current period presentation.

In February 2016, the FASB issued ASU 2016-02, Leases, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current U.S. generally accepted accounting principles (“GAAP”), the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP—which requires only capital leases to be recognized on the balance sheet—the new ASU will require both types of leases to be recognized on the balance sheet. The ASU also will require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements. The accounting by organizations that own the assets leased by the lessee—also known as lessor accounting—will remain largely unchanged from current GAAP. However, the ASU contains some targeted improvements that are intended to align, where necessary, lessor accounting with the lessee accounting model and with the updated revenue recognition guidance issued in 2014. For public companies, this guidance is effective for annual periods beginning after December 15, 2018, and interim periods within those annual periods, but may be adopted earlier. We are currently evaluating the impact the adoption of this standard will have on our Consolidated Financial Statements.

In March 2016, the FASB issued ASU 2016-09, Compensation – Stock Compensation: Improvements to Employee Share-Based Payment Accounting, to improve the accounting for employee share-based payments. Under the new guidance, companies will no longer record excess tax benefits and certain tax deficiencies in additional paid-in capital. Instead, all excess tax benefits and tax deficiencies should be recognized as income tax expense or benefit in the income statement, and additional paid-in capital pools will be eliminated. The guidance requires companies to present excess tax benefits as an operating activity on the statement of cash flows rather than as a financing activity. It also will allow an employer to repurchase more of an employee’s shares than it can today for tax withholding purposes without triggering liability accounting and to make a policy election to account for forfeitures as they occur. The new guidance will require an employer to classify the cash paid to a tax authority when shares are withheld to satisfy its statutory income tax withholding obligation as a financing activity on its statement of cash flows. Companies will have to elect whether to account for forfeitures of share-based payments by (1) recognizing forfeitures of awards as they occur (e.g., when an award does not vest because the employee leaves the company) or (2) estimating the number of awards expected to be forfeited and adjusting the estimate when it is likely to change, as is currently required. For public companies, this guidance is effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods, but may be adopted earlier. We are currently evaluating the impact the adoption of this standard will have on our Consolidated Financial Statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion should be read in conjunction with the condensed consolidated financial statements for the three months ended March 31, 2016 and 2015, including the notes to those statements, included elsewhere in this quarterly report. We also recommend the following discussion be read in conjunction with management's discussion and analysis and consolidated financial statements included in our annual report on Form 10-K for the year ended December 31, 2015. Statements in the following discussion that are not statements of historical fact are "forward-looking statements." Actual results may differ materially from the results predicted in such forward-looking statements, for a variety of factors. See "Forward-Looking Statements" below.

References in this filing to the "Company," "Manhattan," "Manhattan Associates," "we," "our," and "us" refer to Manhattan Associates, Inc., our predecessors, and our wholly-owned and consolidated subsidiaries.

Business Overview

We develop, sell, deploy, service and maintain software solutions designed to manage supply chains, inventory and omni-channel operations for retailers, wholesalers, manufacturers, logistics providers and other organizations. Our customers include many of the world's premier and most profitable brands.

Our business model is singularly focused on the development and implementation of complex commerce enablement software solutions that are designed to optimize supply chains, and retail store operations including point of sale effectiveness and efficiency for our customers. We have three principal sources of revenue:

- licenses of our software;
- professional services, including solutions planning and implementation, related consulting, customer training, and customer support services and software enhancements (collectively, "services"); and
- hardware sales and other revenue.

In the three months ended March 31, 2016, we generated \$149.9 million in total revenue, with a revenue mix of: license revenue 14%; services revenue 77%; and hardware and other revenue 9%.

The Company has three geographic reportable segments: the Americas, Europe, the Middle East and Africa (EMEA), and Asia-Pacific (APAC). Geographic revenue is based on the location of the sale. Our international revenue was approximately \$34.1 million for the three months ended March 31, 2016, which represents approximately 23% of our total revenue. International revenue includes all revenue derived from sales to customers outside the United States. At March 31, 2016, we employed approximately 3,020 employees worldwide, of which 1,440 employees are based in the Americas, 220 in EMEA, and 1,360 in APAC (including India). We have offices in Australia, China, France, India, Japan, the Netherlands, Singapore, and the United Kingdom, as well as representatives in Mexico and reseller partnerships in Latin America, Eastern Europe, the Middle East, South Africa, and Asia.

Global Economic Trends and Industry Factors

Global macro-economic trends, technology spending, and supply chain management market growth are important barometers for our business. In the three months ended March 31, 2016, approximately 77% of our total revenue was generated in the United States, 10% in EMEA, and the remaining balance in APAC, Canada, and Latin America. In addition, Gartner Inc., an information technology research and advisory company, estimates that nearly 80% of every supply chain software solutions dollar invested is spent in the United States (57%) and Western Europe (23%); consequently, the health of the U.S. and Western European economies has a meaningful impact on our financial results.

We sell technology-based solutions with total pricing, including software and services, in many cases exceeding \$1.0 million. Our software often is a part of our customers' and prospects' much larger capital commitment associated with facilities expansion and business improvement. We believe that, given the lingering uncertainty in the global macro environment, the current sales cycles for large license deals of \$1.0 million or greater in our target markets have been extended. The current business climate within the United States and geographic regions in which we operate continues to affect customers' and prospects' decisions regarding timing of strategic capital expenditures. Delays with respect to such decisions can have a material adverse impact on our business, and may further intensify competition in our already highly competitive markets.

In April 2016, the International Monetary Fund (IMF) provided a World Economic Outlook (WEO) update lowering its previous 2016 world economic growth forecast to about 3.2 percent. The WEO update noted that:

The recovery is projected to strengthen in 2017 and beyond, driven primarily by emerging market and developing economies, as conditions in stressed economies start gradually to normalize. But uncertainty has increased, and risks of weaker growth scenarios are becoming more tangible. The fragile conjuncture increases the urgency of a broad-based policy response to raise growth and manage vulnerabilities. The global recovery has weakened further amid increasing financial turbulence. Activity softened toward the end of 2015 in advanced economies, and stresses in several large emerging market economies showed no signs of abating.

The WEO update projected that advanced economies, which represent our primary revenue markets, would grow at about 1.9 percent in 2016 and 2.0 percent in 2017, while the emerging and developing economies would grow at about 4.1 percent in 2016 and 4.6 percent in 2017.

During 2015 and continuing into 2016, the overall trend has been steady for our large license deals, with recognized license revenue of \$1.0 million or greater on twenty one new contracts during 2015 as well as three new contracts in the three months ended March 31, 2016. While we are encouraged by our results, we, along with many of our customers, still remain cautious regarding the pace of global economic recovery. With global GDP growth continuing to be below pre-2008 levels, we believe global economic volatility likely will continue to shape customers' and prospects' enterprise software buying decisions, making it challenging to forecast sales cycles for our products and the timing of large enterprise software license sales.

Revenue

License revenue. License revenue, a leading indicator of our business, is primarily derived from software license fees customers pay for supply chain solutions. License revenue totaled \$20.6 million, or 14% of total revenue, with gross margin of 84.7% for the three months ended March 31, 2016. For the three months ended March 31, 2016, the percentage mix of new to existing customers was approximately 50/50.

License revenue growth is influenced by the strength of general economic and business conditions and the competitive position of our software products. Our license revenue generally has long sales cycles. In addition, the timing of the closing of a few large license transactions can have a material impact on our license revenues, operating profit, operating margins and earnings per share. For example, \$1.2 million of license revenue in the first quarter of 2016 equates to approximately one cent of diluted earnings per share impact.

Our software solutions are focused on core supply chain commerce operations (Warehouse Management, Transportation Management, Labor Management), Inventory optimization and Omni-channel operations (e-commerce, retail store operations and point of sale), which are intensely competitive markets characterized by rapid technological change. We are a market leader in the supply chain management software solutions market as defined by industry analysts such as ARC Advisory Group and Gartner. Our goal is to extend our position as a leading global supply chain solutions provider by growing our license revenues faster than our competitors through investment in innovation. We expect to continue to face increased competition from Enterprise Resource Planning (ERP) and Supply Chain Management applications vendors and business application software vendors that may broaden their solution offerings by internally developing, or by acquiring or partnering with independent developers of supply chain planning and execution software. Increased competition could result in price reductions, fewer customer orders, reduced gross margins, and loss of market share.

Services revenue. Our services business consists of professional services (consulting and customer training) and customer support services and software enhancements (CSSE). Services revenue totaled \$116.3 million, or 77% of total revenue, with gross margins of 55.4% for the three months ended March 31, 2016. Professional services totaled \$84.5 million accounted for approximately 73% of total services revenue in the three months ended March 31, 2016. Our consolidated operating margin profile may be lower than those of various other technology companies due to our large services revenue mix as a percentage of total revenue. While we believe our services margins are very strong, they do lower our overall operating margin profile as services margins are inherently lower than license revenue margins.

At March 31, 2016, our professional services organization totaled approximately 1,400 employees, accounting for 47% of our total employees worldwide. Our professional services organization provides our customers with expertise and assistance in planning and implementing our solutions. To ensure a successful product implementation, consultants assist customers with the initial installation of a system, the conversion and transfer of the customer's historical data onto our system, and ongoing training, education, and system upgrades. We believe our professional services enable customers to implement our software rapidly, ensure the customer's success with our solution, strengthen our customer relationships, and add to our industry-specific knowledge base for use in future implementations and product innovations.

Although our professional services are optional, the majority of our customers use at least some portion of these services for their planning, implementation, or related needs. Professional services are typically rendered under time and materials-based contracts with services typically billed on an hourly basis. Professional services are sometimes rendered under fixed-fee based contracts with payments due on specific dates or milestones.

Services revenue growth is contingent upon license revenue and customer upgrade cycles, which are influenced by the strength of general economic and business conditions and the competitive position of our software products. In addition, our professional services business has competitive exposure to offshore providers and other consulting companies. All of these factors potentially create the risk of pricing pressure, fewer customer orders, reduced gross margins, and loss of market share.

For CSSE, we offer a comprehensive 24 hours per day, 365 days per year program that provides our customers with software upgrades, when and if available, which include additional or improved functionality and technological advances incorporating emerging supply chain and industry initiatives. Our CSSE revenues totaled \$31.8 million for the three months ended March 31, 2016, representing approximately 27% of services revenue and approximately 21% of total revenue. The growth of CSSE revenues is influenced by: (1) new license revenue growth; (2) annual renewal of support contracts; (3) increase in customers; and (4) fluctuations in currency rates. Substantially all of our customers renew their annual support contracts. Over the last three years, our annual revenue renewal rate of customers subscribing to comprehensive support and enhancements has been greater than 90%. CSSE revenue is generally paid in advance and recognized ratably over the term of the agreement, typically twelve months. CSSE renewal revenue is not recognized unless payment is received from the customer.

Hardware and other revenue. Our hardware and other revenue totaled \$13.0 million, representing 9% of total revenue with gross margin of 24.9% for the three months ended March 31, 2016. In conjunction with the licensing of our software, and as a convenience for our customers, we resell a variety of hardware products developed and manufactured by third parties. These products include computer hardware, radio frequency terminal networks, RFID chip readers, bar code printers and scanners, and other peripherals. We resell all third-party hardware products and related maintenance pursuant to agreements with manufacturers or through distributor-authorized reseller agreements pursuant to which we are entitled to purchase hardware products and services at discounted prices. We generally purchase hardware from our vendors only after receiving an order from a customer. As a result, we generally do not maintain hardware inventory.

Other revenue represents amounts associated with reimbursements from customers for out-of-pocket expenses. The total amount of expense reimbursement recorded to hardware and other revenue was \$4.2 million for the three months ended March 31, 2016.

Product Development

We continue to invest significantly in research and development (R&D) to provide leading solutions that help global retailers, manufacturers, wholesalers, distributors, and logistics providers successfully manage accelerating and fluctuating demands as well as the increasing complexity and volatility of their local and global supply chains, retail store operations and point of sale. Our research and development expenses were \$14.7 million for the three months ended March 31, 2016. At March 31, 2016, our R&D organization totaled approximately 670 employees, located in the U.S. and India.

We expect to continue to focus our R&D resources on the development and enhancement of our core supply chain, inventory optimization, omni-channel and point of sale software solutions. We offer what we believe to be the broadest solution portfolio in the supply chain solutions marketplace, to address all aspects of inventory optimization, transportation management, distribution management, planning, and omni-channel operations including order management, store inventory & fulfillment, call center and point of sale.

We also plan to continue to enhance our existing solutions and to introduce new solutions to address evolving industry standards and market needs. We identify opportunities to further enhance our solutions and to develop and provide new solutions through our customer support organization, as well as through ongoing customer consulting engagements and implementations, interactions with our user groups, association with leading industry analysts and market research firms, and participation on industry standards and research committees. Our solutions address the needs of customers in various vertical markets, including retail, consumer goods, food and grocery logistics service providers, industrial and wholesale, high technology and electronics, life sciences, and government.

Cash Flow and Financial Condition

For the three months ended March 31, 2016, we generated cash flow from operating activities of \$40.4 million. Our cash, cash equivalents, and investments at March 31, 2016 totaled \$114.7 million, with no debt on our balance sheet. We currently have no credit

facilities. Our primary uses of cash continue to be funding investment in R&D and operations to drive earnings growth and repurchases of our common stock.

We repurchased 892,283 shares of Manhattan Associates' outstanding common stock under our repurchase program during the three months ended March 31, 2016. In April 2016, our Board of Directors approved raising the Company's remaining share repurchase authority to \$50.0 million of Manhattan Associates' outstanding common stock.

For the remainder of 2016, we anticipate that our priorities for the use of cash will be in hiring and developing sales and services resources and continued investment in product development and marketing to extend our market leadership and awareness. We expect to continue to evaluate acquisition opportunities that are complementary to our product footprint and technology direction. We also expect to continue to weigh our share repurchase options against cash for acquisitions and investing in the business. We do not anticipate any borrowing requirements in the remainder of 2016 for general corporate purposes.

Results of Operations

The following table summarizes our consolidated results for the three months ended March 31, 2016 and 2015.

	Three Months Ended March 31,	
	2016	2015
	(in thousands, except per share data)	
Revenue	\$ 149,860	\$ 133,523
Costs and expenses	106,761	96,659
Operating income	43,099	36,864
Other income, net	520	262
Income before income taxes	43,619	37,126
Net income	\$ 27,480	\$ 23,204
Diluted earnings per share	\$ 0.38	\$ 0.31
Diluted weighted average number of shares	73,020	74,607

The Company has three geographic reportable segments: the Americas, EMEA, and APAC. Geographic revenue information is based on the location of sale. The revenues represented below are from external customers only. The geographical-based expenses include costs of personnel, direct sales, and marketing expenses, and general and administrative costs to support the business. There are certain corporate expenses included in the Americas segment that are not charged to the other segments, including research and development, certain marketing and general and administrative costs that support the global organization, and the amortization of acquired developed technology. Included in the Americas costs are all research and development costs, including the costs associated with the Company's India operations. During the three months ended March 31, 2016 and 2015, we derived the majority of our revenues from sales to customers within our Americas segment. The following table summarizes revenue and operating profit by segment:

	Three Months Ended March 31,		
	2016	2015	% Change vs. Prior Year
(in thousands)			
Revenue:			
Software license			
Americas	\$ 19,032	\$ 15,483	23%
EMEA	736	3,533	-79%
APAC	839	298	182%
Total software license	<u>20,607</u>	<u>19,314</u>	7%
Services			
Americas	97,378	82,212	18%
EMEA	14,469	14,200	2%
APAC	4,416	4,791	-8%
Total services	<u>116,263</u>	<u>101,203</u>	15%
Hardware and Other			
Americas	12,397	12,264	1%
EMEA	481	572	-16%
APAC	112	170	-34%
Total hardware and other	<u>12,990</u>	<u>13,006</u>	0%
Total Revenue			
Americas	128,807	109,959	17%
EMEA	15,686	18,305	-14%
APAC	5,367	5,259	2%
Total revenue	<u>\$ 149,860</u>	<u>\$ 133,523</u>	12%
Operating income:			
Americas	\$ 37,454	\$ 30,182	24%
EMEA	4,439	5,522	-20%
APAC	1,206	1,160	4%
Total operating income	<u>\$ 43,099</u>	<u>\$ 36,864</u>	17%

Summary of the First Three Month of 2016 Condensed Consolidated Financial Results

- Diluted earnings per share for the three months ended March 31, 2016 was \$0.38, compared to \$0.31 for the three months ended March 31, 2015.
- Consolidated revenue for the three months ended March 31, 2016 was \$149.9 million, compared to \$133.5 million for the three months ended March 31, 2015. License revenue was \$20.6 million for the three months ended March 31, 2016, compared to \$19.3 million for the three months ended March 31, 2015.
- Operating income was \$43.1 million for the three months ended March 31, 2016, compared to \$36.9 million for the three months ended March 31, 2015.

- Cash flow from operations was \$40.4 million in the three months ended March 31, 2016, compared to \$15.2 million in the three months ended March 31, 2015. Days Sales Outstanding was 51 days at March 31, 2016, compared to 63 days at December 31, 2015.
- Cash and investments on-hand was \$114.7 million at March 31, 2016, compared to \$128.8 million at December 31, 2015.
- During the three months ended March 31, 2016, we repurchased 892,283 shares of Manhattan Associates common stock under the share repurchase program authorized by our Board of Directors, for a total investment of \$48.5 million.

The results of our consolidated operations for the three months ended March 31, 2016 and 2015 are discussed below.

	Three Months Ended March 31,				
			% Change vs. Prior Year	% of Total Revenue	
	2016	2015		2016	2015
	(in thousands)				
Software license	\$ 20,607	\$ 19,314	7%	14%	14%
Services	116,263	101,203	15%	77%	76%
Hardware and other	12,990	13,006	0%	9%	10%
Total revenue	\$ 149,860	\$ 133,523	12%	100%	100%

Our revenue consists of fees generated from the licensing and hosting of software; fees from professional services, customer support services and software enhancements; hardware sales of complementary radio frequency and computer equipment; and other revenue representing amounts associated with reimbursements from customers for out-of-pocket expenses.

License revenue. License revenue increased \$1.3 million, or 7%, in the three months ended March 31, 2016 over the same period in the prior year. Our license revenue performance depends on the number and relative value of large deals we close in the period. We completed three and seven large new deals greater than \$1.0 million in the three months ended March 31, 2016 and 2015, respectively.

The license sales percentage mix across our product suite in the three months ended March 31, 2016 was approximately 65% warehouse management solutions and 35% non-warehouse management solutions.

Services revenue. Services revenue increased \$15.1 million, or 15%, in the three months ended March 31, 2016 compared to the same period in the prior year due to an \$11.8 million increase in professional services revenue and a \$3.3 million increase in customer support and software enhancements. In the three months ended March 31, 2016 compared to the same period in the prior year, services revenue for the Americas and EMEA segments increased \$15.2 million and \$0.3 million, respectively, but decreased \$0.4 million for the APAC segment. The increase in services revenue was primarily due to a combination of license deals signed and customer-specific initiatives in conjunction with customer upgrade activity.

Hardware and other. Hardware sales increased by \$1.1 million, or 14%, to \$8.8 million in the three months ended March 31, 2016 compared to \$7.7 million for the same period in the prior year. The majority of hardware sales are derived from our Americas segment. Sales of hardware are largely dependent upon customer-specific desires, which fluctuate. Other revenue represents reimbursements for professional service travel expenses that are required to be classified as revenue and are included in hardware and other revenue. Reimbursements by customers for out-of-pocket expenses were approximately \$4.2 million and \$5.3 million for the three months ended March 31, 2016 and 2015, respectively.

Cost of Revenue

	Three Months Ended March 31,		
			% Change vs. Prior Year
	2016	2015	
Cost of license	\$ 3,152	\$ 2,906	8%
Cost of services	51,904	44,784	16%
Cost of hardware and other	9,757	10,547	-7%
Total cost of revenue	\$ 64,813	\$ 58,237	11%

Cost of license. Cost of license consists of the costs associated with software reproduction; hosting services; media, packaging and delivery, documentation, and other related costs; and royalties on third-party software sold with or as part of our products. Cost of license increased by \$0.2 million, or 8%, in the three months ended March 31, 2016 compared to the same period in the prior year.

Cost of services. Cost of services consists primarily of salaries and other personnel-related expenses of employees dedicated to professional and technical services and customer support services. The \$7.1 million, or 16%, increase in cost of services in the three months ended March 31, 2016 compared to the same period in the prior year was principally due to a \$5.5 million increase in compensation other personnel-related and travel expenses, and a \$1.2 million increase in performance-based compensation expense. These increases mainly resulted from increased headcount in our services organization to support ongoing growth of the business.

Cost of hardware and other. Cost of hardware and other decreased by \$0.7 million to approximately \$9.8 million in the three months ended March 31, 2016 compared to \$10.5 million in the same period of 2015. Cost of hardware and other includes out-of-pocket expenses to be reimbursed by customers of approximately \$4.1 million and \$5.1 million for the three months ended March 31, 2016 and 2015, respectively.

Operating Expenses

	Three Months Ended March 31,		
	2016	2015	% Change vs.
	(in thousands)		
Research and development	\$ 14,706	\$ 13,556	8%
Sales and marketing	12,588	11,847	6%
General and administrative	12,448	11,238	11%
Depreciation and amortization	2,206	1,781	24%
Operating expenses	<u>\$ 41,948</u>	<u>\$ 38,422</u>	<u>9%</u>

Research and development. Research and development expenses primarily consist of salaries and other personnel-related costs for personnel involved in our research and development activities. Research and development expenses for the three months ended March 31, 2016 increased by \$1.2 million, or 8%, compared to the same period in 2015. This increase was primarily due to \$0.8 million in higher compensation and other personnel-related expenses. For each of the three months ended March 31, 2016 and 2015, we did not capitalize any research and development costs.

Sales and marketing. Sales and marketing expenses include salaries, commissions, travel and other personnel-related costs and the costs of our marketing and alliance programs and related activities. Sales and marketing expenses increased by \$0.7 million, or 6%, in the three months ended March 31, 2016 compared to the same period of the prior year. This increase was mainly attributable to a \$0.8 million increase in compensation and other personnel-related expenses.

General and administrative. General and administrative expenses consist of salaries and other personnel-related costs of executive, financial, human resources, information technology, and administrative personnel, as well as facilities, legal, insurance, accounting, and other administrative expenses. General and administrative expenses increased by \$1.2 million, or 11%, during the three months ended March 31, 2016 compared to the same period in the prior year. The increase was primarily due to an increase of \$0.8 million in compensation and other personnel-related expenses from increased headcount.

Depreciation and amortization. Depreciation expense amounted to \$2.1 million and \$1.7 million for the three months ended March 31, 2016 and 2015, respectively. Amortization expense for the three months ended March 31, 2016 and 2015 was immaterial.

Operating Income

Operating income for the three months ended March 31, 2016 was \$43.1 million compared to \$36.9 million for the same period in the prior year. Operating margins were 28.8% for the first three months of 2016 versus 27.6% for the same period in 2015. Operating income and margin increased primarily due to strong revenue growth and expense management during the three month period.

Other Income and Income Taxes

	Three Months Ended March 31,		% Change vs. Prior Year
	2016	2015	
Other income, net	\$ 520	\$ 262	98%
Income tax provision	16,139	13,922	16%

Other income, net. Other income, net principally includes interest income, foreign currency gains and losses, and other non-operating expenses. Other income, net increased \$0.3 million in the three months ended March 31, 2016 compared to the same period in 2015 primarily related to the fluctuation of the U.S. dollar relative to foreign currencies.

Income tax provision. Our effective income tax rate was 37.0% and 37.5% for the three months ended March 31, 2016 and 2015, respectively. The decrease in the effective tax rate for the three months ended March 31, 2016 is due to the U.S. research and development credit that we claimed for the quarter ended March 31, 2016, as the credit became permanent in December 2015 and was not claimed during the quarter ended March 31, 2015.

Liquidity and Capital Resources

In the first three month of 2016, we funded our business through cash flow generated from operations. Our cash and investments as of March 31, 2016 included \$65.1 million held in the U.S. and \$49.6 million held by our foreign subsidiaries. We believe that our cash balances in the U.S. are sufficient to fund our U.S. operations. In the future, if we elect to repatriate the unremitted earnings of our foreign subsidiaries in the form of dividends or otherwise, we would be subject to additional U.S. income taxes which would result in a higher effective tax rate. However, our current intent is to indefinitely reinvest these funds outside of the U.S. and we do not have a current cash requirement need requiring U.S. repatriation.

Our operating activities generated cash flow of approximately \$40.4 million and \$15.2 million for the three months ended March 31, 2016 and 2015, respectively, reflecting strong global cash collections in the most recent quarter. Typical factors affecting our cash provided by operating activities include our level of revenue and earnings for the period, the timing and amount of employee bonus payments and income tax payments, and the timing of cash collections from our customers which is our primary source of operating cash flow.

Our investing activities used cash of approximately \$0.5 million and \$4.4 million during the three months ended March 31, 2016 and 2015, respectively. The primary uses of cash for investing activities for the three months ended March 31, 2016 were \$1.9 million in capital expenditures to support company growth, offset by \$1.4 million in net maturities of short-term investments. The primary uses of cash for investing activities for the three months ended March 31, 2015 were \$3.1 million in capital expenditures, and \$1.3 million in net purchases of short-term investments.

Our financing activities used cash of approximately \$52.8 million and \$29.2 million for the three months ended March 31, 2016 and 2015, respectively. The principal use of cash for financing activities for the three months ended March 31, 2016 was to purchase approximately \$57.8 million of our common stock, including \$9.3 million of shares withheld for taxes due upon vesting of restricted stock and restricted stock units, partially offset by \$5.0 million excess tax benefit from equity-based compensation. The principal use of cash for financing activities for the three months ended March 31, 2015 was to purchase approximately \$36.0 million of our common stock, including \$9.7 million of shares withheld for taxes due upon vesting of restricted stock and restricted stock units, partially offset by \$6.6 million excess tax benefit from equity-based compensation.

Periodically, opportunities may arise to grow our business through the acquisition of complementary and synergistic companies, products, and technologies. Any material acquisition could result in a decrease to our working capital depending on the amount, timing, and nature of the consideration to be paid. We believe that existing balances of cash and investments will be sufficient to meet our working capital and capital expenditure needs at least for the next twelve months, although there can be no assurance that this will be the case. In the remainder of 2016, we expect that our priorities for the use of cash will be in hiring, developing sales and services resources as well as continued investment in product development and marketing to extend our market leadership and awareness. We expect to continue to weigh our share repurchase options against using cash for investing in the business and acquisition opportunities that are complementary to our product footprint and technology direction. We do not anticipate any borrowing requirements in the remainder of 2016 for general corporate purposes.

Critical Accounting Policies and Estimates

In the first three months of 2016, there were no significant changes to our critical accounting policies and estimates from those disclosed in the section “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our annual report on Form 10-K for the year ended December 31, 2015 other than the adoption of ASU 2015-17 related to the balance sheet presentation of deferred income taxes.

Forward-Looking Statements

Certain statements contained in this filing are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including but not limited to statements related to expectations about global macroeconomic trends and industry developments, plans for future business development activities, anticipated costs of revenues, product mix and service revenues, research and development and selling, general and administrative activities, and liquidity and capital needs and resources. When used in this report, the words “may,” “expect,” “forecast,” “anticipate,” “intend,” “plan,” “believe,” “could,” “seek,” “project,” “estimate,” and similar expressions are generally intended to identify forward-looking statements. Undue reliance should not be placed on these forward-looking statements, which reflect opinions only as of the date of this quarterly report. Such forward-looking statements are subject to risks, uncertainties, and other factors that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements.

Some of the factors that could cause actual results to differ materially from the results discussed in forward-looking statements include:

- economic, political and market conditions;
- ability to attract and retain highly skilled employees;
- competition;
- our dependence on a single line of business, as well as our dependence on generating license revenue to drive business;
- risks associated with large system implementations;
- the requirement to maintain high quality professional service capabilities;
- possible compromises of our data protection and IT security measures;
- the risks of international operations, including foreign currency exchange risk;
- the possibility that research and developments investments may not yield sufficient returns;
- possible liability to customers if our products fail;
- undetected errors or “bugs” in our software;
- the long sales cycle associated with our products;
- the difficulty of predicting operating results;
- the need to continually improve our technology;
- risks associated with managing growth;
- reliance on third party and open source software;
- the need for our products to interoperate with other systems;
- the need to protect our intellectual property, and our exposure to intellectual property claims of others; and
- other risks described under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2015, as the same may be updated from time to time in subsequent quarterly reports.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

There were no material changes to the Quantitative and Qualitative Disclosures about Market Risk previously disclosed in our annual report on Form 10-K for the year ended December 31, 2015.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

No system of controls, no matter how well designed and operated, can provide absolute assurance that the objectives of the system of controls are met, and no evaluation of controls can provide absolute assurance that the system of controls has operated effectively in all cases. Our disclosure controls and procedures however are designed to provide reasonable assurance that the objectives of disclosure controls and procedures are met.

As of the end of the period covered by this report, our management evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures. Based on the evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to provide reasonable assurance that the objectives of disclosure controls and procedures are met.

Changes in Internal Control over Financial Reporting

During the three months ended March 31, 2016, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, including any corrective actions with regard to material weaknesses.

PART II OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may be a party to legal proceedings arising in the ordinary course of business, and we could be a party to legal proceedings not in the ordinary course of business. The Company is not currently a party to any legal proceeding the result of which it believes could have a material adverse impact upon its business, financial position, results of operations, or cash flows.

Many of our product installations involve software products that are critical to the operations of our customers' businesses. Any failure in our products could result in a claim for substantial damages against us, regardless of our responsibility for such failure. Although we attempt to contractually limit our liability for damages arising from product failures or negligent acts or omissions, there can be no assurance that the limitations of liability set forth in our contracts will be enforceable in all instances.

Item 1A. Risk Factors.

In addition to the other information set forth in this report, you should carefully consider the risk factors disclosed in Item 1A, "Risk Factors," of the Company's annual report on Form 10-K for the year ended December 31, 2015.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The following table provides information regarding our common stock repurchases under our publicly-announced repurchase program for the quarter ended March 31, 2016. All repurchases related to the repurchase program were made on the open market. There were no shares withheld for taxes due upon vesting of restricted stock for the quarter ended March 31, 2016.

Period	Total Number of Shares Purchased(a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
January 1 - January 31, 2016	-	\$ -	-	\$ 50,000,000
February 1 - February 29, 2016	391,922	51.00	391,922	30,012,850
March 1 - March 31, 2016	500,361	56.98	500,361	1,500,776
Total	<u>892,283</u>	54.35	<u>892,283</u>	

(a) These amounts do not include shares withheld for taxes due upon vesting of restricted stock units.

In April 2016, our Board of Directors approved raising our repurchase authority for the Company's common stock to a total of \$50.0 million.

Item 3.Defaults Upon Senior Securities.

No events occurred during the quarter covered by the report that would require a response to this item.

Item 4.Mine Safety Disclosures.

Not applicable.

Item 5.Other Information.

No events occurred during the quarter covered by the report that would require a response to this item.

Item 6.Exhibits.

Exhibit 10.1	2016 Annual Cash Bonus Plan (incorporate by reference from Annex B to the Company's Definitive Proxy Statement for its 2016 Annual Meeting of Shareholders filed with the SEC on April 8, 2016 (SEC File No. 000-23999))
Exhibit 10.2	Executive Employment Agreement with Linda C. Pinne
Exhibit 10.3	Indemnification Agreement with Linda C. Pinne
Exhibit 31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 101.INS	XBRL Instance Document
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase Document
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* In accordance with Item 601(b)(32)(ii) of the SEC's Regulation S-K, this Exhibit is hereby furnished to the SEC as an accompanying document and is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MANHATTAN ASSOCIATES, INC.

Date: April 22, 2016

/s/ Eddie Capel
Eddie Capel
President and Chief Executive Officer
(Principal Executive Officer)

Date: April 22, 2016

/s/ Dennis B. Story
Dennis B. Story
Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

EXHIBIT INDEX

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EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement (this "**Agreement**") is entered into as of the "**Effective Date**" set forth below, by and between Manhattan Associates, Inc., a Georgia corporation ("**Company**"), and the undersigned "**Executive**."

In consideration of Company's employment and continued employment of Executive, Company and Executive agree as follows:

1. **Contents of Agreement.** This Agreement consists of this Signature Page and attached Schedules A ("General Terms and Conditions"), B ("Position and Certain Compensation Information"), C ("Non-compete Company List"), and D ("Release"), each of which is incorporated into this Agreement by reference.

2. **Definitions.** Except as otherwise defined in this Agreement, capitalized terms will have the meanings set forth in Section 1 of Schedule A entitled "Definitions."

THIS AGREEMENT WILL BECOME EFFECTIVE WHEN SIGNED BY BOTH PARTIES BELOW AND AS OF THE DATE SIGNED BY EXECUTIVE BELOW.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

EXECUTIVE

Linda C. Pinne
12 Highland Park Lane NE
Atlanta, GA 30306

/s/ Linda C. Pinne
EXECUTIVE SIGNATURE

Linda C. Pinne
NAME PRINTED

January 28, 2016
EFFECTIVE DATE

COMPANY

Manhattan Associates, Inc.
2300 Windy Ridge Parkway, Tenth Floor
Atlanta, GA 30339

/s/ Eddie Capel
AUTHORIZED SIGNATURE

Eddie Capel, President and CEO
NAME & TITLE PRINTED

January 28, 2016
DATE

SCHEDULE A GENERAL TERMS AND CONDITIONS

1. **Definitions.** Except as otherwise specified in this Agreement, the definitions of the capitalized terms set forth in this Section 1 will apply with respect to the entire Agreement.

1.1 **Agreement.** This Executive Employment Agreement.

1.2 **Base Salary.** Executive's base salary as set forth on Schedule B, as may be increased annually at the discretion of the Board or the Committee.

1.3 **Board.** Company's Board of Directors as constituted from time to time.

1.4 **Bonus Target Amount.** The target amount for Executive's Performance-related Bonus, as set forth on Schedule B, as may be adjusted annually at the discretion of the Board or the Committee.

1.5 **Cause.** An act or acts or omission or omissions to act by Executive involving Executive's (i) willful and continued failure substantially to perform their duties with Company (other than a failure resulting from Executive's Disability) and that failure continues for thirty (30) days following written notice from Company to Executive that provides a reasonable description of the basis for the determination that Executive has failed to perform their duties, (ii) conviction for a criminal offense other than a misdemeanor not disclosable under the federal securities laws, (iii) willful and continued failure to cooperate with any investigation or similar proceeding involving Company by any governmental authority regarding any material breach of law or regulation and continuation of that failure for thirty (30) days following written notice from Company to Executive that provides a reasonable description of the basis for the determination that Executive has failed to cooperate; (iv) breach of this Agreement in any material respect where that breach is not susceptible to remedy or cure or has already materially damaged Company, or is susceptible to remedy or cure and no such material damage yet has occurred, and is not cured or remedied reasonably promptly after specific written notice from Company to Executive that provides a reasonable description of the breach, or (v) conduct that the Board has determined, reasonably and in good faith, to be dishonest, fraudulent, unlawful, or grossly negligent, or does not comply with Company's Code of Conduct or materially fails to comply with a set of standards of conduct and business practices that have been labeled as such and provided by Company to Executive prior to that conduct, which is not cured to the reasonable satisfaction of the Board within thirty (30) days of written notice from the Board to Executive.

1.6 **Change of Control.** The occurrence of any of the following events:

(i) Any transaction or series of transactions pursuant to which Company sells, transfers, leases, exchanges, or disposes of all or

substantially all (*i.e.*, at least eighty-five percent (85%)) of its assets for cash or property, or for a combination of cash and property, or for other consideration;

(ii) Any transaction pursuant to which one or more Persons acquire by merger, consolidation, reorganization, division, or other business combination or transaction, or by a purchase of an interest in Company, an interest in Company so that after that transaction, the shareholders of Company immediately prior to that transaction no longer have a controlling (*i.e.*, fifty percent (50%) or more) voting interest in Company;

(iii) Any change in the composition of the Board within a twelve (12) month period resulting in fewer than a majority of the directors being Incumbent Directors; or

(iv) Any transaction or series of transactions pursuant to which any Person or Persons acting in concert acquire outstanding voting securities of Company, if, after that transaction or those transactions, the acquiring Persons own, control, or hold, with power to vote, at least forty percent (40%) of any class of voting securities of Company.

1.7 **Code.** The Internal Revenue Code of 1986, as amended.

1.8 **Committee.** The Compensation Committee of the Board.

1.9 **Company.** As defined in the Preamble to this Agreement; *provided, however*, where the context reasonably requires, "Company" also will include Manhattan Associates, Inc.'s affiliates.

1.10 **Company Business.** The business of developing, marketing, selling, licensing, installing, implementing, deploying, servicing, and maintaining supply chain computer software solutions designed for one or more of the following: (i) management of warehouses and distribution centers; (ii) management of transportation logistics throughout the supply chain, including carrier management, transportation procurement, and transportation execution; (iii) product order, fulfillment and returns processes; (iv) retail, wholesale, and multi-channel inventory planning and management; (v) supply chain event monitoring and reporting; and (vi) supply chain analysis and evaluation.

1.11 **Competing Business.** Activities, products, or services that are the same as or similar to the Company Business.

1.12 **Confidential Information.** (A) Any and all data and information in whatever form: (i) relating to or arising from the business of Company, or of third Persons, regardless of whether the data or information constitutes a trade secret as defined by applicable law; (ii) disclosed to Executive or of which Executive becomes or became aware as a

consequence of Executive's relationship with Company; (iii) having value to Company; (iv) not generally known to competitors of Company; and (v) which includes, without limitation: trade secrets; methods of operation; customer and prospective customer information; price lists; financial information and projections; Company organizational structure information; business plans and strategies; Company product information including design, development, and marketing information, installation and configuration guides, user manuals, functional and technical specifications, data models and data dictionaries, and software source code; Company policies, processes, methods, and procedures; Company inventions and discoveries; and similar information; and (B) third party confidential information in Company's possession.

1.13 **Constructive Termination.** The occurrence during Executive's employment of any one of the events set forth in (i) through (vi) below and satisfaction of the following conditions: (a) Executive provides notice to Company of the Constructive Termination condition within ninety (90) days of their learning of its initial existence; (b) Company fails to remedy the Constructive Termination condition within thirty (30) days following the notice; and (c) Executive terminates their employment within six (6) months of their learning of the existence of the Constructive Termination condition. The Constructive Termination events are as follows: (i) a material adverse change in Executive's authority, duties, or responsibilities; (ii) a material failure to pay Executive the compensation required by this Agreement; (iii) after a Change of Control, (a) relocation of Company's headquarters more than thirty (30) miles outside of the Atlanta, Georgia, greater metropolitan area or (b) Company requiring Executive to be based more than thirty (30) miles from the Work Location at which Executive was based immediately prior to the Change of Control; (iv) after a Change of Control, the material reduction in the compensation and benefits provided to Executive under the employee benefit plans, programs, and practices in effect immediately prior to the Change of Control; (v) after a Change of Control, the insolvency or the filing by Company of a petition for bankruptcy of Company; or (vi) after a Change of Control, Company's failure promptly to obtain an agreement from any successor or assignee of Company to assume and agree to perform Company's obligations under this Agreement unless that successor or assignee is bound to the performance of this Agreement as a matter of law.

1.14 **Disability.** Executive's inability as a result of physical or mental incapacity to substantially perform Executive's duties for Company on a full-time basis, which inability lasts for a period of six (6) consecutive months. The Board (or the Committee, if requested to do so by the Board) will be responsible for determining in good faith an Executive's Disability based on the information received by the Board (or the Committee).

1.15 **Duties.** Duties of the type performed by Executive for Company during the twenty-four (24)

month period immediately prior to the Termination Date.

1.16 **Effective Date.** The date on which this Agreement becomes effective as set forth on the Signature Page.

1.17 **Equity Awards.** Stock options, restricted stock, restricted stock units, and other equity awards that may be granted under the Stock Incentive Plan.

1.18 **Executive.** As defined in the Preamble to this Agreement.

1.19 **Incumbent Directors.** The Persons who, at the Effective Date, constitute the Board, and any Person becoming a director after the Effective Date and whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors then on the Board (either by a specific vote or by approval of the proxy statement of Company in which that Person is named as a nominee for director, without written objection to that nomination); provided, however, that no individual initially elected or nominated as a director of Company as a result of an actual or threatened election contest (as described in Rule 14a-11 under the United States' Securities Act of 1934) or other actual or threatened solicitation of proxies or consents by or on behalf of any "person" (as defined in Section 3(a)(9) of the Act and as used in Section 13(d)(3) and 14(d)(2) of the Act) other than the Board, including by reason of any agreement intended to avoid or settle any such contest or solicitation, will be deemed an Incumbent Director; and provided further, that subject to the provisions of this Section 1.19, no Person will be deemed to be an Incumbent Director until that time as they take office as a director of Company.

1.20 **Invention.** Any idea, invention, discovery, improvement, innovation, design, process, method, formula, technique, machine, article of manufacture, composition of matter, algorithm, or computer program, and any improvements to any of the above.

1.21 **Parties.** Executive and Company.

1.22 **Performance-related Bonus.** Executive's performance-related annual cash bonus, calculated in a manner consistent with the terms of Company's performance-related bonus plan and this Agreement.

1.23 **Person.** A natural person, or a corporation, partnership, limited partnership, joint venture, limited liability company, trust, other business, non-business, charitable, or governmental entity, or governmental agency.

1.24 **Recoupment Policy.** A policy of recoupment of compensation adopted or amended from time to time by the Board or the Committee as it deems necessary or desirable to comply with the requirements of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (providing for recovery of erroneously awarded compensation), Section 304 of the Sarbanes-Oxley Act of 2002 (providing for forfeiture of certain bonuses and profits), and any implementing rules and regulations of the U.S. Securities and Exchange Commission and applicable listing standards of a

national securities exchange adopted in accordance with either of those Acts, which policy is incorporated into this Agreement by this reference.

1.25 **Release.** A release of Company from any and all liabilities and claims of any kind substantially in the form attached as Schedule D to this Agreement, revised as necessary at the time of execution to comply with applicable law.

1.26 **Restriction Period.** That period beginning on the Termination Date and ending on the later of (i) the date that is the twelve (12) month anniversary of the Termination Date or (ii) if severance payments become due to the Executive pursuant to Section 4.1, the date on which the last of those severance payments is due.

1.27 **Section 409A.** Section 409A of the Code.

1.28 **Stock Incentive Plan.** The Manhattan Associates, Inc. 2007 Stock Incentive Plan, as amended, or any successor plan to that plan.

1.29 **Subject Invention.** Any Invention that is conceived by Executive during the term of their employment with Company solely or jointly with others and: (i) relates to the actual or anticipated business, research, or development of Company; (ii) results from any work performed by Executive using any equipment, facilities, materials, Confidential Information, or Company personnel; or (iii) is suggested by or results from any task assigned to Executive by, or performed by Executive for or on behalf of, Company.

1.30 **Termination Date.** The date on which Executive's employment with Company is terminated with or without Cause, for any reason or for no reason, upon the initiative of either Party.

1.31 **Work.** Any copyrightable work of authorship, including, without limitation, computer programs (including the contents of read-only memories), any technical descriptions for products, user's guides, graphical works, audiovisual works, sound recordings, literary works, illustrations, advertising materials, and any contribution to those materials.

1.32 **Work Location.** Executive's primary place of business as set forth on Schedule B, as may be changed by Company from time to time at the discretion of the Executive's direct supervisor or the Board.

2. Employment.

2.1 **Position and Responsibilities.** As of the Effective Date, Company will continue to employ Executive, and Executive accepts continuing employment by Company, at the position set forth on Schedule B, and Executive will continue to report to the direct supervisor set forth on Schedule B, all in accordance with and subject to the terms set forth in this Agreement. Executive will perform those responsibilities consistent with their position and those other duties as may be and previously have been determined from time to time by Company's CEO, Executive's direct supervisor (if different from

the CEO), or the Board from time to time, and perform those responsibilities to the best of their ability while devoting their full business time to those responsibilities. Executive will act in good faith to promote the interests of Company. Executive may participate in those civic and charitable activities as Executive elects that do not meaningfully interfere with their duties for Company. Executive will conduct themselves in a business-like and professional manner as appropriate for their position and represent Company in a manner that complies with good business and ethical practices. Executive will be subject to and abide by the written policies and procedures of Company applicable to executive personnel of Company, as adopted from time to time by Company and communicated to Executive.

2.2 **Executive's Work Location.** Executive will work out of their Work Location set forth on Schedule B, which Work Location may be changed by Company from time to time at the discretion of Executive's direct supervisor or the Board.

3. **Compensation.** During the term of Executive's employment with Company, the following compensation provisions will apply:

3.1 **Base Salary.** Company will pay to Executive the Base Salary, subject to all payroll and income tax withholdings and other authorized deductions, which Base Salary may be increased annually at the discretion of the Board or the Committee.

3.2 **Performance-Related Bonus.** Executive will be eligible to receive the Performance-related Bonus with a target opportunity equal to the Bonus Target Amount, subject to those terms and conditions as may be established by Company. The Board or the Committee will determine the amount of the bonus, in its reasonable discretion, utilizing financial information reviewed or audited by Company's independent auditors. Company will pay the bonus in accordance with its policies in place from time to time, and the bonus will be subject to all payroll and income tax withholdings and other authorized deductions.

3.3 **Equity Awards.** Executive will be eligible to receive grants of Equity Awards. The grants will have an annual value that reflects Executive's position, duties, and responsibilities with Company and will be commensurate with grants to other executive officers of Company. The grants may be performance-based, service-based, or any combination of them. The Board or the Committee will determine, in its discretion, the form, vesting, forfeiture, and other terms and conditions of the grants. Each grant of an Equity Award will be subject to the terms and conditions of the award agreement for that grant.

3.4 **Employee Benefits.** Executive will be eligible to participate in all employee benefit plans that Company provides for its employees at the executive level, including 401(k), deferred compensation, health care, life insurance, disability, and similar benefit plans. Concurrently with the execution by the Parties of this Agreement, the Parties will enter into an Indemnification Agreement, prepared by or at the

direction of Company, under which Company will indemnify Executive to the full extent permitted by law and under Company's Articles of Incorporation and Bylaws for and with respect to any claim, loss, or cause of action resulting from, arising out of, or in connection with Executive's service as an officer, director, or employee of Company or any of its subsidiaries. Company will ensure that Executive is covered under a directors and officers liability insurance policy in the same manner as other executive officers and directors of Company.

3.5 **Expenses.** Executive will be promptly reimbursed for expenses reasonably incurred in the performance of their executive duties in accordance with the written policies of Company in effect from time to time.

3.6 **Vacation.** Except as otherwise set forth on Schedule B or agreed to between the Parties in writing, Executive will be eligible for vacation each calendar year in accordance with the standard Company vacation policy.

3.7 **Recoupment of Compensation.** Performance-related Bonuses, other incentive compensation, and Equity Awards paid or granted to Executive, whether pursuant to this Agreement or otherwise, will be subject to those terms and conditions of any applicable Recoupment Policy.

4. Termination of Employment.

4.1 **Termination.** Executive's employment under the terms of this Agreement will continue until it is terminated in writing by the Parties, or until Executive's employment is terminated in accordance with the terms of this Agreement. Either Company or Executive may terminate Executive's employment at any time by written notice to the other, which, if given by Executive, will be given at least thirty (30) days prior to the Termination Date designated by Executive. If Executive's employment is terminated (i) by Company for Cause, (ii) as a result of Executive's Disability, or (iii) upon and as a result of Executive's death, or if Executive terminates his employment other than for Constructive Termination, then Company's obligations under this Agreement will cease as of the Termination Date; provided, however, that Executive (or their estate) will be entitled to (a) salary earned through the Termination Date, (b) any bonuses or other incentive compensation earned and payable under the terms of the applicable bonus or other incentive plan as of the Termination Date, and (c) benefits earned by or payable to Executive pursuant to the terms of any health, life insurance, disability, welfare, retirement, or other plan or program maintained by Company in which Executive participates or the terms of any Equity Award. If Company terminates Executive's employment other than pursuant to clauses (i) through (iii) of this Section 4.1, or if Executive terminates their employment as a Constructive Termination, Executive will be entitled to receive the severance payments provided in Section 4.2 (subject to the conditions set forth in Section 4.2). Except as otherwise provided in this Agreement, if Executive's employment is terminated and they are entitled to severance payments under this Section

4.1, then they will not be required to mitigate damages by seeking other employment, and any compensation or benefits they receive will not reduce the amount payable by Company under this Agreement. The severance payments provided pursuant to Section 4.2 will be the only severance benefits payable to Executive by Company as a result of the termination of Executive's employment, and Executive waives their rights (if any) to any severance benefits under any other plan or program of Company.

4.2 **Severance Payments.** Subject to the conditions set forth in the following sentence and the limitations set forth in the last sentence of this paragraph and in Section 4.5, if Executive's employment is terminated under Section 4.1 entitling Executive to receive severance payments, then the severance payments will comprise the following payments, subject to withholding of all applicable payroll and income taxes and other authorized deductions: (i) twelve (12) full months of Executive's Base Salary, payable in twenty-four (24) equal semimonthly installments on Company's regular payroll dates beginning on the first payroll date after the Release is executed and delivered to Company by Executive and becomes effective, (ii) twelve (12) monthly payments each of which is equal to the monthly costs of COBRA coverage for medical and dental coverage for Executive and their dependents (plus a tax gross-up on such COBRA payments) and the right to elect to participate in Company's medical and dental coverages for that twelve (12) month period, and (iii) if that termination of Executive's employment occurs on or within twenty-four (24) months following the date of a Change of Control, (a) a pro rata bonus for the year of termination (based on the number of days that have elapsed to the Termination Date), calculated at target performance level, less any bonus amount already paid or payable for that year, and (b) an additional annual bonus amount equal to the greater of Executive's target bonus for the year of termination or Executive's target bonus for the prior year, which bonus payments ((a) and (b) above) will be paid as a lump sum on the sixtieth (60th) day after the Termination Date. Company's obligation to make the severance payments under this Section 4.2 is subject to the conditions that (a) Executive executes and delivers to Company the Release within the time period specified in the Release, and the Release becomes effective, and (b) Executive complies with the restrictive covenants and post-termination obligations in Sections 8 through 11, inclusive. If Executive dies after becoming entitled to severance payments under this Section 4.2, the severance payments under this Section 4.2 will continue for the lesser of six (6) months or the remainder of the twelve (12) month period referred to above.

4.3 **Treatment of Unvested Equity Awards.** Except as otherwise agreed in writing between Company (or its successor) and Executive, if a Change of Control occurs, any outstanding Equity Awards granted to Executive not yet vested as of that Change of Control will remain in effect in accordance with their terms (or Company may, without

Executive's consent, substitute for those unvested Equity Awards an equity award with substantially equivalent value, terms, and conditions of the survivor, continuing, successor, or purchasing entity, or their parent). If on or within twenty-four (24) months following the date of a Change of Control Executive's employment is terminated under Section 4.1 entitling Executive to receive severance payments, then any outstanding unvested Equity Awards granted to Executive prior to that Change of Control (or any equity awards substituted for those Equity Awards) will fully vest (to the extent they have not otherwise vested) as of the date that the Release becomes effective. If any performance period for an outstanding unvested Equity Award has not been completed as of the date of a Change of Control, then the target performance level for that Equity Award will be deemed to have been achieved as of the date of that Change of Control.

The provisions of this Section 4.3 are, by this Agreement, deemed to be a part of, and where necessary, amend, each Equity Award agreement of Executive and to supersede any contrary provisions in each of those agreements.

4.4 Section 409A Compliance. This Agreement will at all times be interpreted and performed in accordance with the requirements of Section 409A. The severance payments under Section 4.2 will be deemed separate payments for purposes of Section 409A, and those payments are in whole or in part intended to satisfy the "short-term deferral exception" and the "two-times pay" exception to Section 409A. Notwithstanding any provision of this Agreement to the contrary, the timing of Executive's execution of the Release will not, directly or indirectly, result in Executive designating the calendar year of payment, and if a payment that is subject to execution of the Release could be made in more than one taxable year, that payment will be made in the later taxable year. Any action that may be taken (and, to the extent possible, any action actually taken) by Company will not be taken (or will be void and without effect) if that action violates the requirements of Section 409A. Any provision in this Agreement that is determined to violate the requirements of Section 409A will be void and without effect. In addition, any provision that is required to appear in this Agreement in accordance with Section 409A that is not expressly set forth in this Agreement will be deemed to be set forth in this Agreement, and this Agreement will be administered in all respects as if that provision were expressly set forth. Company will have the authority to delay the commencement of all or a part of the payments to Executive under Section 4 if Executive is a "key employee" of Company (as determined by Company in accordance with procedures established by Company that are consistent with Section 409A) to a date that is six (6) months and one (1) day after the Termination Date (and on that date the payments that otherwise would have been made during that six (6) month period will be made), but only to the extent that delay is required under the provisions of Section 409A to avoid imposition of additional income and other taxes, provided that Company and Executive agree to take

into account any transitional rules and exemption rules available under Section 409A.

4.5 Limitations on Severance Payments. Except as otherwise provided below, if it is determined that any right, payment, or other benefit under this Agreement to or for the benefit of Executive would result in Company's payment of a "parachute payment" under Code Section 280G, in whole or part when aggregated with any other right, payment, or benefit to or for the Executive under all other agreements or benefit plans of Company, then, to the extent necessary to make those payments or benefits not "parachute payments" (but only to such extent and after taking into account any reduction relating to Section 280G under any other plan, arrangement or agreement), any right, payment, or benefit under this Agreement will not become payable. The determination under this Section 4.5 will be made by a nationally recognized accounting firm selected by Company. All determinations required to be made under this Section 4.5, including whether and which of the rights, payments, or benefits are required to be reduced, the amount of that reduction, and the assumptions to be utilized in arriving at that determination, will be made by that accounting firm.

5. Inventions. By this Agreement, Executive irrevocably assigns to Company all of Executive's rights to all Subject Inventions in the United States and all other countries and the right to claim priority in the Subject Inventions.

6. Patent Applications and Maintenance. If Company elects to file one or more patent applications, either in the United States or in any foreign country, on a Subject Invention of which Executive is an inventor, Executive will sign all necessary documentation relating to the patent application(s), including formal assignments to Company, and will cooperate with attorneys or other Persons designated by Company to provide all information necessary for the prosecution of the patent application(s) in the United States and any foreign country. Executive also will assist Company in every proper way to maintain its patents during and following the period of employment, including, but not limited to, the performance of all lawful acts, such as the giving of testimony in any interference proceedings, infringement suits, or other litigation, as may be deemed necessary or advisable by Company.

7. Copyrights.

7.1 Ownership by Company. Any Works created by Executive in the course of Executive's duties as an employee of Company are subject to the "Work for Hire" provisions contained in Sections 101 and 201 of the United States Copyright Law, Title 17 of the United States Code. All right, title, and interest in and to copyrights in all Works that have been or will be prepared by Executive within the scope of Executive's employment with Company will be the property of Company. To the extent the provisions of Title 17 of the United States Code do not vest the copyrights to any Works in Company, Executive, by this Agreement, assigns to Company all right, title,

and interest to copyrights Executive may have in the Works.

7.2 **Assistance to Company.** Executive will assist Company in every proper way to maintain Company's copyrights during and following Executive's period of employment including, but not limited to, the performance of all lawful acts, such as the giving of testimony in any infringement suits or other litigation, as may be deemed necessary or advisable by Company.

8. **Agreement Not to Solicit Customers.** During the term of Executive's employment by Company, Executive will not, either directly or indirectly, on Executive's behalf or on behalf of another Person, for the purpose of selling or providing any Competing Business, solicit, divert, or appropriate, or attempt to solicit, divert, or appropriate, any Company customer or prospective customer. Further, during the Restriction Period, Executive will not, either directly or indirectly, on Executive's behalf or on behalf of another Person, for the purpose of selling or providing any Competing Business, solicit, divert, or appropriate, or attempt to solicit, divert, or appropriate, any Company customer or potential customer: (i) with which Executive deals or has dealt on behalf of Company (ii) whose dealings with Company are or were coordinated or supervised by Executive; (iii) about which Executive obtains or obtained confidential information in the ordinary course of business as a result of Executive's association with Company; or (iv) that receives or received products or services authorized by Company, the sale or provision of which results or resulted in compensation, commissions, or earnings for Executive within twenty-four (24) months prior to the Termination Date.

9. **Agreement Not to Solicit Employees.** During the term of Executive's employment by Company and the Restriction Period, Executive will not, either directly or indirectly, on Executive's behalf or on behalf of another Person, solicit, divert, or hire away, or attempt to solicit, divert, or hire away, any Company employee.

10. **Non-Competition.** During Executive's employment by Company, Executive will not work for any other Person (other than volunteering free time to a charitable organization), or engage in any other business activity that would interfere with the performance of Executive's job responsibilities or that is in violation of policies established from time to time by Company, without Company's prior written consent. During Executive's employment by Company, any money or other remuneration received by Executive for services rendered to a Company customer belong to Company. Executive acknowledges that: (i) Company is engaged in the Company Business throughout the United States of America and internationally, with its principal place of business in Atlanta, Georgia, international offices in Europe and Asia, and customers throughout the United States of America and in multiple foreign countries; (ii) Executive possesses selective and specialized skills, knowledge, learning, and abilities relating to the Company Business, and Executive's

employment with Company involves further acquisition and development of such selective and specialized skills, knowledge, learning, and abilities; and (iii) Executive has and will have, during Executive's employment with Company, access to Confidential Information. In light of the above, during the Restriction Period, Executive will not, without Company's prior written consent, perform in the United States of America, Europe, Asia, or any other geographic location in which Company is engaged in the Company Business, any Duties for, or that benefit, directly or indirectly, any Competing Business engaged in by a company listed or described on Schedule C to this Agreement.

11. **Confidential Information.**

11.1 **Non-disclosure and Non-use.** Except as reasonably necessary or appropriate in connection with Executive's performance of Executive's responsibilities for Company, Executive will not disclose Confidential Information to any Person or use or exploit (including reverse engineering, decompiling, or disassembling) Confidential Information.

11.2 **Exceptions.** Notwithstanding the foregoing, the non-disclosure restriction of Section 11.1 will not apply to any data or information: (i) that has been voluntarily disclosed to the public by Company, except where that disclosure has been made by Executive without authorization from Company; (ii) that has been independently developed and disclosed by others; or (iii) that otherwise has entered the public domain through lawful means.

11.3 **Duration.** Except as otherwise provided in this Section 11, the covenants of confidentiality, non-use, and non-exploitation set forth in this Section 11 will continue throughout the term of Executive's employment with Company, and indefinitely following the Termination Date; provided that Executive's non-disclosure obligations with respect to Confidential Information will terminate at such time as the data or information is no longer confidential.

11.4 **Notice Requirement.** Executive agrees to notify Company immediately if Executive learns of any unauthorized disclosure, use, or exploitation of Confidential Information by another Person.

12. **Return of Property.** Upon termination of Executive's employment with Company, Executive promptly will deliver to Company all Company property in their possession or control, including, but not limited to, all keys, credit cards, security cards, computers, computer software (including computer discs and storage devices of any kind), mobile phones, and other equipment or personal items provided by Company to Executive for use during Executive's employment, together with all Company documents and all copies of those documents (both hard copy and electronically stored), written or recorded materials, plans, records, notes, files, drawings, or papers relating to the affairs of Company, including all notes or records relating to employees of Company.

13. **Obligations to Others.** Except as may have been disclosed previously by Executive to Company,

Executive represents and warrants that Executive is not or was not a party to any agreement with any other Person that purports to require Executive to assign any Work or any Invention created, conceived, or first practiced by Executive during any period of time during which Executive has been or will continue to be an employee of Company, nor is Executive subject to any law, court order, or regulation that purports to require that assignment. Further, Executive represents and warrants that Executive is not presently under any agreement that will prevent Executive from performing Executive's duties for Company, and is not in breach of any agreement with respect to any confidential information, including trade secrets, owned by any other Person. Executive will not disclose to Company any protected confidential information, including trade secrets, of any other Person.

14. **Remedies.** Executive acknowledges that the covenants contained in Sections 5 through 13, inclusive, of this Agreement are of the essence of this Agreement, that each of those covenants is reasonable and necessary to protect the business, interests, and properties of Company, and that Company will suffer irreparable loss and damage if Executive breaches any of those covenants. Therefore, in addition to all other remedies provided by law, Company will be entitled to seek equitable relief in connection with any breach or contemplated breach of any of those covenants referred to above. With respect to misappropriation of a "trade secret" as that term is defined under applicable law, Company's remedies under this Agreement will be in addition to all other remedies provided by law or in equity. The existence of any claim that Executive may have against Company will not constitute a defense to the enforcement of Company of the covenants contained in this Agreement. Executive acknowledges that Executive's breach of this Agreement may result in an immediate termination of Executive's employment.

15. **Notices.** A Party providing notice under this Agreement will provide that notice to the other Party in writing, addressed to the other Party at its address set forth on the Signature Page to this Agreement. Notices to Company will be addressed to the attention of the Chief Executive Officer; *provided, however,* that if Executive is the Chief Executive Officer, notices will be addressed to the attention of the Chairman of the Board. A notice provided under this Agreement will be deemed given upon receipt, if hand delivered in person or delivered by courier, or three (3) days after deposit in the U.S. mail, postage prepaid. Either Party may change its address for receipt of notices by providing notice in accordance with this Section 15.

16. **Miscellaneous.**

16.1 **Applicable Law.** This Agreement will be governed by and construed in accordance with the laws of the State of Georgia without reference to its conflict of laws rules.

16.2 **Dispute Resolution.** Exclusive venue for any dispute arising under or in connection with this Agreement will be in the Federal District Court for the Northern District of Georgia or the Superior Court of

Fulton County, Georgia. By this Agreement, each Party expressly agrees that those courts will have personal jurisdiction and venue with respect to that Party, and each Party submits to the personal jurisdiction and venue of those courts and waives any objection based on inconvenient forum.

16.3 **Entire Agreement.** This Agreement constitutes the final, full, and exclusive expression of the Parties' agreement with respect to: (i) Executive's position, responsibilities, and at-will status, compensation, prospective termination of employment, and severance, (ii) Inventions, (iii) Works, (iv) customer non-solicitation, (v) employee non-solicitation, (vi) non-competition, (vii) Confidential Information, (viii) and agreements between Executive and Persons other than Company, and this Agreement supersedes all prior agreements, understandings, writings, proposals, representations, and communications, oral or written, with respect to that subject matter, including any prior Executive Employment Agreement, Severance and Non-Competition Agreement, or similar agreement between the Parties; provided, however, that any such prior Executive Employment Agreement or Non-Competition Agreement, or similar prior agreement, letter, or other document, will remain in effect to the limited extent necessary to enable either Party to pursue remedies against the other Party for a breach by the other Party prior to the Effective Date of the terms of that prior agreement, letter, or other document. This Agreement does not supersede Company rules, regulations, and policies, including those contained in Company's employee handbook and other Company documents provided by Company to Executive from time to time, except to the extent inconsistent with this Agreement.

16.4 **Invalidity of Provisions.** The provisions of this Agreement are severable. If for any reason a court finds that any provision in this Agreement is unenforceable in whole or in part, including if a court finds that a restrictive covenant set forth in any of Sections 8 through 11, inclusive, does not comply with applicable law in terms of the geographic area, duration, or scope of the covenant, then the court will modify that provision to the extent necessary to render the provision enforceable while, to the extent possible, preserving the original intent of the Parties, and the remaining provisions will continue in full force and effect without being impaired or invalidated in any way.

16.5 **Amendments; Waiver.** This Agreement may be amended or modified, in whole or in part, only by a written amendment signed by Executive and, on behalf of Company, by an officer of Company acting with specific authorization and approval of the Board or the Committee, and no term of this Agreement may be waived except in a written waiver signed by the Party waiving the benefit of that term (and in the case of Company, with the specific authorization of the Board or the Committee). No failure on the part of either Party to exercise any right will operate as a continuing waiver of that right or a waiver of that Party's right to exercise the same, a similar, or any other right in the future.

16.6 **Assignment; Binding Effect.** Neither Party has the right to assign its rights or delegate its duties under this Agreement; provided, however, that Company has the right to assign its rights and delegate its duties under this Agreement to a Person or Persons that purchase all or substantially all of the assets or stock of Company. Any attempt to assign or delegate in violation of the foregoing restrictions will be null and void. This Agreement will binding upon, inure to the benefit of, and be enforceable by the Parties and their respective heirs, legal representatives, successors, and permitted assignees.

16.7 **Headings; Personal Pronouns.** The section headings in this Agreement are for reference purposes only and are not intended in any way to describe, interpret, define, or limit the extent or intent of all or any portion of this Agreement. Plural personal pronouns such as "they" and "their" sometimes are used in this Agreement as substitutes for singular personal pronouns in order to avoid having to use gender specific personal pronouns such as "he" or "his" or "she" or her."

16.8 **Counterparts.** This Agreement may be executed in counterparts, each of which will be deemed an original and both of which together will constitute one and the same instrument.

16.9 **Representation of Authority.** The official executing this Agreement on behalf of Company represents and warrants that they have the requisite authority to do so and fully bind Company.

16.10 **Employee At-Will.** Except to the extent that Executive has a separate written agreement with Company establishing or confirming that Executive is not an at-will employee, Executive is an at-will employee, whose employment with Company may be terminated with or without Cause, for any reason or no reason, by either Party, but subject to any notice requirements and post-termination obligations of the Parties provided for in this Agreement.

16.11 **Legal Fees and Expenses.** Each Party will be responsible for its or their own costs, fees, and expenses, including attorney's fees and expenses, in connection with any dispute arising out of the subject matter of this Agreement; provided, however, that if Executive's employment is terminated after a Change of Control (i) by Company without Cause or (ii) by Executive as a result of a Constructive Termination, Executive will be entitled to recover from Company their reasonable attorneys' fees and expenses incurred in connection with any dispute relating to Executive's enforcement of their rights related to that termination to the extent that Executive prevails in a material manner with respect to that dispute.

SCHEDULE B POSITION AND CERTAIN COMPENSATION INFORMATION

Name of Executive: Linda Pinne

Executive's Direct Supervisor: Dennis B. Story

Executive's Job Title: Senior Vice President, Global Corporate Controller and Chief Accounting Officer

Executive's Work Location: 2300 Windy Ridge Parkway, 10th Floor, Atlanta, Georgia

Base Salary (Semimonthly): \$10,000; Base Salary (annualized): \$240,000

Bonus Target Amount: \$80,000

Vacation Days (Number to Be Accrued per Calendar Year): 20

SCHEDULE C NON-COMPETE COMPANY LIST

Accellos
Aldata
American Software
ANT USA
Ariba
Capgemini
ChainLogic
Cloud Logistics
DemandTec
Dematic
Descartes
enVista
Epicor
Genco
GT Nexus
Highjump
HK Systems
IBM
I LOG
Idhasoft
Infor
Intelligrated
Innocept Solutions

ICCG
Irista
JDA
JustEnough
Kewill
Lean Logistics
LogFire
Logility
MercuryGate
Nistevo
ONE Network Enterprises
Oracle
Red Prairie
Retalix
SAP AG
SAS
Scott Sheldon Group
Swisslog
Tomax/Demandware
Transplace
TXT e-Solutions
TZA

Any company, or division of any company, operating under or doing business as any trade name listed above or as any trade name or legal name substantially similar to any name listed above.

Any company owned or formed by or on behalf of Employee.

Any affiliate, including any direct or indirect parent, subsidiary, or sister company, of any company listed or described above.

Any successor company to any company listed or described above.

Any company acting as authorized reseller, partner, or agent of any company listed or described above.

SCHEDULE D RELEASE

AGREEMENT AND GENERAL RELEASE

This Agreement and General Release (this "**Release**") is entered into as of the "**Signature Date**" as set forth below by and between Manhattan Associates, Inc., a Georgia corporation ("**Company**"), and the undersigned "**Executive**," with reference to the following facts:

A. Pursuant to the terms of that certain Executive Employment Agreement (the "**Employment Agreement**") between the Parties, dated as of [date], Executive is entitled to severance payments upon the termination of Executive's employment with Company under certain circumstances, subject to the conditions that Executive executes and delivers to Company this Release within the time period specified in this Release and this Release becomes effective, that Executive complies with the restrictive covenants set forth in the Employment Agreement.

B. Executive and Company desire to enter into this Release in order to resolve any disputes regarding, or relating to, Executive's employment with, and termination of employment with, Company, and other matters as set forth in this Release, and so that Executive may satisfy the condition regarding execution and delivery of this Release referred to above.

In consideration of Company's obligations to make the severance payments under the Employment Agreement, Company and Executive agree as follows:

1. **Contents of Release.** This Release consists of this Signature Page and attached Schedule A ("General Terms and Conditions"), which is incorporated into this Release by reference.
2. **Definitions.** Except as otherwise defined in this Release, capitalized terms will have the meanings set forth in Section 1 of Schedule A entitled "Definitions."

THIS RELEASE WILL BECOME EFFECTIVE WHEN AND IN ACCORDANCE WITH THE PROVISIONS OF THIS RELEASE AND ONLY AFTER IT HAS BEEN SIGNED BY BOTH PARTIES BELOW.

IN WITNESS WHEREOF, the Parties have executed this Release on the date(s) set forth below.

EXECUTIVE

COMPANY

Linda C. Pinne
12 Highland Park Lane NE
Atlanta, GA 30306

Manhattan Associates, Inc.
2300 Windy Ridge Parkway, Tenth Floor
Atlanta, GA 30339

/s/ Linda C. Pinne
EXECUTIVE SIGNATURE

/s/ Eddie Capel
AUTHORIZED SIGNATURE

Linda C. Pinne
NAME PRINTED

Eddie Capel, President and CEO
NAME & TITLE PRINTED

January 28, 2016
SIGNATURE DATE

January 28, 2016
DATE

SCHEDULE A GENERAL TERMS AND CONDITIONS

1. **Definitions.** Except as otherwise specified in this Release, the definitions of the capitalized terms set forth in this Section 1 will apply with respect to the entire Release.

1.1 **Company.** As defined in the Preamble to this Release; *provided, however*, where the context reasonably requires (e.g., in the release provisions of Section 4.1), "Company" also will include Manhattan Associates, Inc.'s affiliates and assigns.

1.2 **Effective Date.** The date on which this Release becomes effective, which will be the date that is exactly eight (8) days following the Signature Date, unless this Release has been revoked by Executive prior to that date in accordance with the provisions of Section 3 of this Release.

1.3 **Employment Agreement.** As defined in Recital A to this Release.

1.4 **Executive.** As defined in the Preamble to this Release.

1.5 **Executive's Related Persons.** Executive's heirs, executors, administrators, beneficiaries, assigns, agents, representatives, attorneys, and successors, and any other persons acting or purporting to act on behalf of, or in the name of, or asserting claims by, on behalf of, or through Executive, and the successors and assigns of those Persons.

1.6 **Parties.** Executive and Company.

1.7 **Person.** A natural person, or a corporation, partnership, limited partnership, joint venture, limited liability company, trust, other business, non-business, charitable, or governmental entity, or governmental agency.

1.8 **Plan.** A Company employee benefit plan, within the meaning ERISA Section 3(3), and any other employee benefit program, agreement, policy or commitment sponsored by, contributed to, or maintained by Company.

1.9 **Plan Related Parties.** All Persons now or previously affiliated with, or that may in the future affiliate with, a Plan in any manner whatsoever, and all of those Persons' Representatives (if applicable), attorneys, actuaries, accountants, fiduciaries, administrators, administrative committees or other committees, trustees, and representatives.

1.10 **Release.** This Release.

1.11 **Representatives.** With respect to a company, its shareholders, owners, members, directors, managers, officers, employees, agents, representatives, contractors, and trustees.

1.12 **Separation Date.** The date on which the termination of Executive's employment occurs within the meaning of the Employment Agreement.

1.13 **Signature Date.** The date on which Executive signs this Release.

2. **Payments to Executive.** In addition to the compensation and benefits to which Executive is entitled based on his employment with Company, whether provided for in the Employment Agreement or otherwise, and subject to the terms and provisions of this Release and the Employment Agreement, Executive will, as additional consideration that the Parties agree is significant and substantial, receive severance payments in accordance with the terms of Section 4 of the Employment Agreement. Those additional consideration payments will be subject to all payroll and income tax withholdings and other authorized deductions.

3. **Consideration Period; Right of Revocation by Executive.** Except as otherwise agreed to by Company in writing, Executive must sign this Release within twenty-one (21) calendar days of the date (no earlier than the Separation Date) on which Company provides a copy of this Release to Executive for consideration, and promptly deliver the signed Release to Company at the address set forth below, and Executive then must not revoke this Release in accordance with the following sentence, in order for this Release to become effective and for Executive to be entitled to the severance payments in accordance with Section 4 of the Employment Agreement. Executive has seven (7) days from the Signature Date to revoke this Release by delivering written notice of revocation to the address set forth below, and, if they do so, this Release will be null and void in its entirety and of no force or effect. If not revoked within that seven (7) day period, this Release will become effective, binding, and irrevocable as of the Effective Date. No severance payments will be paid until after the seven (7) day revocation period has expired. The address for delivery of the Release or delivery of a notice of revocation is:

Manhattan Associates, Inc.
2300 Windy Ridge Parkway, Tenth Floor
Atlanta, Georgia 30339
Attention: Chief Human Resources Officer*

*If Executive is the Chief Human Resources Officer, then Executive must deliver the Release or notice to the attention of the Chief Legal Officer.

4. **General Release by Executive; Covenant Not To Sue.**

4.1 **Release.** Except as specifically provided in Section 5 below, for and in consideration of the additional consideration to be provided to Executive by Company pursuant to Section 4 of the Employment Agreement, the sufficiency of which Executive acknowledges, Executive does by this Release, for and on behalf of Executive and the Executive Related Persons, fully and finally release, acquit, and forever discharge Company and its Representatives, all Company Plans, and all Plan Related Parties, of and from any and all claims, counterclaims, actions, causes of action, demands, rights, damages, costs, expenses, or compensation that Executive or Executive's Related Persons now have, or may have, or may in the future claim to have had as of the

Signature Date, whether developed or undeveloped, anticipated or unanticipated, or known or unknown, based on any acts, omissions, transactions, or occurrences whatsoever occurring prior to or up until the Signature Date, and specifically, but not by way of limitation, from those claims that are, arise by reason of, are in any way connected with, or are or may be based in whole or in part on the employment relationship between Executive and Company, including, without limitation, (i) those claims arising under any foreign, federal, state, county, or municipal fair employment practices act or any law, ordinance, or regulation promulgated by any foreign, federal, state, county, municipal, or other state subdivision; (ii) those claims for breach of duty or implied covenant of good faith and fair dealing; (iii) those claims for interference with or breach of contract (express or implied, in fact or in law, oral or written); (iv) those claims for retaliatory or wrongful discharge of any kind; (v) those claims for intentional or negligent infliction of emotional distress or mental anguish; (vi) those claims for outrageous conduct; (vii) those claims for interference with business relationships, contractual relationships, or employment relationships of any kind; (viii) those claims for breach of duty, fraud, fraudulent inducement to contract, breach of right of privacy, libel, slander, or tortious conduct of any kind; (ix) those claims arising under Title VII of the Civil Rights Act of 1964 or the Civil Rights Act of 1991 or 42 U.S.C. §1981; (x) those claims arising under the Age Discrimination in Employment Act of 1967, the Age Discrimination Claims Assistance Act of 1988, or the Older Workers' Benefit Protection Act; (xi) those claims arising under any state or federal handicap or disability discrimination law or act, including but not limited to the Rehabilitation Act of 1973 and the Americans with Disabilities Act; (xii) those claims arising from any damages suffered at any time by reason of the effects or continued effects of any alleged or actual discriminatory or wrongful acts; (xiii) those claims arising under or in reliance on any statute, regulation, rule, or ordinance (local, state, or federal); (xiv) those claims arising under ERISA or the Family and Medical Leave Act; and (xv) any and all other claims arising under law or in equity in the United States of America or in any foreign jurisdiction.

4.2 **Covenant Not to Sue.** Except to the extent that right may not be waived by law, Executive will not commence any legal action or lawsuit or otherwise assert any legal claim seeking relief for any claim released or waived under Section 4.1 above. This "covenant not to sue" does not, however, prevent or prohibit Executive from later filing a lawsuit challenging the validity of the release of claims under the Age Discrimination in Employment Act. While Executive's right to seek such a judicial determination by a court is not waived by this Release, the severance payments provided to Executive under Section 4 of the Employment Agreement may serve as restitution, recoupment, or setoff if Executive prevails on the merits of their claim. In addition, even though Executive has released all claims Executive may have for employment discrimination arising before the Signature Date, this "covenant not to sue" does not prevent or prohibit Executive from filing any administrative complaint or charge against any of the

released Persons with any federal, state, or local agency, including, for instance, the U.S. Equal Employment Opportunity Commission or the U.S. Department of Labor. Executive can file such an administrative complaint or charge, but, as a result of signing this Release, Executive will have no right to recover monetary damages or obtain individual relief of any kind in a proceeding involving such a complaint or charge for claims released in the general release provision in Section 4.1.

5. **Limitation of Release by Executive.** Notwithstanding the provisions of Section 4, the waiver of benefits and claims contained in Section 4 does not include a waiver of the right to payment of (i) any vested, nonforfeitable benefits to which Executive or a beneficiary of Executive may be entitled under the terms and provisions of any (a) Company Plan that have accrued as of the Separation Date (including without limitation any rights to elect continuing group health plan coverage pursuant to ERISA) (b) other plan, program, agreement, or arrangement under which Executive is covered as of his Separation Date and is entitled to payments or benefits, and (c) stock option, restricted stock, restricted stock unit, stock appreciation right, or other equity compensation rights previously granted to Executive and vested as of the Signature Date, (ii) any unpaid base salary for employment through the Separation Date pursuant to Section 3.1 of the Employment Agreement, (iii) any earned and accrued but unpaid bonus (if any) pursuant to Section 3.2 of the Employment Agreement, (iv) any unpaid expenses incurred on or before his Separation Date that are reimbursable in accordance with Section 3.5 of the Employment Agreement, (v) payment (if any) for accrued and unused vacation under Section 3.6 of the Employment Agreement pursuant to any Company policy providing for such payment, and (vi) the consideration to be paid to Executive under Section 4 of the Employment Agreement. All other claims for any other benefits or compensation are waived by this Release, except those expressly stated in the preceding sentence. The waiver of benefits and claims contained in the general release in Section 4.1 does not include a waiver of any rights accruing after the Signature Date. Nothing in this Release will be construed to limit Executive's entitled rights to director or officer indemnification and related director or officer liability insurance.

6. **Non-Solicitation, Non-Competition, and Confidential Information; Return of Property.**

6.1 **Compliance with Restrictions.** For and in consideration of the additional consideration to be provided to Executive by Company pursuant to Section 4 of the Employment Agreement, Executive will continue to comply with the provisions set forth in Sections 8 through 11, inclusive, of the Employment Agreement for any respective periods set forth in the Employment Agreement, which Sections are incorporated into this Release by reference. As provided in the Employment Agreement, if a court of competent jurisdiction determines that any of the restrictions set forth in those Sections of the Employment Agreement or the application of those restrictions is unenforceable in whole or in part

because of the duration or scope of those restrictions, the court in making that determination will have the power to reduce the duration or scope of that provision to the extent necessary to make it enforceable, and the restriction in its reduced form will be valid and enforceable to the full extent permitted by law.

6.2 **Return of Property.** Executive represents that Executive has not destroyed and has returned or will return to Company on or before the Effective Date any and all Company property in their possession or control, including, but not limited to, all keys, credit cards, security cards, computers, cellular telephones, computer hardware and software (including computer discs and storage devices of any kind), and other personal items or equipment provided to Executive by Company for use during Executive's employment, together with all Company documents and all copies of those documents (both hard copy and electronically stored information), written or recorded materials, plans, records, notes, files, drawings, or papers relating to the affairs of Company, including in particular all notes or records relating to employees of Company. Executive will not take, and Executive certifies that Executive has not taken with them or retained in any manner, copies of any Company documents, whether in electronic or hard copy form, without the express written authorization of Company on or after the Separation Date.

7. **Violations of Release by Executive.** If Executive takes an action, or omits to take any action, that results in a violation of the terms of this Release, then Company's obligation to make the severance payments contemplated in Section 2 of this Release will be void, and Executive will repay to Company promptly the value of any such consideration paid by Company to Executive (except any amounts Company agrees in writing that Executive may retain).

8. **Confidentiality.**

8.1 **Non-Disclosure by Executive.** Except to the extent this Release already has been disclosed publicly by Company, Executive will not disclose the contents and terms of this Release to any Person except (i) as required by law, (ii) as required to obtain legal or tax preparation advice, or (iii) to Executive's spouse. Executive further agrees that if at any time after the Effective Date it is established that Executive has violated the terms of this confidentiality provision, it will constitute a material breach of this Release, and Company, in addition to any other rights it may have at law or in equity, will have the right to seek injunctive relief restraining Executive from further violations. Executive acknowledges that Company has relied on Executive's covenant of confidentiality set forth in this Section 8.1 in agreeing to pay the severance payments.

8.2 **Non-Disclosure by Company.** Except to the extent otherwise required by law or regulation or by financial reporting requirements, Company will not disclose to any Person (other than its Representatives on a need-to-know basis) the existence or terms of this Release.

9. **Nondisparagement.** Each of the Parties will refrain from publicly or privately making any disparaging or defamatory remarks about or directing any disparaging or defamatory conduct towards the other, and Executive will refrain from publicly or privately making any disparaging or defamatory remarks or directing any disparaging or defamatory conduct towards any Person released under this Release. The foregoing restriction prohibits making or engaging in disparaging or defamatory remarks or conduct to any: (i) member of the general public; (ii) employees, customers, vendors, suppliers, or potential customers of Company; or (c) members of the press or other media. The foregoing non-disparagement provision does not apply on occasions where either Party is subpoenaed or ordered by a court or other governmental authority to testify or give evidence or to conduct litigation or give testimony in the context of enforcing the terms of this Release. The foregoing non-disparagement provision does not apply on occasions where either Party provides truthful information in good faith to any federal, state, or local governmental body, agency, or official investigating an alleged violation of any antidiscrimination or other employment-related law or otherwise gathering information or evidence pursuant to any official investigation, hearing, trial, or proceeding. Nothing in this Section is intended in any way to intimidate, coerce, deter, persuade, or compensate Executive with respect to providing, withholding, or restricting any communication whatsoever to the extent prohibited under 18 U.S.C. §§ 201, 1503, or 1512 or under any similar or related provision of state or federal law or providing truthful compelled testimony under oath.

10. **Knowing and Voluntary Waiver of Rights.** Executive agrees and acknowledges that they carefully have reviewed, studied, and thought over the terms of this Release, and that all questions concerning this Release have been answered to their satisfaction. Executive further acknowledges and agrees that they have had the opportunity to keep this Release in their possession for at least twenty-one (21) days, and that they have had the opportunity to consider and reflect on the terms of this Release before signing it, that they knowingly and voluntarily entered into and signed this Release after deliberate consideration and review of all of its terms and provisions, that they were not coerced, pressured, or forced in any way by Company or anyone else to accept the terms of this Release, that the decision to accept the terms of this Release was entirely their own, **that they were advised in writing to consult with an attorney prior to executing this Release and prior to the Signature Date, and that they have had the opportunity to consult with an attorney concerning this Release.** Executive also acknowledges that no promises or inducements to enter into and execute this Release have been offered or made except those that are specifically set out in this Release, and that they were not coerced or forced to enter into and execute this Release.

11. **Final Resolution; No Indication of Fault.** This Release is intended to fully, completely, and forever resolve all disputes or potential disputes based on

events, omissions, or acts occurring on or prior to the Signature Date as well as all other issues or claims in any way arising out of or connected with the employment of Executive with the Company through and including the Signature Date. The signing of this document is not to be construed as an admission of any liability or fault by Company or by Executive.

12. Miscellaneous.

12.1 Applicable Law. This Release will be governed by and construed in accordance with the laws of the State of Georgia, without reference to its conflict of laws rules.

12.2 Dispute Resolution. Exclusive venue for any dispute arising under or in connection with this Release will be in the Federal District Court for the Northern District of Georgia or the Superior Court of Fulton County, Georgia. By this Release, each Party expressly agrees that those courts will have personal jurisdiction and venue with respect to that Party, and each Party submits to the personal jurisdiction and venue of those courts and waives any objection based on inconvenient forum.

12.3 Entire Agreement. This Release constitutes the final, full, and exclusive expression of the Parties' agreement with respect to its subject matter, and it supersedes all prior agreements, understandings, writings, proposals, representations, and communications, oral or written, with respect to that subject matter.

12.4 Invalidity of Provisions. The provisions of this Release are severable. If for any reason a court finds that any provision in this Release is unenforceable in whole or in part, then the court will modify that provision to the extent necessary to render the provision enforceable while, to the extent possible, preserving the original intent of the Parties, and the remaining provisions will continue in full force and effect without being impaired or invalidated in any way.

12.5 Amendments; Waiver. This Release may be amended or modified, in whole or in part, only by a written amendment signed by Executive and, on behalf of Company, by an officer of Company acting with specific authorization and approval of Company's Board of Directors of the Board's Compensation

Committee, and no term of this Release may be waived except in a written waiver signed by the Party waiving the benefit of that term (and in the case of Company, with the specific authorization of the Board or the Committee). No failure on the part of either Party to exercise any right will operate as a continuing waiver of that right or a waiver of that Party's right to exercise the same, a similar, or any other right in the future.

12.6 Assignment; Binding Effect. Neither Party has the right to assign its rights or delegate its duties under this Release, and any attempted assignment or delegation will be void; provided, however, that Company has the right to assign its rights and delegate its duties under this Release to a Person or Persons that purchase all or substantially all of the assets or stock of Company. Any attempt to assign or delegate in violation of the foregoing restrictions will be null and void. This Release will binding upon, inure to the benefit of, and be enforceable by the Parties and their respective heirs, legal representatives, successors, and permitted assignees.

12.7 Headings; Personal Pronouns. The section headings in this Release are for reference purposes only and are not intended in any way to describe, interpret, define, or limit the extent or intent of all or any portion of this Release. Plural personal pronouns such as "they" and "their" sometimes are used in this Release as substitutes for singular personal pronouns in order to avoid having to use gender specific personal pronouns such as "he" or "his" or "she" or her."

12.8 Counterparts. This Release may be executed in counterparts, each of which will be deemed an original and both of which together will constitute one and the same instrument.

12.9 Representation of Authority. The official executing this Release on behalf of Company represents and warrants that they have the requisite authority to do so and fully bind Company.



DIRECTOR AND OFFICER INDEMNIFICATION AGREEMENT

This Director and Officer Indemnification Agreement (this “**Agreement**”) is entered into as of the “**Effective Date**” set forth below, by and between Manhattan Associates, Inc., a Georgia corporation (“**Company**”), and the undersigned “**Indemnitee**,” with reference to the following facts:

- A. Indemnitee is a director or an officer of Company and in that capacity is expected to perform, and performs, valuable services for Company.
- B. Company’s Bylaws provide certain indemnification and expense advancement rights in favor of directors of Company.
- C. Company’s Bylaws further provide that Company’s Board of Directors will have the power to cause Company to provide to its officers all or any part of the right to indemnification permitted for officers by appropriate provisions of the Official Code of Georgia Annotated (the “**Statute**”).
- D. Company’s Bylaws further provide that Company will have the power, upon authorization by the Board of Directors, to enter into an agreement or agreements providing to any indemnified person indemnification rights substantially similar to those provided in Company’s Bylaws.
- E. In order to encourage Indemnitee to continue to serve as a director or an officer of Company and to perform other services for Company at its request, Company desires to enter into this Agreement with Indemnitee.

In consideration of Indemnitee’s Service, Company and Indemnitee agree as follows:

1. **Contents of Agreement.** This Agreement consists of this Signature Page and attached Schedule A (“General Terms and Conditions”), which is incorporated into this Agreement by reference.
2. **Definitions.** Except as otherwise defined in this Agreement, capitalized terms will have the meanings set forth in Section 1 of Schedule A entitled “Definitions.”

THIS AGREEMENT WILL BECOME EFFECTIVE WHEN SIGNED BY BOTH PARTIES BELOW AND AS OF THE DATE SIGNED BY INDEMNITEE BELOW.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

INDEMNITEE

Linda C. Pinne
12 Highland Park Lane NE
Atlanta, GA 30306

/s/ Linda C. Pinne
INDEMNITEE SIGNATURE

Linda C. Pinne
NAME PRINTED

January 28, 2016
EFFECTIVE DATE

COMPANY

Manhattan Associates, Inc.
2300 Windy Ridge Parkway, Tenth Floor
Atlanta, GA 30339

/s/ Eddie Capel
AUTHORIZED SIGNATURE

Eddie Capel, President and CEO
NAME & TITLE PRINTED

January 28, 2016
DATE

SCHEDULE A GENERAL TERMS AND CONDITIONS

1. **Definitions.** Except as otherwise specified in this Agreement, the definitions of the capitalized terms set forth in this Section 1 will apply with respect to the entire Agreement.

1.1 **Agreement.** This Director and Officer Indemnification Agreement.

1.2 **Company.** As defined in the Preamble to this Agreement.

1.3 **Effective Date.** The date on which this Agreement becomes effective as defined on the Signature Page to this Agreement.

1.4 **Indemnitee.** As defined in the Preamble to this Agreement.

1.5 **Loss.** Any obligation to pay a judgment, settlement, penalty, fine (including an excise tax assessed with respect to an employment benefit plan), expenses (including attorneys' fees and related disbursements and appeals bonds), and amounts paid in settlement actually and reasonably incurred by Indemnitee in connection with a Proceeding. For the avoidance of doubt, Losses include, without limitation, monetary damages against Indemnitee in respect of a breach or an alleged breach of fiduciary duties. In addition, Losses include expenses incurred in a Proceeding brought by Indemnitee, and in which Indemnitee prevails, to enforce or interpret this Agreement or to enforce any other right to indemnification or expense advancement.

1.6 **Parties.** Indemnitee and Company.

1.7 **Person.** A natural person, or a corporation, partnership, limited partnership, joint venture, limited liability company, trust, other business, non-business, charitable, or governmental entity, or governmental agency.

1.8 **Proceeding.** Any threatened, pending, or completed action, suit, claim, or proceeding, whether civil, criminal, administrative, or investigative, and whether formal or informal, including any such action, suit, claim, or proceeding brought by or in the right of Company; and the investigation, preparation, prosecution, defense, settlement, arbitration, and appeal of, and the giving of testimony in, any of the foregoing.

1.9 **Service.** Indemnitee's past, present, or future service as a director and/or officer of Company, or Indemnitee's service at the request of Company as a director, officer, employee, agent, or consultant (which, for purposes of the Agreement, will include a trustee, partner, or manager or similar office) of another corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise, or by reason of any action taken or omitted or alleged to have been taken or omitted in that capacity. For purposes of this Section 1.9, (i) Indemnitee will be considered to be serving under an employee benefit plan at the request of Company if their duties to Company also impose duties on, or otherwise involve services by, them to the plan or to participants in or beneficiaries of the plan; and (ii) Indemnitee will be

deemed to be serving at the request of Company as a director, officer, employee, agent, or consultant of another corporation, partnership, joint venture, trust, or other enterprise if that other entity is a subsidiary or affiliate of Company and Indemnitee is elected as a director or officer of that other entity or is employed or engaged by that entity.

1.10 **Statute.** As defined on the Signature Page to this Agreement.

2. **Indemnification of Indemnitee.** Company will indemnify, defend and hold harmless Indemnitee to the full extent permitted by the provisions of the Statute, as currently in effect or as it may later be amended, or by the provisions of any other statute authorizing or permitting that indemnification, whether currently in effect or later adopted.

3. **Additional Indemnity.** Subject to Section 4, Company will indemnify, defend, and hold harmless, Indemnitee against any Losses if Indemnitee was, is, or is threatened to be made a named defendant or respondent in any Proceeding by reason of Indemnitee's Service.

4. **Limitations on Additional Indemnity.** The following limitations will apply with respect to the indemnity provided for in Section 3.

4.1 **Limitation Related to Certain Court Judgments or Injunctions.** No indemnity pursuant to Section 3 will be paid by Company to the extent of any Losses incurred in a Proceeding in which Indemnitee is adjudged liable to Company, in a final nonappealable decision, or is subjected to final nonappealable injunctive relief in favor of Company:

(i) for any appropriation, in violation of their duties, of any business opportunity of Company;

(ii) for acts or omissions that involve intentional misconduct or a knowing violation of law;

(iii) for the types of liability set forth in Section 14-2-832 of the Statute; or

(iv) for any transaction from which Indemnitee received any improper personal benefit.

4.2 **Additional Limitations.** Company will not be obligated to indemnify, or advance expenses to, Indemnitee with respect to:

(i) any Proceeding initiated by Indemnitee (except with respect to a Proceeding brought to enforce or interpret this Agreement or to enforce any other right to indemnification or expense advancement as set forth below), unless that Proceeding was authorized or consented to by the Board of Directors.

(ii) any Proceeding instituted by Indemnitee to enforce or interpret this Agreement or to enforce any other right to indemnification or expense advancement, unless Indemnitee is successful in that Proceeding, or unless and to

the extent that the court in that Proceeding determines that, despite Indemnitee's failure to establish their right to indemnification, Indemnitee is entitled to indemnity for those expenses in view of all of the relevant circumstances; provided, however, that nothing in this Section 4.2(ii) is intended to limit Company's obligation with respect to the advancement of expenses to Indemnitee in connection with any such Proceeding instituted by Indemnitee to enforce or interpret this Agreement or enforce any other right to indemnification or expense advancement, as provided in Section 6;

(iii) any Proceeding with respect to which final judgment is rendered against Indemnitee for payment or an accounting of profits arising from the purchase or sale by Indemnitee of securities in violation of Section 16(b) of the Securities Exchange Act of 1934, as amended, or any similar successor statute.

(iv) any Proceeding involving the enforcement of non-competition, non-solicitation, non-disparagement, or non-disclosure agreements or similar provisions of employment, consulting, or similar agreements the Indemnitee may be a party to with Company, any subsidiary or affiliate of Company, or any other applicable foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, if any.

5. Notification and Defense of Claim.

5.1 **Notification.** Promptly after receipt by Indemnitee of notice of the commencement of any Proceeding, if a claim with respect to that Proceeding is to be made by Indemnitee against Company under this Agreement, Indemnitee will notify Company of the commencement of the Proceeding, but the failure to so notify Company will not relieve Company from any liability that it may have to Indemnitee otherwise under this Agreement. With respect to any such Proceeding as to which Indemnitee so notifies Company:

(i) Company will be entitled to participate in the Proceeding at its own expense; and

(ii) except as otherwise provided below, to the extent that it may desire, Company may assume the defense of the Proceeding.

5.2 **Company Acknowledgment.** Promptly after receipt by Company of notice of the commencement of any Proceeding, and no later than thirty (30) days following that receipt, Company will acknowledge in writing to Indemnitee its obligations to indemnify Indemnitee and advance expenses with respect to that Proceeding and otherwise confirm its obligations under this Agreement with respect to that Proceeding. If Company fails to acknowledge in writing its obligations within that thirty (30) day period, it will be conclusively presumed that Company has acknowledged that it is obligated to indemnify Indemnitee and advance expenses with respect to that Proceeding, and Company will not, and will be precluded and estopped from, denying or seeking to avoid those obligations in that Proceeding, and, by

this Agreement, Company releases Indemnitee from any claim or action to avoid those obligations under those circumstances. If Company denies or otherwise fails to honor its obligations under this Agreement, Indemnitee may enforce this Agreement in any court of competent jurisdiction. Company will have the burden of proving that Indemnitee is not entitled to indemnification or expense advancement under those circumstances.

5.3 **Payment of Certain Legal Expenses.** After notice from Company to Indemnitee of its election to assume the defense of a Proceeding, Company will not be liable to Indemnitee under this Agreement for any legal or other expenses subsequently incurred by Indemnitee in connection with that defense other than reasonable costs of investigation or as otherwise provided below. Indemnitee will have the right to employ counsel of their choosing in that Proceeding, but the fees and expenses of that counsel incurred after notice from Company of its assumption of the defense will be at the Indemnitee's expense unless (i) the employment of counsel by Indemnitee has been authorized in writing by Company, (ii) Company and Indemnitee reasonably conclude that there may be a conflict of interest between Company and Indemnitee in the conduct of the defense; or (iii) Company will not in fact have employed counsel to assume the defense, in each of which case the Company will pay the reasonable fees and expenses of Indemnitee's counsel. In addition, without the written consent of Indemnitee, Company will not be entitled to assume the defense of any claim brought by or in the right of Company.

5.4 **Settlements.** Company will not be liable to Indemnitee under this Agreement for any amounts paid in settlement of a Proceeding without its prior written consent, unless it is determined that Company wrongly refused to indemnify Indemnitee or advance expenses with respect to that Proceeding. Company will not settle any such Proceeding in any manner that would impose any penalty or limitation on Indemnitee without Indemnitee's prior written consent. Neither Company nor Indemnitee unreasonably will withhold its or their consent to any proposed settlement.

6. **Prepayment of Expenses.** Unless Indemnitee otherwise elects, expenses incurred in defending any Proceeding, including expenses in pursuing appeals and expenses incurred by Indemnitee in enforcing any right to indemnification or expense advancement under this Agreement or otherwise, will be paid by Company, promptly upon demand by Indemnitee, in advance of the final disposition of that Proceeding upon receipt by Company of a written affirmation of Indemnitee's good faith belief that their conduct does not constitute behavior of the kind described in Section 4 of this Agreement and a written undertaking by Indemnitee, executed personally or on their behalf, to repay any advances if it is finally determined that they are not entitled to be indemnified by Company under this Agreement. That undertaking will be accepted without reference to the financial ability of Indemnitee to make that repayment. Advances will be unsecured and interest-free. At Indemnitee's election, Company will pay those expenses directly to

the professionals, service providers, or other persons from which they were incurred and not to Indemnitee as reimbursement for payments made by Indemnitee to those persons. In any case, any such payment is, and will be deemed to be, a payment in the ordinary course of business pursuant to the preexisting terms of this Agreement, which Agreement terms and payments are a necessary and appropriate commitment and expense of Company in order to secure the services of Indemnitee.

7. **Contribution.** In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in this Agreement is held by a court of competent jurisdiction to be unavailable to Indemnitee in whole or in part, in that case, Company will, to the fullest extent permitted by law, contribute to the payment of Indemnitee's Losses with respect to any Proceeding brought against Indemnitee by reason of Indemnitee's Service in an amount that is just and equitable under the circumstances, taking into account, among other things, contributions by other directors and officers of Company or others pursuant to indemnification agreements or otherwise; *provided, that*, without limiting the generality of the foregoing, that contribution will not be required where that holding by the court is due to any limitation on indemnification set forth in Section 4.

8. **Continuation of Indemnity.** All agreements and obligations of Company contained in this Agreement will continue during the period in which Indemnitee is a director or officer of Company and subsequently so long as Indemnitee is subject to any Proceeding by reason of Indemnitee's Service.

9. **Reliance; Enforcement.** Company has entered into this Agreement in order to induce Indemnitee to serve or to continue to serve as a director or officer of Company and acknowledges that Indemnitee is relying upon this Agreement in continuing in such capacity. Company agrees that its obligations set forth in this Agreement are unique and special, and that failure of Company to comply with the provisions of this Agreement will cause irreparable and irremediable injury to Indemnitee, for which a remedy at law will be inadequate. As a result, in addition to any other right or remedy Indemnitee may have at law or in equity with respect to breach of this Agreement, Indemnitee will be entitled to injunctive or mandatory relief directing specific performance by Company of its obligations under this Agreement.

10. **Miscellaneous.**

10.1 **Applicable Law.** This Agreement will be governed by and construed in accordance with the laws of the State of Georgia, without reference to its conflict of laws rules.

10.2 **Dispute Resolution.** Exclusive venue for any dispute arising under or in connection with this Agreement will be in the Federal District Court for the Northern District of Georgia or the Superior Court of Fulton County, Georgia. By this Agreement, each Party expressly agrees that those courts will have personal jurisdiction and venue with respect to that Party, and each Party submits to the personal

jurisdiction and venue of those courts and waives any objection based on inconvenient forum.

10.3 **Nonexclusivity; Supersession of Prior Indemnification Agreement.** The provisions for indemnification and advancement of expenses set forth in this Agreement will not be deemed exclusive of any other rights that Indemnitee may have under or pursuant to any provision of law, Company's Articles of Incorporation or Bylaws, any insurance policy of Company or its subsidiaries or affiliates, in any court in which a Proceeding is brought, the vote of the Corporation's shareholders or disinterested directors, other agreements, or otherwise. However, no amendment or alteration of the Corporation's Articles of Incorporation or Bylaws or any other agreement will adversely affect the rights provided to Indemnitee under this Agreement. This Agreement supersedes any prior indemnification agreement between Indemnitee and Company.

10.4 **Invalidity of Provisions.** The provisions of this Agreement are severable. If for any reason a court finds that any provision in this Agreement is unenforceable in whole or in part, then the court will modify that provision to the extent necessary to render the provision enforceable while, to the extent possible, preserving the original intent of the Parties, and the remaining provisions will continue in full force and effect without being impaired or invalidated in any way.

10.5 **Amendments; Waiver.** This Agreement may be amended or modified, in whole or in part, only by a written amendment signed by Indemnitee and, on behalf of Company, by an officer of Company acting with specific authorization and approval of the Company's Board of Directors or the Board's Compensation Committee, and no term of this Agreement may be waived except in a written waiver signed by the Party waiving the benefit of that term (and in the case of Company, with the specific authorization of the Board or the Committee). No failure on the part of either Party to exercise any right will operate as a continuing waiver of that right or a waiver of that Party's right to exercise the same, a similar, or any other right in the future.

10.6 **Assignment; Binding Effect.** Neither Party has the right to assign its rights or delegate its duties under this Agreement, and any attempted assignment or delegation will be void; provided, however, that Company has the right to assign its rights and delegate its duties under this Agreement to a Person or Persons that purchase all or substantially all of the assets or stock of Company. Any attempt to assign or delegate in violation of the foregoing restrictions will be null and void. This Agreement will binding upon, inure to the benefit of, and be enforceable by the Parties and their respective heirs, legal representatives, successors, and permitted assignees. Company will require and cause any direct or indirect successor (whether by purchase, merger, consolidation, or otherwise) to all or substantially all of the assets or stock of Company, by written agreement in form and substance reasonably satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner

and to the same extent that Company would be required to perform if no such succession had taken place.

10.7 **Headings; Personal Pronouns.** The section headings in this Agreement are for reference purposes only and are not intended in any way to describe, interpret, define, or limit the extent or intent of all or any portion of this Agreement. Plural personal pronouns such as “they” and “their” sometimes are used in this Agreement as substitutes for singular personal pronouns in order to avoid having to use gender specific personal pronouns such as “he” or “his” or “she” or her.”

10.8 **Counterparts.** This Agreement may be executed in counterparts, each of which will be deemed an original and both of which together will constitute one and the same instrument.

10.9 **Representation of Authority.** The official executing this Agreement on behalf of Company represents and warrants that they have the requisite authority to do so and fully bind Company.

10.10 **No Right to Employment Created.** Nothing in this Agreement is intended to create in Indemnitee any right to employment or continued employment.

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a)/15d-14(a), AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Eddie Capel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of the registrant;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated this 22nd day of April, 2016

/s/ Eddie Capel
Eddie Capel, President and Chief Executive Officer

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a)/15d-14(a), AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Dennis B. Story, certify that:

1. I have reviewed this quarterly report on Form 10-Q of the registrant;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated this 22nd day of April, 2016

/s/ Dennis B. Story
Dennis B. Story, Executive Vice President, Chief Financial
Officer and Treasurer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

This Certificate is being delivered pursuant to the requirements of Section 1350 of Chapter 63 (Mail Fraud) of Title 18 (Crimes and Criminal Procedures) of the United States Code and shall not be relied on by any person for any other purpose.

The undersigned, who are the Chief Executive Officer and Chief Financial Officer, respectively, of Manhattan Associates, Inc. (the "Company"), hereby each certify that, to the undersigned's knowledge:

The Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2016 (the "Report"), which accompanies this Certification, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and all information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated this 22nd day of April, 2016

/s/ Eddie Capel
Eddie Capel, President and Chief Executive Officer

/s/ Dennis B. Story
Dennis B. Story, Executive Vice President, Chief Financial Officer and Treasurer

In accordance with SEC Release No. 34-47986, this Exhibit is furnished to the SEC as an accompanying document and is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933. A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

