AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON FEBRUARY 27, 1998
REGISTRATION NO. 333-

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

MANHATTAN ASSOCIATES, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

GEORGIA	7372	APPLIED FOR
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NUMBER)	(I.R.S. EMPLOYER IDENTIFICATION NUMBER)

2300 WINDY RIDGE PARKWAY, SUITE 700
ATLANTA, GEORGIA 30339
(770) 955-7070
(ADDRESS, INCLUDING ZIP CODE AND TELEPHONE NUMBER,
INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

ALAN J. DABBIERE
CHAIRMAN OF THE BOARD CHIEF EXECUTIVE OFFICER AND PRESIDENT
MANHATTAN ASSOCIATES, INC.
2300 WINDY RIDGE PARKWAY, SUITE 700
ATLANTA, GEORGIA 30339
(770) 955-7070
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER,
INCLUDING AREA CODE, OF AGENT FOR SERVICE)

COPIES TO:

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after this Registration Statement is declared effective.

If any of the securities being registered on this Form are offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the "Securities Act") please check the following box. [_]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [_]

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES REGISTERED	AMOUNT REGISTERED(1)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE(2)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(2)	AMOUNT OF REGISTRATION FEE
Common Stock, $.01 par value.....	3,450,000 Shares	$12.00	$41,400,000.00	$12,213.00

(1) Includes 450,000 shares subject to the underwriters' over-allotment option.
(2) Estimated solely for the purpose of computing the registration fee in accordance with Rule 457 under the Securities Act of 1933, as amended.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SECTION 8(A), MAY DETERMINE.

SUBJECT TO COMPLETION, DATED FEBRUARY 27, 1998

LOGO

[OF MANHATTAN ASSOCIATES APPEARS HERE]

3,000,000 SHARES

COMMON STOCK

All of the 3,000,000 shares of Common Stock, $.01 par value per share ("Common Stock"), are being sold by Manhattan Associates, Inc. ("Manhattan" or the "Company"). Prior to this offering (the "Offering"), there has been no public market for the Common Stock. It is currently estimated that the initial public offering price will be between $10.00 and $12.00 per share. See "Underwriting" for a discussion of the factors considered in determining the initial public offering price. The Company has applied to have the Common Stock approved for listing on the Nasdaq National Market under the symbol "MANH."

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 5.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	PRICE TO PUBLIC	UNDERWRITING DISCOUNT(1)	PROCEEDS TO COMPANY(2)

Per Share	$	$	$
Total(3)	$	$	$

(1) The Company and certain shareholders of the Company (the "Selling Shareholders") have agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriting."
(2) Before deducting expenses estimated at $1,200,000, payable by the Company.
(3) The Selling Shareholders have granted to the Underwriters a 30-day option to purchase up to an additional 450,000 shares of Common Stock solely to cover over-allotments. If such option is exercised in full, the total Price to Public, Underwriting Discount, Proceeds to Company and Proceeds to Selling Shareholders will be $, $, $ and $, respectively. See "Underwriting."

The shares of Common Stock are offered by the Underwriters, subject to prior sale, when, as and if delivered to and accepted by them, and subject to approval of certain legal matters by counsel and certain other conditions. The Underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part. Delivery of the shares of Common Stock offered hereby to the Underwriters is expected to be made in New York, New York on or about , 1998.

DEUTSCHE MORGAN GRENFELL

HAMBRECHT & QUIST

SOUNDVIEW FINANCIAL GROUP, INC.

The date of this Prospectus is February , 1998

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+INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A +
+REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE +
+SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY +
+OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT +
+BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR +
+THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE +
+SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE +
+UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF +
+ANY SUCH STATE. +
++

TITLE: Manhattan Associates--Tying Together the Supply Chain
GRAPHIC: A box titled "Distribution Center" with a smaller box containing the label "PkMS" is centered among three boxes representing the corporate headquarters, retail store and manufacturer. Within the headquarters box is a smaller box containing the label "ERP/SCM". Within the manufacturer box is a smaller box labeled "PkMS".
Between each of the boxes are dashed and solid lines representing the transfer of "EDI" or "goods" as labeled in a separate legend. These lines are labeled with the following captions: Purchase Order, Inventory Management, Distribution Information, ASNs, T.M.S, Replenishment, Point-of-Sale Information, Task Management, Material Handling, Bulk Shipments, Store-Packed Orders and Store-Specific Orders.

[INSIDE COVER]

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

EXCEPT AS OTHERWISE NOTED, ALL INFORMATION IN THIS PROSPECTUS, INCLUDING SHARE AND PER SHARE INFORMATION, (I) GIVES EFFECT TO MANHATTAN ASSOCIATES SOFTWARE, LLC BECOMING A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY AS OF THE DATE OF THIS PROSPECTUS, AND (II) ASSUMES NO EXERCISE OF THE UNDERWRITERS' OVER-ALLOTMENT OPTION.

PROSPECTUS SUMMARY

The following summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information and financial statements and notes thereto appearing elsewhere in this Prospectus.

THE COMPANY

Manhattan provides information technology solutions for distribution centers that are designed to enable the efficient movement of goods through the supply chain. The Company's solutions are designed to optimize the receipt, storage and distribution of inventory and the management of equipment and personnel within a distribution center, and to meet the increasingly complex information requirements of manufacturers, distributors and retailers. The Company's solutions consist of software, including PkMS, a comprehensive and modular software system; services, including design, configuration, implementation, training and support; and hardware. The Company's objective is to be the leading provider of information technology solutions to distribution centers by enhancing its core product functionality, targeting new vertical markets and expanding its sales and marketing organization. PkMS allows organizations to manage the receiving, stock locating, stock picking, order verification, order packing and shipment of products in complex distribution centers. PkMS is designed to optimize the operation of a distribution center by increasing inventory turnover, improving inventory accuracy, reducing response times, reducing inventory levels, improving customer service and increasing the productivity of labor, facilities and materials handling equipment. The Company currently provides solutions to manufacturers, distributors and retailers primarily in the apparel, consumer products, food service and grocery markets. As of December 31, 1997 PkMS was licensed for use by more than 250 customers including Calvin Klein, Dean Foods, Jockey International, Mikasa, Nordstrom, Patagonia, Playtex Apparel, Revlon, SEIKO Corporation of America, The Sports Authority, Timberland and Warnaco.

THE OFFERING

Common Stock offered.....	3,000,000 shares
Common Stock to be outstanding after the Offering.....	23,206,674 shares(1)
Use of Proceeds.....	To (i) repay a proposed line of credit to be entered into by the Company; (ii) fund new product development; (iii) finance potential future acquisitions; and (iv) provide for other general corporate purposes.
Proposed Nasdaq National Market symbol.....	MANH

SUMMARY FINANCIAL DATA
(In thousands, except per share data)

	YEAR ENDED DECEMBER 31,

	1993	1994	1995	1996	1997	PRO FORMA 1997(2)
STATEMENT OF INCOME DATA:						
Revenue	$3,309	$6,512	$11,221	$14,400	$32,457	$33,795
Gross margin	1,298	2,760	5,484	8,463	17,848	18,766
Income from operations	421	1,492	1,541	3,873	8,278	6,255
Pro forma net income(3)	261	933	1,001	2,490	5,311	3,223
Pro forma diluted net income per share(3)	$ 0.01	$ 0.05	$ 0.05	$ 0.12	$ 0.25	$ 0.15
Shares used in computing pro forma diluted net income per share(4)	20,090	20,090	20,100	20,397	20,851	21,058

	DECEMBER 31, 1997		
	ACTUAL	PRO FORMA(5)	PRO FORMA AS ADJUSTED(6)
BALANCE SHEET DATA:			
Working capital (deficit)	$ 6,268	$(3,553)	$25,937
Total assets	15,006	13,409	34,937
Stockholders' equity (deficit)	8,454	(585)	28,905

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(1) Based on the number of shares outstanding at February 26, 1998. Excludes (i) 3,268,666 shares of Common Stock issuable upon the exercise of options outstanding at February 26, 1998 under the Manhattan Associates, LLC Option Plan (the "LLC Option Plan") at a weighted average exercise price of $4.42 per share, (ii) 729,784 shares of Common Stock issuable upon the exercise of options outstanding at February 26, 1998 issued outside of the LLC Option Plan at a weighted average exercise price of $1.20 per share, and (iii) 1,731,334 shares of Common Stock reserved for future issuance under the Company's Stock Incentive Plan (the "Stock Incentive Plan"). See "Management-Stock Option Plans" and Note 6 of Notes to Financial Statements.

(2) Pro forma to reflect the acquisition (the "PAC Acquisition") of Performance Analysis Corporation ("PAC") as if it occurred on January 1, 1997 for $2.2 million in cash and 106,666 shares of Common Stock valued at $10.00 per share. Pro forma includes the historical results for the Company and PAC adjusted for (i) the charge to income for acquired research and development of $2.1 million and (ii) increased amortization of $210,000 for purchased software and other intangible assets amortized over a three and seven year life, respectively. See '"Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 9 of Notes to Financial Statements.

(3) In connection with Manhattan LLC becoming a wholly-owned subsidiary of the Company as of the date of this Prospectus (the "Restructuring"), the Company will be subject to federal and state corporate income taxes. Pro forma net income is presented as if the Company had been subject to corporate income taxes for all periods presented. See '"Conversion from Limited Liability Company Status and Related Distributions" and Notes 3 and 9 to Notes to Financial Statements.

(4) See Note 1 to Notes to Financial Statements.

(5) Pro forma to reflect (i) the PAC Acquisition as if it had occurred on December 31, 1997, (ii) the purchase of 100,000 shares of Common Stock by a stockholder of the Company for $1.0 million (the "Stockholder Investment"), (iii) the establishment of net deferred tax assets of $365,000 in connection with the Restructuring, and (iv) the payment of the undistributed income, calculated on a tax basis, of Manhattan LLC of $8.7 million at December 31, 1997 (the "LLC Distribution"). Pro forma

adjustments for the PAC Acquisition include (i) the establishment of purchased software and other intangible assets of $500,000 and $300,000, respectively, and (ii) the payment of cash of $2.2 million and the issuance of 106,666 shares of Common Stock.

(6) Pro forma as adjusted to reflect the sale by the Company of the 3,000,000 shares of Common Stock offered hereby at an assumed initial public offering price of $11.00 per share and the receipt of the estimated net proceeds therefrom. See "Use of Proceeds" and "Capitalization."

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THE COMPANY

Manhattan provides information technology solutions for distribution centers that are designed to enable the efficient movement of goods through the supply chain. The Company's solutions are designed to optimize the receipt, storage and distribution of inventory and the management of equipment and personnel within a distribution center, and to meet the increasingly complex information requirements of manufacturers, distributors and retailers. The Company's solutions consist of software, including PkMS, a comprehensive and modular software system; services, including design, configuration, implementation, training and support; and hardware. The Company's objective is to be the leading provider of information technology solutions to distribution centers by enhancing its core product functionality, targeting new vertical markets and expanding its sales and marketing organization. The Company believes that organizations that have implemented the PkMS system experience improved control and efficiency over distribution center operations, improved information flow, and increased efficiency in managing distribution center personnel and equipment.

In order to remain competitive in a changing retail landscape, many retailers have demanded that manufacturers and distributors employ industry initiatives such as "Quick Response," which use technology to improve the flow of information among manufacturers, distributors and retailers. As a result of these retailer demands, distribution centers have increased in size, complexity and cost. The efficient management of a distribution center operation now requires collecting information regarding customer orders, inbound shipments of products, products available on-site, product storage locations, weights and sizes, and outbound shipping data (including customer- or store-specific shipping requirements, routing data and carrier requirements). This information must be analyzed dynamically to determine the most efficient use of the distribution center's labor, materials handling equipment, packaging equipment and shipping and receiving areas. Additionally, manufacturers, distributors and retailers must exchange information with other participants in the supply chain in order to effectively integrate the operation of their distribution centers with the entire supply chain.

PkMS allows organizations to manage the receiving, stock locating, stock picking, order verification, order packing and shipment of products in complex distribution centers. PkMS is designed to optimize the operation of a distribution center by increasing inventory turnover, improving inventory accuracy, reducing response times, reducing inventory levels, improving customer service and increasing the productivity of labor, facilities and materials handling equipment. In addition, through its recent acquisition of Performance Analysis Corporation ("PAC"), the Company offers slotting functionality, which helps determine the optimal storage location for inventory within a distribution center.

The Company currently provides solutions to manufacturers, distributors and retailers primarily in the apparel, consumer products, food service and grocery markets. As of December 31, 1997, PkMS was licensed for use by more than 250 customers including Calvin Klein, Dean Foods, Jockey International, Mikasa, Nordstrom, Patagonia, Playtex Apparel, Revlon, SEIKO Corporation of America, The Sports Authority, Timberland and Warnaco.

The Company is a Georgia corporation formed to own 100% of the interests of Manhattan Associates Software, LLC, a Georgia limited liability company ("Manhattan LLC"), organized in 1995. Unless the context otherwise requires, references in this Prospectus to "Manhattan" or the "Company" refer to Manhattan Associates, Inc., its consolidated subsidiary, Manhattan LLC and Pegasys Systems Incorporated ("Pegasys"), the predecessor of Manhattan LLC. The Company's principal executive offices are located at 2300 Windy Ridge Parkway, Suite 700, Atlanta, Georgia 30339 and its telephone number is (770) 955-7070.

RISK FACTORS

An investment in the shares of Common Stock offered hereby involves a high degree of risk. In addition to the other information in this Prospectus, the following risk factors should be considered carefully in evaluating an investment in the Common Stock offered by this Prospectus. When used in this Prospectus, the words "expects," "anticipates," "estimates" and similar expressions are intended to identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected. These risks and uncertainties include, but are not limited to, those risks discussed below and elsewhere in this Prospectus. Actual results could differ materially from those projected in the forward-looking statements as a result of the risk factors discussed below and elsewhere in this Prospectus.

LIMITED OPERATING HISTORY. The Company was founded and shipped its first version of PkMS in 1990. The Company and its operations are subject to all of the risks inherent in the establishment of a new business enterprise. The Company's prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly companies in new and rapidly evolving markets. Although the Company has experienced significant growth during the past five years, the Company does not believe that prior growth rates are sustainable or indicative of future operating results. There can be no assurance that the Company will be able to increase its level of revenue or maintain profitability in the future. Increases in operating expenses are expected to continue and, together with pricing pressures, may result in a decrease in operating income and operating margin percentage. The Company's limited operating history makes the prediction of future operating results difficult or impossible. Future operating results will depend on many factors, including, without limitation, the degree and rate of growth of the markets in which the Company competes and the accompanying demand for the Company's software products, the level of product and price competition, the ability of the Company to establish strategic marketing relationships and develop and market new and enhanced products and to control costs, the ability of the Company to expand its direct sales force and indirect distribution channels both domestically and internationally, the ability of the Company to integrate acquired businesses, and the ability of the Company to attract, train and retain consulting, technical and other key personnel. See "Selected Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

POTENTIAL VARIABILITY OF QUARTERLY OPERATIONS AND FINANCIAL RESULTS. The Company's operations and related revenue and operating results could vary substantially from quarter to quarter. Among the factors causing these potential variations are fluctuations in the demand for the Company's products, the level of product and price competition in the Company's markets, the length of the Company's sales process, the size and timing of individual

transactions, the mix of products and services sold, delays in, or cancellations of, customer implementations, the Company's success in expanding its services and customer support organizations as well as its direct sales force and indirect distribution channels, the timing of new product introductions and enhancements by the Company or its competitors, commercial strategies adopted by competitors, changes in foreign currency exchange rates, customers' budget constraints, the Company's ability to control costs and general economic conditions. A substantial portion of the Company's operating expenses, particularly personnel and facilities costs, are relatively fixed in advance of any particular quarter. As a result, any delay in the recognition of revenue may cause significant variations in operating results in any particular quarter. As a result of the foregoing factors, the Company's operating results for a future quarter may be above or below the expectations of public market analysts and investors. Should the Company's revenue and

operating results fall below expectations, the price of the Company's Common Stock would be materially adversely affected. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

DEPENDENCE ON SINGLE PRODUCT. The Company currently derives substantially all of its revenue from sales of its PkMS software and related services and hardware. The Company expects to continue to focus on distribution center management systems as its primary line of business, and any factor adversely affecting the market for distribution center management systems in general, or the Company's products in particular, could adversely affect the Company's business, financial condition and results of operations. The Company's future financial performance will depend in large part on the successful development, introduction and customer acceptance of new and enhanced versions of PkMS. There can be no assurance that the Company will continue to be successful in marketing PkMS or any new or enhanced versions of PkMS. The market for distribution center management systems is intensely competitive, highly fragmented and subject to rapid technological change. The Company's future success will depend on continued growth in the market for distribution center management systems. There can be no assurance that the market for distribution center management systems will continue to grow. If this market fails to grow or grows more slowly than the Company currently anticipates, the Company's business, financial condition and results of operations would be materially adversely affected. See "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business--Strategy" and "--Products and Services."

ABILITY TO MANAGE GROWTH. The Company has rapidly and significantly expanded its operations and anticipates that significant expansion will continue to be required in order to address potential market opportunities. The Company anticipates significantly increasing the size of its sales, support, services, marketing and research and development operations following the completion of the Offering. There can be no assurance that such expansion will be successfully completed or that it will generate sufficient revenue to cover the Company's expenses. The Company has only recently begun the process of developing the management and operational capabilities and financial and accounting systems and controls necessary to support anticipated growth. For example, the Company hired its current Chief Financial Officer, Michael J. Casey, in November 1997. The Company did not previously have a Chief Financial Officer. In January 1998, the Company upgraded certain of its management information and accounting systems and the Company will need to continue to upgrade these and other systems to accommodate its expanding operations. There can be no assurance that the Company's expanded management information and accounting systems will be sufficient to support the Company's continued growth, if any. Similarly, the Company hired its Executive Vice President--Sales and Marketing, Gregory Cronin, in December 1997, and he is responsible for expanding the Company's sales and marketing operations. The ability of the Company to manage its growth, if any, will depend in large part on its ability to build effective management information and accounting systems, to generally improve and expand its operational and sales and marketing capabilities, to develop the management skills of its managers and supervisors, and to train,

motivate and manage both its existing employees and the additional employees that will be required if the Company is to achieve its business objectives. There can be no assurance that the Company will succeed in developing all or any of these capabilities, and any failure to do so would have a material adverse effect on the Company's business, financial condition and results of operations. See "Business--Strategy," "--Sales and Marketing" and "Management."

NEW MANAGEMENT TEAM; DEPENDENCE ON KEY PERSONNEL. The Company's future success will depend to a significant extent on its Chairman of the Board, Chief Executive Officer and President, Alan J. Dabbiere, as well as the Company's other executive officers and technical, managerial and marketing personnel. A significant portion of the Company's senior management team has been in place for only a relatively short period of time. Oliver M. Cooper,

Michael J. Casey, Gregory Cronin and Neil Thall, the Company's Chief Operating Officer, Chief Financial Officer, Executive Vice President--Sales and Marketing and Vice President--Business Development, respectively, joined the Company in August 1997, November 1997, December 1997 and January 1998, respectively. Accordingly, each of these individuals has been involved with only the most recent operating activity of the Company. The Company's success will depend to a significant extent on the ability of its new executive officers to integrate themselves into the Company's daily operations, to gain the trust and confidence of the Company's other employees and to work effectively as a team. The loss of the services of any of the Company's executive officers could have a material adverse effect on the Company's business, financial condition and results of operations. There can be no assurance that any of these individuals or any other key employee will not voluntarily terminate his employment with the Company. The Company believes that its future success will also depend significantly on its ability to attract, motivate and retain additional highly skilled technical, managerial, consulting, sales and marketing personnel. Competition for such personnel is intense, and there can be no assurance that the Company will be successful in attracting, motivating and retaining the personnel required to grow and operate profitably. Failure to attract, motivate and retain such highly skilled personnel could have a material adverse effect on the Company's business, financial condition and results of operations. See "Business--Employees" and "Management."

LIMITED PREDICTABILITY OF SALES DUE TO LENGTH OF SALES PROCESS. The sale of PkMS generally requires the Company to provide a significant level of education to prospective customers regarding the use and benefits of the product. Implementation of the Company's products involves a significant commitment of resources by prospective customers and is commonly associated with substantial integration efforts which must be performed by the Company and/or the customer. For these and other reasons, the length of time between the date of initial contact with the potential customer and execution of a software license agreement typically ranges from three to six months, and is subject to delays over which the Company may have little or no control. In addition, as the average dollar size of the sale of the Company's products and services increases, the Company expects the sales cycle to lengthen as a result of a more time-consuming approval process typically required by its potential customers. The Company's implementation cycle could also be lengthened by increases in the size and complexity of its implementations. In addition, the Company will need to continue hiring qualified personnel to complete such installations. The failure of the Company to attract and retain such personnel or the delay in, or cancellation of, sales or implementations of PkMS could have a material adverse effect on the Company's business, financial condition and results of operations and could cause the Company's operating results to vary significantly from quarter to quarter. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business--Sales and Marketing."

DEPENDENCE ON HARDWARE REVENUE. In conjunction with the licensing of PkMS, the Company resells a variety of hardware products, developed and manufactured

by third parties, in order to provide the Company's customers with an integrated distribution center management solution. Revenue from such hardware sales can amount to a significant portion of the Company's total revenue in any period. As the market for the distribution of hardware products becomes more competitive, the Company's customers may choose to purchase such hardware directly from the manufacturers or distributors of such products, with a resultant decrease to the Company in such ancillary revenue and related contribution to income. The failure of the Company to maintain or increase hardware revenues may have a material adverse effect on the Company's business, financial condition and results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business--Products and Services."

IMMIGRATION ISSUES. The Company believes that its success in part has resulted from its ability to attract and retain persons with technical and project management skills, some of whom are citizens of other countries, principally India. Many of the Company's employees are employed by the Company pursuant to the United States Immigration and Naturalization Service ("INS") H-1(B), non-immigrant work-permitted visa classification. There is a limit on the number of new H-1(B) petitions that the INS may approve in any year, and in years in which this limit is reached, the Company may be unable to obtain H-1(B) visas necessary to bring additional foreign employees to the U.S. Compliance with existing U.S. immigration laws, or changes in such laws making it more difficult to hire foreign nationals or limiting the ability of the Company to retain H-1(B) employees in the U.S., could require the Company to incur additional unexpected labor costs and expenses. Any such restrictions or limitations on the Company's hiring practices could have a material adverse effect on the Company's business, financial condition and results of operations. Furthermore, Congress and administrative agencies with jurisdiction over immigration matters have periodically expressed concerns over the levels of immigration into the United States. These concerns have often resulted in proposed legislation, rules and regulations aimed at reducing the number of employment-based visas and permanent resident visas that may be issued. Any changes in such laws making it more difficult to hire foreign nationals or limiting the ability of the Company to retain foreign employees could require the Company to incur additional unexpected labor costs and expenses or result in the Company having insufficient qualified personnel to carry on the business of the Company.

The Company's Chief Technology Officer, Deepak Raghavan, is presently employed pursuant to an H-1(B) non-immigrant work-permitted visa that may be extended only through April 30, 2000. Mr. Raghavan's application for an EB-3 permanent immigrant visa is currently subject to a processing backlog which may or may not be alleviated in time for his EB-3 permanent immigrant visa to be issued before April 30, 2000. In the event that Mr. Raghavan's permanent work permit is not issued prior to such date, he may be required to leave the United States. In February 1998, Mr. Raghavan made a cash investment in the Company which allows him to qualify for an EB-5 permanent immigrant investor visa which may be granted sooner than the EB-3 permanent immigrant visa under his current application. While the Company expects that Mr. Raghavan will apply for the immigrant investor visa and that such visa will be issued prior to April 30, 2000, there can be no assurance that any visa permitting Mr. Raghavan to remain in the United States will be issued prior to such date. In the event Mr. Raghavan is required to leave the United States, the Company's software development efforts, and thus its business, financial condition and results of operations, may be materially adversely affected. See "Business--Employees," "Management" and "Certain Transactions."

COMPETITION. The market for the Company's products is intensely competitive, highly fragmented and subject to rapid technological change. The Company's competitors are diverse and offer a variety of solutions directed at various aspects of the supply chain, as well as the enterprise as a whole. The Company's existing competitors include distribution center management software vendors, the corporate information technology departments of potential customers capable of internally developing solutions, and smaller independent

companies that have developed or are attempting to develop distribution center management software that competes with the Company's software solution.

The Company may face competition in the future from business application software vendors that may broaden their product offerings by internally developing, or by acquiring or partnering with independent developers of, distribution center management software, and Enterprise Resource Planning ("ERP") and Supply Chain Management ("SCM") applications vendors. To the extent such ERP and SCM vendors develop or acquire systems with functionality comparable or superior to the Company's products, their significant installed

customer bases, long-standing customer relationships and ability to offer a broad solution could provide a significant competitive advantage over the Company. In addition, it is possible that new competitors or alliances among current and new competitors may emerge and rapidly gain significant market share. Many of the Company's competitors and potential competitors have longer operating histories, significantly greater financial, technical, marketing and other resources, greater name recognition and a larger installed base of customers than the Company. In order to be successful in the future, the Company must continue to respond promptly and effectively to technological change and competitors' innovations. There can be no assurance that current or potential competitors of the Company will not develop products comparable or superior in terms of price and performance features to those developed by the Company. In addition, no assurance can be given that the Company will not be required to make substantial additional investments in connection with its research, development, marketing, sales and customer service efforts in order to meet any competitive threat, or that the Company will be able to compete successfully in the future. Increased competition will result in reductions in market share, pressure for price reductions and related reductions in gross margins, any of which could materially and adversely affect the Company's ability to achieve its financial and business goals. There can be no assurance that in the future the Company will be able to successfully compete against current and future competitors. See "Business--Competition."

RISKS ASSOCIATED WITH RECENT ACQUISITION AND POSSIBLE ACQUISITIONS. The Company has recently completed the PAC Acquisition and may in the future engage in selective acquisitions of other businesses that are complementary to those of the Company, including other providers of distribution center management solutions or technology. There can be no assurance that the Company will be able to identify additional suitable acquisition candidates available for sale at reasonable prices, consummate any acquisition or successfully integrate any acquired business into the Company's operations. Further, acquisitions may involve a number of special risks, including diversion of management's attention, failure to retain key acquired personnel, unanticipated events or circumstances, legal liabilities and amortization of acquired intangible assets, some or all of which could have a material adverse effect on the Company's business, results of operations and financial condition. Problems with an acquired business could have a material adverse effect on the performance of the Company as a whole. The Company expects to finance any future acquisitions with the proceeds of the Offering as well as with possible debt financing, the issuance of equity securities (common or preferred stock) or combinations of the foregoing. There can be no assurance that the Company will be able to arrange adequate financing on acceptable terms. If the Company were to proceed with one or more significant future acquisitions in which the consideration consisted of cash, a substantial portion of the Company's available cash (possibly a portion of the proceeds of the Offering) could be used to consummate the acquisitions. If the Company were to consummate one or more significant acquisitions in which the consideration consisted of stock, shareholders of the Company could suffer dilution of their interests in the Company. Many business acquisitions must be accounted for using the purchase method of accounting. Most of the businesses that might become attractive acquisition candidates for the Company are likely to have significant intangible assets, and acquisition of these businesses, if accounted for as a purchase, would typically result in substantial goodwill amortization charges to the Company, reducing future earnings. In addition,

such acquisitions could involve acquisition-related charges, such as one-time acquired research and development charges. For example, the Company intends, in the first quarter of 1998, to record an acquired research and development expense of approximately $2.1 million in connection with the PAC Acquisition. See "Business--Strategy," "--Recent Developments" and Financial Statements.

ESTABLISHMENT OF INDIRECT CHANNELS; POTENTIAL FOR CHANNEL CONFLICT. Although the Company has historically focused its efforts on marketing through its direct sales force, the Company is increasing resources dedicated to developing indirect marketing channels such as systems

integrators. There can be no assurance that the Company will be able to attract and retain a sufficient number of systems integrators to market successfully the Company's PkMS product. In addition, there can be no assurance that the Company's potential systems integrators will not develop, acquire or market products competitive with the Company's PkMS product. In addition, sales of PkMS through its indirect channels are also likely to reduce the Company's gross profits from its consulting services as the Company's third party systems integrators provide these services. Selling through indirect channels may limit the Company's contact with its customers. As a result, the Company's ability to accurately forecast sales, evaluate customer satisfaction and recognize emerging customer requirements may be hindered. The Company's strategy of marketing its PkMS product directly to customers and indirectly through systems integrators may result in distribution channel conflicts. The Company's direct sales efforts may compete with those of its indirect channels and, to the extent different systems integrators target the same customers, systems integrators may also come into conflict with each other. As the Company strives to expand its indirect distribution channels, there can be no assurance that emerging channel conflicts will not have a material adverse effect on its relationships with potential systems integrators or adversely affect its ability to attract new systems integrators. See "Business--Strategy" and "--Sales and Marketing."

RISKS ASSOCIATED WITH INTERNATIONAL EXPANSION. Revenue outside of North America has not been significant to date; however, a key element of the Company's strategy is to increase its international sales. The Company expects to face competition from foreign distribution center management system providers in their respective native countries. To successfully expand international sales, the Company will need to recruit and retain international systems integrators. There can be no assurance that the Company will be able to maintain or increase international sales of its products or that the Company's international distribution channels will be able to adequately market, service and support the Company's products. International operations generally are subject to certain risks, including dependence on independent resellers, fluctuations in foreign currency exchange rates, compliance with foreign regulatory and market requirements, variability of foreign economic conditions and changing restrictions imposed by United States export laws. Additional risks inherent in the Company's international business activities generally include unexpected changes in regulatory requirements, tariffs and other trade barriers, costs of localizing products for foreign countries, lack of acceptance of localized products in foreign countries, longer accounts receivable payment cycles, difficulties in managing international operations, difficulties in enforcing intellectual property rights and the burdens of complying with a wide variety of foreign laws. Currently, the Company does not operate sales offices outside of the United States. The Company intends to establish international sales offices, and such operations will be subject to certain additional risks, including difficulties in staffing and managing such operations and potentially adverse tax consequences including restrictions on the repatriation of earnings. There can be no assurance that such factors will not have a material adverse effect on the Company's future international sales and, consequently, the Company's business, financial condition and results of operations. To date, all of the Company's sales have been made in United States dollars and the Company has not engaged in any hedging transactions through the purchase of derivative securities or otherwise. See "Management's Discussion and Analysis of Financial Condition and Results of Operations,"

"Business--Strategy" and "--Sales and Marketing."

CONCENTRATION OF CONTROL. Upon completion of the Offering, the Company's directors, officers and their affiliates will beneficially own approximately 84.7% of the Company's outstanding Common Stock. In particular, Alan J. Dabbiere, the Chairman of the Board, Chief Executive Officer and President of the Company, will beneficially own approximately 48.5% of the Company's outstanding Common Stock. As a result, these stockholders will have the ability to elect the Company's directors and to determine the outcome of corporate actions requiring

stockholder approval. This concentration of ownership may have the effect of delaying or preventing a change of control of the Company. See "Management" and "Principal and Selling Shareholders."

RISKS ASSOCIATED WITH RAPID TECHNOLOGICAL ADVANCES; NECESSITY OF DEVELOPING NEW PRODUCTS. The market for distribution center management systems is subject to rapid technological change, changing customer needs, frequent new product introductions and evolving industry standards that may render existing products and services obsolete. As a result, the Company's position in this market could be eroded rapidly by unforeseen changes in customer requirements for application features, functions and technologies. The Company's growth and future operating results will depend in part upon its ability to enhance existing applications and develop and introduce new applications that meet or exceed technological advances in the marketplace, that meet changing customer requirements, that respond to competitive products and that achieve market acceptance. Although the Company is presently developing a client/server version of its PkMS product, there can be no assurance that this product will be completed to meet potential customer demands, if any, on a timely basis. The Company's product development and testing efforts have required, and are expected to continue to require, substantial investments by the Company. There can be no assurance the Company will continue to possess sufficient resources to make necessary investments in technology. In addition, there can be no assurance that the Company's products will meet the requirements of the marketplace and achieve market acceptance, or that the Company's current or future products will conform to industry standards in the markets they serve. If the Company is unable, for technological or other reasons, to develop and introduce new and enhanced products in a timely manner, the Company's business, financial condition and results of operations could be materially adversely affected. See "Business--Product Development."

POTENTIAL LIABILITY TO CLIENTS. Many of the Company's installations involve products that are critical to the operations of its clients' businesses and provide benefits that may be difficult to quantify. Any failure in a client's system 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 negligent acts, errors, mistakes or omissions, there can be no assurance the limitations of liability set forth in its contracts will be enforceable in all instances or would otherwise protect the Company from liability for damages. Although the Company maintains general liability insurance coverage, including coverage for errors or omissions, there can be no assurance that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. The successful assertion of one or more large claims against the Company that exceed available insurance coverage or changes in the Company's insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could adversely affect the Company's business, financial condition and results of operations.

CONVERSION OF LIMITED LIABILITY COMPANY ("LLC") STATUS AND UTILIZATION OF SIGNIFICANT PORTION OF THE OFFERING PROCEEDS TO SATISFY INDEBTEDNESS INCURRED TO FUND DISTRIBUTIONS TO CURRENT SHAREHOLDERS. Manhattan LLC was formed by contributing the assets, liabilities and intellectual property rights of

Pegasys to Manhattan LLC. Manhattan LLC has operated as an LLC, taxable as a partnership, under the provisions of the Internal Revenue Code of 1986, as amended (the "Code") and, generally, taxable as a partnership under comparable provisions of state income tax laws. An LLC which is taxable as a partnership generally is not subject to income tax at the entity level. Instead, the LLC's taxable income generally passes through to its owners and is taxed to such owners as personal income. As of the date of this Prospectus, Manhattan LLC will become a wholly-owned subsidiary of the Company (the "Restructuring").

As a result, the Company will be taxable for federal income tax purposes as a "C" corporation. The Restructuring will be effected by the shareholders of Manhattan LLC (other than Pegasys) contributing their ownership interests in Manhattan LLC to the Company in exchange for stock in the Company, and by the shareholders of Pegasys contributing all of their shares in Pegasys to the Company in exchange for stock in the Company in a simultaneous transaction intended to be non-taxable under Section 351 of the Code. As a result of the Restructuring, the Company's taxable income will be subject to federal and state income taxes.

Manhattan LLC intends to enter into a line of credit for working capital purposes and to fund certain distributions to the shareholders of Manhattan LLC that will be made prior to the completion of the Offering. The Company will use a substantial portion of the proceeds of the Offering to fund the repayment of amounts owed under the proposed line of credit. Purchasers of Common Stock in the Offering will not receive any portion of the distributions to the shareholders of Manhattan LLC prior to the Restructuring. See "Conversion from Limited Liability Company Status and Related Distributions," "Use of Proceeds," "Certain Transactions" and Notes 1 and 9 of Notes to Financial Statements.

INTELLECTUAL PROPERTY RIGHTS. The Company relies on a combination of copyright, trade secret, trademark, service mark and trade dress laws, confidentiality procedures and contractual provisions to protect its proprietary rights in its products and technology. There can be no assurance, however, that the confidentiality agreements on which the Company relies to protect its trade secrets and proprietary technology will be adequate. Further, the Company may be subject to additional risks as it enters into transactions in countries where intellectual property laws are not well developed or are poorly enforced. Legal protections of the Company's rights may be ineffective in such countries. Litigation to defend and enforce the Company's intellectual property rights could result in substantial costs and diversion of resources and could have a material adverse effect on the Company's business, financial condition and results of operations, regardless of the final outcome of such litigation. Despite the Company's efforts to safeguard and maintain its proprietary rights both in the United States and abroad, there can be no assurance that the Company will be successful in doing so, or that the steps taken by the Company in this regard will be adequate to deter misappropriation or independent third party development of the Company's technology or to prevent an unauthorized third party from copying or otherwise obtaining and using the Company's products or technology. Any such events could have a material adverse effect on the Company's business, financial condition and results of operations.

As the number of supply chain management applications in the industry increases and the functionality of these products further overlaps, software development companies like the Company may increasingly become subject to claims of infringement or misappropriation of the intellectual property rights of others. There can be no assurance that third parties will not assert infringement or misappropriation claims against the Company in the future with respect to current or future products. Any claims or litigation, with or without merit, could be time-consuming, result in costly litigation, diversion of management's attention and cause product shipment delays or require the Company to enter into royalty or licensing arrangements. Such royalty or licensing arrangements, if required, may not be available on terms acceptable to the Company, if at all, which could have a material adverse effect on the

Company's business, financial condition and results of operations. Adverse determinations in such claims or litigation could also have a material adverse effect on the Company's business, financial condition and results of operations. See "Business--Proprietary Rights."

BROAD MANAGEMENT DISCRETION AS TO USE OF PROCEEDS. A substantial portion of the net proceeds to be received by the Company in connection with the Offering is allocated to working

capital and general corporate purposes. Accordingly, management will have broad discretion with respect to the expenditure of such proceeds. Purchasers of shares of Common Stock offered hereby will be entrusting their funds to the Company's management, upon whose judgment they must depend, with limited information concerning the specific working capital requirements and general corporate purposes to which the funds will ultimately be applied. See "Use of Proceeds."

CERTAIN ANTI-TAKEOVER PROVISIONS. The Board of Directors has authority to issue up to 20,000,000 shares of preferred stock and to fix the rights, preferences, privileges and restrictions, including voting rights, of the preferred stock without further vote or action by the Company's shareholders. The rights of the holders of the Common Stock will be subject to, and may be adversely affected by, the rights of the holders of a preferred stock that may be issued in the future. While the Company has no present intention to issue shares of preferred stock, such issuance, while providing desired flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of making it more difficult for a third party to acquire a majority of the outstanding voting stock of the Company. In addition, the Company's Amended and Restated Articles of Incorporation and Bylaws contain provisions that may discourage proposals or bids to acquire the Company. These provisions could have the effect of making it more difficult for a third party to acquire control of the Company. See "Description of Capital Stock--Certain Articles of Incorporation and Bylaw Provisions."

SHARES ELIGIBLE FOR FUTURE SALE. Sales of a substantial number of shares of Common Stock in the public market following the Offering could adversely affect the market price of the Common Stock prevailing from time to time. The number of shares of Common Stock available for sale in the public market is limited by restrictions under the Securities Act of 1933, as amended (the "Securities Act"), and lock-up agreements executed by officers, directors, optionholders and all stockholders of the Company under which such security holders have agreed not to sell or otherwise dispose of any of their shares for a period of 180 days after the date of this Prospectus without the prior written consent of Deutsche Morgan Grenfell Inc. In addition to the 3,000,000 shares of Common Stock offered hereby (assuming no exercise of the Underwriters' over-allotment option), there will be 20,206,674 shares of Common Stock outstanding as of the date of this Prospectus, all of which are "restricted" shares under the Securities Act. As a result of the lock-up agreements described above and the provisions of Rules 144(k), 144 and 701 promulgated under the Securities Act ("Rule 144(k)," "Rule 144" and "Rule 701," respectively), the restricted shares will be available for sale in the public market as follows: (i) no shares will be eligible for immediate sale on the date of this Prospectus, (ii) approximately 20,000,008 shares will become eligible for sale 180 days after the date of this Prospectus (assuming no release from the lock-up agreements) upon expiration of lock-up agreements and (iii) approximately 206,666 shares will become eligible for sale one year after the date of this Prospectus. In addition, the Company intends to register for offer and sale under the Securities Act 5,729,784 shares of Common Stock issued or issuable under the Company's stock option plans and other stock options. See "Shares Eligible for Future Sale" and "Underwriting."

NO PRIOR PUBLIC MARKET FOR COMMON STOCK; POSSIBLE VOLATILITY OF STOCK PRICE. Prior to the Offering, there has been no public market for the Common Stock. Although the Company has made application for the quotation of the Common Stock on the Nasdaq National Market, there can be no assurance that an

active trading market will develop or be sustained after the Offering. In the event that the Company fails to appoint two independent Directors within 90 days after the Offering, Nasdaq could terminate the listing of the Common Stock on the Nasdaq National Market, which would have a material adverse effect on the liquidity and trading price of the Common Stock. The initial public offering price of the Common Stock offered hereby will

be determined by negotiation between the Company, the Selling Shareholders and the Underwriters and may bear no relationship to the market price of the Common Stock after the Offering. The market price of the Common Stock could be subject to significant fluctuations in response to variations in quarterly operating results and other factors. In addition, the securities markets have experienced significant price and volume fluctuations from time to time that have often been unrelated or disproportionate to the operating performance of particular companies. These broad fluctuations may adversely affect the market price of the Common Stock. See "Underwriting."

DILUTION. The purchasers of the Common Stock offered hereby will experience immediate and significant dilution in the pro forma net tangible book value of the Common Stock from the initial pubic offering price. See "Dilution."

YEAR 2000 COMPLIANCE. Many currently installed computer systems and software products are coded to accept only two digit entries in the date code field. Beginning in the year 2000, these date code fields will need to accept four digit entries to distinguish twenty-first century dates from twentieth century dates. As a result, over the next two years, computer systems and/or software used by many companies may need to be upgraded to comply with such "Year 2000" requirements. Significant uncertainty exists in the software industry concerning the potential effects associated with such compliance. The latest versions of the Company's products are designed to be Year 2000 compliant. The Company is in the process of determining the extent to which its earlier software products as implemented in the Company's installed customer base are Year 2000 compliant, as well as the impact of any non-compliance on the Company and its customers. The Company does not currently believe that the effects of any Year 2000 non-compliance in the Company's installed base of software will result in a material adverse effect on the Company's business, financial condition or results of operations. However, the Company's investigation is in its preliminary stages, and no assurance can be given that the Company will not be exposed to potential claims resulting from system problems associated with the century change. There can also be no assurance that the Company's software products that are designed to be Year 2000 compliant contain all necessary date code changes.

The Company believes that the purchasing patterns of customers and potential customers may be affected by Year 2000 issues in a variety of ways. Many companies are expending significant resources to correct or patch their current software systems for Year 2000 compliance. These expenditures may result in reduced funds available to purchase software products such as those offered by the Company. Potential customers may also choose to defer purchasing Year 2000 compliant products until they believe it is absolutely necessary, thus potentially resulting in stalled market sales within the industry. Conversely, Year 2000 issues may cause other companies to accelerate purchases, thereby causing an increase in short-term demand and a consequent decrease in long-term demand for software products. Additionally, Year 2000 issues could cause a significant number of companies, including current Company customers, to reevaluate their current software needs and as a result switch to other systems or suppliers. Any of the foregoing could result in a material adverse effect on the Company's business, financial condition and results of operations.

CONVERSION FROM LIMITED LIABILITY COMPANY STATUS AND RELATED DISTRIBUTIONS

Manhattan LLC was formed by contributing the assets, liabilities and intellectual property rights of Pegasys to Manhattan LLC. Manhattan LLC has operated as a limited liability company ("LLC") taxable as a partnership under the provisions of the Internal Revenue Code of 1986, as amended (the "Code") and, comparable provisions of state income tax laws. An LLC which is taxable as a partnership under the Code is generally not subject to income tax at the entity level. Instead, the LLC's taxable income generally passes through to its owners and is taxed to such owners as personal income.

As of the date of this Prospectus, Manhattan LLC will become a wholly-owned subsidiary of the Company (the "Restructuring"). The Restructuring will be effected by the shareholders of Manhattan LLC (other than Pegasys) contributing their ownership interests in Manhattan LLC to the Company in exchange for stock in the Company and by the shareholders of Pegasys (a corporation controlled by Alan J. Dabbierre, the Company's Chairman of the Board, Chief Executive Officer and President) contributing all their shares in Pegasys to the Company in exchange for stock in the Company. As a consequence, the Company will own all shares of Pegasys. The Company and its wholly owned subsidiary, Pegasys, will in turn own all the ownership interests of Manhattan LLC, which will in turn own all of PAC.

Prior to the completion of the Offering, the Company intends to distribute all undistributed income, calculated on a tax basis, to the shareholders of Manhattan LLC. As of December 31, 1997, the undistributed income, calculated on a tax basis, of the Company was $8.7 million and the Company expects to accumulate additional undistributed income from January 1, 1998 through the date of the Restructuring. These distributions will be funded through a series of payments from available Company cash and from the proceeds of a proposed line of credit the Company intends to establish. It is anticipated that any such advances or balance on the line of credit incurred to fund these distributions will be repaid using a portion of the net proceeds of the Offering. See "Use of Proceeds."

USE OF PROCEEDS

The net proceeds to the Company from the sale of the 3,000,000 shares of Common Stock offered by the Company hereby are estimated to be approximately $29.5 million, assuming an initial public offering price of $11.00 per share and after deducting estimated underwriting discounts and estimated expenses payable by the Company in connection with the Offering.

From the net proceeds of the Offering, the Company will repay its proposed line of credit. This line of credit, in part, will have been used to fund the LLC Distribution and to make additional distributions to the stockholders of Manhattan LLC based on income earned from January 1, 1998 through the date of the Restructuring. See "Conversion from Limited Liability Company Status and Related Distributions" and "Certain Transactions."

The remaining net proceeds will be used for working capital and other general corporate purposes. Such purposes may include the funding of new product development efforts and possible acquisitions of, or investments in, businesses and technologies that are complementary to those of the Company. The Company has no specific agreements, commitments or understandings with respect to any such acquisitions or investments. The amounts actually expended for each purpose may vary significantly and are subject to change at the Company's discretion depending upon certain factors, including economic or industry conditions, changes in the competitive environment and strategic opportunities that may arise. Pending application of the net proceeds as described above, the Company intends to invest the net proceeds of the Offering in interest-bearing securities. See "Risk Factors--Broad Management Discretion as to Use of Proceeds" and "Business--Strategy."

DIVIDEND POLICY

The Company historically has made distributions to its shareholders related to its limited liability company status and the resulting tax payment obligations imposed on its shareholders. Other than the distributions to be made as described under "Conversion from Limited Liability Company Status and Related Distributions," the Company does not intend to declare or pay cash dividends in the foreseeable future. Management anticipates that all earnings and other cash resources of the Company, if any, will be retained by the Company for investment in its business.

CAPITALIZATION

The following table sets forth at December 31, 1997, the short-term obligations and capitalization of the Company on an actual, pro forma and pro forma as adjusted basis. This table should be read in conjunction with the Company's Financial Statements and Notes thereto, appearing elsewhere in this Prospectus.

	DECEMBER 31, 1997		
	ACTUAL	PRO FORMA(1)	PRO FORMA AS ADJUSTED(2)
	(IN THOUSANDS, EXCEPT SHARE DATA)		
Note payable to stockholder, current portion.	$1,019	$1,019	$ --
Stockholders' equity:			
Preferred stock, no par value; 20,000,000 shares authorized; no shares issued or outstanding actual, pro forma and pro forma as adjusted.....	--	--	--
Common stock, $.01 par value; 100,000,000 shares authorized actual, pro forma and pro forma as adjusted, 20,000,008 shares issued and outstanding, actual, 20,206,674 shares issued and outstanding, pro forma; 23,206,674 shares issued and outstanding, pro forma as adjusted(3).....	200	202	232
Additional paid-in capital.....	1,929	2,830	32,290
Retained earnings.....	6,858	(3,084)	(3,084)
Deferred compensation.....	(533)	(533)	(533)
Total stockholders' equity.....	8,454	(585)	28,905
Total capitalization.....	$8,454	$ (585)	$28,905

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(1) Pro forma to reflect (i) the payment of cash of $2.2 million and the issuance of 106,666 shares of Common Stock valued at $10.00 per share in connection with the PAC Acquisition, (ii) the charge to income for acquired research and development of $2.1 million in connection with the PAC Acquisition, (iii) the Stockholder Investment, (iv) the establishment of net deferred tax assets in connection with the Restructuring, and (v) the payment of the LLC Distribution. See "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Conversion from Limited Liability Company Status and Related Distribution" and Notes 3 and 9 of Notes to Financial Statements.

(2) Pro forma as adjusted to reflect the sale by the Company of the 3,000,000 shares of Common Stock offered hereby at an assumed initial public offering price of $11.00 per share and the receipt of the estimated net

proceeds therefrom. See "Use of Proceeds" and "Capitalization."

(3) Excludes (i) 3,268,666 shares of Common Stock issuable upon the exercise of options outstanding at February 26, 1998 under the Manhattan Associates, LLC Option Plan (the "LLC Option Plan") at a weighted average exercise price of $4.42 per share, (ii) 729,784 shares of Common Stock issuable upon the exercise of options outstanding at February 26, 1998 issued outside of the LLC Option Plan at a weighted average exercise price of $1.20 per share, and (iii) 1,731,334 reserved for future issuance under the Company's Stock Incentive Plan (the "Stock Incentive Plan"). See "Management-Stock Option Plans" and Note 6 of Notes to Financial Statements.

DILUTION

As of December 31, 1997, the net tangible book value of the Company was approximately $8.3 million, or $0.42 per share of Common Stock. The pro forma net tangible book deficit as of December 31, 1997 was approximately $(1.5) million or $0.08 per share. Pro forma net tangible book value (deficit) per share represents the amount of the Company's total tangible assets less total liabilities, divided by the number of shares of Common Stock outstanding after giving effect to the PAC Acquisition, the Stockholder Investment, the establishment of the deferred tax assets in connection with the Recapitalization and the payments of the LLC Distribution After giving effect to the sale by the Company of the 3,000,000 shares of Common Stock offered hereby at an assumed initial public offering price of $11.00 per share and the application of the estimated net proceeds therefrom after deducting the estimated underwriting discount and estimated offering expenses, the pro forma net tangible book value of the Company at December 31, 1997 would have been approximately $28.0 million, or $1.21 per share of Common Stock. This represents an immediate increase in net tangible book value of $1.29 per share to existing stockholders and an immediate decrease in net tangible book value of $9.79 per share to new investors. The following table illustrates this unaudited per share dilution to new investors:

Assumed initial public offering price per share		$11.00
Net book value per share as of December 31, 1997	$0.42	
Decrease per share attributable to pro forma adjustments	(0.50)	
Pro forma net tangible book deficit per share as of December 31, 1997	(0.08)	
Increase in net book value per share attributable to new investors	1.29	
Pro forma net tangible book value per share as of December 31, 1997 after the offering		1.21
Dilution per share to new investors		$ 9.79

The following table sets forth, as of December 31, 1997, on a pro forma basis, after giving effect to the number of shares issued in the PAC Acquisition and the Stockholder Investment, the number of shares of Common Stock previously issued by the Company, the total consideration reflected in the accounts of the Company and the average price per share to the existing stockholders and new investors, assuming the sale by the Company of 3,000,000 shares of Common Stock at an assumed initial public offering price of $11.00 per share, and before deducting the estimated underwriting discounts and commissions and estimated offering expenses:

SHARES PURCHASED TOTAL CONSIDERATION

	NUMBER	PERCENT	AMOUNT	PERCENT	AVERAGE PRICE PER SHARE
Existing stockholders.....	20,206,674	87.1%	$ 2,830,000	7.9%	$ 0.14
New investors.....	3,000,000	12.9	33,000,000	92.1	11.00
Total.....	23,206,674	100.0%	$35,830,000	100.0%	

Assuming full exercise of the Underwriters' over-allotment option, the percentage of shares held by existing stockholders would be 85.1% of the total number of shares of Common Stock to be outstanding after the Offering, and the number of shares held by new stockholders would be increased to 3,450,000 shares, or 14.9% of the total number of shares of Common Stock to be outstanding after the Offering. See "Risk Factors--Dilution," "Management" and "Principal and Selling Shareholders."

The calculation of net tangible book value and the other computations above assume no exercise of outstanding options. The Company has granted outstanding options at February 26, 1998 to acquire approximately 3,998,450 shares at exercise prices ranging from $0.24 to $7.50 per share and a weighted average exercise price of $3.83 per share. The exercise of these options will have the effect of increasing the net tangible book value dilution of new investors in the Offering.

SELECTED FINANCIAL DATA
(IN THOUSANDS, EXCEPT PER SHARE DATA)

The selected financial data of the Company set forth below should be read in conjunction with the financial statements of the Company, including the Notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere herein. The statement of income data for the years ended December 31, 1995, 1996, and 1997, and the balance sheet data as of December 31, 1996, and 1997, are derived from, and are qualified by reference to, the audited financial statements included elsewhere in this Prospectus. The balance sheet data as of December 31, 1995 is derived from the audited balance sheet not included herein. The statement of income data for the years ended December 31, 1993 and 1994, and the balance sheet data as of December 31, 1993 and 1994 are derived from the Company's unaudited financial statements not included herein. In the opinion of management, the unaudited financial statements have been prepared on a basis consistent with the financial statements which appear elsewhere in the Prospectus, and include all adjustments, consisting only of normal recurring adjustments necessary for a fair statement of the financial position and results of operations for these unaudited years. Historical and pro forma results are not necessarily indicative of results to be expected in the future.

	YEAR ENDED DECEMBER 31,					PRO FORMA DECEMBER 31,
	1993	1994	1995	1996	1997	1997(1)
STATEMENT OF INCOME DATA:						
Revenue:						
Software license.....	$1,018	$1,781	$ 2,463	$ 3,354	$ 7,160	$ 7,946
Services.....	814	1,587	3,503	6,236	14,411	14,963
Hardware.....	1,477	3,144	5,255	4,810	10,886	10,886
Total revenue.....	3,309	6,512	11,221	14,400	32,457	33,795
Cost of revenue:						

Software license.....	2	2	6	177	461	628
Services.....	731	1,293	1,740	2,026	6,147	6,400
Hardware.....	1,278	2,457	3,991	3,734	8,001	8,001
Total cost of revenue.....	2,011	3,752	5,737	5,937	14,609	15,029
Gross margin.....	1,298	2,760	5,484	8,463	17,848	18,766
Operating expenses:						
Research and development...	168	328	1,138	1,236	3,025	3,389
Acquired research and development.....	--	--	600	--	--	2,067
Sales and marketing.....	368	526	1,147	1,900	3,570	3,893
General and administrative.	341	414	1,058	1,454	2,975	3,162
Total operating expenses..	877	1,268	3,943	4,590	9,570	12,511
Income from operations.....	421	1,492	1,541	3,873	8,278	6,255
Other income, net.....	2	5	40	103	56	81
Income before pro forma income taxes.....	423	1,497	1,581	3,976	8,334	6,336
Pro forma income taxes.....	162	564	580	1,486	3,023	3,113
Pro forma net income.....	$ 261	$933	$ 1,001	$ 2,490	$ 5,311	$ 3,223
Pro forma diluted net income per share.....	$ 0.01	$ 0.05	$ 0.05	$ 0.12	$ 0.25	$ 0.15
Shares used in computing pro forma diluted net income per share.....	20,090	20,090	20,100	20,397	20,851	21,058

	DECEMBER 31,					PRO FORMA DECEMBER 31,
	1993	1994	1995	1996	1997	1997(2)
BALANCE SHEET DATA:						
Working capital (deficit).....	$470	$1,974	$3,199	$4,116	$ 6,268	$(3,553)
Total assets.....	747	2,949	5,332	7,276	15,006	13,409
Total Stockholders' equity (deficit).....	500	1,997	3,755	4,882	8,454	(585)

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(1) Pro forma to reflect the PAC Acquisition as if it had occurred on January 1, 1997 for $2.2 million in cash and 106,666 shares of Common Stock valued at $10.00 per share. Pro forma includes the historical results for the Company and PAC adjusted for (i) the charge to income for acquired research and development of $2.1 million and (ii) increased amortization of $210,000 for purchased software and intangible assets amortized over a three and seven year life, respectively. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 9 of Notes to Financial Statements.

(2) Pro forma to reflect (i) the PAC Acquisition as if it occurred on December 31, 1997, (ii) the Stockholder Investment, (iii) the establishment of net deferred tax assets of $365,000 in connection with the Restructuring, and (iv) the payment of the LLC Distribution. Pro forma adjustments for the PAC Acquisition include (i) the establishment of purchased software and other intangible assets of $500,000 and $300,000, respectively, and (ii) the payment of cash of $2.2 million and the issuance of 106,666 shares of Common Stock.

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Selected Financial Data and the Financial Statements and Notes thereto included elsewhere in this Prospectus. Certain statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" are forward-looking statements. The forward-looking statements contained herein are based on current expectations and entail various risks and uncertainties that could cause actual results to differ materially from those expressed in such forward-looking statements. For a more detailed discussion of these and other business risks, see "Risk Factors."

OVERVIEW

Manhattan provides information technology solutions for distribution centers that are designed to enable the efficient movement of goods through the supply chain. The Company's solutions are designed to optimize the receipt, storage and distribution of inventory and the management of equipment and personnel within a distribution center, and to meet the increasingly complex information requirements of manufacturers, distributors and retailers. The Company's solutions consist of software, including PkMS, a comprehensive and modular software system; services, including design, configuration, implementation, training and support; and hardware. The Company currently provides solutions to manufacturers, distributors and retailers primarily in the apparel, consumer products, food service and grocery markets.

The Company's revenue consists of revenue from the licensing of PkMS; fees for consulting, implementation, training and maintenance services; and revenue from the resale of complementary radio frequency and computer equipment.

The Company recognizes software license revenue in accordance with the provisions of American Institute of Certified Public Accountants Statement of Position No. 91-1, SOFTWARE REVENUE RECOGNITION. Accordingly, software license revenue is recognized upon shipment of the software following execution of a contract, provided that no significant vendor obligations remain outstanding, amounts are due within one year, and collection is considered probable by management. If significant post-delivery obligations exist, the software license revenue, as well as other components of the contract, are recognized using contract accounting.

The Company's services revenue consists of revenue generated from services and maintenance related to the Company's software solutions. Services revenue is derived from fees based on consulting, implementation and training services contracted under separate service agreements. Revenue related to consulting, implementation and training services performed by the Company are recognized as the services are performed. Maintenance revenue represents amounts paid, generally in advance, by users for the support and enhancements to the software. Maintenance revenue is recognized ratably over the term of the maintenance agreement, typically 12 months.

Hardware 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 solution. As part of a complete distribution center management solution, the Company's customers frequently purchase hardware from the Company in conjunction with the licensing of PkMS. These products include computer hardware, radio frequency terminal networks, bar code printers and scanners and other peripherals. Hardware revenue is recognized upon shipment. The Company generally purchases hardware from its vendors only after receiving an order from a customer. As a result, the Company does not maintain hardware inventory in any significant amounts.

As a result of the election to report as a limited liability company that is treated as a partnership for income tax purposes, the Company has not been subject to federal and state income taxes. Pro forma net income amounts

discussed herein include additional provisions for income taxes on a pro forma basis as if the Company were liable for federal and state income taxes as a taxable corporate entity throughout the years presented. The pro forma tax provision is calculated by applying the Company's statutory tax rate to pretax income, adjusted for permanent tax differences. The Company's status as a limited liability company will terminate immediately prior to the effectiveness of the Offering and the Company will thereafter be taxed as a business corporation.

On February 16, 1998, the Company purchased all of the outstanding stock of Performance Analysis Corporation for approximately $2.2 million in cash and 106,666 shares of the Company's Common Stock valued at $10.00 per share. PAC is a developer of distribution center slotting software. The acquisition will be accounted for as a purchase. The purchase price of approximately $3.3 million has been allocated to the assets acquired and liabilities assumed, including acquired research and development of approximately $2.1 million, purchased software of $500,000, and other intangible assets of $300,000. Purchased software will be amortized over an estimated three-year useful life and other intangible assets will be amortized over a seven-year period. In connection with the PAC Acquisition, the Company will record a charge to income of $2.1 million in the first quarter of 1998 for acquired research and development. The financial results referred to herein reflect the historical results of the Company. The results have not been adjusted on a pro forma basis to reflect the acquisition of PAC.

RESULTS OF OPERATIONS

The following table sets forth certain operating data as a percentage of total revenue for the years indicated:

	YEAR ENDED DECEMBER 31,		
	1995	1996	1997
STATEMENT OF INCOME DATA:			
Revenue:			
Software license	22.0%	23.3%	22.1%
Services	31.2	43.3	44.4
Hardware	46.8	33.4	33.5
Total revenue	100.0	100.0	100.0
Cost of revenue:			
Software license	--	1.2	1.4
Services	15.5	14.1	18.9
Hardware	35.6	25.9	24.7
Total cost of revenue	51.1	41.2	45.0
Gross margin	48.9	58.8	55.0
Operating expenses:			
Research and development	10.1	8.6	9.3
Acquired research and development	5.4	--	--
Sales and marketing	10.2	13.2	11.0
General and administrative	9.4	10.1	9.2
Total operating expenses	35.1	31.9	29.5
Income from operations	13.8	26.9	25.5
Other income, net	0.3	0.7	0.2

Income before pro forma income taxes.....	14.1	27.6	25.7
Pro forma income taxes.....	5.2	10.3	9.3
Pro forma net income.....	8.9%	17.3%	16.4%

YEARS ENDED DECEMBER 31, 1997 AND 1996

REVENUE

Total revenue increased 125.4% to $32.5 million in 1997 from $14.4 million in 1996. Total revenue consists of software license revenue, revenue derived from consulting, maintenance and other services and revenue from the sale of hardware.

Software License. Software license revenue increased 113.5% to $7.2 million in 1997 from $3.4 million in 1996. The increase in revenue from software licenses was primarily due to an increase in the number of licenses of the Company's PkMS product and an increase in the average price of software licenses.

Services. Services revenue increased 131.1% to $14.4 million in 1997 from $6.2 million in 1996. The increase in revenue from services was principally due to the increased demand for these services resulting from the increased demand for the Company's PkMS product.

Hardware. Hardware revenue increased 126.3% to $10.9 million in 1997 from $4.8 million in 1996. The increase in revenue from hardware was principally due to the increased demand for the Company's PkMS product.

Cost of Revenue

COST OF SOFTWARE LICENSE. Cost of software license revenue consists of the costs of software reproduction and delivery, media, packaging, documentation and other related costs and the amortization of capitalized software. Cost of software license revenue increased to $461,000, or 6.4% of software license revenue, in 1997 from $177,000, or 5.3% of software license revenue, in 1996. As a percentage of software license revenue, cost of software license revenue remained relatively constant in 1997 as compared to 1996.

COST OF SERVICES. Cost of services revenue consists primarily of consultant salaries and other personnel-related expenses incurred in system implementation projects and software support services. Cost of services revenue increased to $6.2 million, or 42.7% of services revenue, in 1997 from $2.0 million, or 32.5% of services revenue, in 1996. The increase in cost of services revenue as a percentage of services revenue is principally due to an increase in services personnel, which resulted in an initial increase in non-billable time incurred for training of these new personnel.

COST OF HARDWARE. Cost of hardware revenue increased to $8.0 million, or 73.5% of hardware revenue, in 1997 from $3.7 million, or 77.6% of hardware revenue, in 1996. The decrease in the cost of hardware as a percentage of hardware revenue is principally due to an increase in sales of hardware products with higher gross margins as compared to the prior year.

Operating Expenses

RESEARCH AND DEVELOPMENT. Research and development expenses principally consist of salaries and other personnel-related costs for personnel involved in the Company's product development efforts. The Company's research and development expenses increased by 144.7% to $3.0 million in 1997, or 9.3% of total revenue, from $1.2 million in 1996, or 8.6% of total revenue. The increase in research and development expenses resulted from

the addition of research and development personnel in 1997. Significant product development efforts include the continued development of PkMS and the development of a client/server version of PkMS. The Company believes that a continued commitment to product development will be required for the Company to remain competitive and expects the dollar amount of research and development expenses to increase in the near future.

SALES AND MARKETING. Sales and marketing expenses include salaries, commissions and other personnel-related costs, travel expenses, advertising programs and other promotional activities. Sales and marketing expenses increased by 87.9% to $3.6 million in 1997, or 11.0% of total revenue, from $1.9 million in 1996, or 13.2% of total revenue. The increase in sales and marketing expenses was the result of additional sales and marketing personnel, an increase in sales commissions and expanded marketing program activities.

GENERAL AND ADMINISTRATIVE. General and administrative expenses consist primarily of salaries and other personnel-related costs of executive and financial personnel, as well as facilities, legal, insurance, accounting and other administrative expenses. General and administrative expenses increased by 104.6% to $3.0 million in 1997, or 9.2% of total revenue, from $1.5 million in 1996, or 10.1% of total revenue. The increase in general and administrative expenses was principally due to increased staffing and other administrative expenses necessary to support the Company's growth.

Income Taxes

PRO FORMA PROVISION FOR INCOME TAXES. The pro forma provision for income taxes was $3.0 million in 1997, as compared to $1.5 million in 1996, as a result of the Company's substantially increased income in 1997.

YEARS ENDED DECEMBER 31, 1996 AND 1995

REVENUE

Total revenue increased 28.3% to $14.4 million in 1996 from $11.2 million in 1995. The increase in total revenue was primarily due to an increase in revenue from services and an increase in revenue from software licenses.

Software License. Software license revenue increased 36.2% to $3.4 million in 1996 from $2.5 million in 1995. The increase in revenue from software licenses was due to increased acceptance of the Company's products and an increase in the average price of software licenses.

Services. Services revenue increased 78.0% to $6.2 million in 1996 from $3.5 million in 1995. The increase in revenue from services was primarily due to the increased demand for these services resulting from the increase in the number of PkMS licenses in 1996.

Hardware. Hardware revenue decreased 8.5% to $4.8 million in 1996 from $5.3 million in 1995. The decrease in revenue from hardware was due to higher proportional demand for hardware products in 1995 as compared to 1996.

COST OF REVENUE

Cost of Software License. Cost of software license revenue increased to $177,000, or 5.3% of software license revenue, in 1996 from $6,000, or 0.2% of software license revenue, in 1995. The increase in cost of software license revenue as a percentage of software license revenue was principally due to an increase in the amortization expense of capitalized software.

Cost of Services. Cost of services revenue increased to $2.0 million, or 32.5% of services revenue, in 1996 from $1.7 million, or 49.7% of services

revenue, in 1995. The decrease in cost of services revenue as a percentage of services revenue was principally due to improved utilization of services employees as the Company realized increased operating leverage from its services.

Cost of Hardware. Cost of hardware revenue decreased to $3.7 million, or 77.6% of hardware revenue, in 1996 from $4.0 million, or 75.9% of hardware revenue, in 1995. The increase in the cost of hardware revenue as a percentage of hardware revenue in 1996 as compared to 1995 was attributable to an increase in the volume of sales of hardware products with lower gross margins as compared to the prior year.

OPERATING EXPENSES

Research and Development. The Company's research and development expenses increased by 8.6% to $1.2 million in 1996, or 8.6% of total revenue, from $1.1 million in 1995, or 10.1% of total revenue. The increase in research and development expenses was principally due to the addition of development personnel to enhance existing products and for new product development efforts.

Sales and Marketing. Sales and marketing expenses increased by 65.7% to $1.9 million in 1996, or 13.2% of total revenue, from $1.2 million in 1995, or 10.2% of total revenue. The increase in sales and marketing expenses was principally due to the addition of sales and marketing personnel, an increase in sales commissions associated with increased revenue and to increased marketing program activities.

GENERAL AND ADMINISTRATIVE. General and administrative expenses increased by 37.4% to $1.5 million in 1996, or 10.1% of total revenue, from $1.1 million in 1995, or 9.4% of total revenue. The increase in general and administrative expenses was principally due to an increase in financial and administrative personnel and legal and accounting fees necessary to support the Company's growth.

Income Taxes

PRO FORMA PROVISION FOR INCOME TAXES. The pro forma provision for income taxes was $1.5 million in 1996 as compared to $580,000 in 1995, as a result of the Company's substantially increased income in 1996.

YEARS ENDED DECEMBER 31, 1995 AND 1994

Revenue

Total revenue increased 72.3% to $11.2 million in 1995 from $6.5 million in 1994. The increase in total revenue was due to an increase in all areas of the Company's business.

SOFTWARE LICENSE. Software license revenue increased 38.3% to $2.5 million in 1995 from $1.8 million in 1994. The increase in revenue from software licenses was due to increased acceptance of the Company's PkMS product and an increase in the average price of software licenses.

SERVICES. Services revenue increased 120.7% to $3.5 million in 1995 from $1.6 million in 1994. The increase in revenue from services was principally attributable to an increased demand for these services resulting from the increase in the number of PkMS licenses in 1995.

HARDWARE. Hardware revenue increased 67.1% to $5.3 million in 1995 from $3.1 million in 1994. The increase in revenue from hardware was due to an increased demand for the Company's PkMS product.

Cost of Revenue

COST OF SOFTWARE LICENSE. Cost of software license revenue increased to $6,000, or 0.2% of software license revenue, in 1995 from $2,000, or 0.1% of software license revenue, in 1994.

COST OF SERVICES. Cost of services revenue increased to $1.7 million, or 49.7% of services revenue, in 1995 from $1.3 million, or 81.5% of services revenue, in 1994. The decrease in cost of services revenue as a percentage of revenue is principally due to improved utilization of employees as the Company realized increased operating leverage from its services infrastructure.

COST OF HARDWARE. Cost of hardware revenue increased to $4.0 million, or 75.9% of hardware revenue, in 1995 from $2.5 million, or 78.1% of hardware revenue, in 1994. The decrease in the cost of hardware revenue as a percentage of hardware revenue is principally due to a decrease in the volume of sales of hardware products with lower margins as compared to the prior year.

Operating Expenses

RESEARCH AND DEVELOPMENT. The Company's research and development expenses increased by 247.0% to $1.1 million in 1995, or 10.1% of total revenue, from $328,000 in 1994, or 5.0% of total revenue. The increase in research and development resulted from the addition of development personnel to enhance its products and for new product development efforts.

ACQUIRED RESEARCH AND DEVELOPMENT. The Company recorded an expense for acquired research and development of $600,000 in 1995 in connection with the purchase of certain rights to technology which was ultimately incorporated into PkMS.

SALES AND MARKETING. Sales and marketing expenses increased by 118.1% to $1.2 million in 1995, or 10.2% of total revenue, from $526,000 in 1994, or 8.1% of total revenue. The increase in sales and marketing expenses was due to the addition of sales and marketing personnel and increased marketing expenses.

GENERAL AND ADMINISTRATIVE. General and administrative expenses increased by 155.6% to $1.1 million in 1995, or 9.4% of total revenue, from $414,000 in 1994, or 6.4% of total revenue. The increase in general and administrative expenses was due to an increase in legal and accounting fees as well as other administrative expenses necessary to support the Company's growth.

Income Taxes

PRO FORMA PROVISION FOR INCOME TAXES. The pro forma provision for income taxes was $580,000 in 1995, as compared to $564,000 in 1994, as a result of the Company's increased income in 1995.

QUARTERLY RESULTS OF OPERATIONS

The following table presents certain unaudited quarterly statements of income data for each of the Company's last eight quarters in the period ended December 31, 1997, as well as the percentage of the Company's total revenue represented by each item. The information has been derived from the Company's audited Financial Statements. The unaudited quarterly Financial Statements have been prepared on substantially the same basis as the audited Financial Statements contained herein. In the opinion of management, the unaudited quarterly Financial Statements include all adjustments, consisting only of normal recurring adjustments that the Company considers to be necessary to

present fairly this information when read in conjunction with the Company's Financial Statements and notes thereto appearing elsewhere herein. The results of operations for any quarter are not necessarily indicative of the results to be expected for any future period.

	QUARTER ENDED							
	MAR. 31, 1996	JUNE 30, 1996	SEPT. 30, 1996	DEC. 31, 1996	MAR. 31, 1997	JUNE 30, 1997	SEPT. 30, 1997	DEC. 31, 1997
	(IN THOUSANDS, EXCEPT PER SHARE DATA)							
STATEMENT OF INCOME DATA:								
Revenue:								
Software license.....	$1,120	$ 520	$ 705	$1,009	$1,494	$1,833	$1,981	$1,852
Services.....	1,301	1,489	1,808	1,638	2,509	3,466	3,820	4,616
Hardware.....	963	1,453	878	1,516	2,241	2,469	3,081	3,095
Total revenue.....	3,384	3,462	3,391	4,163	6,244	7,768	8,882	9,563
Cost of revenue:								
Software license.....	51	40	42	44	89	105	122	145
Services.....	289	421	591	725	983	1,326	1,691	2,147
Hardware.....	807	1,031	672	1,224	1,644	1,953	2,230	2,174
Total cost of revenue..	1,147	1,492	1,305	1,993	2,716	3,384	4,043	4,466
Gross margin.....	2,237	1,970	2,086	2,170	3,528	4,384	4,839	5,097
Operating expenses:								
Research and development.....	210	248	352	426	428	662	791	1,144
Sales and marketing....	434	468	493	505	507	913	989	1,161
General and administrative.....	303	317	376	458	398	589	981	1,007
Total operating expenses.....	947	1,033	1,221	1,389	1,333	2,164	2,761	3,312
Income from operations..	1,290	937	865	781	2,195	2,220	2,078	1,785
Other income, net.....	22	25	33	23	23	16	9	8
Income before pro forma income taxes.....	1,312	962	898	804	2,218	2,236	2,087	1,793
Pro forma income taxes..	491	359	336	300	804	811	757	651
Pro forma net income....	$ 821	$ 603	$ 562	$ 504	$1,414	$1,425	$1,330	$1,142
Pro forma diluted net income per share.....	$ 0.04	$ 0.03	$ 0.03	$ 0.02	$ 0.07	$ 0.07	$ 0.06	$ 0.05
Shares used in pro forma diluted net income per share	20,397	20,397	20,397	20,397	20,397	20,673	20,673	21,661

	AS A PERCENTAGE OF TOTAL REVENUE							
	MAR. 31, 1996	JUNE 30, 1996	SEPT. 30, 1996	DEC. 31, 1996	MAR. 31, 1997	JUNE 30, 1997	SEPT. 30, 1997	DEC. 31, 1997
Revenue:								
Software license.....	33.1%	15.0%	20.8%	24.2%	23.9%	23.6%	22.3%	19.4%
Services.....	38.4	43.0	53.3	39.4	40.2	44.6	43.0	48.3
Hardware.....	28.5	42.0	25.9	36.4	35.9	31.8	34.7	32.3
Total revenue.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Cost of revenue:								
Software license.....	1.5	1.2	1.3	1.1	1.4	1.4	1.4	1.5
Services.....	8.6	12.2	17.4	17.4	15.7	17.1	19.0	22.4
Hardware.....	23.8	29.7	19.8	29.4	26.3	25.1	25.1	22.7
Total cost of revenue..	33.9	43.1	38.5	47.9	43.4	43.6	45.5	46.6
Gross margin.....	66.1	56.9	61.5	52.1	56.6	56.4	54.5	53.4
Operating expenses:								
Research and development.....	6.2	7.2	10.4	10.2	6.9	8.5	8.9	12.0

Sales and marketing....	12.9	13.5	14.5	12.1	8.1	11.7	11.1	12.1
General and administrative.....	8.9	9.2	11.1	11.1	6.4	7.6	11.0	10.5
Total operating expenses.....	28.0	29.9	36.0	33.4	21.4	27.8	31.0	34.6
Income from operations..	38.1	27.0	25.5	18.7	35.2	28.6	23.5	18.8
Other income, net.....	0.7	0.7	1.0	0.6	0.3	0.2	0.1	0.1
Income before pro forma income taxes.....	38.8%	27.7%	26.5%	19.3%	35.5%	28.8%	23.6%	18.9%

The Company's operations and related revenue and operating results could vary substantially from quarter to quarter. Among the factors causing these potential variations are fluctuations in the demand for the Company's products, the level of product and price competition in the Company's markets, the length of the Company's sales process, the size and timing of individual transactions, the mix of products and services sold, delays in, or cancellations of, customer implementations, the Company's success in expanding its services and customer support organizations as well as its direct sales force and indirect distribution channels, the timing of new product introductions and enhancements by the Company or its competitors, commercial strategies adopted by competitors, changes in foreign currency exchange rates, customers' budget constraints, the Company's ability to control costs and general economic conditions. A substantial portion of the Company's operating expenses, particularly personnel and facilities costs, are relatively fixed in advance of any particular quarter. As a result, any delay in the recognition of revenue may cause significant variations in operating results in any particular quarter. As a result of the foregoing factors, the Company's operating results for a future quarter may be above or below the expectations of public market analysts and investors. Should the Company's revenue and operating results fall below expectations, the price of the Company's Common Stock would be materially adversely affected. See "Risk Factors--Potential Variability of Quarterly Operations and Financial Results."

The Company's ability to undertake new projects and increase revenue is substantially dependent on the availability of the Company's consulting services personnel to assist in the implementation of the Company's software solution. The Company believes that supporting greater-than-anticipated growth in revenue would require the Company to rapidly hire additional skilled personnel for the Company's consulting services group, and there can be no assurance that qualified personnel could be located, trained or retained in a timely and cost-effective manner.

As a result of the foregoing and other factors, the Company believes that quarter-to-quarter comparisons of results are not necessarily meaningful, and such comparisons should not be relied upon as indications of future performance. Fluctuations in operating results may also result in volatility in the price of the shares of the Company's Common Stock. See "Risk Factors--Potential Variability of Quarterly Operations and Financial Results," "--Ability to Manage Growth" and "--New Management Team; Dependence on Key Personnel."

LIQUIDITY AND CAPITAL RESOURCES

Since inception, the Company has funded its operations to date primarily through cash generated from operations. In addition, the Company has also borrowed money from its majority shareholder. As of December 31, 1997, the Company had $3.2 million in cash and cash equivalents.

The Company's operating activities provided cash of $7.0 million in 1997, $4.0 million in 1996 and $3.1 million in 1995. Cash from operating activities arose principally from the Company's profitable operations and was utilized for working capital purposes, principally increases in accounts receivable.

Cash used for investing activities was approximately $1.8 million in 1997, $485,000 in 1996 and $418,000 in 1995. The Company's use of cash was primarily for the purchase of capital equipment, such as computer equipment and furniture and fixtures, to support the Company's growth.

Cash used for financing activities was approximately $5.1 million in 1997, $2.9 million in 1996 and $273,000 in 1995. The principal use of cash was distributions to the Company's shareholders, partially reduced by borrowings from the Company's majority shareholder. See "Use of Proceeds" and "Certain Transactions."

The Company is currently negotiating a working capital line of credit with a commercial bank. There can be no assurance that the Company will be able to complete this loan transaction on terms favorable to the Company, if at all.

NEW ACCOUNTING PRONOUNCEMENTS

In June 1997, the Financial Accounting Standards Board issued Statement No. 130 ("SFAS 130"), "Reporting Comprehensive Income." SFAS No. 130 is designed to improve the reporting of changes in equity from period to period. The Company will adopt SFAS No. 130 effective with its fiscal year ending December 31, 1998.

In June 1997, the Financial Accounting Standards Board issued Statement No. 131 ("SFAS 131"), "Disclosures About Segments of an Enterprise and Related Information." SFAS No. 131 requires that an enterprise disclose certain information about operating segments. The Company will adopt SFAS No. 131 effective with its fiscal year ending December 31, 1998.

In October 1997, the American Institute of Certified Public Accountants issued Statement of Position 97-2 ("SOP 97-2"), "Software Revenue Recognition." SOP 97-2 supersedes SOP 91-1, and is effective for the Company beginning after December 15, 1997. SOP 97-2 provides further guidance on recognizing revenue on software transactions.

The Company's management does not believe that the adoption of these pronouncements will have a material impact on the Company's financial position or results of operations.

BUSINESS

OVERVIEW

Manhattan provides information technology solutions for distribution centers that are designed to enable the efficient movement of goods through the supply chain. The Company's solutions are designed to optimize the receipt, storage and distribution of inventory and the management of equipment and personnel within a distribution center, and to meet the increasingly complex information requirements of manufacturers, distributors and retailers. The Company's solutions consist of software, including PkMS, a comprehensive and modular software system; services, including design, configuration, implementation, training and support; and hardware. The Company currently provides solutions to manufacturers, distributors and retailers primarily in the apparel, consumer products, food service and grocery markets. As of December 31, 1997, PkMS was licensed for use by more than 250 customers including Calvin Klein, Dean Foods, Jockey International, Mikasa, Nordstrom, Patagonia, Playtex Apparel, Revlon, SEIKO Corporation of America, The Sports Authority, Timberland and Warnaco.

INDUSTRY BACKGROUND

Over the past two decades, the flow of goods through the supply chain from manufacturers to consumers has undergone significant changes. These changes began in the United States textile industry, which, faced with increased global competition, implemented an industry-wide initiative in the 1980s to lower the cost of goods sold through more efficient inventory management. This initiative, which became known as "Quick Response," uses technology to improve the flow of information among manufacturers, distributors and retailers. Quick Response has allowed retailers to more rapidly advise manufacturers and distributors of their inventory replenishment needs and has allowed manufacturers and distributors to more efficiently restock retailers. As a result, textile product retailers have been able not only to reduce their idle inventory and cost of goods sold, but also to offer a broader range of products.

More recently, the consumer products industry experienced a similar supply chain re-engineering, driven primarily by the emergence of national superstore chains and category stores. The business model of these stores, which promotes wider product offerings, lower gross profit margins and a higher rate of inventory turnover than traditional stores, represented a competitive threat to retailers of similar products.

In order to remain competitive in this changing retail landscape, many retailers have demanded that manufacturers and distributors apply Quick Response principles to their supply chain operations to achieve lower costs and higher levels of service. Retailers' demands include more sophisticated distribution services, such as more frequent store-specific inventory replenishments, more customized packing of goods within each delivery to reduce in-store unpacking times, more sophisticated packaging and labeling of goods to meet merchandising strategies, and the exchange of trading information in compliance with electronic data interchange ("EDI") standards. Demand for these more sophisticated distribution services requires significant modification of distribution center operations for manufacturers and distributors. For example, a manufacturer that previously may have made one bulk shipment to each of six customer distribution centers each month may now be required to ship more than 10,000 custom-packed and labeled orders per month directly to multiple customers' stores or to the customers' distribution centers for immediate reshipment to stores.

As a result of these retailer demands, distribution centers have increased in size, complexity and cost. Distribution centers today can comprise one million square feet or more with thousands of stock keeping units ("SKUs") and multi-million dollar investments in automated

materials handling equipment. The efficient management of a distribution center operation now requires collecting information regarding customer orders, inbound shipments of products, products available on-site, product storage locations, weights and sizes, and outbound shipping data (including customer- or store-specific shipping requirements, routing data and carrier requirements). This information must be analyzed dynamically to determine the most efficient use of the distribution center's labor, materials handling equipment, packaging equipment and shipping and receiving areas. Additionally, manufacturers, distributors and retailers must exchange information with other participants in the supply chain in order to effectively integrate the operation of their distribution centers with the entire supply chain.

In response to these new distribution center challenges, companies have implemented information technology systems designed to manage this new distribution environment. Gartner Group estimates that the distribution center management systems market totaled $750 million in revenue in 1997, and that the market is expected to grow at 30% annually through 2001. Furthermore, Gartner Group projects that the majority of the current installed base of largely internally developed software will be replaced by 2001. An effective distribution center management system must have the ability to integrate with: (i) enterprise resource planning ("ERP") systems; (ii) supply chain management

("SCM") systems such as transportation, order management and demand planning; and (iii) the existing distribution center equipment, including related radio frequency ("RF") equipment and automated materials handling equipment. In addition, customers frequently require their distribution center management systems to incorporate customer-driven modifications to their packaging, information and transportation services, new technologies and newly-defined best practices in their industry. Distribution center management systems also must operate with high reliability and efficiency while supporting very high transaction volumes and multiple users, and therefore are almost exclusively deployed on UNIX or large-scale enterprise servers.

Traditionally, distribution center management systems have been highly customized, difficult to upgrade and have required costly and lengthy implementations. Furthermore, these systems have not readily supported the increased volumes and complexities associated with recent advances in supply chain re-engineering initiatives. Most providers of these systems have not focused on specific vertical markets but rather have attempted to customize their solutions to differing vertical market demands with each implementation. As a result, many of these providers have been unable to effectively leverage industry-specific expertise for use in future implementations.

THE MANHATTAN SOLUTION

Manhattan provides information technology solutions for distribution centers that are designed to enable the efficient movement of goods through the supply chain. The Company's solutions are designed to optimize the receipt, storage and distribution of inventory and the management of equipment and personnel within a distribution center, and to meet the increasingly complex information requirements of manufacturers, distributors and retailers. The Company's solutions consist of software, including PkMS, a comprehensive and modular software system; services, including design, configuration, implementation, training and support; and hardware. In addition, through its recent acquisition of PAC, the Company offers slotting functionality, which helps determine the optimal storage location for inventory within a distribution center. The Company currently provides solutions to manufacturers, distributors and retailers primarily in the apparel, consumer products, food service and grocery markets.

PkMS allows organizations to manage the receiving, stock locating, stock picking, order verification, order packing and shipment of products in complex distribution centers. PkMS is designed to optimize the operation of a distribution center by increasing inventory turnover,

improving inventory accuracy, reducing response times, reducing inventory levels, improving customer service and increasing the productivity of labor, facilities and materials handling equipment. The Company has developed robust, high volume systems for manufacturers, distributors and retailers of consumer products to support Quick Response and other industry and supply chain initiatives. PkMS employs leading relational database technology and can be easily integrated with third party software applications, including the ERP and SCM systems of its customers.

The Manhattan solutions feature PkMS, a modular software system that, together with the Company's consulting, implementation and maintenance services, provides:

- COMPREHENSIVE FUNCTIONALITY--PkMS addresses a full range of requirements of modern, complex distribution centers with an existing product rather than custom-designed and developed applications. PkMS provides comprehensive functionality for specific vertical markets incorporating industry-wide initiatives.

- EASE OF IMPLEMENTATION--PkMS' modular design, along with the Company's knowledge of specific vertical markets and expertise in planning and installation, allows the Company's solutions to be implemented more

rapidly than highly-customized distribution center management systems. A typical implementation can often be completed within six months. Because of its modular design, PkMS can be implemented in phases to meet specific customer demands.

- TIMELY RESPONSE TO INDUSTRY INITIATIVES--PkMS features a comprehensive maintenance program to provide its customers with timely software upgrades offering increased functionality and technological advances which address emerging supply chain and other industry initiatives.

- FLEXIBILITY AND CONFIGURABILITY--PkMS is designed to be easily configured to meet a distribution center's specific requirements and reconfigured to meet changing customer requirements.

- SCALEABILITY--PkMS is designed to facilitate the management of evolving distribution center systems to accommodate increases in the number of system users, complexity and distribution volume.

In addition, through its recent acquisition of PAC, the Company offers slotting functionality, which helps determine the optimal storage location for inventory within a distribution center. See "--Recent Developments."

GRAPHIC: A stylized picture of a cross-section of a modern warehouse with separate areas labeled accordingly; Shipping, Tilt-Tray Sorter, Packing Stations, Picking Area Mezzanine, Receiving, Reserve Storage.

CAPTION: PkMS controls the movement of goods from the truck to the reserve area. When needed, PkMS locates the item and moves it via lift trucks to the picking area. PkMS then picks specific items which are placed on conveyors and moved to the tilt-tray sorter where they are sorted to chutes that feed packing stations for final shipping.

STRATEGY

The Company's objective is to be the leading provider of information technology solutions that enable distribution centers to more efficiently manage the movement of goods through the supply chain. The Company will continue to provide solutions to targeted vertical markets by offering advanced, highly functional, highly scaleable applications that allow customers to leverage their investment in distribution centers and meet frequently-changing customer requirements. The Company's strategy to achieve this objective includes the following key elements:

Enhance Core Product Functionality. The Company intends to continue to focus its product development resources on the development and enhancement of PkMS to extend its

functionality and enable its operation on client/server platforms. The Company identifies further enhancements to PkMS through on-going customer consulting engagements and implementations, interactions with its user groups and participation in industry standards and research committees. The Company intends to continue to achieve these development objectives through both its internal research and development activities and selected acquisitions of complementary products and technologies.

Target New Vertical Markets. The Company to date has focused its marketing, sales and product development efforts on specific vertical markets, particularly in the apparel manufacturing industry. The Company is increasingly targeting additional vertical markets, including food service, grocery and other retailers. In addition, the Company plans to target other vertical markets that adopt Quick Response, Efficient Consumer Response and similar industry initiatives.

Expand Sales, Services and Marketing Organizations. Manhattan currently sells and supports PkMS through its direct sales and services personnel. The Company plans to invest significantly in expanding its sales, services and marketing organizations and to pursue strategic marketing partnerships with systems integrators and third party software application providers.

Develop International Sales. The Company has historically focused its sales efforts on customers in the United States. The Company intends to add sales personnel and establish offices focused on international opportunities and pursue strategic marketing partnerships with international systems integrators and third party software application providers.

Expand Integration with Complementary Products. The Company believes that the ability to offer a software solution that can extend integration with leading third party software applications will continue to provide a significant competitive advantage. The Company intends to continue to develop PkMS to integrate with complementary SCM, ERP and other business applications.

PRODUCTS AND SERVICES

Software. PkMS, the Company's principal software product, features a modular design which permits customers to selectively implement specific functionality depending on the needs of each distribution facility or operation.

The following table describes the functions of the PkMS modules:

MODULE	DESCRIPTION
INVENTORY MANAGEMENT SYSTEM ("IMS")	MANAGES THE RECEIPT, PUT-AWAY AND MOVEMENT OF ALL INVENTORY THROUGHOUT THE DISTRIBUTION CENTER
Receiving	. Verifies the accuracy of incoming shipments against the advanced shipping notice . Designates incoming inventory for quality audit and immediate out-going shipment (cross-docking) . Manages receiving yard by scheduling time, dock location and priority of shipments
Stock Locator	. Enhances inventory movement efficiency by directing put-away, minimizing travel distances and optimizing storage capacity . Tracks movement of inventory by allowing real-time inquiries by location, SKU and other criteria
Cycle Count	. Enables more efficient inventory counts by permitting specific zones of a distribution center to be "frozen" without interrupting ongoing operations . Automatically generates cycle count tasks for specific SKUs, locations or other user-designated criteria
Work Order Management	. Directs the assembly of finished goods within a distribution center to match customer demands
Radio Frequency Functions for the IMS	. Allows the real-time collection of inventory product information and location with remote, hand-held mobile devices for integration with the IMS . Communicates real-time task assignments to workers in remote locations of the distribution center

Task Management System for the IMS	. Coordinates the sequence of distribution center tasks to optimize labor efficiency
OUTBOUND DISTRIBUTION SYSTEM ("ODS")	MANAGES THE PICKING, PACKING AND SHIPPING OF ORDERS IN EFFICIENT RELEASE WAVES
Wave Management	. Selects, prioritizes and groups outgoing orders in manageable increments based upon user-defined criteria . Routes picktickets based upon retailer requirements and pre-determines carton contents to minimize the number of outgoing cartons . Facilitates stock replenishment for active picking and packing locations
Verification	. Provides automatic verification of orders and identifies order shortages and overages to maximize shipping accuracy at several different points within the order fulfillment process
Radio Frequency Functions for the ODS	. Allows the real-time collection of shipment information and location with remote, hand-held mobile devices . Communicates real-time task assignments to workers in remote locations of the distribution center
Freight Management System	. Sorts orders by specific freight carriers, calculates shipping charges and controls load sequencing based upon truck routes . Generates all documentation required for shipping such as bills of lading and retailer-compliant required manifests
Parcel Shipping System	. Calculates all shipping charges for parcel shipments, generates tracking numbers and provides appropriate documentation for parcel carriers
Order Allocation System	. Prioritizes and allocates orders based on current aggregate inventory levels for customers whose host system is unable to perform this function
ADVANCE SHIP NOTICE ENABLER SYSTEM	ENABLES A CUSTOMER'S SUPPLIERS IN REMOTE LOCATIONS TO CREATE ADVANCED SHIP NOTICES FOR THE CUSTOMER'S RECEIVING DISTRIBUTION CENTER

Through its recent acquisition of PAC, the Company offers SLOT-IT, a software application with "slotting" functionality. Slotting is the process by which inventory items are stored in the optimal physical location within a distribution center. By using decision-support algorithms, SLOT-IT helps determine the optimal location based upon such factors as historical shipment volumes, seasonal demands, location of related products, and physical size and stacking characteristics of a product. Historically, distribution centers using SLOT-IT have realized increased efficiency in managing stock locating, stock picking, order packing and shipment of products.

Consulting Services. The Company's consulting services provide its customers with expertise and assistance in planning and implementing the Company's 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 the Company's system, and ongoing training, education and upgrades. The Company believes that its consulting services enable the customer to implement PkMS rapidly, ensure the customer's success with the Company's solution, strengthen the relationship with the customer, and add to the Company's industry-specific knowledge base for use in future implementations and product development efforts.

Although the Company's consulting services are optional, substantially all of its customers utilize these services for the implementation and ongoing support of the Company's software products. Consulting services are billed on an hourly basis. The Company believes that the complexity of platforms on which the current products operate and the increased complexity of its planned client/server product will result in an increased demand for consulting services. Accordingly, the Company plans to substantially increase the number of consultants to support anticipated growth in product implementations and upgrades. To the extent the Company is unable to attract, train and retain qualified consulting personnel, the Company's operating results may be adversely affected. See "Risk Factors--Ability to Manage Growth" and "--New Management Team; Dependence on Key Personnel."

The Company's consulting services group consists of business consultants, systems analysts and technical personnel devoted to assisting customers in all phases of systems implementation including planning and design, customer-specific configuring of modules, and on-site implementation or conversion from existing systems. The Company's consulting personnel undergo training on distribution center operations and the Company's products. The Company believes that this training, together with the ease of implementation of its

products, enables it to productively utilize newly-hired consulting personnel more rapidly than its competitors. The Company may increasingly utilize third party consultants, such as those from major systems integrators, to assist in certain implementations.

Maintenance. PkMS features a comprehensive maintenance program which provides its customers with timely software upgrades offering increased functionality and technological advances which incorporate emerging supply chain and other industry initiatives. As of December 31, 1997, a majority of the Company's customers had subscribed to the Company's comprehensive maintenance support program. The Company has the ability to remotely access the customer's system in order to perform diagnostics, on-line assistance and software upgrades. All of the Company's annual maintenance agreements entitle customers to software product upgrades. The Company offers a standard annual maintenance option providing for customer telephone support during normal business hours for 15% of the current software license fee and 24 hour maintenance for 20% percent of the current software license fee.

Hardware. The Company's products operate on multiple hardware platforms utilizing various hardware systems and interoperate with many third party software applications and

legacy systems. This open system capability enables customers to continue using their existing computer resources and to choose among a wide variety of existing and emerging computer hardware and peripheral technologies.

In conjunction with the licensing of PkMS, the Company resells a variety of hardware products developed and manufactured by third parties in order to provide the Company's customers with an integrated distribution center management solution. These products include computer hardware, radio frequency terminal networks, bar code printers and scanners, and other peripherals. The Company resells all third party hardware products pursuant to agreements with manufacturers or through distributor authorized reseller agreements pursuant to which the Company is entitled to purchase hardware products at discount prices and to receive technical support in connection with product installations and any subsequent product malfunctions. The Company generally purchases hardware from its vendors only after receiving an order from a customer. As a result, the Company does not maintain hardware inventory in any significant amounts.

SALES AND MARKETING

To date, substantially all of the Company's revenue has been generated through its direct sales force. The Company plans to continue to invest significantly in expanding its sales, support, services and marketing organizations within the United States, and to pursue strategic marketing partnerships. The Company conducts comprehensive marketing programs that include advertising, public relations, trade shows, joint programs with vendors and consultants and ongoing customer communication programs. The sales cycle typically begins with the generation of a sales lead or the receipt of a request for proposal from a prospective customer. The sales lead or request for proposal is followed by the qualification of the lead or prospect, an assessment of the customer's requirements, a formal response to the request for proposal, presentations and product demonstrations, site visits to an existing customer utilizing the Company's distribution center management system and contract negotiation. The sales cycle can vary substantially from customer to customer but typically requires three to six months.

CUSTOMERS

To date, the Company's customers have been primarily manufacturers, distributors and retailers in the apparel, consumer products, food service and

grocery market segments. The Company plans to expand its presence in the health and beauty products, industrial products and automotive products markets. As of December 31, 1997, PkMS was licensed for use by more than 250 customers including Calvin Klein, Dean Foods, Jockey International, Mikasa, Nordstrom, Patagonia, Playtex Apparel, Revlon, SEIKO Corporation of America, The Sports Authority, Timberland and Warnaco. The following table sets forth a representative list of the Company's customers as of December 31, 1997, that have purchased at least $100,000 in products and services from the Company.

APPAREL MANUFACTURERS	FOOD SERVICE AND DISTRIBUTION	HEALTH AND BEAUTY PRODUCTS
Aris Isotoner	Abbott Food Services	Andrew Jergens
ASICS Tiger	Arrow Industries	Beiersdorf USA
Authentic Fitness	Austin Quality Foods	Bonne Bell
Calvin Klein	Burns Philp Food	Revlon
Duck Head Apparel	Canned Foods	
Espirit	Dean Foods	
Farah (U.S.A.)	Maines Paper and Food Service	INDUSTRIAL PRODUCTS
Garan Manufacturing	Zacky Farms	American Tack & Hardware
		Delta International
		Machinery
Hartmarx		
Hugo Boss	CONSUMER PRODUCTS	
Jockey International	Brother International	Familian Pipe & Supply
London Fog	Bulova	Liberty Hardware
Oxford Industries	Conair Group	PPG Architectural
Patagonia	Hunter Fan	Coatings
Playtex Apparel	Lenox	Rain Bird Sales
Stride Rite	Mikasa	
Timberland	Remington Products	RETAILERS
Warnaco	SEIKO Corp. of America	The Children's Place
	Tandy Brands Accessories	Edison Brothers
		Holiday Stores
		Nordstrom
		The Sports Authority

The Company's top five customers in aggregate accounted for 22% and 26% of the Company's total revenue in 1997 and 1996, respectively. No single customer accounted for 10% or more of the Company's total revenue during any of the three years ended December 31, 1997.

Customers of PAC, which the Company recently acquired, operate primarily in the grocery market segment. PAC customers include Associated Wholesale Grocers, Food Lion, Nautica, Stop & Shop and SUPERVALU. See "--Recent Developments."

PRODUCT DEVELOPMENT

The Company's development efforts are focused on adding new functionality to existing products and enhancing the operability of its products across distributed and changing heterogeneous hardware platforms, operating systems and relational database systems. The Company believes that its future success depends in part upon its ability to continue to enhance existing products, respond to changing customer requirements and develop and introduce new or enhanced products that incorporate new technological developments and emerging industry standards. To that end, the Company's development efforts frequently focus on base system enhancements incorporating new user requirements and potential features identified through customer interaction and systems implementations. As a result, the Company is able to continue to offer its customers a highly configurable product with increasing functionality rather than a custom-developed software program.

The Company is currently devoting a significant portion of its research and

development efforts to the development of a client/server version of PkMS which will operate using the Windows 95 operating system and the Windows NT, UNIX and AS/400 server operating environments. As part of this development effort, the Company is employing a multi-tiered architecture based on a CORBA interface that facilitates scaleability and standardizes interfaces to other enterprise software applications. The Company is also employing object-oriented design frameworks which may require less code and may simplify future maintenance and upgrades. The Company intends to employ a more intuitive graphical user interface in the client/server version of PkMS and to employ installation "wizards" designed to ease the installation and configuration of the product.

The Company is also currently developing new functionality for PkMS, such as features designed to enhance worker productivity, improve yard management and schedule inbound shipment receiving appointments. The Company also plans to focus development efforts on integrating the SLOT-IT application, which was recently acquired in connection with the PAC acquisition, into future releases of PkMS. The Company plans to continue to conduct its development efforts internally in order to retain development knowledge and promote the continuity of programming standards.

The Company's research and development expenditures for the years ended December 31, 1997, 1996 and 1995 were $3.0 million, $1.2 million and $1.1 million, respectively. The Company intends to continue to increase its investment in product development in the future.

COMPETITION

The Company's products are targeted at the distribution center management systems market, which is intensely competitive and characterized by rapid technological change. The principal competitive factors affecting the market for the Company's products include vendor and product reputation; product architecture, functionality and features; ease and speed of implementation; return on investment; product quality, price and performance; and level of support. The Company's competitors are diverse and offer a variety of solutions directed at various aspects of the supply chain, as well as the enterprise as a whole. The Company's existing competitors include: (i) distribution center management software vendors including Catalyst International, Inc., EXE Technologies, Inc., Haushahn Systems & Engineers and McHugh Software International, Inc.; (ii) the corporate information technology departments of potential customers capable of internally developing solutions; and (iii) smaller independent companies that have developed or are attempting to develop distribution center management software that competes with the Company's software solution.

The Company may face competition in the future from (i) business application software vendors that may broaden their product offerings by internally developing, or by acquiring or partnering with independent developers of, distribution center management software; and (ii) ERP and SCM applications vendors. To the extent such ERP and SCM vendors develop or acquire systems with functionality comparable or superior to the Company's products, their significant installed customer bases, long-standing customer relationships and ability to offer a broad solution could provide a significant competitive advantage over the Company. In addition, it is possible that new competitors or alliances among current and new competitors may emerge and rapidly gain significant market share. Increased competition could result in price reductions, fewer customer orders, reduced gross margins and loss of market share.

Many of the Company's competitors and potential competitors have longer operating histories, significantly greater financial, technical, marketing and other resources, greater name

recognition and a larger installed base of customers than the Company. In order to be successful in the future, the Company must continue to respond

promptly and effectively to technological change and competitors' innovations. There can be no assurance that current or potential competitors of the Company will not develop products comparable or superior in terms of price and performance features to those developed by the Company. In addition, no assurance can be given that the Company will not be required to make substantial additional investments in connection with its research, development, marketing, sales and customer service efforts in order to meet any competitive threat, or that the Company will be able to compete successfully in the future. Increased competition will result in reductions in market share, pressure for price reductions and related reductions in gross margins, any of which could materially and adversely affect the Company's ability to achieve its financial and business goals. There can be no assurance that in the future the Company will be able to successfully compete against current and future competitors. See "Risk Factors--Competition."

PROPRIETARY RIGHTS

The Company relies on a combination of copyright, trade secret, trademark, service mark and trade dress laws, confidentiality procedures and contractual provisions to protect its proprietary rights in its PkMS product and technology. The Company generally enters into confidentiality agreements with its employees, consultants, clients and potential clients and limits access to, and distribution of, its proprietary information. The Company licenses PkMS to its customers in source code format and restricts the customer's use for internal purposes without the right to sublicense the PkMS product. However, the Company believes that the foregoing measures afford only limited protection. Despite the Company's efforts to safeguard and maintain its proprietary rights both in the United States and abroad, there can be no assurance that the Company will be successful in doing so or that the steps taken by the Company in this regard will be adequate to deter misappropriation or independent third party development of the Company's technology or to prevent an unauthorized third party from copying or otherwise obtaining and using the Company's products or technology. In addition, policing unauthorized use of the Company's products is difficult, and while the Company is unable to determine the extent to which piracy of its software products exist, software piracy could become a problem.

As the number of supply chain management applications in the industry increases and the functionality of these products further overlaps, companies that develop software, like Manhattan, may increasingly become subject to claims of infringement or misappropriation of the intellectual property rights of others. There can be no assurance that third parties will not assert infringement or misappropriation claims against the Company in the future with respect to current or future products. Any claims or litigation, with or without merit, could be time-consuming, result in costly litigation, diversion of management's attention and cause product shipment delays or require the Company to enter into royalty or licensing arrangements. Such royalty or licensing arrangements, if required, may not be available on terms acceptable to the Company, if at all, which could have a material adverse effect on the Company's business, financial condition and results of operations. Adverse determinations in such claims or litigation could also have a material adverse effect on the Company's business, financial condition and results of operations.

The Company may be subject to additional risks as it enters into transactions in countries where intellectual property laws are not well developed or are poorly enforced. Legal protections of the Company's rights may be ineffective in such countries. Litigation to defend and enforce the Company's intellectual property rights could result in substantial costs and diversion of resources and could have a material adverse effect on the Company's business, financial condition and results of operations, regardless of the final outcome of such litigation. Despite the Company's efforts to safeguard and maintain its proprietary rights both in the

United States and abroad, there can be no assurance that the Company will be

successful in doing so, or that the steps taken by the Company in this regard will be adequate to deter misappropriation or independent third party development of the Company's technology or to prevent an unauthorized third party from copying or otherwise obtaining and using the Company's products or technology. Any such events could have a material adverse effect on the Company's business, financial condition and results of operations. See "Risk Factors--Intellectual Property Rights."

EMPLOYEES

As of December 31, 1997, the Company had 207 full-time employees. None of the employees of the Company is covered by a collective bargaining agreement. The Company considers its relations with its employees to be good. As of February 26, 1998, certain of the Company's employees were employed pursuant to the H-1(B), non-immigrant work-permitted visa classification. See "Risk Factors--Immigration Issues."

The Company believes its future success will depend in large part on its ability to recruit and retain qualified employees, especially experienced software engineering personnel. The competition for such personnel is intense, and there can be no assurance that the Company will be successful in retaining or recruiting key personnel. See "Risk Factors--Ability to Manage Growth" and "--New Management Team; Dependence on Key Personnel."

PROPERTIES

The Company's principal administrative, sales, marketing, support, and research and development facility is located in approximately 51,000 square feet of modern office space in Atlanta, Georgia. This facility is leased to the Company through December 31, 2002. The Company has an option to lease an additional 12,000 square feet contiguous to the existing space. Management believes its current facilities are adequate for its present requirements. However, the Company expects in the future to expand into additional facilities.

RECENT DEVELOPMENTS

On February 16, 1998, the Company purchased all of the outstanding stock of Performance Analysis Corporation for $2.2 million in cash and 106,666 shares of the Company's Common Stock valued at $10.00 per share. PAC is a developer of distribution center slotting software. The PAC acquisition will be accounted for as a purchase. The purchase price of approximately $3.3 million has been allocated to the assets acquired and liabilities assumed including acquired research and development of $2.1 million, purchased software of $500,000, and other intangible assets of $300,000. Purchased software will be amortized over an estimated three-year useful life and other intangible assets will be amortized over a seven-year period. In connection with the PAC acquisition, the Company will record a charge to income of approximately $2.1 million in the first quarter of 1998 for acquired research and development.

LEGAL PROCEEDINGS

The Company is not a party to any material legal proceedings.

MANAGEMENT

DIRECTORS, EXECUTIVE OFFICERS AND OTHER KEY EMPLOYEES

The directors and executive officers of the Company and their ages as of February 26, 1998, are as follows:

NAME	AGE	POSITION

Alan J. Dabbiere.....	36	Chairman of the Board of Directors, Chief Executive Officer and President(1)
Deepak Raghavan.....	32	Chief Technology Officer and Director
Gregory Cronin.....	50	Executive Vice President--Sales and Marketing
Oliver M. Cooper.....	41	Chief Operating Officer
Michael J. Casey.....	34	Chief Financial Officer and Secretary
Neil Thall.....	51	Vice President--Business Development

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(1) Member of the Executive Committee.

Directors and Executive Officers

ALAN J. DABBIERE, a founder of the Company, has served as Chairman of the Board, Chief Executive Officer and President of the Company since its inception in 1990. From 1986 until 1990, Mr. Dabbiere was employed by Kurt Salmon Associates, a management consulting firm specializing in consumer products manufacturing and retailing, where he specialized in consulting for the retail and consumer products manufacturing industries. At Kurt Salmon Associates, Mr. Dabbiere participated in Quick Response pilot projects focused on the value of an integrated supply-chain initiative. Mr. Dabbiere serves on the American Apparel Manufacturer Association's Management Systems Committee.

DEEPAK RAGHAVAN, a founder of the Company, has served as Chief Technology Officer of the Company since its inception in 1990. From 1987 until 1990, Mr. Raghavan was a Senior Software Engineer for Infosys Consultants, a software development company, where he specialized in the design and implementation of information systems for the apparel manufacturing industry.

GREGORY CRONIN joined the Company in December 1997 as Executive Vice President--Sales and Marketing. Prior to joining the Company, Mr. Cronin served as President and Chief Operating Officer of McHugh Software International, Inc., a competing developer of distribution center management and transportation management software, from 1992 until December 1997. Before he was appointed as President and Chief Operating Officer of McHugh Software International, Inc., Mr. Cronin served in several other capacities with that company, including Senior Vice President--Sales and Marketing.

OLIVER M. COOPER has served as Chief Operating Officer of the Company since August 1997. Prior to joining the Company, Mr. Cooper served as Vice President--Sales and New Business Development for Compression Labs, Inc., a publicly traded developer of video conferencing and compression products from October 1995 until July 1997. Prior to joining Compression Labs, Inc., Mr. Cooper served in several capacities from October 1988 to September 1995 with Scientific-Atlanta, Inc., most recently as Vice President and General Manager--Broadband Communications Group.

MICHAEL J. CASEY has served as Chief Financial Officer of the Company since November 1997. Prior to joining the Company, Mr. Casey served as Chief Financial Officer of Intellivoice Communications, Inc., a developer of voice recognition software applications from April 1997 until November 1997. From February 1996 to February 1997, Mr. Casey was Chief Financial

Officer, Treasurer and Secretary of Colorocs Information Technologies, Inc., a publicly traded information technology company. From 1992 to 1996, Mr. Casey served as Vice President--Finance for IQ Software Corporation, a publicly traded software developer. Prior to 1992, Mr. Casey was employed by Arthur Andersen LLP, where he served the technology and communications industries. Mr. Casey is a member of the American Institute of Certified Public Accountants and is a Certified Public Accountant in the State of Georgia.

NEIL THALL joined the Company in January 1998 as Vice President--Business Development. From 1992 to 1997, Mr. Thall served as President of Neil Thall

Associates, a software development and management consulting subsidiary of HNC Software, Inc. that specialized in inventory management, Quick Response and vendor managed inventory initiatives. Prior to 1992, Mr. Thall was employed by Kurt Salmon Associates as National Service Director--Retail Consulting, where he specialized in the development and implementation of information systems for major department stores, specialty and mass merchant chains.

Other Key Employees

DANIEL BASMAJIAN, SR. Mr. Basmajian has served as President of Performance Analysis Corporation since 1987. Performance Analysis Corporation became a wholly-owned subsidiary of the Company in February 1998, when the Company acquired all of its issued and outstanding shares.

JEFFRY W. BAUM joined the Company in February 1998 as Vice President--International Business Development. From January 1997 until February 1998, Mr. Baum served as Vice President--Sales and Marketing of Haushahn Systems & Engineers, a warehouse management systems and material handling automation provider. From March 1, 1992 until December 1996, Mr. Baum served as Senior Account Manager at Haushahn. Prior to that, he served in a variety of business development, account management and marketing positions with Logisticon, Inc. and Hewlett-Packard.

ZACHARY TODARO has been employed by the Company since April 1993 and has served as Director of Consulting Services of the Company since August 1997. Prior to serving as Director of Consulting Services, Mr. Todaro served in several capacities with the Company including sales, product development and consulting.

Election of Directors

Within 90 days after the date of this Prospectus, the Company intends to elect at least two outside members to its Board of Directors. It will be necessary for the Company to appoint these independent directors within the 90 day time period in order to maintain its Nasdaq National Market listing. Failure to appoint two such directors could result in a delisting of the Common Stock from the Nasdaq National Market.

The Board of Directors is divided into three classes, each of whose members serve for a staggered three-year term. The Board is comprised of one Class I director (Mr. Dabbiere), one Class II director (Mr. Raghavan) and no Class III directors. At each annual meeting of shareholders, a class of directors will be elected for a three-year term to succeed the directors of the same class whose terms are then expiring. The terms of the initial Class I directors, Class II directors and Class III directors will expire upon the election and qualification of successor directors at the 1999, 2000 and 2001 annual meetings of shareholders, respectively. There are no family relationships between any of the directors or executive officers of the Company. See "Risk Factors--No Prior Public Market for Common Stock; Possible Volatility of Stock Price" and "Description of Capital Stock--Certain Articles of Incorporation and Bylaw Provisions."

BOARD COMMITTEES

The Board of Directors has established an Executive Committee comprised of Messrs. Dabbiere and Raghavan. The Executive Committee is empowered to exercise all authority of the Board of Directors of the Company, except as limited by the Georgia Business Corporation Code ("GBCC"). Under Georgia law, an Executive Committee may not, among other things, approve or propose to shareholders actions required to be approved by shareholders, fill vacancies on the Board of Directors or any of its committees, amend or repeal the bylaws of the Company or approve a plan of merger not requiring shareholder approval. Upon the addition of the two or more outside directors, the Company will name directors to serve on the Compensation and Audit Committees. The Compensation Committee will be responsible for reviewing and recommending salaries, bonuses

and other compensation for the Company's officers. The Compensation Committee will also be responsible for administering the Company's stock option plans and for establishing the terms and conditions of all stock options granted under these plans. The Audit Committee will be responsible for recommending independent auditors, reviewing with the independent auditors the scope and results of the audit engagement, monitoring the Company's financial policies and internal control procedures and reviewing and monitoring the provisions of non-audit services by the Company's auditors. The full Board of Directors will perform the functions of the Compensation and Audit Committees until the election of outside directors.

DIRECTOR COMPENSATION

Following the consummation of the Offering, the non-employee members of the Board of Directors will receive fees of $1,000 for each board meeting attended and $500 for each committee meeting attended which is held independently of a board meeting. The Company may grant stock options to the non-employee members of the Board of Directors.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During 1997, compensation of executive officers of the Company was determined by Alan J. Dabbiere, Chairman of the Board, Chief Executive Officer and President of the Company. After completion of the Offering and appointment of outside directors, the Company will establish a Compensation Committee to review the performance of executive officers, establish overall employee compensation policies and recommend to the Board of Directors major compensation programs. No member of the Compensation Committee will be an executive officer of the Company.

EXECUTIVE COMPENSATION

Summary Compensation Table. The following table sets forth the total compensation paid or accrued by the Company in 1997 for its Chief Executive Officer and each executive officer of the Company whose total annual salary and bonuses determined at December 31, 1997 exceeded $100,000 (collectively, the "Named Executive Officers").

	ANNUAL COMPENSATION			LONG-TERM COMPENSATION AWARDS
NAME AND PRINCIPAL POSITION	SALARY	BONUS	ALL OTHER COMPENSATION(1)	NUMBER OF SECURITIES UNDERLYING OPTIONS
Alan J. Dabbiere..... Chairman of the Board, Chief Executive Officer and President	$250,000	$406,170(2)	--	--
Deepak Raghavan..... Chief Technology Officer	173,217	--	--	--
Gregory Cronin ..... Executive Vice President-- Sales and Marketing	17,692	100,000(3)	--	350,000
Oliver M. Cooper..... Chief Operating Officer	69,327	70,000(3)	--	200,000

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(1) In accordance with the rules of the Securities and Exchange Commission

(the "Commission"), other compensation in the form of perquisites and other personal benefits has been omitted because such perquisites and other personal benefits constituted less than the lesser of $50,000 or 10% of the total annual salary and bonus for the Named Executive Officer for such year.

(2) Represents bonuses and sales commissions. Bonuses awarded and paid in 1997 were based upon 1997 performance.

(3) Represents a bonus paid to Messrs. Cronin and Cooper in December 1997 and August 1997, respectively, upon joining the Company.

OPTION GRANTS IN LAST FISCAL YEAR

The following table sets forth all individual grants of stock options during the year ended December 31, 1997, to each of the Named Executive Officers:

	INDIVIDUAL GRANTS				POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM(1)	
NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED	PERCENT OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE OR BASE PRICE PER SHARE	EXPIRATION DATE	5%	10%
Alan J. Dabbiere.....	--	--	--	--	--	--
Deepak Raghavan.....	--	--	--	--	--	--
Gregory Cronin(2).....	350,000	14.0%	$3.50	11/14/07	$ 770,396	$ 1,952,335
Oliver M. Cooper(3).....	200,000	8.0%	$2.50	8/11/07	$ 314,447	$ 796,871

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(1) Amounts represent hypothetical gains that could be achieved for the respective options if exercised at the end of the option term. These gains are based on the fair market value per share on the date of grant and assumed rates of stock price appreciation of 5% and 10% compounded annually from the date the respective options were granted to their expiration date. These assumptions are mandated by the rules of the Securities and Exchange Commission and are not intended to forecast future appreciation of the Company's stock price. The potential realizable value computation is net of the applicable exercise price, but does not take into account federal or state income tax consequences and other expenses of option exercises or sales of appreciated stock. Actual gains, if any, are dependent upon the timing of such exercise and the future performance of the Company's Common Stock. There can be no assurance that the rates of appreciation in this table can be achieved. This table does not take into account any appreciation in the price of the Common Stock to date.

(2) This option was granted on November 14, 1997 with an exercise price below the fair market value of the Common Stock on the date of grant as determined by the Board of Directors. The option is a nonqualified stock option which vests beginning November 14, 1998 in equal annual installments over three years and has a ten year term.

(3) This option was granted on August 11, 1997 with an exercise price equal to the fair market value of the Common Stock on the date of grant as determined by the Board of Directors. The option is a nonqualified stock option, and 60,000 shares vest over the first six months of the option term in equal monthly installments, 40,000 shares vest on each of August 11, 1998 and August 11, 1999 and the remaining 60,000 shares vest on August 11, 2001. The option has a ten year term.

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND YEAR-END OPTION VALUES

No Named Executive Officer exercised any stock option during 1997. The following table summarizes the value of the outstanding options held by the Named Executive Officers at December 31, 1997:

NAME	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT FISCAL YEAR-END		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT FISCAL YEAR-END(1)	
	EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
Alan J. Dabbiere.....	--	--	--	--
Deepak Raghavan.....	--	--	--	--
Gregory Cronin.....	--	350,000	--	$1,400,000
Oliver M. Cooper.....	--	200,000	--	1,000,000

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(1) Based on the estimated fair market value of the Company's Common Stock as of December 31, 1997 of $7.50 per share, less the exercise price payable upon exercise of such options. Such estimated fair market value as of December 31, 1997 is substantially lower than the estimated price to public in the Offering.

STOCK OPTION PLANS

Manhattan Associates, LLC Option Plan. The Manhattan Associates, LLC Option Plan (the "LLC Option Plan") became effective on January 1, 1997. The aggregate number of shares reserved for issuance under the LLC Option Plan was 5,000,000 shares. The purpose of the LLC Option Plan was to provide incentives for key employees, officers, consultants and directors to promote the success of the Company and to enhance the Company's ability to attract and retain the services of such persons. Options granted under the LLC Option Plan were not options intended to qualify as "incentive stock options" under Section 422 of the Code. As of February 26, 1998, no additional options may be granted pursuant to the LLC Option Plan.

As of February 26, 1998, options to purchase 3,268,666 shares of Common Stock were outstanding under the LLC Option Plan at a weighted average exercise price of $4.42 per share, and no shares of Common Stock have been issued upon exercise of options granted under the LLC Option Plan.

STOCK INCENTIVE PLAN. The Company's 1998 Stock Incentive Plan (the "Stock Incentive Plan") was adopted by the Board of Directors and approved by the shareholders of the Company in February 1998. Up to 5,000,000 shares of Common Stock (subject to adjustment in the event of stock splits and other similar events), less the number of shares issued under the LLC Option Plan, may be issued pursuant to stock options and other stock incentives granted under the Stock Incentive Plan. As of February 26, 1998, no options to purchase shares of Common Stock or other stock incentives were outstanding under the Stock Incentive Plan and no shares of Common Stock had been issued pursuant to or upon the exercise of options or other stock incentives granted under the Stock Incentive Plan.

The Stock Incentive Plan provides for the grant of incentive stock options intended to qualify under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), nonstatutory stock options, restricted stock awards and stock appreciation rights ("SARs", and, together with the other options and incentives, "Awards"). Officers, employees, directors, advisors and consultants of the Company and any subsidiaries of the Company are eligible to be granted Awards under the Stock Incentive Plan. Under present law, however, incentive stock options may be granted only to employees. The granting of Awards under the Stock Incentive Plan is discretionary. The Company will be required to recognize compensation expense over the vesting period of any SARs granted.

Optionees receive the right to purchase a specified number of shares of

Common Stock at a specified option price and subject to such other terms and conditions as are specified in connection with the option grant. Options may be granted at an exercise price that may be less than, equal to or greater than the fair market value of the Common Stock on the date of grant. Under present law, incentive stock options may not be granted at an exercise price less than the fair market value of the Common Stock on the date of grant (or less than 110% of the fair market value in the case of incentive stock options granted to optionees holding more than 10% of the voting power of the Company). The Stock Incentive Plan permits the payment of the exercise price of options to be in the form of cash, or if the individual option agreement so provides, by surrender to the Company of shares of Common Stock or by a cashless exercise through a brokerage transaction.

The Stock Incentive Plan will be administered by the Board of Directors. The Board may appoint a committee consisting of at least two nonemployee directors, which may be the Compensation Committee, to administer the Stock Incentive Plan. To date, no such committee has been formed pending the election of nonemployee directors to the Board of Directors. The Board and any such committee will have the authority to adopt, amend and repeal the administrative rules, guidelines and practices relating to the Stock Incentive Plan generally and to interpret the provisions thereof. The Board of Directors and any such committee may amend, modify or terminate any outstanding Award and with respect to new Awards will determine (i) the number of shares of Common Stock covered by options, restricted stock awards or SARs, the dates upon which such options or SARs become exercisable and the restrictions on restricted stock lapse, (ii) the exercise price of options and SARs and the purchase price, if any, of restricted stock, (iii) the duration of options and SARs and (iv) conditions and duration of restrictions on restricted stock.

No Award may be made under the Stock Incentive Plan after February 2008, but Awards previously granted may extend beyond that time. The Board of Directors may at any time terminate the Stock Incentive Plan. Any such termination will not affect outstanding options, restricted stock or SARs.

OTHER OPTIONS. In addition to options issued under the LLC Option Plan, the Company has issued options to purchase an aggregate of 729,784 shares of Common Stock to employees outside of the LLC Option Plan and the Stock Incentive Plan at weighted average exercise price of $1.20 per share.

DEFERRED COMPENSATION PLANS

401(k) Profit Sharing Plan. The Company maintains a 401(k) Plan (the "401(k) Plan") which is intended to be a tax-qualified contribution plan under Section 401(k) of the Code. Pursuant to the 401(k) Plan, participants may contribute, subject to certain Code limitations, up to 10% of eligible compensation, as defined, to the 401(k) Plan. Employees are eligible for this arrangement upon completion of their first calendar month of employment. The Company will match contributions made by employees pursuant to the 401(k) Plan at a rate of 50% of the participant's contributions, up to 6% of the eligible compensation being contributed after the participant's first year of employment, subject to certain Code limitations. All employees of the Company who have completed one year of service with the Company consisting of at least 1,000 hours of employment are eligible for the matching contribution. The Company may make an additional contribution to participants' 401(k) Plans each year at the discretion of the Board of Directors. The portion of a participant's account attributable to his or her own contributions is 100% vested. The portion of the account attributable to Company contributions (including matching contributions) vests over 5 to 7 years of service with the Company. Distributions from

the 401(k) Plan may be made in the form of a lump-sum cash payment or in installment payments.

Defined Contribution Plan. The Company sponsors a defined contribution pension plan (the "Pension Plan") covering substantially all employees of the

Company. Under the Pension Plan, the Company contributes up to 8% of a participant's eligible compensation, as defined, to the Pension Plan after the participant's first year of employment.

PAC 401(K) PROFIT SHARING PLAN. Performance Analysis Corporation, which was acquired by the Company on February 16, 1998, sponsors a 401(k) Profit Sharing Plan (the "PAC 401(k) Plan"), covering substantially all employees of PAC. Under the PAC 401(k) Plan's deferred compensation arrangement, eligible employees who elect to participate in the PAC 401(k) Plan may contribute up to 15% of eligible compensation, as defined, to the PAC 401(k) Plan. The PAC 401(k) Plan may allow for a matching contribution which is determined by the PAC each plan year.

LIMITATION OF LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

The Company's Amended and Restated Articles of Incorporation provide that the liability of the directors for monetary damages shall be limited to the fullest extent permissible under Georgia law. This limitation of liability does not affect the availability of injunctive relief or other equitable remedies.

The Company's Bylaws provide that the Company will indemnify each of its officers, directors, employees and agents to the extent that he or she is or was a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative because he or she is or was a director, officer, employee or agent of the Company, against reasonable expenses (including attorneys' fees), judgments, fines and amounts paid in settlement in connection with such action, suit or proceeding; provided, however, that no indemnification shall be made for (i) any appropriation, in violation of his or her duties, of any business opportunity of the Company, (ii) acts or omissions which involve intentional misconduct or a knowing violation of law, (iii) any liability under Section 14-2-832 of the Georgia Business Corporation Code ("GBCC"), which relates to unlawful payments of dividends and unlawful stock repurchases and redemptions or (iv) any transaction from which he or she derived an improper personal benefit. The Company has entered into indemnification agreements with certain officers and directors providing indemnification similar to that provided in the Bylaws.

CERTAIN TRANSACTIONS

LLC DISTRIBUTION AND RESTRUCTURING

As of the date of this Prospectus, Manhattan LLC will become a wholly-owned subsidiary of the Company (the "Restructuring"). Prior to the Restructuring, an amount equal to all undistributed income, calculated on a tax basis, will be distributed to Manhattan LLC's shareholders through a combination of distributions from internally generated cash and from proceeds from borrowings with respect to a proposed line of credit. Amounts distributed to Pegasys, a shareholder of Manhattan LLC and corporation controlled by Alan J. Dabbiere, the Company's Chairman of the Board, Chief Executive Officer and President, will in turn be distributed to its shareholders immediately prior to the Restructuring. As of December 31, 1997, the Company's undistributed income, calculated on a tax basis, was $8.7 million, and the Company expects to accumulate additional undistributed income from January 1, 1998 through the date of the Restructuring. A portion of the net proceeds of the Offering will be used to repay balances incurred with respect to the proposed line of credit. See "Conversion from Limited Liability Company Status and Related Distributions" and Notes 1 and 9 of Notes to the Financial Statements.

TAX INDEMNIFICATION AGREEMENTS

The Company has entered into tax indemnification agreements (the "Tax Indemnification Agreements") with Alan J. Dabbiere, Deepak Raghavan, the Company's Chief Technology Officer, and two other founders of the Company,

Deepak Rao and Ponnambalam Muthiah, and certain entities affiliated with such individuals. Each of the Tax Indemnity Agreements provide for, among other things, the indemnification of the Company by these shareholders for any federal and state income taxes (including interest and penalties) incurred by the Company if for any reason Manhattan LLC were to be taxable as a "C" corporation during the period prior to the Restructuring and for any tax liabilities incurred by the Company by reason of the Restructuring. In addition, Mr. Dabbiere's Tax Indemnification Agreement provides for the indemnification of the Company by Mr. Dabbiere for any liabilities incurred by the Company if for any reason Pegasys is deemed to be taxable as a "C" corporation during the period prior to the Restructuring. The liability of each of the shareholders to the Company may not exceed the amount of any distributions received by such shareholder from Manhattan LLC, net of any taxes attributable to his distributed share of Manhattan LLC's income. The Tax Indemnification Agreements also provide for the indemnification by the Company of each party for certain additional taxes, interest and penalties resulting from Manhattan LLC being taxed as a partnership and indemnification by the Company of Mr. Dabbiere and certain entities affiliated with him for certain additional taxes, interest and penalties resulting from Pegasys being taxed as an "S" corporation.

RELATED PARTY TRANSACTIONS

On December 31, 1995, the Company entered into a Grid Promissory Note (the "1995 Note") with Alan J. Dabbiere. Pursuant to the 1995 Note, Mr. Dabbiere loaned the Company $1,000,000 on December 31, 1995 at an interest rate of 5% per year. The balance of the 1995 Note, including accrued interest, was $1,019,000 as of December 31, 1997. On February 6, 1998, the Company borrowed an additional $900,000 under the 1995 Note. The balance of the 1995 Note at February 6, 1998, was $1,929,000. The proceeds of the 1995 Note were used for working capital.

On February 16, 1998, Deepak Raghavan, the Chief Technology Officer of the Company, invested $1,000,000 in the Company to purchase 100,000 shares of Common Stock. The proceeds of Mr. Raghavan's investment were used for working capital.

During 1995, 1996 and 1997, a brother of Alan J. Dabbiere was employed by the Company as director of the Company's hardware sales, and received aggregate payments of $63,667, $75,536 and $80,942 respectively. During 1995, 1996 and 1997, a brother of Mr. Dabbiere was employed by the Company as a senior account executive in the Company's sales and marketing department, and received aggregate payments of $119,109, $175,494 and $254,104 respectively. During 1995, 1996 and 1997, a brother of Mr. Dabbiere provided legal and management consulting services to the Company, and received aggregate payments of $25,733, $38,126, and $53,767, respectively. These individuals also received stock options under the Company's stock option plans. As of December 31, 1997, there were no fees outstanding for the services provided by these individuals.

The Board of Directors of the Company has adopted a resolution whereby all future transactions, including any loans from the Company to its officers, directors, principal shareholders or affiliates, will be approved by a majority of the Board of Directors, including a majority of the independent and disinterested members of the Board of Directors, if required by law, or a majority of the disinterested shareholders and will be on terms no less favorable to the Company than could be obtained from unaffiliated third parties.

PRINCIPAL AND SELLING SHAREHOLDERS

The following table sets forth certain information with respect to the beneficial ownership of the Company's Common Stock as of February 26, 1998, and as adjusted to reflect the sale by the Company of the shares offered hereby with respect to: (i) each director of the Company; (ii) each of the

Named Executive Officers; (iii) each shareholder known by the Company to be the beneficial owner of more than 5% of the Company's Common Stock; and (iv) all executive officers and directors as a group. Except as otherwise noted, the persons or entities named in the table have sole voting and investment power with respect to all the shares of Common Stock beneficially owned by them.

NAMED EXECUTIVE OFFICERS AND DIRECTORS(1)	BENEFICIAL OWNERSHIP PRIOR TO THE OFFERING(2)		BENEFICIAL OWNERSHIP AFTER THE OFFERING(2)(3)	
	SHARES	PERCENTAGE	SHARES	PERCENTAGE
Alan J. Dabbiere(4).....	11,248,576	55.7%	11,248,576	48.5%
Deepak Raghavan(5).....	2,809,944	13.9%	2,809,944	12.1%
Gregory Cronin.....	--	--	--	--
Oliver M. Cooper(6).....	60,000	*	60,000	*
All directors and executive officers as a group (6 persons)(7)...	14,175,186	69.7%	14,175,186	60.8%
Deepak Rao(8).....	2,777,944	13.7%	2,777,944	12.0%
Ponnambalam Muthiah(9)..	2,816,644	13.9%	2,816,644	12.1%

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* Less than 1% of the outstanding Common Stock.

(1) Except as set forth herein, the street address of the named beneficial owner is c/o Manhattan Associates, Inc., 2300 Windy Ridge Parkway, Suite 700, Atlanta, Georgia 30339.

(2) For purposes of calculating the percentage beneficially owned, the number of shares of Common Stock deemed outstanding prior to the Offering includes (i) 20,206,674 shares outstanding as of February 26, 1998 and (ii) shares issuable by the Company pursuant to options held by the respective person or group which may be exercised within 60 days following February 26, 1998 ("Presently Exercisable Options"). The number of shares of Common Stock deemed outstanding after this offering includes an additional 3,000,000 shares that are being offered for sale by the Company in this offering. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission that deem shares to be beneficially owned by any person or group who has or shares voting and investment power with respect to such shares. Presently Exercisable Options are deemed to be outstanding and to be beneficially owned by the person or group holding such options for the purpose of computing the percentage ownership of such person or group but are not treated as outstanding for the purpose of computing the percentage ownership of any other person or group.

(3) If the Underwriters exercise their over-allotment option to purchase up to 450,000 shares, then the following stockholders named in the table above will sell up to the following number of additional shares: Alan J. Dabbiere, 87,500 shares; Deepak Raghavan, 187,500 shares; Deepak Rao, 87,500 shares; and Ponnambalam Muthiah, 87,500 shares.

(4) Includes 8,998,861 shares held by a limited partnership controlled by Mr. Dabbiere, the 99% limited partnership interest of which is held by a trust for the benefit of his siblings, certain extended relatives and any future descendants. Mr. Dabbiere disclaims beneficial ownership of the shares held by the limited partnership which are allocable to the interest held by the trust.

(5) Consists of 2,803,944 shares held by a limited partnership controlled by Mr. Raghavan, the 99% limited partnership interest of which is owned by a trust for the benefit of his descendants, and 6,000 shares held by Mr. Raghavan for the benefit of his minor child. Mr. Raghavan disclaims beneficial ownership of the shares held by the limited partnership which are allocable to the interest held by the trust and the shares held for the benefit of his child.

(6) Consists of 60,000 shares issuable pursuant to Presently Exercisable Options.

(7) Includes 8,998,861 shares held by a limited partnership controlled by Mr. Dabbiere; 2,803,944 shares held by a limited partnership controlled by Mr. Raghavan; 6,000 shares held by Mr. Raghavan's child, who is a minor and

116,666 shares issuable pursuant to Presently Exercisable Options.

(8) Includes 2,471,544 shares held by a limited partnership controlled by Mr. Rao, the 99% limited partnership interest of which is held by a trust for the benefit of his descendants, and 6,400 shares held by Mr. Rao for the benefit of his minor children. Mr. Rao disclaims beneficial ownership of the shares held by the limited partnership which are allocable to the interest held by the trust and the shares held for the benefit of his children.

(9) Includes 2,000,000 shares held by a limited partnership controlled by Ponnambalam Muthiah, the 99% limited partnership interest of which is held by a trust for the benefit of his descendants, and 12,000 shares held by him for the benefit of his minor children. Ponnambalam Muthiah disclaims beneficial ownership of the shares held by the limited partnership which are allocable to the interest held by the trust and the shares held for the benefit of his children.

DESCRIPTION OF CAPITAL STOCK

Upon completion of the Offering, the Company's authorized capital stock will consist of 100,000,000 shares of Common Stock, $.01 par value per share, and 20,000,000 shares of preferred stock, no par value per share. As of February 26, 1998, the Company had issued and outstanding 20,206,674 shares of Common Stock. The following description of the capital stock of the Company is a summary and is qualified in its entirety by the provisions of the Company's Articles of Incorporation and Bylaws, copies of which have been filed as exhibits to the Registration Statement of which this Prospectus is a part.

COMMON STOCK

Holders of shares of Common Stock are entitled to one vote per share for the election of directors and all matters to be submitted to a vote of the Company's shareholders. Subject to the rights of any holders of preferred stock which may be issued in the future, the holders of shares of Common Stock are entitled to share ratably in such dividends as may be declared by the Board of Directors and paid by the Company out of funds legally available therefore. In the event of dissolution, liquidation or winding up of the Company, holders of shares of Common Stock are entitled to share ratably in all assets remaining after payment of all liabilities and liquidation preferences, if any. Holders of shares of Common Stock have no preemptive, subscription, redemption or conversion rights. The outstanding shares of Common Stock are, and the shares of Common Stock to be issued by the Company in connection with the Offering will be, duly authorized, validly issued, fully paid and nonassessable.

PREFERRED STOCK

The Board of Directors is authorized, subject to certain limitations prescribed by laws, without further shareholder approval, to issue from time to time up to an aggregate of 20,000,000 shares of preferred stock in one or more series and to fix or alter the designations, preferences, rights and any qualifications, limitations or restrictions on the shares of each such series thereof, including the dividend rights, dividend rates, conversion rights, voting rights, terms of redemption (including sinking fund provisions), redemption price or prices, liquidation preferences and the number of shares constituting any series or designations of such series. The issuance of preferred stock may have the effect of delaying, deferring or preventing a change of control of the Company. There are no outstanding shares of Preferred Stock and no series have been designated.

CERTAIN ARTICLES OF INCORPORATION AND BYLAW PROVISIONS

The Bylaws of the Company provide that special meetings of shareholders may be called only by: (i) the Board of Directors; (ii) the Chairman of the Board of Directors (if any); (iii) the Chief Executive Officer; (iv) the President of the Company; or (v) holders of not less than 35% of all votes entitled to

be cast on any issued proposed to be considered at the proposed special meeting. The Bylaws and Articles of Incorporation also provide for a staggered Board of Directors and permit removal of directors with or without cause. See "Management--Directors, Executive Officers and Key Employees."

The Company's Bylaws establish an advance notice procedure for the nomination, other than by or at the direction of the Board of Directors or a committee thereof, of candidates for election as directors, as well as for other shareholder proposals to be considered at shareholders meetings. Notice of shareholder proposals and directors nominations must be given timely in writing to the Secretary of the Company before the meeting at which such matters are to be acted upon or directors are to be elected. Such notice, to be timely, must be

received at the principal executive offices of the Company with respect to shareholder proposals and elections to be held at the annual meeting, not less than 60 days before the date of the meeting at which the director(s) are to be elected or the proposal is to be considered, however if less than 70 days notice or prior public disclosure of the date of the scheduled meeting is given or made, notice by the shareholder, to be timely, must be delivered or received not later than the close of business on the tenth day following the earlier of the day on which notice of the date of the meeting is mailed to shareholders or public disclosure of the date of such meeting is made.

Notice to the Company from a shareholder who intends to present a proposal or to nominate a person for election as a director at a shareholders' meeting must contain certain information about the shareholder giving such notice and, in the case of director nominations, all information that would be required to be included in a proxy statement soliciting proxies for the election of the proposed nominee (including such person's written consent to serve as a director if so elected). If the presiding officer at the meeting of shareholders determines that a shareholder's proposal or nomination is not made in accordance with the procedures set forth in the Bylaws, such proposal or nomination, at the direction of such presiding officer, may be disregarded. The notice requirement for shareholder proposals contained in the Bylaws does not restrict a shareholder's right to include proposals in the Company's annual proxy materials pursuant to rules promulgated under the Securities Exchange Act of 1934, as amended.

The Bylaws provide that directors may be removed with or without cause by the affirmative vote, at any annual or special meeting of the shareholders, but only if notice of such proposed removal was contained in the notice of such meeting. The Board of Directors and the shareholders shall both have the power to increase or decrease the authorized number of directors. Newly created directorships resulting from any increase in the number of directors or any vacancy of the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors then in office or, if not filled by the directors, by the shareholders.

The Articles of Incorporation provide that in discharging the duties of their respective positions and in determining what is believed to be in the best interest of the Company, the Board of Directors, any committee of the Board of Directors and any individual director, in addition to considering the effects of any action on the Company or is shareholders, may, to the extent permitted by applicable Georgia law, in his or her sole discretion, consider the interests of the employees, customers, suppliers and creditors of the Company and its subsidiaries, the communities in which offices or other establishments of the Company and its subsidiaries are located and all other factors such director(s) may consider pertinent; provided, however, that this provision of the Company's Articles of Incorporation solely grants discretionary authority to the directors, and no constituency shall be deemed to have been given any right to consideration thereby.

The preceding provisions of the Articles of Incorporation may be changed only upon the affirmative vote of holders of at least a 66 2/3% of the total

number of the then outstanding shares of capital stock of the Company that are entitled to vote generally in the election of directors, voting together as a single class.

The provisions of the Articles of Incorporation and Bylaws summarized in the preceding six paragraphs and the provisions of the GBCC described under "Certain Provisions of Georgia Law," contain provisions that may have the effect of delaying, deferring or preventing a non-negotiated merger or other business combination involving the Company. These provisions are intended to encourage any person interested in acquiring the Company to negotiate with and obtain the approval of the Board of Directors in connection with the transaction. Certain of these provisions may, however, discourage a future acquisition of the Company not approved by the

Board of Directors in which shareholders might receive an attractive value for their shares or that a substantial number or even a majority of the Company's shareholders might believe to be in their best interest. As a result, shareholders who desire to participate in such a transaction may not have the opportunity to do so. Such provisions could also discourage bids for the Common Stock at a premium, as well as create a depressive effect on the market price of the Common Stock.

LISTING

Application has been made to include the Company's Common Stock on the Nasdaq National Market under the trading symbol "MANH."

TRANSFER AGENT AND REGISTRAR

The transfer agent for the Company's Common Stock is Chemical Bank.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to the Offering, there has been no public market for the securities of the Company. Upon completion of the Offering, the Company will have outstanding 23,206,674 shares of Common Stock (assuming no exercise of the underwriters' over-allotment option or options outstanding under the Company's stock option plans). Of these shares, the 3,000,000 shares sold in the Offering will be freely tradable without restriction or further registration under the Securities Act of 1933, as amended (the "Securities Act"), unless they are purchased by "affiliates" of the Company as that term is defined in Rule 144 under the Securities Act (which sales would be subject to certain limitations and restrictions described below). The remaining 20,206,674 shares are "restricted shares" under Rule 144 (the "Restricted Shares"). Restricted Shares may be sold in the public market only if registered under the Securities Act or if they qualify for an exemption from registration under Rule 144, Rule 144(k) or Rule 701 promulgated under the Securities Act. The holders of all remaining 20,206,674 shares have agreed not to offer, pledge, sell, offer to sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly any shares of Common Stock or any securities convertible into or exercisable or exchangeable for shares of Common Stock (other than gifts) until 180 days after the date of this Prospectus without the prior written consent of Deutsche Morgan Grenfell Inc. As a result of the contractual restrictions described herein and the provisions of Rule 144, Rule 144(k) and Rule 701, the Restricted Shares will be available for sale in the public market as follows: (i) no shares will be available for immediate sale on the date of this Prospectus, (ii) approximately 20,000,008 shares will become eligible for sale 180 days after the date of this Prospectus (assuming no release from the lock-up agreements) upon expiration of lock-up agreements, and (iii) approximately 206,666 shares will become eligible for sale February

16, 1999. See "Underwriting." Deutsche Morgan Grenfell Inc. in its sole discretion and without notice may earlier release for sale in the public market all or any portion of the shares subject to the lock-up agreement.

In general, under Rule 144 as currently in effect, beginning 90 days after the date of this Prospectus, a person (or persons whose shares are aggregated) who has beneficially owned shares for a least one year (including the holding period of any prior owner except an affiliate) is entitled to sell in "brokers' transactions" or to market makers, within any three-month period a number of shares that does not exceed the greater of: (i) one percent of the number of shares of Common Stock then outstanding (approximately 232,067 shares immediately after the Offering) or (ii) the average weekly trading volume in the Common Stock during the four calendar weeks preceding the required filing of a Form 144 with respect to such sale. Sales under Rule 144 are subject to the availability of current public information about the Company. Under Rule 144(k), a person who is not deemed to have been an affiliate of the Company at any time during the 90 days preceding a sale, and who has beneficially owned the shares proposed to be sold for at least two years, is entitled to sell such shares without having to comply with the manner of sale, public information, volume limitation or notice filing provisions of Rule 144. Unless otherwise restricted, "144(k) shares" may therefore be sold immediately upon the completion of the Offering. Under Rule 701 under the Securities Act, persons who purchase shares upon exercise of options granted prior to the Offering are entitled to sell such shares 90 days after the Offering in reliance on Rule 144, without having to comply with the holding period requirements of Rule 144 and, in the case of non-affiliates, without having to comply with the volume limitation or notice filing provisions of Rule 144.

After the completion of this offering, the Company intends to file a Registration Statement on Form S-8 under the Securities Act to register the 5,729,784 shares of Common Stock reserved for issuance under the Stock Incentive Plan, the LLC Option Plan and other options. After the date of such filing, if not otherwise subject to a lock-up agreement, shares purchased pursuant to such plans and options generally would be available for resale in the public market. See "Management--Stock Option Plans."

UNDERWRITING

The Underwriters named below, for whom Deutsche Morgan Grenfell Inc., Hambrecht & Quist LLC and SoundView Financial Group, Inc. are acting as Representatives (the "Representatives"), have severally agreed, subject to the terms and subject to the conditions in the Underwriting Agreement (the form of which will be filed as an exhibit to the Company's Registration Statement of which this Prospectus is a part), to purchase from the Company the respective number of shares of Common Stock indicated opposite their respective names. The Underwriters are committed to purchase all of the shares, if they purchase any.

UNDERWRITER	NUMBER OF SHARES
Deutsche Morgan Grenfell Inc.	
Hambrecht & Quist LLC	
SoundView Financial Group, Inc.	
Total	

The Underwriting Agreement provides that the obligations of the several

Underwriters thereunder are subject to the approval of certain legal matters by counsel and to various other conditions.

The Representatives have advised the Company that the Underwriters initially propose to offer the Common Stock to the public on the terms set forth on the cover page of this Prospectus. The Underwriters may allow selected dealers (who may include the Underwriters) a concession not in excess of $ a share under the initial public offering price. The selected dealers may reallow a concession not in excess of $ a share to other dealers and other selling terms may be changed by the Representatives. The Common Stock is offered subject to receipt and acceptance by the Underwriters, and to certain other conditions, including the right to reject orders in whole or in part. The Underwriters do not intend to sell any of the shares of Common Stock offered hereby to accounts for which they exercise discretionary authority.

Pursuant to the Underwriting Agreement, the Selling Stockholders have granted to the Underwriters an option to purchase up to 450,000 additional shares of Common Stock, respectively, to cover over-allotments, if any, at the initial public offering price, less the underwriting discount set forth on the cover page of this Prospectus. Such option is exercisable for 30 days from the date of this Prospectus. To the extent such option is exercised, each Underwriter will be committed, subject to certain conditions, to purchase approximately the same percentage of such additional shares of Common Stock as the number set forth next to such Underwriter's name in the preceding table bears to the total number of shares of Common Stock offered hereby. The Selling Stockholders will be obligated, pursuant to the option, to sell such shares to the Underwriters.

See "Shares Eligible for Future Sale" for a description of certain arrangements by which all officers, directors, optionholders and all stockholders of the Company have agreed not to sell

or otherwise dispose of Common Stock or convertible securities of the Company for up to 180 days after the date of the final Prospectus without the prior consent of Deutsche Morgan Grenfell Inc. The Company has agreed in the Underwriting Agreement that it will not, directly or indirectly, without the prior written consent of Deutsche Morgan Grenfell Inc., contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of any shares of Common Stock or any securities convertible into or exchangeable for Common Stock, for a period of 180 days after the date of the final Prospectus without the consent of Deutsche Morgan Grenfell Inc., except under certain circumstances.

The Underwriting Agreement provides that the Company, and the Selling Stockholders in the event the over-allotment option is exercised, will indemnify the several Underwriters against certain liabilities, including civil liabilities under the Securities Act, or will contribute to payments the Underwriters may be required to make in respect thereof.

Prior to this Offering, there has been no public market for the Common Stock. The initial public offering price will be determined by negotiation between the Company, the selling stockholders and the Representatives. The principal factors to be considered in determining the initial public offering price include the information set forth in this Prospectus and otherwise available to the Representatives; the history and the prospects for the industry in which the Company competes; the ability of the Company's management; the prospects for future earnings of the Company; the present state of the Company's development and its current financial condition; the general condition of the securities markets at the time of this Offering; and the recent market prices of, and the demand for, publicly traded common stock of generally comparable companies. Each of the Representatives has informed the Company that it currently intends to make a market in the shares subsequent to the effectiveness of this Offering, but there can be no assurance that the Representatives will take any action to make a market in

any securities of the Company.

Certain persons participating in this Offering may over-allot or effect transactions which stabilize, maintain or otherwise affect the market price of the Common Stock at levels above those which might otherwise prevail in the open market, including by entering stabilizing bids, effecting syndicate covering transactions or imposing penalty bids. A stabilizing bid means the placing of any bid or effecting of any purchase for the purpose of pegging, fixing or maintaining the price of the Common Stock. A syndicate covering transaction means the placing of any bid on behalf of the underwriting syndicate or the effecting of any purchase to reduce a short position created in connection with this Offering. A penalty bid means an arrangement that permits the Underwriters to reclaim a selling concession from a syndicate member in connection with this Offering when shares of Common Stock sold by the syndicate member are purchased in syndicate covering transactions. Such transactions may be effected on the Nasdaq National Market, in the over-the-counter market or otherwise. Such stabilizing, if commenced, may be discontinued at any time.

LEGAL MATTERS

The validity of the issuance of the shares of the Common Stock offered hereby will be passed upon for the Company and the Selling Shareholders by Morris, Manning & Martin, L.L.P., Atlanta, Georgia. Certain legal matters in connection with this offering will be passed upon for the Underwriters by Testa, Hurwitz & Thibeault, LLP, Boston, Massachusetts.

EXPERTS

The financial statements and schedule included in this Prospectus have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are included herein in reliance upon the authority of said firm as experts in giving said reports.

ADDITIONAL INFORMATION

The Company has filed with the Securities and Exchange Commission (the "Commission") a Registration Statement on Form S-1 (together with all amendments, schedules and exhibits thereto, the "Registration Statement") under the Securities Act with respect to the shares of Common Stock offered hereby. This Prospectus, which constitutes a part of the registration Statement, does not contain all of the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. For further information with respect to the Company and the Common Stock offered hereby, reference is made to the Registration Statement. Statements made in this Prospectus as to the contents of any contract, agreement or other document are not necessarily complete, and in each instance, reference is made to the copy of such contract or other document filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference. The Registration Statement and the exhibits and schedules thereto may be inspected without charge at the public reference facilities maintained by the Commission in Room 1024, 450 Fifth Street, N. W., Washington, D.C. 20549, and at the following regional offices of the Commission: Seven World Trade Center, Room 1400, New York, New York 10048 and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material can be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N. W., Washington, D.C. 20549, Room 1024, at prescribed rates. In addition, the Company is required to file electronic versions of these documents with the Commission through the Commissions Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system. The Commission maintains a World Wide Web Site at http://www.sec.gov that contains reports, proxy and information statements and

other information regarding registrants that file electronically with the Commission. Information concerning the Company is also available for inspection at the offices of the Nasdaq National Market, Reports Section, 1735 K Street, N.W., Washington, D.C. 20006.

The Company intends to furnish to its shareholders annual reports containing consolidated financial statements audited by an independent public accounting firm and quarterly reports for the first three quarters of each fiscal year containing unaudited consolidated financial information.

INDEX TO FINANCIAL STATEMENTS

After the restructuring discussed in Note 10 to the financial statements of Manhattan Associates, Inc. is effected, we expect to be in a position to render the following audit report.

ARTHUR ANDERSEN LLP

Atlanta, Georgia
February 16, 1998

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Manhattan Associates, Inc.:

We have audited the accompanying balance sheets of MANHATTAN ASSOCIATES, INC. (a Georgia corporation, formerly Manhattan Associates, LLC) as of December 31, 1996 and 1997 and the related statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant

estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Manhattan Associates, Inc. as of December 31, 1996 and 1997 and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1997 in conformity with generally accepted accounting principles.

Atlanta, Georgia

MANHATTAN ASSOCIATES, INC.

BALANCE SHEETS

(IN THOUSANDS, EXCEPT SHARE AND PER DATA)

	DECEMBER 31,		PRO FORMA DECEMBER 31, 1997 (NOTE 9)
	1996	1997	
ASSETS			(UNAUDITED)
Current assets:			
Cash and cash equivalents	$3,199	$ 3,194	$ --
Accounts receivable, net of a $325 and $970 allowance for doubtful accounts, in 1996 and 1997, respectively, and $992 in 1997, pro forma	3,311	9,242	9,579
Deferred income taxes	--	--	427
Other current assets	--	384	384
Total current assets	6,510	12,820	10,390
Property and equipment:			
Property and equipment	792	2,605	2,730
Less accumulated depreciation	(313)	(662)	(756)
Property and equipment, net	479	1,943	1,974
Intangible assets, net of accumulated amortization of $133 and $266 in 1996 and 1997, respectively and $266 in 1997, pro forma	267	133	933
Other assets	20	110	112
Total assets	$7,276	$15,006	$13,409
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Cash overdraft	$ --	$ --	$ 6,943
Accounts payable	422	2,479	2,545
Accrued compensation and benefits	151	753	753
Accrued liabilities	253	455	579
Notes payable to stockholders	969	1,019	1,019
Deferred revenue	599	1,846	2,030
Deferred income taxes	--	--	74

Total current liabilities	2,394	6,552	13,943
Deferred income taxes	--	--	51
Commitments and contingencies			
Stockholders' equity:			
Preferred stock, no par value; 20,000,000 shares authorized, no shares issued or outstanding in 1996 and 1997 and in 1997 pro forma	--	--	--
Common stock, $.01 par value; 100,000,000 shares authorized, 20,000,008 shares issued and outstanding in 1996 and 1997 and 20,206,674 shares issued and outstanding in 1997, pro forma	200	200	202
Additional paid-in-capital	1,014	1,929	2,830
Retained earnings (deficit)	3,668	6,858	(3,084)
Deferred compensation	--	(533)	(533)
Total stockholders' equity (deficit)	4,882	8,454	(585)
Total liabilities and stockholders' equity	$7,276	$15,006	$13,409

The accompanying notes are an integral part of these balance sheets.

MANHATTAN ASSOCIATES, INC.

STATEMENTS OF INCOME

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	YEAR ENDED DECEMBER 31,			PRO FORMA DECEMBER 31, 1997
	1995	1996	1997	(NOTE 9)
				(UNAUDITED)
Revenue:				
Software license	$ 2,463	$ 3,354	$ 7,160	$ 7,946
Services	3,503	6,236	14,411	14,963
Hardware	5,255	4,810	10,886	10,886
Total revenue	11,221	14,400	32,457	33,795
Cost of revenue:				
Software license	6	177	461	628
Services	1,740	2,026	6,147	6,400
Hardware	3,991	3,734	8,001	8,001
Total cost of revenue	5,737	5,937	14,609	15,029
Gross margin	5,484	8,463	17,848	18,766
Operating expenses:				
Research and development	1,138	1,236	3,025	3,389
Acquired research and development	600	--	--	2,067
Sales and marketing	1,147	1,900	3,570	3,893
General and administrative	1,058	1,454	2,975	3,162
Total operating expenses	3,943	4,590	9,570	12,511

Income from operations	1,541	3,873	8,278	6,255
Other income, net	40	103	56	81
Historical income	$ 1,581	$ 3,976	$ 8,334	$ 6,336
Historical basic net income per share	$ 0.07	$ 0.20	$ 0.41	
Historical diluted net income per share	$ 0.06	$ 0.20	$ 0.40	
Income before pro forma income taxes	$ 1,581	$ 3,976	$ 8,334	$ 6,336
Pro forma income taxes	580	1,486	3,023	3,113
Pro forma net income	$ 1,001	$ 2,490	$ 5,311	$ 3,223
Pro forma basic net income per share	$ 0.05	$ 0.12	$ 0.26	$ 0.15
Pro forma diluted net income per share	$ 0.05	$ 0.12	$ 0.25	$ 0.15

The accompanying notes are an integral part of these statements.

MANHATTAN ASSOCIATES, INC.

STATEMENTS OF STOCKHOLDERS' EQUITY

(IN THOUSANDS, EXCEPT SHARE DATA)

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	DEFERRED COMPENSATION	TOTAL STOCKHOLDERS' EQUITY
	SHARES	AMOUNT				
Balance, December 31, 1994	200	$--	$ --	$ 1,997	$ --	$ 1,997
Stock issued upon formation of Manhattan Associates, LLC	11,428,376	114	--	(114)	--	--
Distributions to stockholders	--	--	--	(923)	--	(923)
Issuance of common stock and repurchase of option (Note 1)	8,571,432	86	1,014	--	--	1,100
Income before pro forma income taxes	--	--	--	1,581	--	1,581
Balance, December 31, 1995	20,000,008	200	1,014	2,541	--	3,755
Distributions to stockholders	--	--	--	(2,849)	--	(2,849)
Income before pro forma income taxes	--	--	--	3,976	--	3,976
Balance, December 31, 1996	20,000,008	200	1,014	3,668	--	4,882
Issuance of stock options	--	--	840	--	(840)	--
Issuance of stock options to consultant (Note 7)	--	--	75	--	--	75
Distributions to stockholders	--	--	--	(5,144)	--	(5,144)
Amortization of deferred compensation	--	--	--	--	307	307
Income before pro						

forma income taxes...	--	--	--	8,334	--	8,334
Balance, December 31, 1997.....	20,000,008	$200	$1,929	$ 6,858	$(533)	$ 8,454

The accompanying notes are an integral part of these statements.

MANHATTAN ASSOCIATES, INC.

STATEMENTS OF CASH FLOWS

(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,		
	1995	1996	1997
Cash flows from operating activities:			
Pro forma net income.....	$ 1,001	$ 2,490	$ 5,311
Adjustments to reconcile pro forma net income to net cash provided by operating activities:			
Pro forma income taxes.....	580	1,486	3,023
Depreciation and amortization.....	55	276	483
Stock compensation.....	--	--	382
Acquired research and development.....	600	--	--
Accrued interest on note payable to stockholder.....	35	33	50
Changes in operating assets and liabilities:			
Accounts receivable, net.....	524	(1,114)	(5,931)
Other assets.....	(5)	(1)	(474)
Accounts payable.....	222	26	2,057
Accrued liabilities.....	51	324	804
Deferred revenue.....	17	434	1,247
Total adjustments.....	2,079	1,464	1,641
Net cash provided by operating activities.	3,080	3,954	6,952
Cash flows from investing activities:			
Purchases of property and equipment.....	(168)	(485)	(1,813)
Purchased software.....	(250)	--	--
Net cash used in investing activities.....	(418)	(485)	(1,813)
Cash flows from financing activities:			
Distributions to stockholders.....	(923)	(2,849)	(5,144)
Repurchase of option (Note 1).....	(250)	--	--
Borrowings under note payable to stockholder ...	900	--	--
Net cash used in financing activities.....	(273)	(2,849)	(5,144)
Increase (decrease) in cash and cash equivalents..	2,389	620	(5)
Cash and cash equivalents, beginning of year.....	190	2,579	3,199
Cash and cash equivalents, end of year.....	$2,579	$3,199	$3,194
Supplemental cash flow disclosure:			
Purchase of technology through issuance of common stock			

(Note 1)	$ 750	$ --	$ --
Purchase of minority ownership through the forgiveness of a payable (Note 1)	$ 600	$ --	$ --

The accompanying notes are an integral part of these statements.

MANHATTAN ASSOCIATES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1995, 1996 AND 1997

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND BUSINESS

Manhattan Associates, Inc. ("Manhattan" or the "Company") develops, markets, and supports supply chain execution systems primarily focused on distribution center management. The Company's primary product, PkMS, is a comprehensive and modular designed software system that assists in the management of inventory, storage, distribution, equipment, and personnel within a distribution center. The Company also provides professional services including design, configuration, implementation, training, and support.

BASIS OF PRESENTATION

In connection with the Company's anticipated initial public offering (the "Offering") Manhattan Associates, Inc., a Georgia corporation, was formed. The attached financial statements include the accounts of Manhattan Associates, LLC ("Manhattan LLC") from January 1, 1996 to December 31, 1997 and include the accounts of Pegasys Systems Incorporated, ("Pegasys") prior to January 1, 1996. Prior to December 31, 1995, Manhattan operated as Pegasys which was, at the time, 100% owned by Manhattan LLC's current majority shareholder ("Majority Holder"). As of the effective date of the Offering Manhattan will become a wholly-owned subsidiary of the Company (the "Restructuring"). Unless otherwise indicated, all references to the Company or Manhattan assume the completion of the Restructuring and include Manhattan LLC and Pegasys.

RECAPITALIZATION AND ACQUISITION

Pegasys co-developed certain technology, which was ultimately incorporated into PkMS, with certain of Manhattan LLC's minority shareholders ("Minority Holders") and a consultant (the "Consultant"). The Minority Holders and the Consultant each held an option to purchase a percentage of Manhattan LLC upon its formation by contributing their respective ownership rights in the technology to Manhattan LLC. On December 31, 1995, Manhattan LLC was formed as a 100% wholly-owned subsidiary of Pegasys, and Pegasys transferred all of its assets, liabilities, and intellectual property rights to Manhattan LLC.

Subsequent to the formation of Manhattan LLC, the Minority Holders exercised their option to purchase 8,571,432 shares, which at the time represented 42.9% of Manhattan LLC's stock, in exchange for the ownership rights to certain technology, which was ultimately incorporated into PkMS and valued at $750,000 and the forgiveness of certain receivables from Pegasys in the amount of $600,000. The Company repurchased the option from the Consultant for $250,000 which was recorded as a treasury stock transaction and the Consultant's rights to the technology were repurchased for $250,000. In connection with the exercise of the option by the Minority Holders and the payment to the Consultant, Manhattan LLC recorded the acquisition of the technology under the purchase method of accounting at a value of $1,000,000. (the "1995 Acquisition"). In connection with the 1995 Acquisition, the Company recorded a $600,000 charge to income for acquired research and development and

$400,000 to purchased software. These transactions are included in the line item "issuance of common stock and repurchase of option" in the accompanying statements of stockholders' equity.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash or cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The carrying values of cash, trade accounts receivable, trade accounts payable, and other financial instruments included in the accompanying balance sheets approximate their fair values principally due to the short-term maturities of these instruments.

Risks Associated with Single Product Line, Technological Advances, and Hardware Revenue

The Company currently derives substantially all its revenues from sales of its PkMS software and related services and hardware. Any factor adversely affecting the distribution center market could have an adverse effect on the Company's business, financial condition, and results of operations.

The market for distribution center management systems is subject to rapid technological change, changing customer needs, frequent new product introductions, and evolving industry standards that may render existing products and services obsolete. As a result, the Company's position in this market could be eroded rapidly by unforeseen changes in customer requirements for application features, functions, and technologies. The Company's growth and future operating results will depend, in part, upon its ability to enhance existing applications and develop and introduce new applications that meet changing customer requirements, that respond to competitive products and that achieve market acceptance.

The Company resells a variety of hardware products developed and manufactured by third parties. Revenue from such hardware sales can amount to a significant portion of the Company's total revenue in any period. As the market for distribution of hardware products becomes more competitive, the Company's customers may find it attractive to purchase such hardware directly from the manufacturer of such products, with a resultant decrease in the Company's revenues from hardware.

Revenue Recognition

The Company's revenue consists of revenues from the licensing of PkMS;

fees from consulting, implementation, training, and maintenance services; and revenue from the sale of complementary radio frequency and computer equipment. The Company recognizes

software license revenue in accordance with the provisions of American Institute of Certified Public Accountants Statement of Position ("SOP") No. 91-1, "Software Revenue Recognition." Accordingly, software license revenue is recognized upon shipment of the software following execution of a contract, provided that no significant vendor obligations remain outstanding, amounts are due within one year, and collection is considered probable by management. If significant post-delivery obligations exist, the revenue from the sale of the software license, as well as other components of the contract, is recognized using percentage of completion accounting.

The Company's services revenue consists of revenue generated from consulting and maintenance related to the Company's software product. Services revenue is derived from fees based on consulting, implementation, and training services contracted under separate service agreements. Revenue related to consulting, implementation, and training services performed by the Company are recognized as the services are performed. Maintenance revenue represents amounts paid, generally in advance, by users for the support and enhancements to the software. Maintenance revenue is recognized ratably over the term of the maintenance agreement, typically 12 months.

Hardware 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 solution. As part of a complete distribution center management system solution the Company's customers frequently purchase hardware from the Company in conjunction with the licensing of PkMS. These products include computer hardware, radio frequency terminals networks, bar code printers and scanners, and other peripherals. Hardware revenue is recognized upon shipment. The Company generally purchases hardware from its vendors only after receiving an order from a customer. As a result, the Company does not maintain hardware inventory.

Deferred Revenue

Deferred revenue primarily represents amounts collected prior to complete performance of maintenance services. Revenue may also be deferred prior to the delivery of software.

Property and Equipment

Property and equipment consists of furniture, computers, other office equipment, purchased software, and leasehold improvements. The Company depreciates the cost of furniture, computers, other office equipment and purchased software on a straight-line basis over their estimated useful lives, generally three to seven-year periods. Leasehold improvements are amortized over the term of the lease. Depreciation and amortization expense for property and equipment for the years ended December 31, 1995, 1996, and 1997 was $55,000, $143,000, and $349,000, respectively.

Intangible Assets

Intangible assets include purchased software recorded in connection with the 1995 Acquisition. The asset is being amortized on a straight-line basis over a period of 3 years. Total amortization expense relating to the purchased software was $133,000 in each of the years ended December 31,

1996 and 1997, and is included in cost of software licenses in the accompanying statements of income.

Income Taxes

Manhattan LLC was treated as a partnership, and Pegasys was an S Corporation under the provisions of the Internal Revenue Code of 1986, as amended; therefore, neither company was subject to federal income taxes. The income or loss of Manhattan LLC and Pegasys was included in the owners' individual federal and state tax returns, and as such, no provision for income taxes is recorded in the accompanying statements of income. The Company and Pegasys have historically made distributions on behalf of the owners to pay anticipated tax liability.

The accompanying statements of income reflect a provision for income taxes on a pro forma basis as if the Company were liable for federal and state income taxes as a taxable corporate entity for the years presented. The pro forma income tax provision has been computed by applying the Company's anticipated statutory tax rate to pretax income, adjusted for permanent tax differences (Note 3).

Capitalized Software Development Costs

Research and development expenses are charged to expense as incurred. Computer software development costs are charged to research and development expense until technological feasibility is established, after which remaining software production costs are capitalized in accordance with Statement of Financial Accounting Standards ("SFAS") No. 86, "Accounting for Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed." The Company has defined technological feasibility as the point in time at which the Company has a working model of the related product. Historically, the development costs incurred during the period between the achievement of technological feasibility and the point at which the product is available for general release to customers have not been material. Accordingly, the Company has concluded that the amount of development costs capitalizable under the provisions of SFAS No. 86 was not material to the financial statements for the years ended December 31, 1995, 1996, and 1997. Therefore, the Company has expensed all internal software development costs as incurred for the years ended December 31, 1995, 1996, and 1997.

Impairment of Long-Lived and Intangible Assets

The Company periodically reviews the values assigned to long-lived assets, including property and intangible assets, to determine whether any impairments are other than temporary. Management believes the long-lived assets in the accompanying balance sheets are appropriately valued.

Basic and Diluted Net Income Per Share

Basic net income per share is computed using historical or pro forma net income divided by (i) the weighted average number of shares of common stock outstanding ("Weighted Shares") for the period presented and (ii) pursuant to the Securities and Exchange Commission Staff Accounting Bulletin 1B.3, the number of shares that at the assumed public offering price would yield proceeds in the amount necessary to pay the stockholder distribution discussed in Note 9 that is not covered by the earnings for the year ("Distribution Shares").

Diluted net income per share is computed using historical or pro forma net income divided by (i) Weighted Shares, (ii) the Distribution Shares, and (iii) the treasury stock method effect of common equivalent shares ("CES's") outstanding for each period presented.

No adjustment is necessary for historical and pro forma net income for net income per presentation share. The following is a reconciliation of the shares used in the computation of net income per share:

	1995		1996		1997	
	BASIC	DILUTED	BASIC	DILUTED	BASIC	DILUTED
Weighted shares.....	20,000,008	20,000,008	20,000,008	20,000,008	20,000,008	20,000,008
Distribution shares.....	89,788	89,788	89,788	89,788	89,788	89,788
Effect of CES's.....	--	10,033	--	307,503	--	761,300
	20,089,796	20,099,829	20,089,796	20,397,299	20,089,796	20,851,096

	PRO FORMA	
	BASIC	DILUTED
Weighted Shares.....	20,000,008	20,000,008
Shares issued in the PAC Acquisition (Note 9).....	106,666	106,666
Shares sold to Minority Holder (Note 9).....	100,000	100,000
Distribution Shares.....	89,788	89,788
Effect of CES's.....	--	761,300
	20,296,462	21,057,762

Basic and diluted net income per share for the year ended December 31, 1995 has been adjusted to reflect the shares issued in the 1995 Acquisition as if these shares were outstanding for the entire year.

Stock-Based Compensation Plan

The Company accounts for its stock-based compensation plan for stock issued to employees under Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and, accordingly, records deferred compensation for options granted at an exercise price below the fair value of the underlying stock. The deferred compensation is presented as a component of equity in the accompanying balance sheets and is amortized over the periods to be benefited, generally the vesting period of the options. Effective in fiscal year 1996, the Company adopted the pro forma disclosure option for stock-based compensation issued to employees of Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation."

New Accounting Pronouncements

In June 1997, the Financial Accounting Standards Board issued SFAS No. 130, "Reporting Comprehensive Income." SFAS No. 130 is designed to improve the reporting of changes in equity from period to period. The Company will adopt SFAS No. 130 effective

with its fiscal year ending December 31, 1998. Management does not expect SFAS No. 130 to have a significant impact on the Company's financial statements.

In June 1997, the Financial Accounting Standards Board issued SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information." SFAS No. 131 requires that an enterprise disclose certain information about operating segments. The Company will adopt SFAS No. 131 effective with its fiscal year ending December 31, 1998. The Company does not expect that SFAS No. 131 will require significant revision of prior disclosures.

The American Institute of Certified Public Accountants has issued SOP 97-2, "Software Revenue Recognition." This SOP is effective for the Company for transactions entered into after December 31, 1997. The Company will adopt the SOP in the first quarter of 1998. The adoption of the standard is not expected to have a significant impact on the Company's financial statements.

2. RELATED PARTY TRANSACTIONS

During the years ended December 31, 1995, 1996, and 1997, the Company contracted with parties related to the Majority Holder for marketing and legal services for an aggregate amount of $209,000, $289,000, and $389,000 respectively. In the opinion of management, the rates, terms, and considerations of the transactions with related parties approximate those with unrelated entities. At December 31, 1996 and 1997, there were no fees outstanding for the services provided.

3. INCOME TAXES

After the Restructuring, the Company will be subject to future federal and state income taxes and will record net deferred tax assets. The assets and liabilities below will be reflected on the balance sheet of the Company with a corresponding non-recurring income amount in the statement of income at the completion of the Offering. Deferred tax assets and liabilities are determined based on the difference between the financial accounting and the tax bases of assets and liabilities. Significant components of the Company's pro forma deferred tax assets and liabilities as of December 31, 1997 are as follows:

Deferred tax assets:	
Accounts receivable	$366,000
Accrued liabilities	41,000
Other	3,000
	410,000
Deferred tax liabilities:	
Depreciation	45,000
Net deferred tax assets	$365,000

The components of the pro forma income tax provision for the years ended December 31, 1995, 1996, and 1997 are as follows:

	1995	1996	1997
Current:			
Federal	$ 635,000	$1,272,000	$2,565,000
State	75,000	150,000	303,000
	710,000	1,422,000	2,868,000
Deferred:			
Federal	(116,000)	57,000	138,000
State	(14,000)	7,000	17,000
	(130,000)	64,000	155,000
Total	$ 580,000	$1,486,000	$3,023,000

The following is a summary of the items which resulted in recorded pro forma income taxes to differ from taxes computed using the statutory federal income tax rate for the years ended December 31, 1995, 1996, and 1997:

	1995	1996	1997
Tax provision at federal statutory rate	34.0%	34.0%	34.0%
Effect of:			
State income tax, net of federal benefit	3.9	3.9	3.9
Research and development credits	(1.9)	(.9)	(1.9)
Other	0.7	0.4	0.3
Pro forma income taxes	36.7%	37.4%	36.3%

4. NOTE PAYABLE TO STOCKHOLDER

The Company's short-term debt consists of a note payable (the "Stockholder Note") to the Majority Holder, bearing interest at 5%. The Stockholder Note is due on demand and unpaid interest accrues to the principle balance. The balance of the Stockholder Note including accrued interest was $969,000 and $1,019,000 as of December 31, 1996 and 1997, respectively. Subsequent to December 31, 1997, the Company borrowed additional amounts under the Stockholder Note. See Note 9.

5. EMPLOYEE BENEFIT PLAN

The Company sponsors the Manhattan Associates 401(k) Plan and Trust (the

"401(k) Plan"), a qualified profit sharing plan with a 401(k) feature covering substantially all employees of the Company. Under the 401(k) Plan's deferred compensation arrangement, eligible employees who elect to participate in the 401(k) Plan may contribute up to 10% of eligible compensation, as defined, to the 401(k) Plan. The Company provides for a 50% matching contribution up to 6% of eligible compensation being contributed after the participant's first year of employment. During the years ended December 31, 1995, 1996, and 1997, the Company made matching contributions to the 401(k) Plan of $0, $48,000, and $53,000, respectively.

The Company also has a defined contribution pension plan (the "Pension Plan") covering substantially all employees of the Company.

The Company provides up to 8% of the participant's yearly compensation after the participant's first year of employment. During the years ended December 31, 1995, 1996, and 1997, the Company made matching contributions to the Pension Plan of $148,000, $162,000, and $224,000, respectively.

6. STOCK OPTION PLAN

The Company has a stock option plan, the Manhattan Associates LLC Option Plan (the "Plan"). The Plan is administered by a committee appointed by the Board of Directors. The total number of shares to be purchased under the Plan may not exceed 5,000,000 shares. The options are granted at terms determined by the committee; however, the option cannot have a term exceeding ten years. The options are exercisable only upon the occurrence of an exercise event which is the earlier of (1) a change in control, as defined, at which time all options are fully vested, (2) the date which is nine years and six months following option grant, or (3) to the extent vested, upon the occurrence of an initial public offering or whenever more than 50% of the issued and outstanding shares are acquired by persons who are not shareholders or affiliates. The agreement provides the Company with the right to repurchase the options at fair market value prior to an initial public offering. The Company has 2,368,166 options outstanding under the Plan at December 31, 1997 and has 2,631,834 available for future grants.

Prior to the establishment of the Plan, the Company issued options to purchase 661,784 shares of common stock to certain employees. These grants contain provisions similar to options issued under the Plan.

A summary of changes in outstanding options during the years ended December 31, 1995, 1996, and 1997 is as follows:

	OPTIONS	PRICE	WEIGHTED AVERAGE EXERCISE PRICE
December 31, 1994	--	$ --	$ --
Granted	533,326	0.24	0.24
Canceled	--	--	--
Exercised	--	--	--
December 31, 1995	533,326	0.24	0.24
Granted	128,458	0.56	0.56

Canceled	--	--	--
Exercised	--	--	--
December 31, 1996	661,784	0.24-0.56	0.30
Granted	2,495,166	2.50-7.50	2.99
Canceled	(127,000)	2.50	2.50
Exercised	--	--	--
December 31, 1997	3,029,950	0.24-7.50	2.42

None of the options are exercisable at December 31, 1997. Upon completion of the Offering 612,765 options outstanding at December 31, 1997 will become exercisable.

The Company recorded deferred compensation of $840,000 on options granted during 1997 as the exercise price was less than the deemed fair value of the underlying common stock. The Company amortizes deferred compensation over a period not to exceed six years. The Company recognized compensation expense of $307,000 for the year ended December 31, 1997 and had deferred compensation expense of $533,000 at December 31, 1997.

Subsequent to year-end, the Company granted 761,500 options at exercise prices ranging from $7.50 to $10.00 to employees under the Plan. The Company recorded deferred compensation on these options of $679,500.

STATEMENT OF FINANCIAL ACCOUNTING STANDARDS NO. 123

Pro forma information regarding net income and net income per share is required by SFAS No. 123, which also requires that the information be determined as if the Company had accounted for its employee stock option grants under the fair value method required by SFAS No. 123. The fair value of each option grant has been estimated as of the date of grant using the Black-Scholes option pricing model with the following assumptions:

	1995	1996	1997
Dividend yield	--	--	--
Expected volatility	65%	65%	65%
Risk-free interest rate at the date of grant	5.8%-6.3%	5.8%-6.3%	5.7%-6.3%
Expected life	4-6 years	4-6 years	1-6 years

Using these assumptions, the fair values of the stock options granted during the years ended December 31, 1995, 1996 and 1997 are $64,882, $34,629 and $3,625,313, respectively, which would be amortized over the vesting period of the options.

The weighted average fair market value of options at the date of grant for the years ended December 31, 1995, 1996 and 1997 was $0.14, $0.30 and $1.67, respectively.

The following pro forma information adjusts the pro forma net income and pro forma net income per share of common stock for the impact of SFAS No. 123:

	1995	1996	1997
Pro forma net income:			
As reported	$1,001	$2,490	$5,311
Pro forma in accordance with SFAS No. 123	998	2,474	4,842
Pro forma basic net income per share:			
As reported	$ 0.05	$ 0.12	$ 0.26
Pro forma in accordance with SFAS No. 123	$ 0.05	$ 0.12	$ 0.24
Pro forma diluted net income per share:			
As reported	$ 0.05	$ 0.12	$ 0.25
Pro forma in accordance with SFAS No. 123	$ 0.05	$ 0.12	$ 0.23

The following table summarizes the range of exercise price, weighted average exercise price, and weighted average remaining contractual lives for the options outstanding as of December 31, 1997:

RANGE OF EXERCISE PRICE	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE
$0.24-$0.56	661,784	$0.30	7.97 years
2.50-4.25	2,300,166	2.88	9.43 years
7.50	68,000	7.50	9.96 years

7. STOCKHOLDERS' EQUITY

OPERATING AGREEMENT

All owners of the Company's common stock are parties to the Company's operating agreement (the "Operating Agreement"). This Operating Agreement provides, among other things, the right of first refusal to the Company and then to all other stockholders of the Company to purchase any selling stockholders' shares at a price equal to that offered to outside third parties. Upon completion of the Offering, these provisions of the Operating Agreement will terminate.

ISSUANCE OF STOCK

On May 5, 1997, the Majority Holder granted to two employees and a consultant, all of whom are related to the Majority Holder, options to purchase shares of the Company's stock from the Majority Holder. This grant did not result in additional shares being outstanding as the shares under option were currently outstanding and held by the Majority Holder. This grant included a grant of an option to purchase 80,000 and 50,000 shares of the Company's stock held by the Majority Holder to two employees of the Company and a grant of an option to purchase 50,000 shares of the Company's stock held by the Majority Holder to a consultant of the Company. The stock options were then exercised by the employees and the consultant of the Company for a

nonrecourse, noninterest-bearing note to the Majority Holder with a term equal to the contractual term of the option. The exercise price was equal to the fair value of the Company' s stock at the date of grant of $2.50 per share. The Company recorded the grant to the employees of the Company under APB Opinion No. 25 and recorded no compensation expense on the date of grant as the grant was issued at fair value and due to the nonvariable nature of the nonrecourse note. The Company recorded $75,000 of compensation expense in the year ended December 31, 1997 for the option granted to the consultant.

8. COMMITMENTS AND CONTINGENCIES

LEASES

On September 24, 1997, the Company entered into a 62-month lease for office space beginning on November 1, 1997. The lease requires monthly payments of $90,000 for the 14-month period ended December 31, 1998 subject to annual increases as defined. Prior to the

lease entered into on September 24, 1997, the Company was party to a lease agreement ending in 2001. The agreement required monthly payments of approximately $20,000 subject to an increase of 3% in each 12-month period after the first year. Additionally, the Company received the first month's rent free. The 3% escalation and the first month's free rent were recognized on a straight-line basis over the life of the lease. Accordingly, as of December 31, 1996 and 1997, the Company has recorded a liability for deferred rent in the amount of $122,000 and $108,000, respectively, included in accrued liabilities in the accompanying balance sheets.

The Company terminated their occupancy under the previous lease, and is still bound by the terms of the lease. Management believes that the Company has adequately accrued for the estimated costs exceeding future estimated sublease rental receipts.

Rents charged to expense were approximately $130,000, $257,000, and $466,000 for the years ended December 31, 1995, 1996, and 1997, respectively. Aggregate future minimum lease payments under noncancellable operating leases as of December 31, 1997 are as follows (in thousands):

December 31:	
1998	$1,361
1999	1,369
2000	1,380
2001	1,234
2002 and thereafter	1,084
	$6,428

LEGAL MATTERS

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 the limitations of liability set forth in its contracts will be enforceable in all instances.

The Company is subject to legal proceedings and claims which have arisen in the ordinary course of business. In the opinion of management, the amount of potential liability with respect to these actions will not materially affect the financial position or results of operations of the Company.

9.SUBSEQUENT EVENTS

DISTRIBUTION

Prior to the completion of the Offering, the Company intends to distribute all undistributed income, calculated on a tax basis, to the shareholders of Manhattan LLC. As of December 31, 1997, the undistributed income, calculated on a tax basis, of the Company was $8,704,000 and the Company expects to accumulate additional undistributed income from January 1, 1998 through the date of the Restructuring. These distributions will be funded through a series of payments from available Company cash and from the proceeds of a proposed line of credit the

Company intends to establish. It is anticipated that any such advances or balance on the line of credit incurred to fund these distributions will be repaid using a portion of the net proceeds of the Offering.

STOCKHOLDER NOTE

Subsequent to December 31, 1997, the Company borrowed an additional $900,000 from the Majority Holder under the Stockholder Note. The balance of the Stockholder Note will be repaid with the proceeds of the Offering.

SALE OF STOCK TO MINORITY HOLDER

One of the Company's Minority Holders purchased 100,000 shares of the Company's common stock for $1,000,000 on February 16, 1998.

ACQUISITION

On February 16, 1998, the Company purchased all of the outstanding stock of Performance Analysis Corporation ("PAC") for $2,200,000 in cash and 106,666 shares of the Company's common stock valued at $10.00 per share (the "PAC Acquisition"). PAC is a developer of distribution center slotting software. The PAC Acquisition will be accounted for as a purchase.

The purchase price of approximately $3,300,000, has been allocated to the assets acquired and liabilities assumed of $464,000, including acquired research and development of $2,067,000, purchased software of $500,000, and other intangible assets of $300,000. Capitalized software will be amortized over an estimated three-year useful life and other intangible assets will be amortized over a seven-year useful life. In connection with the PAC Acquisition, the Company plans to record a charge to income of $2,067,000 in the first quarter of 1998 for acquired research and development.

UNAUDITED PRO FORMA INFORMATION

The accompanying unaudited pro forma balance sheet as of December 31, 1997 is adjusted to reflect (i) the PAC Acquisition by including the historical balance sheet of PAC and the Company as of December 31, 1997 adjusted to

reflect the payment of cash of $2,200,000 for the purchase of PAC, $65,000 in transaction costs, the issuance of 106,666 shares of common stock valued at $10.00 per share, the establishment of the purchased software of $500,000 and other intangible assets of $300,000 and the charge to income of $2,067,000 for acquired research and development (ii) the establishment of net deferred income tax assets of $365,000 in connection with the Restructuring, (iii) the payment of the undistributed income, calculated on a tax basis, approximately $8,704,000 as of December 31, 1997 and (iv) the purchase of 100,000 shares by the Minority Holder for $1,000,000.

The pro forma statement of income for the year ended December 31, 1997 includes the historical results of the Company and PAC adjusted to reflect (i) the increased amortization from the purchased software and intangible assets from the PAC Acquisition of $210,000, and (ii) the charge to income of $2,067,000 for acquired research and development.

The following is a rollforward of retained earnings on a pro forma basis assuming the PAC Acquisition occured on December 31, 1997:

	TOTAL
Historical retained earnings	$ 6,858,000
Establishment of net deferred tax assets	365,000
Acquired research and development	(2,067,000)
Acquisition of PAC net assets	464,000
Distribution of accumulated undistributed earnings	(8,704,000)
Pro forma retained earnings	$(3,084,000)

In the opinion of management, all adjustments necessary to present fairly such unaudited pro forma balance sheet and statements of income have been made. The pro forma information does not give effect to the proceeds to the Company of the Offering.

10.RESTRUCTURING

On , the Company completed an exchange of the stock of Manhattan LLC into stock of the Company to effect the Restructuring. All share and per share data in the accompanying financial statements have been adjusted to reflect the exchange Restructuring. The effect of the Restructuring is presented retroactively within stockholders' equity at December 31, 1997 by transferring the par value for the additional shares issued from the additional paid-in capital account to the common stock accounts.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Performance Analysis Corporation:

We have audited the accompanying balance sheet of PERFORMANCE ANALYSIS CORPORATION (a North Carolina corporation) as of December 31, 1997 and the related statement of income and retained earnings and cash flows for the year

then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Performance Analysis Corporation as of December 31, 1997 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Atlanta, Georgia
February 16, 1998

PERFORMANCE ANALYSIS CORPORATION

BALANCE SHEET

DECEMBER 31, 1997

ASSETS

Current assets:	
Cash and cash equivalents	$467,000
Accounts receivable, net of a $22,400 allowance for doubtful accounts	337,200
Deferred income taxes	16,400
Total current assets	820,600
Furniture and equipment:	
Furniture and equipment	125,500
Less accumulated depreciation	(94,600)
Furniture and equipment, net	30,900
Other assets:	
Deposits	1,600
Total assets	$853,100

LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities:	
Accrued liabilities	$124,800
Income taxes payable	74,100
Deferred revenue	130,300
Customer deposits	53,400
Total current liabilities	382,600
Deferred income taxes	6,000

Commitments and contingencies	
Stockholder's equity:	
Common stock, $1.00 par value; 10,000 shares authorized, 1,000 issued and outstanding	1,000
Retained earnings	463,500
Total stockholder's equity	464,500
Total liabilities and stockholder's equity	$853,100

The accompanying notes are an integral part of this balance sheet.

PERFORMANCE ANALYSIS CORPORATION

STATEMENT OF INCOME AND RETAINED EARNINGS

YEAR ENDED DECEMBER 31, 1997

Revenue:	
Software license	$ 737,600
Services	599,900
Total revenue	1,337,500
Cost of services revenue	253,500
Gross margin	1,084,000
Operating expenses:	
Research and development	363,800
Sales and marketing	322,900
General and administrative	144,000
Total operating expenses	830,700
Income from operations	253,300
Other income, net	24,700
Income before provision for income taxes	278,000
Provision for income taxes	88,900
Net income	189,100
Retained earnings, balance December 31, 1996	274,400
Retained earnings, balance December 31, 1997	$ 463,500

The accompanying notes are an integral part of this statement.

PERFORMANCE ANALYSIS CORPORATION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 1997

Cash flows from operating activities:	
Net income	$ 189,100
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	17,800
Changes in operating assets and liabilities:	
Accounts receivable, net	(253,500)
Deposits	5,000
Accrued liabilities	55,100
Deferred income taxes	33,700
Income taxes payable	16,600
Deferred revenue	84,800
Customer deposits	(41,500)
Deferred taxes, noncurrent	1,700
Total adjustments	(80,300)
Net cash provided by operating activities	108,800
Cash flows from investing activities:	
Purchases of furniture and equipment	(12,200)
Increase in cash and cash equivalents	96,600
Cash and cash equivalents, beginning of year	370,400
Cash and cash equivalents, end of year	$ 467,000
Supplemental cash flow disclosure:	
Cash paid for interest	$ --
Income taxes paid	$ 24,100

The accompanying notes are an integral part of this statement.

PERFORMANCE ANALYSIS CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31,1997

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

Organization

Performance Analysis Corporation ("the "Company") was established in 1983 in the state of North Carolina. The Company is a developer of distribution center slotting software. The Company offers periodic ongoing maintenance support of its products. The Company also offers fee-based installation and training. The Company markets its products throughout the southeastern United States and Canada.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash or cash equivalents.

Furniture and Equipment

Furniture and equipment are recorded at cost and are depreciated primarily using straight line depreciation over three to seven years.

Income Taxes

The provision for income taxes is based on income recognized for financial statement purposes and includes the effects of temporary differences between such income and that recognized for tax return purposes.

Revenue Recognition

The Company's revenue consists of software license revenue and fees for services complementary to its software products, including installation, training, and maintenance.

Revenue from software license is recognized upon signing of a contract and delivery of the product, if there are no significant vendor obligations and provided that amounts are due within one year and collection is considered probable. If significant postdelivery obligations exist, the revenue from the sale of the software license as well as other components of the contract is recognized using contract accounting. Maintenance and support revenue represent amounts paid by users for the support and enhancements of the software. Revenues from these support services are recognized ratably over the term of the software support services agreement, typically 12 months. If maintenance is included in the original license contract, such amounts are unbundled from the license fee and recognized over the free contracted support period. Revenues and expenses relating to implementation and training performed by the Company are recognized as the services are performed.

Deferred Revenues

Revenue may be deferred due to installation, training and support services not yet performed.

Customer Deposits

Amounts collected prior to the delivery of software products represent a customer deposit.

Capitalized Software Development Costs

Research and development expenses are charged to expense as incurred. Computer software development costs are charged to research and development expense until

technological feasibility is established, after which remaining software production costs are capitalized in accordance with Statement of Financial Accounting Standards ("SFAS") No. 86, "Accounting for Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed." The Company has defined technological feasibility as the point in time at which the Company has a working model of the related product. Historically, the development costs incurred during the period between the achievement of technological feasibility and the point at which the product is available for general release to customers have not been material. Accordingly, the Company has concluded that the amount of development costs capitalizable under the provisions of SFAS No. 86 was not material to the financial statements for the year ended December 31, 1997. Therefore, the Company has charged all software development costs to expense as incurred for the years ended December 31, 1997.

Warranty Costs

The Company generally warranties its products for 30 to 90 days and provides for estimated warranty costs upon delivery of such products. Warranty cost have not been and are not anticipated to be significant.

Concentrations of Credit Risk

Concentrations of credit risk with respect to accounts receivable are limited due to the wide variety of customers and markets for which the Company's services are provided. As a result, as of December 31, 1997, the Company did not consider itself to have any significant concentrations of credit risk. During 1997, the Company's five largest customers accounted for approximately 37% of the Company's total revenues. Although the particular customers may change from period to period, the Company expects that large sales to a limited number of customers will continue to account for a significant percentage of its revenues in any particular period for the foreseeable future.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The book values of accounts receivable, accrued liabilities and other financial instruments approximate their fair values principally because of the short-term maturities of these instruments.

In June 1997, the Financial Accounting Standards Board issued SFAS No. 130, "Reporting Comprehensive Income." SFAS No. 130 is designed to improve the reporting of changes in equity from period to period. SFAS No. 130 is effective for the Company's fiscal year ending December 31, 1998. Management does not expect SFAS No. 130 to have a significant impact on the Company's financial statements.

In June 1997, the Financial Accounting Standards Board issued SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information." SFAS No. 131 requires that an enterprise disclose certain information about operating segments. SFAS No. 131 is effective for financial statements for the Company's fiscal year ending December 31, 1998. The Company does not expect that SFAS No. 131 will require significant revision of prior disclosures.

The American Institute of Certified Public Accountants has issued SOP 97-2, "Software Revenue Recognition." The adoption of the standard is not expected to have a significant impact on the Company's financial statements.

2. INCOME TAXES

Deferred tax assets and liabilities are determined based on the difference between the financial accounting and tax bases of assets and liabilities. Significant components of the Company's deferred tax assets and liabilities as of December 31, 1997 are a follows:

Deferred tax assets:	
Accrued liabilities	$ 72,000
Deferred revenue	85,500
Allowance for doubtful accounts	9,200
	166,700
Deferred tax liabilities:	
Receivables	150,300
Depreciation	6,000
	156,300
Net deferred tax asset	$ 10,400

The components of the income tax provision for the years ended December 31, 1997 are as follows:

Current:	
Federal	$47,400
State	5,600
Deferred	
Federal	32,100
State	3,800
Provision for income taxes	$88,900

The following is a summary of the items which caused recorded income taxes to differ from taxes computed using the statutory federal income tax rate for the year ended December 31, 1997:

Tax provision at statutory rate:	
Federal	34.0%
State	4.0
	38.0
State income tax benefit	(1.2)
Research and development credits	(6.2)
Other	1.4
Provision for income taxes	32.0%

4. EMPLOYEE BENEFIT PLAN

The Company sponsors the 401(k) Profit Sharing Plan (the "Plan"), covering substantially all employees of the Company. Under the Plan's deferred

compensation arrangement, eligible employees who elect to participate in the Plan may contribute up to 15% of eligible compensation, as defined, to the Plan. The Company may provide for a matching contribution which is determined by the Company each plan year. During the year ended December 31, 1997, the Company made matching contributions to the Plan of $11,000.

5. COMMITMENTS AND CONTINGENCIES

LEASE COMMITMENTS

At December 31, 1997, the future minimum operating lease payments under noncancelable operating leases were as follows:

1998	$52,250
1999	53,590
2000	3,921

The Company's operating leases are primarily for office space and other equipment. Total rental expense for operating leases was $51,700 in 1997.

LEGAL PROCEEDINGS

The Company is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of potential liability with respect to these potential actions would not materially affect the financial position or results of operations of the Company.

6. SUBSEQUENT EVENT

SALE OF THE COMPANY

On February 16, 1998, the Company was acquired by Manhattan Associates, LLC ("Manhattan"), pursuant to which the Company became a 100% wholly owned subsidiary of Manhattan Associates, LLC. The Company exchanged all of the Company's outstanding common stock for cash of $2,200,000 and 106,666 shares of Manhattan common stock.

TITLE: PkMS Functionality and Electronic Data Interchange
GRAPHIC: A rectangle divided into 16 sections describing the organization of PkMS modules and functionality. The sections are labeled as follows: Productivity Tracking Task Management, Advanced Ship Notice, Enabler System Inventory Management System, Outbound Distribution System, Receiving, Stock Locator, Cycle Cover Work Order Management, Slotting, Wave Management Verification, Freight Management, Parcel Shipping and Order Allocation.
Five boxes surround the larger, sectioned box. They are labeled ERP--SCM, Transportation Management System, Automated Handling Equipment, Advanced Ship Notices From Manufacturer, Retail Store Replenishment, Purchase Orders and Inventory Management.

PkMS(R) and the Manhattan Associates, Inc. logo are registered trademarks of the Company. This Prospectus also includes trademarks, service marks and trade names of other companies.

[INSIDE BACK COVER]

NO DEALER, SALESPERSON OR OTHER INDIVIDUAL HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS NOT CONTAINED IN THIS PROSPECTUS, IN CONNECTION WITH THE OFFERING COVERED BY THIS PROSPECTUS. IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR THE UNDERWRITERS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, THE COMMON STOCK IN ANY JURISDICTION WHERE, OR TO ANY PERSON TO WHOM, IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS NOT BEEN ANY CHANGE IN THE FACTS SET FORTH IN THIS PROSPECTUS OR IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF.

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UNTIL , 1998 (25 DAYS FROM THE DATE OF THIS PROSPECTUS), ALL DEALERS EFFECTING TRANSACTIONS IN THE REGISTERED SECURITIES, WHETHER OR NOT PARTICIPATING IN THIS DISTRIBUTION, MAY BE REQUIRED TO DELIVER A PROSPECTUS. THIS IS IN ADDITION TO THE OBLIGATION OF DEALERS TO DELIVER A PROSPECTUS WHEN ACTING AS UNDERWRITERS AND WITH RESPECT TO THEIR UNSOLD ALLOTMENTS OR SUBSCRIPTIONS.

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LOGO

[OF MANHATTAN ASSOCIATES APPEARS HERE]

3,000,000 SHARES

COMMON STOCK

DEUTSCHE MORGAN GRENFELL

HAMBRECHT & QUIST

SOUNDVIEW FINANCIAL GROUP, INC.

PROSPECTUS

, 1998

PART II

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

Securities and Exchange Commission registration fee	$ 12,213
NASD and Blue Sky fees and expenses	$ 20,000
Nasdaq National Market listing fee	$ 112,795
Accountants' fees and expenses	$ 300,000
Legal fees and expenses	$ 300,000
Transfer Agent's fees and expenses	$ 15,000
Printing and engraving expenses	$ 200,000
Miscellaneous	$ 239,992
Total Expenses	$1,200,000

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Company's Bylaws provide that the Company shall indemnify each of its officers, directors, employees and agents to the extent that he or she is or was a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative because he or she is or was a director, officer, employee or agent of the Company, against reasonable expenses (including attorneys' fees), judgments, fines and amounts paid in settlement in connection with such action, suit or proceeding; provided, however, that no indemnification shall be made for (i) any appropriation, in violation of his duties, of any business opportunity of the Company, (ii) acts or omissions which involve intentional misconduct or a knowing violation of law, (iii) any liability under Section 14-2-832 of the GBCC, which relates to unlawful payments of dividends and unlawful stock repurchases and redemptions, or (iv) any transaction from which he derived an improper personal benefit.

Section 6(b) of the Underwriting Agreement filed as Exhibit 1.1 hereto also contains certain provisions pursuant to which certain officers, directors and controlling persons of the Company may be entitled to be indemnified by the underwriters named therein.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

During the past three years, the Registrant has sold the securities set forth below which were not registered under the Securities Act.

In connection with the restructuring of Company from a limited liability company to a business corporation, Manhattan Associates, Inc. will issue 20,206,674 shares of Common Stock to shareholders of Manhattan Associates Software, LLC ("Manhattan LLC") on the date of the Prospectus in consideration for their contribution of all of the outstanding shares on Manhattan LLC to the Company in a transaction exempt under Sections 4(2) of the Securities Act.

In connection with the organization of the Company, the Company issued an aggregate of 100 shares of its Common Stock to the four founders of Manhattan LLC at a price of $1.00 per share in a transaction exempt under Section 4(2) of the Securities Act. These shares will be redeemed simultaneously with the consummation of the Restructuring at their original purchase price.

In connection with an investment by Deepak Raghavan, the Chief Technology Officer of the Company, of $1,000,000 in Manhattan LLC on February 16, 1998, Manhattan LLC issued 100,000 of its shares to Mr. Raghavan in a transaction exempt under Section 4(2) of the Securities Act.

In connection with the acquisition of all of the outstanding shares of Performance Analysis Corporation ("PAC") on February 16, 1998, Manhattan LLC issued 106,666 of its shares to Dan Basmajian, the sole shareholder of PAC, in a transaction exempt from registration under Rules 505 and 506 of Regulation D and Section 4(2) of the Securities Act.

In connection with the initial formation of Manhattan LLC, Manhattan LLC issued 875,000 of its shares to the initial shareholders, who are also the members of the Board of Managers of Manhattan LLC, in a transaction exempt from registration under Section 4(2) of the Securities Act.

ITEM 16. EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
1.1*	Form of Underwriting Agreement.
2.1	Subscription and Contribution Agreement between direct and indirect shareholders of Manhattan Associates Software, LLC and the Registrant dated February 26, 1998.
3.1	Articles of Incorporation of the Registrant.
3.2	Bylaws of the Registrant.
4.1	Provisions of the Articles of Incorporation and Bylaws of the Registrant defining rights of the holders of Common Stock of the Registrant.
4.2*	Specimen Stock Certificate.
5.1*	Opinion of Morris, Manning & Martin, L.L.P., Counsel to the Registrant, as to the legality of the shares being registered.
10.1	Lease Agreement by and between Wildwood Associates, a Georgia general partnership, and the Registrant dated September 24, 1997.
10.2	First Amendment to Lease between Wildwood Associates, a Georgia general partnership, and the Registrant, dated October 31, 1997.
10.3	Summary Plan Description of the Registrant's Money Purchase Plan & Trust, effective January 1, 1997.
10.4	Summary Plan Description of the Registrant's 401(k) Plan and Trust, effective January 1, 1995.
10.5	Form of Indemnification Agreement with certain directors and officers of the Registrant.
10.6	Contribution Agreement between the Registrant and Daniel Basmajian, Sr.
10.7	Form of Tax Indemnification Agreement for Direct Shareholders of Manhattan Associates Software, LLC.
10.8	Form of Tax Indemnification Agreement for Alan J. Dabbiere, The Alan J. Dabbiere Trust and AD Investment Management Limited Partnership.
10.9	Share Purchase Agreement between Deepak Raghavan and the Registrant

effective as of February 16, 1998.
10.10 Manhattan Associates, Inc. Stock Incentive Plan.
10.11 Manhattan Associates, LLC Option Plan.
10.12 Grid Promissory Note of the Registrant in favor of Alan J. Dabbiere.
21.1 List of Subsidiaries.
23.1 Consent of Arthur Andersen LLP.
23.2* Consent of Morris, Manning & Martin, L.L.P. (included in Exhibit 5.1).
24.1 Powers of Attorney (included on signature page).
27.1 Financial Data Schedule.
99.1 Report of Independent Public Accountants.

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* To be filed by amendment

ITEM 17. UNDERTAKINGS

(a) The undersigned Registrant hereby undertakes to provide to the Underwriters at the closing specified in the Underwriting Agreement certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(c) The Registrant hereby undertakes that:

(i) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in the form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of the Registration Statement as of the time it was declared effective.

(ii) For purposes of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT, THE REGISTRANT HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF ATLANTA, STATE OF GEORGIA ON THE 27TH DAY OF FEBRUARY, 1998.

Manhattan Associates, Inc.

/s/ Alan J. Dabbiere

By: _____
ALAN J. DABBIERE
CHAIRMAN OF THE BOARD,
CHIEF EXECUTIVE OFFICER AND
PRESIDENT

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Alan J. Dabbiere and Michael J. Casey, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and any subsequent registration statements pursuant to Rule 462 of the Securities Act and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that each of said attorney-in-fact or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT, THIS REGISTRATION STATEMENT HAS BEEN SIGNED BY THE FOLLOWING PERSONS IN THE CAPACITIES AND ON THE DATES INDICATED.

SIGNATURE	TITLE	DATE
/s/ Alan J. Dabbiere ALAN J. DABBIERE	Chairman of the Board, President, and Chief Executive (Principal Executive Officer)	February 27, 1998
/s/ Michael J. Casey MICHAEL J. CASEY	Chief Financial Officer and Secretary (Principal Financial and Accounting Officer)	February 27, 1998
/s/ Deepak Raghavan DEEPAK RAGHAVAN	Director	February 27, 1998

SCHEDULE II

MANHATTAN ASSOCIATES, INC.
VALUATION AND QUALIFYING ACCOUNTS
ALLOWANCE FOR DOUBTFUL ACCOUNTS

	BALANCE AT BEGINNING OF THE PERIOD	CHARGED TO COSTS AND EXPENSES	CHARGED TO OTHER ACCTS	DEDUCTIONS	BALANCE AT END OF THE PERIOD
1995	$ --	$242,780	$ --	$142,780 b	$100,000

1996	100,000	225,000	--	--	325,000
1997	325,000	395,000	250,000 a	--	970,000

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a Charged to services revenue

b Represents the write-off of accounts previously reserved

EXHIBIT 2.1

SUBSCRIPTION AND CONTRIBUTION AGREEMENT

THIS SUBSCRIPTION AND CONTRIBUTION AGREEMENT (the "Agreement") is made and entered into as of this 26th day of February, 1998 by and between Alan J. Dabbiere, Ponnambalam Muthiah, Deepak Raghavan, Deepak Rao, The Alan J. Dabbiere Trust, The Ponnambalam Muthiah Trust, The Deepak Raghavan Trust, The Deepak Rao Trust, AD Investment Management Limited Partnership, UM Investment Management Limited Partnership, SR Investment Management Limited Partnership, SV Investment Management Limited Partnership, Daniel Basmajian, Sr., Peter V. Dabbiere, Joel D. Dabbiere, David K. Dabbiere and the minority shareholders of Manhattan Associates Software, LLC, a Georgia limited liability company ("Manhattan LLC") listed on EXHIBIT A, attached hereto, and Manhattan Associates, Inc., a Georgia corporation ("Manhattan Inc.").

R E C I T A L S:

WHEREAS, Alan J. Dabbiere, AD Investment Management Limited Partnership and The Alan J.Dabbiere Trust (each being hereinafter referred to as a "Pegasys Shareholder" or collectively, the "Pegasys Shareholders") own 9,900 shares of the non-voting common stock of Pegasys Systems Incorporated, a New Jersey corporation ("Pegasys") and 100 shares of voting common stock of Pegasys, such shares constituting all of the issued and outstanding shares of Pegasys (the "Pegasys Shares"); and

WHEREAS, Ponnambalam Muthiah, Deepak Raghavan, Deepak Rao, The Ponnambalam Muthiah Trust, The Deepak Raghavan Trust, The Deepak Rao Trust, UM Investment Management Limited Partnership, SR Investment Management Limited Partnership, SV Investment Management Limited Partnership, Daniel Basmajian, Sr., Peter V. Dabbiere, Joel D. Dabbiere, David K. Dabbiere and the minority shareholders of Manhattan LLC listed on EXHIBIT A hereto (each being hereinafter referred to as a "LLC Shareholder" or collectively, the "LLC Shareholders," and, collectively with the Pegasys Shareholders, the "Shareholders") own 4,479,049 Shares of Manhattan LLC (as defined in the Operating Agreement of Manhattan LLC, as amended); and

WHEREAS, upon the terms hereinafter set forth, the Pegasys Shareholders desire to sell, and Manhattan Inc. desires to acquire all of the shares of Pegasys owned by the Pegasys Shareholders; and

WHEREAS, upon the terms hereinafter set forth, the LLC Shareholders desire to sell, and Manhattan Inc. desires to acquire all of the shares of Manhattan LLC owned by the LLC Shareholders;

NOW, THEREFORE, in consideration of the mutual agreements, covenants, representations and warranties contained herein, the parties hereby agree as follows:

ARTICLE I.

Contribution of Shares

1.1 Contribution of Shares by the Pegasys Shareholders to Manhattan Inc.

Upon the terms of this Agreement, the Pegasys Shareholders shall contribute, sell, transfer, assign, convey and deliver all of the Pegasys Shares to Manhattan Inc., and Manhattan Inc. shall purchase all of the Pegasys Shares owned by the Pegasys Shareholders from the Pegasys Shareholders free and clear

of all security interests, liens, pledges, claims, charges, escrows, encumbrances, encroachments, rights of first refusal, mortgages, indentures, easements, licenses, restrictions or other covenants, agreements,

understandings, obligations, defects or irregularities (hereinafter "Encumbrances") affecting title to any of such Pegasys Shares, for the consideration set forth in Section 1.3 of this Agreement.

1.2. Contribution of Assets by the LLC Shareholders to Manhattan Inc.

Upon the terms of this Agreement, the LLC Shareholders shall contribute, sell, transfer, assign, convey and deliver all of their Shares of Manhattan LLC to Manhattan Inc., and Manhattan Inc. shall purchase all of the Shares of Manhattan LLC owned by the LLC Shareholders from the LLC Shareholders, free and clear of all Encumbrances affecting title to any of such Shares, for the consideration set forth in Section 1.4 of this Agreement.

1.3. Consideration to Pegasys Shareholders and Subscription by the Pegasys Shareholders.

Pursuant to the sale by each of the Pegasys Shareholders of Pegasys Shares to Manhattan Inc., each of the Pegasys Shareholders will receive 1124.8576 shares of the $.01 par value per share common stock of Manhattan Inc. ("Common Stock") for each of the Pegasys Shares transferred by such Pegasys Shareholder to Manhattan Inc. The total number of shares of Manhattan Inc. Common Stock to be received by each Pegasys Shareholder is listed on EXHIBIT B, attached hereto.

1.4. Consideration to LLC Shareholders and Subscription by the LLC Shareholders.

Pursuant to the sale by each of the LLC Shareholders of Shares of Manhattan LLC to Manhattan Inc., each of the LLC Shareholders will receive two shares of the Common Stock of Manhattan Inc. for each Share of Manhattan LLC transferred by such LLC Shareholder to Manhattan Inc. The total number of shares of Manhattan Inc. Common Stock to be received by each LLC Shareholder is listed on EXHIBIT B, attached hereto.

1.5. Effective Time.

The contribution contemplated in this Agreement shall be effective and automatically closed without any further action on the part of the parties hereto on the earlier of: (i) a time determined by the Board of Managers of Manhattan LLC or (ii) 9:30 a.m. on the day which the Company and its underwriters have requested the effectiveness of the Registration Statement to be filed by Manhattan Inc. in connection with the initial public offering of Manhattan Inc. (such earlier time being the "Contribution Date").

ARTICLE II.

Investment Representations

To induce Manhattan Inc. to issue the Common Stock to the Shareholders, each of the Shareholders represents, warrants and covenants to Manhattan Inc. as follows:

2.1. Investment Purpose.

The Common Stock is being purchased for investment purposes only with no intention of dividing or allowing others to participate in this investment or of reselling or otherwise participating, directly or indirectly, in a distribution of the Common Stock. The Common Stock will only be resold either pursuant to a valid registration statement under the Securities Act of 1933, as amended or any

applicable state securities laws (the "Securities Laws") or without registration in an exempt transaction or transactions that permit such resales without registration under the Securities Laws.

2.2. Exemption from Registration.

Each of the Shareholders understands that he, she or it must bear the economic risk of his, her or its investment in the Common Stock for an indefinite period of time because the Common Stock is not registered under the Securities Act or the securities laws of any state or other jurisdiction. The Shareholders have been advised that the Common Stock has not been registered under the Securities Laws, by reason of special exemptions under the provisions of those laws which, in part, depend upon the non-distributive intent of the Shareholders. In this connection, each of the Shareholders understands that such securities may have to be held indefinitely unless they are subsequently registered under such laws or an exemption from such registration is available. Each of the Shareholders acknowledges that Manhattan Inc. made no representations of any kind concerning such Shareholders' intent or ability to offer or sell his, her or its shares in a public offering or otherwise.

2.3. Economic Risk.

Each of the Shareholders is able to bear the economic risk of losing his, her or its entire investment in the Common Stock, which is not disproportionate to such Shareholder's net worth, and that such Shareholder has adequate means of providing for his, her or its current needs and personal contingencies, if any, without regard to the investment in the Common Stock.

2.4. No Outside Representations and Warranties.

No oral or written representations or warranties have been made to any of the Shareholders, except those contained in this Agreement. Each of the Shareholders acknowledges that no person is authorized to give any information or to make any statement not contained in this Agreement and that any information or statement not contained herein or therein must not be relied upon as having been authorized by Manhattan Inc. or any affiliates, or professional advisors thereof.

2.5. Informed Investment Decision.

To the extent that each of the Shareholders has deemed necessary, such Shareholder has consulted with his, her or its attorney, financial advisors and others regarding all financial, securities and tax aspects of the proposed investment, this Agreement and all documents relating thereto on Shareholder's behalf. Each of the Shareholders and his, her or its advisors have sufficient knowledge and experience in business and financial matters to evaluate Manhattan Inc., to evaluate the risks and merits of an investment in the Common Stock, to make an informed investment decision with respect thereto, and to protect such Shareholder's interest in connection with this subscription without need for the additional information which would be required to be included in more complete disclosure statements effective under the Securities Laws.

2.6. Receipt of Disclosure Documents.

Each of the Shareholders has received and reviewed the Contribution

Agreement and this Agreement. Each of the Shareholders has had an opportunity to ask questions of and to receive answers from the officers of Manhattan Inc. and to obtain additional information in writing to the extent that Manhattan Inc. possesses such information or could acquire it without unreasonable effort or expense. All such materials and information requested by such Shareholder and the Shareholder's advisors (including information requested to verify

information previously furnished) have been made available and examined by such Shareholder or its advisors.

2.7. Legend.

Stop-transfer instructions may be placed upon the transfer records of Manhattan Inc., and each certificate for stock issued now or hereafter to the Shareholders pursuant to this Agreement shall be stamped or otherwise imprinted with a legend in substantially the following form:

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER THE PROVISIONS OF ANY APPLICABLE STATE SECURITIES LAWS, BUT HAVE BEEN ACQUIRED BY THE REGISTERED HOLDER HEREOF FOR PURPOSES OF INVESTMENT AND IN RELIANCE ON STATUTORY EXEMPTIONS UNDER THE SECURITIES ACT, AND STATUTORY EXEMPTIONS UNDER APPLICABLE STATE SECURITIES LAWS, INCLUDING THE EXEMPTION PROVIDED BY SECTION 10-5-9(13) OF THE GEORGIA SECURITIES ACT OF 1973, AS AMENDED. THESE SECURITIES MAY NOT BE SOLD, PLEDGED, TRANSFERRED OR ASSIGNED, EXCEPT IN A TRANSACTION WHICH IS EXEMPT FROM REGISTRATION UNDER PROVISIONS OF THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT THEREUNDER; AND IN THE CASE OF AN EXEMPTION, ONLY IF THE CORPORATION HAS RECEIVED AN OPINION OF COUNSEL SATISFACTORY TO THE CORPORATION THAT SUCH TRANSACTION DOES NOT REQUIRE REGISTRATION OF ANY SUCH SECURITIES.

None of the Shareholders shall have rights as a subscriber for shares of Manhattan Inc. unless and until this Agreement has been accepted by Manhattan Inc. by execution below, which acceptance shall be in the sole discretion of Manhattan Inc.

ARTICLE III.

Representations and Warranties of the Pegasys Shareholders

To induce Manhattan Inc. to issue the Common Stock to the Pegasys Shareholders, each of the Pegasys Shareholders represents, warrants and covenants to the Company as follows:

3.1. Due Organization.

Pegasys is a corporation duly organized, validly existing and in good standing under the laws of the State of New Jersey with full power and authority to own, lease and operate its properties and assets and is duly authorized and qualified to do business under all applicable laws, regulations, ordinances and orders of public authorities to carry on its businesses in the places and in the manner as now conducted except where the failure to be so authorized or qualified would not have a material adverse effect on the business, operations, properties, assets, condition (financial or other), results of operations or prospects of Pegasys. Schedule 3.1 contains a list of all jurisdictions in which Pegasys is authorized or qualified to do business. True, complete and correct copies of the Articles of Incorporation and Bylaws of Pegasys are attached hereto as Schedule 3.1.

3.2. Capitalization.

The authorized capital stock of Pegasys consists solely of 100,000 shares of common stock, par value $.01 per share, with 99,000 shares being non-voting shares and 1,000 shares being voting shares, of which 9,900 non-voting shares are issued and outstanding and 100 voting shares are issued and outstanding. All of the issued and outstanding capital stock of Pegasys is owned beneficially and of record by the Pegasys Shareholders as set forth on Schedule 3.2. All of the issued and outstanding capital stock of Pegasys has been duly authorized and validly issued and is fully paid and nonassessable, has been issued in compliance with all applicable federal, state and other applicable securities laws and was not issued in violation of or subject to any preemptive rights or other rights to subscribe for or purchase such securities. Except as set forth in Schedule 3.2, no subscription, option, warrant, call, convertible or exchangeable security, other conversion right or commitment of any kind exists which obligates Pegasys to issue any of its capital stock or the Pegasys Shareholders to transfer any of the Pegasys Shares.

3.3. Subsidiaries. Except as set forth in Schedule 3.3, Pegasys does not presently own, of record or beneficially, or control, directly or indirectly, any capital stock, securities convertible into or exchangeable for capital stock or any other equity or participating interest in any corporation, association or business entity. Pegasys is not directly or indirectly, a participant in any joint venture, partnership or other noncorporate entity.

3.4. Liabilities and Obligations. Schedule 3.4 sets forth an accurate list of all liabilities of Pegasys as of the date hereof.

3.5. Accounts and Notes Receivable. Schedule 3.5 sets forth an accurate list of the accounts and notes receivable of Pegasys as of the date hereof.

3.6. Assets. Schedule 3.6 sets forth an accurate list of all real and personal property and all other tangible assets of each of Pegasys with a value in excess of $5,000 as of the date hereof.

3.7. Litigation.

No legal or governmental proceedings or investigations are pending or threatened to which Pegasys is a party or to which the property or capital stock of Pegasys is subject.

3.8. Validity.

Such Pegasys Shareholder is the lawful owner of the Pegasys Shares to be transferred to Manhattan Inc. by such Pegasys Shareholder hereunder and will convey good and marketable title to such Pegasys Shares, free and clear of all Encumbrances. Such Pegasys Shareholder has full power to enter into this Agreement and to contribute, sell, transfer, assign, convey and deliver to Manhattan Inc. the Pegasys Shares to be transferred by such Pegasys Shareholder hereunder in accordance with the terms of this Agreement.

3.9. No Conflict.

The transfer of the Pegasys Shares to Manhattan Inc. by such Pegasys Shareholder pursuant to this Agreement does not (i) require the consent, approval, authorization, registration or qualification of or with any governmental authority, except such as have been obtained or such as may be required under state securities or blue sky laws, or (ii) conflict with or

result in a breach or violation of any of the terms and provisions of, or constitute a default under any indenture, mortgage, deed of trust, lease or other agreement or instrument to which such Pegasys Shareholder is a party or any statute or any judgment, decree, order, rule or regulation of any court or other governmental authority or any arbitrator applicable to such Pegasys Shareholder.

The above representations, warranties and covenants of the Pegasys Shareholders shall be deemed to be repeated at the Contribution Date and the Pegasys Shareholders shall take no action that would result in a violation of any of the above representations, warranties and covenants between the date hereof and the Contribution Date.

ARTICLE IV.

Representations and Warranties of Pegasys and the LLC Shareholders

To induce Manhattan Inc. to issue the Common Stock to the LLC Shareholders, Pegasys (except with respect to Sections 4.5 and 4.6) and each of the LLC Shareholders (except with respect to Section 4.7) represent, warrant and covenant to the Company as follows:

4.1. Due Organization.

Manhattan LLC is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Georgia with full power and authority to own, lease and operate its properties and assets and is duly authorized and qualified to do business under all applicable laws, regulations, ordinances and orders of public authorities to carry on its businesses in the places and in the manner as now conducted except where the failure to be so authorized or qualified would not have a material adverse effect on the business, operations, properties, assets, condition (financial or other), results of operations or prospects of Manhattan LLC. Schedule 4.1 contains a list of all jurisdictions in which Manhattan LLC is authorized or qualified to do business. True, complete and correct copies of the Articles of Organization and Operating Agreement, as amended, of Manhattan LLC are attached hereto as Schedule 4.1.

4.2. Capitalization.

The authorized limited liability company interests in Manhattan LLC consist solely of 12,603,337 Shares (as defined in the Operating Agreement of Manhattan LLC, as amended) of which 10,103,337 Shares are issued and outstanding and 2,500,000 Shares are reserved for issuance under the Manhattan LLC Share Option Plan. All of the issued and outstanding Shares of Manhattan LLC are owned beneficially and of record by Pegasys and the LLC Shareholders as set forth on Schedule 4.2. All of the issued and outstanding Shares of Manhattan LLC have been duly authorized and validly issued and are fully paid and nonassessable, have been issued in compliance with all applicable federal, state and other applicable securities laws and were not issued in violation of or subject to any preemptive rights or other rights to subscribe for or purchase such securities. Except as set forth in Schedule 4.2, no subscription, option, warrant, call, convertible or exchangeable security, other conversion right or commitment of any kind exists which obligates Manhattan LLC to issue any of its capital stock or Pegasys or the LLC Shareholders to transfer any of the Shares.

4.3. Subsidiaries.

Except as set forth in Schedule 4.3, Manhattan LLC does not presently own, of record or beneficially, or control, directly or indirectly, any capital stock, securities convertible into or exchangeable for capital stock or any other equity or participating interest in any corporation, association or business entity. Manhattan LLC is not directly or indirectly, a participant in any joint venture, partnership or other noncorporate entity.

4.4. Litigation.

No legal or governmental proceedings or investigations are pending or threatened to which Manhattan LLC is a party or to which the property or capital stock of Manhattan LLC is subject.

4.5. Validity.

Such LLC Shareholder is the lawful owner of the Shares of Manhattan LLC to be transferred to Manhattan Inc. by such LLC Shareholder hereunder and will convey good and marketable title to such Shares, free and clear of all Encumbrances. Such LLC Shareholder has full power to enter into this Agreement and to contribute, sell, transfer, assign, convey and deliver to Manhattan Inc. the Shares of Manhattan LLC to be transferred by such LLC Shareholder hereunder in accordance with the terms of this Agreement.

4.6. No Conflict.

The transfer of the Shares of Manhattan LLC to Manhattan Inc. by such LLC Shareholder pursuant to this Agreement does not (i) require the consent, approval, authorization, registration or qualification of or with any governmental authority, except such as have been obtained or such as may be required under state securities or blue sky laws, or (ii) conflict with or result in a breach or violation of any of the terms and provisions of, or constitute a default under any indenture, mortgage, deed of trust, lease or other agreement or instrument to which such LLC Shareholder is a party or any statute or any judgment, decree, order, rule or regulation of any court or other governmental authority or any arbitrator applicable to such LLC Shareholder.

4.7. Pegasys Shares of Manhattan LLC.

Pegasys is the lawful owner of the Shares of Manhattan LLC held by it and has good and marketable title to such Shares, free and clear of all Encumbrances. Pegasys has full power (corporate and otherwise) to enter into this Agreement and to make the representations, warranties and covenants hereunder.

ARTICLE V.

Miscellaneous Provisions

5.1. Entire Agreement.

This Agreement and the Exhibits and other documents delivered pursuant hereto or incorporated herein by reference, contain and constitute the entire agreement among the parties and supersede and cancel any prior agreements, representations, warranties or communications, whether oral or written, among the parties relating to the transactions contemplated by this Agreement. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, but only by an agreement in writing signed by the party against whom or which the enforcement of such change, waiver, discharge or termination is sought.

5.2. Governing Law; Severability.

This Agreement shall be governed by and construed in accordance with the laws of the State of Georgia, but excluding the conflicts laws of the State of Georgia. The provisions of this Agreement are severable, and the invalidity of one or more of the provisions herein shall not have any effect upon the validity or enforceability of any other provision.

5.3. Headings.

The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

5.4. No Third Party Beneficiaries.

Nothing contained in this Agreement (express or implied) is intended or shall be construed to confer upon or give to any person, corporation or other entity, other than the parties hereto and their permitted successors or assigns, any rights or remedies under or by reason of this Agreement.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first written above.

[SIGNATURES ON FOLLOWING PAGES]

/s/ Alan J. Dabbiere

Alan J. Dabbiere

/s/ Ponnambalam Muthiah

Ponnambalam Muthiah

/s/ Deepak Raghavan

Deepak Raghavan

/s/ Deepak Rao

Deepak Rao

[Additional Signatures Intentionally Omitted]

EXHIBIT 3.1

ARTICLES OF INCORPORATION
OF
MANHATTAN ASSOCIATES, INC.

ARTICLE ONE
NAME

The name of the corporation is Manhattan Associates, Inc. (the "Corporation").

ARTICLE TWO
CAPITALIZATION

The Corporation shall have authority, exercisable by its Board of Directors, to issue up to 100,000,000 shares of common stock, $.01 par value per share ("Common Stock"), and 20,000,000 shares of preferred stock, no par value per share ("Preferred Stock"), any part or all of which shares of Preferred Stock may be established and designated from time to time by the Board of Directors, in such series and with such preferences, limitations and relative rights as may be determined by the Board of Directors.

ARTICLE THREE
INITIAL REGISTERED OFFICE

The initial registered office of the Corporation shall be at 2300 Windy Ridge Parkway, Suite 700, Atlanta, Fulton County, Georgia 30339. The initial registered agent of the Corporation shall be Michael J. Casey.

ARTICLE FOUR
INITIAL PRINCIPAL OFFICE

The mailing address of the initial principal office of the Corporation shall be 2300 Windy Ridge Parkway, Suite 700, Atlanta, Georgia 30339.

ARTICLE FIVE
INCORPORATOR

The name and address of the incorporator is Larry W. Shackelford, Esq., Morris, Manning & Martin, L.L.P., 1600 Atlanta Financial Center, 3343 Peachtree Road, N.E., Atlanta, Georgia 30326.

ARTICLE SIX
DIRECTORS

The initial Board of Directors of the Corporation is composed of the following Directors: Alan J. Dabbiere and Deepak Raghavan.

ARTICLE SEVEN
STAGGERED BOARD OF DIRECTORS

The Board of Directors shall be divided into three classes to be known as Class I, Class II and Class III, which shall be as nearly equal in number as possible. Except in case of death, resignation, disqualification or removal, each Director shall serve for a term ending on the date of the third annual meeting of shareholders following the annual meeting at which the Director was elected; provided, however, that each initial Director in Class I shall hold
office until the 1999 annual meeting of shareholders; each initial Director in Class II shall hold office until the 2000 annual meeting of shareholders; and each initial Director in Class III shall hold office until the 2001 annual meeting of shareholders. In the event of any increase or decrease in the authorized number of Directors, the newly created or eliminated directorships resulting from such an increase or decrease shall be apportioned among the three classes of Directors so that the three classes remain as nearly equal in size as possible; provided, however, that there shall be no classification of additional
Directors elected by the Board of Directors until the next meeting of shareholders called for the purposes of electing Directors, at which meeting the terms of all such additional Directors shall expire, and such additional Director positions, if they are to be continued, shall be apportioned among the classes of Directors, and nominees therefor shall be submitted to the shareholders for their vote.

ARTICLE EIGHT
LIMITATION ON DIRECTOR LIABILITY

No Director of the Corporation shall be personally liable to the Corporation or its shareholders for monetary damages for breach of the duty of care or any other duty as a Director, except that such liability shall not be eliminated for:

(i) any appropriation, in violation of the Director's duties, of any business opportunity of the Corporation;

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

(iii) liability under Section 14-2-832 (or any successor provision or redesignation thereof) of the Georgia Business Corporation Code (the "Code"); and

(iv) any transaction from which the Director received an improper personal benefit.

If at any time the Code shall have been amended to authorize the further elimination or limitation of the liability of a Director, then the liability of each Director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Code, as so amended, without further action by the shareholders, unless the provisions of the Code, as amended, require further action by the shareholders.

Any repeal or modification of the foregoing provisions of this Article Eight shall not adversely affect the elimination or limitation of liability or alleged liability pursuant hereto of any

Director of the Corporation for or with respect to any alleged act or omission of the Director occurring prior to such a repeal or modification.

ARTICLE NINE
SHAREHOLDER ACTION WITHOUT MEETING
BY LESS THAN UNANIMOUS CONSENT

The shareholders, without a meeting, may take any action required or permitted to be taken at a meeting of the shareholders, if written consent setting forth the action to be taken is signed by those persons who would be entitled to vote at a meeting who hold those shares having voting power to cast not less than the minimum number (or numbers, in the case of voting by classes) of votes that would be necessary to authorize or take the action at a meeting at which all shares entitled to vote were present and voted. An action by less than unanimous consent may not be taken with respect to any election of Directors as to which shareholders would be entitled to cumulative voting.

ARTICLE TEN
CONSIDERATION OF INTERESTS OF NON-SHAREHOLDER CONSTITUENCIES

The Board of Directors, any committee of the Board of Directors and any individual Director, in discharging the duties of its, his or her respective positions and in determining what is believed to be in the best interest of the Corporation, may in its, his or her sole discretion consider the interests of the employees, customers, suppliers and creditors of the Corporation and its subsidiaries, the communities in which offices or other establishments of the Corporation and its subsidiaries are located and all other factors such Director or Directors consider pertinent, in addition to considering the effects of any action on the Corporation and its shareholders. Notwithstanding the foregoing, this Article Ten shall not be deemed to provide any of the foregoing constituencies any right to be considered in any such discharging of duties or determination.

ARTICLE ELEVEN
AMENDMENTS

Notwithstanding any other provision of these Articles of Incorporation, the Corporation's Bylaws or law, neither Articles Seven, Eight, Nine or Ten hereof nor this Article Eleven may be amended or repealed except upon the affirmative vote of holders of at least 66-2/3% of the total number of votes of the then outstanding shares of capital stock of the Company that are entitled to vote generally in the election of Directors, voting together as a single class.

IN WITNESS WHEREOF, the undersigned executes these Articles of Incorporation on February 24, 1998.

/s/ Larry W. Shackelford

Larry W. Shackelford,
Incorporator

EXHIBIT 3.2

BYLAWS

OF

MANHATTAN ASSOCIATES, INC.

Effective February 24, 1998

BYLAWS
OF
MANHATTAN ASSOCIATES, INC.

TABLE OF CONTENTS

BYLAWS

OF

MANHATTAN ASSOCIATES, INC.

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References in these Bylaws of MANHATTAN ASSOCIATES, INC., a Georgia corporation (the "Corporation") (these "Bylaws") to "Articles of Incorporation" are to the Articles of Incorporation of the Corporation as amended and restated from time to time.

All of these Bylaws are subject to contrary provisions, if any, of the Articles of Incorporation (including provisions designating the preferences, limitations, and relative rights of any class or series of shares), the Georgia Business Corporation Code (the "Code"), and other applicable law, as in effect on and after the effective date of these Bylaws. References in these Bylaws to "Sections" shall refer to sections of the Bylaws, unless otherwise indicated.

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ARTICLE ONE

Office

1.1 Registered Office and Agent. The Corporation shall maintain a registered office and shall have a registered agent whose business office is the same as the registered office.

1.2 Principal Office. The principal office of the Corporation shall be at the place designated in the Corporation's annual registration with the Georgia Secretary of State.

1.3 Other Offices. In addition to its registered office and principal office, the Corporation may have offices at other locations either in or outside the State of Georgia.

ARTICLE TWO

Shareholders' Meetings

2.1 Place of Meetings. Meetings of the Corporation's shareholders may be held at any location inside or outside the State of Georgia designated by the Board of Directors or any other person or persons who properly call the meeting, or if the Board of Directors or such other person or persons do not specify a location, at the Corporation's principal office.

2.2 Annual Meetings. The Corporation shall hold an annual meeting of shareholders, at a time determined by the Board of Directors, to elect directors and to transact

any business that properly may come before the meeting. The annual meeting may be combined with any other meeting of shareholders, whether annual or special.

2.3 Special Meetings. Special meetings of shareholders of one or more classes or series of the Corporation's shares may be called at any time by the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President, and shall be called by the Corporation upon the written request (in compliance with applicable requirements of the Code) of the holders of shares representing not less than 35% or more of the votes entitled to be cast on each issue proposed to be considered at the special meeting. The business that may be transacted at any special meeting of shareholders shall be limited to that proposed in the notice of the special meeting given in accordance with Section 2.4 (including related or incidental matters that may be necessary or appropriate to effectuate the proposed business).

2.4 Notice of Meetings. In accordance with Section 9.5 and subject to waiver by a shareholder pursuant to Section 2.5, the Corporation shall give written notice of the date, time, and place of each annual and special shareholders' meeting no fewer than 10 days nor more than 60 days before the meeting date to each shareholder of record entitled to vote at the meeting. The notice of an annual meeting need not state the purpose of the meeting unless these Bylaws require otherwise. The notice of a special meeting shall state the purpose for which the meeting is called. If an annual or special shareholders' meeting is adjourned to a different date, time, or location, the Corporation shall give shareholders notice of the new date, time, or location of the adjourned meeting, unless a quorum of shareholders was present at the meeting and information regarding the adjournment was announced before the meeting was adjourned; provided, however, that if a new record date is or must be fixed in accordance with Section 7.6, the Corporation must give notice of the adjourned meeting to all shareholders of record as of the new record date who are entitled to vote at the adjourned meeting.

2.5 Waiver of Notice. A shareholder may waive any notice required by the Code, the Articles of Incorporation, or these Bylaws, before or after the date and time of the matter to which the notice relates, by delivering to the Corporation a written waiver of notice signed by the shareholder entitled to the notice. In addition, a shareholder's attendance at a meeting shall be (a) a waiver of objection to lack of notice or defective notice of the meeting unless the shareholder at the beginning of the meeting objects to holding the meeting or transacting business at the meeting, and (b) a waiver of objection to consideration of a particular matter at the meeting that is not within the purpose stated in the meeting notice, unless the shareholder objects to considering the matter when it is presented. Except as otherwise required by the Code, neither the purpose of nor the business transacted at the meeting need be specified in any waiver.

2.6 Voting Group; Quorum; Vote Required to Act. (a) Unless otherwise required by the Code or the Articles of Incorporation, all classes or series of the Corporation's shares entitled to vote generally on a matter shall for that purpose be considered a single voting group (a "Voting Group"). If either the Articles of Incorporation or the Code requires separate voting by two or more Voting Groups on a matter, action on that matter is taken only when voted upon by each such Voting Group separately. At all meetings of shareholders, any Voting Group entitled to vote on a matter may take action on the matter only if a quorum of that Voting Group exists at

the meeting, and if a quorum exists, the Voting Group may take action on the matter notwithstanding the absence of a quorum of any other Voting Group that may be entitled to vote separately on the matter. Unless the Articles of Incorporation, these Bylaws, or the Code provides otherwise, the presence (in person or by proxy) of shares representing a majority of votes entitled to be cast on a matter by a Voting Group shall constitute a quorum of that Voting Group with regard to that matter. Once a share is present at any meeting other than solely to object to holding the meeting or transacting business at the meeting, the share shall be deemed present for quorum purposes for the remainder of the meeting and for any adjournments of that meeting, unless a new record date for the adjourned meeting is or must be set pursuant to Section 7.6 of these Bylaws.

(b) Except as provided in Section 3.4, if a quorum exists, action on a matter by a Voting Group is approved by that Voting Group if the votes cast within the Voting Group favoring the action exceed the votes cast opposing the action, unless the Articles of Incorporation, a provision of these Bylaws that has been adopted pursuant to Section 14-2-1021 of the Code (or any successor provision), or the Code requires a greater number of affirmative votes.

2.7 Voting of Shares. Unless otherwise required by the Code or the Articles of Incorporation, each outstanding share of any class or series having voting rights shall be entitled to one vote on each matter that is submitted to a vote of shareholders.

2.8 Proxies. A shareholder entitled to vote on a matter may vote in person or by proxy pursuant to an appointment executed in writing by the shareholder or by his or her attorney-in-fact. An appointment of a proxy shall be valid for 11 months from the date of its execution, unless a longer or shorter period is expressly stated in the appointment form.

2.9 Presiding Officer. Except as otherwise provided in this Section 2.9, the Chairman of the Board, and in his or her absence or disability the Chief Executive Officer, and in his or her absence or disability the President, shall preside at every shareholders' meeting (and any adjournment thereof) as its chairman, if either of them is present and willing to serve. If neither the Chairman of the Board, nor the Chief Executive Officer nor the President is present and willing to serve as chairman of the meeting, and if the Chairman of the Board has not designated another person who is present and willing to serve, then a majority of the Corporation's directors present at the meeting shall be entitled to designate a person to serve as chairman. If no director of the Corporation is present at the meeting or if a majority of the directors who are present cannot be established, then a chairman of the meeting shall be selected by a majority vote of (a) the shares present at the meeting that would be entitled to vote in an election of directors, or (b) if no such shares are present at the meeting, then the shares present at the meeting comprising the Voting Group with the largest number of shares present at the meeting and entitled to vote on a matter properly proposed to be considered at the meeting. The chairman of the meeting may designate other persons to assist with the meeting.

2.10 Adjournments. At any meeting of shareholders (including an adjourned meeting), a majority of shares of any Voting Group present and entitled to vote at the meeting

(whether or not those shares constitute a quorum) may adjourn the meeting, but only with respect to that Voting Group, to reconvene at a specific time and place. If more than one Voting Group is present and entitled to vote on a matter at the meeting, then the meeting may be continued with respect to any such Voting Group that does not vote to adjourn as provided above, and such Voting Group may proceed to vote on any matter to which it is otherwise entitled to do so; provided, however, that if (a) more than one Voting Group is required to take action on a matter at the meeting and (b) any one of those Voting Groups votes to adjourn the meeting (in accordance with the preceding sentence), then the action shall not be deemed to have been taken until the requisite vote of any adjourned Voting Group is obtained at its reconvened meeting. The only business that may be transacted at any reconvened meeting is business that could have been transacted at the meeting that was adjourned, unless further notice of the adjourned meeting has been given in compliance with the requirements for a special meeting that specifies the additional purpose or purposes for which the meeting is called. Nothing contained in this Section 2.10 shall be deemed or otherwise construed to limit any lawful authority of the chairman of a meeting to adjourn the meeting.

2.11 Conduct of the Meeting. At any meeting of shareholders, the chairman of the meeting shall be entitled to establish the rules of order governing the conduct of business at the meeting.

2.12 Inspectors of Election. The Corporation shall appoint one or more

persons, each of whom may be an officer or employee of the Corporation, to act as an inspector at each meeting of shareholders. At each such meeting of shareholders, the inspector shall be responsible for (i) ascertaining the number of shares outstanding and the voting power of each; (ii) determining the shares represents at such meeting; (iii) determining the validity of proxies and ballots; (iv) counting all votes; (v) determining the result of all votes; and (vi) making a written report of his or her determinations. In addition, such inspector shall take and sign an oath to execute faithfully his or her duties with strict impartiality and according to the best of his or her ability.

2.13 Action of Shareholders Without a Meeting. Action required or permitted to be taken at a meeting of shareholders may be taken without a meeting if the action is taken by all shareholders entitled to vote on the action or, if permitted by the Articles of Incorporation, by persons who would be entitled to vote at a meeting shares having voting power to cast the requisite number of votes (or numbers, in the case of voting by groups) that would be necessary to authorize or take the action at a meeting at which all shareholders entitled to vote were present and voted. The action must be evidenced by one or more written consents describing the action taken, signed by shareholders entitled to take action without a meeting, and delivered to the Corporation for inclusion in the minutes or filing with the corporate records. Such consents shall be executed by shareholders sufficient to act by written consent and received by the Corporation within sixty days of the date upon which such consent is dated. Where required by Section 14-2-704 or other applicable provision of the Code, the Corporation shall provide shareholders with written notice of actions taken without a meeting.

2.14 Matters Considered at Annual Meetings. Notwithstanding anything to the contrary in these Bylaws, the only business that may be conducted at an annual meeting of shareholders shall be business brought before the meeting (a) by or at the direction of the Board of Directors prior to the meeting, (b) by or at the direction of the Chairman of the Board, the Chief Executive Officer or the President, or (c) by a shareholder of the Corporation who is entitled to vote with respect to the business and who complies with the notice procedures set forth in this Section 2.14. For business to be brought properly before an annual meeting by a shareholder, the shareholder must have given timely notice of the business in writing to the Secretary of the Corporation. To be timely, a shareholder's notice must be delivered or mailed to and received at the principal offices of the Corporation, not less than 60 days before the date of the meeting at which the director(s) are to be elected or the proposal is to be considered; however, if less than 70 days notice or prior public disclosure of the date of the scheduled meeting is given or made, notice by the shareholder, to be timely, must be delivered or received not later than the close of business on the tenth day following the earlier of the day on which notice of the date of the meeting is mailed to shareholders or public disclosure of the date of such meeting is made. A shareholder's notice to the Secretary shall set forth a brief description of each matter of business the shareholder proposes to bring before the meeting and the reasons for conducting that business at the meeting; the name, as it appears on the Corporation's books, and address of the shareholder proposing the business; the series or class and number of shares of the Corporation's capital stock that are beneficially owned by the shareholder; and any material interest of the shareholder in the proposed business. The chairman of the meeting shall have the discretion to declare to the meeting that any business proposed by a shareholder to be considered at the meeting is out of order and that such business shall not be transacted at the meeting if (i) the chairman concludes that the matter has been proposed in a manner inconsistent with this Section 2.14 or (ii) the chairman concludes that the subject matter of the proposed business is inappropriate for consideration by the shareholders at the meeting.

ARTICLE THREE

Board of Directors

3.1 General Powers. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed by, the Board of Directors, subject to any limitation set forth in the Articles of Incorporation, in bylaws approved by the shareholders, or in agreements among all the shareholders that are otherwise lawful.

3.2 Number, Election and Term of Office. The number of directors of the Corporation shall be fixed by resolution of the Board of Directors or of the shareholders from time to time and, until otherwise determined, shall be two; provided, however, that no decrease in the number of directors shall have the effect of shortening the term of an incumbent director. Except as provided in the Articles of Incorporation, elsewhere in this Section 3.2 and in Section 3.4, the directors shall be elected at each annual meeting of shareholders, or at a special meeting of shareholders called for purposes that include the election of directors, by a plurality of the votes cast by the shares entitled to vote and present at the meeting. Despite the expiration of a director's term, he or she

shall continue to serve until his or her successor, if there is to be any, has been elected and has qualified.

3.3 Removal of Directors. The entire Board of Directors or any individual director may be removed, with or without cause, by the shareholders, provided that Directors elected by a particular Voting Group may be removed only by the shareholders in that Voting Group. Removal action may be taken only at a shareholder's meeting for which notice of the removal action has been given. A removed director's successor, if any, may be elected at the same meeting to serve the unexpired term.

3.4 Vacancies. A vacancy occurring in the Board of Directors may be filled for the unexpired term, unless the shareholders have elected a successor, by the affirmative vote of a majority of the remaining directors, whether or not the remaining directors constitute a quorum; provided, however, that if the vacant office was held by a director elected by a particular Voting Group, only the holders of shares of that Voting Group or the remaining directors elected by that Voting Group shall be entitled to fill the vacancy; provided further, however, that if the vacant office was held by a director elected by a particular Voting Group and there is no remaining director elected by that Voting Group, the other remaining directors or director (elected by another Voting Group or Groups) may fill the vacancy during an interim period before the shareholders of the vacated director's Voting Group act to fill the vacancy. A vacancy or vacancies in the Board of Directors may result from the death, resignation, disqualification, or removal of any director, or from an increase in the number of directors.

3.5 Compensation. Directors may receive such compensation for their services as directors as may be fixed by the Board of Directors from time to time. A director may also serve the Corporation in one or more capacities other than that of director and receive compensation for services rendered in those other capacities.

3.6 Committees of the Board of Directors. The Board of Directors may

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designate from among its members an executive committee or one or more other standing or ad hoc committees, each consisting of one or more directors, who serve at the pleasure of the Board of Directors. Subject to the limitations imposed by the Code, each committee shall (i) have the authority set forth in the resolution establishing the committee or in any other resolution of the Board of Directors specifying, enlarging, or limiting the authority of the committee and (ii) conduct itself in accordance with the mechanical requirements of this Article Three.

3.7 Qualification of Directors. No person elected to serve as a director of the Corporation shall assume office and begin serving unless and until duly qualified to serve, as determined by reference to the Code, the Articles of Incorporation, and any further eligibility requirements established in these Bylaws.

3.8 Certain Nomination Requirements. No person may be nominated for election as a director at any annual or special meeting of shareholders unless (a) the nomination has been or is being made pursuant to a recommendation or approval of the Board of Directors of the Corporation or a properly constituted committee of the Board of Directors previously delegated

authority to recommend or approve nominees for director; (b) the person is nominated by a shareholder of the Corporation who is entitled to vote for the election of the nominee at the subject meeting, and the nominating shareholder has furnished written notice to the Secretary of the Corporation, at the Corporation's principal office, not less than 60 days before the date of the meeting at which the director(s) are to be elected or the proposal is to be considered; however, if less than 70 days notice or prior public disclosure of the date of the scheduled meeting is given or made, notice by the shareholder, to be timely, must be delivered or received not later than the close of business on the tenth day following the earlier of the day on which notice of the date of the meeting is mailed to shareholders or public disclosure of the date of such meeting is made and the notice (i) sets forth with respect to the person to be nominated his or her name, age, business and residence addresses, principal business or occupation during the past five years, any affiliation with or material interest in the Corporation or any transaction involving the Corporation, and any affiliation with or material interest in any person or entity having an interest materially adverse to the Corporation, and (ii) is accompanied by the sworn or certified statement of the shareholder that the nominee has consented to being nominated and that the shareholder believes the nominee will stand for election and will serve if elected; or (c) (i) the person is nominated to replace a person previously identified as a proposed nominee (in accordance with the provisions of subpart (b) of this Section 3.8) who has since become unable or unwilling to be nominated or to serve if elected, (ii) the shareholder who furnished such previous identification makes the replacement nomination and delivers to the Secretary of the Corporation (at the time of or prior to making the replacement nomination) an affidavit or other sworn statement affirming that the shareholder had no reason to believe the original nominee would be so unable or unwilling, and (iii) such shareholder also furnishes in writing to the Secretary of the Corporation (at the time of or prior to making the replacement nomination) the same type of information about the replacement nominee as required by subpart (b) of this Section 3.8 to have been furnished about the original nominee. The chairman of any meeting of shareholders at which one or more directors are to be elected, for good cause shown and with proper regard for the orderly conduct of business at the meeting, may waive in whole or in part the operation of this Section 3.8.

ARTICLE FOUR

Meetings of the Board of Directors

4.1 Regular Meetings. A regular meeting of the Board of Directors shall be held in conjunction with each annual meeting of shareholders. In addition, the Board of Directors may hold regular meetings at other times established by prior resolution.

4.2 Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board, the Chief Executive Officer, the President, or any two directors in office at that time.

4.3 Place of Meetings. Directors may hold their meetings at any place in or outside the State of Georgia that the Board of Directors may establish from time to time.

4.4 Notice of Meetings. Directors need not be provided with notice of any regular meeting of the Board of Directors. Unless waived in accordance with Section 4.10, the Corporation shall give at least two days' notice to each director of the date, time, and place of each special meeting. Notice of a meeting shall be deemed to have been given to any director in attendance at any prior meeting at which the date, time, and place of the subsequent meeting was announced.

4.5 Quorum. At meetings of the Board of Directors, the greater of (a) a majority of the directors then in office, or (b) one-third of the number of directors fixed in accordance with these Bylaws shall constitute a quorum for the transaction of business.

4.6 Vote Required for Action. If a quorum is present when a vote is taken, the vote of a majority of the directors present at the time of the vote will be the act of the Board of Directors, unless the vote of a greater number is required by the Code, the Articles of Incorporation, or these Bylaws. A director who is present at a meeting of the Board of Directors when corporate action is taken is deemed to have assented to the action taken unless (a) he or she objects at the beginning of the meeting (or promptly upon his or her arrival) to holding the meeting or transacting business at it; (b) his or her dissent or abstention from the action taken is entered in the minutes of the meeting; or (c) he or she delivers written notice of dissent or abstention to the presiding officer of the meeting before its adjournment or to the Corporation immediately after adjournment of the meeting. The right of dissent or abstention is not available to a director who votes in favor of the action taken.

4.7 Participation by Conference Telephone. Members of the Board of Directors may participate in a meeting of the Board by means of conference telephone or similar communications equipment through which all persons participating may hear and speak to each other. Participation in a meeting pursuant to this Section 4.7 shall constitute presence in person at the meeting.

4.8 Action by Directors Without a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if a written consent, describing the action taken, is signed by each director and delivered to the Corporation for inclusion in the minutes or filing with the corporate records. The consent may be executed in counterpart, and shall have the same force and effect as a unanimous vote of the Board of Directors at a duly convened meeting.

4.9 Adjournments. A meeting of the Board of Directors, whether or not a

quorum is present, may be adjourned by a majority of the directors present to reconvene at a specific time and place. It shall not be necessary to give notice to the directors of the reconvened meeting or of the business to be transacted, other than by announcement at the meeting that was adjourned, unless a quorum was not present at the meeting that was adjourned, in which case notice shall be given to directors in the same manner as for a special meeting. At any such reconvened meeting at which a quorum is present, any business may be transacted that could have been transacted at the meeting that was adjourned.

4.10 Waiver of Notice. A director may waive any notice required by the Code, the Articles of Incorporation, or these Bylaws before or after the date and time of the matter to which the notice relates, by a written waiver signed by the director and delivered to the Corporation for inclusion in the minutes or filing with the corporate records. Attendance by a director at a meeting shall constitute waiver of notice of the meeting, except where a director at the beginning of the meeting (or promptly upon his or her arrival) objects to holding the meeting or to transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

ARTICLE FIVE

Officers

5.1 Offices. The officers of the Corporation shall consist of a President, a Secretary, and a Treasurer, and may include a Chief Executive Officer separate from the President, each of whom shall be elected or appointed by the Board of Directors. The Board of Directors may also elect a Chairman of the Board from among its members. The Board of Directors from time to time may, or may authorize the Chief Executive Officer or the President to, create and establish other offices and the duties thereof and may, or may authorize the Chief Executive Officer or the President to, elect or appoint, or authorize specific senior officers to appoint, the persons who shall hold such other offices, including one or more Vice Presidents (including Executive Vice Presidents, Senior Vice Presidents, Assistant Vice Presidents, and the like), one or more Assistant Secretaries, and one or more Assistant Treasurers. Whether or not so provided by the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President may appoint one or more Assistant Secretaries, and one or more Assistant Treasurers. Any two or more offices may be held by the same person.

5.2 Term. Each officer shall serve at the pleasure of the Board of Directors (or, if appointed by the Chief Executive Officer, the President, or a senior officer pursuant to this Article Five, at the pleasure of the Board of Directors, the Chief Executive Officer, the President, or the senior officer authorized to have appointed the officer) until his or her death, resignation, or removal, or until his or her replacement is elected or appointed in accordance with this Article Five.

5.3 Compensation. The compensation of all officers of the Corporation shall be fixed by the Board of Directors or by a committee or officer appointed by the Board of Directors. Officers may serve without compensation.

5.4 Removal. All officers (regardless of how elected or appointed) may be removed, with or without cause, by the Board of Directors, and any officer appointed by the Chief Executive Officer, the President, or another senior officer may also be removed, with or without cause, by the Chief Executive Officer, the President, or by any senior officer authorized to have appointed

the officer to be removed. Removal will be without prejudice to the contract rights, if

any, of the person removed, but shall be effective notwithstanding any damage claim that may result from infringement of such contract rights.

5.5 Chairman of the Board. The Chairman of the Board (if there be one) shall preside at and serve as chairman of meetings of the shareholders and of the Board of Directors (unless another person is selected under Section 2.9 to act as chairman). The Chairman of the Board shall perform other duties and have other authority as may from time to time be delegated by the Board of Directors.

5.6 Chief Executive Officer. The Chief Executive Officer shall be charged with the general and active management of the Corporation, shall see that all orders and resolutions of the Board of Directors are carried into effect, shall have the authority to select and appoint employees and agents of the Corporation, and shall, in the absence or disability of the Chairman of the Board, perform the duties and exercise the powers of the Chairman of the Board. The Chief Executive Officer shall perform any other duties and have any other authority as may be delegated from time to time by the Board of Directors, and shall be subject to the limitations fixed from time to time by the Board of Directors.

5.7 President. If there shall be no separate Chief Executive Officer of the Corporation, then the President shall be the chief executive officer of the Corporation and shall have all the duties and authority given under these Bylaws to the Chief Executive Officer. The President shall otherwise be the chief operating officer of the Corporation and shall, subject to the authority of the Chief Executive Officer, have responsibility for the conduct and general supervision of the business operations of the Corporation. The President shall perform such other duties and have such other authority as may from time to time be delegated by the Board of Directors or the Chief Executive Officer. In the absence or disability of the Chief Executive Officer, the President shall perform the duties and exercise the powers of the Chief Executive Officer.

5.8 Vice Presidents. The Vice President (if there be one) shall, in the absence or disability of the President, perform the duties and exercise the powers of the President, whether the duties and powers are specified in these Bylaws or otherwise. If the Corporation has more than one Vice President, the one designated by the Board of Directors or the Chief Executive Officer (in that order of precedence) shall act in the event of the absence or disability of the President. Vice Presidents shall perform any other duties and have any other authority as from time to time may be delegated by the Board of Directors, the Chief Executive Officer, or the President.

5.9 Secretary. The Secretary shall be responsible for preparing minutes of the meetings of shareholders, directors, and committees of directors and for authenticating records of the Corporation. The Secretary or any Assistant Secretary shall have authority to give all notices required by law or these Bylaws. The Secretary shall be responsible for the custody of the corporate books, records, contracts, and other documents. The Secretary or any Assistant Secretary may affix the corporate seal to any lawfully executed documents requiring it, may attest to the signature of any officer of the Corporation, and shall sign any instrument that

requires the Secretary's signature. The Secretary or any Assistant Secretary shall perform any other duties and have any other authority as from time to time

may be delegated by the Board of Directors, the Chief Executive Officer, or the President.

5.10 Treasurer. Unless otherwise provided by the Board of Directors, the Treasurer shall be responsible for the custody of all funds and securities belonging to the Corporation and for the receipt, deposit, or disbursement of these funds and securities under the direction of the Board of Directors. The Treasurer shall cause full and true accounts of all receipts and disbursements to be maintained and shall make reports of these receipts and disbursements to the Board of Directors, the Chief Executive Officer and President upon request. The Treasurer or Assistant Treasurer shall perform any other duties and have any other authority as from time to time may be delegated by the Board of Directors, the Chief Executive Officer, or the President.

ARTICLE SIX

Distributions and Dividends

Unless the Articles of Incorporation provide otherwise, the Board of Directors, from time to time in its discretion, may authorize or declare distributions or share dividends in accordance with the Code.

ARTICLE SEVEN

Shares

7.1 Share Certificates. The interest of each shareholder in the Corporation shall be evidenced by a certificate or certificates representing shares of the Corporation, which shall be in such form as the Board of Directors from time to time may adopt in accordance with the Code. Share certificates shall be in registered form and shall indicate the date of issue, the name of the Corporation, that the Corporation is organized under the laws of the State of Georgia, the name of the shareholder, and the number and class of shares and designation of the series, if any, represented by the certificate. Each certificate shall be signed by the President or a Vice President (or in lieu thereof, by the Chairman of the Board or Chief Executive Officer, if there be one) and may be signed by the Secretary or an Assistant Secretary; provided, however, that where the certificate is signed (either manually or by facsimile) by a transfer agent, or registered by a registrar, the signatures of those officers may be facsimiles.

7.2 Rights of Corporation with Respect to Registered Owners. Prior to due presentation for transfer of registration of its shares, the Corporation may treat the registered owner of the shares (or the beneficial owner of the shares to the extent of any rights granted by a nominee certificate on file with the Corporation pursuant to any procedure that may be established by the Corporation in accordance with the Code) as the person exclusively entitled to vote the shares, to receive any dividend or other distribution with respect to the shares, and for all

other purposes; and the Corporation shall not be bound to recognize any equitable or other claim to or interest in the shares on the part of any other person, whether or not it has express or other notice of such a claim or interest, except as otherwise provided by law.

7.3 Transfers of Shares. Transfers of shares shall be made upon the books of the Corporation kept by the Corporation or by the transfer agent designated to transfer the shares, only upon direction of the person named in the certificate or by an attorney lawfully constituted in writing. Before a new certificate is issued, the old certificate shall be surrendered for cancellation or, in the case of a certificate alleged to have been lost, stolen, or destroyed, the provisions of Section 7.5 of these Bylaws shall have been complied with.

7.4 Duty of Corporation to Register Transfer. Notwithstanding any of the provisions of Section 7.3 of these Bylaws, the Corporation is under a duty to register the transfer of its shares only if: (a) the share certificate is endorsed by the appropriate person or persons; (b) reasonable assurance is given that each required endorsement is genuine and effective; (c) the Corporation has no duty to inquire into adverse claims or has discharged any such duty; (d) any applicable law relating to the collection of taxes has been complied with; (e) the transfer is in fact rightful or is to a bona fide purchaser; and (f) the transfer is in compliance with applicable provisions of any transfer restrictions of which the Corporation shall have notice.

7.5 Lost, Stolen, or Destroyed Certificates. Any person claiming a share certificate to be lost, stolen, or destroyed shall make an affidavit or affirmation of this claim in such a manner as the Corporation may require and shall, if the Corporation requires, give the Corporation a bond of indemnity in form and amount, and with one or more sureties satisfactory to the Corporation, as the Corporation may require, whereupon an appropriate new certificate may be issued in lieu of the one alleged to have been lost, stolen or destroyed.

7.6 Fixing of Record Date. For the purpose of determining shareholders (a) entitled to notice of or to vote at any meeting of shareholders or, if necessary, any adjournment thereof, (b) entitled to receive payment of any distribution or dividend, or (c) for any other proper purpose, the Board of Directors may fix in advance a date as the record date. The record date may not be more than 70 days (and, in the case of a notice to shareholders of a shareholders' meeting, not less than 10 days) prior to the date on which the particular action, requiring the determination of shareholders, is to be taken. A separate record date may be established for each Voting Group entitled to vote separately on a matter at a meeting. A determination of shareholders of record entitled to notice of or to vote at a meeting of shareholders shall apply to any adjournment of the meeting, unless the Board of Directors shall fix a new record date for the reconvened meeting, which it must do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.

7.7 Record Date if None Fixed. If no record date is fixed as provided in Section 7.6, then the record date for any determination of shareholders that may be proper or required by law shall be, as appropriate, the date on which notice of a shareholders' meeting is mailed, the date on which the Board of Directors adopts a resolution declaring a dividend or authorizing a

distribution, or the date on which any other action is taken that requires a determination of shareholders.

ARTICLE EIGHT

Indemnification

8.1 Indemnification of Directors. The Corporation shall indemnify and hold harmless any director of the Corporation (an "Indemnified Person") who was

or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, whether formal or informal, including any action or suit by or in the right of the Corporation (for purposes of this Article Eight, collectively, a "Proceeding") because he or she is or was a director, officer, employee, or agent of the Corporation, against any judgment, settlement, penalty, fine, or reasonable expenses (including, but not limited to, attorneys' fees and disbursements, court costs, and expert witness fees) incurred with respect to the Proceeding (for purposes of this Article Eight, a "Liability"), provided, however, that no indemnification shall be made for: (a) any appropriation by a director, in violation of the director's duties, of any business opportunity of the corporation; (b) any acts or omissions of a director that involve intentional misconduct or a knowing violation of law; (c) the types of liability set forth in Code Section 14-2-832; or (d) any transaction from which the director received an improper personal benefit.

8.2 Indemnification of Others. The Board of Directors shall have the power to cause the Corporation to provide to officers, employees, and agents of the Corporation all or any part of the right to indemnification permitted for such persons by appropriate provisions of the Code. Persons to be indemnified may be identified by position or name, and the right of indemnification may be different for each of the persons identified. Each officer, employee, or agent of the Corporation so identified shall be an "Indemnified Person" for purposes of the provisions of this Article Eight.

8.3 Other Organizations. The Corporation shall provide to each director, and the Board of Directors shall have the power to cause the Corporation to provide to any officer, employee, or agent, of the Corporation who is or was serving at the Corporation's request as a director, officer, partner, trustee, employee, or agent of another corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise all or any part of the right to indemnification and other rights of the type provided under Sections 8.1, 8.2, 8.4, and 8.10 of this Article Eight (subject to the conditions, limitations, and obligations specified in those Sections) permitted for such persons by appropriate provisions of the Code. Persons to be indemnified may be identified by position or name, and the right of indemnification may be different for each of the persons identified. Each person so identified shall be an "Indemnified Person" for purposes of the provisions of this Article Eight.

8.4 Advances. Expenses (including, but not limited to, attorneys' fees and disbursements, court costs, and expert witness fees) incurred by an Indemnified Person in

defending any Proceeding of the kind described in Sections 8.1 or 8.3, as to an Indemnified Person who is a director of the Corporation, or in Sections 8.2 or 8.3, as to other Indemnified Persons, if the Board of Directors has specified that advancement of expenses be made available to any such Indemnified Person, shall be paid by the Corporation in advance of the final disposition of such Proceeding as set forth herein. The Corporation shall promptly pay the amount of such expenses to the Indemnified Person, but in no event later than 10 days following the Indemnified Person's delivery to the Corporation of a written request for an advance pursuant to this Section 8.4, together with a reasonable accounting of such expenses; provided, however, that the Indemnified Person shall furnish the Corporation a written affirmation of his or her good faith belief that he or she has met the applicable standard of conduct and a written undertaking and agreement to repay to the Corporation any advances made pursuant to this Section 8.4 if it shall be determined that the Indemnified Person is not entitled to be indemnified by the Corporation for such amounts. The Corporation may make the advances contemplated by this Section 8.4 regardless of the Indemnified Person's financial ability to make repayment. Any advances and undertakings to repay pursuant to this Section 8.4 may be unsecured and

interest-free.

8.5 Non-Exclusivity. Subject to any applicable limitation imposed by the Code or the Articles of Incorporation, the indemnification and advancement of expenses provided by or granted pursuant to this Article Eight shall not be exclusive of any other rights to which a person seeking indemnification or advancement of expenses may be entitled under any provision of the Articles of Incorporation, or any Bylaw, resolution, or agreement specifically or in general terms approved or ratified by the affirmative vote of holders of a majority of the shares entitled to be voted thereon.

8.6 Insurance. The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Corporation, or who, while serving in such a capacity, is also or was also serving at the request of the Corporation as a director, officer, trustee, partner, employee, or agent of any corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise, against any Liability that may be asserted against or incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of this Article Eight.

8.7 Notice. If the Corporation indemnifies or advances expenses to a director under any of Sections 14-2-851 through 14-2-854 of the Code in connection with a Proceeding by or in the right of the Corporation, the Corporation shall, to the extent required by Section 14-2-1621 or any other applicable provision of the Code, report the indemnification or advance in writing to the shareholders with or before the notice of the next shareholders' meeting.

8.8 Security. The Corporation may designate certain of its assets as collateral, provide self-insurance, establish one or more indemnification trusts, or otherwise secure or facilitate its ability to meet its obligations under this Article Eight, or under any indemnification agreement or plan of indemnification adopted and entered into in accordance with the provisions of this Article Eight, as the Board of Directors deems appropriate.

8.9 Amendment. Any amendment to this Article Eight that limits or otherwise adversely affects the right of indemnification, advancement of expenses, or other rights of any Indemnified Person hereunder shall, as to such Indemnified Person, apply only to Proceedings based on actions, events, or omissions (collectively, "Post Amendment Events") occurring after such amendment and after delivery of notice of such amendment to the Indemnified Person so affected. Any Indemnified Person shall, as to any Proceeding based on actions, events, or omissions occurring prior to the date of receipt of such notice, be entitled to the right of indemnification, advancement of expenses, and other rights under this Article Eight to the same extent as if such provisions had continued as part of the Bylaws of the Corporation without such amendment. This Section 8.9 cannot be altered, amended, or repealed in a manner effective as to any Indemnified Person (except as to Post Amendment Events) without the prior written consent of such Indemnified Person.

8.10 Agreements. The provisions of this Article Eight shall be deemed to constitute an agreement between the Corporation and each Indemnified Person hereunder. In addition to the rights provided in this Article Eight, the Corporation shall 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 this Article Eight.

8.11 Continuing Benefits. The rights of indemnification and advancement of expenses permitted or authorized by this Article Eight shall, unless otherwise provided when such rights are granted or conferred, continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of such person.

8.12 Successors. For purposes of this Article Eight, the term "Corporation" shall include any corporation, joint venture, trust, partnership, or unincorporated business association that is the successor to all or substantially all of the business or assets of this Corporation, as a result of merger, consolidation, sale, liquidation, or otherwise, and any such successor shall be liable to the persons indemnified under this Article Eight on the same terms and conditions and to the same extent as this Corporation.

8.13 Severability. Each of the Sections of this Article Eight, and each of the clauses set forth herein, shall be deemed separate and independent, and should any part of any such Section or clause be declared invalid or unenforceable by any court of competent jurisdiction, such invalidity or unenforceability shall in no way render invalid or unenforceable any other part thereof or any separate Section or clause of this Article Eight that is not declared invalid or unenforceable.

8.14 Additional Indemnification. In addition to the specific indemnification rights set forth herein, the Corporation shall indemnify each of its directors and such of its officers as have been designated by the Board of Directors to the full extent permitted by action of the

Board of Directors without shareholder approval under the Code or other laws of the State of Georgia as in effect from time to time.

ARTICLE NINE

Miscellaneous

9.1 Inspection of Books and Records. The Board of Directors shall have the power to determine which accounts, books, and records of the Corporation shall be available for shareholders to inspect or copy, except for those books and records required by the Code to be made available upon compliance by a shareholder with applicable requirements, and shall have the power to fix reasonable rules and regulations (including confidentiality restrictions and procedures) not in conflict with applicable law for the inspection and copying of accounts, books, and records that by law or by determination of the Board of Directors are made available. Unless required by the Code or otherwise provided by the Board of Directors, a shareholder of the Corporation holding less than two percent of the total shares of the Corporation then outstanding shall have no right to inspect the books and records of the Corporation.

9.2 Fiscal Year. The Board of Directors is authorized to fix the fiscal year of the Corporation and to change the fiscal year from time to time as it deems appropriate.

9.3 Corporate Seal. The corporate seal will be in such form as the Board of Directors may from time to time determine. The Board of Directors may authorize the use of one or more facsimile forms of the corporate seal. The corporate seal need not be used unless its use is required by law, by these

Bylaws, or by the Articles of Incorporation.

9.4 Annual Statements. Not later than four months after the close of each fiscal year, and in any case prior to the next annual meeting of shareholders, the Corporation shall prepare (a) a balance sheet showing in reasonable detail the financial condition of the Corporation as of the close of its fiscal year, and (b) a profit and loss statement showing the results of its operations during its fiscal year. Upon receipt of written request, the Corporation promptly shall mail to any shareholder of record a copy of the most recent such balance sheet and profit and loss statement, in such form and with such information as the Code may require.

9.5 Notice. (a) Whenever these Bylaws require notice to be given to any shareholder or to any director, the notice may be given by mail, in person, by courier delivery, by telephone, or by telecopier, telegraph, or similar electronic means. Whenever notice is given to a shareholder or director by mail, the notice shall be sent by depositing the notice in a post office or letter box in a postage-prepaid, sealed envelope addressed to the shareholder or director at his or her address as it appears on the books of the Corporation. Any such written notice given by mail shall be effective: (i) if given to shareholders, at the time the same is deposited in the United States mail; and (ii) in all other cases, at the earliest of (x) when received or when delivered, properly addressed, to the addressee's last known principal place of business or residence, (y) five days after its deposit in the mail, as evidenced by the postmark, if mailed with first-class

postage prepaid and correctly addressed, or (z) on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee. Whenever notice is given to a shareholder or director by any means other than mail, the notice shall be deemed given when received.

(b) In calculating time periods for notice, when a period of time measured in days, weeks, months, years, or other measurement of time is prescribed for the exercise of any privilege or the discharge of any duty, the first day shall not be counted but the last day shall be counted.

ARTICLE TEN

Amendments

Except as otherwise provided below or under the Code, the Board of Directors shall have the power to alter, amend, or repeal these Bylaws or adopt new Bylaws. Notwithstanding any other provision of these Bylaws, the Corporation's Articles of Incorporation or law, neither Section 2.3, 2.14 or 3.8, nor Article Eight hereof nor this Article Ten may be amended or repealed except upon the affirmative vote of holders of at least a majority of the total number of votes of the then outstanding shares of capital stock of the Company that are entitled to vote generally in the election of directors, voting together as a single class. Any Bylaws adopted by the Board of Directors may be altered, amended, or repealed, and new Bylaws adopted, by the shareholders. The shareholders may prescribe in adopting any Bylaw or Bylaws that the Bylaw or Bylaws so adopted shall not be altered, amended, or repealed by the Board of Directors.

Dated: February 24, 1998.

EXHIBIT 4.1

PROVISIONS OF THE ARTICLES OF INCORPORATION
AND BYLAWS OF THE REGISTRANT DEFINING RIGHTS
OF THE HOLDERS OF COMMON STOCK OF THE REGISTRANT

ARTICLES OF
INCORPORATION
OF
MANHATTAN ASSOCIATES, INC.

ARTICLE TWO
CAPITALIZATION

The Corporation shall have authority, exercisable by its Board of Directors, to issue up to 100,000,000 shares of common stock, $.01 par value per share ("Common Stock"), and 20,000,000 shares of preferred stock, no par value per share ("Preferred Stock"), any part or all of which shares of Preferred Stock may be established and designated from time to time by the Board of Directors, in such series and with such preferences, limitations and relative rights as may be determined by the Board of Directors.

ARTICLE SEVEN
STAGGERED BOARD OF DIRECTORS

The Board of Directors shall be divided into three classes to be known as Class I, Class II and Class III, which shall be as nearly equal in number as possible. Except in case of death, resignation, disqualification or removal, each Director shall serve for a term ending on the date of the third annual meeting of shareholders following the annual meeting at which the Director was elected; provided, however, that each initial Director in Class I shall hold
office until the 1999 annual meeting of shareholders; each initial Director in Class II shall hold office until the 2000 annual meeting of shareholders; and each initial Director in Class III shall hold office until the 2001 annual meeting of shareholders. In the event of any increase or decrease in the authorized number of Directors, the newly created or eliminated directorships resulting from such an increase or decrease shall be apportioned among the three classes of Directors so that the three classes remain as nearly equal in size as possible; provided, however, that there shall be no classification of additional
Directors elected by the Board of Directors until the next meeting of shareholders called for the purposes of electing Directors, at which meeting the terms of all such additional Directors shall expire, and such additional Director positions, if they are to be continued, shall be apportioned among the classes of Directors, and nominees therefor shall be submitted to the shareholders for their vote.

ARTICLE EIGHT
LIMITATION ON DIRECTOR LIABILITY

No Director of the Corporation shall be personally liable to the Corporation or its shareholders for monetary damages for breach of the duty of care or any other duty as a Director, except that such liability shall not be eliminated for:

(i) any appropriation, in violation of the Director's duties, of any business opportunity of the Corporation;

(ii) acts or omissions that involve intentional misconduct or

a knowing violation of law;

(iii) liability under Section 14-2-832 (or any successor provision or redesignation thereof) of the Georgia Business Corporation Code (the "Code"); and

(iv) any transaction from which the Director received an improper personal benefit.

If at any time the Code shall have been amended to authorize the further elimination or limitation of the liability of a Director, then the liability of each Director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Code, as so amended, without further action by the shareholders, unless the provisions of the Code, as amended, require further action by the shareholders.

Any repeal or modification of the foregoing provisions of this Article Eight shall not adversely affect the elimination or limitation of liability or alleged liability pursuant hereto of any

Director of the Corporation for or with respect to any alleged act or omission of the Director occurring prior to such a repeal or modification.

ARTICLE NINE
SHAREHOLDER ACTION WITHOUT MEETING BY LESS THAN UNANIMOUS CONSENT

The shareholders, without a meeting, may take any action required or permitted to be taken at a meeting of the shareholders, if written consent setting forth the action to be taken is signed by those persons who would be entitled to vote at a meeting who hold those shares having voting power to cast not less than the minimum number (or numbers, in the case of voting by classes) of votes that would be necessary to authorize or take the action at a meeting at which all shares entitled to vote were present and voted. An action by less than unanimous consent may not be taken with respect to any election of Directors as to which shareholders would be entitled to cumulative voting.

ARTICLE TEN
CONSIDERATION OF INTERESTS OF NON-SHAREHOLDER CONSTITUENCIES

The Board of Directors, any committee of the Board of Directors and any individual Director, in discharging the duties of its, his or her respective positions and in determining what is believed to be in the best interest of the Corporation, may in its, his or her sole discretion consider the interests of the employees, customers, suppliers and creditors of the Corporation and its subsidiaries, the communities in which offices or other establishments of the Corporation and its subsidiaries are located and all other factors such Director or Directors consider pertinent, in addition to considering the effects of any action on the Corporation and its shareholders. Notwithstanding the foregoing, this Article Ten shall not be deemed to provide any of the foregoing constituencies any right to be considered in any such discharging of duties or determination.

ARTICLE ELEVEN
AMENDMENTS

Notwithstanding any other provision of these Articles of Incorporation, the Corporation's Bylaws or law, neither Articles Seven, Eight, Nine or Ten hereof nor this Article Eleven may be amended or repealed except upon the affirmative

vote of holders of at least 66-2/3% of the total number of votes of the then outstanding shares of capital stock of the Company that are entitled to vote generally in the election of Directors, voting together as a single class.

BYLAWS
OF
MANHATTAN ASSOCIATES, INC.

2.3 Special Meetings. Special meetings of shareholders of one or more classes or series of the Corporation's shares may be called at any time by the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President, and shall be called by the Corporation upon the written request (in compliance with applicable requirements of the Code) of the holders of shares representing not less than 35% or more of the votes entitled to be cast on each issue proposed to be considered at the special meeting. The business that may be transacted at any special meeting of shareholders shall be limited to that proposed in the notice of the special meeting given in accordance with Section 2.4 (including related or incidental matters that may be necessary or appropriate to effectuate the proposed business).

2.14 Matters Considered at Annual Meetings. Notwithstanding anything to the contrary in these Bylaws, the only business that may be conducted at an annual meeting of shareholders shall be business brought before the meeting (a) by or at the direction of the Board of Directors prior to the meeting, (b) by or at the direction of the Chairman of the Board, the Chief Executive Officer or the President, or (c) by a shareholder of the Corporation who is entitled to vote with respect to the business and who complies with the notice procedures set forth in this Section 2.14. For business to be brought properly before an annual meeting by a shareholder, the shareholder must have given timely notice of the business in writing to the Secretary of the Corporation. To be timely, a shareholder's notice must be delivered or mailed to and received at the principal offices of the Corporation, not less than 60 days before the date of the meeting at which the director(s) are to be elected or the proposal is to be considered; however, if less than 70 days notice or prior public disclosure of the date of the scheduled meeting is given or made, notice by the shareholder, to be timely, must be delivered or received not later than the close of business on the tenth day following the earlier of the day on which notice of the date of the meeting is mailed to shareholders or public disclosure of the date of such meeting is made. A shareholder's notice to the Secretary shall set forth a brief description of each matter of business the shareholder proposes to bring before the meeting and the reasons for conducting that business at the meeting; the name, as it appears on the Corporation's books, and address of the shareholder proposing the business; the series or class and number of shares of the Corporation's capital stock that are beneficially owned by the shareholder; and any material interest of the shareholder in the proposed business. The chairman of the meeting shall have the discretion to declare to the meeting that any business proposed by a shareholder to be considered at the meeting is out of order and that such business shall not be transacted at the meeting if (i) the chairman concludes that the matter has been proposed in a manner inconsistent with this Section 2.14 or (ii) the chairman concludes that the subject matter of the proposed business is inappropriate for consideration by the shareholders at the meeting.

3.2 Number, Election and Term of Office. The number of directors of the Corporation shall be fixed by resolution of the Board of Directors or of the shareholders from time to time and, until otherwise determined, shall be two; provided, however, that no decrease in the number of directors shall have the effect of shortening the term of an incumbent director. Except as provided in the Articles of Incorporation, elsewhere in this Section 3.2 and in Section 3.4, the directors shall be elected at each annual meeting of shareholders, or at a

special meeting of shareholders called for purposes that include the election of directors, by a plurality of the votes cast by the shares entitled to vote and present at the meeting. Despite the expiration of a director's term, he or she

shall continue to serve until his or her successor, if there is to be any, has been elected and has qualified.

3.8 Certain Nomination Requirements. No person may be nominated for election as a director at any annual or special meeting of shareholders unless (a) the nomination has been or is being made pursuant to a recommendation or approval of the Board of Directors of the Corporation or a properly constituted committee of the Board of Directors previously delegated authority to recommend or approve nominees for director; (b) the person is nominated by a shareholder of the Corporation who is entitled to vote for the election of the nominee at the subject meeting, and the nominating shareholder has furnished written notice to the Secretary of the Corporation, at the Corporation's principal office, not less than 60 days before the date of the meeting at which the director(s) are to be elected or the proposal is to be considered; however, if less than 70 days notice or prior public disclosure of the date of the scheduled meeting is given or made, notice by the shareholder, to be timely, must be delivered or received not later than the close of business on the tenth day following the earlier of the day on which notice of the date of the meeting is mailed to shareholders or public disclosure of the date of such meeting is made and the notice (i) sets forth with respect to the person to be nominated his or her name, age, business and residence addresses, principal business or occupation during the past five years, any affiliation with or material interest in the Corporation or any transaction involving the Corporation, and any affiliation with or material interest in any person or entity having an interest materially adverse to the Corporation, and (ii) is accompanied by the sworn or certified statement of the shareholder that the nominee has consented to being nominated and that the shareholder believes the nominee will stand for election and will serve if elected; or (c) (i) the person is nominated to replace a person previously identified as a proposed nominee (in accordance with the provisions of subpart (b) of this Section 3.8) who has since become unable or unwilling to be nominated or to serve if elected, (ii) the shareholder who furnished such previous identification makes the replacement nomination and delivers to the Secretary of the Corporation (at the time of or prior to making the replacement nomination) an affidavit or other sworn statement affirming that the shareholder had no reason to believe the original nominee would be so unable or unwilling, and (iii) such shareholder also furnishes in writing to the Secretary of the Corporation (at the time of or prior to making the replacement nomination) the same type of information about the replacement nominee as required by subpart (b) of this Section 3.8 to have been furnished about the original nominee. The chairman of any meeting of shareholders at which one or more directors are to be elected, for good cause shown and with proper regard for the orderly conduct of business at the meeting, may waive in whole or in part the operation of this Section 3.8.

ARTICLE SIX

Distributions and Dividends

Unless the Articles of Incorporation provide otherwise, the Board of Directors, from time to time in its discretion, may authorize or declare distributions or share dividends in accordance with the Code.

ARTICLE SEVEN

Shares

7.1 Share Certificates. The interest of each shareholder in the Corporation shall be evidenced by a certificate or certificates representing shares of the Corporation, which shall be in such form as the Board of Directors from time to time may adopt in accordance with the Code. Share certificates shall be in registered form and shall indicate the date of issue, the name of the Corporation, that the Corporation is organized under the laws of the State of Georgia, the name of the shareholder, and the number and class of shares and designation of the series, if any, represented by the certificate. Each certificate shall be signed by the President or a Vice President (or in lieu thereof, by the Chairman of the Board or Chief Executive Officer, if there be one) and may be signed by the Secretary or an Assistant Secretary; provided, however, that where the certificate is signed (either manually or by facsimile) by a transfer agent, or registered by a registrar, the signatures of those officers may be facsimiles.

7.2 Rights of Corporation with Respect to Registered Owners. Prior to due presentation for transfer of registration of its shares, the Corporation may treat the registered owner of the shares (or the beneficial owner of the shares to the extent of any rights granted by a nominee certificate on file with the Corporation pursuant to any procedure that may be established by the Corporation in accordance with the Code) as the person exclusively entitled to vote the other purposes; and the Corporation shall not be bound to recognize any equitable or other claim to or interest in the shares on the part of any other person, whether or not it has express or other notice of such a claim or interest, except as otherwise provided by law.

7.3 Transfers of Shares. Transfers of shares shall be made upon the books of the Corporation kept by the Corporation or by the transfer agent designated to transfer the shares, only upon direction of the person named in the certificate or by an attorney lawfully constituted in writing. Before a new certificate is issued, the old certificate shall be surrendered for cancellation or, in the case of a certificate alleged to have been lost, stolen, or destroyed, the provisions of Section 7.5 of these Bylaws shall have been complied with.

7.4 Duty of Corporation to Register Transfer. Notwithstanding any of the provisions of Section 7.3 of these Bylaws, the Corporation is under a duty to register the transfer of its shares only if: (a) the share certificate is endorsed by the appropriate person or persons; (b) reasonable assurance is given that each required endorsement is genuine and effective; (c) the Corporation has no duty to inquire into adverse claims or has discharged any such duty; (d) any applicable law relating to the collection of taxes has been complied with; (e) the transfer is in fact rightful or is to a bona fide purchaser; and (f) the transfer is in compliance with applicable provisions of any transfer restrictions of which the Corporation shall have notice.

7.5 Lost, Stolen, or Destroyed Certificates. Any person claiming a share certificate to be lost, stolen, or destroyed shall make an affidavit or affirmation of this claim in such a manner as the Corporation may require and shall, if the Corporation requires, give the Corporation a bond of indemnity in form and amount, and with one or more sureties satisfactory to the Corporation, as the Corporation may require, whereupon an appropriate new certificate may be issued in lieu of the one alleged to have been lost, stolen or destroyed.

7.6 Fixing of Record Date. For the purpose of determining shareholders (a) entitled to notice of or to vote at any meeting of shareholders or, if necessary, any adjournment thereof, (b) entitled to receive payment of any distribution or dividend, or (c) for any other proper purpose, the Board of Directors may fix in advance a date as the record date. The record date may not be more than 70 days (and, in the case of a notice to shareholders of a shareholders' meeting, not less than 10 days) prior to the date on which the particular action, requiring the determination of shareholders, is to be taken. A separate record date may be established for each Voting Group entitled to vote separately on a matter at a meeting. A determination of shareholders of record entitled to notice of or to vote at a meeting of shareholders shall apply to any adjournment of the meeting, unless the Board of Directors shall fix a new record date for the reconvened meeting, which it must do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.

7.7 Record Date if None Fixed. If no record date is fixed as provided in Section 7.6, then the record date for any determination of shareholders that may be proper or required by law shall be, as appropriate, the date on which notice of a shareholders' meeting is mailed, the date on which the Board of Directors adopts a resolution declaring a dividend or authorizing a distribution, or the date on which any other action is taken that requires a determination of shareholders.

ARTICLE EIGHT

Indemnification

8.1 Indemnification of Directors. The Corporation shall indemnify and hold harmless any director of the Corporation (an "Indemnified Person") who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, whether formal or informal, including any action or suit by or in the right of the Corporation (for purposes of this Article Eight, collectively, a "Proceeding") because he or she is or was a director, officer, employee, or agent of the Corporation, against any judgment, settlement, penalty, fine, or reasonable expenses (including, but not limited to, attorneys' fees and disbursements, court costs, and expert witness fees) incurred with respect to the Proceeding (for purposes of this Article Eight, a "Liability"), provided, however, that no indemnification shall be made for: (a) any appropriation by a director, in violation of the director's duties, of any business opportunity of the corporation; (b) any acts or omissions of a director that involve intentional misconduct or a knowing violation of law; (c) the types of liability set forth in Code Section 14-2-832; or (d) any transaction from which the director received an improper personal benefit.

8.2 Indemnification of Others. The Board of Directors shall have the power to cause the Corporation to provide to officers, employees, and agents of the Corporation all or any part of the right to indemnification permitted for such persons by appropriate provisions of the Code. Persons to be indemnified may be identified by position or name, and the right of indemnification may be different for each of the persons identified. Each officer, employee, or agent of the Corporation so identified shall be an "Indemnified Person" for purposes of the provisions of this Article Eight.

8.3 Other Organizations. The Corporation shall provide to each director, and the Board of Directors shall have the power to cause the Corporation to provide to any officer, employee, or agent, of the Corporation who is or was serving at the Corporation's request as a director, officer, partner, trustee,

employee, or agent of another corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise all or any part of the right to indemnification and other rights of the type provided under Sections 8.1, 8.2, 8.4, and 8.10 of this Article Eight (subject to the conditions, limitations, and obligations specified in those Sections) permitted for such persons by appropriate provisions of the Code. Persons to be indemnified may be identified by position or name, and the right of indemnification may be different for each of the persons identified. Each person so identified shall be an "Indemnified Person" for purposes of the provisions of this Article Eight.

8.4 Advances. Expenses (including, but not limited to, attorneys' fees and disbursements, court costs, and expert witness fees) incurred by an Indemnified Person in

defending any Proceeding of the kind described in Sections 8.1 or 8.3, as to an Indemnified Person who is a director of the Corporation, or in Sections 8.2 or 8.3, as to other Indemnified Persons, if the Board of Directors has specified that advancement of expenses be made available to any such Indemnified Person, shall be paid by the Corporation in advance of the final disposition of such Proceeding as set forth herein. The Corporation shall promptly pay the amount of such expenses to the Indemnified Person, but in no event later than 10 days following the Indemnified Person's delivery to the Corporation of a written request for an advance pursuant to this Section 8.4, together with a reasonable accounting of such expenses; provided, however, that the Indemnified Person shall furnish the Corporation a written affirmation of his or her good faith belief that he or she has met the applicable standard of conduct and a written undertaking and agreement to repay to the Corporation any advances made pursuant to this Section 8.4 if it shall be determined that the Indemnified Person is not entitled to be indemnified by the Corporation for such amounts. The Corporation may make the advances contemplated by this Section 8.4 regardless of the Indemnified Person's financial ability to make repayment. Any advances and undertakings to repay pursuant to this Section 8.4 may be unsecured and interest-free.

8.5 Non-Exclusivity. Subject to any applicable limitation imposed by the Code or the Articles of Incorporation, the indemnification and advancement of expenses provided by or granted pursuant to this Article Eight shall not be exclusive of any other rights to which a person seeking indemnification or advancement of expenses may be entitled under any provision of the Articles of Incorporation, or any Bylaw, resolution, or agreement specifically or in general terms approved or ratified by the affirmative vote of holders of a majority of the shares entitled to be voted thereon.

8.6 Insurance. The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Corporation, or who, while serving in such a capacity, is also or was also serving at the request of the Corporation as a director, officer, trustee, partner, employee, or agent of any corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise, against any Liability that may be asserted against or incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of this Article Eight.

8.7 Notice. If the Corporation indemnifies or advances expenses to a director under any of Sections 14-2-851 through 14-2-854 of the Code in connection with a Proceeding by or in the right of the Corporation, the Corporation shall, to the extent required by Section 14-2-1621 or any other applicable provision of the Code, report the indemnification or advance in writing to the shareholders with or before the notice of the next shareholders'

meeting.

8.8 Security. The Corporation may designate certain of its assets as collateral, provide self-insurance, establish one or more indemnification trusts, or otherwise secure or facilitate its ability to meet its obligations under this Article Eight, or under any indemnification agreement or plan of indemnification adopted and entered into in accordance with the provisions of this Article Eight, as the Board of Directors deems appropriate.

8.9 Amendment. Any amendment to this Article Eight that limits or otherwise adversely affects the right of indemnification, advancement of expenses, or other rights of any Indemnified Person hereunder shall, as to such Indemnified Person, apply only to Proceedings based on actions, events, or omissions (collectively, "Post Amendment Events") occurring after such amendment and after delivery of notice of such amendment to the Indemnified Person so affected. Any Indemnified Person shall, as to any Proceeding based on actions, events, or omissions occurring prior to the date of receipt of such notice, be entitled to the right of indemnification, advancement of expenses, and other rights under this Article Eight to the same extent as if such provisions had continued as part of the Bylaws of the Corporation without such amendment. This Section 8.9 cannot be altered, amended, or repealed in a manner effective as to any Indemnified Person (except as to Post Amendment Events) without the prior written consent of such Indemnified Person.

8.10 Agreements. The provisions of this Article Eight shall be deemed to constitute an agreement between the Corporation and each Indemnified Person hereunder. In addition to the rights provided in this Article Eight, the Corporation shall 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 this Article Eight.

8.11 Continuing Benefits. The rights of indemnification and advancement of expenses permitted or authorized by this Article Eight shall, unless otherwise provided when such rights are granted or conferred, continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of such person.

8.12 Successors. For purposes of this Article Eight, the term "Corporation" shall include any corporation, joint venture, trust, partnership, or unincorporated business association that is the successor to all or substantially all of the business or assets of this Corporation, as a result of merger, consolidation, sale, liquidation, or otherwise, and any such successor shall be liable to the persons indemnified under this Article Eight on the same terms and conditions and to the same extent as this Corporation.

8.13 Severability. Each of the Sections of this Article Eight, and each of the clauses set forth herein, shall be deemed separate and independent, and should any part of any such Section or clause be declared invalid or unenforceable by any court of competent jurisdiction, such invalidity or unenforceability shall in no way render invalid or unenforceable any other part thereof or any separate Section or clause of this Article Eight that is not declared invalid or unenforceable.

8.14 Additional Indemnification. In addition to the specific indemnification rights set forth herein, the Corporation shall indemnify each of its directors and such of its officers as have been designated by the Board of

Directors to the full extent permitted by action of the

Board of Directors without shareholder approval under the Code or other laws of the State of Georgia as in effect from time to time.

ARTICLE NINE

Miscellaneous

9.1 Inspection of Books and Records. The Board of Directors shall have the power to determine which accounts, books, and records of the Corporation shall be available for shareholders to inspect or copy, except for those books and records required by the Code to be made available upon compliance by a shareholder with applicable requirements, and shall have the power to fix reasonable rules and regulations (including confidentiality restrictions and procedures) not in conflict with applicable law for the inspection and copying of accounts, books, and records that by law or by determination of the Board of Directors are made available. Unless required by the Code or otherwise provided by the Board of Directors, a shareholder of the Corporation holding less than two percent of the total shares of the Corporation then outstanding shall have no right to inspect the books and records of the Corporation.

9.2 Fiscal Year. The Board of Directors is authorized to fix the fiscal year of the Corporation and to change the fiscal year from time to time as it deems appropriate.

9.3 Corporate Seal. The corporate seal will be in such form as the Board of Directors may from time to time determine. The Board of Directors may authorize the use of one or more facsimile forms of the corporate seal. The corporate seal need not be used unless its use is required by law, by these Bylaws, or by the Articles of Incorporation.

9.4 Annual Statements. Not later than four months after the close of each fiscal year, and in any case prior to the next annual meeting of shareholders, the Corporation shall prepare (a) a balance sheet showing in reasonable detail the financial condition of the Corporation as of the close of its fiscal year, and (b) a profit and loss statement showing the results of its operations during its fiscal year. Upon receipt of written request, the Corporation promptly shall mail to any shareholder of record a copy of the most recent such balance sheet and profit and loss statement, in such form and with such information as the Code may require.

9.5 Notice. (a) Whenever these Bylaws require notice to be given to any shareholder or to any director, the notice may be given by mail, in person, by courier delivery, by telephone, or by telecopier, telegraph, or similar electronic means. Whenever notice is given to a shareholder or director by mail, the notice shall be sent by depositing the notice in a post office or letter box in a postage-prepaid, sealed envelope addressed to the shareholder or director at his or her address as it appears on the books of the Corporation. Any such written notice given by mail shall be effective: (i) if given to shareholders, at the time the same is deposited in the United States mail; and (ii) in all other cases, at the earliest of (x) when received or when delivered, properly addressed, to the addressee's last known principal place of business or residence, (y) five days after its deposit in the mail, as evidenced by the postmark, if mailed with first-class

postage prepaid and correctly addressed, or (z) on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee. Whenever notice is given to a shareholder or director by any means other than mail, the notice shall be deemed given when received.

(b) In calculating time periods for notice, when a period of time measured in days, weeks, months, years, or other measurement of time is prescribed for the exercise of any privilege or the discharge of any duty, the first day shall not be counted but the last day shall be counted.

EXHIBIT 10.1

LEASE AGREEMENT

by and between

WILDWOOD ASSOCIATES
("Landlord")

and

MANHATTAN ASSOCIATES, LLC
("Tenant")

dated

September 24, 1997

for

Suite Number 700

containing

51,148 square feet of Rentable Floor Area

Term: 62 months

2300 Windy Ridge Parkway
Atlanta, Georgia 30339

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LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease"), is made and entered into this 24th day of September, 1997, by and between Landlord and Tenant.

W I T N E S S E T H:

1. Certain Definitions. For purposes of this Lease, the following terms shall have the meanings hereinafter ascribed thereto:

(a) Landlord: WILDWOOD ASSOCIATES, a Georgia general partnership

(b) Landlord's Address:

Wildwood Associates
2500 Windy Ridge Parkway
Suite 1600
Atlanta, Georgia 30339-5683
Attn: Corporate Secretary

(c) Tenant: Manhattan Associates, LLC

(d) Tenant's Address:

Suite 700
2300 Windy Ridge Parkway
Atlanta, Georgia 30339

(e) Building Address:

2300 Windy Ridge Parkway

Atlanta, Georgia 30339

(f) Suite Number: 700

(g) (A) Rentable Floor Area of Demised Premises: 51,148 square feet. The Rentable Floor Area for that portion of the Demised Premises located on a floor on which Tenant leases some, but not all, of the floor, shall be calculated by determining the usable square feet within such Demised Premises, and multiplying said amount by 1.17. The Rentable Floor Area for any portion of the Demised Premises located on a floor which Tenant leases in its entirety shall be calculated by measuring the usable square feet on such floor, and multiplying said amount by 1.1026.

(B) Tenant shall have the right to review the Rentable Floor Area within thirty (30) days after the date of this Lease, to confirm that such measurement accurately reflects the exact number of Rentable Floor Area of the Demised Premises (using only the factors set forth above, and measuring usable square feet as cross-hatched on Exhibit "B"). If Tenant disagrees with the
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figure for the square feet of Rentable Floor Area set forth herein, Tenant shall have the right, at Tenant's expense, to cause a measurement of the Demised Premises to determine the square feet of Rentable Floor Area. Tenant shall provide notice to Landlord of Tenant's calculations following Tenant's completion thereof, and in any event within the thirty (30) day period set forth above. If the parties do not agree on the final measurement for such space, then such matter shall be submitted to and resolved by arbitration as provided herein.

(C) Either party shall have the right to initiate such arbitration by giving written notice thereof to the other party. Upon the initiation of such arbitration, Landlord and Tenant shall promptly select a reputable, disinterested architect having at least ten (10) years experience designing office buildings and/or leasehold improvements for office buildings in the Atlanta metropolitan area. If Landlord and Tenant fail to agree upon the selection of such architect within twenty (20) days after the initiation of the arbitration, either Landlord or Tenant, upon notice to the other, may request the appointment of the aforesaid architect by the Chief Judge of the Cobb Superior Court. The arbitration shall be conducted, to the extent consistent with this paragraph in accordance with the then prevailing commercial rules of the American Arbitration Association (or any successor organization). After reconciling any variances the third architect or engineer shall determine the exact number of square feet of Rentable Floor Area of the Demised Premises, on the basis as described herein. The arbitrator shall render his or her decision in writing, and such decision shall be final, conclusive and binding on the parties, and counterpart copies thereof shall be delivered to each of the parties; provided, however, that if the number of square feet of Rentable Floor Area determined by the third architect or engineer is more than the greater of the prior two calculations, than the greater of the prior two calculations shall be deemed to be the number of Rentable Floor Area; and if the number of square feet of Rentable Floor Area determined by the third architect or engineer is less than the lesser of the prior two calculations, then the lesser of the prior two calculations shall be deemed to be the number of square feet of Rentable Floor Area. Landlord and Tenant shall pay the fees and charges of their respective architects and engineers, and each shall pay one-half of the fees and charges of the third architect or engineer. In rendering such decision, the arbitrator shall not add to, subtract from or otherwise modify the provisions of this Lease.

(h) Rentable Floor Area of Building: 614,543 square feet.

(i) Lease Term: Sixty-two (62) months.

(j) Base Rental Rate: $14.70 per square foot of Rentable Floor Area of Demised Premises per year, subject to adjustments as set forth in Article 7 below.

(k) Rental Commencement Date: The earlier of (x) November 1, 1997, or (y) the date upon which Tenant takes possession and occupies the Demised Premises for the purpose of conducting business therein; provided that if the Demised Premises are not ready for occupancy on the date set forth in (x) above due to delays not caused by Tenant or its employees, agents or contractors, then the date set forth in (x) above shall be postponed to the date on which the Demised Premises are ready for occupancy.

(l) Rent Deposit: $90,361.47 (Article 5[c])

(m) Construction Allowance: $7.50 per square foot of Rentable Floor Area

(n) Security Deposit: $90,361.47 (Article 42[a])

(o) Broker(s): Cousins Properties Incorporated ("CPI") and CB Commercial Real Estate Group.

2. Lease of Premises. Landlord, in consideration of the covenants and agreements to be performed by Tenant, and upon the terms and conditions hereinafter stated, does hereby rent and lease unto Tenant, and Tenant does hereby rent and lease from Landlord, certain premises (the "Demised Premises") in the building (hereinafter referred to as "Building") located on that certain tract of land (the "Land") more particularly described on Exhibit "A" attached hereto and by this reference made a part hereof, which Demised Premises are outlined in red or crosshatched on the floor plan attached hereto as Exhibit "B" and by this reference made a part hereof, with no easement for light, view or air included in the Demised Premises or being granted hereunder. The "Project" is comprised of the Building, the Land, the Building's parking facilities, any walkways, covered walkways, tunnels or other means of access to the Building and the Building's parking facilities, all common areas, including any lobbies or plazas, and any other improvements or landscaping on the Land. The Project is located in the development known as "Wildwood Office Park".

3. Term. The term of this Lease ("Lease Term") shall commence on the date first hereinabove set forth, and, unless sooner terminated as provided in this Lease, shall end on the expiration of the period designated in Article 1(i) above, which period shall commence on the Rental Commencement Date, unless the Rental Commencement Date shall be other than the first day of a calendar month, in which event such period shall commence on the first day of the calendar month following the month in which the Rental Commencement Date occurs. Promptly after the Rental Commencement Date Landlord shall send to Tenant a Supplemental Notice in the form of Exhibit "C" attached hereto and by this reference made a part hereof, specifying the Rental Commencement Date, the date of expiration of the Lease Term in accordance with Article 1(i) above and certain other matters as therein set forth.

4. Possession. The obligations of Landlord and Tenant with respect to the initial leasehold improvements to the Demised Premises are set forth in Exhibit "D" attached hereto and by this reference made a part hereof. Taking of possession by Tenant shall be deemed conclusively to establish that Landlord's construction obligations with respect to the Demised Premises have been completed in accordance with the plans and specifications approved by Landlord and Tenant

and that the Demised Premises, to the extent of Landlord's construction obligations with respect thereto, are in good and satisfactory condition, subject to completion of any incomplete or corrective items specified in a "punch list" approved by Landlord and Tenant.

5. Rental Payments.

(a) Commencing on the Rental Commencement Date, and continuing thereafter throughout the Lease Term, Tenant hereby agrees to pay all Rent due and payable under this Lease. As used in this Lease, the term "Rent" shall mean the Base Rental, Tenant's Forecast Additional Rental, Tenant's Additional Rental, and any other amounts that Tenant assumes or agrees to pay under the provisions of this Lease that are owed to Landlord, including without limitation any and all other sums that may become due by reason of any default of Tenant or failure on Tenant's part to comply with the agreements, terms, covenants and conditions of this Lease to be performed by Tenant. Base Rental together with Tenant's Forecast Additional Rental shall be due and payable in twelve (12) equal installments on the first day of each calendar month, commencing on the Rental Commencement Date and continuing thereafter throughout the Lease Term and any extensions or renewals thereof, and Tenant hereby agrees to pay such Rent to Landlord at Landlord's address as provided herein (or such other address as may be designated by Landlord from time to time) monthly in advance. Tenant shall pay all Rent and other sums of money as shall become due from and payable by Tenant to Landlord under this Lease at the times and in the manner provided in this Lease, without demand, set-off or counterclaim.

(b) If the Rental Commencement Date is other than the first day of a calendar month or if this Lease terminates on other than the last day of a calendar month, then the installments of Base Rental and Tenant's Forecast Additional Rental for such month or months shall be prorated on a daily basis and the installment or installments so prorated shall be paid in advance. Also, if the Rental Commencement Date occurs on other than the first day of a calendar year, or if this Lease expires or is terminated on other than the last day of a calendar year, Tenant's Additional Rental shall be prorated for such commencement or termination year, as the case may be, by multiplying such Tenant's Additional Rental by a fraction, the numerator of which shall be the number of days during the commencement or expiration or termination year, as the case may be, and the denominator of which shall be 365, and the calculation described in Article 8 hereof shall be made as soon as possible after the expiration or termination of this Lease, Landlord and Tenant hereby agreeing that the provisions relating to said calculation shall survive the expiration or termination of this Lease.

(c) As security for Tenant's obligations to take possession of the Demised Premises in accordance with the terms of this Lease and to comply with all of Tenant's covenants, warranties and agreements hereunder, Tenant has deposited with Landlord the sum set forth in Article 1(l) above. Such amount shall be applied by Landlord to the first monthly installment(s) of Base Rental as they become due hereunder. In the event Tenant fails to take possession of the Demised Premises as aforesaid or otherwise fails to copy with

any of Tenant's covenants, warranties or agreements hereunder, said sum shall be retained by Landlord for application in reduction, but not in satisfaction, of damages suffered by Landlord as a result of such breach by Tenant. Landlord shall not be required to keep such deposit separate from its general accounts.

6. Base Rental. Subject to adjustments in accordance with Article 7 below, from and after the Rental Commencement Date Tenant shall pay to Landlord a base annual rental (herein called "Base Rental") equal to the Base Rental Rate set forth in Article 1(j) above multiplied by the Rentable Floor Area of Demised

Premises set forth in Article 1(g) above.

7. Rent Escalation. Intentionally Deleted

8. Additional Rental.

(a) For purposes of this Lease, "Tenant's Forecast Additional Rental" shall mean Landlord's reasonable estimate of Tenant's Additional Rental for the coming calendar year or portion thereof. If at any time it appears to Landlord that Tenant's Additional Rental for the current calendar year will vary from Landlord's estimate by more than five percent (5%), Landlord shall have the right to revise, by notice to Tenant, its estimate for such year, and subsequent payments by Tenant for such year shall be based upon such revised estimate of Tenant's Additional Rental. Failure to make a revision contemplated by the immediately preceding sentence shall not prejudice Landlord's right to collect the full amount of Tenant's Additional Rental. Prior to the Rental Commencement Date and thereafter prior to the beginning of each calendar year during the Lease Term, including any extensions thereof, Landlord shall present to Tenant a statement of Tenant's Forecast Additional Rental for such calendar year; provided, however, that if such statement is not given prior to the beginning of any calendar year as aforesaid, Tenant shall continue to pay during the next ensuing calendar year on the basis of the amount of Tenant's Forecast Additional Rental payable during the calendar year just ended until the month after such statement is delivered to Tenant.

(b) For purposes of this Lease, "Tenant's Additional Rental" shall mean for each calendar year (or portion thereof) the Operating Expense Amount (defined below) multiplied by the number of square feet of Rentable Floor Area of Demised Premises. As used herein, "Operating Expense Amount" shall mean an amount equal to (x) plus (y), where:

(x) equals the amount of Operating Expenses (as defined below) for such calendar year divided by the greater of (i) 95% of the number of square feet of Rentable Floor Area of the Building, or (ii) the total number of square feet of Rentable Floor Area occupied in the Building for such calendar year on an average annualized basis; provided, however, if the Operating Expenses actually incurred by Landlord are lower than would be incurred if at least 95% of the Building were occupied or if Landlord shall not furnish any particular item(s) of work or services (the cost of which would otherwise be included within Operating Expenses) to portions of the

Building because (A) such portions are not occupied, (B) such item of work or services is not required or desired by the tenant of such portion, (C) such tenant is itself obtaining such item of work or services, or (D) of any other reason, then appropriate adjustments shall be made to determine Operating Expenses for such calendar year as though the Building were actually occupied to the extent of the greater of (i) or (ii) above and as though Landlord had furnished such item of work or services to the greater of (i) or (ii) above; and

(y) equals a management fee contribution equal to three percent (3%) of Tenant's Base Rental (on a per square foot basis) plus three percent (3%) of the per square foot amount described in (x).

(c) Within one hundred fifty (150) days after the end of calendar year 1998, and each calendar year thereafter during the Lease Term, or as soon thereafter as practicable, Landlord shall provide Tenant a statement showing the Operating Expenses for said calendar year, as prepared by a certified public accounting firm in accordance with generally accepted accounting principles, consistently applied ("GAAP"), (as such firm is designated by Landlord), and a statement prepared by Landlord comparing Tenant's Forecast Additional Rental with Tenant's Additional Rental. In the event Tenant's

Forecast Additional Rental exceeds Tenant's Additional Rental for said calendar year, Landlord shall credit such amount against Rent next due hereunder or, if the Lease Term has expired or is about to expire, refund such excess to Tenant within thirty (30) days if Tenant is not in default under this Lease (in the instance of a default such excess shall be held as additional security for Tenant's performance, may be applied by Landlord to cure any such default, and shall not be refunded until any such default is cured). In the event that the Tenant's Additional Rental exceeds Tenant's Forecast Additional Rental for said calendar year, Tenant shall pay Landlord, within thirty (30) days of receipt of the statement, an amount equal to such difference. The provisions of this Lease concerning the payment of Tenant's Additional Rental shall survive the expiration or earlier termination of this Lease.

(d) For so long as Tenant is not in default under this Lease, Landlord's books and records pertaining to the calculation of Operating Expenses for any calendar year within the Lease Term may be audited by an authorized representative of Tenant at Tenant's expense, at any time within eighteen (18) months after Tenant's receipt of the reconciliation statement; provided that Tenant shall give Landlord not less than thirty (30) days' prior written notice of any such audit. For purposes hereof, an authorized representative of Tenant shall mean a bona fide employee of Tenant, any reputable accounting firm, or any other party reasonably approved in writing by Landlord. In no event shall an authorized representative of Tenant include the owner of any office building in the metropolitan Atlanta, Georgia area or any affiliate of such owner. Prior to the commencement of such audit, Tenant shall cause its authorized representative to agree in writing for the benefit of Landlord that such representative will keep the results of the audit confidential and that such representative will not disclose or divulge the results of such audit except to Tenant and Landlord and except in connection with any dispute between Landlord and Tenant relating to Operating Expenses. Such audit shall be conducted during reasonable business hours at

Landlord's office where Landlord's books and records are maintained. Tenant shall cause a written audit report to be prepared by its authorized representative following any such audit and shall provide Landlord will a copy of such report promptly after receipt thereof by Tenant. If Landlord's calculation of Tenant's Additional Rental for the audited calendar year was incorrect, then Tenant shall be entitled to a prompt refund of any overpayment, and Landlord shall also pay the reasonable costs of Tenant's audit, if the overpayment is ultimately determined to be greater than ten percent (10%) of the sum due, or Tenant shall promptly pay to Landlord the amount of any underpayment, as the case may be. If Tenant, in good faith and with reasonable specificity and detail, protests any portion of Additional Rental due from Tenant which is ultimately determined to be not due from Tenant, then Landlord shall owe to Tenant the amount of such overcollection, plus interest on such overcollected amount at the rate of twelve percent (12%) per annum, such interest to accrue from July 1 of the year in which such protest is made by Tenant. The provisions of this Lease concerning the payment or refund of Tenant's Additional Rental shall survive the expiration or earlier termination of this Lease.

(e) Attached hereto as Exhibit "H" and by this reference incorporated
herein is a record of Operating Expenses for the Building for calendar years 1995, 1996, and the projected Operating Expenses for the Building for calendar year 1997. Notwithstanding the terms of this Lease, Landlord and Tenant hereby agree that the Operating Expenses for the Demised Premises for calendar year 1997 shall not be adjusted, and shall be fixed at Six and 50/100 Dollars ($6.50) per square foot of Rentable Floor Area in the Demised Premises, per annum.

9. Operating Expenses.

(a) For the purposes of this Lease, "Operating Expenses" shall mean all

reasonable and customary expenses, costs and disbursements (but not specific costs billed to specific tenants of the Building) of every kind and nature, computed on the accrual basis, relating to or incurred or paid in connection with the ownership, management, operation, repair and maintenance of the Project, including but not limited to, the following:

(1) wages, salaries and other costs of all on-site and off-site employees engaged either full or part-time in the day-to-day operation, management, maintenance or access control of the Project, including taxes, insurance and benefits customarily provided by Landlord relating to such employees, allocated based upon the time such employees are engaged directly in providing such services;

(2) the cost of all supplies, tools, equipment and materials used in the operation, management, maintenance and access control of the Project;

(3) the cost of all utilities for the Project, including but not limited to the cost of electricity, gas, water, sewer services and power for heating, lighting, air conditioning and ventilating;

(4) the cost of all maintenance and service agreements for the Project and the equipment therein, including but not limited to security service, garage operators, window cleaning, elevator maintenance, HVAC maintenance, janitorial service, waste recycling service, landscaping maintenance and customary landscaping replacement;

(5) the cost of repairs and general maintenance of the Project;

(6) amortization (together with reasonable financing charges, whether or not actually incurred) of the cost of acquisition and/or installation of capital investment items (including security and energy management equipment), amortized over their respective useful lives, which are installed for the purpose of reducing operating expenses, promoting safety, complying with governmental requirements, or maintaining the first-class nature of the Project, but only to the extent such expenditures do accomplish such goal; provided, however, that Landlord shall not be entitled to pass on any of Landlord's costs which arise out of correcting a matter or item in the Building which is a violation of a governmental requirement as of the date of this Lease (other than expenditures to accomplish reasonable accommodations under the Americans With Disabilities Act (the "ADA", 42 U.S.C. (S) 12.101 et seq.) and those ADA
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expenditures shall be amortized in accordance with GAAP and the portion of which may be passed on to Tenant (on a pro-rata basis) as a part of the current compliance program shall not exceed $40,000.00 in any one year);

(7) the cost of casualty, rental loss, liability and other insurance applicable to the Project and Landlord's personal property used in connection therewith;

(8) the cost of trash and garbage removal, air quality audits (except air quality audits specifically for the benefit of a single tenant, that do not include analysis or testing of common areas air quality or do not otherwise benefit the Building), vermin extermination, and snow, ice and debris removal;

(9) the cost of legal and accounting services incurred by Landlord in connection with the management, maintenance, operation and repair of the Project, excluding the owner's or Landlord's general accounting, such as partnership statements and tax returns, and excluding services described in Article 9(b)(14) below;

(10) all taxes, assessments and governmental charges, whether or not directly paid by Landlord, whether federal, state, county or municipal and whether they be by taxing districts or authorities presently taxing the Project or by others subsequently created or otherwise, and any other taxes and

assessments attributable to the Project or its operation (and the costs of contesting any of the same), including business license taxes and fees, excluding, however, taxes and assessments imposed on the personal property of the tenants of the Project, federal and state taxes on income, death taxes, franchise taxes, and any taxes (other than business license taxes and fees) imposed or measured on or by the income of Landlord from the operation of the Project; and it is agreed that Tenant will be responsible for ad valorem taxes on its personal property and on the value of the leasehold

improvements in the Demised Premises to the extent that the same exceed Building Standard allowances, if said taxes are based upon an assessment which includes the cost of such leasehold improvements in excess of Building Standard allowances (and if the taxing authorities do not separately assess Tenant's leasehold improvements, Landlord may make an appropriate allocation of the ad valorem taxes allocated to the Project to give effect to this sentence);

(11) the cost of operating the management office for the Project and an equitable portion of the cost of operating the management office for Wildwood Office Park but only such portion of said office that is devoted to managing or operating the Wildwood Office Park, including in each case the cost of office supplies, bulletins or newsletters distributed to tenants, postage, telephone expenses, maintenance and repair of office equipment, non-capital investment equipment, amortization (together with reasonable financing charges) of the cost of capital investment equipment, and rent; and

(12) the pro rata share applicable to the Project of the sum of (i) the costs of operation, maintenance, repair and replacement of the landscaping and irrigation systems now or hereafter located along Windy Ridge Parkway, Windy Hill Road, Wildwood Parkway, Wildwood Plaza, the right-of-way areas of Powers Ferry Road adjoining Wildwood Office Park, and all future roadways, whether public or, constructed in Wildwood Office Park, together with the landscaped median strips and shoulders of such roadways (but not including the landscaping and irrigation system located on the shoulder of any roadway contiguous to a site upon which construction of improvements has commenced) and any and all light systems located on or in any rights-of-way for roads; (ii) ad valorem taxes on any roadways now or hereafter located within Wildwood Office Park and on any medians adjacent to public roads if such medians are not included in public road rights-of-way; (iii) the costs of ownership, operation, maintenance, repair and replacement of office park signage for Wildwood Office Park and any underground sanitary sewer lines, storm water drainage lines, electric lines, gas lines, water lines, telephone lines and communication lines located across, through and under any public or roadways now or hereafter located within Wildwood Office Park, except for any such utility facilities serving solely another project within Wildwood Office Park; (iv) the costs of ownership, operation, maintenance, repair and replacement of any transportation system and equipment from time to time provided or made available to the developed portions of Wildwood Office Park, including but not limited to ad valorem taxes on personal property or equipment, electricity, fuel, painting and cleaning costs; (v) the costs and expenses of ownership and operation of any security patrols or services, if any, from time to time provided to Wildwood Office Park in general, but excluding any such security patrols or services provided solely to another project within Wildwood Office Park; and (vi) such other costs and expenses incurred by Landlord as "Owner" of the Project under and pursuant to that certain Master Declaration of Covenants and Cross-Easements for Wildwood Office Park dated as of January 23, 1991, recorded in Deed Book 5992, page 430, Cobb County, Georgia records, as modified, amended or supplemented from time to time (the "Master Declaration"). The share of the foregoing costs which are applicable to the Project shall be determined in accordance with the Master Declaration.

(b) For purposes of this Lease, and notwithstanding anything in any other provision of this Lease to the contrary, "Operating Expenses" shall not

include the following:

(1) the cost of any special work or service performed for any tenant (including Tenant) at such tenant's cost;

(2) the cost of installing, operating and maintaining any specialty service, such as an observatory, broadcasting facility, luncheon club, restaurant, cafeteria, retail store, sundry shop, newsstand, or concession, but only to the extent such costs exceed those which would normally be expected to be incurred had such space been general office space;

(3) the cost of correcting defects in construction;

(4) compensation paid to officers and executives of Landlord (but it is understood that the office park manager, the on-site building manager and other on-site employees below the grade of building manager may carry a title such as vice president and the salaries and related benefits of these officers/employees of Landlord would be allowable Operating Expenses under Article 9[a][1] above, if they perform the same or similar functions as an employee which has its salary included in Operating Expenses);

(5) the cost of any items for which Landlord is reimbursed by insurance, condemnation or otherwise, except for costs reimbursed pursuant to provisions similar to Articles 8 and 9 hereof;

(6) the cost of any additions, changes, replacements and other items which are made in order to prepare for a new tenant's occupancy;

(7) the cost of repairs incurred by reason of fire or other casualty reimbursed by insurance proceeds under policies maintained by Landlord;

(8) insurance premiums to the extent Landlord may be directly reimbursed therefor, except for premiums reimbursed pursuant to provisions similar to Articles 8 and 9 hereof;

(9) interest on debt or amortization payments on any mortgage or deed to secure debt (except to the extent specifically permitted by Article 9[a]) and rental under any ground lease or other underlying lease;

(10) any real estate brokerage commissions or other costs incurred in procuring tenants or any fee in lieu of such commission;

(11) any advertising expenses incurred in connection with the marketing of any rentable space;

(12) costs related to the sale or financing of the Project or Building;

(13) rental payments for base building equipment such as HVAC equipment and elevators;

(14) costs of repair that are attributable to and are the responsibility of other, specifically identifiable tenants in the Building;

(15) any expenses for repairs or maintenance which are covered by warranties and service contracts, to the extent such maintenance and repairs are made at no cost to Landlord;

(16) costs reimbursed by insurance;

(17) legal expenses arising out of the construction of the improvements on the Land or the enforcement of the provisions of any lease affecting the Land or Building, including without limitation this Lease, and any accounting and legal fees and related costs and expenses associated with actions against specific tenants or governmental jurisdictions, unless such

actions affect all tenants equitably, and only if the projected benefit to the tenants exceeds the projected costs;

(18) costs of any extraordinary cleanup, containment, abatement, removal or remediation of "Hazardous Substances" (as hereinafter defined) to the extent the introduction of such Hazardous Substances is attributed to and is the responsibility of another identifiable tenant in the Building, or is the result of a Hazardous Substance which exists on the Property as of the date of this Lease;

(19) management fees (Tenant's obligation for a management fee contribution is set forth in Article 8[b][y] above);

(20) costs to Tenant in excess of $5,000.00 (increased on a pro-rata basis as the square feet of Rentable Floor Area in the Demised Premises is increased, from the initial size thereof), to the extent related to any repairs or replacements to the Building systems done to address the problem of any computer's hardware or software failure or inability to properly function because of the failure to properly process or store dates during the year 2000 and thereafter.

10. Tenant Taxes; Rent Taxes. Tenant shall pay promptly when due all taxes directly or indirectly imposed or assessed upon Tenant's gross sales, business operations, machinery, equipment, trade fixtures and other personal property or assets, whether such taxes are assessed against Tenant, Landlord or the Building. In the event that such taxes are imposed or assessed against Landlord or the Building, Landlord shall furnish Tenant with all applicable tax bills, public

charges and other assessments or impositions and Tenant shall forthwith pay the same either directly to the taxing authority or, at Landlord's option, to Landlord. In addition, in the event there is imposed at any time a tax upon and/or measured by the rental payable by Tenant under this Lease, whether by way of a sales or use tax or otherwise, Tenant shall be responsible for the payment of such tax and shall pay the same on or prior to the due date thereof; provided, however, that the foregoing shall not include any inheritance, estate, succession, transfer, gift or income tax imposed on or payable by Landlord.

11. Payments. All payments of Rent and other payments to be made to Landlord shall be made on a timely basis and shall be payable to Landlord or as Landlord may otherwise designate. All such payments shall be mailed or delivered to Landlord's Address designated in Article 1(b) above or at such other place as Landlord may designate from time to time in writing. If mailed, all payments shall be mailed in sufficient time and with adequate postage thereon to be received in Landlord's account by no later than the due date for such payment. Tenant agrees to pay to Landlord Fifty Dollars ($50.00) for each check presented to Landlord in payment of any obligation of Tenant which is not paid by the bank on which it is drawn, together with interest from and after the due date for such payment at the rate of eighteen percent (18%) per annum on the amount due.

12. Late Charges. Any Rent or other amounts payable to Landlord under this Lease, if not paid by the fifth day of the month for which such Rent is due, or by the due date specified on any invoices from Landlord (none of which invoices shall be due less than thirty (30) days after notice thereof is given to Tenant) for any other amounts payable hereunder, shall incur a late charge of Fifty Dollars ($50.00) for Landlord's administrative expense in processing such delinquent payment and in addition thereto shall bear interest at the rate of eighteen percent (18%) per annum from and after the due date for such payment; provided, however, that the aforesaid late charge shall not be due the first time in any calendar year that a payment due from Tenant is not made on a timely basis, unless such payment is not made within ten (10) days of the date notice

of such late payment is given to Tenant. In no event shall the rate of interest payable on any late payment exceed the legal limits for such interest enforceable under applicable law.

13. Use Rules. The Demised Premises shall be used for executive, general administrative and office space purposes in accordance with all applicable laws, ordinances, rules and regulations of governmental authorities and the Rules and Regulations attached hereto and made a part hereof. In no event shall any destination-end retail activities be conducted from the Demised Premises. The average occupancy rate of the Demised Premises (measured during the "Building Operating Hours" (as herein defined, and excluding times when employees are typically not in the Demised Premises) shall in no event be more than one (1) person per 150 square feet of Rentable Floor Area within the Demised Premises. Tenant covenants and agrees to abide by the Rules and Regulations in all respects as now set forth and attached hereto or as hereafter promulgated by Landlord. Landlord shall have the right at all times during the Lease Term to publish and promulgate and thereafter enforce such rules and regulations or changes in the existing Rules and Regulations as it may reasonably deem necessary in its sole discretion to protect the tenantability, safety, operation, and welfare of the Demised Premises, the Project and Wildwood Office Park, so long as such modifications do not materially, adversely impact upon Tenant's use of

or access to the Demised Premises. Landlord acknowledges that Tenant is a computer software company that requires that the employees have 24 hour access to the Demised Premises, that the Demised Premises must have after hour air conditioning and heat at the then standard rate for the Project (as set forth herein), and that the computers of Tenant require stable, sufficient, continuous and high quality electrical and telephone service.

14. Alterations. Except for any initial improvement of the Demised Premises pursuant to Exhibit "D", which shall be governed by the provisions of said Exhibit "D", Tenant shall not make, suffer or permit to be made any alterations, additions or improvements to or of the Demised Premises or any part thereof, or attach any fixtures or equipment thereto, without first obtaining Landlord's written consent, which consent shall not be unreasonably withheld or delayed; provided, however, that Tenant shall have the right, without obtaining Landlord's consent, to move low voltage telephone lines and local area network lines within and which serve the Demised Premises, so long as such actions do not affect the service of any other tenant of the Building and do not affect the Building Systems, and such work is done by an electrician (or other professional, as appropriate, and which may be an employee of Tenant) consented to by Landlord (with such consent as to the identity of such a person applying to subsequent work of the same or similar type by such person). Any such alterations, additions or improvements to the Demised Premises consented to by Landlord shall be made by Landlord or under Landlord's supervision for Tenant's account (at such reasonable rates as are typically charged for such work) and Tenant shall reimburse Landlord for all costs thereof (including a reasonable charge for Landlord's overhead), as Rent, within thirty (30) days after receipt of a statement. All such alterations, additions and improvements shall become Landlord's property at the expiration or earlier termination of the Lease Term and shall remain on the Demised Premises without compensation to Tenant unless Landlord elects by notice to Tenant, at the time Landlord responds to Tenant as to whether or not such alterations may be constructed in or made to the Demised Premises, to have Tenant remove such alterations, additions and improvements, in which event, notwithstanding any contrary provisions respecting such alterations, additions and improvements contained in Article 32 hereof, Tenant shall promptly restore, at its sole cost and expense, the Demised Premises to its condition prior to the installation of such alterations, additions and improvements, normal wear and tear excepted.

15. Repairs.

(a) Landlord shall maintain in good order and repair, subject to normal wear and tear and subject to casualty and condemnation, the Building (excluding the Demised Premises and other portions of the Building leased to other tenants), and all plumbing, glass, HVAC, wiring and telephone which is a part of the Building systems (and not a part of any improvements built as part of any tenant's fit-up and finish work), the Building parking facilities, the public areas and the landscaped areas; provided, however, that the cost of maintaining such items shall be included as an Operating Expense in accordance with and subject to Article 9 herein. Notwithstanding the foregoing obligation, the cost of any repairs or maintenance to the foregoing necessitated by the intentional acts or negligence of Tenant or its agents, contractors, employees, invitees, licensees, tenants or assigns, shall be borne solely by Tenant and shall be deemed Rent hereunder and shall be reimbursed by Tenant to Landlord upon demand. Landlord shall not be required to make

any repairs or improvements to the Demised Premises except structural repairs and Building systems (as set forth above) necessary for safety and tenantability.

(b) Tenant covenants and agrees that it will take good care of the Demised Premises and all alterations, additions and improvements thereto and will keep and maintain the same in good condition and repair, except for normal wear and tear and casualty. Tenant shall at once report, in writing, to Landlord any defective or dangerous condition known to Tenant. To the fullest extent permitted by law, Tenant hereby waives all rights to make repairs at the expense of Landlord or in lieu thereof to vacate the Demised Premises as may be provided by any law, statute or ordinance now or hereafter in effect. Landlord has no obligation and has made no promise to alter, remodel, improve, repair, decorate or paint the Demised Premises or any part thereof, except as specifically and expressly herein set forth.

16. Landlord's Right of Entry. (a) Landlord shall retain duplicate keys to
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all doors of the Demised Premises and Landlord and its agents, employees and independent contractors shall have the right to enter the Demised Premises at reasonable hours to inspect and examine same, to make repairs, additions, alterations, and improvements, so long as such entry does not substantially interrupt Tenant's business, to exhibit the Demised Premises to mortgagees, prospective mortgagees, purchasers or tenants, and to inspect the Demised Premises to ascertain that Tenant is complying with all of its covenants and obligations hereunder, all without being liable to Tenant in any manner whatsoever for any damages arising therefrom; provided, however, that Landlord shall, except in case of emergency, afford Tenant such prior notification of an entry into the Demised Premises as shall be reasonably practicable under the circumstances, and in all events (except in an emergency) on no less than twenty-four (24) hours prior notice. Landlord shall only enter into contracts with companies providing janitorial and security services for the Building which require such parties to carry liability insurance and be bonded. Landlord shall comply with any reasonable requests from Tenant related to safeguarding Tenant's trade secrets in the Demised Premises; provided, however, that Landlord's only liability with respect thereto shall arise under Article 37 hereunder.

(b) Landlord shall be allowed to take into and through the Demised Premises any and all materials that may be required to make such repairs, additions, alterations or improvements. During such time as such work is being carried on in or about the Demised Premises, the Rent provided herein shall not abate, and Tenant waives any claim or cause of action against Landlord for damages by reason of interruption of Tenant's business or loss of profits therefrom because of the prosecution of any such work or any part thereof. Landlord will use its reasonable efforts to minimize such disruptions of Tenant's business.

17. Insurance. Tenant shall procure at its expense and maintain throughout the Lease Term a policy or policies of special form/all-risk insurance insuring the full replacement cost of its furniture, equipment, supplies, and other property owned, leased, held or possessed by it and contained in the Demised Premises, together with the excess value of the improvements to the Demised Premises over the Construction Allowance, and worker's compensation insurance as required by applicable law. Tenant shall also procure at its expense and maintain throughout the

Lease Term a policy or policies of commercial general liability insurance, insuring Tenant, Landlord and any other person designated by Landlord, against any and all liability for injury to or death of a person or persons and for damage to property occasioned by or arising out of any construction work being done on the Demised Premises, or arising out of the condition, use, or occupancy of the Demised Premises, or in any way occasioned by or arising out of the activities of Tenant, its agents, contractors, employees, guests, or licensees in the Demised Premises, or other portions of the Building, the Project or Wildwood Office Park, the limits of such policy or policies to be in combined single limits for both damage to property and personal injury and in amounts not less than Three Million Dollars ($3,000,000) for each occurrence. Such insurance shall, in addition, extend to any liability of Tenant arising out of the indemnities provided for in this Lease. Tenant shall also carry such other types of insurance in form and amount which Landlord shall reasonably deem to be prudent for Tenant to carry, should the circumstances or conditions so merit Tenant carrying such type of insurance, and if other owners of first-class buildings in the area of the Building are generally requiring such coverage. All insurance policies procured and maintained by Tenant pursuant to this Article 17 shall name Landlord and any additional parties designated by Landlord as additional insured, shall be carried with companies licensed to do business in the State of Georgia having a rating from Best's Insurance Reports of not less than A-/X, and shall be non-cancelable and not subject to material change except after thirty (30) days' written notice to Landlord. Such policies or duly executed certificates of insurance with respect thereto, accompanied by proof of payment of the premium therefor, shall be delivered to Landlord prior to the Rental Commencement Date, and renewals of such policies shall be delivered to Landlord at least thirty (30) days prior to the expiration of each respective policy term.

Landlord shall procure and maintain at its expense (but with the expense to be included in Operating Expenses) throughout the Lease Term a policy or policies of special form/all-risk (including rent loss coverage) real and personal property insurance covering the Project (including the leasehold improvements in the Demised Premises up to the amount of the Construction Allowance, but excluding Tenant's personal property and equipment), in an amount equal to the full insurable replacement cost thereof as such may increase from time to time (but such insurance may provide for a commercially reasonable deductible), and in an amount sufficient to comply with any co-insurance requirements in such policy, and a policy of workers' compensation insurance, if any, as required by applicable law. In addition, Landlord shall procure and maintain at its expense (but with the expense to be included in Operating Expenses) and shall thereafter maintain throughout the Lease Term, a commercial general liability insurance policy covering the Project with combined single limits for both damage to property and personal injury of not less than Three Million Dollars ($3,000,000) per occurrence, subject to annual aggregate limits of not less than Five Million Dollars ($5,000,000). Landlord may also carry such other types of insurance in form and amounts which Landlord shall determine to be appropriate from time to time, and the cost thereof shall be included in Operating Expenses. All such policies procured and maintained by Landlord pursuant to this Article 17 shall be carried with companies licensed to do business in the State of Georgia. Any insurance required to be carried by Landlord hereunder may be carried under blanket policies covering other properties of Landlord and/or its partners and/or their respective related or affiliated corporations so long as such blanket policies provide insurance at all times for the Project as required by

this Lease.

18. Waiver of Subrogation. Landlord and Tenant shall each have included in all policies of fire, extended coverage, business interruption and loss of rents insurance respectively obtained by them covering the Demised Premises, the Building and contents therein, a waiver by the insurer of all right of subrogation against the other in connection with any loss or damage thereby insured against. Any additional premium for such waiver shall be paid by the primary insured. To the full extent permitted by law, Landlord and Tenant each waives all right of recovery against the other for, and agrees to release the other from liability for, loss or damage to the extent such loss or damage is covered by valid and collectible insurance in effect at the time of such loss or damage or would be covered by the insurance required to be maintained under this Lease by the party seeking recovery.

19. Default.

(a) The following events shall be deemed to be events of default by Tenant under this Lease: (i) Tenant shall fail to pay any installment of Rent or any other charge or assessment against Tenant pursuant to the terms hereof within five (5) days after the date notice of such late payment is received by Tenant; provided, however, if more than two (2) payments due of Tenant hereunder in any one (1) calendar year are not made until after notice of such late payment is received by Tenant, then it shall be an event of default hereunder by Tenant if any subsequent payment due of Tenant hereunder in the same calendar year is not made within ten (10) days of the date when due; (ii) Tenant shall fail to comply with any term, provision, covenant or warranty made under this Lease by Tenant, other than the payment of the Rent or any other charge or assessment payable by Tenant, and shall not cure such failure within fifteen (15) business days after notice thereof to Tenant, or, if such matter cannot be cured within fifteen (15) business days, if Tenant does not commence to cure such matter within fifteen (15) business days and diligently pursue such cure to completion (and in any event cure such matter within ninety (90) days after notice thereof); (iii) Tenant or any guarantor of this Lease shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts as they become due, or shall file a petition in bankruptcy, or shall be adjudicated as bankrupt or insolvent, or shall file a petition in any proceeding seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, or shall file an answer admitting or fail timely to contest the material allegations of a petition filed against it in any such proceeding; (iv) a proceeding is commenced against Tenant or any guarantor of this Lease seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, and such proceeding shall not have been dismissed within sixty (60) days after the commencement thereof; (v) a receiver or trustee shall be appointed for the Demised Premises or for all or substantially all of the assets of Tenant or of any guarantor of this Lease; (vi) Tenant shall fail to take possession of the Demised Premises as provided in this Lease; (vii) Tenant shall do or permit to be done anything which creates a lien upon the Demised Premises or the Project and such lien is not removed or discharged within fifteen (15) days after the filing thereof; (viii) Tenant shall fail to return a properly executed instrument to Landlord in accordance with the provisions of Article 27 hereof within the time period provided for such return following Landlord's

request for same as provided in Article 27, and Tenant fails to deliver such item within five (5) days after notice is given to Tenant that Tenant has failed to deliver such item; or (ix) Tenant shall fail to return a

properly executed estoppel certificate to Landlord in accordance with the provisions of Article 28 hereof within the time period provided for such return following Landlord's request for same as provided in Article 28, and Tenant fails to deliver such item within five (5) days after notice is given to Tenant that Tenant has failed to deliver such item.

(b) Upon the occurrence of any of the aforesaid events of default, Landlord shall have the option to pursue any one or more of the following remedies without any notice or demand whatsoever, except as expressly specified in Article 19(a) above: (i) terminate this Lease, in which event Tenant shall immediately surrender the Demised Premises to Landlord and if Tenant fails to do so, Landlord may without prejudice to any other remedy which it may have for possession or arrearages in Rent, enter upon and take possession of the Demised Premises and expel or remove Tenant and any other person who may be occupying said Demised Premises or any part thereof without being liable for prosecution or any claim of damages therefor; Tenant hereby agreeing to pay to Landlord on demand the amount of all loss and damage which Landlord may suffer by reason of such termination, whether through inability to relet the Demised Premises on satisfactory terms or otherwise; (ii) terminate Tenant's right of possession (but not this Lease) and enter upon and take possession of the Demised Premises and expel or remove Tenant and any other person who may be occupying said Demised Premises or any part thereof, by entry, dispossessory suit or otherwise, without thereby releasing Tenant from any liability hereunder, without terminating this Lease, and without being liable for prosecution or any claim of damages therefor and, if Landlord so elects, make such alterations, redecorations and repairs as, in Landlord's reasonable judgment, may be necessary to relet the Demised Premises, and Landlord may, but shall be under no obligation to do so, relet the Demised Premises or any portion thereof in Landlord's or Tenant's name, but for the account of Tenant, for such term or terms (which may be for a term extending beyond the Lease Term) and at such rental or rentals and upon such other terms as Landlord may deem advisable, with or without advertisement, and by negotiations, and receive the rent therefor, Tenant hereby agreeing to pay to Landlord the deficiency, if any, between all Rent reserved hereunder and the total rental applicable to the Lease Term hereof obtained by Landlord re-letting, and Tenant shall be liable for Landlord's expenses in redecorating and restoring the Demised Premises and all reasonable costs incident to such re-letting, including broker's commissions and lease assumptions, and in no event shall Tenant be entitled to any rentals received by Landlord in excess of the amounts due by Tenant hereunder; or (iii) enter upon the Demised Premises without being liable for prosecution or any claim of damages therefor, and do whatever Tenant is obligated to do under the terms of this Lease; and Tenant agrees to reimburse Landlord on demand for any expenses including, without limitation, reasonable attorneys' fees which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease and Tenant further agrees that Landlord shall not be liable for any damages resulting to Tenant from such action, whether caused by negligence of Landlord or otherwise. If this Lease is terminated by Landlord as a result of the occurrence of an event of default, Landlord may declare to be due and payable

immediately, the present value (calculated with a discount factor of eight percent [8%] per annum) of the difference between (x) the entire amount of Rent and other charges and assessments which in Landlord's reasonable determination would become due and payable during the remainder of the Lease Term determined as though this Lease had not been terminated (including, but not limited to, increases in Rent pursuant to Article 7 hereof), and (y) the then fair market rental value of the Demised Premises for the remainder of the Lease Term. Upon the acceleration of such amounts, Tenant agrees to pay the same at once, together with all Rent and other charges and assessments theretofore due, at Landlord's address as provided herein, it being agreed that such payment shall not constitute a penalty or forfeiture but shall constitute liquidated damages for Tenant's failure to comply with the terms and provisions of this Lease (Landlord and Tenant

agreeing that Landlord's actual damages in such event are impossible to ascertain and that the amount set forth above is a reasonable estimate thereof).

(c) Pursuit of any of the foregoing remedies shall not preclude pursuit of any other remedy herein provided or any other remedy provided by law or at equity, nor shall pursuit of any remedy herein provided constitute an election of remedies thereby excluding the later election of an alternate remedy, or a forfeiture or waiver of any Rent or other charges and assessments payable by Tenant and due to Landlord hereunder or of any damages accruing to Landlord by reason of violation of any of the terms, covenants, warranties and provisions herein contained. No reentry or taking possession of the Demised Premises by Landlord or any other action taken by or on behalf of Landlord shall be construed to be an acceptance of a surrender of this Lease or an election by Landlord to terminate this Lease unless written notice of such intention is given to Tenant. Forbearance by Landlord to enforce one or more of the remedies herein provided upon an event of default shall not be deemed or construed to constitute a waiver of such default. In determining the amount of loss or damage which Landlord may suffer by reason of termination of this Lease or the deficiency arising by reason of any reletting of the Demised Premises by Landlord as above provided, allowance shall be made for the expense of repossession. Tenant agrees to pay to Landlord all costs and expenses incurred by Landlord in the enforcement of this Lease, including, without limitation, the fees of Landlord's attorneys as provided in Article 25 hereof.

(d) The abandonment or vacation of the Demised Premises shall not be an event of default by Tenant under this Lease, but in the event Tenant shall abandon or vacate the Demised Premises, unless due to a casualty, condemnation or remodeling (which remodeling is being diligently prosecuted), Landlord may, at any time while such abandonment or vacation of the Demised Premises is continuing, notify Tenant of Landlord's election to terminate this Lease, in which event this Lease shall terminate on the date so selected by Landlord in Landlord's written election to terminate this Lease, and on the date so set forth in Landlord's written election, this Lease shall terminate and come to an end as though the date selected by Landlord were the last day of the natural expiration of the Lease Term; provided, however, that no such termination shall affect or limit any obligations or liabilities of Tenant arising or accruing under this Lease prior to the effective date of any such termination; and provided further that Tenant may rescind Landlord's

election by (i) notifying Landlord in writing, within ten (10) days after receipt of Landlord's written election to terminate this Lease, that Tenant will reoccupy the Demised Premises for business purposes and (ii) in fact, so reoccupying the Demised Premises for business purposes within sixty (60) days thereafter. For the purposes of this Lease, Tenant shall not have abandoned the Demised Premises if Tenant has sublet the Demised Premises or assigned its interest in the Lease.

20. Waiver of Breach. No waiver of any breach of the covenants, warranties, agreements, provisions, or conditions contained in this Lease shall be construed as a waiver of said covenant, warranty, provision, agreement or condition or of any subsequent breach thereof, and if any breach shall occur and afterwards be compromised, settled or adjusted, this Lease shall continue in full force and effect as if no breach had occurred.

21. Assignment and Subletting. (a) Tenant shall not, without the prior written consent of Landlord, such consent of Landlord not to be unreasonably withheld or delayed, assign this Lease or any interest herein or in the Demised Premises, or mortgage, pledge, encumber, hypothecate or otherwise transfer or sublet the Demised Premises or any part thereof or permit the use of the Demised Premises by any party other than Tenant. Consent to one or more such transfers

or subleases shall not destroy or waive this provision, and all subsequent transfers and subleases shall likewise be made only upon obtaining the prior written consent of Landlord. Without limiting the foregoing prohibition, in no event shall Tenant assign this Lease or any interest herein, whether directly, indirectly or by operation of law, or sublet the Demised Premises or any part thereof or permit the use of the Demised Premises or any part thereof by any party (i) if the proposed assignee or subtenant is a party who would (or whose use would) detract from the character of the Building as a first-class building, such as, without limitation, a dental, medical or chiropractic office or a governmental office, (ii) if the proposed use of the Demised Premises shall involve an occupancy rate of more than one (1) person per 150 square feet of Rentable Floor Area within the Demised Premises, (iii) if the proposed assignment or subletting shall be to a governmental subdivision or agency or any person or entity who enjoys diplomatic or sovereign immunity, (iv) if such proposed assignee or subtenant is an existing tenant of the Building, or (v) if such proposed assignment, subletting or use would contravene any restrictive covenant (including any exclusive use) granted to any other tenant of the Building. Sublessees or transferees of the Demised Premises for the balance of the Lease Term shall become directly liable to Landlord for all obligations of Tenant hereunder, without relieving Tenant (or any guarantor of Tenant's obligations hereunder) of any liability therefor, and Tenant shall remain obligated for all liability to Landlord arising under this Lease during the entire remaining Lease Term including any extensions thereof, whether or not authorized herein. If Tenant is a partnership, a withdrawal or change, whether voluntary, involuntary or by operation of law, of partners owning a controlling interest in the Tenant shall be deemed a voluntary assignment of this Lease and subject to the foregoing provisions, unless such involves a transaction in which the successor or surviving entity, subject to and assuming this Lease, has a net worth equal to or greater than the predecessor entity and will be utilizing the Demised Premises for a purpose substantially similar to the use of the predecessor, and in any event Tenant shall provide notice to, but does not have to obtain the prior consent of Landlord, concerning such transaction. If Tenant is a corporation (including a limited liability company), any dissolution, merger, consolidation or other reorganization of Tenant, or the sale or transfer of a

controlling interest in the capital stock of Tenant, shall be deemed a voluntary assignment of this Lease and subject to the foregoing provisions, unless such involves a transaction in which the successor or surviving entity, subject to and assuming this Lease, has a net worth equal to or greater than the predecessor entity and will be utilizing the Demised Premises for a purpose substantially similar to the use of the predecessor, and in any event Tenant shall provide notice to, but does not have to obtain the prior consent of Landlord, concerning such transaction. Tenant may also have affiliated entities conducting business within the Demised Premises with notice to, but without the consent of Landlord, as long as there is no physical separation of or distinct area for such other entities, and such other parties otherwise comply with the terms of the Lease.

(b) Landlord may, as a prior condition to considering any request for consent to an assignment or sublease, require Tenant to obtain and submit current financial statements of any proposed subtenant or assignee. In the event Landlord consents to an assignment or sublease, Tenant shall pay to Landlord a fee to cover Landlord's accounting costs plus any legal fees incurred by Landlord as a result of the assignment or sublease. Landlord may require a reasonable additional security deposit from the assignee or subtenant as a condition of its consent. Any consideration, in excess of the Rent and other charges and sums due and payable by Tenant under this Lease, paid to Tenant by any assignee of this Lease for its assignment, or by any sublessee under or in connection with its sublease, or otherwise paid to Tenant by another party for use and occupancy of the Demised Premises or any portion thereof, shall be promptly remitted by Tenant to Landlord as additional rent hereunder and Tenant shall have no right or claim thereto as against Landlord; provided, however, that Tenant shall be entitled to deduct from such amounts due Landlord any reasonable expenses actually incurred by Tenant in procuring such a sublease or

assignment. No assignment of this Lease consented to by Landlord shall be effective unless and until Landlord shall receive an original assignment and assumption agreement, in form and substance satisfactory to Landlord, signed by Tenant and Tenant's proposed assignee, whereby the assignee assumes due performance of this Lease to be done and performed for the balance of the then remaining Lease Term of this Lease. No subletting of the Demised Premises, or any part thereof, shall be effective unless and until there shall have been delivered to Landlord an agreement, in form and substance satisfactory to Landlord, signed by Tenant and the proposed sublessee, whereby the sublessee acknowledges the right of Landlord to continue or terminate any sublease, in Landlord's sole discretion, upon termination of this Lease, and such sublessee agrees to recognize and attorn to Landlord in the event that Landlord elects under such circumstances to continue such sublease.

22. Destruction.

(a) If the Demised Premises are damaged by fire or other casualty, the same shall be repaired or rebuilt as speedily as practical under the circumstances at the expense of the Landlord (subject to subparagraph [c] below), unless this Lease is terminated as provided in this Article 22, and during the period required for restoration, a just and proportionate part of Base Rental shall be abated until the Demised Premises are repaired or rebuilt.

(b) If the Demised Premises are (i) damaged to such an extent that repairs cannot, in Landlord's reasonable judgment, be completed within one (1) year after the date of the casualty or (ii) damaged or destroyed as a result of a risk which is not insured under standard special form/all-risk insurance policies, or (iii) damaged or destroyed during the last eighteen (18) months of the Lease Term, or if the Building is damaged in whole or in part (whether or not the Demised Premises are damaged), to such an extent that the Building cannot, in Landlord's reasonable judgment, be operated economically as an integral unit, then and in any such event Landlord may at its option terminate this Lease by notice in writing to the Tenant within sixty (60) days after the date of such occurrence. If the Demised Premises are damaged to such an extent that repairs cannot, in Landlord's judgment, be completed within one (1) year after the date of the casualty or if the Demised Premises are substantially damaged during the last eighteen (18) months of the Lease Term, then in either such event Tenant may elect to terminate this Lease by notice in writing to Landlord within fifteen (15) days after the date of such occurrence. Unless Landlord or Tenant elects to terminate this Lease as hereinabove provided, this Lease will remain in full force and effect and Landlord shall repair such damage at its expense to the extent required in this Article as expeditiously as possible under the circumstances.

(c) If Landlord should elect or be obligated pursuant to subparagraph (a) above to repair or rebuild because of any damage or destruction, Landlord's obligation shall be limited to the original Building and any other work or improvements in the Demised Premises (to the extent such leasehold improvements can be restored for the amount of the Construction Allowance applicable thereto) and shall not extend to any furniture, equipment, supplies or other personal property owned or leased by Tenant, its employees, contractors, invitees or licensees. If the cost of performing such repairs and restoration exceeds the actual proceeds of insurance paid or payable to Landlord on account of such casualty, or if Landlord's mortgagee or the lessor under a ground or underlying lease shall require that any insurance proceeds from a casualty loss be paid to it, Landlord may terminate this Lease unless Tenant, within thirty (30) days after demand therefor, deposits with Landlord a sum of money sufficient to pay the difference between the cost of repair and the proceeds of the insurance available to Landlord for such purpose.

(d) In no event shall Landlord be liable for any loss or damage sustained by Tenant by reason of casualties mentioned hereinabove or any other accidental casualty.

23. Landlord's Lien. Intentionally Deleted.

24. Services by Landlord. Landlord shall provide the Building Standard Services described on Exhibit "E" attached hereto and by reference made a part hereof.

25. Attorneys' Fees and Homestead. If any Rent or other debt owing by Tenant to Landlord hereunder is collected by or through an attorney-at-law, Tenant agrees to pay an additional amount equal to Landlord's reasonable attorney's fees actually incurred in connection with such action. If Landlord or Tenant uses the services of any attorney in order to secure compliance with any other provisions of this Lease, to recover damages for any breach or default of

any other provisions of this Lease, or to terminate this Lease, the non-prevailing party in any such matter shall reimburse the other party hereto upon demand for any and all attorney's fees and expenses so incurred by the prevailing party. Tenant waives all homestead rights and exemptions which it may have under any law as against any obligation owing under this Lease, and assigns to Landlord its homestead and exemptions to the extent necessary to secure payment and performance of its covenants and agreements hereunder.

26. Time. Time is of the essence of this Lease and whenever a certain day is stated for payment or performance of any obligation of Tenant or Landlord, the same enters into and becomes a part of the consideration hereof.

27. Subordination and Attornment.

(a) Tenant agrees that this Lease and all rights of Tenant hereunder are and shall be subject and subordinate to any ground or underlying lease which may now or hereafter be in effect regarding the Project or any component thereof, to any mortgage now or hereafter encumbering the Demised Premises or the Project or any component thereof, to all advances made or hereafter to be made upon the security of such mortgage, to all amendments, modifications, renewals, consolidations, extensions, and restatements of such mortgage, and to any replacements and substitutions for such mortgage. The terms of this provision shall be self-operative and no further instrument of subordination shall be required. Tenant, however, upon request of any party in interest, shall execute promptly such instrument or certificates as may be reasonably required to carry out the intent hereof, whether said requirement is that of Landlord or any other party in interest, including, without limitation, any mortgagee. Landlord is hereby irrevocably vested with full power and authority as attorney-in-fact for Tenant and in Tenant's name, place and stead, to subordinate Tenant's interest under this Lease to the lien or security title of any mortgage and to any future instrument amending, modifying, renewing, consolidating, extending, restating, replacing or substituting any such mortgage.

(b) If any mortgagee or lessee under a ground or underlying lease elects to have this Lease superior to its mortgage or lease and signifies its election in the instrument creating its lien or lease or by separate recorded instrument, then this Lease shall be superior to such mortgage or lease, as the case may be. The term "mortgage", as used in this Lease, includes any deed to secure debt, deed of trust or security deed and any other instrument creating a lien in connection with any other method of financing or refinancing. The term "mortgagee", as used in this Lease, refers to the holder(s) of the indebtedness secured by a mortgage.

(c) In the event any proceedings are brought for the foreclosure of, or in the event of exercise of the power of sale under, any mortgage covering the Demised Premises or the Project, or in the event the interests of Landlord under this Lease shall be transferred by reason of deed in lieu of foreclosure or other legal proceedings, or in the event of termination of any lease under which Landlord may hold title, Tenant shall, at the option of the transferee or purchaser at foreclosure or under power of sale, or the lessor of the

Landlord upon such lease termination, as the case may be (sometimes hereinafter called "such person"), attorn to such person and shall recognize and be bound and obligated hereunder to such person as the Landlord under this Lease; provided, however, that no such person shall be (i) bound by any payment of Rent for more than one (1) month in advance, except prepayments in the nature of security for the performance by Tenant of its obligations under this Lease (and then only if such prepayments have been deposited with and are under the control of such person); (ii) bound by any amendment or modification of this Lease made without the express written consent of the mortgagee or lessor of the Landlord, as the case may be; (iii) obligated to cure any defaults under this Lease of any prior landlord (including Landlord); (iv) liable for any act or omission of any prior landlord (including Landlord); (v) subject to any offsets or defenses which Tenant might have against any prior landlord (including Landlord); or (vi) bound by any warranty or representation of any prior landlord (including Landlord) relating to work performed by any prior landlord (including Landlord) under this Lease. Tenant agrees to execute any attornment agreement not in conflict herewith requested by Landlord, the mortgagee or such person. Tenant's obligation to attorn to such person shall survive the exercise of any such power of sale, foreclosure or other proceeding. Tenant agrees that the institution of any suit, action or other proceeding by any mortgagee to realize on Landlord's interest in the Demised Premises or the Building pursuant to the powers granted to a mortgagee under its mortgage, shall not, by operation of law or otherwise, result in the cancellation or termination of the obligations of the Tenant hereunder. Landlord and Tenant agree that notwithstanding that this Lease is expressly subject and subordinate to any mortgages, any mortgagee, its successors and assigns, or other holder of a mortgage or of a note secured thereby, may sell the Demised Premises or the Building, in the manner provided in the mortgage and may, at the option of such mortgagee, its successors and assigns, or other holder of the mortgage or note secured thereby, make such sale of the Demised Premises or Building subject to this Lease.

28. Estoppel Certificates. Within ten (10) days after request therefor by Landlord, Tenant agrees to execute and deliver to Landlord in recordable form an estoppel certificate addressed to Landlord, any mortgagee or assignee of Landlord's interest in, or purchaser of, the Demised Premises or the Building or any part thereof, certifying (if such be the case) that this Lease is unmodified and is in full force and effect (and if there have been modifications, that the same is in full force and effect as modified and stating said modifications); that there are no defenses or offsets against the enforcement thereof or stating those claimed by Tenant; and stating the date to which Rent and other charges have been paid. Such certificate shall also include such other information as may reasonably be required by such mortgagee, proposed mortgagee, assignee, purchaser or Landlord. Any such certificate may be relied upon by Landlord, any mortgagee, proposed mortgagee, assignee, purchaser and any other party to whom such certificate is addressed.

29. No Estate. This Lease shall create the relationship of landlord and tenant only between Landlord and Tenant and no estate shall pass out of Landlord. Tenant shall have only an usufruct, not subject to levy and sale and not assignable in whole or in part by Tenant except as herein provided.

30. Cumulative Rights. All rights, powers and privileges conferred hereunder upon the parties hereto shall be cumulative to, but not restrictive of, or in lieu of those conferred by law.

31. Holding Over. If Tenant remains in possession after expiration or termination of the Lease Term with or without Landlord's written consent, Tenant shall become a tenant-at-sufferance, and there shall be no renewal of this Lease by operation of law. During the period of any such holding over, all provisions of this Lease shall be and remain in effect except that the monthly rental shall be one hundred fifty percent (150%) of the amount of Rent (including any adjustments as provided herein) payable for the last full calendar month of the Lease Term including renewals or extensions, for the first three (3) months of the holdover, and then double the amount of such Rent thereafter. The inclusion of the preceding sentence in this Lease shall not be construed as Landlord's consent for Tenant to hold over.

32. Surrender of Premises. Upon the expiration or other termination of this Lease, Tenant shall quit and surrender to Landlord the Demised Premises and every part thereof and all alterations, additions and improvements thereto, broom clean and in good condition and state of repair, reasonable wear and tear only excepted. If Tenant is not then in default, Tenant shall remove all personalty and equipment not attached to the Demised Premises which it has placed upon the Demised Premises, and Tenant shall restore the Demised Premises to the condition immediately preceding the time of placement thereof. If Tenant shall fail or refuse to remove all of Tenant's effects, personalty and equipment from the Demised Premises upon the expiration or termination of this Lease for any cause whatsoever or upon the Tenant being dispossessed by process of law or otherwise, such effects, personalty and equipment shall be deemed conclusively to be abandoned and may be appropriated, sold, stored, destroyed or otherwise disposed of by Landlord without written notice to Tenant or any other party and without obligation to account for them. Tenant shall pay Landlord on demand any and all expenses incurred by Landlord in the removal of such property, including, without limitation, the cost of repairing any damage to the Building or Project caused by the removal of such property and storage charges (if Landlord elects to store such property). The covenants and conditions of this Article 32 shall survive any expiration or termination of this Lease.

33. Notices. All notices required or permitted to be given hereunder shall be in writing and may be delivered in person to either party or may be sent by courier (including a recognized overnight courier service) or by United States Mail, certified, return receipt requested, postage prepaid. Any such notice shall be deemed received by the party to whom it was sent (i) in the case of personal delivery or courier delivery, on the date of delivery to such party, and (ii) in the case of certified mail, the date receipt is acknowledged on the return receipt for such notice or, if delivery is rejected or refused or the U.S. Postal Service is unable to deliver same because of changed address of which no notice was given pursuant hereto, the first date of such rejection, refusal or inability to deliver. All such notices shall be addressed to Landlord or Tenant at their respective address set forth hereinabove or at such other address as either party shall have theretofore given to the other by notice as herein provided. Tenant hereby designates and appoints as its agent to receive notice of all distraint proceedings and all other notices required under this Lease, the person in charge of the Demised Premises at the time said notice is given or occupying said Demised Premises at said time; and, if no person is in charge of or occupying the said Demised Premises, then such service or

notice may be made by attaching the same, in lieu of mailing, on the main entrance to the Demised Premises.

34. Damage or Theft of Personal Property. All personal property brought into Demised Premises by Tenant, or Tenant's employees or business visitors, shall be at the risk of Tenant only, and Landlord shall not be liable for theft thereof or any damage thereto occasioned by any act of co-tenants, occupants, invitees or other users of the Building or any other person, unless arising out of Landlord's gross negligence or willful misconduct. Landlord shall not at any time be liable for damage to any property in or upon the Demised Premises, which results from power surges or other deviations from the constancy of electrical service or from gas, smoke, water, rain, ice or snow which issues or leaks from or forms upon any part of the Building or from the pipes or plumbing work of the same, or from any other place whatsoever, unless arising out of Landlord's gross negligence or willful misconduct.

35. Eminent Domain.

(a) If all or part of the Demised Premises shall be taken for any public or quasi-public use by virtue of the exercise of the power of eminent domain or by purchase in lieu thereof, this Lease shall terminate as to the part so taken as of the date of taking, and, in the case of a partial taking, either Landlord or Tenant shall have the right to terminate this Lease as to the balance of the Demised Premises by written notice to the other within thirty (30) days after such date; provided, however, that a condition to the exercise by Tenant of such right to terminate shall be that the portion of the Demised Premises taken shall be of such extent and nature as substantially to handicap, impede or impair Tenant's use of the balance of the Demised Premises. If title to so much of the Building is taken that a reasonable amount of reconstruction thereof will not in Landlord's sole discretion result in the Building being a practical improvement and reasonably suitable for use for the purpose for which it is designed, then this Lease shall terminate on the date that the condemning authority actually takes possession of the part so condemned or purchased.

(b) If this Lease is terminated under the provisions of this Article 35, Rent shall be apportioned and adjusted as of the date of termination. Tenant shall have no claim against Landlord or against the condemning authority for the value of any leasehold estate or for the value of the unexpired Lease Term provided that the foregoing shall not preclude any claim that Tenant may have against the condemning authority for the unamortized cost of leasehold improvements, to the extent the same were installed at Tenant's expense (and not with the proceeds of the Construction Allowance), or for loss of business, moving expenses or other consequential damages, in accordance with subparagraph (d) below.

(c) If there is a partial taking of the Building and this Lease is not thereupon terminated under the provisions of this Article 35, then this Lease shall remain in full force and effect, and Landlord shall, within a reasonable time thereafter, repair or reconstruct the remaining portion of the Building to the extent necessary to make the same a complete architectural unit; provided that in complying with its obligations hereunder Landlord shall

not be required to expend more than the net proceeds of the condemnation award which are paid to Landlord.

(d) All compensation awarded or paid to Landlord upon a total or partial taking of the Demised Premises or the Building shall belong to and be the property of Landlord without any participation by Tenant. Nothing herein shall be construed to preclude Tenant from prosecuting any claim directly against the condemning authority for loss of business, for damage to, and cost of removal of, trade fixtures, furniture and other personal property belonging to Tenant, and for the unamortized cost of leasehold improvements to the extent same were installed at Tenant's expense (and not

with the proceeds of the Construction Allowance), provided, however, that no such claim shall diminish or adversely affect Landlord's award. In no event shall Tenant have or assert a claim for the value of any unexpired term of this Lease. Subject to the foregoing provisions of this subparagraph (d), Tenant hereby assigns to Landlord any and all of its right, title and interest in or to any compensation awarded or paid as a result of any such taking.

(e) Notwithstanding anything to the contrary contained in this Article 35, if, during the Lease Term, the use or occupancy of any part of the Building or the Demised Premises shall be taken or appropriated temporarily for any public or quasi-public use under any governmental law, ordinance, or regulations, or by right of eminent domain, this Lease shall be and remain unaffected by such taking or appropriation and Tenant shall continue to pay in full all Rent payable hereunder by Tenant during the Lease Term. In the event of any such temporary appropriation or taking, Tenant shall be entitled to receive that portion of any award which represents compensation for the loss of use or occupancy of the Demised Premises during the Lease Term, and Landlord shall be entitled to receive that portion of any award which represents the cost of restoration and compensation for the loss of use or occupancy of the Demised Premises after the end of the Lease Term.

36. Parties. The term "Landlord", as used in this Lease, shall include Landlord and its assigns and successors. It is hereby covenanted and agreed by Tenant that should Landlord's interest in the Demised Premises cease to exist for any reason during the Lease Term, then notwithstanding the happening of such event, this Lease nevertheless shall remain in full force and effect, and Tenant hereby agrees to attorn to the then owner of the Demised Premises. The term "Tenant" shall include Tenant and its heirs, legal representatives and successors, and shall also include Tenant's assignees and sublessees, if this Lease shall be validly assigned or the Demised Premises sublet for the balance of the Lease Term or any renewals or extensions thereof. In addition, Landlord and Tenant covenant and agree that Landlord's right to transfer or assign Landlord's interest in and to the Demised Premises, or any part or parts thereof, shall be unrestricted, and that in the event of any such transfer or assignment by Landlord which includes the Demised Premises, Landlord's obligations to Tenant hereunder shall cease and terminate, and Tenant shall look only and solely to Landlord's assignee or transferee for performance thereof.

37. Liability. Tenant hereby indemnifies Landlord from and agrees to hold Landlord harmless against, any and all liability, loss, cost, damage or expense, including, without limitation, court costs and reasonable attorney's fees, imposed on Landlord by any person whomsoever, by the

gross negligence or willful misconduct of Tenant, or any of its employees, contractors, servants, agents, subtenants, assignees or representatives acting within the scope of their respective authority. Landlord hereby indemnifies Tenant from and agrees to hold Tenant harmless against, any and all liability, loss, cost, damage or expense, including, without limitation, court costs and reasonable attorney's fees, imposed on Tenant by any person whomsoever, by the gross negligence or willful misconduct of Landlord, or any of its employees, contractors, servants, agents, subtenants, assignees or representatives acting within the scope of their respective authority. The provisions of this Article 37 shall survive any termination of this Lease.

38. Relocation of the Premises. Intentionally Omitted.

39. Force Majeure. In the event of strike, lockout, labor trouble, civil commotion, Act of God, or any other cause beyond a party's control (collectively "force majeure") resulting in the Landlord's inability to supply the services or

perform the other obligations required of Landlord hereunder, this Lease shall not terminate and Tenant's obligation to pay Rent and all other charges and sums due and payable by Tenant shall not be affected or excused and Landlord shall not be considered to be in default under this Lease. If, as a result of force majeure, Tenant is delayed in performing any of its obligations under this Lease, other than Tenant's obligation to take possession of the Demised Premises on or before the Rental Commencement Date and to pay Rent and all other charges and sums payable by Tenant hereunder, Tenant's performance shall be excused for a period equal to such delay and Tenant shall not during such period be considered to be in default under this Lease with respect to the obligation, performance of which has thus been delayed.

40. Landlord's Liability. Landlord shall have no personal liability with respect to any of the provisions of this Lease. If Landlord is in default with respect to its obligations under this Lease, Tenant shall look solely to the equity of Landlord in and to the Building and the Land described in Exhibit "A" hereto for satisfaction of Tenant's remedies, if any. It is expressly understood and agreed that Landlord's liability under the terms of this Lease shall in no event exceed the amount of its interest in and to said Land and Building. In no event shall any partner of Landlord nor any joint venturer in Landlord, nor any officer, director or shareholder of Landlord or any such partner or joint venturer of Landlord be personally liable with respect to any of the provisions of this Lease.

41. Landlord's Covenant of Quiet Enjoyment. Provided Tenant performs the terms, conditions and covenants of this Lease, and subject to the terms and provisions hereof, Landlord covenants and agrees to take all necessary steps to secure and to maintain for the benefit of Tenant the quiet and peaceful possession of the Demised Premises, for the Lease Term, without hindrance, claim or molestation by Landlord or any other person lawfully claiming under Landlord.

42. Security Deposit.

(a) As security for the faithful performance by Tenant throughout the Lease Term, and any extensions or renewals thereof, of all the terms and conditions of this Lease on the part of Tenant to be performed, Tenant has deposited with Landlord the sum set forth in Article 1(n) above. Such amount shall be returned to Tenant, without interest, on the day

set for the expiration of the Lease Term, or any extension or renewal thereof, provided Tenant has fully and faithfully observed and performed all of the terms, covenants, agreements, warranties and conditions hereof on its part to be observed and performed. Landlord shall have the right to apply all or any part of said deposit toward the cure of any default of Tenant. If all or any part of said security deposit is so applied by Landlord, then Tenant shall immediately pay to Landlord an amount sufficient to return said security deposit to the balance on deposit with Landlord prior to said application.

(b) In the event of a sale or transfer of Landlord's interest in the Demised Premises or the Building or a lease by Landlord of the Building, Landlord shall have the right to transfer the within described security deposit to the purchaser or lessee, as the case may be, and Landlord shall be relieved of all liability to Tenant for the return of such security deposit. The Tenant shall look solely to the new owner or lessor for the return of said security deposit. The security deposit shall not be mortgaged, assigned or encumbered by Tenant. In the event of a permitted assignment or subletting under this Lease by Tenant, the security deposit shall be held by Landlord as a deposit made by the permitted assignee or subtenant and the Landlord shall have no further liability with respect to the return of said security deposit to the original Tenant.

(c) Landlord shall not be required to keep the security deposit separate from its general accounts.

43. Hazardous Substances. (a) Tenant hereby covenants and agrees that Tenant shall not cause or permit any Hazardous Substances to be generated, placed, held, stored, used, located or disposed of at the Project or any part thereof, except for Hazardous Substances as are commonly and legally used or stored as a consequence of using the Demised Premises for general office and administrative purposes, but only so long as the quantities thereof do not pose a threat to public health or to the environment or would necessitate a "response action", as that term is defined in CERCLA (as hereinafter defined), and so long as Tenant strictly complies or causes compliance with all applicable governmental rules and regulations concerning the use, storage, production, transportation and disposal of such Hazardous Substances. Promptly upon receipt of Landlord's request, Tenant shall submit to Landlord true and correct copies of any reports filed by Tenant with any governmental or quasi-governmental authority regarding the generation, placement, storage, use, treatment or disposal of Hazardous Substances on or about the Demised Premises. For purposes of this Article 43, "Hazardous Substances" shall mean and include those elements or compounds which are contained in the list of Hazardous Substances adopted by the United States Environmental Protection Agency (EPA) or in any list of toxic pollutants designated by Congress or the EPA or which are defined as hazardous, toxic, pollutant, infectious or radioactive by any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability (including, without limitation, strict liability) or standards of conduct concerning, any hazardous, toxic or dangerous waste, substance or material, as now or at any time hereinafter in effect (collectively "Environmental Laws"). Tenant hereby agrees to indemnify Landlord and hold Landlord harmless from and against any and all losses, liabilities, including strict liability, damages, injuries, expenses, including reasonable attorneys' fees, costs of settlement or judgment and claims of any and every kind whatsoever paid, incurred or suffered by,

or asserted against, Landlord by any person, entity or governmental agency for, with respect to, or as a direct or indirect result of, the presence in, or the escape, leakage, spillage, discharge, emission or release from, the Demised Premises of any Hazardous Substances (including, without limitation, any losses, liabilities, including strict liability, damages, injuries, expenses, including reasonable attorneys' fees, costs of any settlement or judgment or claims asserted or arising under the Comprehensive Environmental Response, Compensation and Liability Act ["CERCLA"], any so-called federal, state or local "Superfund" or "Superlien" laws or any other Environmental Law); provided, however, that the foregoing indemnity is limited to matters arising solely from Tenant's violation of the covenant contained in this Article. The obligations of Tenant under this Article shall survive any expiration or termination of this Lease.

(b) To the best of Landlord's knowledge and belief, but without any independent investigation or inquiry of any kind or nature whatsoever, there are no Hazardous Substances in the Demised Premises other than "Permitted Hazardous Substances", as that term is defined below. Landlord has not been given a notice of any violation of law arising out of Hazardous Substances in the Building. Landlord covenants and agrees that if any Hazardous Substances other than Permitted Hazardous Substances are found in the Project in such amounts and locations as would require Landlord to remove such materials as a matter of law, then Landlord shall remove or cause to be removed such Hazardous Substances. Such removal shall be accomplished in a manner that does not cause an unreasonable disruption to Tenant's operations in the Demised Premises. The cost of such removal shall not be an Operating Expense to Tenant, unless the substance in question became a Hazardous Substance as a result of or in connection with a law which was passed after the date of this Lease.

(c) The term "Permitted Hazardous Substances" shall mean such Hazardous Substances as are commonly and legally used or stored as a consequence of using,

maintaining or operating the Project, but only so long as the quantities thereof do not pose a threat to public health or to the environment or would necessitate a "response action" as that term is defined in CERCLA, and so long as Landlord strictly complies or causes compliance with all applicable governmental rules and regulations concerning the use, storage, production, transportation and disposal of such Hazardous Substances.

44. Submission of Lease. The submission of this Lease for examination does not constitute an offer to lease and this Lease shall be effective only upon execution hereof by Landlord and Tenant.

45. Severability. If any clause or provision of this Lease is illegal, invalid or unenforceable under present or future laws, the remainder of this Lease shall not be affected thereby, and in lieu of each clause or provision of this Lease which is illegal, invalid or unenforceable, there shall be added as a part of this Lease a clause or provision as nearly identical to the said clause or provision as may be legal, valid and enforceable.

46. Entire Agreement. This Lease contains the entire agreement of the parties and no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein shall be of any force or effect. No failure of Landlord to exercise any power given

Landlord hereunder, or to insist upon strict compliance by Tenant with any obligation of Tenant hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Landlord's right to demand exact compliance with the terms hereof. This Lease may not be altered, waived, amended or extended except by an instrument in writing signed by Landlord and Tenant. This Lease is not in recordable form, and Tenant agrees not to record or cause to be recorded this Lease or any short form or memorandum thereof.

47. Headings. The use of headings herein is solely for the convenience of indexing the various paragraphs hereof and shall in no event be considered in construing or interpreting any provision of this Lease.

48. Broker. CPI HAS REPRESENTED LANDLORD IN THIS TRANSACTION, AND CB COMMERCIAL REAL ESTATE GROUP HAS REPRESENTED TENANT IN THIS TRANSACTION. BROKER(S) (AS DEFINED IN ARTICLE 1[O]) IS (ARE) ENTITLED TO A LEASING COMMISSION FROM LANDLORD BY VIRTUE OF THIS LEASE, WHICH LEASING COMMISSION SHALL BE PAID BY LANDLORD TO BROKER(S) IN ACCORDANCE WITH THE TERMS OF A SEPARATE AGREEMENT BETWEEN LANDLORD AND BROKER(S). Tenant hereby authorizes Broker(s) and Landlord to identify Tenant as a tenant of the Building and to state the amount of space leased by Tenant in advertisements and promotional materials relating to the Building. Tenant represents and warrants to Landlord that (except with respect to any Broker[s] identified in Article 1[o] hereinabove) no broker, agent, commission salesperson, or other person has represented Tenant in the negotiations for and procurement of this Lease and of the Demised Premises and that (except with respect to any Broker[s] identified in Article 1[o] hereinabove) no commissions, fees, or compensation of any kind are due and payable in connection herewith to any broker, agent, commission salesperson, or other person as a result of any act or agreement of Tenant. Tenant agrees to indemnify and hold Landlord harmless from all loss, liability, damage, claim, judgment, cost or expense (including reasonable attorneys' fees and court costs) suffered or incurred by Landlord as a result of a breach by Tenant of the representation and warranty contained in the immediately preceding sentence or as a result of Tenant's failure to pay commissions, fees, or compensation due to any broker who represented Tenant, whether or not disclosed, or as a result of any claim for any fee, commission or similar compensation with respect to this Lease made by any broker, agent or finder (other than the Broker[s] identified

in Article 1[o] hereinabove) claiming to have dealt with Tenant, whether or not such claim is meritorious. Tenant shall cause any agent or broker representing Tenant to execute a lien waiver to and for the benefit of Landlord, waiving any and all lien rights with respect to the Building and Land which such agent or broker has or might have under Georgia law.

49. Governing Law. The laws of the State of Georgia shall govern the validity, performance and enforcement of this Lease.

50. Special Stipulations. The special stipulations attached hereto as Exhibit "G" are hereby incorporated herein by this reference as though fully set forth.

51. Authority. If Tenant executes this Lease as a corporation, each of the persons executing this Lease on behalf of Tenant does hereby personally represent and warrant that Tenant

is a duly incorporated or a duly qualified (if a foreign corporation) corporation and is fully authorized and qualified to do business in the State in which the Demised Premises are located, that the corporation has full right and authority to enter into this Lease, and that each person signing on behalf of the corporation is an officer of the corporation and is authorized to sign on behalf of the corporation. If Tenant signs as a partnership, joint venture, or sole proprietorship or other business entity (each being herein called "Entity"), each of the persons executing on behalf of Tenant does hereby covenant and warrant that Tenant is a duly authorized and existing Entity, that Tenant has full right and authority to enter into this Lease, that all persons executing this Lease on behalf of the Entity are authorized to do so on behalf of the Entity, and that such execution is fully binding upon the Entity and its partners, joint venturers, or principal, as the case may be. Upon the request of Landlord, Tenant shall deliver to Landlord documentation satisfactory to Landlord evidencing Tenant's compliance with this Article, and Tenant agrees to promptly execute all necessary and reasonable applications or documents as reasonably requested by Landlord, required by the jurisdiction in which the Demised Premises is located, to permit the issuance of necessary permits and certificates for Tenant's use and occupancy of the Demised Premises.

52. Financial Statements. Upon Landlord's written request therefor, but not more often than once per year, Tenant shall promptly furnish to Landlord a financial statement with respect to Tenant for its most recent fiscal year prepared in accordance with generally accepted accounting principles and certified to be true and correct by Tenant, which statement Landlord agrees to keep confidential and not use except in connection with proposed sale or loan transactions.

53. Joint and Several Liability. If Tenant comprises more than one person, corporation, partnership or other entity, the liability hereunder of all such persons, corporations, partnerships or other entities shall be joint and several.

54. ERISA Compliance. Tenant represents to Landlord that Tenant is not an "employee benefit plan", a "plan" or a "governmental plan" as defined below or an entity whose assets constitute "plan assets" as defined below. The term "employee benefit plan" means an "employee benefit plan" as defined in Section 3(3) of the Employment Retirement Income Security Act of 1974, as amended ("ERISA"), which is subject to Title I of ERISA. The term "plan" means a "plan" as defined in Section 4975(e)(i) of the Internal Revenue Code of 1986, as amended. The term "governmental plan" means a "governmental plan" within the

meaning of Section 3(32) of ERISA. The term "plan assets" means "plan assets" of one or more plans within the meaning of 2a C.F.R. 2510.3-101.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals as of the day, month and year first above written.

"LANDLORD":

WILDWOOD ASSOCIATES,
a Georgia general partnership

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By: Cousins Properties Incorporated,
Managing General Partner

By: /s/ John Murphy

Its: S.R.V.P.

(CORPORATE SEAL)

"TENANT":

MANHATTAN ASSOCIATES, LLC

By: /s/ Oliver M. Cooper

Its: Chief Operating Officer

Attest:

Its:

(CORPORATE SEAL)

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RULES AND REGULATIONS

1. No sign, picture, advertisement or notice visible from the exterior of the Demised Premises shall be installed, affixed, inscribed, painted or otherwise displayed by Tenant on any part of the Demised Premises or the Building unless the same is first approved by Landlord. Any such sign, picture, advertisement or notice approved by Landlord shall be painted or installed for Tenant at Tenant's cost by Landlord or by a party approved by Landlord. No awnings, curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with any window or door of the Demised Premises without the prior consent of the Landlord, including approval by the Landlord of the quality, type, design, color and manner of attachment. In the event of any breach of the foregoing, Landlord may remove the applicable item, and Tenant agrees to pay the cost and expense of such removal.

2. Tenant agrees that its use of electrical current shall never knowingly exceed the capacity of existing feeders, risers or wiring installation.

3. The Demised Premises shall not be used for storage of merchandise held for sale to the general public. Tenant shall not do or permit to be done in or about the Demised Premises or Building anything which shall increase the rate of insurance on said Building or obstruct or interfere with the rights of other lessees of Landlord or annoy them in any way, including, but not limited to, using any musical instrument, making loud or unseemly noises, or singing, etc. The Demised Premises shall not be used for sleeping or lodging. No cooking or related activities shall be done or permitted by Tenant in the Demised Premises except with permission of Landlord. Tenant will be permitted to use for its own employees within the Demised Premises, vending machines, water coolers, a small microwave oven and/or refrigerator, Underwriters' Laboratory approved equipment for brewing coffee, tea, hot chocolate and similar beverages, provided that such use is in accordance with all applicable federal, state, county and city laws, codes, ordinances, rules and regulations, and provided that such use shall not result in the emission of odors from the Demised Premises into the common area of the Building. No part of said Building or Demised Premises shall be used for gambling, immoral or other unlawful purposes. No intoxicating beverage shall be sold in said Building or Demised Premises without prior written consent of the Landlord. No area outside of the Demised Premises shall be used for storage purposes at any time.

4. No birds or animals of any kind shall be brought into the Building (other than trained assist dogs required to be used by the visually impaired). No bicycles, motorcycles or other motorized vehicles shall be brought into the Building.

5. The sidewalks, entrances, passages, corridors, halls, elevators, and stairways in the Building shall not be obstructed by Tenant or used for any purposes other than those for which same were intended as ingress and egress. No windows, floors or skylights that reflect or admit

light into the Building shall be covered or obstructed by Tenant, and no articles shall be placed on the window sills of the Building. Toilets, wash basins and sinks shall not be used for any purpose other than those for which they were constructed, and no sweeping, rubbish, or other obstructing or improper substances shall be thrown therein. Any damage resulting to them, or to heating apparatus, from misuse by Tenant or its employees, shall be borne by Tenant.

6. Only one key for each office in the Demised Premises will be furnished Tenant without charge. Landlord may make a reasonable charge for any additional keys. No additional lock, latch or bolt of any kind shall be placed upon any door nor shall any changes be made in existing locks without written consent of Landlord and Tenant shall in each such case furnish Landlord with a key for any such lock. At the termination of the Lease, Tenant shall return to Landlord all keys furnished to Tenant by Landlord, or otherwise procured by Tenant, and in the event of loss of any keys so furnished, Tenant shall pay to Landlord the cost thereof.

7. Landlord shall have the right to prescribe the weight, position and manner of installation of heavy articles such as safes, machines and other equipment brought into the Building. Tenant shall not allow the building structure within the Demised Premises, nor shall Tenant cause the elevators of the Building, to be loaded beyond rated capacities. No safes, furniture, boxes, large parcels or other kind of freight shall be taken to or from the Demised Premises or allowed in any elevator, hall or corridor except at times allowed by Landlord. Tenant shall make prior arrangements with Landlord for use of freight elevator for the purpose of transporting such articles and such articles may be taken in or out of said Building only between or during such hours as may be arranged with and designated by

Landlord. The persons employed to move the same must be approved by Landlord. Landlord reserves the right to inspect and, where deemed appropriate by Landlord, to open all freight coming into the Building and to exclude from entering the Building all freight which is in violation of any of these Rules and Regulations and all freight as to which inspection is not permitted. No hand trucks shall be used in passenger elevators. All hand trucks used by Tenant or its service providers for the delivery or receipt of any freight shall be equipped with rubber tires.

8. Tenant shall not cause or permit any gases, liquids or odors to be produced upon or permeate from the Demised Premises, and no flammable, combustible or explosive fluid, chemical or substance shall be brought into the Building. Smoking shall not be permitted in any common areas of the Building or the Project or in any premises within the Building; provided, however, smoking shall be permitted in any premises of the Building where the tenant of such premises makes arrangements with Landlord for the installation at such tenant's cost of filtration or other equipment which in Landlord's judgment is adequate to prevent smoke from leaving such premises and entering the common areas or other premises of the Building. Until such approved equipment is installed, smoking shall not be permitted in a tenant's premises. If Tenant shall assert that the air quality in the Demised Premises is unsatisfactory or if Tenant shall request any air quality testing within the

Demised Premises, Landlord may elect to cause its consultant to test the air quality within the Demised Premises and to issue a report regarding same. If the report from such tests indicates that the air quality within the Demised Premises is comparable to the air quality of other first-class office buildings in the market area of the Building, or if the report from such tests indicates that the air quality does not meet such standard as a result of the activities caused or permitted by Tenant in the Demised Premises, Tenant shall reimburse Landlord for all costs of the applicable tests and report. Additionally, in the event Tenant shall cause or permit any activity which shall adversely affect the air quality in the Demised Premises, in the common area of the Building or in any premises within the Building, Tenant shall be responsible for all costs of remedying same.

9. Every person, including Tenant, its employees and visitors, entering and leaving the Building may be questioned by a watchman as to that person's business therein and may be required to sign such person's name on a form provided by Landlord for registering such person; provided that, except for emergencies or other extraordinary circumstances, such procedures shall not be required between the hours of 7:00 a.m. and 7:00 p.m., on all days except Saturdays, Sundays and Holidays. Landlord may also implement a card access security system to control access to the Building during such other times. Landlord shall not be liable for excluding any person from the Building during such other times, or for admission of any person to the Building at any time, or for damages or loss for theft resulting therefrom to any person, including Tenant.

10. Unless agreed to in writing by Landlord, Tenant shall not employ any person other than Landlord's contractors for the purpose of cleaning and taking care of the Demised Premises. The Building's cleaning specifications are as set forth in Exhibit "I", by this reference incorporated herein.

Cleaning service will not be furnished on nights when rooms are occupied such that the cleaning service is precluded from entry, unless, by agreement in writing, service is extended to a later hour for specifically designated rooms. Landlord shall not be responsible for any loss, theft, mysterious disappearance of or damage to, any property, however occurring. Only persons authorized by the Landlord may furnish ice, drinking water, towels, and other similar services within the Building and only at hours and under regulations fixed by Landlord.

11. No connection shall be made to the electric wires or gas or electric

fixtures, without the consent in writing on each occasion of Landlord. All glass, locks and trimmings in or upon the doors and windows of the Demised Premises shall be kept whole and in good repair. Tenant shall not injure, overload or deface the Building, the woodwork or the walls of the Demised Premises, nor permit upon the Demised Premises any noisome, noxious, noisy or offensive business.

12. If Tenant requires wiring for a bell or buzzer system, such wiring shall be done by the electrician of the Landlord only, and no outside wiring men shall be allowed to do work of this kind unless by the written permission of Landlord or its representatives, except as provided elsewhere herein. If telegraph or telephonic service is desired, the wiring for same

shall be approved by Landlord, and no boring or cutting for wiring shall be done unless approved by Landlord or its representatives, as stated. The electric current shall not be used for heating unless written permission to do so shall first have been obtained from Landlord or its representatives in writing, and at an agreed cost to Tenant.

13. Tenant and its employees and invitees shall observe and obey all parking and traffic regulations as imposed by Landlord. All vehicles shall be parked only in areas designated therefor by Landlord.

14. Canvassing, peddling, soliciting and distribution of handbills or any other written materials in the Building are prohibited, and Tenant shall cooperate to prevent the same.

15. Tenant agrees to participate in the waste recycling programs implemented by Landlord for the Building, including any programs and procedures for recycling writing paper, computer paper, shipping paper, boxes, newspapers and magazines and aluminum cans. If Landlord elects to provide collection receptacles for recyclable paper and/or recyclable aluminum cans in the Demised Premises, Tenant shall designate an appropriate place within the Demised Premises for placement thereof, and Tenant shall request its employees to place their recyclable papers and/or cans into the applicable such receptacles on a daily basis.

16. Any special work or services requested by Tenant to be provided by Landlord shall be provided by Landlord only upon request received at the Project management office. Building personnel shall not perform any work or provide any services outside of their regular duties unless special instructions have been issued from Landlord or its managing agent.

17. Landlord shall have the right to change the name of the Building and to change the street address of the Building, provided that in the case of a change in the street address, Landlord shall give Tenant not less than 180 days' prior notice of the change, unless the change is required by governmental authority.

18. The directory of the Building will be provided for the display of the name and location of the tenants. Any additional name which Tenant shall desire to place upon said directory must first be approved by Landlord, and if so approved, a reasonable charge will be made therefor.

19. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular lessee, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other lessee, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the other lessees of the Building.

20. These Rules and Regulations are supplemental to, and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants,

agreements and conditions of any lease of any premises in the Building.

21. Landlord reserves the right to make such other and reasonable Rules and Regulations as in its judgment may from time to time be needed for the safety, care and cleanliness of the Building, the Land and Wildwood Office Park, and for the preservation of good order therein, so long as such modifications do not materially, adversely impact upon Tenant's use of or access to the Demised Premises.

EXHIBIT "A"

Legal Description of Land

The following is a description of a tract of land lying and being in Land Lots 941, 985 and 986, 17th District, 2nd Section, Cobb County, Georgia, and being more particularly described as follows:

To find the TRUE POINT OF BEGINNING, begin at the corner common to Land Lots 941, 940, 987, and 986 of the 17th District, 2nd Section, Cobb County, Georgia, and running thence along the north land lot line of said Land Lot 941, (being the south land lot line of said Land Lot 940) North 89 degrees 36 minutes West, a distance of 527.94 feet to a point on said common land lot line; thence leaving said common land lot line dividing said Land Lots 941 and 940 and running South 11 degrees 36 minutes East, a distance of 730.0 feet to a point located on the northwesterly right-of-way line of Windy Hill Road; thence South 07 degrees 01 minutes 30 seconds East, a distance of 119.65 feet to a point on the southwesterly right-of-way line of said Windy Hill Road; thence, continuing along said right-of-way South 88 degrees 33 minutes 25 seconds East, a distance of 86.59 feet to a point; thence along an arc of curve to the left (which has a radius of 525.00 feet and a chord distance of 305.17 feet along a chord bearing of North 74 degrees 32 minutes 48 seconds East), an arc distance of 309.64 feet to a point, said point being THE TRUE POINT OF BEGINNING. Thence, continuing along said Windy Hill Road right-of-way (having a variable right-of-way width) along an arc of curve to the left (which has a radius of 525.00 feet and a chord distance of 218.51 feet along a chord bearing of North 45 degrees 38 minutes 22 seconds East), an arc distance of 220.11 feet to a point; thence, North 33 degrees 37 minutes 44 seconds East, a distance of 152.45 feet to a point; thence, North 50 degrees 57 minutes East, a distance of 134.42 feet to a point; thence, leaving said right-of-way of Windy Hill Road South 62 degrees 57 minutes East, a distance of 735.00 feet to a point; thence, South 44 degrees 03 minutes West, a distance of 295.00 feet to a point; thence, South 09 degrees 03 minutes West, a distance of 395.00 feet to a point ;thence, South 53 degrees 57 minutes East, a distance of 210.00 feet to a point; thence, South 42 degrees 28 minutes East, a distance of 100.00 feet to a point; thence, South 03 degrees 11 minutes 06 seconds West, a distance of 101.72 feet to a point on the north right-of-way of Windy Ridge Parkway (having a variable right-of-way width); thence, continuing along said right-of-way along an arc of curve to the right (which curve has a radius of 301.00 feet and a chord distance of 92.15 feet along a chord bearing of North 70 degrees 52 minutes 19 seconds West) an arc distance of 92.52 feet to a point; thence, North 62 degrees 04 minutes West, a distance of 92.52 feet to a point; thence, North 62 degrees 04 minutes West, a distance of 74.71 feet to a point on the intersection of said right-of-way with the northeast right-of-way of Windy Ridge Parkway extension (having a varying right-of-way width); thence, continuing along said right-of-way along an arc of curve to the right (which has a radius

of 200.00 feet and a chord distance of 158.69 feet along a chord bearing of North 38 degrees 41 minutes 37 seconds West), an arc distance of 163.17 feet to a point; thence, North 15 degrees 19 minutes 15 seconds West, a distance of

67.75 feet to a point; thence, along an arc of curve to the left (which has a radius of 290.00 feet and a chord distance of 266.21 feet along a chord bearing of North 42 degrees 38 minutes 33 seconds West), an arc distance of 276.58 feet to a point; thence North 69 degrees 57 minutes 51 seconds West, a distance of 261.61 feet to a point; thence, along an arc of curve to the right (which has a radius of 425.00 feet and a chord distance of 331.65 feet along a chord bearing of North 46 degrees 59 minutes 56 seconds West), an arc distance of 340.70 feet to a point; thence North 24 degrees 02 minutes West, a distance of 83.26 feet to a point; thence, North 16 degrees 48 minutes 29 seconds East, a distance of 30.08 feet to a point on the southwesterly right-of-way of Windy Hill Road, and THE TRUE POINT OF BEGINNING.

Said tract containing 536.631 square feet or 12.319 acres more or less.

EXHIBIT "B"

Floor Plan

EXHIBIT "C"

SUPPLEMENTAL NOTICE

Re: Lease dated as of September 24, 1997, by and between WILDWOOD ASSOCIATES, as Landlord, and MANHATTAN ASSOCIATES, LLC, as Tenant.

Dear Sirs:

Pursuant to Article 3 of the captioned Lease, please be advised as follows:

1. The Rental Commencement Date is the _____ day of _____, 199__, and the expiration date of the Lease Term is the _____ day of _____, _____, subject however to the terms and provisions of the Lease.

2. Terms denoted herein by initial capitalization shall have the meanings ascribed thereto in the Lease.

"LANDLORD":

WILDWOOD ASSOCIATES,
a Georgia general partnership

By: Cousins Properties Incorporated,
Managing General Partner

By: _____

Its: _____

(CORPORATE SEAL)

EXHIBIT "D"

LANDLORD'S CONSTRUCTION

1. Tenant, at Tenant's sole cost and expense, shall cause to be prepared by Tenant's architect and/or designer the following:

   (a) Based upon Tenant's requirements, a schematic partition layout sufficient in detail for the Tenant's approval of the location of partitions.

   (b) One (1) modification of the schematic partition plan noted above.

2. Tenant, at Tenant's sole cost and expense, shall cause to be prepared by Tenant's architect and/or designer and/or engineer the following:

   (a) Any additional modification requested by Tenant to the schematic partition plan described in Paragraph 1 above.

   (b) Complete, finished, detailed architectural drawings and specifications for Tenant's partition layout, reflected ceiling and other installations for the work to be done under Paragraph 4 hereof, which shall be prepared by Tenant's designer or architect.

   (c) Complete mechanical and electrical plans and specifications where necessary for installation of air conditioning system and ductwork, heating, electrical, plumbing and other mechanical plans for the work to be done under Paragraph 4 hereof, which shall be prepared by Tenant's architect and/or designer.

   (d) Any subsequent modifications to the drawings and specifications requested by Tenant.

   All such plans and specifications are expressly subject to Landlord's approval and shall comply with all applicable laws, rules and regulations. Tenant covenants and agrees to cause said plans and specifications to be delivered to Landlord on or before September 30, 1997, and, upon approval by Landlord, such approval of Landlord not to be unreasonably withheld or delayed, Landlord will cause said plans to be filed at Tenant's sole cost and expense with the appropriate governmental agencies in such form (building notice, alteration or other form) as Landlord may direct. Landlord hereby consents to the preliminary floor plan of the Demised Premises of Munroe Design Associates, Inc., dated August 8th, 1997, job #97027, which reflects a preliminary lay-out of the Demised Premises.

3. Landlord will deliver Demised Premises in its "as is" condition; provided, however, that Landlord shall install the demising wall necessary to convert the floor to a multi-tenant floor (with the exception of the sheetrock in the Demised Premises), at no additional cost to Tenant. Landlord will also build out the multi-tenant corridor on such floor in a manner in compliance with all applicable codes, using Building standard materials, and shall install magnetic door-stops on the common area doors on the 7th floor, to work in connection with the Building's fire control system. Tenant may reuse any leasehold improvements to complete its construction work, and included within the Demised Premises is the list of items set forth on Exhibit "D-1", by this reference incorporated herein (which items shall in all events remain with the Demised Premises at the end of the Term). The existing air conditioning system shall be provided in its current, "as is" condition, including diffusers and returns, capable of maintaining 76 degrees F or less (summer) when outside temperature is 92 degrees F or less and 70 degrees F or more when outside temperature is 17 degrees F or more

(winter). Air conditioning design basis is 3.0 watts per rentable square foot lighting and power load, based upon an occupancy rate of seven (7) persons per 1,000 rentable square feet (per ASRAE Standard 62-1989) and venetian blinds drawn with slats tilted against the sun at not less than 45 degrees from horizontal.

4. Tenant shall perform all tenant fit-up and finish work in the Demised Premises ("Tenant's Work"), and Landlord shall have no responsibility therefor. In connection therewith:

1. Tenant's Work shall be performed in a first-class manner, using new and first-class, quality materials. Tenant's Work shall be constructed and installed in accordance with all applicable laws, ordinances, codes and rules and regulations of governmental authorities. Tenant shall promptly correct any of Tenant's Work which is not in conformance therewith.

2. The entry by Tenant and/or its contract parties into the Demised Premises for the performance of Tenant's Work shall be subject to all of the terms and conditions of the Lease except the payment of Rent. If Landlord allows Tenant and/or its contract parties to enter the Demised Premises and to commence the performance of Tenant's Work, such entry by Tenant shall be at Tenant's sole risk.

3. Tenant's Work shall be coordinated and conducted to maintain harmonious labor relations and not (a) to interfere unreasonably with or to delay the completion of any work being performed by any other tenant in the Building; or (b) to interfere with or disrupt the use and peaceful enjoyment of other tenants in the Building.

4. Tenant and Tenant's contract parties shall perform their work, including any storage for construction purposes, within the Demised Premises only. Tenant shall be responsible for removal, as needed, from the Demised Premises and the Building of all trash, rubbish, and surplus materials resulting from any work being performed in the Demised Premises. Tenant shall exercise extreme care and diligence in removing such trash, rubbish, or surplus materials from the Demised

Premises to avoid littering, marring, or damaging any portion of the Building. If any such trash, rubbish, or surplus materials are not promptly removed from the Building in accordance with the provisions hereof or if any portion of the Building is littered, marred, or damaged, Landlord may cause same to be removed or repaired, as the case may be, at Tenant's cost and expense. If Landlord incurs any costs or expenses in performing the above, Tenant shall pay Landlord the amount of any such cost and expenses within thirty (30) days after demand therefor. Tenant or its representative(s) may enter upon the Demised Premises during construction of the Tenant's Work for purposes of conducting all such activities as are necessary, appropriate or desirable with respect to completing Tenant's Work without being deemed thereby to have taken possession.

5. Tenant shall provide or cause to be provided with respect to all such work to be performed by Tenant with respect to the Demised Premises the following types of insurance:

(a) At all times during the period between the commencement of such work and the date such work is completed and Tenant commences occupancy of the Demised Premises, Tenant shall maintain or cause to be maintained, casualty insurance in "Builders Risk" form, covering Landlord and Landlord's agents, architects, and Tenant and Tenant's contractors and subcontractors, as their interest may appear, against all perils normally insured under an "all risk" builder's risk policy, including earth movement and flood (and containing such exclusions as would also normally be

excluded from such a policy) covering the work to be performed by Tenant and all materials at the work-site to be incorporated into such work. Said Builder's Risk insurance shall contain an express waiver of any right of subrogation by the insurer against Landlord, its agents, employees and contractors;

(b) Liability insurance as required by the Lease; and

(c) Statutory Workers' Compensation as required by the State of Georgia or the local municipality having jurisdiction.

All insurance policies procured and maintained pursuant to this Paragraph shall name Landlord as additional insured, shall be carried with companies licensed to do business in the State of Georgia reasonably satisfactory to Landlord and shall be non-cancelable except after twenty (20) days written notice to Landlord. Such policies or duly executed certificates of insurance with respect thereto shall be delivered to Landlord before the commencement of the work, and renewals thereof as required shall be delivered to Landlord at least thirty (30) days prior to the expiration of each respective policy term.

6. Tenant shall indemnify and hold harmless Landlord, and any of Landlord's contractors, agents and employees from and against any and all losses, damages, costs (including costs of suits and attorneys' fees), liabilities, or causes of action arising out of or relating to the performance of the work to be performed by Tenant with respect to the Demised Premises, including but not limited to mechanics', materialmen's or other liens or claims (and all costs or expenses associated therewith) asserted, filed or arising out of any such work, subject to the limitation of Tenant's liability under the Lease. All materialmen, contractors, artisans, mechanics, laborers and other parties hereafter contracting with Tenant or Tenant's contractor for the furnishing of any labor, services, materials, suppliers or equipment with respect to the work are hereby charged with notice that they must look solely to Tenant for payment of same. Without limiting the generality of the foregoing, Tenant shall repair or cause to be repaired at its expense all damage caused by Tenant's contractor, its subcontractors or their employees acting within the scope of their employment or agency. Tenant shall promptly pay to Landlord, upon notice thereof from Landlord, any costs incurred by Landlord to repair any such damage caused by Tenant's contractor or any costs incurred by Landlord in requiring the Tenant's contractor's compliance with the Rules and Regulations. In connection with any and all claims against Landlord or any of its agents, contractors or employees by any employee of Tenant's contractor, any subcontractor, anyone directly or indirectly employed by any of them, or anyone for whose acts Tenant's contractor or any subcontractor may be liable, the indemnification obligations of Tenant's contractor and any subcontractor under the agreements hereinabove referred to in this subparagraph shall not he limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for Tenant's contractor or subcontractor under worker's compensation acts, disability benefit acts, or other employee benefit acts.

7. At the request of Landlord, Tenant shall, at Tenant's sole cost and expense, provide evidence in form and content approved by Landlord, which approval shall not be unreasonably withheld or delayed (and if not disapproved within ten (10) days of request, shall be deemed approved) (including, but not limited to, certificates and affidavits of Tenant, Tenant's contractor or such other persons as Landlord may reasonably require) showing:

(a) That all outstanding claims for labor, materials and fixtures have been paid;

(b) That there are no liens outstanding against the Demised Premises or the Project arising out of or in connection with Tenant's

work; and

(c) That all construction prior to the date thereof has been done substantially in accordance with Tenant's space plans, consented to by Landlord.

8. Landlord will provide the Construction Allowance to Tenant within thirty (30) days after Tenant provides Landlord reasonable evidence of the expenditure of such funds in

connection with the improvement to (or equipment, furniture or fixtures within) the Demised Premises, and the material required under Article 7 of this Exhibit "D" has been furnished to Landlord in connection therewith.

Tenant agrees to pay promptly upon invoice therefor the cost of the work described in Paragraphs 1, 2 and 4 hereof, less the amount of the Construction Allowance, if any, stated in Article 1(m) of this Lease. Tenant may use the Construction Allowance on any improvements to or equipment, furniture or fixtures within the Demised Premises. Tenant agrees that costs not covered by the Construction Allowance shall be paid directly by Tenant.

9. Tenant shall not make any alterations, additions or improvements in or to the Demised Premises, except as set forth herein, without Landlord's prior written consent, which consent shall not be unreasonably withheld or delayed. Except for construction as provided in Paragraphs 1, 2 and 4 hereof, the Demised Premises are delivered to Tenant "as is" without any warranty or representation whatsoever. Any alterations, additions or improvements requested by Tenant and approved by Landlord shall be performed (i) by Landlord's contractor or another contractor approved by Landlord, (ii) in a good and workmanlike manner, and (iii) in accordance with all applicable codes, laws, ordinances, rules and regulations of governmental authorities having jurisdiction over the Demised Premises.

10. Any approval by Landlord of or consent by Landlord to any plans, specifications or other items to be submitted to and/or reviewed by Landlord pursuant to this Lease shall be deemed to be strictly limited to an acknowledgment of approval or consent by Landlord thereto and, whether or not the work is performed by Landlord or by Tenant's contractor, such approval or consent shall not constitute the assumption by Landlord of any responsibility for the accuracy, sufficiency or feasibility of any plans, specifications or other such items and shall not imply any acknowledgment, representation or warranty by Landlord that the design is safe, feasible, structurally sound or will comply with any legal or governmental requirements, and Tenant shall be responsible for all of the same.

EXHIBIT "E"

BUILDING STANDARD SERVICES

Landlord shall furnish the following services to Tenant during the Lease Term (the "Building Standard Services"):

(a) Common-use restrooms (with cold and tempered domestic water) and toilets at locations provided for general use and as reasonably deemed by Landlord to be in keeping with the first-class standards of the Building.

(b) Subject to curtailment as required by governmental laws, rules or mandatory regulations and subject to the design conditions set forth in paragraph 3(a) of Exhibit "D" attached hereto, central heat and air conditioning

in season, at such temperatures and in such amounts as are reasonably deemed by Landlord to be in keeping with the first-class standards of the Building. Such heating and air conditioning shall be furnished between 8:00 a.m. and 6:00 p.m. on weekdays (from Monday through Friday, inclusive) and between 8:00 a.m. and 1:00 p.m. on Saturdays, all exclusive of Holidays, as defined below (the "Building Operating Hours"). Such heating and air conditioning service shall be furnished after such Building Operating Hours at an initial cost of Thirty-Five and No/100 Dollars ($35.00) per floor per hour, as such amount may be increased from time to time by Landlord based upon increases in the costs of electricity and otherwise providing such service. Such services shall be available to Tenant provided that it gives Landlord reasonable prior oral notification of its need for such services.

(c) Electric lighting service for all public areas and special service areas of the Building in the manner and to the extent reasonably deemed by Landlord to be in keeping with the first-class standards of the Building.

(d) Janitor service shall be provided five (5) days per week, exclusive of Holidays (as hereinbelow defined), in a manner that Landlord reasonably deems to be consistent with the first-class standards of the Building.

(e) Security services for the Building comparable as to coverage, control and responsiveness (but not necessarily as to means for accomplishing same) to other similarly sized first-class, multi-tenant office buildings in suburban Atlanta, Georgia; provided, however, Landlord shall have no responsibility to prevent, and shall not be liable to Tenant for, any liability or loss to Tenant, its agents, employees and visitors arising out of losses due to theft, burglary, or damage or injury to persons or property caused by persons gaining access to the Building and/or the Demised Premises, and Tenant hereby releases Landlord from all liability for such losses, damages or injury, except as set forth in Article 37 of the Lease.

(f) Sufficient electrical capacity at the building core electrical panels to operate (i) incandescent lights, typewriters, personal computers, calculating machines, photocopying

machines and other machines of the same low voltage electrical consumption (120/208 volts), provided that the total rated electrical design load for said lighting and machines of low electrical voltage shall not exceed 2.0 watts per square foot of rentable area; and (ii) lighting (277/480 volts), provided that the total rated electrical design load for said lighting shall not exceed 1.54 watts per square foot of rentable area (each such rated electrical design load to be hereinafter referred to as the "Building Standard Rated Electrical Design Load").

Should Tenant's total rated electrical design load exceed the Building Standard Rated Electrical Design Load for either low or high voltage electrical consumption, or if Tenant's electrical design requires low voltage or high voltage circuits in excess of Tenant's share of the Building Standard circuits, Landlord will (at Tenant's expense) install such additional circuits and associated high voltage panels and/or additional low voltage panels with associated transformers (which additional circuits, panels and transformers shall be hereinafter referred to as the "Additional Electrical Equipment"). If the Additional Electrical Equipment is installed because Tenant's low or high voltage rated electrical design load exceeds the applicable Building Standard Rated Electrical Design Load, then a meter shall also be added (at Tenant's expense) to measure the electricity used through the Additional Electrical Equipment.

The design and installation of any Additional Electrical Equipment (or any related meter) required by Tenant shall be subject to the prior approval of Landlord (which approval shall not be unreasonably withheld). All expenses incurred by Landlord in connection with the review and approval of any Additional Electrical Equipment shall also be reimbursed to Landlord by Tenant.

Tenant shall also pay on demand the actual metered cost of electricity consumed through the Additional Electrical Equipment (if applicable), plus any actual accounting expenses incurred by Landlord in connection with the metering thereof.

Tenant agrees that if Tenant uses data processing or other electronic equipment which incorporates the use of switched mode power supplies or any other type device causing harmonic distortion on Landlord's power distribution system, Tenant shall install filters at Tenant's cost to eliminate the harmonic distortion. In addition, any damage to Landlord's equipment resulting from harmonic distortion caused by Tenant's electronic equipment shall be repaired at Tenant's expense. Total harmonic distortion shall not exceed thirteen percent (13%).

If any of Tenant's electrical equipment requires conditioned air in excess of Building Standard air conditioning, the same shall be installed by Landlord (on Tenant's behalf), and Tenant shall pay all design, installation, metering and operating costs relating thereto.

If Tenant requires that certain areas within Tenant's Demised Premises must operate in excess of the normal Building Operating Hours (as hereinabove defined), the electrical service to such areas shall be separately circuited and metered (at Tenant's expense) such that Tenant shall be billed the costs associated with electricity consumed during hours other than Building Operating Hours.

(g) All Building Standard fluorescent bulb replacement in all areas and all incandescent bulb replacement in public areas, toilet and restroom areas, and stairwells.

(h) Non-exclusive multiple cab passenger service to the floor(s) of the Demised Premises during Building Operating Hours (as hereinabove defined) and at least one (1) cab passenger service to the floor(s) on which the Demised Premises are located twenty-four (24) hours per day and non-exclusive freight elevator service during Building Operating Hours (all subject to temporary cessation for ordinary repair and maintenance and during times when life safety systems override normal building operating systems) with such freight elevator service available at other times upon reasonable prior notice and the payment by Tenant to Landlord of any additional expense actually incurred by Landlord in connection therewith.

To the extent the services described above require electricity and water supplied by public utilities, Landlord's covenants thereunder shall only impose on Landlord the obligation to use its reasonable efforts to cause the applicable public utilities to furnish same. Except for deliberate and willful acts of Landlord, failure by Landlord to furnish the services described herein, or any cessation thereof, shall not render Landlord liable for damages to either person or property, nor be construed as an eviction of Tenant, nor work an abatement of rent, nor relieve Tenant from fulfillment of any covenant or agreement hereof. In addition to the foregoing, should any of the equipment or machinery, for any cause, fail to operate, or function properly, Tenant shall have no claim for rebate of rent or damages on account of an interruption in service occasioned thereby or resulting therefrom; provided, however, Landlord agrees to use reasonable efforts to promptly repair said equipment or machinery and to restore said services during normal business hours.

The following dates shall constitute "Holidays" as that term is used in this Lease: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas, and any other holiday generally recognized as such by landlords of office space in the metropolitan Atlanta office market, as determined by Landlord in good faith. If in the case of any specific holiday mentioned in the preceding sentence, a different day shall be observed than the respective day mentioned, then that day which constitutes the day observed by national banks in Atlanta, Georgia on account of said holiday shall constitute the Holiday under this Lease.

EXHIBIT "F"

GUARANTY

EXHIBIT "G"

Special Stipulations

1. Renewal Option.

(a) Provided this Lease is then in full force and effect without any existing uncured default of Tenant hereunder of which Tenant has received notice in accordance with this Lease, Landlord hereby grants unto Tenant the right and option to extend and renew the Lease Term for one (1) period of either three (3) or five (5) years, at Tenant's election, with such renewal term to commence on the day following the expiration date of the initial Lease Term. In order to exercise such renewal option, Tenant shall notify Landlord in writing no later than March 31, 2002, of Tenant's desire to so extend and renew the Lease Term, and the period of time for which Tenant desires to renew the Lease Term. If Tenant exercises its option to renew this Lease for five (5) years, the Base Rental Rate for the first year of the five (5) year period shall be at Nineteen and No/100 Dollars ($19.00) per annum per square foot of Rentable Floor Area within the Demised Premises. If Tenant exercises its opinion to renew this Lease for three (3) years, the Base Rental Rate for the first year of the three (3) year period shall be at Twenty and No/100 Dollars ($20.00) per annum per square foot of Rentable Floor Area within the Demised Premises. If Tenant does not exercise such renewal option on or before March 31, 2002, the renewal option shall be deemed terminated.

(b) During such renewal term, all of the terms, conditions and provisions of this Lease shall remain in effect; provided, however, there shall be no allowances granted during any such renewal period.

(c) If Tenant exercises its option to renew this Lease as provided herein, the Base Rental Rate for the second and each succeeding year of the renewal term shall increase to an amount equal to one hundred three percent (103%) of the Base Rental Rate in effect for the preceding year of such renewal term. Such increase shall take place on January 1 of each such year during the renewal term.

2. Right of First Refusal. Provided this Lease is then in full force and effect and Tenant is in full compliance with the terms and conditions of this Lease, and there is no sublease of any portion of the Demised Premises or assignment of any of Tenant's interest in the Lease, Landlord hereby grants Tenant the right to lease the remainder of the space on the 7th floor not leased by Tenant (the "Expansion Space"), in accordance with the within terms and conditions. Each time during the Lease Term that Landlord receives an offer from an unaffiliated third party to lease the Expansion Space or a portion thereof, upon terms and conditions and at a rental rate

acceptable to Landlord, Landlord shall notify Tenant thereof in writing setting forth the terms and conditions of such offer, and offering to lease the portion of the Expansion Space in question to Tenant upon the financial terms contained in the third party offer. Tenant shall have five (5) business days to accept or reject such offer. If Tenant rejects such offer or fails to respond within said five (5) business day period, then Landlord shall be entitled to rent said space to such third party on such terms and conditions not materially more favorable than the terms and conditions offered to Tenant. If Tenant accepts said offer, then Tenant shall have leased such space upon the financial terms contained in said offer (with the Rent due from Tenant being the effective rate of rent (on a per square foot of Rentable Floor Area per annum basis) payable under the third-party offer), and upon the other terms and conditions as contained in this Lease and for a term co-terminus with the Lease, except that the space shall be leased "as is, where is", and any allowances provided for in the third-party offer being pro-rated to reflect that the proposed term of the third-party offer may be shorter or longer than the term for which Tenant leases the Expansion Space in question. The Rent for said Expansion Space shall commence on the earlier to occur of (i) the date specified in the third-party offer as the commencement of the term of lease thereof, or (ii) on the date Tenant occupies said Expansion Space.

3. Tenant's Right to Install Satellite Antenna

(a) Subject to the terms and conditions as described below, Tenant shall have the right to place on the roof of the Building one (1) satellite antenna module not to exceed 3' by 3' (the "Antenna") and related hardware and cabling, connected to the Premises, to service and serve the Premises and communications to and from the Premises. Tenant must obtain and pay for all permits and license fees which may be required to be paid for the erection and maintenance of any and all such Antenna. The right of Tenant to install such Antenna is expressly conditioned upon Tenant's Antenna not interfering with any antennae presently existing on or within the Project, and Tenant hereby covenants and agrees that this Antenna will not so interfere.

(b) Tenant shall furnish detailed plans and specifications for such Antenna systems to Landlord for Landlord's consent, which consent shall not be unreasonably

withheld, conditioned or delayed, provided Landlord may condition its consent by requiring that such systems be installed in the least conspicuous of all acceptable locations on which the systems might be located and that all components and elements thereof (except the terminal devices and structures) be concealed from view from within and without the Building. Upon the giving of such consent, such systems shall be installed, at Tenant's expense, by a contractor selected by Tenant and approved by Landlord, such approval not to be unreasonably withheld, conditioned or delayed. In the installation of such systems, Tenant shall comply with all applicable laws, and keep the Premises, Building and Property free and clear from liens arising from or related to Tenant's installation, and shall provide all insurance with respect to or in connection with the Antenna as Landlord in Landlord's reasonable judgment, deems appropriate or necessary. Tenant shall be entitled to use such portions of the Building as may be reasonably necessary for the installation, operation and maintenance of the Antenna, and Tenant shall have reasonable access to such portions of the Building at all times throughout the term of this Lease for such purposes; provided however, that except for the roof, any cables, conduits or other physical connections between such Antenna and the Premises shall be concealed underground or within permanent walls, floors, columns and ceilings of the Building and in the shafts of the Building provided for such installations, not damaging the appearance of the Building or reducing

the usable or rentable space of the Building; and provided further, that except for the roof and Premises, any installation or maintenance work performed by Tenant or at Tenant's direction shall be performed without unreasonably interfering with Landlord's or any other tenant's use of the Building, and upon completion of such installation and maintenance (initially and from time to time) Tenant shall restore such portions of the Building to a condition reasonably comparable to that existing prior to such installation or maintenance. Tenant shall be responsible for procuring whatever licenses or permits may be required for the use of such systems or operation of any equipment served thereby, and Landlord shall cooperate with Tenant, at Tenant's expense, in procuring such licenses or permits, to the extent required by applicable laws. Landlord makes no warranties whatsoever as to the permissibility of such systems under applicable laws. Tenant's Antenna shall not constitute a nuisance, or unreasonably interfere with the operations of other tenant of the Building or with the normal use of the area surrounding the Building by occupants thereof. Upon termination or expiration of this Lease, Tenant shall remove the Antenna installed by it pursuant to this Paragraph, at its expense, and shall repair and restore the Building to a condition comparable to that existing prior to such installation, normal wear and tear excepted.

(c) Landlord reserves the right to relocate said Antenna at any time, at Landlord's sole expense, provided such relocation shall have no adverse impact on the operations

of such Antenna as a service to the Premises. Tenant hereby covenants and agrees that such Antenna is designed and shall be installed in a manner so that it is relocatable without extraordinary or unreasonable trouble, effort or expense.

5. Reserved Parking Spaces. Landlord agrees to provide Tenant with ten (10) reserved parking spaces in the parking lot, at no additional charge to Tenant. Such reserved parking spaces shall be in a location determined by Landlord and such location for the reserved parking spaces may be moved from time to time by Landlord, in Landlord's reasonable judgment, to another location determined by Landlord.

6. Common Facility Use. So long as Landlord continues to permit tenants of the Project to utilize the common meeting facility located in the Building (which Landlord has no obligation to do), then Tenant may utilize the facility for its reasonable business use, in accordance with the standard reservations and use procedures imposed by Landlord with respect to said facility from time to time; provided, however, that there shall be no fee due from Tenant for such use (other than reimbursing Landlord for any and all out-of-pocket costs associated or incurred in connection with such use). Landlord may also, at any time, reconfigure or reduce the size of the common meeting facility.

7. No Other Rights. No third-party tenant other than Tenant has a current interest in or rights to the Demised Premises.

EXHIBIT 10.2

WILDWOOD OFFICE PARK
MANHATTAN ASSOCIATES, LLC
FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE ("Amendment"), is made the 31st day of October, 1997, between Wildwood Associates, a Georgia General Partnership comprised of International Business Machines Corporation, a New York Corporation, and Cousins Properties Incorporated, a Georgia Corporation, having an office at Suite 1600, 2500 Windy Ridge Parkway, Atlanta, Georgia 30339-5683, hereinafter called "Landlord", and Manhattan Associates, LLC having its principal office at Suite 700, 2300 Windy Ridge Parkway, Atlanta, Georgia 30339, hereinafter called "Tenant".

W I T N E S S E T H:

WHEREAS Landlord and Tenant entered into that certain Lease dated September 24, 1997 (herein called the "Lease") with respect to the Demised Premises (as defined in the Lease) located in Suite 700 of the Building at 2300 Windy Ridge Parkway, Atlanta, Georgia; and

WHEREAS Tenant and Landlord have mutually agreed to expand the Demised Premises.

NOW, THEREFORE, for and in consideration of the Demised Premises, the mutual promises contained in this Amendment, and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged by the parties hereto, Landlord and Tenant do hereby agree as follows:

1. All terms and words of art used herein, as indicated by the initial capitalization thereof, shall have the same respective meaning designated for such terms and words of art in the Lease.

2. Certain Definitions. Article 1 is hereby amended as follows:

(g) Rentable Floor Area of Demised Premises: shall be amended as of the Sixth Expansion Area Rental Commencement Date by deleting "51,148 square feet" and inserting "51,442 square feet".

(j) Base Rental Rate: Shall be amended by adding the following new subparagraph at the end thereof. "The Base Rental Rate for the First Expansion Area shall be $14.70 per square feet of Rentable Floor Area per year, subject to Adjustments as set forth in Article 7 below".

(k) Rental Commencement Date shall be amended by adding the following new subparagraph "as to the first expansion area the Rental Commencement Date shall be the earlier of November 1, 1997 or the date Tenant takes possession of the Demised Premises for the purpose of conducting business."

(m) Construction Allowance, shall be amended by adding the following new subparagraph "as to the First Expansion Area an allowance of $7.50 per square foot of Rentable Floor Area shall be provided."

(p) A new subparagraph entitled (r) First Expansion Area shall be added as follows:

"The First Expansion Area shall be defined as the additional 294 square feet of Rentable Floor Area being leased by Tenant on the (seventh) 7th floor of the Building, as more fully set forth in green on Exhibit "B-1" shown as Area C attached hereto (the existing Demised Premises as set forth in red). The Sixth Expansion Area shall be included in the definition of Demised Premises for all purposes of this Lease including the requirement to pay Additional Rental."

3. Lease of Premises, Page 2 of the Lease. The Exhibit "B" shall be deleted and a new Exhibit "B-1" shall be inserted in lieu thereof, a copy of which is attached hereto and made a part hereof, indicating the Demised Premises of Tenant. The initial and previously expanded Demised Premises is outlined in yellow.

4. Except as expressly modified herein, the Lease Agreement shall remain in full force and effect and, as hereby modified, is expressly ratified and confirmed by the parties hereto. This Amendment shall be binding upon and shall inure to the benefit of Landlord and Tenant and their representatives, permitted legal representatives, successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be signed and their respective seals to be affixed as of the date and year first above written.

[SIGNATURES ON NEXT PAGE]

"LANDLORD"

WILDWOOD ASSOCIATES,
a Georgia general partnership

By: Cousins Properties Incorporated
Managing General Partner

By: /s/ Jack Leitner

Jack Leitner

Its: Vice President

[CORPORATE SEAL]

"TENANT"

MANHATTAN ASSOCIATES, LLC

By: /s/ Michael J. Casey

Michael J. Casey

Its: Chief Financial Officer

[CORPORATE SEAL]

EXHIBIT 10.3

SUMMARY PLAN DESCRIPTION

OF THE

MANHATTAN ASSOCIATES MONEY PURCHASE PLAN & TRUST

July, 1997

FOREWORD

This summary plan description explains the highlights of the new money purchase plan. We have tried to make the summary understandable, accurate and useful. If there are any conflicts, the actual provisions of the plan will control.

All questions, applications, requests and claims are to be submitted to the Plan Administrator. Eligible employees participate in the Plan without any provision to contribute.

Participation in this Plan provides the opportunity for you to further supplement other retirement income. Upon retirement, these benefits are paid in addition to those provided through Social Security and other personal savings. Also, they may be made available to you or your beneficiary prior to retirement under certain conditions including employment termination, death or permanent and total disability as described in this summary plan description.

Manhattan Associates

TABLE OF CONTENTS

SECTION NO. 1

GENERAL INFORMATION

THIS SECTION CONTAINS IMPORTANT WORDS AND PHRASES THAT ARE USED THROUGHOUT THE SUMMARY PLAN DESCRIPTION. IT WOULD BE HELPFUL TO MAKE NOTE OF THIS SECTION AND REFER TO IT WHEN NECESSARY.

A. The name, address and Employer Identification Number of the Sponsoring Employer (the "Employer") are:

Manhattan Associates, LLC
3101 Towercreek Parkway - Suite 300
Atlanta, Georgia 30339
EIN:

B. The Employer has assigned "002" as the Plan number.

C. The Plan is a defined contribution pension plan.

D. The Plan Year is the 12-month period starting January 1 and ending December 31.

E. The original effective date of the Plan is January 1, 1997.

F. The Plan is trusteed and Alan Dabbiere serves as the Trustee. The Board of Directors of the corporation appoint the Trustees.

G. The plan administrator is Manhattan Associates, LLC.

The Plan Administrator keeps the Plan's records, determines questions regarding eligibility for participation and benefits, interprets the Plan, communicates with participating employees and their beneficiaries, and are otherwise generally responsible for Plan operations. The Plan Administrator is also the agent for service of legal process.

The Plan Administrator's address and telephone number are as follows:

Money Purchase Plan Administrator
Attention: Brian Benson
Manhattan Associates, LLC
3101 Towercreek Parkway - Suite 300
Atlanta, Georgia 30339
(770) 955-5533

G. A fund, the Trust Fund has been established to receive contributions from the Employer. The Trustees administer and invest the assets of the Trust Fund for the exclusive benefit of the Plan participants and their beneficiaries.

H. The Employee Retirement Income Security Act of 1974 ("ERISA") created the Pension Benefit Guaranty Corporation ("PBGC") to insure defined benefit pension plans. Since this is a defined contribution pension plan, its benefits are not insured by the PBGC.

SECTION NO. 2

ELIGIBILITY

You will enter the Plan on the January 1 or July 1 following your completion of 1 year of Credited Service and attainment of age 21. However, you cannot enter the Plan while you are on a leave of absence.

Profit Sharing Contribution and Matching Contribution Features

You will enter the Plan for eligibility for profit sharing and matching contributions on the first day of the month following your completion of a Year of Credited Service and attainment of age 21. However, you cannot enter the Plan while you are on a leave of absence.

To have a Year of Credited Service, you need 1,000 Employment Hours either in a Plan Year or an Employment Year. An Employment Year begins on your employment commencement date and ends 12 months later. If you do not meet the hourly requirement in your first Employment Year a Year of Credited Service is then measured on a Plan Year basis.

Example:

If you were hired March 29, 1997, your first Employment Year would end March 28, 1998. If you had sufficient hours in that 12 month period (at least 1,000), you would enter the plan on April 1, 1998. If you did not complete at least 1,000 Employment Hours by March 28,1998 the annual period over which the hourly requirement would be measured is the Plan Year.

You cannot participate in this Plan while (1) you are subject to a collective bargaining agreement where there is evidence of good faith bargaining for retirement benefits and the agreement does not call for Plan participation, or (2) you are a non-resident alien with no U.S. source income.

If you were not participating in the Plan because of the reasons described in the preceding paragraph and your status changes so that you are eligible, you will become a Participant immediately if you have already satisfied the eligibility and entry date rules described above or when you satisfy those rules.

SECTION NO. 3

CONTRIBUTIONS

A. PENSION CONTRIBUTIONS BY THE EMPLOYER

The contribution to be made by the Employer for each Plan Year is the sum of (1) and (2):

1) If you are credited with at least 1,000 Employment Hours during the Plan Year and employed on the last day of the Plan Year, 8% of your Compensation.

2) If you are employed by the Employer the last day of the Plan Year and are credited with fewer than 1,000 Employment Hours during the Plan Year, 3% of your Compensation.

The amount actually contributed to the Plan is the amount determined under the formula, reduced by Forfeitures. Total extent Forfeitures are not

otherwise used to pay administrative expenses.

A Forfeiture is that portion of a Participant's account which is lost upon termination of employment due to his/her failure to have sufficient Years of Credited Service to be 100% vested in his/her account.

Compensation means your total cash earnings for the Plan Year excluding commissions and amounts earned prior to plan entry, but no more than $160,000 (as shall be adjusted by the Secretary of Treasury).

B. ROLLOVER CONTRIBUTIONS

A Rollover Contribution is a distribution paid to you from another qualified pension or profit-sharing plan which government rules allow to be transferred to this Plan. If you wish to make a rollover, you should see the Plan Administrator for details.

At all times, you will be 100% vested in your Rollover Account which represents the value of your Rollover Contributions and earnings thereon.

SECTION NO. 4

ALLOCATIONS

A. ALLOCATION OF EMPLOYER PENSION CONTRIBUTIONS

1) Participants who are credited with at least 1,000 Employment Hours during the Plan Year employed on the last day of the Plan Year: 8% of Compensation, reduced by any amount which would cause excess annual additions, shall be credited to such participants' account.

2) Participants who are employed on the last day of the Plan Year and who are credited with fewer than 1,000 Employment Hours: 3% of Compensation shall be credited to such participants' account.

B. YOUR ACCOUNT UNDER THE PLAN

1. Your Pension Account, as invested in the Trust Fund, will be valued annually as of December 31. Periodically, you will receive a statement of your account. Upon each valuation, your account will be adjusted to reflect a proportionate share of the Trust Fund net earnings (or losses), adjusted for contributions and withdrawals made during the preceding year. Contributions are credited at Plan Year end (December 31), and are treated as received after that valuation. Your Pension Account will consist of amounts contributed by the Employer and earnings thereon.

The benefits of terminated plan participants that come from the Trust Fund will be based on the valuation which immediately precedes the date of distribution.

2. Your Rollover Account will consist of amounts you rollover to this plan and the earnings thereon. Such account shall be valued in the same manner as your Pension Account.

C. LIMIT ON ANNUAL ADDITIONS

Government rules set a limit on the amount of the annual addition which may be credited to your account under the Plan. The amount of annual additions credited to your account in any Plan Year cannot exceed the smaller of (1) 25% of your total Cash Wages for that year, or (2) $30,000. For this purpose, Cash Wages means your salary or wages from the employer minus salary deferrals you make under the company's 401 (k) plan. The $30,000 limitation may, in the future, be raised annually by the Secretary of

Treasury in accordance with cost-of-living increases.

The annual addition to your account is equal to the sum of:

1. Your share of the Employer contributions;

2. Your salary deferrals under the company's 401 (k) plan; and

3. Your share of Forfeitures.

Further, the annual additions limit applies to all defined contribution plans maintained by the Employer and any other employers which can be considered as commonly owned under Internal Revenue Service rules.

The annual addition limitation does not include Plan earnings.

SECTION NO. 5

RETIREMENT DATES & VESTING

A. NORMAL RETIREMENT

Your Normal Retirement Date is your 65th birthday.

B. POSTPONED RETIREMENT

You may postpone retirement beyond your Normal Retirement Date and continue to participate in the Plan. Payment of benefits will be made following your actual retirement from the Employer.

C. DISABILITY RETIREMENT

If your employment is terminated from the Employer due to Permanent and Total Disability, you will be fully vested in the value of your account.

"Permanent and Total Disability" means the complete inability to perform satisfactorily for the Employer because of a physical or mental disorder any duty for which you are reasonably fitted on the basis of education, training or experience. The determination of this condition may be made by any doctor acceptable to the Plan Administrator.

D. DEATH BENEFITS

If you die while employed, the value of your account will be your death benefit. Should death occur after employment ends, but before distribution of benefits begin, the death benefit will be the value of your vested account (see Item F below).

The choice of beneficiary to receive your death benefit belongs to you. However, if you are married and choose anyone other than your spouse or your spouse is not named as beneficiary to 100% of your death benefit, your spouse must consent in writing to your beneficiary designation.

1. Married Participants

Unless, with the consent of your spouse, you had elected otherwise, upon your death your surviving spouse will receive a lifetime benefit called a "Qualified Preretirement Survivor Annuity" (annuity for your spouse's life that can be provided with the value of your death benefit).

If, with the consent of your spouse, you elected another form of payment and/or choose another beneficiary, those instructions normally will be followed, subject to requirements explained herein. If you are younger than age 35 when you waive the Qualified

Preretirement Survivor Annuity, the waiver becomes involved as of the beginning of the Plan Year in which your 35th birthday occurs. To reinstate the waiver, a new election must be completed and your spouse must consent. If a new election is not completed, your spouse will receive a Qualified Preretirement Survivor Annuity upon your death.

In all circumstances, the Qualified Preretirement Survivor Annuity is not required when the value of your death benefit is less than $3,500 at the death benefit payment date.

2. Unmarried Participants

Upon your death, your beneficiary will receive the value of your death benefit.

E. EMPLOYMENT TERMINATION BENEFITS

You will be fully vested in the value of your Pension Account balance upon completion of 7 Years of Credited Service, upon reaching your Normal Retirement Date, your death or your Permanent and Total Disability. Otherwise, upon your employment termination, a portion of your account balance will be forfeited. Your vested percentage as of your termination date is determined from the applicable table which follows:

SCHEDULE A

This schedule applies to Participants who entered the plan prior to July 1, 1997

NUMBER OF YEARS OF CREDITED SERVICE	VESTED PERCENTAGE
Less than 3 years	0%
3 years but less than 4 years	20%
4 years but less than 5 years	40%
5 years or more	100%

SCHEDULE B

This schedule applies to Participants who enter the plan on and after July 1, 1997

NUMBER OF YEARS OF CREDITED SERVICE	VESTED PERCENTAGE
Less than 3 years	0%
3 years but less than 4 years	20%
4 years but less than 5 years	40%
5 years but less than 6 years	60%
6 years but less than 7 years	80%
7 years or more	100%

Your Pension Account is fully vested, however, at plan termination and at

partial plan termination (but only if you are involved in that partial plan termination).

SECTION NO. 6

CALCULATION OF SERVICE

A. YEAR OF CREDITED SERVICE

A Year of Credited Service refers to each Plan Year during which you are credited with at least 1,000 Employment Hours.

B. EMPLOYMENT HOUR

You will receive credit for each Employment Hour, an hour for which you are paid, either directly or indirectly, whether or not you performed any work. For example, compensated sick leave, paid vacation time and paid disability leave are eligible for credit. However, the maximum credit for any such continuous period where no work is performed is 501 hours.

Your number of Employment Hours will be determined from payroll and other records. Where hourly employment records are not available, credit for 45 Employment Hours will be given for each week in which you worked at least one hour. The maximum credit for periods of absence will be the number of hours of work normally expected to be worked for a like period.

C. BREAK IN SERVICE

Plan participation terminates upon a Break in Service. A Break in Service occurs during a Plan Year in which you are credited with fewer than 501 Employment Hours. It is important to realize that a termination of Plan participation due to a Break in Service is not necessarily the same as a termination of employment. For the short Plan Year which ran from July 1, 1989 to December 31, 1989, the hourly requirement was determined based upon the 1989 calendar year.

D. REINSTATEMENT

If you incur a Break in Service and later are credited with at least 501 Employment Hours in a Plan Year, you will then be reinstated as a plan participant. If you are reinstated before incurring 5 consecutive 1 year Breaks in Service, any amounts otherwise forfeited by you during that period will be restored to your account if you repay the amount paid to you before the fifth anniversary of your date of reemployment. For example, if you have a Break in Service in 1998 and 1999, and then work at least 501 hours in 2000, you will be reinstated in the Plan during 2000. You will then be credited for all prior Years of Credited Service, and any Forfeitures will be restored to your account, provided you make repayment.

E. LEAVE OF ABSENCE

A leave of absence is not considered as part of a Break in Service if employment resumes on or before the expiration of the authorized period under either of the following circumstances:

(1) Non-Military Leave - authorized absence from employment granted for a period not to exceed two (2) years under an established leave policy.

(2) Military Leave - absences from employment for duty in the military (including Reserves or National Guard) where the law protects employment rights.

You will be eligible for a special hourly credit if you are absent from work because of pregnancy, childbirth, adoption or childcare immediately following birth or adoption. Sufficient hours will be credited so that a Break in Service does not occur. If this absence spans two Plan Years and you have at least 501 hours in the first Plan Year without the special hourly credit, then you will be given credit for enough hours in the second Plan Year to avoid a Break in Service for that year. To receive credit for maternity or paternity leave in either Plan Year, you must be absent from work for one of the permitted reasons. The special hourly credit only counts to avoid a Break in Service. It cannot be used to give you a Year of Credited Service if you do not have 1,000 Employment Hours in a Plan Year.

Unless you have sufficient Employment Hours to avoid a Break in Service, failure to return from a leave of absence will result in a termination of plan participation. Benefits will then be calculated as if you had left employment when the leave began. Upon your return from military leave, benefits will be determined as required by law.

SECTION NO. 7

TIMING AND METHODS OF PAYMENT

A. TIMING OF PAYMENT

Your vested account value will be available for distribution after you terminate employment. If your benefit is $3,500 or more, payment may be made prior to your Normal Retirement Date only if you and your spouse consent.

Unless you request a deferral of distribution, distribution must be made no later than 60 days after the close of the Plan Year in which occurs the later of:

a. your employment termination date, or

b. your Normal Retirement Date.

In no event, however, may your distribution be made later than the April 1st of the calendar year following the year in which you reach age 70-1/2 or terminate employment, whichever is later.

In the event of a Participant's death, distribution of the Participant's Account balances shall be made to his/her Beneficiary within 5 years of the Participant's death. However, the 5 year rule requirement shall not apply in the following circumstances:

1. Distributions to beneficiaries other than a surviving spouse - Distributions may be delayed when benefits are paid to the beneficiary (ies) over the life of such beneficiary (ies) and distributions begin not later than one year after the Participant's date of death.

2. Distributions to the Participant's surviving spouse - Distributions may be delayed until the later of (i) the December 31st following the date on which the Participant would have attained age 70-1/2 or (ii) the December 31st of the calendar year in which the Participant died.

B. NORMAL FORMS OF BENEFIT PAYMENTS

1. For Married Participants - If you are married, the normal form of payment is the Qualified Joint and Survivor Annuity. This annuity is payable for your lifetime with a 50% survivorship benefit continuing for the life of your surviving spouse. Your benefits will be paid in this form unless, with your spouse's consent, you elect an optional form permitted by the Plan (see C. below).

The consent of your spouse to a form of payment other than a Qualified Joint and Survivor Annuity must be in writing, and witnessed by a notary public.

The election period to waive the Qualified Joint and Survivor Annuity begins 90 days

days before the starting date of that annuity. This election may be revoked or reinstated at any time before payment of your benefit.

If you and your spouse waive the Qualified Joint and Survivor Annuity, survivor benefits, if any, depend upon the optional form of payment you choose as described in Item C. below.

2. For Unmarried Participants - If you are unmarried, the normal form of distribution is a life annuity (payable for your lifetime only). Your benefits will be paid in this form, unless you elect an optional form of distribution permitted by the Plan (see C. below).

C. OPTIONAL FORMS OF PAYMENT

At your request and, if married, with your spouse's consent, payment will be made in one of the following optional forms:

(1) Lump Sum - This is a full cash settlement of your benefit entitlement. After payment is made to you, you have no further claim for a benefit.

(2) An annuity for your life - This form pays you equal monthly installments for the duration of your life only.

(3) An annuity for your life with a certain period - This form pays you a benefit for your life, with the added provision, in the event of your death within a certain period after benefit payments begin (for example, 10 years), for the balance of the payments that would have been distributed during that period to go to your beneficiary. The "period certain" must be designated before benefits begin.

(4) Installment payments - Under this form, there are no lifetime payments. Benefits are distributed over a specified period of time. The "specified period" (installment period) must be designated before benefits begin.

If you have attained age 70-1/2, you may elect to receive only the required minimum distribution determined in accordance with Internal Revenue Code Section 401 (a) (9). If there is a balance in the plan as of the date of your death, your beneficiary shall receive the balance remaining in the form of a lump sum.

Direct Rollover Option - If you elect to receive a lump sum settlement or installment payments over a period of less than 10 years. You have the option to direct the plan administrator to make payment of all or a portion

of your benefit directly to your Individual Retirement Account (IRA) or another employer's plan. However, distribution amounts of $200 or less are not eligible for direct rollover.

Election of an optional form of payment must be submitted on a form supplied by the Plan Administrator before benefit payment begins.

SECTION NO. 8

CLAIMS PROCEDURE

The Plan Administrator will make all determinations and decisions as to the right of any person to a benefit under the Plan. A written claim can be filed with the Plan Administrator by any person entitled to benefits or the authorized representative of that person.

If a claim is denied (either wholly or partially), notice will be to the claimant in writing by the Plan Administrator. The notice will:

(1) state the reason or reasons for the denial;

(2) tell which Plan provisions are the basis for the denial;

(3) if applicable, describe any additional material or information necessary to reverse the denial and explain the need for such material or information; and

(4) indicate the steps to be taken if the person making the claim wishes to submit the denial for review.

The notice of denial will be given to the person making the claim not more than 90 days after receipt by the Plan Administrator. Within 120 days after receiving a denial, the person making the claim or the authorized representative of that person may request a review. The request must be in writing. It may ask for an opportunity to review documents related to the denial and may state issues and comments indicating the reason the denial is being challenged.

The review decision will be made no later than 60 days after receipt of the review request, unless special circumstances require more time. In this event, a decision will be made as soon as possible thereafter, but not more than 120 days after receipt of the review request. The claimant, or the claimant's representative will be given written notice that additional time is required.

The review decision will clearly state to the claimant the basis for the decision including the appropriate Plan provisions.

SECTION NO. 9

INVESTMENT OF PLAN ASSETS

GENERAL

You have the opportunity to direct the investment of your accounts under the Plan. The trustees shall select suitable investment vehicles into which you may direct your accounts. You may change your investments at any time in accordance with procedures established by the Plan Administrator.

SECTION NO. 10

MISCELLANEOUS INFORMATION

A. AMENDMENT OR TERMINATION OF THE PLAN

The Employer intends that this Plan be permanent, but reserves the right, at any time, to amend or modify it. No amendment or modification of the Plan will deprive you of the benefit which you earned before the amendment or termination.

If the Plan is terminated, you will have a right to benefits equal to the value of your account. There must be a valuation as of the termination date. Thereafter, the valuation will be as often as the Plan Administrator considers appropriate, but at least annually.

B. NON-TRANSFER OF BENEFITS

To the extent permitted by applicable law, the Plan protects your unpaid benefits from the reach of creditors and does not allow transfer or assignment of benefits. A "Qualified Domestic Relations Order" will not be considered a transfer or assignment of benefits.

A "Qualified Domestic Relations Order" is a court approved judgment or decree that:

(1) provides for child support, alimony or marital property rights to your spouse, former spouse, child or other dependent;

(2) is made under a state domestic relations law, including community property law;

(3) creates or recognizes the right of an "alternate payee" (your spouse, former spouse, child or other dependent) to receive all or a portion of your benefits;

(4) does not change the amount or form of plan benefits.

A "Qualified Domestic Relations Order" may require that benefits be paid to an alternate payee at a time when benefits are not otherwise available to you. For example, within 10 years of normal retirement age, even though you have yet to retire.

If the Plan Administrator receives a domestic relations order, you and your alternate payee must be promptly notified in writing of its receipt and the Plan's procedures for determining its qualification. Within 18 months thereafter, the Plan Administrator must determine if the order is qualified and notify both you and your alternate payee accordingly. If the order is in dispute, then the Plan Administrator may segregate the amount in dispute, provided the benefits are in pay status for a period not in excess of 18 months.

SECTION NO. 11

PARTICIPANT' RIGHTS

As a Plan participant, you are entitled to certain rights and protections under ERISA. ERISA provides that all Plan participants shall be entitled to:

(1) Examine, without charge, at the Plan Administrator's office, all Plan documents and copies of all documents filed by the Plan Administrator with the U.S. Department of Labor, such as annual reports and Plan descriptions.

(2) Obtain copies of all Plan documents and other Plan information upon written request to the Plan Administrator. The Plan Administrator may make a reasonable charge for the copies.

(3) Receive a summary of the Plan's annual financial report.

(4) Once a year, request in writing, a statement showing account value and the portion of such value which is nonforfeitable. Where your total account is forfeitable, the statement is to show the earliest date on which you could have a nonforfeitable benefit if you continue your present work schedule. This statement will be provided free of charge.

In addition to creating rights for plan participants, ERISA imposes duties upon the persons who are responsible for the operation of the Plan. The people who operate your Plan are called "fiduciaries" of the Plan and have a duty to act prudently and in the interest of you and other Plan participants and beneficiaries.

No one, including your Employer, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit from this plan or exercising your rights under ERISA.

If your claim for a benefit is denied, in whole or in part, you must receive a written explanation of the reason for the denial. You have the right to have the Plan Administrator review and reconsider your claim.

Under ERISA there are steps you can take to enforce the above rights. For instance:

(1) If you request materials from the Plan and do not receive them within 30 days, you may file suit in a Federal Court. In such a case, the Court may require the Plan Administrator to provide the materials and pay you up to $100 a day until you receive the material, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.

(2) If you have a claim for benefits which is denied or ignored, in whole or in part, you may

file suit in a State or Federal Court.

(3) If it should happen that the Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or may file suit in a Federal Court. The Court will decide who should pay the Court costs and legal fees. If you are successful, the Court may order the persons you have sued to pay these costs and fees. If you lose, the Court may order you to pay these costs and fees (for example, if it finds your claim is frivolous).

If you have any questions about your Plan, you should contact the Plan Administrator.

If you have any questions about this statement or your rights under ERISA, you should contact the nearest Area Office of the U.S. Labor-Management Service Administration, Department of Labor.

EXHIBIT 10.4

SUMMARY PLAN DESCRIPTION

OF THE

MANHATTAN ASSOCIATES 401 (K) PLAN & TRUST

FOREWORD

This summary plan description explains the highlights of our 401 (k) plan, as amended. We have tried to make the summary understandable, accurate and useful. If there are any conflicts, the actual provisions of the plan will control.

All questions, applications, requests and claims are to be submitted to the Plan Administrator. Eligible employees participate in the Plan without any provision to contribute.

Participation in this Plan provides the opportunity for you to further supplement other retirement income. Upon retirement, these benefits are paid in addition to those provided through Social Security and other personal savings. Also, they may be made available to you or your beneficiary prior to retirement under certain conditions including employment termination, death or permanent and total disability as described in this summary plan description.

TABLE OF CONTENTS

SECTION NO. 1

GENERAL INFORMATION

THIS SECTION CONTAINS IMPORTANT WORDS AND PHRASES THAT ARE USED THROUGHOUT THE SUMMARY PLAN DESCRIPTION. IT WOULD BE HELPFUL TO MAKE NOTE OF THIS SECTION AND REFER TO IT WHEN NECESSARY.

A. The name, address and Employer Identification Number of the Sponsoring Employer ("Employer") are:

Manhattan Associates, LLC
3101 Towercreek Parkway - Suite 300
Atlanta, Georgia 30339
EIN: 58-2210640

B. The Employer has assigned "001" as the Plan number.

C. The Plan is a profit-sharing plan with a 401 (k) feature.

D. The Plan Year is the 12-month period starting January 1 and ending December 31.

E. The original effective date of the Plan is January 1, 1995.

F. The Plan is trusteed and Alan Dabbiere serves as the Trustee. The Board of Directors of the corporation appoints the Trustees.

G. The plan administrator is Manhattan Associates.

The Plan Administrator keeps the Plan's records, determines questions regarding eligibility for participation and benefits, interprets the Plan, communicates with participating employees and their beneficiaries, and are otherwise generally responsible for Plan operations. The Plan Administrator is also the agent for service of legal process.

The Plan Administrator's address and telephone number are as follows:

401 (k)/Profit Sharing Plan Administrator
Attention: Brian Benson
Manhattan Associates, LLC
3101 Towercreek Parkway - Suite 300
Atlanta, Georgia 30339
(770) 955-5533

H. A fund, the Trust Fund has been established to receive contributions from the Employer. The Trustees administer and invest the assets of the Trust Fund for the exclusive benefit of the Plan participants and their beneficiaries.

The Employee Retirement Income Security Act of 1974 ("ERISA") created the Pension Benefit Guaranty Corporation ("PBGC") to insure defined benefit pension plans. Since this is a profit-sharing plan, its benefits are not insured by the PBGC.

SECTION NO. 2

ELIGIBILITY

A. Salary Deferral Feature

You will enter the Plan and be eligible to make Salary deferrals as of the first day of the month following your completion of one calendar month of service

Example:

If your initial date of employment is August 12,1997, you would enter the plan on October 1, 1997.

B. Profit Sharing Contribution and Matching Contribution Features

You will enter the Plan for eligibility for profit sharing and matching contributions on the first day of the month following your completion of a Year of Credited Service and attainment of age 21. However, you cannot enter the Plan while you are on a leave of absence.

To have a Year of Credited Service, you need 1,000 Employment Hours either in a Plan Year or an Employment Year. An Employment Year begins on your employment commencement date and ends 12 months later. If you do not meet
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the hourly requirement in your first Employment Year a Year of Credited Service is then measured on a Plan Year basis.

Example:

If you were hired March 29, 1997, your first Employment Year would end March 28, 1998. If you had sufficient hours in that 12 month period (at least 1,000), you would enter the plan on April 1, 1998. If you did not complete at least 1,000 Employment Hours by March 28, 1998 the annual period over which the hourly requirement would be measured is the Plan Year.

C. General Rules

You cannot participate in this Plan while (1) you are subject to a collective bargaining agreement where there is evidence of good faith bargaining for retirement benefits and the agreement does not call for Plan participation, or (2) you are a non-resident alien with no U.S. source income.

If you were not participating in the Plan because of the reasons described in the preceding paragraph and your status changes so that you are eligible, you will become a Participant immediately if you have already satisfied the eligibility and entry date rules described above or when you satisfy those rules.

SECTION NO. 3

CONTRIBUTIONS

A. SALARY DEFERRALS

You may elect to defer from 1% to 10% of your compensation into the Plan each year instead of receiving that amount in cash. However, your total deferrals in any calendar year may not exceed a dollar limit which is set by law. The limit for 1997 is $9,500. This limit will be increased in future years for cost of living changes. The Administrator will notify you of the maximum percentage you may defer.

The amount you elect to defer will be deducted from your pay in accordance with a procedure established by your Employer and Administrator. The procedure will require that you enter into a written salary reduction agreement. You will be permitted to modify your election as of the first day of every calendar month and it shall be effective as of the next payroll period following the modification or revocation is provided to the Employer. You may revoke your election at any time during the Plan Year.

The amount you elect to defer, and earnings on that amount, will not be subject to income tax until it is actually distributed to you. This money will, however, be subject to Social Security taxes at all times.

The annual dollar limit ($9,500 for 1997) is an aggregate limit which applies to all deferrals you may make under this plan or other cash or

deferred arrangements (including tax-sheltered 403(b) annuity contracts, simplified employee pensions or other 401 (k) plans in which you may be participating). Generally, if your total deferrals under all cash or deferred arrangements for a calendar year exceed the annual dollar limit, the excess must be included in your income for the year. For this reason, it is desirable to request in writing that these excess deferrals be returned to you. If you fail to request such a return, you may be taxed a second time when the excess deferral is ultimately distributed from the Plan.

You must decide which plan or arrangement you would like to have return the excess. If you decide that the excess should be distributed from this Plan, you should communicate this in writing to the Administrator no later than the March 1st following the close of the calendar year in which such excess deferrals were made. The Administrator may then return the excess deferral and any earnings to you by April 15th.

In the event you receive a hardship distribution (see Section 4, Item E) from your salary deferrals to this Plan, you will not be allowed to make additional salary reductions for a period of twelve (12) months after you receive the distribution. Furthermore, the dollar limitation with respect to the calendar year following the year in which you received the

distribution will be reduced by your salary deferrals, if any, for the taxable year of the distribution.

You will always be 100% vested in your Deferral Contribution Account (represents your salary deferrals and earnings thereon).

B. PROFIT SHARING CONTRIBUTIONS BY THE EMPLOYER

Each year, the Employer's Board of Directors may authorize a profit sharing contribution to the Plan. Profit Sharing Contributions, if any, are at the discretion of the Board of Directors. Forfeitures, if any, shall reduce the contribution to the extent Forfeitures are not used to pay administrative expenses. A Forfeiture is that portion of a participant's account which is lost upon termination of employment due to his or her failure to have sufficient Years of Credited Service to be 100% vested in his account.

C. MATCHING CONTRIBUTIONS

Each year the Employer will make a matching contribution for those participants who elect to defer salary. The matching contribution will be equal to 50% of the amount of a participant's salary deferral. In applying the matching contribution percentage, only salary deferrals up to 6% of compensation will be considered.

Examples:

1)	Salary:	$20,000	2)	Salary:	$20,000
	Deferral Percentage:	3%		Deferral Percentage:	10%
	Salary Deferrals:	$600		Salary Deferrals:	$2,000
	Match:	$300		Match:	$ 600

Forfeitures, if any, shall reduce the contribution to the extent Forfeitures are not used to pay administrative expenses.

D. ROLLOVER CONTRIBUTIONS

A Rollover Contribution is a distribution paid to you from another qualified pension or profit-sharing plan which government rules allow to be transferred to this Plan. If you wish to make a rollover, you should see the Plan Administrator for details.

SECTION NO. 4

ALLOCATIONS
AND
ACCOUNTS

A. ALLOCATION OF SALARY DEFERRALS

You shall be credited with amounts withheld from your Compensation pursuant to your salary reduction agreement.

B. ALLOCATION OF EMPLOYER PROFIT-SHARING CONTRIBUTIONS

To be eligible to share in the Employer's contributions, you must: (1) be a Plan participant who is employed by the Employer on the last day of the Plan Year, (2) not be subject to a collective bargaining agreement on the last day of the Plan Year and (3) have at least 1,000 employment hours in that Plan Year.

If you are so eligible, your allocated share of the total contribution for the Plan Year (the "allocation amount") is calculated by multiplying the allocation amount by the following factor:

$$\frac{\text{Your Compensation}}{\text{Total Compensation of all Eligible Participants}}$$

Compensation means your total cash earnings for the Plan Year excluding commissions and amounts earned prior to plan entry, up to $160,000 (as adjusted periodically by the Secretary of Treasury).

CONTRIBUTION ALLOCATION EXAMPLE

Total number of plan participants	3
Your Compensation for the year	$ 35,000
Total Compensation of all plan participants	$135,000
Allocation Amount	$ 10,000

(1)	(2)	(3)
MEMBER	COMPENSATION	ALLOCATION
A	$ 75,000	$ 5,555
B	35,000	2,593
C	25.00	1,852
	$135,000	$10,000

ALLOCATION OF MATCHING CONTRIBUTIONS

You shall be credited with matching contributions based upon the amount of your salary deferrals. (See Section 3, Item C).

YOUR ACCOUNTS UNDER THE PLAN

All accounts under the plan will be invested as you have directed and will be valued in accordance with the terms of the investment. The benefits of

terminated plan participants will be based on the value of their accounts as of the date of distribution.

1. Your Profit-Sharing Account will consist of amounts contributed by the Employer and earnings thereon.

2. Your Salary Deferral Account will consist of your salary deferrals and earnings thereon.

3. Your Matching Contribution Account will consist of amounts contributed by the Employer to employees deferring salary and earnings thereon.

4 Your Rollover Account will consist of amounts you roll over to this plan and earnings thereon.

LIMIT ON ANNUAL ADDITIONS

Government rules set a limit on the amount of the annual addition which may be credited to your account under the Plan. The amount of annual additions credited to your account in any Plan Year cannot exceed the smaller of (1) 25% of your total Cash Wages for that year, or (2) $30,000. For this purpose, Cash Wages means your salary or wages from the employer minus salary deferrals you make under the 401 (k) feature. The $30,000 limitation may, in the future, be raised annually by the Secretary of Treasury in accordance with cost-of-living increases.

The annual addition to your account is equal to the sum of:

1. Your share of employer contributions;

2. Your salary deferrals; and

3. Your share of Forfeitures.

Further, the annual additions limit applies to all defined contribution plans maintained by the Employer and any other employers which can be considered as commonly owned under Internal Revenue Service rules.

The annual addition limitation does not include Plan earnings.

If, with the consent of your spouse, you elected another form of payment
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and/or choose another beneficiary, those instructions normally will be followed, subject to requirements explained herein. If you are younger than age 35 when you waive the Qualified Preretirement Survivor Annuity, the waiver becomes involved as of the beginning of the Plan Year in which your 35th birthday occurs. To reinstate the waiver, a new election must be completed and your spouse must consent. If a new election is not completed, your spouse will receive a Qualified Preretirement Survivor Annuity upon your death.

In all circumstances, the Qualified Preretirement Survivor Annuity is not required when the value of your death benefit is less than $3,500 at the death benefit payment date.

1. Unmarried Participants

Upon your death, your beneficiary will receive the value of your death benefit.

E. EMPLOYMENT TERMINATION BENEFITS

At all times, you will be 100% vested in your Rollover Account and Salary

Deferral Account.

You will be fully vested in the value of your Profit-Sharing and Matching Contribution Account balances upon reaching your Normal Retirement Date, your death or your Permanent and Total Disability. Otherwise, upon your employment termination, a portion of your account balance will be forfeited. Your vested percentage as of your termination date is determined from the applicable table which follows.

PROFIT SHARING CONTRIBUTION ACCOUNT

SCHEDULE A

This schedule applies to Participants who entered the plan prior to July 1, 1997

NUMBER OF YEARS OF CREDITED SERVICE	VESTED PERCENTAGE
Less than 3 years	0%
3 years but less than 4 years	20%
4 years but less than 5 years	40%
5 years or more	100%

SCHEDULE B

This schedule applies to Participants who enter the plan on and after July 1, 1997

NUMBER OF YEARS OF CREDITED SERVICE	VESTED PERCENTAGE
Less than 3 years	0%
3 years but less than 4 years	20%
4 years but less than 5 years	40%
5 years but less than 6 years	60%
6 years but less than 7 years	80%
7 years or more	100%

MATCHING CONTRIBUTION ACCOUNT

NUMBER OF YEARS OF CREDITED SERVICE	VESTED PERCENTAGE
Less than 1 year	0%
1 year but less than 2 years	10%
2 years but less than 3 years	20%
3 years but less than 4 years	40%
4 years but less than 5 years	70%
5 years or more	100%

Your Profit-Sharing Account is fully vested, however, at plan termination, a complete discontinuance of Employer contributions and at partial plan termination (but only if you are involved in that partial plan termination).

SECTION NO. 6

CALCULATION OF SERVICE

A. YEAR OF CREDITED SERVICE

A Year of Credited Service refers to each Plan Year during which you are credited with at least 1,000 Employment Hours.

B. EMPLOYMENT HOUR

You will receive credit for each Employment Hour, an hour for which you are paid, either directly or indirectly, whether or not you performed any work. For example, compensated sick leave, paid vacation time and paid disability leave are eligible for credit. However, the maximum credit for any such continuous period where no work is performed is 501 hours.

Your number of Employment Hours will be determined from payroll and other records. Where hourly employment records are not available, credit for 45 Employment Hours will be given for each week in which you worked at least one hour. The maximum credit for periods of absence will be the number of hours of work normally expected to be worked for a like period.

C. BREAK IN SERVICE

Plan participation terminates upon a Break in Service. A Break in Service occur during a Plan Year in which you are credited with fewer than 501

Employment Hours. It is important to realize that a termination of Plan participation due to a Break in Service is not necessarily the same as a termination of employment.

D. REINSTATEMENT

If you incur a Break in Service and later are credited with at least 501 Employment Hours in a Plan Year, you will then be reinstated as a plan participant. If you are reinstated before incurring 5 consecutive 1 year Breaks in Service, any amounts otherwise forfeited by you during that period will be restored to your account if you repay the amount paid to you before the fifth anniversary of your date of reemployment. For example, if you have a Break in Service in 1999 and 2000, and then work at least 501 hours in 2001, you will be reinstated in the Plan during 2001. You will then be credited for all prior Years of Credited Service, and any Forfeitures will be restored to your account, provided you make repayment.

E. LEAVE OF ABSENCE

A leave of absence is not considered as part of a Break in Service if employment

resumes on or before the expiration of the authorized period under either of the following circumstances:

(1) Non-Military Leave - authorized absence from employment granted for a
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period not to exceed two (2) years under an established leave policy.

(2) Military Leave - absences from employment for duty in the military
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(including Reserves or National Guard) where the law protects employment rights.

You will be eligible for a special hourly credit if you are absent from work because of pregnancy, childbirth, adoption or childcare immediately following birth or adoption. Sufficient hours will be credited so that a Break in Service does not occur. If this absence spans two Plan Years and you have at least 501 hours in the first Plan Year without the special hourly credit, then you will be given credit for enough hours in the second Plan Year to avoid a Break in Service for that year. To receive credit for

maternity or paternity leave in either Plan Year, you must be absent from work for one of the permitted reasons. The special hourly credit only counts to avoid a Break in Service. It cannot be used to give you a Year of Credited Service if you do not have 1,000 Employment Hours in a Plan Year.

Unless you have sufficient Employment Hours to avoid a Break in Service, failure to return from a leave of absence will result in a termination of plan participation. Benefits will then be calculated as if you had left employment when the leave began. Upon your return from military leave, benefits will be determined as required by law.

SECTION NO. 7

TIMING AND METHODS OF PAYMENT

A. TIMING OF PAYMENT

Your vested account value will be available for distribution after you terminate employment. If your benefit is $3,500 or more, payment may be made prior to your Normal Retirement Date only if you and your spouse consent.

Unless you request a deferral of distribution, distribution must be made no later than 60 days after the close of the Plan Year in which occurs the later of:

a. your employment termination date, or

b. your Normal Retirement Date.

In no event, however, may your distribution be made later than the April 1st of the calendar year following the year in which you reach age 70-1/2 or terminate employment, whichever is later.

In the event of a Participant's death, distribution of the Participant's Account balances shall be made to his/her Beneficiary within 5 years of the Participant's death. However, the 5 year rule requirement shall not apply in the following circumstances:

1 Distributions to beneficiaries other than a surviving spouse -

Distributions may be delayed when benefits are paid to the beneficiary (ies) over the life of such beneficiary(ies) and distributions begin not later than one year after the Participant's date of death.

2. Distributions to the Participant's surviving spouse -

Distributions may be delayed until the later of (i) the December 31st following the date on which the Participant would have attained age 70-1/2 or (ii) the December 31st of the calendar year in which the Participant died.

B. NORMAL FORMS OF BENEFIT PAYMENTS

1. For Married Participants. - If you are married, the normal form of payment is the Qualified Joint and Survivor Annuity. This annuity is payable for your lifetime with a 50% survivorship benefit continuing for the life of your surviving spouse. Your benefits will be paid in this form unless, with your spouse's consent, you elect an optional form permitted by the Plan (see C. below).

The consent of your spouse to a form of payment other than a Qualified Joint and Survivor Annuity must be in writing, and witnessed by a notary public.

The election period to waive the Qualified Joint and Survivor Annuity begins 90 days

before the starting date of that annuity. This election may be revoked or reinstated at any time before payment of your benefit.

If you and your spouse waive the Qualified Joint and Survivor Annuity, survivor benefits, if any, depend upon the optional form of payment you choose as described in Item C. below.

2. For Unmarried Participants. - If you are unmarried, the normal form of distribution is a life annuity (payable for your lifetime only). Your benefits will be paid in this form, unless you elect an optional form of distribution permitted by the Plan (see C. below).

C. OPTIONAL FORMS OF PAYMENT

At your request and, if married, with your spouse's consent, payment will be made in one of the following optional forms:

(1) Lump Sum - This is a full cash settlement of your benefit entitlement. After payment is made to you, you have no further claim for a benefit.

(2) An annuity for your life - This form pays you equal monthly installments for the duration of your life only.

(3) An annuity for your life with a certain period - This form pays you a benefit for your life, with the added provision, in the event of your death within a certain period after benefit payments begin (for example, 10 years), for the balance of the payments that would have been distributed during that period to go to your beneficiary. The "period certain" must be designated before benefits begin.

(4) Installment payments - Under this form, there are no lifetime payments. Benefits are distributed over a specified period of time. The "specified period" (installment period) must be designated before benefits begin.

Direct Rollover Option - If you elect to receive a lump sum settlement or installment payments over a period of less than 10 years. You have the option to direct the plan administrator to make payment of all or a portion of your benefit directly to your Individual Retirement Account (IRA) or another employer's plan. However, distribution amounts of $200 or less are not eligible for direct rollover.

Election of an optional form of payment must be submitted on a form supplied by the Plan Administrator before benefit payment begins.

D. HARDSHIP WITHDRAWALS

You may request an in-service distribution [only from the 401 (k) aspect of the Plan] due to immediate and heavy financial need. This hardship distribution is not in addition to

your other benefits and will, therefore, reduce the value of the benefits

you will receive at normal retirement. You may request up to 100% of your salary deferrals [any earnings on your salary deferrals are not eligible for hardship withdrawal]. Withdrawal will be authorized only if the distribution is to be used for one of the following purposes:

(a) The payment of expenses for medical care (described in Section 213(d) of the Internal Revenue Code) previously incurred by you or your dependent or necessary for you or your dependent to obtain medical care;

(b) The costs directly related to the purchase of your principal residence (excluding mortgage payments);

(c) The payment of tuition and related educational fees for the next 12 months of post-secondary education for yourself, your spouse or dependent;

(d) The payment necessary to prevent your eviction from your principal residence or foreclosure on the mortgage of your principal residence.

A distribution will be made from your account, but only if you certify and agree that all of the following conditions are satisfied:

(a) The distribution is not in excess of the amount of your immediate and heavy financial need. The amount of your immediate and heavy financial need may include any amounts necessary to pay and federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution;

(b) You have obtained all distributions, other than hardship distributions, and all nontaxable (at the time of the loan) loans currently available under all plans maintained by your Employer;

(c) That your salary deferrals will be suspended for at least twelve (12) months after your receipt of the hardship distribution; and

(d) That you will not make elective contributions for your taxable year immediately following the taxable year of the hardship distribution, except to the extent permitted by the Plan.

E. IN-SERVICE WITHDRAWALS

Upon attainment of age 59-1/2, you may request, in writing, an in-service distribution of all, or a portion of your Profit Sharing, Matching Contribution, Salary Deferral and Rollover Accounts.

SECTION NO. 8

CLAIMS PROCEDURE

The Plan Administrator will make all determinations and decisions as to the right of any person to a benefit under the Plan. A written claim can be filed with the Plan Administrator by any person entitled to benefits or the authorized representative of that person.

If a claim is denied (either wholly or partially), notice will be to the claimant in writing by the Plan Administrator. The notice will:

(1) state the reason or reasons for the denial;

(2) tell which Plan provisions are the basis for the denial;

(3) if applicable, describe any additional material or information necessary to reverse the denial and explain the need for such material or information; and

(4) indicate the steps to be taken if the person making the claim wishes to submit the denial for review.

The notice of denial will be given to the person making the claim not more than 90 days after receipt by the Plan Administrator. Within 120 days after receiving a denial, the person making the claim or the authorized representative of that person may request a review. The request must be in writing. It may ask for an opportunity to review documents related to the denial and may state issues and comments indicating the reason the denial is being challenged.

The review decision will be made no later than 60 days after receipt of the review request, unless special circumstances require more time. In this event, a decision will be made as soon as possible thereafter, but not more than 120 days after receipt of the review request. The claimant, or the claimant's representative will be given written notice that additional time is required.

The review decision will clearly state to the claimant the basis for the decision including the appropriate Plan provisions.

SECTION NO. 9

INVESTMENT OF PLAN ASSETS

A. GENERAL

You have the opportunity to direct the investment of your accounts under the Plan. The trustees shall select suitable investment vehicles into which you may direct your accounts. You may change your investments at any time in accordance with procedures established by the Plan Administrator.

B. PLAN LOANS

At the sole discretion of the Plan Administrator, you may borrow from your Salary Deferral, Profit Sharing, Matching Contribution and Rollover Accounts (whether or not you are still employed with the Employer). A loan to a plan member must, like any other investment in the Trust Fund, be in the Plan's best interest.

There are various rules and requirements that apply for any loan. These rules are outlined in this section. In addition, your Employer has established a written loan program which explains these requirements in more detail. You can request a copy of the Loan Program from the Trustees. Generally, the rules for loans include the following:

(a) Loans must be made available to all participants and their beneficiaries on a uniform and non-discriminatory basis.

(b) All loans must be adequately secured. You may use up to one-half (1/2) of your vested Profit Sharing, Salary Deferral, Matching Contribution and Rollover Accounts as security for the loan. The Plan may also require that repayments on the loan obligation be by payroll deduction.

(c) All loans must bear a reasonable rate of interest. The interest rate must be one a bank or other professional lender would charge for making a loan in a similar circumstance.

(d) All loans must have a definite repayment period which provides for payments to be made not less frequently than quarterly, and for the loan to be amortized on a level basis over a period of time, not to exceed five (5) years.

However, if you use the loan to acquire your principal residence, you may repay the loan over a reasonable period of time that may be longer than five (5) years.

(e) All loans will be considered a directed investment. All payments of principal and interest by you on a loan shall be credited to your account.

(f) The amount the Plan may loan to you is limited by rules under the Internal Revenue Code. All loans, when added to the outstanding balance of all other loans from the Plan, will be limited to the lesser of:

(1) $50,000 reduced by the excess, if any, of your highest outstanding balance of loans from the Plan during the one-year period prior to the date of the loan over your current outstanding balance of loans; or

(2) 1/2 of the vested value of your Profit Sharing, Salary Deferral, Matching Contribution and Rollover Accounts.

(g) If you fail to make payments when they are due under the loan, you will be considered to be "in default". The Trustee would then have authority to take all reasonable actions to collect the balance owing on the loan. This could include filing a lawsuit or foreclosing on the security for the loan. Under certain circumstances, a loan that is in default may be considered a distribution from the Plan, and could result in taxable income to you. In any event, your failure to repay a loan will reduce the benefit you would otherwise be entitled to from the Plan.

SECTION NO. 10

MISCELLANEOUS INFORMATION

A. AMENDMENT OR TERMINATION OF THE PLAN

The Employer intends that this Plan be permanent, but reserves the right, at any time, to amend or modify it. No amendment or modification of the Plan will deprive you of the benefit which you earned before the amendment or termination.

If the Plan is terminated, you will have a right to benefits equal to the value of your account. There must be a valuation as of the termination date. Thereafter, the valuation will be as often as the Plan Administrator considers appropriate, but at least annually.

B. NON-TRANSFER OF BENEFITS

To the extent permitted by applicable law, the Plan protects your unpaid benefits from the reach of creditors and does not allow transfer or assignment of benefits. A "Qualified Domestic Relations Order" will not be considered a transfer or assignment of benefits.

A "Qualified Domestic Relations Order" is a court approved judgment or decree that:

(1) provides for child support, alimony or marital property rights to you spouse, former spouse, child or other dependent;

(2) is made under a state domestic relations law, including community property law;

(3) creates or recognizes the right of an "alternate payee" (your spouse, former spouse, child or other dependent) to receive all or a portion of your benefits ;

(4) does not change the amount or form of plan benefits.

A "Qualified Domestic Relations Order" may require that benefits be paid to an alternate payee at a time when benefits are not otherwise available to you. For example, within 10 years of normal retirement age, even though you have yet to retire.

If the Plan Administrator receives a domestic relations order, you and your alternate payee must be promptly notified in writing of its receipt and the Plan's procedures for determining its qualification. Within 18 months thereafter, the Plan Administrator must determine if the order is qualified and notify both you and your alternate payee accordingly. If the order is in dispute, then the Plan Administrator may segregate the amount in dispute, provided the benefits are in pay status for a period not in excess of 18 months.
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SECTION NO. 11

PARTICIPANT'S RIGHTS

As a Plan participant, you are entitled to certain rights and protections under ERISA. ERISA provides that all Plan participants shall be entitled to:

(1) Examine, without charge, at the Plan Administrator's office, all Plan documents and copies of all documents filed by the Plan Administrator with the U.S. Department of Labor, such as annual reports and Plan descriptions.

(2) Obtain copies of all Plan documents and other Plan information upon written request to the Plan Administrator. The Plan Administrator may make a reasonable charge for the copies.

(3) Receive a summary of the Plan's annual financial report.

(4) Once a year, request in writing, a statement showing account value and the portion of such value which is nonforfeitable. Where your total account is forfeitable, the statement is to show the earliest date on which you could have a nonforfeitable benefit if you continue your present work schedule. This statement will be provided free of charge.

In addition to creating rights for plan participants, ERISA imposes duties upon the persons who are responsible for the operation of the Plan. The people who operate your Plan are called "fiduciaries" of the Plan and have a duty to act prudently and in the interest of you and other Plan participants and beneficiaries.

No one, including your Employer, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit from this plan or exercising your rights under ERISA.

If your claim for a benefit is denied, in whole or in part, you must receive a written explanation of the reason for the denial. You have the right to have the Plan Administrator review and reconsider your claim.

Under ERISA there are steps you can take to enforce the above rights. For instance:

(1) If you request materials from the Plan and do not receive them within 30 days, you may file suit in a Federal Court. In such a case, the Court may require the Plan Administrator to provide the materials and pay you up to $100 a day until you receive the material, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.

(2) If you have a claim for benefits which is denied or ignored, in whole or in part, you may

file suit in a State or Federal Court.

(3) If it should happen that the Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or may file suit in a Federal Court. The Court will decide who should pay the Court costs and legal fees. If you are successful, the Court may order the persons you have sued to pay these costs and fees. If you lose, the Court may order you to pay these costs and fees (for example, if it finds your claim is frivolous).

If you have any questions about your Plan, you should contact the Plan Administrator.

If you have any questions about this statement or your rights under ERISA, you should contact the nearest Area Office of the U.S. Labor-Management Service Administration, Department of Labor.

EXHIBIT 10.5

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT is made on this ____ day of February, 1998, between MANHATTAN ASSOCIATES, INC., a Georgia corporation ("Manhattan") and _____ ("Indemnitee").

W I T N E S S E T H:
- - - - - - - - - - -

WHEREAS, Indemnitee is a member of the Board of Directors of Manhattan and in such capacity performs a valuable service for Manhattan;

WHEREAS, Manhattan's Bylaws authorize Manhattan to indemnify its directors in accordance with Section 14-2-851 of the Official Code of Georgia Annotated (the "Statute");

WHEREAS, the Statute contemplates that contracts may be entered into between Manhattan and each of the members of its Board of Directors with respect to indemnification; and

WHEREAS, in order to encourage Indemnitee to continue to serve as a member of the Board of Directors and to perform other designated services for Manhattan at its request, Manhattan has determined and agreed to enter into this Agreement with Indemnitee;

NOW, THEREFORE, in consideration of Indemnitee's continued service as a director of Manhattan and the performance of such other services as requested by Manhattan, the parties hereby agree as follows:

1. INDEMNITY OF INDEMNITEE. Manhattan shall defend, hold harmless and indemnify Indemnitee to the full extent permitted by the provisions of the Statute, as currently in effect or as it may hereafter be amended, or by the provisions of any other statute authorizing or permitting such indemnification, whether currently in effect or hereafter adopted.

2. ADDITIONAL INDEMNITY. Subject to the provisions of Section 3 hereof, Manhattan shall defend, hold harmless and indemnify Indemnitee in the event Indemnitee was, is or is threatened to be made a named defendant or respondent in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal (including any such action, suit or proceeding brought by or in the right of Manhattan), by reason of the fact that he is or was a director of Manhattan, or is or was serving at the request of Manhattan as a director, officer, employee, agent or consultant of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against 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 amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding. For purposes of this Section 2, Indemnitee shall be considered to be serving under an employee benefit plan at the request of Manhattan if his duties to Manhattan also impose duties on, or otherwise involve services by, him to the plan or to participants in or beneficiaries of the plan.

3. LIMITATIONS ON ADDITIONAL INDEMNITY. No indemnity pursuant to Section 2 hereof shall be paid by Manhattan to the extent of any liabilities incurred in a proceeding in which Indemnitee is adjudged liable to Manhattan or is subjected to injunctive relief in favor of Manhattan:

(1) for any appropriation in violation of his duties, of any business

opportunity of Manhattan;

(2) for acts or omissions which involve intentional misconduct or a knowing violation of law;

(3) for the types of liability set forth in O.C.G.A. (S)14-2-832; or

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

4. NOTIFICATION AND DEFENSE OF CLAIM.

(a) Promptly after receipt by Indemnitee of notice of the commencement of any action, suit or proceeding, Indemnitee will, if a claim in respect thereto is to be made against Manhattan under this Agreement, notify Manhattan of the commencement thereof, but the failure to so notify Manhattan will not relieve it from any liability which it may have to Indemnitee otherwise under this Agreement. With respect to any such action, suit or proceeding as to which Indemnitee so notifies Manhattan:

(i) Manhattan will be entitled to participate therein at its own expense; and

(ii) except as otherwise provided below, to the extent that it may desire, Manhattan may assume the defense thereof.

(b) After notice from Manhattan to Indemnitee of its election to assume the defense thereof, Manhattan will not be liable to Indemnitee under this Agreement for any legal or other expenses subsequently incurred by Indemnitee in connection with the defense thereof other than reasonable costs of investigation or as otherwise provided below. Indemnitee shall have the right to employ counsel of his choosing in such action, suit or proceeding but the fees and expenses of such counsel incurred after notice from Manhattan of its assumption of the defense thereof shall be at the expense of Indemnitee unless (i) the employment of counsel by Indemnitee has been authorized in writing by Manhattan, (ii) Manhattan and Indemnitee shall reasonably conclude that there may be a conflict of interest between Manhattan and Indemnitee in the conduct of the defense of such action, or (iii) Manhattan shall not in fact have employed counsel to assume the defense of such action, in each of which case the reasonable fees and expenses of Indemnitee's counsel shall be paid by Manhattan.

(c) Manhattan shall not be liable to Indemnitee under this Agreement for any amounts paid in settlement of any threatened or pending action, suit or proceeding without its prior written consent. Manhattan shall not settle any such action, suit or proceeding in any manner which would impose any penalty or limitation on Indemnitee without Indemnitee's prior written consent. Neither Manhattan nor Indemnitee will unreasonably withhold its or his consent to any proposed settlement.

5. PREPAYMENT OF EXPENSES. Unless Indemnitee otherwise elects, expenses incurred in defending any civil or criminal action, suit or proceeding shall be paid by Manhattan in advance of the final disposition of such action, suit or proceeding upon receipt by Manhattan of a written affirmation of Indemnitee's good faith belief that his conduct does not constitute behavior of the kind described in Section 3 of this Agreement and Indemnitee furnishes Manhattan a written undertaking,

executed personally or on his behalf, to repay any advances if it is ultimately determined that he is not entitled to be indemnified by Manhattan under this Agreement.

6. CONTINUATION OF INDEMNITY. All agreements and obligations of Manhattan contained in this Agreement shall continue during the period in which Indemnitee is a member of the Board of Directors of Manhattan and shall continue thereafter so long as Indemnitee shall be subject to any threatened, pending or

completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal, by reason of the fact that Indemnitee was a director of Manhattan or is or was serving at the request of Manhattan as a director, officer, employee, agent or consultant of another corporation, partnership, joint venture, trust or other enterprise.

7. RELIANCE. Manhattan has entered into this Agreement in order to induce Indemnitee to continue as a member of the Board of Directors of Manhattan and acknowledges that Indemnitee is relying upon this Agreement in continuing in such capacity.

8. SEVERABILITY. Each of the provisions of this Agreement is a separate and distinct agreement and independent of the others, so that if any provision hereof shall be held to be invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect the validity or enforceability of the other provisions hereof.

9. GENERAL.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Georgia.

(b) Neither this Agreement nor any rights or obligations hereunder shall be assigned or transferred by Indemnitee.

(c) This Agreement shall be binding upon Indemnitee and upon Manhattan, its successors and assigns, including successors by merger or consolidation, and shall inure to the benefit of Indemnitee, his heirs, personal representatives and permitted assigns and to the benefit of Manhattan, its successors and assigns.

(d) No amendment, modification or termination of this Agreement shall be effective unless in writing signed by both parties hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on and as of the day and year first above written.

INDEMNITEE:	MANHATTAN ASSOCIATES, INC.
By:_____	By:_____
Name (Print):_____	Title:_____
Date:_____	Date:_____

EXHIBIT 10.6

CONTRIBUTION AGREEMENT

between

MANHATTAN ASSOCIATES, LLC

and

DANIEL BASMAJIAN, SR.

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EXHIBITS:

CONTRIBUTION AGREEMENT

THIS CONTRIBUTION AGREEMENT (the "Agreement") is made as of February __, 1998, among MANHATTAN ASSOCIATES, LLC, a Georgia limited liability company ("Purchaser") and DANIEL BASMAJIAN, SR., an individual resident of the State of North Carolina ("Stockholder").

WHEREAS, Stockholder desires to exchange his stock comprising all of the issued and outstanding shares (the "Company Stock") of capital stock of Performance Analysis Corporation, a North Carolina corporation (the "Company") for Purchaser Shares (as defined below) and Cash Consideration (as defined below) on the terms set forth in this Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements set forth below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. EXCHANGE OF CAPITAL STOCK; CLOSING

1.1 EXCHANGE OF STOCK. On the basis of the representations, warranties, covenants and agreements set forth herein, at the Closing (as defined in Section 1.3 below) Purchaser will purchase from Stockholder, and Stockholder will sell, convey and assign to Purchaser all of the Company Stock, which Company Stock constitutes all of the issued and outstanding capital stock of the Company.

1.2 CONTRIBUTION CONSIDERATION. In consideration of the exchange of the Company Stock and the representations, warranties, covenants and agreements of Stockholder set forth herein, Purchaser (a) is paying to Stockholder (i) cash equal to the sum of $2,200,000 ("Cash Consideration"), and (b) is issuing and delivering to Stockholder 53,333 Shares of Purchaser (the "Purchaser Shares") under Purchaser's Amended and Restated Operating Agreement dated as of February __, 1998, as amended. The consideration provided for in this Section 1.2 is referred to herein collectively as the "Contribution Consideration".

1.3 CLOSING. The closing of the purchase and sale of the Company Stock (the "Closing") is being held contemporaneously with the execution and delivery of this Agreement at the offices of Pinna, Johnston & Burwell, P.A., Suite 200, 2601 Oberlin Road, Raleigh, North Carolina 31788, at 2:00 p.m. local time, on the date hereof, or such other place and such other time as the parties shall agree. The date of the Closing is referred to as the "Closing Date."

1.4 FURTHER ASSURANCES. Each of the parties hereto will cooperate with the other and execute and deliver to the other such other instruments and documents and take such other actions as may be reasonably requested from time to time by any party hereto as necessary to carry out, evidence and confirm the

intended purposes of this Agreement.

1.5 CLOSING DOCUMENTS. At the Closing, the parties shall have delivered to each other the following additional closing documents and agreements, and taken the following additional actions:

(a) Documents and agreements delivered by or on behalf of Stockholder to Purchaser:

(i) an Employment Agreement among the Company, Purchaser and Stockholder in the form attached hereto as Exhibit A (the "Stockholder Employment Agreement");

(ii) Certificate of Good Standing and Existence of the Company issued by the Secretary of State of the State of North Carolina;

(iii) stock certificates of the Company representing all the issued and outstanding shares of the Company, accompanied by duly executed stock powers transferring ownership thereof to Purchaser;

(iv) an amendment to Purchaser's Amended and Restated Operating Agreement, dated as of February __, 1998, as amended to date (the "Operating Agreement"), in the form of Exhibit B, duly executed by Stockholder, pursuant to which Stockholder agrees to be a party to the Operating Agreement as an "American Group Shareholder";

(v) letters of resignation effective at the Closing executed by officers and directors of the Company listed on Exhibit C;

(vi) lock-up agreement executed by Stockholder in the form required by the underwriters of Purchaser's proposed initial public offering in the form of Exhibit D (the "Lock-Up Agreement"); and

(vii) resignation of Pamela R. Basmajian as an officer and director of Company;

(viii) certificate of Stockholder attesting to the fact that all options granted to Stockholder for shares of the Company Stock have expired; and

(ix) updated shareholder and director minutes ratifying prior acts of Company as required by the Bylaws of the Company.

(b) Documents and agreements delivered by or on behalf of Purchaser to Stockholder, and other actions taken by Purchaser:

(i) a Good Standing and Existence Certificate relating to Purchaser from the State of Georgia;

(ii) Secretary's Certificate attesting to the incumbency of the officers executing this Agreement, the corporate authorization of the transaction and the other certificates and agreements delivered by Purchaser at the Closing;

(iii) stock certificates representing the Purchaser Shares;

(iv) the Stockholder Employment Agreement duly executed by Purchaser;

(v) the Lock-Up Agreement duly executed by Purchaser; and

(vi) payment of the Cash Consideration.

2. REPRESENTATIONS AND WARRANTIES OF STOCKHOLDER

Stockholder hereby represents and warrants that all of the following representations and warranties are true as of the date of this Agreement and on the Closing Date:

2.1 DUE ORGANIZATION. The Company is a corporation duly organized, validly existing and in good standing under the laws of North Carolina and is duly authorized, qualified and licensed under North Carolina law to own its properties and assets and to carry on its business in North Carolina. True and correct copies of the Articles of Incorporation (certified by the Secretary of State of the State of North Carolina) and Bylaws (certified by the Secretary of the Company), as each is amended, of the Company are attached to Schedule 2.1. Except as disclosed on Schedule 2.1, Stockholder has been the sole director of the Company since its organization. The stock records and minute books of the Company, as heretofore made available to Purchaser, are, to Stockholder's Knowledge, correct and complete (in the case of the minute books, in all material respects).

2.2 AUTHORIZATION. Stockholder has the full legal right, power and authority to enter into this Agreement. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby and thereby do not and will not (a) violate or conflict with any provision of the Company's Articles of Incorporation or Bylaws, (b) to Stockholder's Knowledge, violate or conflict with any provision of, or be an event that is (or with the passage of time will result in) a violation of, or result in the modification, cancellation or acceleration of (whether after the giving of notice or lapse of time or both), any obligation under, or result in the imposition or creation of any Encumbrances (hereinafter defined) upon any of the assets of the Company or Stockholder pursuant to any Contract (as defined in Section 2.14) or any mortgage, lien or lease to which Stockholder is a party or by which the Company or Stockholder is bound, or (c) to Stockholder's Knowledge, violate or conflict with any Legal Requirement applicable to the Company or Stockholder or any of its or his properties or assets or any other material restriction of any kind or character to which it or he is subject. This Agreement has been duly executed and delivered by Stockholder, and at the Closing the Stockholder Employment Agreement and the Lock-Up Agreement will be duly executed and delivered by Stockholder, and, assuming the due execution and delivery hereof and thereof by Purchaser, this

Agreement constitutes, and at the Closing the Stockholder Employment Agreement and the Lock-Up Agreement will each constitute, the legal, valid and binding obligation of Stockholder, enforceable against Stockholder in accordance with its terms, except as enforceability thereof may be limited by applicable bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights generally and by the exercise of judicial discretion in accordance with equitable principles.

2.3 CAPITAL STOCK OF THE COMPANY. The authorized capital stock of the Company consists solely of 100,000 shares of voting common stock of which 1,000 are issued. All of the issued and outstanding shares of the capital stock of the Company are owned by Stockholder free and clear of Encumbrances. The Company

Stock has been duly authorized and validly issued, is fully paid and nonassessable, and to Stockholder's Knowledge, such shares were offered, issued, sold and delivered by the Company in compliance with all applicable state and federal securities laws. The Company Stock was not issued in violation of the preemptive rights of any past or present stockholder. The Company's stock record book, as heretofore made available to Purchaser, is correct and complete in all respects material to Purchaser.

2.4 TRANSACTIONS IN CAPITAL STOCK. No right of first refusal, option, warrant, call, conversion right or commitment of any kind exists which obligates the Company to issue any of its authorized but unissued capital stock. In addition, there are no (a) outstanding securities or obligations that are convertible into or exchangeable for any shares of the capital stock or other equity securities of the Company, or (b) contracts, arrangements or commitments, written or otherwise, under which the Company is or may become bound to sell or otherwise issue any shares of its capital stock or any other equity securities. Without limiting the generality of the foregoing, there is no basis upon which any person (other than Stockholder) may claim to be in any way the record or beneficial owner of, or to be entitled to acquire (of record or beneficially), any shares of the capital stock or other equity securities of the Company, and no person has made or threatened to make, or, to the Company's and Stockholder's Knowledge, will in the future make, any such claim. In addition, the Company has no obligation (contingent or otherwise) to purchase, redeem or otherwise acquire any of its equity securities or any interests therein or to pay any dividend or make any distribution in respect thereof. There has been no transaction or action taken with respect to the equity ownership of the Company in contemplation of the transaction described in this Agreement.

2.5 SUBSIDIARIES. The Company does not presently own, of record or beneficially, or control, directly or indirectly, any capital stock, securities convertible into capital stock or any other equity interest in any corporation, association or business entity. The Company is not, directly or indirectly, a participant in any joint venture, partnership or other non-corporate entity.

2.6 CORPORATE HISTORY. The Company has no corporate predecessors and has not acquired from any other entity material assets in transactions other than in the ordinary course of business. The Company has not been a subsidiary or division of another corporation, and has not been previously acquired and divested by another corporation.

2.7 FINANCIAL STATEMENTS. Copies of the following financial statements (the "Financial Statements") of the Company are attached hereto as Schedule 2.7: (a) the Company's balance sheets
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determined on a cash method basis of accounting as of December 31, 1997 (hereinafter referred to as the "Balance Sheet Date"); (b) the Company's audited balance sheet determined as of the Balance Sheet Date (hereinafter referred to as the "Balance Sheet"); and (c) statements of earnings and retained earnings for the year ended on the Balance Sheet Date. The Company has positive working capital as of the Closing Date.

2.8 LIABILITIES AND OBLIGATIONS. Except (i) as set forth or provided for in the Balance Sheet, (ii) as set forth on Schedule 2.8, or (iii) for Permitted Liens, to Stockholder's Knowledge, the Company has no material liabilities or obligations of any nature (whether, due or to become due, absolute, accrued, contingent or otherwise, and, to Stockholder's Knowledge, whether or not determined or determinable) and there is no existing condition, situation or set of circumstances which could result in such a liability or obligation, except for liabilities or obligations under any Contract, but only

so long as no default by the Company exists under any such Contract.

2.9 APPROVALS. To Stockholder's Knowledge, No authorization, consent or approval of, or registration or filing with, any governmental authority or any other person is or was required to be, and has not been, obtained or made by the Company or Stockholder in connection with the execution, delivery or performance of this Agreement.

2.10 ACCOUNTS AND NOTES RECEIVABLE. Schedule 2.10 sets forth an accurate list of the accounts and notes receivable of the Company as of December 31, 1997, including receivables from and advances to employees and Stockholder and amounts that are not reflected in the Balance Sheet. Such list includes an aging of all accounts and notes receivable showing amounts due in 30 day aging categories. Unless paid prior to the Closing Date, to Stockholder's Knowledge, the accounts receivable are or will be as of the Closing Date collectible net of the respective reserves shown on the Balance Sheet.

2.11 INTELLECTUAL PROPERTY AND TECHNOLOGY.

(a) No registrations of patents, copyrights, trademarks, service marks, trade names, and any other Intellectual Property (collectively "Registrations") have been issued to Company; no Registrations of Company are pending; no Registrations of Company have been withdrawn or abandoned; and no Registrations of Company have lapsed.

(b) Schedule 2.11(b) sets forth an accurate and complete list and description of all marks used by the Company and the nature of Company's rights; if any, associated therewith.

(c) To Stockholder's Knowledge, in the case of any commercially available shrink-wrap or click-wrap software programs (such as Lotus 1-2-3 or Microsoft Word), the Company has not made and is not using any unauthorized copies of any such software programs and, to Stockholder's Knowledge, none of the employees, agents or representatives of the Company have made or are using any such unauthorized copies, except as would not have a Material Adverse Effect. The shrink-wrap and click-wrap software programs used by the Company are hereafter collectively and individually referred to as "Shrink Wrap Software."

(d) (i) Schedule 2.11(d)(i) is an accurate and complete list and description of all Technology that Company developed ("Owned Technology"). To Stockholder's Knowledge, Company owns the Intellectual Property attributable to the Owned Technology and has the right to license the use of the Owned Technology to any person, firm or corporation. To Stockholder's Knowledge, the Owned Technology and the Intellectual Property attributable thereto are free and clear of any liens and security interests.

(ii) Schedule 2.11(d)(ii) is an accurate and complete list and description of all Technology, other than the Owned Technology and Shrink Wrap Software, that is either (x) offered or provided to Company's customers, or (y) used by Company in connection with offering or providing the Owned Technology to Company's customers (collectively, the "Third Party Technology").

(iii) Schedule 2.11(d)(i) and Schedule 2.11(d)(ii) includes the name, product description, and language in which the Technology is written and the type of hardware platform(s) on which the Technology runs.

(iv) Owned Technology and Third Party Technology are hereafter referred to collectively as "Company's Technology."

(v) To the best of Stockholder's knowledge, the Owned Technology has been developed by Company's employees and Chuck Grissom.

(e) Schedule 2.11(e) identifies each license agreement or other written or oral agreement or permission which Company has granted to any third party with respect to any of the Company's Technology and the Intellectual Property therein ("License Agreement"). To Stockholder's Knowledge, the Company's Technology has only been provided to those third parties indicated in Schedule 2.11(e).

(f) Schedule 2.11(f) identifies each agreement with a third party authorizing Company to use, sublicense and/or distribute the Third Party Technology ("Third Party License Agreement").

(g) Set forth in Schedule 2.11(g) is the source code escrow agreement entered into by Company relating to the Company's Technology.

(h) Company has not received any notice of default under any of the License Agreements or Third Party License Agreements and, to Stockholder's Knowledge, no notice of default has been threatened. To Stockholder's Knowledge, the License Agreements and Third Party License Agreements are in full force and effect.

(i) No Technology other than the Owned Technology, Third Party Technology and Shrink Wrap Software is required to operate Company's business as currently conducted and as contemplated by Company's existing product and service plans.

(j) To Stockholder's Knowledge, none of the Intellectual Property listed on Schedule 2.11(b) and the Company's Technology, used by or through Company has violated or infringed upon, or is violating or infringing upon, any software or intellectual property right of any person.

(k) To Stockholder's Knowledge, none of the Intellectual Property listed on Schedule 2.11(b) and none of the Company's Technology are owned by or registered in the name of Stockholder, any current or former owner, or shareholder, partner, director, executive, officer, employee, salesman, agent, customer, contractor or representative of Company nor to Stockholder's knowledge, does any such person have any interest therein or right thereto, including, but not limited to, the right to royalty payments. Company has granted no third party any exclusive rights related to any Intellectual Property listed on Schedule 2.11(b) or Company's Technology.

(l) To Stockholder's Knowledge, no former employer of any employee or consultant of Company has made or has threatened a claim against Company or that Company or such employee or consultant is misappropriating or violating the Intellectual Property of such former employer.

(m) Except as noted in Schedule 2.11(m), to Stockholder's knowledge, the Owned Technology software is "Millennium Compliant" after having conducted a reasonable investigation of the Owned Technology. For the purposes of this Agreement "Millennium Compliant" means:

(i) The functions, calculations, and other computing processes of the Owned Technology software (collectively, "Processes") perform in an accurate manner regardless of the date in time on which the Processes are

actually performed and regardless of the date input to the Owned Technology software prior to January 1, 2010, and whether or not the dates are affected by leap years;

(ii) The Owned Technology software accept, store, sort, extract, sequence, and otherwise manipulate date inputs and date values, and return and display date values, in an accurate manner regardless of the dates used prior to January 1, 2010;

(iii) The Owned Technology software will function without interruptions caused by the date in time on which the Processes are actually performed or by the date input to the Owned Technology software and Third Party Technology software prior to January 1, 2010;

(iv) The Owned Technology software accepts and responds to four (4) digit year date input in a manner that resolves any ambiguities as to the century in an accurate manner; and

(v) The Owned Technology software display, print, and provide electronic output of date information in ways that are unambiguous as to the determination of the century.

(n) To Stockholder's Knowledge, no employee or independent contractor of Company has disclosed the source code of Company's Technology to any third party other than Company's escrow agent indicated in Schedule 2.11(g).

2.12 PERMITS. To Stockholder's Knowledge, The Company owns or possesses all franchises, licenses, permits, consents, approvals and authorizations (collectively herein referred to as "Permits"), of any public or other Government Authority which are necessary for the conduct of its business as currently conducted. Each of the foregoing is in full force and effect, and the Company is in compliance with all of its obligations with respect thereto, except where the failure to be in compliance would not individually or in the aggregate, have a Material Adverse Effect; and no event has occurred which permits, or upon giving the notice or lapse of time or otherwise would permit, revocation or termination of any of the foregoing.

Stockholder has delivered to Purchaser on Schedule 2.12 a complete and correct list of all Permits held by the Company.

2.13 REAL AND PERSONAL PROPERTY.

(a) Schedule 2.13(a) contains an accurate list of all leaseholds and other interests of every kind and description in real property owned by the Company and leases or licenses or other rights to possession thereof. The Company does not own, nor has it ever owned, any real property.

(b) Schedule 2.13(b) contains an accurate list of all items of tangible personal property of every kind or description having a cost or fair market value in excess of $2,000 owned or held by the Company (the "Fixed Assets"). Stockholder makes no representation or warranty, express or implied, with respect to the condition or suitability of Fixed Assets, and such Fixed Assets are being conveyed "as is".

(c) The Company has good and marketable title to, or holds by valid lease or license the Fixed Assets, in each case free and clear of

all Encumbrances except Permitted Liens. The Company makes no representation or warranty regarding the validity of the lessor's title to any real properties in which the Company has only a leasehold interest.

2.14 MATERIAL CONTRACTS AND COMMITMENTS. Except as provided in Section 2.8, Section 2.11(e), and Schedule 2.13(a), the Company has delivered to Purchaser or its representatives, true and complete copies of all written contracts, commitments and other agreements to which the Company is a party or by which it or any of its properties is bound involving an annual commitment or annual payment by any party thereto of more than $5,000 individually, or which have a fixed term extending

more than 12 months from the date hereof and which involve a total commitment or payment by any party thereto of more than $10,000 (including, but not limited to, joint venture or partnership agreements, contracts with any customers, suppliers, employees, labor organizations, loan agreements, indemnity or guaranty agreements, bonds, mortgages, leases, licenses, options to purchase real or personal property, liens, pledges or other security agreements) (herein collectively referred to as the "Contracts"). Attached hereto as Schedule 2.14 is a list of the Contracts. To Stockholder's Knowledge, the Company has complied in all material respects with all commitments and obligations pertaining to any such Contract, and is not in material default under any such Contract and no notice of default has been received, nor to Stockholder's Knowledge is there any default on the part of any other party to such Contract nor does the Company have any reason to believe any such party will terminate any such contract. The Company has no notice or knowledge that such contract will be terminated or materially modified by virtue of the consummation of the transaction contemplated by this Agreement. The Company is not a party to any contract or agreement which, singly or in the aggregate, materially and adversely affects the business, operations, properties, assets or condition (financial or otherwise) of the Company.

2.15 INSURANCE. Schedule 2.15 sets forth an accurate list of all insurance policies carried by the Company. To Stockholder's Knowledge there have been no insurance (excluding, health insurance) loss runs or worker's compensation claims received for the past three (3) policy years. Stockholder has delivered to Purchaser complete copies of all policies currently in effect. Such insurance policies are currently in full force and effect and shall remain in full force and effect through the Closing Date. The Company's insurance has never been canceled and the Company has never been denied coverage.

2.16 EMPLOYEES, CONSULTANTS, ETC.

(a) Schedule 2.16 sets forth an accurate and complete list of (i) all officers and directors of the Company, and (ii) all employees of the Company, setting forth in each case the rate of compensation (and the portions thereof attributable to salary, bonus and other compensation, respectively) of each director, officer and employee. There are no consultants (except for professional services rendered by accountants and attorneys), independent contractors and other agents currently performing services to the Company.

(b) Schedule 2.16 also sets forth an accurate and complete schedule showing all employment agreements and any other agreements to which the Company is a party or by which it is bound, containing terms providing for (i) compensation or other benefits or consequences upon the happening of a change of control of the Company, and (ii) deferred compensation; together in each case with copies of such plans,

agreements and any trusts related thereto, and classifications of employees covered thereby.

(c) The Company has fully complied with the verification requirements and the recordkeeping requirements of the Immigration Reform and Control Act of 1986 ("IRCA"); to the best of Stockholder' Knowledge, the information and documents on which the Company

relied in complying with IRCA are true and correct; and there have not been any discrimination complaints filed against the Company pursuant to IRCA.

(d) No employees of the Company are represented by any labor union or covered by any collective bargaining agreement with respect to such employees' employment with the Company nor, to the best of Stockholder's Knowledge, is any campaign to establish such representation in progress.

(e) The Company has not received or been notified of any complaint by any employees, applicant, union, or other party of any discrimination or other conduct forbidden by law.

(f) To Stockholder's Knowledge, the Company has filed all required reports and information that are due on or before the Closing Date and otherwise has complied with all applicable regulatory requirements within the jurisdiction of the United States Equal Employment Opportunity Commission, United States Department of Labor and state and local human rights and/or civil rights agencies.

(g) The Company has not received any notice from any of its employees to terminate his or her employment or to seek a modification in the terms of his or her employment.

2.17 BENEFIT PLANS; ERISA COMPLIANCE.

(a) Schedule 2.17 contains a list of all "employee pension benefit plans" (as defined in Section 3(2) of Employee Retirement Income Security Act of 1974, as amended ("ERISA")) (sometimes referred to in this Section 2.17 as "Pension Plans"), "employee welfare benefit plans" (as defined in Section 3(1) of ERISA) (sometimes referred to in this Section 2.17 as "Welfare Plans") and all other Benefit Plans, as defined below, currently maintained in whole or in part, contributed to, or required to be contributed to by the Company for the benefit of any present or former officer, employee or director of the Company. For purposes of this Agreement, the term "Benefit Plan" shall mean any collective bargaining agreement or any bonus, pension, profit sharing, deferred compensation, incentive compensation, stock ownership, stock purchase, stock option, phantom stock, retirement, vacation, severance, disability, death benefit, hospitalization, medical, dependent care, cafeteria, employee assistance, scholarship or other plan, program, arrangement or understanding (whether or not legally binding) maintained in whole or in part, contributed to, or required to be contributed to by the Company for the benefit of any present or former officer, employee or director of the Company which is not a Pension Plan or Welfare Plan. The Company has delivered to Purchaser true, complete and correct copies of (i) each Pension Plan, Welfare Plan and Benefit Plan (or, in the case of any unwritten Benefit Plans, descriptions thereof) and all amendments (none of which amendments will materially increase the costs of the plan), (ii) the three annual reports on Form 5500 most recently filed with the Internal Revenue Service ("IRS") with respect to each Pension Plan or Welfare Plan (if any such report was required), (iii) the most

recent IRS determination letter request for each Pension Plan intended to be qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code") and all rulings or determinations concerning such Pension Plan requested of the IRS subsequent to the date of that letter, (iv) the most recent actuarial report for each Pension Plan and Welfare Plan for which an actuarial report is required by ERISA, (v) the most recent summary plan description for each Pension Plan and Welfare Plan for which such summary plan description is required by ERISA and each summary of material modifications prepared, as required by ERISA, after the last summary plan description, (vi) each trust agreement and/or group annuity contract relating to any Benefit Plan and (vii) all other information reasonably requested by Purchaser.

(b) Each Pension Plan maintained and each pension plan formerly maintained that is or was intended to be qualified under Section 401(a) of the Code has been the subject of a determination letter from the IRS to the effect that such plan is qualified under Section 401(a) of the Code or can still be submitted in a timely manner to the IRS for such a letter, and no such determination letter has been revoked nor has revocation of any such letter been threatened, nor has any such plan been amended since the date of its most recent determination letter or application therefor in any respect that would adversely affect its qualification or materially increase its costs, and all amendments required to be adopted before the Closing Date for any such Pension Plan to continue to be so qualified have been or will be duly and timely adopted; provided however, that to the extent that this representation applies to terminated pension plans, this representation refers to the qualified status of any such plan through the time of its termination. The Company has paid all premiums (including any applicable interest, charges and penalties for late payment) due the Pension Benefit Guaranty Corporation ("PBGC") with respect to each such Pension Plan for which premiums to the PBGC are required. No such Pension Plan in whole or in part maintained by the Company has been terminated or partially terminated under circumstances which would result in liability to the PBGC.

(c) To Stockholder's Knowledge, each of the Pension Plan, Welfare Plan and Benefit Plans sponsored by, and each of the benefit plans formerly sponsored by, the Company: (i) has been in substantial compliance with all reporting and disclosure requirements of (x) Part 1 or Subtitle B of Title I of ERISA, if applicable, or (y) other applicable law, (ii) has had the appropriate required Form 5500 (or equivalent annual report) filed timely with the appropriate governmental entity for each year of its existence, (iii) has at all times complied with the bonding requirements of (x) Section 412 of ERISA, if applicable, or (y) other applicable law, (iv) has no issue pending (other than the payment of benefits in the normal course) nor any issue resolved adversely to the Company which may subject the Company or any of its subsidiaries to the payment of material penalty, interest, tax or other obligation, nor is there any basis for any imposition of any such liability, and (v) has been maintained in all respects in compliance with the applicable requirements of ERISA, the Code and other applicable law not otherwise covered hereunder so as not to give rise to any material liabilities to the Company.

(d) All voluntary employee benefit associations maintained by the Company and intended to be exempt from federal income tax under Section 501(c)(9) of the Code have been submitted to and approved as exempt from federal income tax under Section 501(c)(9) of the Code by the IRS, and nothing has occurred or failed to occur which would cause the loss of such exemption.

(e) The execution of this Agreement or the consummation of the transactions contemplated by this Agreement will not give rise to any, or trigger any, change of control, severance or other similar provisions in any Pension Plan, Welfare Plan or Benefit Plan. The consummation of any transaction contemplated by this Agreement will not result in any (i) payment (whether of severance pay or otherwise) becoming due from the Company to any officer, employee, former employee or director thereof or to the trustee under any "rabbi trust" or similar arrangement; (ii) benefit under any Benefit Plan of the Company being established or becoming accelerated, vested or payable; or (iii) payment or series of payments by the Company, directly or indirectly, to any person that would constitute a "parachute payment" within the meaning of Section 280G of the Code.

(f) Except as may be required by federal or North Carolina law, the Company provides no material post-retirement medical, health, disability or death protection coverage nor contributes to or maintains any employee welfare benefit plan which provides for medical, health, disability or death benefit coverage following termination of employment by any officer, director or employee except as is required by Section 4980B(f) of the Code or other applicable statute, nor has it made any representations, agreements, covenants or commitments to provide that coverage.

(g) No Pension Plan or pension plan subject to Title IV of ERISA (i) that the Company maintains or maintained, or (ii) to which the Company is or was obligated to contribute, other than any such plan that is or was a "multiemployer plan" (as such term is defined in Section 4001(a)(3) of ERISA) had, as of its most recent annual valuation date, an "unfunded benefit liability" (as such term is defined in Section 4001(a)(18) of ERISA), based on actuarial assumptions which have been furnished to Purchaser. None of such plans subject to Section 302 of ERISA has an "accumulated funding deficiency" (as such term is defined in Section 302 of ERISA), whether or not waived. None of the Company, any officer of the Company or any of the Pension Plan or Welfare Plans (including the Pension Plans and prior pension plans) which are subject to ERISA, or any trusts created thereunder, or any trustee or administrator thereof, has engaged in a "prohibited transaction" (as such term is defined in Section 406, 407 or 408 of ERISA or Section 4975 of the Code) or any other breach of fiduciary responsibility that could subject the Company or any officer of the Company to the tax or penalty on prohibited transactions imposed by such Section 4975 of the Code or to any liability under Section 502(i) or (1) of ERISA which would have a Material Adverse Effect on the Company. No "reportable event" (as that term is defined in Section 4043 of ERISA) with respect to which the 30-day notice requirement has not been waived has occurred and is continuing with respect to any such Pension Plan. The Company has not suffered a "complete withdrawal" or a "partial withdrawal" (as such terms are defined in Section 4203 and

Section 4205, respectively, of ERISA) since the effective date of such Sections 4203 and 4205 for which the Company has any material liability outstanding .

(h) With respect to any Welfare Plan to Stockholder's Knowledge, (i) each such Welfare Plan that is a group health plan, as such term is defined in Section 5000(b)(1) of the Code, complies in all material respects with any applicable requirements of Part 6 of Title I of ERISA and Section 4980B(f) of the Code, and (ii) each such Welfare Plan (including any such plan covering retirees or other former employees) may be amended or terminated with respect to health benefits without material liability to the Company on or at any time after the Closing Date.

(i) All contributions required by law or by a collective bargaining or other agreement to be made under the Pension Plan, Welfare Plan or Benefit Plans with respect to all periods through December 31, 1997 will have been made by such date by the Company. No changes in contribution rates or benefit levels have been implemented or negotiated (but not yet implemented), with respect to any Pension Plan, Welfare Plan or Benefit Plan since the date on which the information provided in the attached schedule has been provided, and no such changes are scheduled to occur, except for any voluntary changes made by participants.

(j) The Company does not have any material liability or obligation for taxes, penalties, contributions, losses, claims, damages, judgments, settlement costs, expenses, costs, or any other liability or liabilities of any nature whatsoever arising out of or in any manner relating to any Pension Plan, Welfare Plan or Benefit Plan (including but not limited to employee benefit plans such as foreign plans which are not subject to ERISA), that has been, or is, contributed to by any entity, whether or not incorporated, which is deemed to be under common control (as defined in Section 414 of the Code), with the Company.

2.18 CONFORMITY WITH LAW; PENDING OR THREATENED CLAIMS.

(a) No Conflict. To the best of the Stockholder's Knowledge, neither the execution and delivery of this Agreement, nor the consummation of the transaction contemplated hereunder will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, or other restriction of any government, governmental agency, or court to which the Company is subject or any provision of the Bylaws of the Company, or (ii) conflict with, result in a breach of or constitute a default under, or require any notice under any agreement, contract, lease instrument, or other arrangement to which the Company is a party by which is bound.

(b) Legal Proceedings and Threatened Claims. Unless otherwise disclosed on Schedule 2.18(b), the Company is not (i) subject to any outstanding injunction, judgment, order, decree, ruling or charge or (ii) a party to or to Stockholder's Knowledge, threatened to be made a party to any action, suit, proceeding, hearing, or investigation of, in, or before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator, including without limitation, any threat of condemnation or

the exercise of eminent domain. Neither the Company nor Stockholder has any reason to believe that any such action, suit proceeding, hearing, or investigation may be brought or threatened against the Company.

2.19 TAXES.

(a) The Company has timely filed all federal and other Tax Returns which are required to be filed; and there are no waivers or extensions of the statute of limitations, audits or examinations in progress, judicial proceedings, or claims against the Company for Taxes (including penalties and interest) for any period or periods prior to and including the Balance Sheet Date and no notice of any claim, whether pending or threatened, for Taxes has been received and not paid. The Company is not a party to any Tax allocation or sharing agreement (i.e., any agreement or arrangement for the payment of Tax liabilities or payment for Tax benefits with respect to a consolidated,

combined or unitary Tax Return which includes the Company); there are no requests for rulings in respect of any Tax pending by the Company with any tax authority; and no penalty or deficiency in respect of any Taxes which has been assessed against the Company remains unpaid. The amounts shown as accruals for Taxes on the Balance Sheet delivered to Purchaser as a part of Schedule 2.7 are sufficient for the payment of all Taxes of all kinds for any time or arising or incurred in connection with periods on or before the Balance Sheet Date and the Company has reserved an amount sufficient to pay all Taxes for the Tax period prior to December 31, 1997. Copies of Tax Returns and franchise tax returns of the Company for their last three (3) fiscal years, or such shorter period of time as it has existed, are attached hereto as Schedule 2.19. For purposes of this Section 2.19, "Tax" shall mean any United States or other federal, state, provincial, local or foreign income, gross receipts, property, sales, goods and services use, license, excise, franchise, employment, payroll, withholding, alternative or add-on minimum, ad valorem, transfer or excise tax, or any other tax, custom, duty, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest or penalty, imposed by any governmental authority. "Tax Return" shall mean any return, report or similar statement required to be filed with respect to any Tax (including any attached schedules), including, without limitation, any information return, claim for refund, amended return and declaration of estimated Tax.

(b) Stockholder is not a foreign person subject to withholding under Section 1445 of the Code and the regulations promulgated thereunder.

(c) To Stockholder's Knowledge, the Company has complied in all material respects with all applicable laws, rules and regulations relating to the filing of Tax Returns.

(d) To Stockholder's Knowledge, there is no pending claim by any taxing authority in any jurisdiction in which the Company does not pay Taxes or file Tax Returns that the Company is required to pay Taxes or file Tax Returns.

(e) The Company has not made an election under Section 341(f) of the Code.

(f) The Company has not agreed nor is required to make any adjustment under Section 481(a) of the Code.

2.20 COMPLETENESS. The certified copies of the Articles of Incorporation and Bylaws, both as amended to date, attached hereto as Schedule 2.1, and to Stockholder's Knowledge, the copies of all leases, instruments, agreements, licenses, permits, certificates or other documents that are included on schedules attached hereto are complete and correct.

2.21 GOVERNMENT CONTRACTS. The Company is not now and in the last five years has not been a party to any governmental contracts subject to price redetermination or renegotiation.

2.22 ABSENCE OF CHANGES. Since the Balance Sheet Date, there has not been:

(a) any material adverse change in the financial condition,

assets, liabilities (contingent or otherwise), income or business of the Company;

(b) any damage, destruction or loss (whether or not covered by insurance) materially adversely affecting the properties or business of the Company;

(c) any change in the authorized capital of the Company or its securities outstanding or any change in the ownership interests or any grant by the Company of any options, warrants, calls, conversion rights or commitments;

(d) any declaration or payment of any dividend or distribution in respect of the capital stock or any direct or indirect redemption, purchase or other acquisition of any of the capital stock of the Company;

(e) any material increase in the compensation, bonus, sales commissions, fringe benefits or fee arrangement payable or to become payable b the Company to any of its officers, directors, stockholders, employees, consultants or agents, or any change in the method by which sales commissions are calculated and paid;

(f) any work interruptions, labor grievances or claims filed;

(g) any sale or transfer, or any agreement to sell or transfer, any material assets, property or rights of the Company to any person, except for the sale of personal artwork to Stockholder for $1,000, other than in the ordinary course of business including, without limitation, Stockholder and his affiliates, other than the transaction with Purchaser contemplated by this Agreement;

(h) any cancellation, or agreement to cancel, any indebtedness or other obligation owing to the Company, including without limitation any indebtedness or obligation of Stockholder or any affiliate thereof;

(i) any plan, agreement or arrangement granting any preferential rights to purchase or acquire any interest in any of the assets, property or rights of the Company or requiring consent of any party to the transfer and assignment of any such assets, property or rights other than rights of Purchaser;

(j) any purchase or acquisition, or agreement, plan or arrangement to purchase or acquire, any property, rights or assets in excess of $10,000.00;

(k) to Stockholder's Knowledge, any waiver of any material rights or claims of the Company;

(l) to Stockholder's Knowledge, any breach, amendment or termination of any material contract, agreement, license, permit or other right to which the Company is a party;

(m) any transaction by the Company outside the ordinary course of its business; or

(n) any authorization, approval, agreement or commitment to do any of the foregoing.

2.23 DEPOSIT ACCOUNTS; POWERS OF ATTORNEY. Schedule 2.23 contains an accurate list as of the date of this Agreement, of:

(a) the name of each financial institution in which the Company has accounts or safe deposit boxes;

(b) the names in which the accounts or boxes are held;

(c) the type of account; and

(d) the name of each person authorized to draw thereon or have access thereto.

No person, corporation, firm or other entity holds a general or special power of attorney from the Company.

2.24 RELATIONS WITH GOVERNMENTS. To Stockholder's Knowledge, the Company has at all times complied, and is in compliance, with the Foreign Corrupt Practices Act and with all foreign laws and regulations relating to prevention of corrupt practices.

2.25 CONFLICTS OF INTEREST. To Stockholder's Knowledge, except as disclosed in Schedule 2.25, neither (i) any past or present officer or director of the Company, nor (ii) any corporation, partnership, trust or other entity of which any such past or present officer or director of the Company has a direct or indirect interest or is a director, officer, stockholder, partner or trustee, is or has ever been a party, directly or indirectly, to any transaction with the Company involving in excess of $5,000,

including, without limitation, any agreement or other arrangement providing for the furnishing of services by or to the Company or the rental of any property from or to the Company, or otherwise requiring or contemplating payments by or to the Company. Except as disclosed in Schedule 2.25, to Stockholder's Knowledge, no present officer or director owns directly or indirectly any interest in any corporation, firm, partnership, trust or other entity or business which is a competitor, customer, client or supplier of the Company, other than a publicly held corporation whose stock is traded on a national securities exchange or in the over-the-counter market and less than 1% of the stock of which is beneficially owned by all such persons.

2.26 ENVIRONMENTAL MATTERS. Except for matters that would not individually or in the aggregate result in a Material Adverse Effect, to Stockholder's Knowledge, each of the Company and all of its assets are in compliance with, and are not subject to any liability under, applicable federal, state and local environmental, regulation or code or requirements relating to manufacture, storage, transport, generation, use, treatment, disposal or handling of pollutants, contaminants, hazardous or toxic wastes, substances, or materials ("Environmental Laws"). To Stockholder's Knowledge, the Company is not required to hold any permits and registrations required by the Environmental Laws for the operation of its business. The Company has not received any notice, oral or written, of any environmental or public health or safety liability or violation. To Stockholder's Knowledge, the Company has not buried, dumped, disposed of, spilled or released any pollutants, contaminants or hazardous or toxic wastes, substances or materials, including paint and similar substances, which would constitute a violation of the Environmental Laws.

2.27 DISCLOSURE. This Agreement and the Schedules hereto do not and will not include any untrue statement of a material fact.

2.28 RESTRICTIONS ON TRANSFER OF PURCHASER SHARES UNDER SECURITIES LAWS AND INVESTMENT REPRESENTATIONS.

(a) Stockholder understands that Stockholder must bear the economic risk of the investment in the Purchaser Shares for an indefinite period of time because the Purchaser Shares are not registered under the Securities Act of 1933, as amended (the "1933 Act") or the securities laws of any state or other jurisdiction. Stockholder has been advised that there is currently no public market for the Purchaser Shares and that the Purchaser Shares are not being registered under the 1933 Act upon the basis that the transactions involving its sale are exempt from such registration requirements, and that reliance by Purchaser on such exemption is predicated in part on the Stockholder's representations set forth in this Agreement. Stockholder acknowledges that no representations of any kind concerning the future ability to offer or sell the Purchaser Shares in a public offering or otherwise have been made to Stockholder by Purchaser or any other person or entity. Stockholder understands that Purchaser makes no covenant, representation or warranty with respect to the registration of securities under the Securities Exchange Act of 1934, as amended, or its dissemination to the public of any current financial or other information concerning Purchaser. Accordingly, Stockholder acknowledges that there is no assurance that there will ever be any public market for the

Purchaser Shares or, that the Stockholder will be able to publicly offer or sell any Purchaser Shares.

(b) Stockholder represents and warrants that Stockholder is able to bear the economic risk of losing Stockholder's entire investment in Purchaser, which investment is not disproportionate to Stockholder's net worth, and that Stockholder has adequate means of providing for Stockholder's current needs and personal contingencies without regard to the investment in Purchaser. Stockholder acknowledges that an investment in Purchaser involves a high degree of risk. Stockholder acknowledges that Stockholder and Stockholder's advisors have had an opportunity to ask questions of and to receive answers from the officers of Purchaser and to obtain additional information in writing to the extent that Purchaser possesses such information or could acquire it without unreasonable effort or expense: (i) relative to Purchaser and the Purchaser Shares; and (ii) necessary to verify the accuracy of any information, documents, books and records furnished. Stockholder represents, warrants and covenants to Purchaser that Stockholder is a resident of the state indicated in the introductory clause of this Agreement and will be the sole party in interest as to the Purchaser Shares acquired hereunder and is acquiring the Purchaser Shares for Stockholder's own account, for investment only, and not with a view toward the resale or distribution thereof.

(c) Stockholder agrees that Stockholder will not attempt to pledge, transfer, convey or otherwise dispose of the Purchaser Shares except pursuant to the repurchase option set forth in Section 4.4 or in a transaction that is the subject of either (i) an effective registration statement under the 1933 Act and any applicable state securities laws, or (ii) an opinion of counsel, which opinion of counsel shall be satisfactory to Purchaser, to the effect that such registration is not required. Purchaser may rely on such an opinion of Stockholder's counsel in making such determination. Stockholder consents to the placement of legends on any certificates or documents representing any of the Purchaser Shares stating that the Purchaser Shares have not been registered under the 1933 Act or any applicable state securities laws and setting forth or referring to the restrictions on transferability and sale thereof. Stockholder is aware that Purchaser will make a notation in its appropriate records, and notify its transfer agent, with respect to the restrictions on the transferability of the Purchaser Shares.

(d) Stockholder represents and warrants that he is familiar with

the business in which Purchaser is engaged and, based upon his knowledge and experience in financial and business matters, is familiar with investments of this sort that Stockholder is undertaking herein, is fully aware of the problems and risks involved in making an investment of this type, and is capable of evaluating the merits and risks of this investment. Stockholder represents and warrants that Stockholder is an "accredited investor" as defined in Rule 501(a) of Regulation D promulgated pursuant to the 1933 Act. Stockholder also acknowledges that he is not acquiring the Purchaser Shares based upon any representation, oral or written, by any person with respect to the future value of, or income from, the Purchaser Shares but rather upon Stockholder's own independent

examination and judgment as to the prospects of Purchaser. Stockholder acknowledges that Purchaser has made no oral or written representations or warranties in connection with the issuance of the Purchaser Shares and Purchaser has not made or delivered to Stockholder any financial projections or forecasts.

(e) Stockholder represents and warrants that these Purchaser Shares are being issued to Stockholder without any form of general solicitation or advertising of any type by or on behalf of Purchaser or any of its officers, directors, affiliates, agents or representatives.

2.29 CLOSING CASH BALANCE Stockholder represents and warrants that the Company's cash balance as of the Closing is not less than $800,000 and included in that amount are sufficient reserves to pay all Taxes contemplated under Section 2.19 of this Agreement.

3. REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to Stockholder as follows:

3.1 ORGANIZATION AND STANDING. Purchaser is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Georgia, and Purchaser is duly authorized, qualified and licensed under all applicable laws, regulations, and ordinances of public authorities to own its properties and assets and to carry on its business in the places and in the manner as it is now conducted except for where the failure to be so authorized, qualified or licensed would not have a material adverse affect on its business.

3.2 AUTHORIZATION AND BINDING OBLIGATION. Purchaser has full corporate power and authority to enter into and perform this Agreement and the transactions contemplated hereby. The execution, delivery and performance of this Agreement by Purchaser have been duly and validly authorized by all necessary action. This Agreement has been duly executed and delivered by Purchaser and constitutes the legal, valid and binding obligation of Purchaser, enforceable against Purchaser in accordance with its terms, except as enforceability thereof may be limited by applicable bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights generally and by the exercise of judicial discretion in accordance with equitable principles.

3.3 NO CONFLICTS. The execution, delivery and performance of this Agreement by Purchaser and the issuance and delivery of the Purchaser Shares to be received by Stockholder pursuant to this Agreement (a) will not violate the Articles of Organization or the Operating Agreement of Purchaser; (b) will not violate any applicable law, judgment, order, injunction, decree, rule, regulation or ruling of any governmental authority applicable to Purchaser; and (c) will not, either alone or with the giving of notice or the passage of time or both, conflict with, constitute grounds for termination of, or result in a

breach of the terms, conditions or provisions of, or constitute a default under any material agreement, instrument, license or permit to which Purchaser is now subject.

3.4 APPROVALS. The execution, delivery and performance of this Agreement by Purchaser and the issuance and delivery of the Purchaser Shares to be received by Stockholder pursuant to this Agreement do not require (a) the consent, approval or authorization of any governmental or regulatory authority having jurisdiction over Purchaser or of any third party that have not been obtained, or (b) the submission or filing of any notice, report or other filing with any governmental or regulatory authority having jurisdiction over Purchaser.

3.5 BROKERAGE. Purchaser has not entered into any agreements for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement.

3.6 LITIGATION AND ADMINISTRATIVE PROCEEDINGS. To Purchaser's Knowledge, there is no litigation, proceeding or investigation pending or, to the best knowledge of Purchaser, threatened against Purchaser in any federal, state or local court, or before any administrative agency, that seeks to enjoin or prohibit, or otherwise questions the validity of, any action taken or to be taken pursuant to or in connection with this Agreement.

3.7 CAPITALIZATION OF PURCHASER; PURCHASER SHARES TO BE RECEIVED BY STOCKHOLDER. As of the date of this Agreement, 10,000,004 Shares were issued and outstanding pursuant to Purchaser's Operating Agreement. Except as set forth on Schedule 3.7, (a) no right of first refusal, warrant, call, conversion right or commitment of any kind exists which obligates Purchaser to issue any of its Shares, and (b) there are no (i) outstanding securities or obligations that are convertible into or exchangeable for any shares of the capital stock or other equity securities of Purchaser, or (ii) contracts, arrangements or commitments, written or otherwise, under which Purchaser is or may become bound to sell or otherwise issue any shares of its capital stock or any other equity securities, except for options to purchase Shares granted pursuant to Purchaser's Option Plan and except as contemplated in connection with Purchaser's contemplated initial public offering. The Purchaser Shares to be received by Stockholder pursuant to this Agreement will, when issued and delivered to Stockholder, be duly and validly issued, fully paid, nonassessable and free of preemptive rights or other restrictions other than those imposed pursuant to securities laws and those expressly provided for in this Agreement. The Purchaser Shares delivered to Stockholder pursuant to this Agreement have not been registered under the Securities Act.

3.8 DISCLOSURE. No representation, warranty or covenant made by Purchaser in this Agreement or any Schedule hereto contains any untrue statement of a material fact.

3.9 FINANCIAL STATEMENTS. Copies of the following financial statements of Purchaser are attached hereto as Schedule 3.9: (a) the Purchaser's balance sheet (the "Purchaser Balance Sheet") as of December 31, 1997 and for the two prior years, and (b) statements of earnings and retained earnings for the year then ended and for the two prior years. Such financial statements have been prepared in accordance with GAAP applied on a consistent basis throughout the period indicated. Purchaser has positive working capital as of the Closing Date.

3.10 LIABILITIES AND OBLIGATIONS. Except (i) as set forth or provided for in the Purchaser Balance Sheet or (ii) as set forth on Schedule 3.10, to Purchaser's Knowledge, Purchaser has no material liabilities or obligations of any nature (whether known or unknown, due or to become due, absolute, accrued, contingent or otherwise, and to Purchaser's Knowledge whether or not determined or determinable) and there is no existing condition, situation or set of circumstances which could result in such a liability or obligation, except for liabilities or obligations under any contract, but only so long as no default by Purchaser exists under any such contract.

3.11 TAXES.

(a) Purchaser has timely filed all federal and other Tax Returns which are required to be filed; and there are no waivers or extensions of the statute of limitations, audits or examinations in progress, judicial proceedings, or claims against Purchaser for Taxes (including penalties and interest) for any period or periods to and including December 31, 1997 and no notice of any claim, whether pending or threatened, for Taxes has been received and not paid. The Purchaser is not a party to any Tax allocation or sharing agreement (i.e., any agreement or arrangement for the payment of Tax liabilities or payment for Tax benefits with respect to a consolidated, combined or unitary Tax Return which included the Purchaser); there are no requests for rulings in respect of any Tax pending by the Purchaser with any tax authority; and no penalty or deficiency in respect of any Taxes which has been assessed against the Purchaser remains unpaid. The amounts shown as accruals for Taxes on the Balance Sheet delivered to stockholder as a part of Schedule 3.9 are sufficient for the payment of all Taxes for any time or arising or incurred in connection with periods on or before December 31, 1997 and Purchaser has reserved an amount sufficient to pay all such Taxes. For purposes of this Section 3.11, "Tax" shall mean any United States or other federal, state, provincial, local or foreign income, gross receipts, property, sales, goods and services use, license, excise, franchise, employment, payroll, withholding, alternative or add-on minimum, ad valorem, transfer or excise tax, or any other tax, custom, duty, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest or penalty, imposed by any governmental authority. "Tax Return" shall mean any return, report or similar statement required to be filed with respect to any Tax (including any attached schedules), including, without limitation, any information return, claim for refund, amended return and declaration of estimated Tax.

(b) Purchaser is not a foreign person subject to withholding Section 1445 of the Code and the regulations promulgated thereunder.

(c) Purchaser has complied in all material respects with all applicable laws, rules and regulations relating to information reporting with respect to payments made to third parties and the withholding of and payment of withhold Taxes and has timely withheld from employee wages and other payments and paid over to the proper taxing authorities all amounts required to be so withheld and paid over for all periods under all applicable laws or it has finally resolved and fully satisfied any liability for any failure to comply with any such matters.

(d) To Purchaser's Knowledge, there is no pending claim by any taxing authority in any jurisdiction in which the Purchaser does not pay Taxes or file Tax Returns that the Purchaser is required to pay Taxes or file Tax Returns.

(e) The Purchaser has not made an election under Section 341(f) of the Code.

(f) The Purchaser has not agreed nor is required to make any adjustment under Section 481(a) of the Code.

3.12 LOCK-UP AGREEMENT. To Purchaser's Knowledge, the Lock-Up Agreement being executed by the Stockholder will not be more restrictive, in any manner, than the Lock-Up Agreement that will be executed by Alan J. Dabbiere in connection with the proposed initial public offering of Purchaser if such offering occurs.

3.13 SUBSCRIPTION AGREEMENT. The Subscription Agreement (as defined in Section 4.5) shall be the same for all shareholders of Purchaser converting their membership interests in Manhattan Associates, LLC to shares in Manhattan Associates, Inc.

3.14 PURCHASER SHARES. The Purchaser Shares represent, and will represent as of the Closing Date 0.5305% of the issued and outstanding Shares of Purchaser. The Purchaser Shares are of the same class and character, and have the same anti-dilution and preemptive rights, if any, as the shares of Purchaser owned by Alan J. Dabbiere; provided, however, that such anti-dilution and preemptive rights shall only automatically terminate upon consummation of the transaction contemplated by the Subscription Agreement which will occur substantially contemporaneously with the Purchaser's initial public offering. "Substantially contemporaneously" shall mean the consummation of the transaction contemplated by the Subscription Agreement and initial public offering occurring within ten (10) days of each other.

4. CERTAIN COVENANTS OF THE PARTIES

4.1 NONDISCLOSURE OF CONFIDENTIAL INFORMATION. Stockholder will not disclose for any reason or purpose whatsoever any Confidential Information that would have a material adverse effect on Purchaser or Company or use Confidential Information to compete against the Purchaser or Company except to the extent that (i) such information becomes known to the public though no fault of Stockholder; (ii) such disclosure is required by law; or (iii) Stockholder discloses such information as appropriate in the performance of Stockholder's duties under the Stockholder Employment Agreement. For purposes of this Agreement, "Confidential Information" shall mean the Company's or Purchaser's customer and supplier list, marketing arrangements, business plans, projections, financial information, training manuals, pricing manuals, market strategies, internal performance statistics, software source code and other competitively sensitive information concerning the Company or Purchaser which is material to the Company or Purchaser and has not been previously disclosed to the public. For purposes of this Agreement, "Trade Secret" shall mean Purchaser's and Company's source code, heuristics and algorithms and any other information deemed to be a trade secret under North

Carolina law and identified to Stockholder as a trade secret after the date of this Agreement by Company or Purchaser. Stockholder's obligations in this Section 4.1 with respect to Trade Secrets shall remain in effect for as long as such information remains a Trade Secret through no fault of Stockholder. Employee's obligations with respect to all Confidential Information shall remain in effect during the term of Stockholder's Employment Agreement and for two (2) years immediately following the termination of this Stockholder's Employment Agreement, for any reason whatsoever.

4.2 RELEASE BY STOCKHOLDER. STOCKHOLDER HEREBY AGREES AND CONFIRMS

THAT HE HEREBY FULLY RELEASES, ACQUITS AND FOREVER DISCHARGES THE COMPANY, FROM ANY AND ALL LIABILITY, CLAIM, DAMAGE, SUIT, COST, EXPENSE OR OBLIGATION OF ANY NATURE WHATSOEVER WHETHER KNOWN OR UNKNOWN, ARISING IN RESPECT OF OR IN CONNECTION WITH ANY TIME OR PERIOD OF TIME PRIOR TO THE DATE HEREOF, EXCEPT FOR COMPENSATION PAYABLE TO STOCKHOLDER BY THE COMPANY FOR THE MOST RECENT STANDARD PAYROLL PERIOD BASED UPON THE COMPANY S STANDARD PRACTICES WHICH HAVE NOT BEEN PAID PLUS THE REASONABLE REIMBURSABLE EXPENSES BASED UPON THE PAST PRACTICES OF STOCKHOLDER THAT HAVE NOT BEEN PAID AND EXCEPT FOR ANY RIGHTS UNDER THE CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT OF 1985.

4.3 RELEASE OF STOCKHOLDER GUARANTEES. Purchaser agrees that it will take all commercially reasonable actions to have Stockholder released within 30 days following the Closing from the following obligations of the Company for which he is personally liable: (i) SOFI IV (office lease); (ii) BMW Financial Services (car lease); (iii) American Express (credit card); and (iv) 360 Communications (cellular phone account). If Purchaser is unable to secure a release within the stated time period, then Purchaser shall either pay in full the applicable obligation and close the account, or provide Stockholder with indemnification satisfactory to Stockholder for any continuing personal liability under such obligation.

4.4 OPTION OF STOCKHOLDER TO REQUIRE THAT PURCHASER REPURCHASE ITS PURCHASER SHARES. In the event Purchaser does not close an initial public offering of its equity interests on or before December 31, 1998, Stockholder shall have the option, by giving Purchaser written notice on or before March 1, 1999, to require that Purchaser repurchase all of the Purchaser Shares held by Stockholder for $1,333,325. The repurchase shall be closed within 20 days after the date on which Stockholder gives the notice required hereunder of his exercise of such option. The place, date and hour for such closing shall be set forth in a written notice from Stockholder to Purchaser, which notice shall be given at least 10 days prior to the closing date. At the closing, Purchaser shall pay the full purchase price payable for the Purchaser Shares to Stockholder in immediately available funds. For purposes of clarification, the option set forth in this Section 4.4 to require Purchaser to repurchase the Purchaser Shares shall only apply to the Purchaser Shares that Stockholder acquires at Closing and not to any shares of Purchaser acquired hereafter whether under an option agreement or any other agreement.

4.5 EXECUTION OF SUBSCRIPTION AGREEMENT. Stockholder agrees that he will execute a Subscription and Contribution Agreement (the "Subscription Agreement") providing for the contribution of his Purchaser Shares to Manhattan Associates, Inc. in such form and at such time as the Subscription Agreement is executed by the other holders of shares of Purchaser in contemplation of Purchaser's proposed initial public offering.

5. INDEMNIFICATION

5.1 SURVIVAL. The representations, warranties, covenants and agreements of the parties made in this Agreement shall survive (and not be affected in any respect by) the Closing and any examination or investigation conducted by or on behalf of the parties hereto and any information which any party may receive pursuant to the Schedules hereto or otherwise. Notwithstanding the foregoing, the right of indemnification with respect to each representation and warranty contained in this Agreement shall terminate (the "Survival Date") occurring on the second anniversary of the Closing Date; provided, however, that (a) the right to indemnification with respect to the representations and warranties set forth in Sections 2.11, 2.17, 2.19 and 3.14 shall survive until thirty (30) days after the expiration of the applicable statute of limitations

relating to the matters set forth in such Sections; and (b) the right to indemnification with respect to such representations and warranties, and the liability of either party with respect thereto, shall not terminate with respect to any claim, whether or not fixed as to liability or liquidated as to amount, with respect to which such party has been given written notice prior to the Survival Date or such thirtieth (30th) day after the expiration of the applicable statute of limitations (or extensions or waivers thereof), whichever shall be applicable thereto in accordance with this Section 5.1.

5.2 INDEMNIFICATION BY STOCKHOLDER. Except as otherwise provided in Section 5.4, Stockholder covenants and agrees that he will indemnify, defend, protect and hold harmless Purchaser and the Company, each of their respective successors and assigns and each of their directors, officers, employees, at all times from and after the date of this Agreement (subject to any limitation on the survival of representations and warranties set forth in Section 5.1) against all losses, claims, damages, actions, suits, proceedings, demands, assessments, adjustments, costs and expenses ("Losses") including specifically, but without limitation, reasonable attorneys' fees (except as otherwise provided in Section 5.6(a) with respect to counsel employed at the expense of the indemnified party) ("Legal Expenses") based upon, resulting from or arising out of (a) any inaccuracy or breach of any representation or warranty of Stockholder contained in this Agreement, and (b) the breach by Stockholder of, or the failure by Stockholder to observe, any of his covenants or other agreements contained in this Agreement .

5.3 INDEMNIFICATION BY PURCHASER. Except as otherwise provided in Section 5.4, Purchaser covenants and agrees that it will indemnify, defend, protect and hold harmless Stockholder and his heirs at all times from and after the date of this Agreement (subject to any limitation on the survival of representations and warranties set forth in Section 5.1) against all Losses, claims, damages, actions, suites, proceedings, demands, assessments, adjustments, costs and expenses ("Losses") including, specifically, but without limitation, Legal Expenses (except as otherwise provided in Section 5.6(a) with respect to counsel employed at the expense of the indemnified party) based upon, resulting

from or arising out of (a) any inaccuracy or breach of any representation or warranty of Purchaser contained in this Agreement in this Agreement, and (b) the breach by Purchaser of, or the failure by Purchaser to observe, any of its covenants or other agreements contained in this Agreement.

5.4 TAX INDEMNIFICATION.

(a) Each party agrees to report Stockholder's transfer of shares of Company to Purchaser in exchange for the Purchaser Shares as a transaction qualifying for non-recognition treatment to Stockholder pursuant to the Code and in particular Code Section 721 to the extent the consideration received by Stockholder consists of Purchaser Shares. Stockholder acknowledges and agrees that all cash paid to Stockholder under this Agreement shall be fully taxable to Stockholder and payment of any Taxes by Stockholder relating to such payments shall not be indemnified by Purchaser.

(b) Subject to the preceding sentence, Purchaser hereby covenants and agrees for itself, its successors and assigns to indemnify and hold harmless Stockholder, his heirs and estate, at all times after the Closing Date, against and in respect of all assessments, claims, or demands for tax, interest, penalties, and expenses (including, but not limited to, reasonable accounting and attorney's fees to litigate any assessment along with penalties and interest in either the U.S. Tax Court or U.S. Federal District Court) arising from the determination by any federal or state taxing authority that the receipt of Purchaser Shares by Stockholder is an income recognition event taxable to

Stockholder whether upon receipt of the Purchaser Shares or as a result of subsequent action by Purchaser or its successors or assigns (other than pursuant to the options to purchase additional Shares of Purchaser granted to Stockholder). All of the foregoing costs and expenses incurred plus the income tax and any penalties or interest assessed thereon shall be payable by Purchaser within fifteen (15) days of Purchaser's receipt of written notice from Stockholder.

(c) In the event that Stockholder shall dispose of some or all of his Purchaser Shares (or any interest in any successor entity to Purchaser) in a taxable transaction and Purchaser shall have indemnified Stockholder as provided in the preceding paragraph because the receipt of the Purchaser Shares by Stockholder is determined to be taxable, Stockholder shall refund to Purchaser the amount by which the tax on such disposition (the "Disposition") is reduced as a result of the increased basis of the disposed interest attributable to consummation of the transactions provided herein and treatment of the receipt of shares as a taxable transaction. The amount of such refund shall be determined by calculating the tax that would be due on the Disposition assuming that the original acquisition basis of the disposed interest was equal to (a) basis of the stock in the Company contributed for the Purchaser Shares, (b) adjusted by subsequent allocations of income, loss, and for distributions, to the extent required by the Code, and (c) subtracting from the hypothetical amount of tax as so determined the tax actually due on the Disposition, after giving effect to the increased basis of shares received in this transaction if characterized as a taxable transaction. Stockholder shall only be required to refund the net tax savings so determined and not any interest, penalty, or expenses paid by Purchaser pursuant to this indemnification.

5.5 LIMITATION ON LIABILITY. Neither party shall be liable to pay any Losses unless and until the aggregate amount of Losses exceeds $50,000, then the indemnifying party shall be liable only for the excess, provided, however, that this limitation shall not apply to (i) any obligations pursuant to the Stockholder Employment Agreement, (ii) the repurchase option contained in Section 4.4 of this Agreement, (iii) the Contribution Consideration indicated in Section 1.2, (iv) the indemnification set forth in Section 5.4 and 5.7, (v) Purchaser's representations set forth in Section 3.14, and (vi) Stockholder's representation set forth in Section 2.29.

5.6 INDEMNIFICATION PROCEDURES.

(a) Promptly after receipt by any person entitled to indemnification under Section 5.2 or 5.3 (an "indemnified party") of notice of the commencement of any action, suit or proceeding (other than actions, suits or proceedings with respect to Taxes which are provided for in Section 5.7 ("Tax Actions")) by a person not a party to this Agreement in respect of which the indemnified party will seek indemnification hereunder (a "Third Party Action"), the indemnified party shall notify the person that is obligated to provide such indemnification (the "indemnifying party") thereof in writing within 30 days of receipt of such notice. The indemnifying party shall be entitled to participate in the defense of such Third Party Action and to assume control of such defense (including settlement of such Third Party Action) with its own counsel; provided, however, that:

(i) the indemnified party shall be entitled to participate in the defense of such Third Party Action and to employ counsel at its own expense (which shall not constitute Legal Expenses for purposes of this Agreement) to assist in the handling of such Third Party Action;

(ii) the indemnifying party shall obtain the prior written approval of the indemnified party before entering into any settlement of such Third Party Action or ceasing to defend against such Third Party Action, if pursuant to or as a result of such settlement or cessation, injunctive or other equitable relief would be imposed against the indemnified party or the indemnified party would be adversely affected thereby;

(iii) no indemnifying party shall consent to the entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by each claimant or plaintiff to each indemnified party of a release from all liability in respect of such Third Party Action; and

(iv) the indemnifying party shall not be entitled to control the defense or settlement of any Third Party Action unless the indemnifying party confirms in writing its assumption of such defense or settlement and continues to pursue the defense reasonably and in good faith.

After written notice by the indemnifying party to the indemnified party of its election to assume control of the defense of any such Third Party Action in accordance with the foregoing, (i) the indemnifying party shall not be liable to such indemnified party hereunder for any Legal Expenses subsequently incurred by such indemnified party attributable to defending against such Third Party Action, and (ii) as long as the indemnifying party is reasonably contesting such Third Party Action in good faith, the indemnified party shall not admit any liability with respect to, or settle, compromise or discharge the claim underlying, such Third Party Action without the indemnifying party's prior written consent. If the indemnifying party does not assume control of the defense of such Third Party Action in accordance with this Section 5.6, the indemnified party shall have the right to defend and/or settle such Third Party Action in a good faith manner at the cost and expense of the indemnifying party, and the indemnifying party will reimburse the indemnified party for fees, costs and expenses required by this Section 5.6 within 30 days of when bills are received or expenses incurred and will reimburse the final settlement within 10 days after the execution of the settlement documents.

(b) If an indemnified party has actual knowledge of any facts or circumstances other than the commencement of a Third Party Action which cause it in good faith to believe that it is entitled to indemnification under this Section 5, then such indemnified party shall promptly give the indemnifying party notice thereof in writing, but any failure to so notify the indemnifying party shall not relieve it from any liability that it may have to the indemnified party under Section 5.2, 5.3, or 5.4 as the case may be, except to the extent that the indemnifying party is prejudiced by the failure to give such notice.

5.7 TAX MATTERS.

(a) Stockholder shall be responsible for preparing and filing all Tax Returns for the Company for the Tax periods ending on or prior to December 31, 1997. Such returns will report the operations of the Company consistent with the past practice of reporting income and expenses on a cash basis method of accounting. The period from January 1, 1998, up to and including the Closing Date shall hereinafter referred to as the "Stub Period". Stockholder shall provide Purchaser sufficient information relating to the Stub Period for Purchaser to prepare and file all Tax Returns for the Company for the Tax period subsequent to December 31, 1997. Stockholder shall pay, defend, indemnify and hold harmless the Company and Purchaser from and against any Taxes imposed upon the Company for all Tax periods prior to December 31, 1997 after taking into consideration to the fullest extent possible all Tax benefits, Tax credits and

Tax attributes, attributable to any Taxable period(s) ending on or prior to December 31, 1997.

(b) Purchaser, at Company's cost and expense, shall be responsible for preparing and filing all Tax Returns for Tax periods beginning after December 31, 1997. Purchaser and Company jointly and severally shall pay, defend, indemnify and hold harmless Stockholder from and against any Taxes attributable to the Tax period beginning after December 31, 1997.

(c) If any Tax for which Stockholder is to indemnify Purchaser pursuant to this Section 5.7 is payable after the Closing Date, Stockholder shall pay or cause to be paid to Purchaser the amount of such Tax no later than the later of (i) the tenth business day after Stockholder receives notice from Purchaser that such tax is due, and (ii) ten (10) business days before the date such tax is due and payable. Any amount not paid when due shall bear interest from the date due to the date payment is made in full at the rate equal to the rates then in effect for the applicable taxing authority.

(d) If any tax for which Purchaser is to indemnify Stockholder pursuant to this Section 5.7 is payable after the Closing Date, Purchaser shall pay or cause to be paid to Stockholder the amount of such Tax no later than the later of (i) the tenth business day after Purchaser receives notice from Stockholder that such tax is due, and (ii) ten (10) business days before the date such Tax is due and payable. Any amount not paid when due shall bear interest from the date due to the date payment is made in full at the rate equal to the rates then in effect for the applicable taxing authority.

(e) Purchaser and Stockholder shall promptly notify each other in writing upon receipt by them or their affiliates of notice of any pending or threatened audit or assessment with respect to Taxes for any periods ending on or prior to December 31, 1997 which Stockholder would be required to pay Purchaser pursuant to this Section 5.7. Upon Stockholder's acknowledgment of his liability with respect thereto, Stockholder will have the right, at his expense, to control any audit, administrative or court proceeding relating to Taxes for any periods ending on or prior to December 31, 1997; provided, however, that (i) Stockholder shall promptly notify Purchaser in writing as to any examination by or disputes with taxing authorities that relate to such periods, and (ii) Purchaser shall be kept informed and allowed, at its expense, to participate therein.

(f) Purchaser shall be responsible for handling all Tax matters related to the Company, including dealing with and resolving audit issues, for all periods, after December 31, 1997; provided, however, that (i) Purchaser shall promptly notify Stockholder in writing as to any examination by or disputes with taxing authorities that relate to such periods, and (ii) Stockholder shall be kept informed and allowed, at his expense, to participate therein.

(g) Stockholder and Purchaser shall use his or its best efforts to provide the other with such assistance as may reasonably be requested in connection with Tax matters including providing information with respect to the preparation of any Tax Return or other document required to be filed with any taxing Authority, any audit or other examination by any taxing Authority, any judicial or administrative proceeding or dispute relating to liability for Taxes or any claim for indemnification arising under this Section 5.7 and each shall retain and provide to the other access to such records and other information as may be relevant to such return, audit, examination, proceeding or determination.

5.8 LIMITATIONS ON INDEMNITY OBLIGATIONS. Notwithstanding any other provision in this Section 5 to the contrary, no indemnifying party shall be liable to an indemnified party for punitive

damages pursuant to Section 5.2 or 5.3, as the case may be; provided, that the claim against such indemnifying party does not involve a Third Party Action in which punitive damages are sought.

6. NONCOMPETITION

6.1 PROHIBITED ACTIVITIES. Stockholder hereby covenants, acknowledges and agrees as follows:

(a) For a period of two years after the Closing Date (except as set forth in the following paragraph), Stockholder shall not for any reason whatsoever, directly or indirectly, for himself or on behalf or in conjunction with any other person, persons, company, partnership, corporation or business of whatever nature engage, as an officer, director, shareholder, owner, partner, joint venturer, lender or in any capacity, whether as an employee, independent contractor, consultant or advisor, or as a sales representative, engage in any Competitive Business in any county or other political subdivision of any state of the United States of America in which the Company is conducting business as of the Closing or has conducted business during the 12-month period immediately preceding the Closing. For purposes hereof, the term "Competitive Business" shall mean engaging in a business the same as or substantially similar to the business of development, consulting and sales of transportation management and inventory control software as operated by the Company during the term of Stockholder's employment by the Company immediately prior to the Closing.

Notwithstanding the foregoing provisions of this paragraph (a) Stockholder may (i) be a passive investor owning no more than 10% of the outstanding equity securities of any corporation or other entity which is in competition with Purchaser the equity securities of which are listed on a national securities exchange or over-the-counter, or (ii) invest in or act as an employee, consultant or other position for Purchaser.

(b) For a period of two years after the Closing Date, Stockholder shall not offer to employ any person who is, at that time, or which has been within one (1) year prior to that time, an employee of the Company;

(c) For a period of two years after the Closing Date, Stockholder shall not, directly or indirectly, interfere with any contract or agreement that the Company has with any customer, supplier, associate, employee, sales or other agent or independent contractor of the Company or which has been a customer, supplier, employee, sales or other agent or independent contractor of the Company within one (1) year prior to that time;

(d) Stockholder acknowledges that the damages that would be suffered by Purchaser as a result of any breach of the provisions of this Section 6.1 may not be calculable and that an award of a monetary judgment for such a breach would be an inadequate remedy. Consequently, Purchaser shall have the right, in addition to any other rights it may have, to obtain, in any court of competent jurisdiction, injunctive relief to restrain any breach or threatened breach of any provision of this Section 6.1 or otherwise to specifically enforce any

of the provisions hereof. This remedy is in addition to damages directly or indirectly suffered by Purchaser;

(e) In the event that any court finally determines that the time period or the geographic scope of any such covenant is unreasonable or excessive and any covenant is to that extent made unenforceable, the parties agree that the restrictions of this Section 6.1 shall remain in full force and effect for the greatest time period and within the greatest geographic area that would not render it unenforceable. The parties intend that each of the covenants in Sections 6.1(a), (b), (c) and (d) shall be deemed to be a separate covenant.

6.2 INDEPENDENT COVENANT.

(a) It is specifically agreed that the period of two (2) years stated at the beginning of this Section 6, during which the agreements and covenants of Stockholder made in this Section 6 shall be effective, shall be computed by excluding from such computation any time during which Stockholder is in violation of any provision of this Section 6.

(b) Notwithstanding anything herein to the contrary, if (i) the Purchaser or Company fail to make any monetary payment owed under the Stockholder Employment Agreement, (ii) the Purchaser fails to satisfy its repurchase obligation set forth in Section 4.4., or (iii) Purchaser or Company otherwise materially breaches the Stockholder Employment Agreement; then Stockholder shall no longer be obligated to the terms of this Section 6 upon Purchaser's failure to cure such breach within ten (10) days after Purchaser's receipt of notice from Employee. For purposes of determining whether a material breach has occurred under Section 6.2(a)(iii) above the parties shall submit the matter to arbitration under Section 15 of the Stockholder Employment Agreement within thirty (30) days after Purchaser's receipt of written notice of such breach.

6.3 MATERIALITY. Stockholder hereby agrees that this covenant is a material and substantial part of this transaction.

7. CERTAIN DEFINITIONS

"Affiliate" (whether or not capitalized) shall mean, with respect to any person, any other person that directly, or through one or more intermediaries, controls or is controlled by or is under common control with such first person. As used in this definition, "control" shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or other ownership interest, by contract or otherwise).

"Encumbrances" shall mean mortgages, liens, pledges, encumbrances (legal or equitable), claims, charges, security interests, covenants, conditions, voting and other restrictions, rights-of-way, easements, options, encroachments, rights of others and any other matters affecting title, except, in the case of the Purchaser Shares, for restrictions on the sale or other disposition thereof imposed by federal or state securities laws.

"GAAP" shall mean generally accepted accounting principles.

"Government Authority" shall mean any government or state (or any subdivision thereof), whether domestic, foreign or multinational, or any agency, authority, bureau, commission, department or similar body or instrumentality thereof, or any government court or tribunal.

"Intellectual Property" means Company's trade secrets, copyrights and patent rights described in Section 2.11, to the extent the Company has any.

"Knowledge" shall mean facts that are known by Stockholder.

"Legal Requirement" shall mean any law, statute, ordinance, code, rule, regulation, standard, judgment, decree, writ, ruling, arbitration award, injunction, order or other requirement of any Government Authority.

"Lien" shall mean all liens including judgment and mechanics' liens (regardless of whether liquidated), mortgages, assessments, security interests, easements, claims, pledges, trusts (constructive or other), deeds of trust, options, or other charges, encumbrances or restrictions.

"Material Adverse Effect" shall mean any material adverse change in or effect on, or any change that may reasonably be expected to have a material adverse effect on, (i) the business, operations, assets, liabilities, condition (financial or otherwise), results of operations, or prospects of the Company or (ii) the ability of the Company or Stockholder to consummate the transactions contemplated by this Agreement.

"Permitted Liens" shall mean (a) liens for ad valorem real or personal property taxes or assessments not at the time due, (b) liens and respective pledges or deposits under workers' compensation laws or similar legislation, carriers', warehousemen's, mechanics', laborers' and materialmen's and similar liens, if the obligation secured by such liens are not then delinquent, and (c) existing Liens, if any, disclosed on Schedule 7 hereto.

"Person" (whether or not capitalized) shall mean and include an individual, corporation, company, limited liability company, limited liability partnership, partnership, joint venture, association, trust, and other unincorporated organization or entity and a governmental entity or any department or agency thereof.

"Purchaser's Knowledge" shall mean facts that are known by Purchaser's executive officers and directors.

"Technology" shall mean any computer program, operating system, applications system, firmware or software of any nature, whether operational, under development or inactive, including all object code, source code, technical manuals, user manuals and other documentation thereof, whether in machine-readable form, programming language or any other language or symbols and whether stored, encoded, recorded or written on disk, tape, film, memory device, paper or other media of any nature and all current and historical data bases, research records, test information, market surveys, know-how, inventories, processes and procedures.

8. GENERAL

8.1 COOPERATION. Stockholder and Purchaser shall each deliver or cause to be delivered to the other on the Closing Date, and at such other times and places as shall be reasonably agreed to, such additional instruments as the other may reasonably request for the purpose of carrying out this Agreement. Stockholder will cooperate and use his best efforts to have the present officers, directors and employees of the Company cooperate with Purchaser on and after the Closing Date in furnishing information, evidence, testimony and other

assistance in connection with any actions, proceedings, arrangements or disputes of any nature with respect to matters pertaining to all periods prior to the Closing Date.

8.2 SUCCESSORS AND ASSIGNS. This Agreement and the rights of the parties hereunder may not be assigned except by operation of law to any entity under common control with Purchaser or any parent or subsidiary of Purchaser or with the prior written consent of the other parties, and shall be binding upon and shall inure to the benefit of the parties hereto, the successors and permitted assigns of Purchaser, and the heirs and legal representatives of Stockholder. If this Agreement is assigned by Purchaser, Purchaser shall not be released from any of its obligations under this Agreement.

8.3 ENTIRE AGREEMENT. This Agreement (including the Exhibits attached hereto and the Schedules delivered pursuant hereto) and the other writings specifically identified herein or contemplated hereby contain the entire agreement and understanding between Stockholder and Purchaser with respect to the transactions contemplated herein and supersede any prior agreement and understanding relating to the subject matter of this Agreement. This Agreement may be modified or amended only by a written instrument executed by Stockholder and Purchaser.

8.4 COUNTERPARTS. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same instrument.

8.5 BROKERS AND AGENTS. Each party represents and warrants that it employed no broker or agent in connection with this transaction and agrees to indemnify the other against all loss, cost, damages or expense arising out of claims for fees or commission of brokers employed or alleged to have been employed by such indemnifying party.

8.6 PAYMENT OF EXPENSES. Each of the parties hereto shall pay all its own costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby;

provided, however, that the fees and expenses for outside legal, accounting, business consulting and financial advice to the Company and Stockholder incurred in connection with the transactions provided for in this Agreement shall be paid by Stockholder and not Company, and further provided that Purchaser shall pay the reasonable fees expenses for outside accounting services incurred in connection with the preparation of the Financial Statements required by Purchaser pursuant to this Agreement.

8.7 NOTICES. All notices of communication required or permitted hereunder shall be in writing and may be given by any of the following methods: (i) personal delivery; (ii) facsimile transmission; (iii) registered or certified mail, postage prepaid, return receipt requested; or (iv) overnight delivery service requiring acknowledgment of receipt. Any such notice or communication shall be sent to the appropriate party at its address or facsimile number given below (or at such other address or facsimile number for such party as shall be specified by notice given hereunder):

(a) If to Purchaser, addressed to:

Manhattan Associates, Inc.
2300 Windy Ridge Parkway

7th Floor
Atlanta, Georgia 30339
Facsimile No.: 770/955-0302
Attn: Alan J. Dabbiere, President and
Chief Executive Officer

with a copy to:

Morris, Manning & Martin, L.L.P.
1600 Atlanta Financial Center
3343 Peachtree Road, N.E.
Atlanta, Georgia 30326
Facsimile No.: 404/365-9532
Attn: John C. Yates, Esq.

(b) If to Stockholder, addressed to:

Dan Basmajian
c/o Performance Analysis Corporation
100 Park Offices, Suite 111
P. O. Box 13684
Research Triangle Park, North Carolina 27709
Facsimile No.: 808/322-8217

with a copy to:

Pinna, Johnston & Burwell, P.A.
Suite 200
2601 Oberlin Road
Raleigh, North Carolina 31788
Facsimile No.: 919/782-0452
Attn: William P. Pinna, Esq.

All such notices and communications shall be deemed received upon (i) actual receipt thereof by the addressee, (ii) actual delivery thereof to the appropriate address as evidenced by an acknowledged receipt or (iii) in the case of a facsimile transmission, upon transmission thereof by the sender and confirmation of receipt.

8.8 GOVERNING LAW. This Agreement shall be construed in accordance with the laws of the State of North Carolina. Purchaser agrees to submit to the exclusive jurisdiction of the North Carolina courts to resolve any dispute under this Agreement.

8.9 EXERCISE OF RIGHTS AND REMEDIES. Except as otherwise provided herein, no delay of or omission in the exercise of any right, power or remedy accruing to any party as a result of any breach or default by any other party under this Agreement shall impair any such right, power or remedy, nor shall it be construed as a waiver of or acquiescence in any such breach or default, or of any similar breach or default occurring later; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default occurring before or after that waiver.

8.10 TIME. Time is of the essence of this Agreement.

8.11 REFORMATION AND SEVERABILITY. In case any provision of this Agreement shall be invalid, illegal or unenforceable, it shall, to the extent possible, be modified in such a manner as to be valid, legal and enforceable but so as to most nearly retain the intent of the parties, and if such modification is not possible, such provision shall be severed from this Agreement, and in either case the validity, legality and enforceability of the remaining

provisions of this Agreement shall not in any way be affected or impaired thereby.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

"PURCHASER"

MANHATTAN ASSOCIATES, LLC

By: /s/ Alan J. Dabbiere

Alan J. Dabbiere, President and
Chief Executive Officer

"STOCKHOLDER"

/s/ Daniel Basmajian, Sr.

Daniel Basmajian, Sr.

EXHIBIT 10.7

MANHATTAN ASSOCIATES, INC./MANHATTAN ASSOCIATES LLC SHAREHOLDER

TAX INDEMNIFICATION AGREEMENT

This TAX INDEMNIFICATION AGREEMENT, dated as of the 27th day of February, 1998, is entered into by MANHATTAN ASSOCIATES, INC., a Georgia corporation (the "Company") and _____ (the "Shareholder").

RECITALS

WHEREAS, the Shareholder holds outstanding Shares of Manhattan Associates, LLC, a Georgia limited liability company ("Manhattan LLC"), as such term is defined in the Operating Agreement of the Company, as amended (the "Shares"); and

WHEREAS, Manhattan LLC is now contemplating restructuring from a limited liability company into a C corporation by an exchange of the Shares for shares of Voting Common Stock, no par value (the "Common Stock") of the Company; and

WHEREAS, after the restructuring, the Company is also contemplating offering and selling shares of such Common Stock to the public (the "Public Offering"); and

WHEREAS, the parties hereto wish to set forth their agreement with respect to certain adjustments to the federal and state income tax liability of the Shareholder and the Company attributable to Tax Items of Manhattan LLC that pass through to the Shareholder under the provisions of federal or state law for the period during which Manhattan LLC is a limited liability company;

NOW, THEREFORE, for value received, the parties agree as follows:

ARTICLE I

DEFINITIONS

For purposes of this Agreement the following definitions shall apply:

(a) "Adjustment" shall mean any proposed or final change in any Tax liability initiated by any of the Shareholders, the Company, Manhattan LLC, or the IRS, state or local taxing authority, or any other relevant taxing authority.

(b) "Code" shall mean the Internal Revenue Code of 1986, as amended and in effect for the taxable period in question.

(c) "Company Tax Benefit" shall mean a reduction in the Income Tax liability of the Company for any taxable period beginning after the date of the Transaction. The Company shall be deemed to have received or realized a Company Tax Benefit from a Tax Item in a taxable

period only if and to the extent that the Company's Income Tax liability for such period is less than it would have been if such liability were determined without regard to such Tax Item. The Company shall be deemed to have realized or received a Company Tax Benefit with respect to a carryover is used to produce a Company Tax Benefit.

(d) "Final Determination" shall mean the final resolution of any Tax liability (including all related interest and penalties) for a taxable period. A Final Determination shall result from the first to occur of:

(i) the expiration of 30 days after IRS acceptance of a Waiver of Restrictions on Assessment and Collection of Deficiency in Tax and Acceptance of Overassessment on Federal Revenue Form 870 or 870-AD (or any successor comparable form or the expiration of a comparable period with respect to any comparable agreement or form under the laws of other jurisdictions), unless, within such period, the taxpayer gives notice to the other party of the taxpayer's intention to attempt to recover all or part of any amount paid pursuant to the Waiver by the filing of a timely claim for refund;

(ii) a decision, judgment, decree, or other order by a court of competent jurisdiction that is not subject to further judicial review (by appeal or otherwise) and has become final;

(iii) the execution of a closing agreement under section 7121 of the Code or the acceptance by the IRS or its counsel of an offer in compromise under section 7122 of the Code, or comparable agreements under the laws of other jurisdictions;

(iv) the expiration of the time for filing a claim for refund or for instituting suit in respect of a claim for refund disallowed in whole or part by the IRS or other relevant taxing authority;

(v) any other final disposition of the tax liability for such period by reason of the expiration of the applicable statute of limitations; or

(vi) any other event that the parties agree is a final and irrevocable determination of the liability at issue.

(e) "Income Tax" shall mean federal income taxes and state and local taxes imposed upon, or measured by, income. Income Tax includes interest, penalties, and other additions to tax.

(f) "IRS" shall mean the United States Internal Revenue Service or any successor, including, but not limited to, its agents, representatives, and attorneys.

(g) "Tax" shall mean any federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code (S) 59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property,

personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty or addition thereto, whether disputed or not.

(h) "Tax Benefit" shall mean a reduction in the personal Income Tax liability of the Shareholder (as a result of Tax Items of Manhattan LLC and all other Tax Items reflected on the Shareholder's tax return) for any taxable period. The Shareholder shall be deemed to have realized or received a Tax Benefit from a Tax Item in a taxable period only if and to the extent that the Shareholder's personal Income Tax liability for such period is less than it would have been if such liability were determined without regard to such Tax Item. The Shareholder shall be deemed to have realized or received a Tax Benefit with respect to a carryover only if, when, and to the extent the carryover is used to produce a Tax Benefit.

(i) "Tax Item" shall mean any item of income, gain, loss, deduction, credit, recapture of credit, or any other item which increases or decreases Income Taxes paid or payable by the Shareholder or by the Company.

(j) "Transaction" shall mean the transactions contemplated by and described in the Contribution Agreement.

ARTICLE II

INDEMNIFICATION FOR CERTAIN TAXES

(a) The Shareholder shall pay to the Company an amount equal to any Tax Benefit actually realized or received arising from an Adjustment with respect to a Tax Item of the Company for any taxable period in which Manhattan LLC was taxable as a limited liability company.

(b) The Shareholder represents and warrants to the Company that:

(i) None of the Company or Manhattan LLC will incur any Taxes as a result of the Transaction;

(ii) If subsequent to the Transaction one or more of Manhattan LLC, Pegasys Systems, Inc. ("Pegasys") and/or PAC is liquidated or otherwise ceases to exist for tax purposes, none of the Company, Manhattan LLC, Pegasys or PAC will incur any Taxes as a result of any such entity liquidating or otherwise ceasing to exist (other than any Taxes that would be imposed without regard to the Transaction or such liquidation or such entity ceasing to exist);

(iii) Since its inception through the date of the Transaction, Manhattan LLC has been an association taxable as a partnership for all federal and applicable state income tax purposes.

With respect to representations (i) and (ii) above, the Shareholder will indemnify and hold harmless the Company from any liability for Taxes, costs and expenses, including

reasonable attorneys fees, arising from any breach of the Shareholder's representations and warranties set forth therein. With respect to representations and warranties (iii) above, the Shareholder will indemnify and hold harmless the Company from any liability for Income Taxes, costs and expenses including reasonable attorney fees, arising from any breach of the Shareholder's representations and warranties.

The Shareholder's obligation under this subsection (b) shall be limited to the total distributions from Manhattan LLC received by Shareholder at any time prior to or in connection with the Transaction, reduced by any taxes (net of any refunds) imposed on the Shareholder with respect to his distributive share of income and gains of Manhattan LLC.

(c) The Company shall pay and indemnify the Shareholder for any limited liability company Tax Liability arising from an Adjustment with respect to a Tax Item of Manhattan LLC.

(d) Any payment required under this Article shall be made by the earliest of (1) 20 days after the Shareholder receives a refund or credit, (2) 20 days after a Final Determination with respect to such tax, (3) with respect to a carryover, 20 days after the Shareholder files a tax return on which the carryover produces a Tax Benefit, or (4) 20 days after the determination by the parties or pursuant to Article IV that such payment is due. All obligations of indemnification hereunder shall be net of any Tax Benefit realized to the Shareholder or Company Tax Benefit realized by the Company, as appropriate.

ARTICLE III

COOPERATION AND EXCHANGE OF INFORMATION

Whenever the Shareholder or the Company becomes aware of an issue which either party believes could give rise to payment or indemnification from the other party under Article II, the Shareholder or the Company (as the case may be) shall promptly give notice of the issue to the other party. The indemnitor and its representatives, at the indemnitor's expense, shall be entitled to participate in all conferences, meetings or proceedings with the IRS or other taxing authority with respect to the issue.

The parties agree to consult and cooperate with each other in the negotiation and settlement or litigation of any Adjustment that may give rise to any payment or an indemnification payment under this Agreement. All decisions with respect to such negotiation and settlement or litigation shall be made by the parties after full and good faith consultation.

If a party who will be required to make an indemnification payment (the "Indemnifying Party") proposes to accept a settlement offered by the relevant taxing authority with respect to an issue for one or more taxable years, but the party who will be entitled to receive the payment (the "Indemnified Party") disagrees with the proposed settlement, then the Indemnifying Party may pay to the Indemnified Party the amount that would be due under this Agreement pursuant to such settlement and, in that event, the Indemnifying Party shall have no further responsibility for amounts attributable to that issue for the taxable years involved.

ARTICLE IV

DISPUTES

If the parties are, after negotiation in good faith, unable to agree upon the appropriate calculation of amounts due under this Agreement, the controversy shall be settled by Arthur Andersen, LLP (the "Accounting Firm").

The decision of the Accounting Firm shall be final, and each of the Company and the Shareholder agree immediately to pay to the other any amount due under this Agreement pursuant to such decision. The expenses of the Accounting Firm shall be borne one-half by the Company and one-half by the Shareholder unless the Accounting Firm specifies otherwise.

Any dispute arising between the parties with reference to the legal interpretation of this Agreement or their rights hereunder shall, upon written request of either party, be submitted to three arbitrators, one to be chosen by each party, and the third by the two so chosen. Each party shall submit its case to its arbitrator within thirty days of the appointment of the third arbitrator. The decision in writing of any two arbitrators, when filed with the parties hereto, shall be final and binding on both parties. Judgment may be entered upon the final decision of the arbitrators in any court having jurisdiction. Each party shall bear the expense of its own arbitrator and shall jointly and equally bear with the other party the expense of the third arbitrator and of the arbitration.

ARTICLE V

MISCELLANEOUS

Section 5.1 Term of Agreement. This Agreement shall become effective as of the date of its execution and shall continue in full force and effect indefinitely, except that this Agreement shall be void and of no effect if the Transaction is not consummated before September 1, 1998.

Section 5.2 Severability. If any term of this Agreement is held by a

court of competent jurisdiction to be unenforceable, the remainder of the terms set forth herein shall remain in full force and effect and shall in no way be impaired. In the event that any term is held to be unenforceable, the parties shall use their best efforts to find an alternative means to achieve the same or substantially the same result as that contemplated by such term.

Section 5.3 Assignment. Except by operation of law or in connection with the sale of all or substantially all the assets of a party, this Agreement shall not be assignable, in whole or in part, directly or indirectly, by the Shareholder without the written consent of the Company or by the Company without the written consent of the Shareholder. Any attempt to assign any right or obligations arising under this Agreement without such consent shall be void. However, the provisions of this Agreement shall be binding upon inure to the benefit of, and be enforceable by the parties and their respective successors and permitted assigns, including, but not limited to, Manhattan Associates, Inc., a Georgia corporation as the successor of Manhattan LLC.

Section 5.4 Further Assurances. Subject to the provisions of this Agreement, the parties shall acknowledge such other instruments and documents, and take all other actions, as may be reasonably required in order to effectuate the purposes of this Agreement.

Section 5.5 Parties in Interest. Except as herein otherwise specifically provided, nothing in this Agreement expressed or implied is intended to confer any right or benefit upon any person, firm, or corporation other than the parties and their respective successors and permitted assigns.

Section 5.6 Waivers, Etc. No failure or delay on the part of the parties in exercising any power or right under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power. No modification or waiver of any provision of this Agreement nor consent to any departure by the parties therefrom shall in any event be effective unless it shall be in writing, and then such waiver or consent shall be effective only in the specific instance and for the purpose which given.

Section 5.7 Set-off. All payments to be made by any party under this Agreement shall be made without set-off, counterclaim, or withholding, all of which are expressly waived.

Section 5.8 Change of Law. If, due to any change in applicable law or regulations or the interpretation thereof by any court or other governing body having jurisdiction subsequent to the date of this Agreement, performance of any provision of this Agreement shall be impracticable or impossible, the parties shall use their best efforts to find an alternative means to achieve the same or substantially the same results as are contemplated by such provision.

Section 5.9. Headings. Descriptive headings are for convenience only and shall not control or affect the meaning of any provision of this Agreement.

Section 5.10 Counterparts. For the convenience of the parties, any number of counterparts of this Agreement may be executed by the parties and each executed counterpart shall be an original instrument.

Section 5.11 Notices. All notices provided for in this Agreement shall be

validly given if in writing and delivered personally or sent by registered mail, postage prepaid

if to the Company, at

Manhattan Associates, Inc.
2300 Windy Ridge Parkway
Suite 700
Atlanta, Georgia 30339
Attn: President

copy to:

David K. Dabbiere, Esq.
General Counsel
Manhattan Associates, LLC
2300 Windy Ridge Parkway
Suite 700
Atlanta, Georgia 30339

if to the Shareholder, to:

---

or to such other addresses as any party may, from time to time, designate in a written notice given in a like manner. Notice given by mail shall be deemed delivered five calendar days after the date mailed.

Section 5.12 Governing Law. This Agreement shall be governed by the domestic substantive laws of Georgia without regard to any choice or conflict of laws rule or provision that would cause the application of the domestic substantive laws of any other jurisdiction.

Section 5.13 No Double Recovery. The total recovery received by the Company pursuant to this Agreement and any of the other Tax Indemnification Agreements between the Company and any former, present or future shareholder of Manhattan LLC with respect to a Final Determination shall not exceed the total Taxes, costs and expenses arising from such Final Determination.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be duly executed as of the day and year first written above.

MANHATTAN ASSOCIATES, INC.:

By: /s/ Alan J. Dabbiere

Alan J. Dabbiere, President

SHAREHOLDER:

(SEAL)

EXHIBIT 10.8

MANHATTAN ASSOCIATES, INC./DABBIERE SHAREHOLDER

TAX INDEMNIFICATION AGREEMENT

This TAX INDEMNIFICATION AGREEMENT, dated as of the 27th day of February, 1998, is entered into by MANHATTAN ASSOCIATES, INC., a Georgia corporation (the "Company") and _____ (the "Shareholder").

RECITALS

WHEREAS, the Shareholder holds approximately _____ percent of the outstanding voting common stock of Pegasys Systems Incorporated, a New Jersey corporation ("Pegasys") and approximately _____ percent of the non-voting common stock of Pegasys (the voting common stock and non-voting common stock of Pegasys are hereinafter referred to as the "Pegasys Shares"); and

WHEREAS, Pegasys holds approximately _____ percent of the outstanding Shares of Manhattan Associates, LLC, a Georgia limited liability company ("Manhattan LLC"), as defined in the Operating Agreement, as amended, of Manhattan LLC; and

WHEREAS, pursuant to a Subscription and Contribution Agreement dated February 27, 1998, (the "Contribution Agreement"), the Shareholder intends to contribute all its Pegasys Shares in exchange for shares of the common stock, $.01 par value per share (the "Common Stock") of the Company; and

WHEREAS, the Company is now contemplating offering and selling shares of its Common Stock to the public (the "Public Offering"); and

WHEREAS, the parties hereto wish to set forth their agreement with respect to certain adjustments to the federal and state income tax liability of the Shareholder and the Company;

NOW, THEREFORE, for value received, the parties agree as follows:

ARTICLE I

DEFINITIONS

For purposes of this Agreement the following definitions shall apply:

(a) "Adjustment" shall mean any proposed or final change in any Tax liability initiated by any of the Shareholders, the Company, Manhattan LLC, Pegasys or the IRS, state or local taxing authority, or any other relevant taxing authority.

(b) "Code" shall mean the Internal Revenue Code of 1986, as amended and in effect for the taxable period in question.

(c) "Company Tax Benefit" shall mean a reduction in the Income Tax liability of the Company for any taxable period beginning after the date of the Transaction. The Company shall be deemed to have received or realized a Company Tax Benefit from a Tax Item in a taxable period only if and to the extent that the Company's Income Tax liability for such period is less than it would have been if such liability were determined without regard to such Tax Item. The

Company shall be deemed to have realized or received a Company Tax Benefit with respect to a carryover is used to produce a Company Tax Benefit.

(d) "Final Determination" shall mean the final resolution of any Tax liability (including all related interest and penalties) for a taxable period. A Final Determination shall result from the first to occur of:

(i) the expiration of 30 days after IRS acceptance of a Waiver of Restrictions on Assessment and Collection of Deficiency in Tax and Acceptance of Overassessment on Federal Revenue Form 870 or 870-AD (or any successor comparable form or the expiration of a comparable period with respect to any comparable agreement or form under the laws of other jurisdictions), unless, within such period, the taxpayer gives notice to the other party of the taxpayer's intention to attempt to recover all or part of any amount paid pursuant to the Waiver by the filing of a timely claim for refund;

(ii) a decision, judgment, decree, or other order by a court of competent jurisdiction that is not subject to further judicial review (by appeal or otherwise) and has become final;

(iii) the execution of a closing agreement under section 7121 of the Code or the acceptance by the IRS or its counsel of an offer in compromise under section 7122 of the Code, or comparable agreements under the laws of other jurisdictions;

(iv) the expiration of the time for filing a claim for refund or for instituting suit in respect of a claim for refund disallowed in whole or part by the IRS or other relevant taxing authority;

(v) any other final disposition of the tax liability for such period by reason of the expiration of the applicable statute of limitations; or

(vi) any other event that the parties agree is a final and irrevocable determination of the liability at issue.

(e) "Income Tax" shall mean federal income taxes and state and local taxes imposed upon, or measured by, income. Income Tax includes interest, penalties, and other additions to tax.

(f) "IRS" shall mean the United States Internal Revenue Service or any successor, including, but not limited to, its agents, representatives, and attorneys.

(g) "LLC Tax Liability" shall mean the personal Income Tax liability of the Shareholder for Income Taxes attributable to :

(i) Tax Items of Manhattan LLC that pass through to the Shareholder under the provisions of the Code and any similar provisions of state and local law, or

(ii) the Shareholder's receipt of indemnity payments hereunder.

(h) "S Corporation" shall mean an S Corporation within the meaning of section 1361 of the Code.

(i) "S Corporation Tax Liability" shall mean the personal Income liability of the Shareholder for Income Taxes attributable to:

(i) the Company's Tax Items that pass through to the Shareholder under the provisions of Subchapter S of the Code and any similar provisions of state and local law, or

(ii) the Stockholder's receipt of indemnity payments hereunder.

(j) "Tax" shall mean any federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code (S) 59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty or addition thereto, whether disputed or not.

(k) "Tax Benefit" shall mean a reduction in the personal Income Tax liability of the Shareholder (as a result of Tax Items of the Company and all other Tax Items reflected on the Shareholder's tax return) for any taxable period. The Shareholder shall be deemed to have realized or received a Tax Benefit from a Tax Item in a taxable period only if and to the extent that the Shareholder's personal Income Tax liability for such period is less than it would have been if such liability were determined without regard to such Tax Item. The Shareholder shall be deemed to have realized or received a Tax Benefit with respect to a carryover only if, when, and to the extent the carryover is used to produce a Tax Benefit.

(l) "Tax Item" shall mean any item of income, gain, loss, deduction, credit, recapture of credit, or any other item which increases or decreases Income Taxes paid or payable by the Shareholder or by the Company.

(m) "Transaction" shall mean the transactions contemplated by and described in the Contribution Agreement.

ARTICLE II

INDEMNIFICATION FOR CERTAIN TAXES

(a) The Shareholder shall pay to the Company an amount equal to any Tax Benefit actually realized or received arising from an Adjustment with respect to a Tax Item of the Company for any taxable period in which (i) the Company was taxable as a limited liability company or (ii) Pegasys was taxable as an S corporation.

(b) The Shareholder represents and warrants to the Company that:

(i) None of the Company, Manhattan LLC or Pegasys will incur any Taxes as a result of the Transaction;

(ii) If subsequent to the Transaction one or more of Manhattan LLC, Pegasys and/or PAC is liquidated or otherwise ceases to exist for tax purposes, none of the Company, Manhattan LLC, Pegasys or PAC will incur any Taxes as a result of any such entity liquidating or otherwise ceasing to exist (other than Taxes that would be imposed without regard to the Transaction or such liquidation or such entity ceasing to exist);

(iii) Since its inception and through December 31, 1993, Pegasys was taxed as a C Corporation within the meaning of (S) 1361 of the Code, and since January 1, 1994, through the date of the Transaction, Pegasys has been an S Corporation for all federal and applicable state income tax purposes; and

(iv) Since its inception through the date of the Transaction, Manhattan LLC has been an association taxable as a partnership for all federal and applicable state income tax purposes.

With respect to representations (i) and (ii) above, the Shareholder will indemnify and hold harmless the Company from any liability for Taxes, costs and

expenses, including reasonable attorneys fees, arising from any breach of the Shareholder's representations and warranties set forth therein. With respect to representations and warranties (iii) and (iv) above, the Shareholder will indemnify and hold harmless the Company from any liability for Income Taxes, costs and expenses including reasonable attorney fees, arising from any breach of the Shareholder's representations and warranties.

The Shareholder's obligation under this subsection (b) shall be limited to the total distributions from Manhattan LLC or Pegasys received by Shareholder at any time prior to or in connection with the Transaction, reduced by any taxes (net of any refunds) imposed on the Shareholder with respect to his distributive share of income and gains of Manhattan LLC and Pegasys.

(c) The Company shall pay and indemnify the Shareholder for any LLC Tax Liability or S Corporation Tax Liability arising from an Adjustment with respect to a Tax Item of the Company.

(d) Any payment required under this Article shall be made by the earliest of (1) 20 days after the Shareholder receives a refund or credit, (2) 20 days after a Final Determination with respect to such tax, (3) with respect to a carryover, 20 days after the Shareholder files a tax return on which the carryover produces a Tax Benefit, or (4) 20 days after the determination by the parties or pursuant to Article IV that such payment is due. All obligations of indemnification hereunder shall be net of any Tax Benefit realized to the Shareholder or Company Tax Benefit realized by the Company, as appropriate.

ARTICLE III

COOPERATION AND EXCHANGE OF INFORMATION

Whenever the Shareholder or the Company becomes aware of an issue which either party believes could give rise to payment or indemnification from the other party under Article II, the Shareholder or the Company (as the case may be) shall promptly give notice of the issue to the other party. The indemnitor and its representatives, at the indemnitor's expense, shall be entitled to participate in all conferences, meetings or proceedings with the IRS or other taxing authority with respect to the issue.

The parties agree to consult and cooperate with each other in the negotiation and settlement or litigation of any Adjustment that may give rise to any payment or an indemnification payment under this Agreement. All decisions with respect to such negotiation and settlement or litigation shall be made by the parties after full and good faith consultation.

If a party who will be required to make an indemnification payment (the "Indemnifying Party") proposes to accept a settlement offered by the relevant taxing authority with respect to an issue for one or more taxable years, but the party who will be entitled to receive the payment (the "Indemnified Party") disagrees with the proposed settlement, then the Indemnifying Party may pay to the Indemnified Party the amount that would be due under this Agreement pursuant to such settlement and, in that event, the Indemnifying Party shall have no further responsibility for amounts attributable to that issue for the taxable years involved.

ARTICLE IV

DISPUTES

If the parties are, after negotiation in good faith, unable to agree upon the appropriate calculation of amounts due under this Agreement, the controversy shall be settled by Arthur Andersen, LLP (the "Accounting Firm").

The decision of the Accounting Firm shall be final, and each of the Company and the Shareholder agree immediately to pay to the other any amount due under this Agreement pursuant to such decision. The expenses of the Accounting Firm shall be borne one-half by the Company and one-half by the Shareholder unless the parties agree otherwise.

Any dispute arising between the parties with reference to the legal interpretation of this Agreement or their rights hereunder shall, upon written request of either party, be submitted to three arbitrators, one to be chosen by each party, and the third by the two so chosen. Each party shall submit its case to its arbitrator within thirty days of the appointment of the third arbitrator. The decision in writing of any two arbitrators, when filed with the parties hereto, shall be final and binding on both parties. Judgment may be entered upon the final decision of the arbitrators in any court having jurisdiction. Each party shall bear the expense of its own arbitrator and shall jointly and equally bear with the other party the expense of the third arbitrator and of the arbitration.

ARTICLE V

MISCELLANEOUS

Section 5.1 Term of Agreement. This Agreement shall become effective as of the date of its execution and shall continue in full force and effect indefinitely, except that this Agreement shall be void and of no effect if the Transaction is not consummated before September 1, 1998.

Section 5.2 Severability. If any term of this Agreement is held by a court of competent jurisdiction to be unenforceable, the remainder of the terms set forth herein shall remain in full force and effect and shall in no way be impaired. In the event that any term is held to be unenforceable, the parties shall use their best efforts to find an alternative means to achieve the same or substantially the same result as that contemplated by such term.

Section 5.3 Assignment. Except by operation of law or in connection with the sale of all or substantially all the assets of the Company, this Agreement shall not be assignable, in whole or in part, directly or indirectly, by the Shareholder without the written consent of the Company or by the Company without the written consent of the Shareholder. Any attempt to assign any right or obligations arising under this Agreement without such consent shall be void. The provisions of this Agreement shall be binding upon inure to the benefit of, and be enforceable by the parties and their respective heirs, successors and permitted assigns.

Section 5.4 Further Assurances. Subject to the provisions of this Agreement, the parties shall acknowledge such other instruments and documents, and take all other actions, as may be reasonably required in order to effectuate the purposes of this Agreement.

Section 5.5 Parties in Interest. Except as herein otherwise specifically provided, nothing in this Agreement expressed or implied is intended to confer any right or benefit upon any person, firm, or corporation other than the parties and their respective successors and permitted assigns.

Section 5.6 Waivers, Etc. No failure or delay on the part of the parties in exercising any power or right under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power. No modification or waiver of any provision of this Agreement nor consent

to any departure by the parties therefrom shall in any event be effective unless it shall be in writing, and then such waiver or consent shall be effective only in the specific instance and for the purpose which given.

Section 5.7 Set-off. All payments to be made by any party under this Agreement shall be made without set-off, counterclaim, or withholding, all of which are expressly waived.

Section 5.8 Change of Law. If, due to any change in applicable law or regulations or the interpretation thereof by any court or other governing body having jurisdiction subsequent to the date of this Agreement, performance of any provision of this Agreement shall be impracticable or impossible, the parties shall use their best efforts to find an alternative means to achieve the same or substantially the same results as are contemplated by such provision.

Section 5.9. Headings. Descriptive headings are for convenience only and shall not control or affect the meaning of any provision of this Agreement.

Section 5.10 Counterparts. For the convenience of the parties, any number of counterparts of this Agreement may be executed by the parties and each executed counterpart shall be an original instrument.

Section 5.11 Notices. All notices provided for in this Agreement shall be validly given if in writing and delivered personally or sent by registered mail, postage prepaid

if to the Company, at

Manhattan Associates, Inc.
2300 Windy Ridge Parkway
Suite 700
Atlanta, Georgia 30339
Attn: President

copy to:

David K. Dabbiere, Esq.
General Counsel
Manhattan Associates, Inc.
2300 Windy Ridge Parkway
Suite 700
Atlanta, Georgia 30339

if to the Shareholder, to:

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or to such other addresses as any party may, from time to time, designate in a written notice given in a like manner. Notice given by mail shall be deemed delivered five calendar days after the date mailed.

Section 5.12 Governing Law. This Agreement shall be governed by the domestic substantive laws of Georgia without regard to any choice or conflict of laws rule or provision that would cause the application of the domestic

substantive laws of any other jurisdiction.

Section 5.13 No Double Recovery. The total recovery received by the Company pursuant to this Agreement and any of the other Tax Indemnification Agreements between the Company and any former, present or future shareholder of Manhattan LLC with respect to a Final Determination shall not exceed the total Taxes, costs and expenses arising from such Final Determination.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be duly executed as of the day and year first written above.

MANHATTAN ASSOCIATES, INC.:	SHAREHOLDER:
By:	
----------	----------
Alan J. Dabbiere, President	(SEAL)

EXHIBIT 10.9

SHARE PURCHASE AGREEMENT

THIS SHARE PURCHASE AGREEMENT, effective as of February 16, 1998 (the "Agreement"), by and among DEEPAK RAGHAVAN, an individual resident of the state of Georgia ("Raghavan") and MANNATTAN ASSOCIATES, LLC, a Georgia limited liability company (the "Company").

W I T N E S S E T H:
- - - - - - - - - - -

WHEREAS, the Operating Agreement of the Company, as amended, authorizes the Company to issue 12,607,337 Shares of its limited liability company interests (as defined in the Operating Agreement, as amended);

WHEREAS, 10,000,004 Shares of the Company have been issued as of the date hereof;

WHEREAS, the Company desires to acquire additional capital in order to continue its growth and expand its work-force;

WHEREAS, Raghavan serves a Manager and as the Chief Technology Officer of the Company; and

WHEREAS, Raghavan desires to purchase from the Company and the Company desires to sell to Raghavan, 50,000 Shares of the Company (the "Additional Shares") at $20 per share, for an aggregate purchase price of $1,000,000;

NOW THEREFORE, in consideration of the foregoing, the mutual covenants and agreements contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereto agree as follows:

ARTICLE 1
SALE OF SHARE CAPITAL; CLOSING

Section 1.1. Purchase and Sale. On the basis of the covenants and agreements set forth herein, Raghavan hereby purchases from the Company and the Company hereby sells, conveys and assigns to Raghavan all of the Additional Shares.

Section 1.2. Purchase Price. In consideration of the sale of the Additional Shares, and the covenants and agreements of the Company set forth herein, Raghavan is paying in cash an aggregate amount of U.S. $1,000,000.

Section 1.3. Closing. The Closing of the purchase and sale of the Additional Shares (the "Closing") is being held contemporaneously with the execution and delivery of this Agreement at the offices of the Company, 2300 Windy Ridge Parkway, Suite 700, Atlanta, Georgia 30339, on the date hereof. The date of the Closing is referred to as the "Closing Date."

Section 1.4 Further Assurances. The Company from time to time after the Closing, at Raghavan's request, will execute and acknowledge and deliver to Raghavan such other instruments of conveyance and transfer and will take such other actions and execute and deliver such other documents, certifications and further assurances as Raghavan may reasonably request in order to vest more effectively in Raghavan, or to put Raghavan more fully in possession of, any of the Additional Shares. Each of the parties hereto will cooperate with the other and execute and deliver to the other such other instruments and documents and take such other actions as may be reasonably requested from time to time by any

party hereto as necessary to carry out, evidence and confirm the intended purposes of this Agreement.

ARTICLE 2.
SECURITIES COMPLIANCE UPON TRANSFER

Raghavan understands that he must bear the economic risk of this investment for an indefinite period of time because the Additional Shares are not registered under the Securities Act of 1933, as amended (the "1933 Act") or the securities laws of any state or other jurisdiction. Raghavan has been advised that there is no public market for the Additional Shares and that the Additional Shares are not being registered under the 1933 Act upon the basis that the transaction involving their sale is exempt from such registration requirements, and that reliance by the Company on such exemption is predicated in part on Raghavan's representations set forth in this Agreement. Raghavan acknowledges that no representations of any kind concerning the future intent or ability to offer or sell the Additional Shares in a public offering or otherwise have been made to Raghavan by the Company or any other person or entity. Raghavan understands that the Company makes no covenant, representation or warranty with respect to the registration of securities under the Securities Exchange Act of 1934, as amended, or its dissemination to the public of any current financial or other information concerning the Company. Accordingly, Raghavan acknowledges that there is no assurance that there will ever be any public market for the Additional Shares or that Raghavan will be able to publicly offer or sell any Shares.

Raghavan represents and warrants that he is able to bear the economic risk of losing his entire investment in the Company, which investment is not disproportionate to Raghavan's net worth, and that Raghavan has adequate means of providing for his current needs and personal contingencies without regard to any investment in the Company. Raghavan acknowledges that any investment in the Company involves a high degree of risk. Raghavan acknowledges that he and his advisors have had an opportunity to ask questions of and to receive answers from the officers of the Company and to obtain additional information in writing to the extent that the Company possesses such information or could acquire it without unreasonable effort or expense: (i) relative to the Company and the Additional Shares; and (ii) necessary to verify the accuracy of any information, documents, books and records furnished. Raghavan represents, warrants and covenants to the Company that he is a resident of the State of Georgia, will be the sole party in

interest as to the Additional Shares and is acquiring the Additional Shares for his own account, for investment only, and not with a view toward the resale or distribution thereof.

Raghavan agrees that he will not attempt to pledge, transfer, convey or otherwise dispose of the Additional Shares except in a transaction that is the subject of either (i) an effective registration statement under the 1933 Act and any applicable state securities laws, or (ii) an opinion of counsel, which shall be satisfactory to the Company, to the effect that such registration is not required. Raghavan consents to the placement of legends on any certificate or documents representing any of the Additional Shares stating that the Additional Shares have not been registered under the 1933 Act or any applicable state securities laws and setting forth or referring to the restrictions on transferability and sale thereof. Raghavan is aware that the Company will make a notation in its appropriate records, and notify its transfer agent, with respect to the restrictions on the transferability of the Additional Shares.

Raghavan represents and warrants that he is familiar with the business in which the Company is engaged and, based upon his knowledge and experience in financial and business matters, is familiar with investments of the sort that he is undertaking herein, is fully aware of the problems and risks involved in making an investment of this type and is capable of evaluating the merits and risks of this investment. Raghavan represents and warrants that he is an "accredited investor" as defined in Rule 501(a) of Regulation D promulgated pursuant to the 1933 Act. Raghavan also acknowledges that he is not acquiring

the Additional Shares based upon any representation, oral or written, by any person with respect to the future value of, or income from, the Additional Shares but rather upon his own independent examination and judgment as to the prospects of the Company. Raghavan acknowledges that the Company has made no oral or written representations or warranties in connection with the issuance of the Additional Shares and the Company has not made or delivered to Raghavan any financial projections or forecasts.

Raghavan represents and warrants that the Additional Shares are being issued to him without any form of general solicitation or advertising of any type by or on behalf of the Company or any of its officers, directors, affiliates, agents or representatives and that this Agreement is a valid and binding obligation of Raghavan enforceable against him in accordance with its terms.

ARTICLE 3.
DELIVERIES AT CLOSING

Section 3.1. Deliveries by Seller. The Company has delivered or has caused to be delivered to Raghavan a duly completed and signed share transfer and share certificate in favor of Raghavan in respect of all of the Additional Shares.

Section 3.2. Deliveries by Raghavan. Raghavan has delivered or has caused to be delivered to the Company a receipt acknowledging delivery and receipt of the share certificate.

ARTICLE 4.
MISCELLANEOUS PROVISIONS

Section 4.1. Entire Agreement; Modifications and Amendments. This Agreement constitutes the entire agreement between the parties relating to the subject matter hereof and thereof and supersedes all prior oral and written agreements. This Agreement may not be amended, supplemented or otherwise modified except by an instrument in writing signed by each of the parties hereto, and no oral waiver to this sentence shall be valid.

Section 4.2. Assignment; Successors-in-Interest. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their permitted successors and assigns, but no assignment shall relieve any party of its obligations hereunder. Any reference hereto shall also be a reference to a permitted successor or assign.

Section 4.3. Captions. The titles and captions contained in this Agreement are inserted herein for convenience and for reference only and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof.

Section 4.4. Controlling Law; Integration. This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Georgia, U.S.A., without reference to Georgia's choice of law rules. The parties hereto hereby agree that any legal proceeding instituted with respect to this Agreement may be brought in Atlanta, Georgia, U.S.A. and the parties hereby submit to personal jurisdiction therein and agree that venue properly lies therein. This Agreement supersedes all negotiations, agreements and understandings among the parties with respect to the subject matter hereof and constitutes the entire agreement among the parties hereto.

Section 4.5. Severability. Any provision hereof which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the

remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction will not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by law, the parties hereto waive any provision of law which renders any such provision prohibited or unenforceable in any respect.

Section 4.6. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 4.7. Enforcement of Certain Rights. Nothing expressed or implied in this Agreement is intended, or shall be construed, to confer upon or give any person, firm or corporation other than the parties hereto, and their successors or assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, or result in such person, firm or corporation being deemed a third party beneficiary of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, effective as of the date first above written.

/s/ DEEPAK RAGHAVAN
DEEPAK RAGHAVAN

MANHATTAN ASSOCIATES, INC.

By: /s/ Alan J. Dabbiere
Alan J. Dabbiere, President

EXHIBIT 10.10

MANHATTAN ASSOCIATES, INC.

STOCK INCENTIVE PLAN

SECTION 1.
PURPOSE

The purpose of this Plan is to promote the interests of the Company by providing the opportunity to purchase Shares or to receive compensation which is based upon appreciation in the value of Shares to Employees and Key Persons in order to attract and retain Employees and Key Persons by providing an incentive to work to increase the value of Shares and a stake in the future of the Company which corresponds to the stake of each of the Company's shareholders. The Plan provides for the grant of Incentive Stock Options, Non-Qualified Stock Options, Restricted Stock Awards and Stock Appreciation Rights to aid the Company in obtaining these goals.

SECTION 2.
DEFINITIONS

Each term set forth in this Section shall have the meaning set forth opposite such term for purposes of this Plan and, for purposes of such definitions, the singular shall include the plural and the plural shall include the singular, and reference to one gender shall include the other gender.

2.1 BOARD means the Board of Directors of the Company.

2.2 CODE means the Internal Revenue Code of 1986, as amended.

2.3 COMMITTEE means the committee described in Section 5 hereof.

2.4 COMMON STOCK means the $.01 par value per share of common stock of the Company.

2.5 COMPANY means Manhattan Associates, Inc., a Georgia corporation, and any successor to such organization.

2.6 EMPLOYEE means an employee of the Company, a Subsidiary or a Parent.

2.7 EXCHANGE ACT means the Securities Exchange Act of 1934, as amended.

2.8 EXERCISE PRICE means the price which shall be paid to purchase one (1) Share upon the exercise of an Option granted under this Plan.

2.9 Fair Market Value of each Share on any date means the price determined below on the last business day immediately preceding the date of valuation:

(a) The closing sales price per Share, regular way, or in the absence thereof the mean of the last reported bid and asked quotations, on such date on the exchange having the greatest volume of trading in the Shares during the thirty-day period preceding such date (or if such exchange was not open for trading on such date, the next preceding date on which it was open); or

(b) If there is no price as specified in (a), the final reported sales price per Share, or if not reported, the mean of the closing high bid and low asked prices in the over-the-counter market for the Shares as reported by the National Association of Securities Dealers Automatic Quotation System, or if not so reported, then as reported by the National Quotation Bureau Incorporated, or if such organization is not in existence, by an organization providing similar services, on such date (or if such date is not a date for which such system or

organization generally provides reports, then on the next preceding date for which it does so); or

(c) If there also is no price as specified in (b), the price per Share determined by the Board by reference to bid-and-asked quotations for the Shares provided by members of an association of brokers and dealers registered pursuant to Subsection 15(b) of the Exchange Act, which members make a market in the Shares, for such recent dates as the Board shall determine to be appropriate for fairly determining current market value; or

(d) If there also is no price as specified in (c), an amount per Share determined in good faith by the Board based on such relevant facts, which may include opinions of independent experts, as may be available to the Board.

2.10 ISO means an option granted under this Plan to purchase Shares which is intended by the Company to satisfy the requirements of Code Section 422 as an incentive stock option.

2.11 KEY PERSON means (i) a member of the Board who is not an Employee, (ii) a consultant, distributor or other person who has rendered valuable services to the Company, a Subsidiary or a Parent, (iii) a person who has incurred, or is willing to incur, financial risk in the form of guaranteeing or acting as co-obligor with respect to debts or other obligations of the Company, or (iv) a person who has extended credit to the Company. Key Persons are not limited to individuals and, subject to the preceding definition, may include corporations, partnerships, associations and other entities.

2.12 NON-ISO means an option granted under this Plan to purchase Shares which is not intended by the Company to satisfy the requirements of Code Section 422.

2.13 OPTION means an ISO or a Non-ISO.

2.14 PARENT means any corporation which is a parent of the Company (within the meaning of Code Section 424).

2.15 PARTICIPANT means an individual who receives a Stock Incentive hereunder.

2.16 PLAN means the Manhattan Associates, Inc. Stock Incentive Plan, as amended from time to time.

2.17 SHARE means a share of the Common Stock of the Company.

2.18 STOCK INCENTIVE means an ISO, a Non-ISO, a Restricted Stock Award or a Stock Appreciation Right.

2.19 STOCK INCENTIVE AGREEMENT means an agreement between the Company and a Participant evidencing an award of a Stock Incentive.

2.20 SUBSIDIARY means any corporation which is a subsidiary of the Company (within the meaning of Code Section 424(f)).

2.21 SURRENDERED SHARES means the Shares described in Section 8.2 which (in lieu of being purchased) are surrendered for cash or Shares, or for a combination of cash and Shares, in accordance with Section 8.

2.22 TEN PERCENT SHAREHOLDER means a person who owns (after taking into account the attribution rules of Code Section 424(d)) more than ten percent (10%) of the total combined voting power of all classes of shares of either the Company, a Subsidiary or a Parent.

SECTION 3.
SHARES SUBJECT TO STOCK INCENTIVES

The total number of Shares that may be issued pursuant to Stock Incentives under this Plan shall not exceed five million (5,000,000), as adjusted pursuant to Section 11, less the number of Shares subject to options issued under the Manhattan Associates, LLC Option Plan. Such Shares shall be reserved, to the extent that the Company deems appropriate, from authorized but unissued Shares, and from Shares which have been reacquired by the Company. Furthermore, any Shares subject to a Stock Incentive which remain after the cancellation, expiration or exchange of such Stock Incentive thereafter shall again become available for use under this Plan, but any Surrendered Shares which remain after the surrender of an ISO or a Non-ISO under Section 8 shall not again become available for use under this Plan.

SECTION 4.
EFFECTIVE DATE

The effective date of this Plan shall be the date it is adopted by the Board, provided the shareholders of the Company approve this Plan within twelve (12) months after such effective date. If such effective date comes before such shareholder approval, any Stock Incentives granted under this Plan before the date of such approval automatically shall be granted subject to such approval.

SECTION 5.
ADMINISTRATION

This Plan shall be administered by the Board. The Board, acting in its absolute discretion, shall exercise such powers and take such action as expressly called for under this Plan. The Board shall have the power to interpret this Plan and, subject to Section 13 to take such other action in the administration and operation of the Plan as it deems equitable under the circumstances. The Board's actions shall be binding on the Company, on each affected Employee or Key Person, and on each other person directly or indirectly affected by such actions.

The Board may delegate its authority under the Plan, in whole or in part, to a committee appointed by the Board consisting of not less than two directors (the "Committee"), which may be the Compensation Committee of the Board, or a subcommittee of the Compensation Committee. The Committee (if appointed) shall act according to the policies and procedures set forth in the Plan and to those policies and procedures established by the Board, and the Committee shall have such powers and responsibilities as are set forth by the Board. Reference to the Board in this Plan shall specifically include reference to the Committee where the Board has delegated it authority to the Committee, and any action by the Committee pursuant to a delegation of authority by the Board shall be deemed an action by the Board under the Plan. Notwithstanding the above, the Board may assume the powers and responsibilities granted to the Committee at any time, in whole or in part.

Section 6.
ELIGIBILITY

Except as provided below, only Employees shall be eligible for the grant of Stock Incentives under this Plan, but no Employee shall have the right to be granted a Stock Incentive under this Plan merely as a result of his or her status as an Employee. Key Persons may be eligible, subject to written approval by the Board, for the grant of Stock Incentives under this Plan, but only if the Key Person has provided valuable services to the Company, a Subsidiary or a Parent, and only if the Stock Incentive is not an ISO.

SECTION 7
TERMS OF STOCK INCENTIVES

7.1 TERMS AND CONDITIONS OF ALL STOCK INCENTIVES.

(a) The Committee, in its absolute discretion, shall grant Stock Incentives under this Plan from time to time and shall have the right to grant new Stock Incentives in exchange for outstanding Stock Incentives. Stock Incentives shall be granted to Employees or Key Persons selected by the Committee, and the Committee shall be under no obligation whatsoever to grant Stock Incentives to all Employees or Key Persons, or to grant all Stock Incentives subject to the same terms and conditions. Each grant of a Stock Incentive shall be evidenced by a Stock Incentive Agreement.:

(b) The number of Shares as to which a Stock Incentive shall be granted shall be determined by the Committee in its sole discretion, subject to the provisions of Section 3 as to the total number of shares available for grants under the Plan.

(c) Each Stock Incentive shall be evidenced by a Stock Incentive Agreement executed by the Company and the Participant, which shall be in such form and contain such terms and conditions as the Committee in its discretion may, subject to the provisions of the Plan, from time to time determine.

(d) The date a Stock Incentive is granted shall be the date on which the Committee has approved the terms and conditions of the Stock Incentive Agreement and has determined the recipient of the Stock Incentive and the number of Shares covered by the Stock Incentive and has taken all such other action necessary to complete the grant of the Stock Incentive.

7.2 Terms and Conditions of Options. Each grant of an Option shall be evidenced by a Stock Incentive Agreement which shall:

(I) specify whether the Option is an ISO or Non-ISO; and

(II) incorporate such other terms and conditions as the Committee, acting in its absolute discretion, deems consistent with the terms of this Plan, including (without limitation) a restriction on the number of Shares subject to the Option which first become exercisable or subject to surrender during any calendar year.

In determining Employee(s) or Key Person(s) to whom an Option shall be granted and the number of Shares to be covered by such Option, the Committee may take into account the recommendations of the President of the Company and its other officers, the duties of the Employee or Key Person, the present and potential contributions of the Employee or Key Person to the success of the Company, the anticipated number of years of service remaining before the attainment by the Employee of retirement age, and other factors deemed relevant by the Committee, in its sole discretion, in connection with accomplishing the purpose of this Plan. An Employee or Key Person who has been granted an Option to purchase Shares, whether under this Plan or otherwise, may be granted one or more additional Options.

If the Committee grants an ISO and a Non-ISO to an Employee on the same date, the right of the Employee to exercise or surrender one such Option shall not be conditioned on his or her failure to exercise or surrender the other such Option.

(a) Exercise Price. Subject to adjustment in accordance with Section 11 and the other provisions of this Section, the Exercise Price shall be as set forth in the applicable Stock Incentive Agreement. With respect to each grant of an ISO to a Participant who is not a Ten Percent Shareholder, the Exercise Price shall not be less than the Fair Market Value on the date the ISO is granted. With respect to each grant of an ISO to a Participant who is a Ten Percent Shareholder, a Ten Percent Shareholder shall not be less than one hundred ten percent (110%) of the Fair Market Value on the date

the ISO is granted. If a Stock Incentive is a Non-ISO, the Exercise Price for each Share shall be no less than the minimum price required by applicable state law, or by the Company's governing instrument, or $0.01, whichever price is greater.

(b) Option Term. Each Option granted under this Plan shall be exercisable in whole or in part at such time or times as set forth in the related Stock Incentive Agreement, but no Stock Incentive Agreement shall:

(i) make an Option exercisable before the date such Option is granted; or

(ii) make an Option exercisable after the earlier of the:

(A) the date such Option is exercised in full, or

(B) the date which is the tenth (10th) anniversary of the date such Option is granted, if such Option is a Non-ISO or an ISO granted to a non-Ten Percent Shareholder, or the date which is the fifth (5th) anniversary of the date such Option is granted, if such Option is an ISO granted to a Ten Percent Shareholder.

A Stock Incentive Agreement may provide for the exercise of an Option after the employment of an Employee has terminated for any reason whatsoever, including death or disability.

(c) Payment for all shares of Stock purchased pursuant to exercise of an Option shall be made in cash or, if the Stock Incentive Agreement provides, by delivery to the Company of a number of Shares which have been owned by the holder for at least six (6) months prior to the date of exercise having an aggregate Fair Market Value of not less than the product of the Exercise Price multiplied by the number of Shares the Participant intends to purchase upon exercise of the Option on the date of delivery. In addition, the Stock Incentive Agreement may provide for cashless exercise through a brokerage transaction following registration of the Company's equity securities under Section 12 of the Securities Exchange Act of 1934. Except as provided in subparagraph (f) below, payment shall be made at the time that the Option or any part thereof is exercised, and no Shares shall be issued or delivered upon exercise of an Option until full payment has been made by the Participant. The holder of an Option, as such, shall have none of the rights of a stockholder.

Notwithstanding the above, and in the sole discretion of the Committee, an Option may be exercised as to a portion or all (as determined by the Committee) of the number of Shares specified in the Stock Incentive Agreement by delivery to the Company of a promissory note, such promissory note to be executed by the Participant and which shall include, with such other terms and conditions as the Committee shall determine, provisions in a form approved by the Committee under which: (i) the balance of the aggregate purchase price shall be payable in equal installments over such period and shall bear interest at such rate (which shall not be less than the prime bank loan rate as determined by the Committee) as the Committee shall approve, and (ii) the Participant shall be personally liable for payment of the unpaid principal balance and all accrued but unpaid interest.

(d) Conditions to Exercise of an Option. Each Option granted under the Plan shall be exercisable at such time or times, or upon the occurrence of such event or events, and in such amounts, as the Committee shall specify in the Stock Incentive Agreement; provided, however, that subsequent to the grant of an Option, the Committee, at any time before complete termination of such Option, may accelerate the time or times at which such Option may be

exercised in whole or in part.

(e) Nontransferability of Options Except as provided in subparagraph (f) below, an Option shall not be transferable or assignable except by will or by the laws of descent and distribution and shall be exercisable, during the Participant's lifetime, only by the Participant, or in the event of the disability of the Participant, by the legal representative of the Participant.

(f) Special Provisions for Certain Substitute Options. Notwithstanding anything to the contrary in this Section, any Option in substitution for a stock option previously issued by another entity, which substitution occurs in connection with a transaction to which Code Section 424(a) is applicable, may provide for an exercise price computed in accordance with such Code Section and the regulations thereunder and may contain such other terms and conditions as the Committee may prescribe to cause such substitute Option to contain as nearly as possible the same terms and conditions (including the applicable vesting and termination provisions) as those contained in the previously issued stock option being replaced thereby.

7.3 TERMS AND CONDITIONS OF STOCK APPRECIATION RIGHTS. A Stock Appreciation Right may be granted in connection with all or any portion of a previously or contemporaneously granted Option or not in connection with an Option. A Stock Appreciation Right shall entitle the Participant to receive upon exercise or payment the excess of: (I) the Fair Market Value of a specified number of Shares at the time of exercise, over (II) a specified price which shall be not less than the Exercise Price for that number of Shares in the case of a Stock Appreciation Right granted in connection with a previously or contemporaneously granted Option, or in the case of any other Stock Appreciation Right not less than one hundred percent (100%) of the Fair Market Value of that number of Shares at the time the Stock Appreciation Right was granted. A Stock Appreciation Right granted in connection with an Option may only be exercised to the extent that the related Option has not been exercised. The exercise of a Stock Appreciation Right shall result in a pro rata surrender of the related Option to the extent the Stock Appreciation Right has been exercised.

(a) Payment. Upon exercise or payment of a Stock Appreciation Right, the Company shall pay to the Participant the appreciation in cash or Shares (at the aggregate Fair Market Value on the date of payment or exercise) as provided in the Stock Incentive Agreement or, in the absence of such provision, as the Committee may determine.

(b) Conditions to Exercise. Each Stock Appreciation Right granted under the Plan shall be exercisable at such time or times, or upon the occurrence of such event or events, and in such amounts, as the Committee shall specify in the Stock Incentive Agreement; provided, however, that subsequent to the grant of a Stock Appreciation Right, the Committee, at any time before complete termination of such Stock Appreciation Right, may accelerate the time or times at which such Stock Appreciation Right may be exercised in whole or in part.

(c) Nontransferability of Stock Appreciation Right. A Stock Appreciation Right shall not be transferable or assignable except by will or by the laws of descent and distribution and shall be exercisable, during the Participant's lifetime, only by the Participant, or in the event of the disability of the Participant, by the legal representative of the Participant.

7.4 TERMS AND CONDITIONS OF RESTRICTED STOCK AWARDS. Shares awarded

pursuant to Restricted Stock Awards shall be subject to restrictions for periods determined by the Committee. The Committee shall have the power to permit, in its discretion, an acceleration of the expiration of the applicable restriction period with respect to any part or all of the Shares awarded to a Participant. The Committee may require a cash payment from the Participant in an amount no greater than the aggregate Fair Market Value of the Shares awarded determined at the date of grant in exchange for the grant of a Restricted Stock Award or may grant a Restricted Stock Award without the requirement of a cash payment.

SECTION 8.
SURRENDER OF OPTIONS

8.1 GENERAL RULE. The Committee, acting in its absolute discretion, may incorporate a provision in a Stock Incentive Agreement to allow an Employee or Key Person to surrender his or Option in whole or in part in lieu of the exercise in whole or in part of that Option on any date that:

(a) the Fair Market Value of the Shares subject to such Option exceeds Exercise Price for such Shares, and

(b) the Option to purchase such Shares is otherwise exercisable.

8.2 PROCEDURE. The surrender of an Option in whole or in part shall be effected by the delivery of the Stock Incentive Agreement to the Committee, together with a statement signed by the Participant which specifies the number of Shares ("Surrendered Shares") as to which the Participant surrenders his or her Option and how he or she desires payment be made for such Surrendered Shares.

8.3 PAYMENT. A Participant in exchange for his or her Surrendered Shares shall receive a payment in cash or in Shares, or in a combination of cash and Shares, equal in amount on the date such surrender is effected to the excess of the Fair Market Value of the Surrendered Shares on such date over the Exercise Price for the Surrendered Shares. The Committee, acting in its absolute discretion, can approve or disapprove a Participant's request for payment in whole or in part in cash and can make that payment in cash or in such combination of cash and Shares as the Committee deems appropriate. A request for payment only in Shares shall be approved and made in Shares to the extent payment can be made in whole shares of Shares and (at the Committee's discretion) in cash in lieu of any fractional Shares.

8.4 RESTRICTIONS. Any Stock Incentive Agreement which incorporates a provision to allow a Participant to surrender his or her Option in whole or in part also shall incorporate such additional restrictions on the exercise or surrender of such Option as the Committee deems necessary to satisfy the conditions to the exemption under Rule 16b-3 (or any successor exemption) to Section 16(b) of the Exchange Act.

SECTION 9.
SECURITIES REGULATION

Each Stock Incentive Agreement may provide that, upon the receipt of Shares as a result of the surrender or exercise of a Stock Incentive, the Participant shall, if so requested by the Company, hold such Shares for investment and not with a view of resale or distribution to the public and, if so requested by the Company, shall deliver to the Company a written statement satisfactory to the Company to that effect. Each Stock Incentive Agreement may also provide that, if so requested by the Company, the Participant shall make a written representation to the Company that he or she will not sell or offer to sell any of such Shares unless a registration statement shall be in effect with respect to such Shares under the Securities Act of 1933, as amended ("1933 Act"), and any applicable state securities law or, unless he or she shall have furnished to

the Company an opinion, in form and substance satisfactory to the Company, of

legal counsel acceptable to the Company, that such registration is not required. Certificates representing the Shares transferred upon the exercise or surrender of a Stock Incentive granted under this Plan may at the discretion of the Company bear a legend to the effect that such Shares have not been registered under the 1933 Act or any applicable state securities law and that such Shares may not be sold or offered for sale in the absence of an effective registration statement as to such Shares under the 1933 Act and any applicable state securities law or an opinion, in form and substance satisfactory to the Company, of legal counsel acceptable to the Company, that such registration is not required.

SECTION 10.
LIFE OF PLAN

No Stock Incentive shall be granted under this Plan on or after the earlier of:

(a) the tenth (10th) anniversary of the effective date of this Plan (as determined under Section 4 of this Plan), in which event this Plan otherwise thereafter shall continue in effect until all outstanding Stock Incentives have been surrendered or exercised in full or no longer are exercisable, or

(b) the date on which all of the Shares reserved under Section 3 of this Plan have (as a result of the surrender or exercise of Stock Incentives granted under this Plan) been issued or no longer are available for use under this Plan, in which event this Plan also shall terminate on such date.

SECTION 11.
ADJUSTMENT

The number of Shares reserved under Section 3 of this Plan, and the number of Shares subject to Stock Incentives granted under this Plan, and the Exercise Price of any Options, shall be adjusted by the Committee in an equitable manner to reflect any change in the capitalization of the Company, including, but not limited to, such changes as stock dividends or stock splits. Furthermore, the Committee shall have the right to adjust (in a manner which satisfies the requirements of Code Section 424(a)) the number of Shares reserved under Section 3, and the number of Shares subject to Stock Incentives granted under this Plan, and the Exercise Price of any Options in the event of any corporate transaction described in Code Section 424(a) which provides for the substitution or assumption of such Stock Incentives. If any adjustment under this Section creates a fractional Share or a right to acquire a fractional Share, such fractional Share shall be disregarded, and the number of Shares reserved under this Plan and the number subject to any Stock Incentives granted under this Plan shall be the next lower number of Shares, rounding all fractions downward. An adjustment made under this Section by the Committee shall be conclusive and binding on all affected persons and, further, shall not constitute an increase in the number of Shares reserved under Section 3.

SECTION 12.
CORPORATE REORGANIZATION

(a) Except as provided in subsection (b), if the Company agrees to sell substantially all of its assets for cash or property, or for a combination of cash and property, or agrees to any merger, consolidation, reorganization, division or other transaction in which Shares are converted into another security or into the right to receive securities or property (a "Reorganization"), and such agreement does not provide for the assumption or substitution of the Stock Incentives granted under this Plan,

(i) each Stock Incentive, at the direction and discretion of the Board, or as is otherwise provided in the Stock Incentive Agreements, may be canceled unilaterally by the Company in exchange for (1) the whole Shares (or, subject to satisfying the conditions to the exemption under Rule 16b-3 or any successor

exemption to Section 16(b) of the Exchange Act, for the whole Shares and the cash in lieu of a fractional Share) which each Participant otherwise would receive if he or she had the right to surrender or exercise his or her outstanding Stock Incentive in full and he or she exercised that right exclusively for Shares on a date fixed by the Board which comes before such Reorganization, or (2) cash, securities or other property having a Fair Market Value equal to the difference between the Fair Market Value of the Shares subject to the Stock Incentive and the aggregate exercise price, in the case of Options, or the aggregate payment required of the Participant with respect to Shares subject to a Restricted Stock Award, with the Board retaining the authority to determine whether payment under this part (2) shall be made with respect only to the vested portion of Stock Incentives or with respect to both the vested and unvested portions of Stock Incentives; or

(ii) after giving Participants an opportunity to exercise their outstanding Stock Incentives, the Committee may terminate any or all unexercised Stock Incentives at such time as the Committee deems appropriate.

(b) Notwithstanding anything in the Plan to the contrary, in the event of a Reorganization, the Committee shall not have the right to take any actions described in the Plan (including without limitation actions described in Subsection (a) above) that would make the Reorganization ineligible for pooling of interests accounting treatment or that would make the Reorganization ineligible for desired tax treatment if, in the absence of such right, the Reorganization would qualify for such treatment and the Company intends to use such treatment with respect to the Reorganization.

SECTION 13.
AMENDMENT OR TERMINATION

This Plan may be amended by the Board from time to time to the extent that the Board deems necessary or appropriate; provided, however, no such amendment shall be made absent the approval of the shareholders of the Company: (a) to increase the number of Shares reserved under Section 3, except as set forth in Section 11, (b) to extend the maximum life of the Plan under Section 10 or the maximum exercise period under Section 7, (c) to decrease the minimum Exercise Price under Section 7, or (d) to change the designation of Employees or Key Persons eligible for Stock Incentives under Section 6. The Board also may suspend the granting of Stock Incentives under this Plan at any time and may terminate this Plan at any time; provided, however, the Company shall not have the right to modify, amend or cancel any Stock Incentive granted before such suspension or termination unless: (I) the Participant consents in writing to such modification, amendment or cancellation, or (II) there is a dissolution or liquidation of the Company or a transaction described in Section 11 or Section 12.

SECTION 14.
MISCELLANEOUS

14.1 SHAREHOLDER RIGHTS. No Participant shall have any rights as a shareholder of the Company as a result of the grant of a Stock Incentive to him or to her under this Plan or his or her exercise or surrender of such Stock Incentive pending the actual delivery of Shares subject to such Stock Incentive to such Participant.

14.2 NO GUARANTEE OF CONTINUED RELATIONSHIP. The grant of a Stock Incentive to a Participant under this Plan shall not constitute a contract of employment and shall not confer on a Participant any rights upon his or her termination of employment or relationship with the Company in addition to those rights, if any, expressly set forth in the Stock Incentive Agreement which evidences his or her Stock Incentive.

14.3 WITHHOLDING. The exercise or surrender of any Stock Incentive

granted under this Plan shall constitute a Participant's full and complete consent to whatever action the Committee directs to satisfy the federal and

state tax withholding requirements, if any, which the Committee in its discretion deems applicable to such exercise or surrender.

14.4 TRANSFER. The transfer of an Employee between or among the Company, a Subsidiary or a Parent shall not be treated as a termination of his or her employment under this Plan.

14.5 CONSTRUCTION. This Plan shall be construed under the laws of the State of Georgia.

EXHIBIT 10.11

MANHATTAN ASSOCIATES, LLC

Option Plan

Article I
GENERAL

1.1 PLAN PURPOSE. The purpose of the Manhattan Associates, LLC Option Plan (the "Plan") is to promote the interests of Manhattan Associates, LLC (the "Company") by providing for the grant of Options to: (i) Key Employees, in order to secure and retain employees of outstanding ability by making it possible to offer them an increased incentive to join or continue in the service of the Company, and to increase their efforts for its welfare by participating in the ownership and growth of the Company, (ii) Managers and Consultants, in order to provide such parties with a stake in the future of the Company that corresponds to that of the Company's Shareholders, and (iii) such other persons who need not be Key Employees, Managers, Consultants, or employees of the Company, but who the Committee determines in its sole discretion are important to the Company's culture or success.

1.2 DEFINITIONS. Each term set forth in this Section shall have the meaning set forth opposite such term for purposes of this Plan and, for purposes of such definitions, the singular shall include the plural and the plural shall include the singular, and reference to one gender shall include the other gender.

(a) "Affiliate" means a person or entity that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, the Company;

(b) "Board" means the Board of Managers of the Company;

(c) "Change in Control" means a sale or transfer (other than as security for the Company's obligations) of title to all of the computer software as well as the other material assets of the Company having a combined value of more than ninety percent (90%) of the total value of all the assets of the Company, as determined on the date of sale or transfer. A Change in Control shall not be deemed to occur merely upon the conversion of the Company to a corporation or other entity, whether by contribution of the Company's assets, merger or otherwise, if upon the conversion the ownership of the Company's equity interests remains in the hands of those who were Shareholders immediately preceding the conversion;

(d) "Code" means the Internal Revenue Code of 1986, as amended;

(e) "Committee" means the Compensation Committee of the Board;

(f) "Consultant" means an outside contractor who is not an employee of the Company and who has rendered valuable service to the Company;

(g) "Continuous Service" means a designated period, following the grant of an Option, as set forth in the Option Agreement, during which the Optionee has been on the payroll of the Company performing services for the Company, a Parent, or a Subsidiary, as determined by the Board;

(h) "Exercise Event" means an event that triggers the right of an Optionee to exercise the Option, as described in Section 2.1(c);

(i) "Exercise Price" means the price at which a Share subject to an Option may be purchased upon the exercise of the Option, as set forth in the Option Agreement pursuant to the provisions of Section 2.1(a);

(j) "Fair Market Value" means, at any time and from time to time, the quotient of: (a) the fair market value of the Company as of the date immediately prior to the relevant event, as determined in good faith by the Board, divided by (b) the total number of Shares outstanding on the applicable date. In making the determination of the Fair Market Value pursuant to this Subsection, the Board shall assume that fair market value of the Company is equal to the amount which would be paid in cash for the purchase of all the Shares of the Company, as a going concern, by an unaffiliated third party financial buyer, and may take into account such additional factors as may be relevant to such valuation, including without limitation, the absence of a trading market for the Shares, the minority status of the Shares, and such other facts and circumstances as may be material;

(k) "Initial Public Offering" means the closing of the first underwritten firm commitment offering of Shares following the declaration of effectiveness of a registration statement for such Shares by the Securities and Exchange Commission under the Securities Act of 1933, as amended (excluding any registration statement solely covering an employee benefit plan or corporate reorganization);

(l) "Key Employee" means any person in the regular employment of the Company who is designated a Key Employee by the Committee referred to in Section 1.3, and is or is expected to be primarily responsible for the management, growth, or supervision of some part or all of the business of the Company. The power to determine who is and who is not a Key Employee is reserved solely for the Committee;

(m) "Key Person" means an individual who is not a Key Employee, Consultant, Manager or employee of the Company, who is determined by the Committee, in its sole discretion, to be important to the Company's culture or success;

(n) "Manager" means a member of the Board;

(o) "Operating Agreement" means the Operating Agreement of Manhattan Associates, LLC, effective as of December 31, 1995, as may be amended from time to time;

(p) "Option" means an option to purchase Shares pursuant to the terms of the Plan;

(q) "Option Agreement" means an agreement signed by the Company and the Optionee evidencing the terms and conditions of the grant of an Option;

(r) "Optionee" means a Key Employee, Consultant, Manager or Key Person to whom an Option is granted under the Plan;

(s) "Option Repurchase Price" means the price which the Company pays for the repurchase of any Option, which shall be equal to the Fair Market Value of Option Shares subject to repurchase, less the Exercise Price for said Shares set forth in the Option Agreement;

(t) "Option Repurchase Right" means the right of the Company to repurchase any or all of the Options of an Optionee, as set forth in Section 2.1(g) of this Plan;

(u) "Share" means an ownership interest in the Company which serves as a basis for determining a Shareholder's share of the net profits and losses, distributions of the Company's assets, and voting rights of Shareholders, or, if the Company is restructured or recapitalized as a corporation, a share of the common stock of the Company;

(v) "Shareholder" means an owner of Shares;

(w) "Term" means the period during which a particular Option may be

exercised as determined by the Committee and as provided in the Option Agreement;

(x) "Terminated with Cause" means that an Optionee's relationship with the Company has been terminated as the result of the Optionee's (i) knowing and willful misconduct with respect to the business and affairs of the Company; (ii) material violation of any policy of the Company relating to ethical business conduct or practices or fiduciary duties; (iii) willful neglect of reasonable assigned duties or knowing failure to act which adversely affects the business and affairs of the Company; (iv) material breach of any provision of any written employment or other agreement between the Company and the Optionee which is not remedied within seven (7) days after Employee's receipt of notice thereof; (v) commission of a felony or an illegal act involving moral turpitude or fraud or the Optionee's dishonesty which may be expected to have a material adverse effect on the Company; or (vi) failure to comply with directives of an officer of the Company or the Board of Managers regarding the duties and responsibilities of the Optionee's employment or other relationship with the Company, if not remedied within seven (7) days after the Optionee's receipt of notice thereof;

(y) "Termination Date" means the day on which an Optionee's relationship with the Company is terminated. The Termination Date of an Optionee who dies or is disabled shall be the date of death or the date of disability, as determined by the Committee in its sole discretion. In the absence of death or disability, the Termination Date of a Key Employee shall be the last date for which he or she receives a regular wage or salary payment. In the absence of death or disability, a Consultant's, Manager's or Key Person's relationship with the Company shall be deemed to terminate as of the Termination Date determined by the Committee in its sole discretion. Any questions regarding the fact or date of occurrence of a Termination Date shall be resolved by the Committee, in its sole judgment;

(z) "Vested" means, with respect to all or a portion of the Shares subject to an Option, that the Optionee has successfully completed Continuous Service for the periods set forth in the Option Agreement. Shares subject to an Option which is Vested (sometimes referred to as "Vested Options") shall be exercisable by the Optionee in accordance with the provisions of Section 2.1(c).

1.3 ADMINISTRATION OF THE PLAN. The Plan shall be administered by the Committee appointed by the Board consisting of at least two (2) members from the Board. Subject to the control of the Board and the terms of the Operating Agreement, the Committee shall have the power to interpret and apply the Plan and to make regulations for carrying out its purpose. More particularly, subject to the terms of the Operating Agreement, the Committee shall determine which Key Employees, Consultants, Managers and Key Persons shall be awarded Options under the Plan, the number of Shares subject to each Option, the price per Share under each Option, the Term of each Option, and any restrictions on the exercise of each Option. Determinations by the Committee under the Plan (including, without limitation, determinations of the person to receive Options, the form, amount and timing of such Options, and the terms and provisions

of such Options and the agreements evidencing same) need not be uniform and may be made by it selectively among persons who receive, or are eligible to receive, Options under the Plan, whether or not such persons are similarly situated. In the event the Board fails or elects not to appoint a Committee, or chooses to disband or abolish a Committee once appointed, the Board shall administer the Plan.

1.4 SHARES SUBJECT TO THE PLAN. The total number of Shares that may be purchased pursuant to Options under the Plan shall not exceed two million five hundred thousand (2,500,000) Shares. Except as provided in Section 1.7, Shares subject to the Options which terminate or expire prior to exercise shall be available for future Options. Shares issued pursuant to the Plan may be either unissued Shares or Shares which have been reacquired by the Company.

1.5 SHARE ADJUSTMENTS; MERGERS. Notwithstanding Section 1.4, in the event the outstanding Shares are increased or decreased or changed into or exchanged for a different number or kind of interest or other securities of the Company or of any other entity by reason of any merger, sale, consolidation, liquidation, recapitalization, reclassification, split up, combination, or dividend, the total number of Shares reserved under the Plan as set forth in Section 1.4 shall be proportionately and appropriately adjusted by the Committee, but only to the extent necessary to reflect changes in outstanding Options. If the Company continues in existence, the number and kind of interests that are subject to any Option and the option price per unit of such interests shall be proportionately and appropriately adjusted without any change in the aggregate price to be paid therefor upon exercise of the Option. If the Company will not remain in existence or substantially all of its Shares will be purchased by a single purchaser or group of purchasers acting together, then the Committee may: (i) declare that all Options shall terminate thirty (30) days after the Committee gives written notice to all Optionees of their immediate right to exercise all Options then outstanding (without regard to limitations on exercise otherwise contained in the Options); (ii) declare that all Options shall terminate thirty (30) days after the Committee gives written notice to all Optionees of their immediate right to exercise all vested Options then outstanding (without regard to limitations on exercise, other than vesting requirements, otherwise contained in the Options); (iii) notify all Optionees that all Options granted under the Plan shall apply with appropriate adjustments as determined by the Committee to the securities of the successor corporation to which holders of the numbers of Shares subject to such Options would have been entitled; (iv) notify Optionees that the Company has elected to exercise its Option Repurchase Rights under Section 2.1(g); or (v) some combination of aspects of (i), (ii), (iii) or (iv). The determination by the Committee as to the terms of any of the foregoing adjustments shall be conclusive and binding. Any fractional Shares resulting from any of the foregoing adjustments under this Section shall be disregarded and eliminated.

1.6 OPTIONS AND SHARES SUBJECT TO OPERATING AGREEMENT. The grant or issuance of any Options or Shares pursuant to the Plan, and the terms and conditions of such Options or Shares, shall be subject to the terms and conditions of the Operating Agreement applicable to Shares.

1.7 DISSOLUTION OR TERMINATION OF THE COMPANY. In the event the Company dissolves pursuant to the Georgia Limited Liability Company Act (O.C.G.A. (S) 11-14-100, et seq.), this Plan and all Options granted under the Plan shall terminate and cease to be effective as of the date of dissolution, and shall be of no further force or effect. Upon Dissolution, no Optionee shall be entitled to any rights or benefits, including distributions, with respect to any Options or Shares granted or issued under the Plan. Notwithstanding the foregoing, an Option shall not terminate upon the conversion of the Company to a corporation or other entity, whether by contribution of the Company's assets, merger or otherwise, if upon the conversion the ownership of the Company's equity

interests remains in the hands of those who were shareholders immediately preceding the conversion.

1.8 CHANGE IN CONTROL. Upon the occurrence of a Change in Control, all Options, whether Vested or non-Vested, shall immediately become fully Vested and exercisable as set forth in Section 2.1(c).

1.9 NOTIFICATION OF EXERCISE. Options shall be exercised by written notice directed to the Secretary of the Company at the principal executive offices of the Company. Such written notice shall be accompanied by the payment required pursuant to Section 2.1(d).

ARTICLE II
TERMS AND CONDITIONS OF OPTIONS

2.1 GENERAL PROVISIONS REGARDING OPTION AGREEMENTS. All Options shall be evidenced by Option Agreements in such form as the Committee shall approve from

time to time, and shall contain the following provisions set forth below.

(a) Exercise Price. The Exercise Price of the Option shall be determined by the Committee at the time the Option is granted.

(b) Term. Each Option granted by the Committee shall have a designated Term, not to exceed ten (10) years, and the Term shall be described in the Option Agreement evidencing the Option.

(c) Exercise. An Option shall be exercisable only upon the occurrence of an Exercise Event, which shall be the earliest to occur of the following: (1) a Change in Control, at which time all outstanding and unexercised Options shall be deemed to be fully Vested; (2) the date which is nine (9) years and six (6) months following the date of the respective Option grant; or (3) to the extent Vested, upon the occurrence of an Initial Public Offering or whenever more than fifty percent (50%) of the issued and outstanding Shares are acquired by persons who are not Shareholders or Affiliates in a single transaction or series of transactions occurring over a period of thirty (30) consecutive days.

(d) Payment. Payment for Shares as to which an Option is exercised shall be made in such manner and at such time or times as shall be provided in the Option Agreement, which may include, in the Committee's sole discretion, cash, Shares which were previously acquired by the Optionee and held for a period of not less than six (6) months, cancellation of indebtedness, a promissory note, or any combination thereof. The Fair Market Value of the surrendered Shares as of the date of exercise shall be determined in valuing Shares used in payment for Options.

(e) Termination of Options. An Optionee's Option shall expire and be of no further force and effect immediately upon the earliest to occur of the following:

(i) the Termination Date, when the Optionee's employment or other relationship with the Company has been Terminated with Cause;

(ii) the expiration of the Term;

(iii) the dissolution or liquidation of the Company;

(iv) the date which is ten (10) years following the date on which the Option was granted;

(v) the date which is sixty (60) days following the death or disability of an Optionee (disability to be determined by the Committee in its sole discretion); or

(vi) the date of Option termination as described by the Committee in the exercise of the Company's rights pursuant to Section 1.5.

An Option which has not been exercised upon its termination shall be void and unexercisable

(f) Termination of Employment or Other Relationship with the Company. Upon the termination of an Optionee's employment or other relationship with the Company, any Option or unexercised portion of an Option which is not Vested shall be forfeited and be void and unexercisable. Any Vested Option, and any unexercised portion of a Vested Option, belonging to an Optionee whose employment or other relationship with the Company is Terminated with Cause shall be forfeited immediately upon the Termination Date and shall be void and unexercisable.

(g) Company's Option Repurchase Rights. As a condition to each grant of an Option under the Plan, each Optionee grants to the Company the right and option to purchase the Option granted, at any time prior to an Initial Public Offering or a Change in Control, at a price equal to the Option Repurchase Price

for all Vested Shares subject to the Option grant. The Company may exercise its call right under this Subsection at any time by providing written notice to the Optionee, and the Optionee agrees that, within ten (10) days of receipt of such notice, Optionee shall deliver to the Company his Option Grant Certificate and such other documents as may be reasonably requested by the Company in connection with the exercise of the call right hereunder, at the time and place for closing set by the Company. The Option Repurchase Price shall be payable, at the option of the Company or its assignee, (i) by check, (ii) by cancellation of all or a portion of any outstanding indebtedness of Optionee to the Company or such assignee, (iii) by delivery of a promissory note of the Company (or assignee) payable in equal annual installments over a four (4) year period from the date of repurchase at a per annum interest rate equal to the prime rate as announced by the Company's principal bank as of the date of the exercise of the Company's Option Repurchase Right or, if the Company has no principal bank, that rate announced, as of the date of exercise of the Company's Option Repurchase Right, by the Wall Street Journal as the prevailing "prime rate" of interest per annum, or (iv) by any combination of the above.

(h) Termination of Option Repurchase Rights. All Option Repurchase Rights in favor of the Company as set forth in this Section 2.1 shall terminate as to any Options upon the first to occur of an Initial Public Offering or a Change in Control.

(i) Nontransferability. No Option granted under the Plan shall be transferable. During the lifetime of the Optionee, an Option shall be exercisable only by the Optionee.

(j) Eligibility. No Key Employee, Key Person, Consultant or Manager shall have the right to be granted any Option pursuant to the Plan merely as a result of his or her status as an Key Employee, Key Person, Consultant or Manager of the Company.

2.2 ADDITIONAL PROVISIONS. Each Option Agreement may contain such other terms and conditions not inconsistent with the provisions of the Plan or the Operating Agreement as the Committee may deem appropriate from time to time, including, but not limited to, a cash award for any federal tax

liability suffered by the Optionee upon the grant and/o r exercise of the Option, acceleration of the vesting period, and termination of any unexercised Option after an acceleration of the vesting period.

ARTICLE III
ADDITIONAL PROVISIONS

3.1 SHAREHOLDER APPROVAL. The Plan will be submitted for the approval of the Shareholders of the Company at the first annual meeting of Shareholders held subsequent to the adoption of the Plan, or at a special meeting, whether in person or via telephone, or by written consent, all as provided in the Operating Agreement, and in all events within one (1) year of its approval by the Board.

3.2 COMPLIANCE WITH OTHER LAWS AND REGULATIONS. The Plan, the grant and exercise of Options hereunder, and the obligation of the Company to sell and deliver Shares under such Options, shall be subject to all applicable Federal and state laws, rules, and regulations and to such approvals by any government or regulatory agency as may be required.

3.3 AMENDMENTS. The Board may amend or discontinue the Plan at any time. Other than as expressly permitted under the Plan or the Option Agreement, no outstanding Option may be revoked or altered in a manner unfavorable to the Optionee without the consent of the Optionee.

3.4 NO RIGHTS AS SHAREHOLDER. No Optionee shall have any rights as a Shareholder with respect to any Share subject to his or her Option prior to the date of issuance to him or her of a certificate or certificates for such Shares.

3.5 WITHHOLDING. Whenever the Company proposes or is required to issue or transfer Shares under the Plan, the Company shall have the right to require the Optionee to remit to the Company an amount sufficient to satisfy any Federal, state or local withholding tax liability prior to the delivery of any certificate or certificates for such Shares. Whenever under the Plan payments are to be made in cash, such payments shall be made net of an amount sufficient to satisfy any Federal, state, or local withholding tax liability.

3.6 CONTINUED EMPLOYMENT NOT PRESUMED. This Plan and any document describing this Plan and the grant of any Option hereunder shall not give any Optionee or other employee a right to employment or continued employment by the Company or affect the right of the Company to terminate the employment of any such person with or without cause.

3.7 EFFECTIVE DATE; DURATION. The Plan shall become effective as of January 1, 1997, subject to Shareholder approval pursuant to Section 3.1, and shall expire on January 1, 2007. No Options may be granted under the Plan after January 1, 2007, but Options granted on or before that date may be exercised according to the terms of the Option Agreements and shall continue to be governed by and interpreted consistent with the terms hereof.

EXHIBIT 10.12

GRID PROMISSORY NOTE

DECEMBER 31, 1995

FOR VALUE RECEIVED, the undersigned, MANHATTAN ASSOCIATES, L.L.C., a Georgia limited liability company (the ""Borrower"), promises to pay to the order of ALAN J. DABBIERE (the "Holder"), at 2300 Windy Ridge Parkway, Suite 700, Atlanta, Georgia 30339 (or at such other place as the Holder may designate in writing to the Borrower), the lawful money of the United States of America, such principal sum as may hereafter be disbursed hereunder, together with interest on so much thereof as is from time to time outstanding and unpaid, from the date of each advance of principal at a rate of interest as hereinafter provided.

The Borrower shall be entitled to borrow funds hereunder from time to time as the Holder in its sole discretion may permit.

The Borrower promises to pay interest on the unpaid principal amount outstanding hereunder (the "Loan"), at 5.0% per annum.

The Borrower hereby authorizes the Holder to endorse on the Schedule annexed to this Note all advances of funds made to the Borrower and all payments of principal amounts in respect of the Loan, which endorsements shall, in the absence of manifest error, be conclusive as to the outstanding principal amount of the Loan; provided, however, that the failure to make such notation with respect to any Loan or payment shall not limit or otherwise affect the obligations of the Borrower under this Note.

This Note may be prepaid without penalty, in whole or in part, at any time and from time to time. Any such prepayment shall be applied first to accrued unpaid interest and thereafter to principal.

The entire principal and interest hereunder shall, at the option of the Holder, become immediately due and payable upon 5 days prior notice to the Borrower.

This Note shall be deemed to be made pursuant to the laws of the State of Georgia. Any action, suit or proceeding arising out of the subject matter of this Note shall be brought in the Superior Court of Fulton County, Atlanta, Georgia, or the United States District Court for the North District of Georgia, Atlanta Division, and the parties hereby consent to the jurisdiction of and venue in such courts.

IN WITNESS WHEREOF, the undersigned has caused this Note to be executed and delivered by its duly authorized officers.

MANHATTAN ASSOCIATES, L.L.C.,
a Georgia limited liability company

By: /s/ Alan J. Dabbiere

Alan J. Dabbiere, Chairman of the Board,
Chief Executive Officer and President

EXHIBIT 21.1

LIST OF SUBSIDIARIES

Upon the effectiveness of the transactions contemplated by the Contribution and Subscription Agreement, the Company's direct and indirect subsidiaries will consist of:

Pegasys Systems Incorporated

Manhattan Associates Software, LLC

Performance Analysis Corporation

EXHIBIT 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our reports (and to all references to our firm) included in or made part of this Registration Statement.

ARTHUR ANDERSEN LLP

Atlanta, Georgia
February 26, 1998

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EXHIBIT 99.1

After the stock exchange discussed in Note 10 to the financial statements of Manhattan Associates, Inc. is effected, we expect to be in a position to render the following audit report.

/s/ Arthur Andersen LLP
- ----------------------------------
ARTHUR ANDERSEN LLP

Atlanta, Georgia
February 16, 1998

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

We have audited in accordance with generally accepted auditing standards, the financial statements of Manhattan Associates, Inc. included in this registration statement and have issued our report thereon dated February 16, 1998. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in Item 16 is the responsibility of the company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and are not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

Atlanta, Georgia