Manhattan Associates Reports Third Quarter Results
Company posts Q3 Total Revenue of $74.0 Million, a 13.4% Increase over Q3 2009

ATLANTA – October 19, 2010 – Leading supply chain optimization provider Manhattan Associates, Inc. (NASDAQ: MANH) today reported third quarter 2010 non-GAAP adjusted diluted earnings per share of $0.32 compared to $0.43 in the third quarter of 2009, on license revenue of $12.1 million and total revenue of $74.0 million. GAAP diluted earnings per share was $0.28 compared to $0.50 in the prior year third quarter.

Year to date non-GAAP adjusted diluted earnings per share was $1.06 for the nine months ended September 30, 2010, compared to $0.65 for the nine months ended September 30, 2009. GAAP diluted earnings per share for the nine months ended September 30, 2010 was $0.96, compared to $0.47 for the nine months ended September 30, 2009.

Manhattan Associates President and CEO Pete Sinisgalli commented, “We posted a good third quarter across all metrics. License revenue, total revenue, earnings and cash flow were all solid. In addition, we continue to receive very positive feedback on our platform-based SCOPE suite of supply chain solutions, and that is reflected in our strong competitive win rate.”

THIRD QUARTER 2010 FINANCIAL SUMMARY:

- Adjusted diluted earnings per share, a non-GAAP measure, was $0.32 in the third quarter of 2010, compared to $0.43 in the third quarter of 2009.

- The Company reported GAAP diluted earnings per share of $0.28 in the third quarter of 2010, compared to $0.50 in the third quarter of 2009.

- Consolidated revenue for the third quarter of 2010 was $74.0 million, compared to $65.3 million in the third quarter of 2009. License revenue was $12.1 million in the third quarter of 2010, compared to $11.4 million in the third quarter of 2009.

- Adjusted operating income, a non-GAAP measure, was $11.0 million in the third quarter of 2010, compared to $13.2 million in the third quarter of 2009.
GAAP operating income for the third quarter of 2010 was $9.6 million, compared to $11.1 million in the third quarter of 2009.

Cash flow from operations was $11.5 million in the third quarter of 2010, compared to $15.4 million in the third quarter of 2009. Days Sales Outstanding were 60 days at September 30, 2010, compared to 55 days at June 30, 2010.

Cash and investments on-hand at September 30, 2010 was $116.7 million, compared to $120.2 million at June 30, 2010.

The Company repurchased approximately 573,000 common shares under the share repurchase program authorized by the Board of Directors totaling $15.4 million at an average share price of $26.96 in the third quarter of 2010. In October 2010, Manhattan’s Board of Directors approved raising the Company’s share repurchase authority in Manhattan Associates outstanding common stock to a total of $25.0 million.

NINE MONTH 2010 FINANCIAL SUMMARY:

Adjusted diluted earnings per share, a non-GAAP measure, was $1.06 for the nine months ended September 30, 2010, compared to $0.65 for the nine months ended September 30, 2009.

GAAP diluted earnings per share for the nine months ended September 30, 2010 was $0.96, compared to $0.47 for the nine months ended September 30, 2009.

Consolidated revenue for the nine months ended September 30, 2010 was $225.6 million, compared to $184.5 million for the nine months ended September 30, 2009. License revenue was $41.8 million for the nine months ended September 30, 2010, compared to $20.4 million in the nine months ended September 30, 2009.

Adjusted operating income, a non-GAAP measure, was $36.7 million for the nine months ended September 30, 2010, compared to $21.2 million for the nine months ended September 30, 2009.

GAAP operating income was $33.1 million for the nine months ended September 30, 2010, compared to $11.3 million for the nine months ended September 30, 2009. For the first nine months of 2010, operating income includes $1.2 million of recoveries of previously expensed sales tax associated with expiring sales tax audit statutes. Results for the first nine months of 2009 include restructuring charges of $3.9 million associated with the workforce reduction executed in the second quarter of 2009.
• For the nine months ended September 30, 2010, the Company repurchased approximately 2.0 million common shares under the share repurchase program authorized by the Board of Directors at an average share price of $27.22, for a total investment of $55.4 million.

SALES ACHIEVEMENTS:

• Recognized two contracts of $1.0 million or more in license revenue during the quarter.


CONFERENCE CALL

The Company’s conference call regarding its third quarter financial results will be held at 4:30 p.m. Eastern Time on Tuesday, October 19, 2010. Investors are invited to listen to a live webcast of the conference call through the investor relations section of Manhattan Associates' website at www.manh.com.

To listen to the live Web cast, please go to the Web site at least 15 minutes before the call to download and install any necessary audio software. For those who cannot listen to the live broadcast, a replay can be accessed shortly after the call by dialing +1.800.642.1687 in the U.S. and Canada, or +1.706.645.9291 outside the U.S., and entering the conference identification number 13356118 or via the Web at www.manh.com. The phone replay will be available for two weeks after the call, and the Internet broadcast will be available until Manhattan Associates' fourth quarter 2010 earnings release.
GAAP VERSUS NON-GAAP PRESENTATION

The Company provides adjusted operating income, adjusted net income and adjusted earnings per share in this press release as additional information regarding the Company's operating results. These measures are not in accordance with – or an alternative for – GAAP, and may be different from non-GAAP operating income, non-GAAP net income and non-GAAP earnings per share measures used by other companies. The Company believes that the presentation of these non-GAAP financial measures facilitates investors’ understanding of its historical operating trends, because it provides important supplemental measurement information in evaluating the operating results of its business, as distinct from results that include items that are not indicative of ongoing operating results. The Company consequently believes that the presentation of these non-GAAP financial measures provides investors with useful insight into its profitability. This release should be read in conjunction with its Form 8-K earnings release filing for the quarter ended September 30, 2010.

The non-GAAP adjusted operating income, adjusted net income and adjusted earnings per share measures exclude the impact of acquisition-related costs and the amortization thereof, the recapture of previously recognized sales tax expense, stock option expense, and restructuring charges - all net of income tax effects and unusual tax adjustments. A reconciliation of the Company’s GAAP financial measures to non-GAAP adjustments is included in the supplemental information attached to this release.

ABOUT MANHATTAN ASSOCIATES, INC.

Manhattan Associates continues to deliver on its 20-year heritage of providing global supply chain excellence to more than 1,200 customers worldwide that consider supply chain optimization core to their strategic market leadership. The company's supply chain innovations include: Manhattan SCOPE®, a portfolio of software solutions and technology that leverages a Supply Chain Process Platform to help organizations optimize their supply chains from planning through execution; Manhattan SCALE™, a portfolio of distribution management and transportation management solutions built on Microsoft .NET technology; and Manhattan Carrier™, a suite of supply chain solutions specifically addressing the needs of the motor carrier industry. For more information, please visit www.manh.com.
This press release contains “forward-looking statements” relating to Manhattan Associates, Inc. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements. Forward-looking statements contained in this press release include, among other statements, any statements expressing general optimism about the Company’s prospects for the balance of the fiscal year. Among the important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are: the global economic downturn; disruptions in credit markets; delays in product development; competitive pressures; software errors; and additional risk factors set forth in Item 1A of the Company’s Annual Report on Form 10-K for the year ended December 31, 2009. Manhattan Associates undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in future operating results.

###
MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended September 30, (unaudited)</th>
<th>Nine Months Ended September 30, (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Software license</td>
<td>$12,092</td>
<td>$11,360</td>
</tr>
<tr>
<td>Services</td>
<td>53,486</td>
<td>46,917</td>
</tr>
<tr>
<td>Hardware and other</td>
<td>8,436</td>
<td>7,017</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>74,014</td>
<td>65,294</td>
</tr>
<tr>
<td><strong>Costs and expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of license</td>
<td>1,471</td>
<td>1,162</td>
</tr>
<tr>
<td>Cost of services</td>
<td>24,661</td>
<td>19,697</td>
</tr>
<tr>
<td>Cost of hardware and other</td>
<td>7,092</td>
<td>5,846</td>
</tr>
<tr>
<td>Research and development</td>
<td>9,866</td>
<td>8,781</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>10,329</td>
<td>8,626</td>
</tr>
<tr>
<td>General and administrative</td>
<td>8,721</td>
<td>7,462</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>2,262</td>
<td>2,665</td>
</tr>
<tr>
<td>Restructuring charge</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total costs and expenses</strong></td>
<td>64,402</td>
<td>54,239</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>9,612</td>
<td>11,055</td>
</tr>
<tr>
<td>Other (expense) income, net</td>
<td>(188)</td>
<td>255</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>9,424</td>
<td>11,310</td>
</tr>
<tr>
<td>Income tax provision</td>
<td>3,192</td>
<td>327</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>$6,232</td>
<td>$10,983</td>
</tr>
<tr>
<td><strong>Basic earnings per share</strong></td>
<td>$0.29</td>
<td>$0.50</td>
</tr>
<tr>
<td><strong>Diluted earnings per share</strong></td>
<td>$0.28</td>
<td>$0.50</td>
</tr>
</tbody>
</table>

**Weighted average number of shares:**

<table>
<thead>
<tr>
<th></th>
<th>Basic</th>
<th>Diluted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Four</td>
<td>21,248</td>
<td>22,051</td>
</tr>
<tr>
<td>Months</td>
<td>22,116</td>
<td>22,175</td>
</tr>
<tr>
<td></td>
<td>21,638</td>
<td>22,456</td>
</tr>
<tr>
<td></td>
<td>22,483</td>
<td>22,529</td>
</tr>
</tbody>
</table>
### MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES

**RECONCILIATION OF SELECTED GAAP TO NON-GAAP MEASURES**

*(in thousands, except per share amounts)*

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended September 30,</th>
<th>Nine Months Ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td>Operating income</td>
<td>$9,612</td>
<td>$11,055</td>
</tr>
<tr>
<td>Stock option expense</td>
<td>853</td>
<td>1,369</td>
</tr>
<tr>
<td>Purchase amortization</td>
<td>571</td>
<td>741</td>
</tr>
<tr>
<td>Restructuring charge</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sales tax recoveries</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted operating income (Non-GAAP)</td>
<td>$11,036</td>
<td>$13,165</td>
</tr>
</tbody>
</table>

|                                | Three Months Ended September 30, | Nine Months Ended September 30, |
|                                | 2010  | 2009  | 2010  | 2009  |
| Income tax provision           | $3,192| $327  | $11,114| $185  |
| Stock option expense           | 295   | 445   | 1,012 | 1,228 |
| Purchase amortization          | 197   | 240   | 638   | 722   |
| Restructuring charge           | -     | -     | -     | 2,627 |
| Sales tax recoveries           | -     | -     | (794) | -     |
| Unusual tax adjustments        | (11)  | (2,770) | (129) | (2,770) |
| Adjusted income tax provision (Non-GAAP) | $3,695 | $3,782 | $12,475 | $6,170 |

|                                | Three Months Ended September 30, | Nine Months Ended September 30, |
|                                | 2010  | 2009  | 2010  | 2009  |
| Net income                     | $6,232| $10,983| $21,616| $10,689|
| Stock option expense           | 558   | 924   | 1,920 | 2,551 |
| Purchase amortization          | 374   | 501   | 1,210 | 1,501 |
| Restructuring charge           | -     | -     | -     | 2,627 |
| Sales tax recoveries           | -     | -     | (794) | -     |
| Unusual tax adjustments        | (11)  | (2,770) | (129) | (2,770) |
| Adjusted net income (Non-GAAP) | $7,153| $9,638| $23,823| $14,598|

|                                | Three Months Ended September 30, | Nine Months Ended September 30, |
|                                | 2010  | 2009  | 2010  | 2009  |
| Diluted earnings per share     | $0.28 | $0.50 | $0.96  | $0.47  |
| Stock option expense           | 0.03  | 0.04  | 0.09  | 0.11  |
| Purchase amortization          | 0.02  | 0.02  | 0.05  | 0.07  |
| Restructuring charge           | -     | -     | -     | 0.12  |
| Sales tax recoveries           | -     | -     | (0.04)| -     |
| Unusual tax adjustments        | -     | (0.12)| (0.01)| (0.12)|
| Adjusted diluted earnings per share (Non-GAAP) | $0.32 | $0.43 | $1.06  | $0.65  |

|                                | Fully diluted shares |
|                                | 22,051 | 22,175 | 22,456 | 22,529 |

(a) Because stock option expense is determined in significant part by the trading price of our common stock and the volatility thereof, over which we have no direct control, the impact of such expense is not subject to effective management by us. Thus, we have excluded the impact of this expense from adjusted non-GAAP results. The stock option expense is included in the following GAAP operating expense lines for the three and nine months ended September 30, 2010 and 2009:

(b) Adjustments represent purchased intangibles amortization from prior acquisitions. Such amortization is commonly excluded from GAAP net income by companies in our industry and we therefore exclude these amortization costs to provide more relevant and meaningful comparisons of our operating results to that of our competitors.

(c) During the quarter ended June 30, 2009, we committed to and initiated plans to reduce our workforce by approximately 140 positions to realign our capacity based on the revised revenue outlook for 2009. As a result of this initiative, we recorded a restructuring charge of approximately $3.8 million in the second quarter of 2009. The restructuring charge primarily consisted of employee severance and outplacement services. We also recorded additional employee severance expense of $65,000 in the first quarter of 2009 related to the restructuring action taken in the fourth quarter of 2008. We do not believe that the restructuring charge is a common cost that resulted from normal operating activities. Consequently, we have excluded this charge from adjusted non-GAAP results.

(d) Adjustment represents recoveries of previously recorded state sales tax resulting primarily from the expiration of the sales tax audit statutes in certain states. Because we have recognized the full potential amount of the sales tax expense in prior periods, any recovery of that expense resulting from the expiration of the statutes or the collection of tax from our customers would overstate the current period net income derived from our core operations as the recovery is not a result of any event occurring within our control during the current period. Thus, we have excluded these recoveries from adjusted non-GAAP results.

(e) The differences in the fully diluted shares for the three months and nine months ended September 30, 2010 and 2009 are due to the expiration of stock option awards that became exercisable during the quarter.
(e) For the quarter ended September 30, 2010, the adjustment represents tax benefit from the disqualifying dispositions of incentive stock options that were previously expensed. As discussed above, we excluded stock option expense from adjusted non-GAAP results because it is determined in significant part by the trading price of our common stock and the volatility thereof, over which we have no direct control. Therefore, we also excluded the related tax benefit generated upon their disposition. For the quarter ended September 30, 2009, the majority of the adjustment represents release of income tax reserves resulting from expiration of tax audit statutes for U.S. federal income tax returns filed for 2005 and prior. Because we recorded the majority of the income tax reserves through retained earnings in conjunction with the adoption of ASC 740, Income Taxes, on January 1, 2007, the release of the reserves would overstate the current period net income derived from our core operations. For the quarter ended September 30, 2009, the reversal is partially offset by the establishment of $0.8 million in tax reserves associated with the treatment of currency gains under the Company's transfer pricing policy with one of its foreign subsidiaries. We do not include this tax in our assessment of our operating performance as it does not relate to our core operations. Thus, we have excluded these tax adjustments from adjusted non-GAAP results.
MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>September 30, 2010</th>
<th>December 31, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$105,327</td>
<td>$120,217</td>
</tr>
<tr>
<td>Short term investments</td>
<td>8,916</td>
<td>-</td>
</tr>
<tr>
<td>Accounts receivable, net of allowance of $6,370 and $4,943 in 2010 and 2009, respectively</td>
<td>48,587</td>
<td>37,945</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>5,426</td>
<td>5,745</td>
</tr>
<tr>
<td>Income taxes receivable</td>
<td>180</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>6,385</td>
<td>4,847</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>174,821</strong></td>
<td><strong>168,754</strong></td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>15,033</td>
<td>15,759</td>
</tr>
<tr>
<td>Long-term investments</td>
<td>2,432</td>
<td>2,797</td>
</tr>
<tr>
<td>Goodwill, net</td>
<td>62,270</td>
<td>62,280</td>
</tr>
<tr>
<td>Acquisition-related intangible assets, net</td>
<td>1,625</td>
<td>3,473</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>10,761</td>
<td>9,826</td>
</tr>
<tr>
<td>Other assets</td>
<td>2,607</td>
<td>1,822</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>269,549</strong></td>
<td><strong>264,711</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND SHAREHOLDERS' EQUITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities:</td>
</tr>
<tr>
<td>Accounts payable</td>
</tr>
<tr>
<td>Accrued compensation and benefits</td>
</tr>
<tr>
<td>Accrued and other liabilities</td>
</tr>
<tr>
<td>Deferred revenue</td>
</tr>
<tr>
<td>Income taxes payable</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
</tr>
<tr>
<td>Other non-current liabilities</td>
</tr>
<tr>
<td><strong>Total liabilities and shareholders' equity</strong></td>
</tr>
</tbody>
</table>

Shareholders' equity:
- Preferred stock, no par value; 20,000,000 shares authorized, no shares issued or outstanding in 2010 or 2009
- Common stock, $.01 par value; 100,000,000 shares authorized; 21,636,650 and 22,467,123 shares issued and outstanding at September 30, 2010 and December 31, 2009, respectively
- Additional paid-in capital
- Retained earnings | 177,707 | 182,387 |
- Accumulated other comprehensive loss | (1,122) | (2,139) |
| **Total shareholders' equity** | **176,801** | **183,365** |
| **Total liabilities and shareholders' equity** | **$269,549** | **$264,711** |
MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(in thousands)  

<table>
<thead>
<tr>
<th>Nine Months Ended September 30,</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>(unaudited)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Operating activities:**

<table>
<thead>
<tr>
<th>Net income</th>
<th>$21,616</th>
<th>$10,689</th>
</tr>
</thead>
</table>

Adjustments to reconcile net income to net cash provided by operating activities:

<table>
<thead>
<tr>
<th>Depreciation and amortization</th>
<th>6,995</th>
<th>8,840</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock compensation</td>
<td>7,707</td>
<td>6,312</td>
</tr>
<tr>
<td>(Gain) loss on disposal of equipment</td>
<td>(2)</td>
<td>125</td>
</tr>
<tr>
<td>Tax benefit (deficiency) of stock awards exercised/vested</td>
<td>1,277</td>
<td>(1,080)</td>
</tr>
<tr>
<td>Excess tax benefits from stock based compensation</td>
<td>(354)</td>
<td>(29)</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>(529)</td>
<td>412</td>
</tr>
<tr>
<td>Unrealized foreign currency loss</td>
<td>343</td>
<td>585</td>
</tr>
</tbody>
</table>

Changes in operating assets and liabilities:

<table>
<thead>
<tr>
<th>Accounts receivable, net</th>
<th>(10,624)</th>
<th>22,789</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other assets</td>
<td>(2,236)</td>
<td>2,422</td>
</tr>
<tr>
<td>Accounts payable, accrued and other liabilities</td>
<td>8,619</td>
<td>(9,959)</td>
</tr>
<tr>
<td>Income taxes</td>
<td>(748)</td>
<td>(3,081)</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>3,297</td>
<td>898</td>
</tr>
</tbody>
</table>

Net cash provided by operating activities | 35,361   | 38,923 |

**Investing activities:**

<table>
<thead>
<tr>
<th>Purchase of property and equipment</th>
<th>(4,331)</th>
<th>(1,726)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net (purchases) maturities of investments</td>
<td>(8,439)</td>
<td>88</td>
</tr>
</tbody>
</table>

Net cash used in investing activities | (12,770) | (1,638) |

**Financing activities:**

<table>
<thead>
<tr>
<th>Purchase of common stock</th>
<th>(56,562)</th>
<th>(20,590)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from issuance of common stock from options exercised</td>
<td>18,381</td>
<td>604</td>
</tr>
<tr>
<td>Excess tax benefits from stock based compensation</td>
<td>354</td>
<td>29</td>
</tr>
</tbody>
</table>

Net cash used in financing activities | (37,827) | (19,957) |

Foreign currency impact on cash | 346      | 155      |

Net change in cash and cash equivalents | (14,890) | 17,483  |

Cash and cash equivalents at beginning of period | $120,217 | $85,739 |

Cash and cash equivalents at end of period | $105,327 | $103,222 |
1. GAAP and Adjusted earnings (loss) per share by quarter are as follows:

<table>
<thead>
<tr>
<th></th>
<th>1st Qtr</th>
<th>2nd Qtr</th>
<th>3rd Qtr</th>
<th>4th Qtr</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP</td>
<td>$0.01</td>
<td>$0.00</td>
<td>$0.35</td>
<td>$0.73</td>
<td></td>
</tr>
<tr>
<td>Adjustments to GAAP:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock option expense</td>
<td>$0.04</td>
<td>$0.03</td>
<td>$0.10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase amortization</td>
<td>$0.02</td>
<td>$0.02</td>
<td>$0.09</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restructuring charge</td>
<td>-</td>
<td>$0.12</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales tax recoveries</td>
<td>-</td>
<td>-</td>
<td>(0.11)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unusual tax adjustments</td>
<td>-</td>
<td>-</td>
<td>(0.04)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted Diluted earnings per share</td>
<td>$0.07</td>
<td>$0.14</td>
<td>$0.43</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. Revenues and operating income (loss) by reportable segment are as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>1st Qtr</th>
<th>2nd Qtr</th>
<th>3rd Qtr</th>
<th>4th Qtr</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Americas</td>
<td>$50,827</td>
<td>$47,372</td>
<td>$55,626</td>
<td>$52,733</td>
<td>$206,558</td>
</tr>
<tr>
<td>EMEA</td>
<td>7,050</td>
<td>7,818</td>
<td>6,527</td>
<td>6,650</td>
<td>28,025</td>
</tr>
<tr>
<td>APAC</td>
<td>2,968</td>
<td>3,219</td>
<td>3,141</td>
<td>2,796</td>
<td>12,084</td>
</tr>
<tr>
<td>GAAP Operating Income (Loss):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Americas</td>
<td>$260</td>
<td>$407</td>
<td>$10,736</td>
<td>$10,859</td>
<td>$21,448</td>
</tr>
<tr>
<td>EMEA</td>
<td>738</td>
<td>1,124</td>
<td>20</td>
<td>(789)</td>
<td>1,093</td>
</tr>
<tr>
<td>APAC</td>
<td>(371)</td>
<td>(1,143)</td>
<td>299</td>
<td>(184)</td>
<td>732</td>
</tr>
<tr>
<td>Adjustments (pre-tax):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Americas:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock option expense</td>
<td>$1,400</td>
<td>$1,010</td>
<td>$1,369</td>
<td>$1,374</td>
<td>$5,153</td>
</tr>
<tr>
<td>Purchase amortization</td>
<td>741</td>
<td>741</td>
<td>741</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restructuring charge</td>
<td>59</td>
<td>2,960</td>
<td>-</td>
<td>3,019</td>
<td></td>
</tr>
<tr>
<td>Sales tax recoveries</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(420)</td>
<td></td>
</tr>
<tr>
<td>EMEA:</td>
<td>$427</td>
<td>(420)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>APAC:</td>
<td>$627</td>
<td>$11,855</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Adjustments</td>
<td>$2,264</td>
<td>$5,580</td>
<td>$2,110</td>
<td>$2,165</td>
<td>$11,999</td>
</tr>
<tr>
<td>Adjusted non-GAAP Operating Income (Loss):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Americas</td>
<td>$2,460</td>
<td>$4,304</td>
<td>$12,846</td>
<td>$12,974</td>
<td></td>
</tr>
<tr>
<td>EMEA</td>
<td>738</td>
<td>1,144</td>
<td>20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>APAC</td>
<td>(367)</td>
<td>(294)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total services revenue</td>
<td>$50,824</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3. Our services revenue consists of fees generated from professional services and customer support and software enhancements related to our software products as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>1st Qtr</th>
<th>2nd Qtr</th>
<th>3rd Qtr</th>
<th>4th Qtr</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional services</td>
<td>$32,345</td>
<td>$30,767</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer support and software enhancements</td>
<td>18,498</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total services revenue</td>
<td>$50,824</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. Hardware and other revenue includes the following items (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>1st Qtr</th>
<th>2nd Qtr</th>
<th>3rd Qtr</th>
<th>4th Qtr</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hardware revenue</td>
<td>$3,080</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Billed travel</td>
<td>1,980</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total hardware and other revenue</td>
<td>$5,060</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES
SUPPLEMENTAL INFORMATION
## Impact of Currency Fluctuation

The following table reflects the increases (decreases) in the results of operations for each period attributable to the change in foreign currency exchange rates from the prior period as well as foreign currency gains (losses) included in other income, net for each period (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>1st Qtr</th>
<th>2nd Qtr</th>
<th>3rd Qtr</th>
<th>4th Qtr</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$2,387$</td>
<td>$1,996$</td>
<td>$764$</td>
<td>$876$</td>
<td>($4,271$)</td>
</tr>
<tr>
<td>Costs and expenses</td>
<td>($3,307)</td>
<td>($2,560)</td>
<td>($1,286)</td>
<td>($1,205)</td>
<td>($5,948)</td>
</tr>
<tr>
<td>Operating income</td>
<td>920</td>
<td>564</td>
<td>522</td>
<td>529</td>
<td>1,677</td>
</tr>
<tr>
<td>Foreign currency gains (losses) in other income</td>
<td>($566)</td>
<td>($506)</td>
<td>294</td>
<td>($427)</td>
<td>($1,005)</td>
</tr>
</tbody>
</table>

$554 $58 $816 $756 $672 $(708) $(130) $(722) $(1,550)

Manhattan Associates has a large research and development center in Bangalore, India. The following table reflects the increases (decreases) in the financial results for each period attributable to changes in the Indian Rupee exchange rate (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>1st Qtr</th>
<th>2nd Qtr</th>
<th>3rd Qtr</th>
<th>4th Qtr</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>$1,129</td>
<td>$800</td>
<td>$458</td>
<td>($249)</td>
<td>$2,138</td>
</tr>
<tr>
<td>Foreign currency gains (losses) in other income</td>
<td>$336</td>
<td>($367)</td>
<td>2</td>
<td>($276)</td>
<td>($305)</td>
</tr>
</tbody>
</table>

Total impact of changes in the Indian Rupee $1,465 $433 $460 ($525) $1,833 $(684) $(95) $(482) $(1,261)

## Other income (expense) includes the following components (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>1st Qtr</th>
<th>2nd Qtr</th>
<th>3rd Qtr</th>
<th>4th Qtr</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>$137</td>
<td>$95</td>
<td>$71</td>
<td>$65</td>
<td>$368</td>
</tr>
<tr>
<td>Foreign currency gains (losses)</td>
<td>($366)</td>
<td>($506)</td>
<td>($284)</td>
<td>($427)</td>
<td>($1,005)</td>
</tr>
<tr>
<td>Other non-operating (expense) income</td>
<td>(4)</td>
<td>7</td>
<td>($110)</td>
<td>($12)</td>
<td>($119)</td>
</tr>
</tbody>
</table>

Total other (expense) income $233 $404 $255 ($374) $756 $(498) $304 $(188) $(382)

## Capital expenditures are as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>1st Qtr</th>
<th>2nd Qtr</th>
<th>3rd Qtr</th>
<th>4th Qtr</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital expenditures</td>
<td>$873</td>
<td>$487</td>
<td>$366</td>
<td>$662</td>
<td>$2,378</td>
</tr>
</tbody>
</table>

873 $487 $366 $662 $2,378 $1,177 $1,529 $1,625 $4,331

## Stock Repurchase Activity

During the nine months ended September 30, 2010, under the share repurchase program authorized by the Board of Directors, we repurchased approximately 2.0 million shares of common stock totaling $55.4 million at an average price of $27.22. In 2009, we repurchased approximately 1.4 million shares of common stock totaling $22.8 million at an average price of $16.63.

## Effective Tax Rate Reconciliation for GAAP and Adjusted Results (in thousands except tax rate and per share data):

### Three Months Ended September 30, 2010

<table>
<thead>
<tr>
<th></th>
<th>Income before income taxes</th>
<th>Income tax provision</th>
<th>Net income</th>
<th>Diluted EPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP results before tax adjustments</td>
<td>$9,424</td>
<td>$3,252</td>
<td>$6,172</td>
<td>$0.28</td>
</tr>
<tr>
<td>Provision to return adjustments&lt;br&gt;(a)</td>
<td>-</td>
<td>($147)</td>
<td>147</td>
<td>147</td>
</tr>
<tr>
<td>Income tax reserve adjustments&lt;br&gt;(b)</td>
<td>-</td>
<td>98</td>
<td>($98)</td>
<td>-</td>
</tr>
<tr>
<td>Disqualifying dispositions of incentive stock options&lt;br&gt;(c)</td>
<td>-</td>
<td>($11)</td>
<td>11</td>
<td>-</td>
</tr>
<tr>
<td>GAAP results-reported</td>
<td>$9,424</td>
<td>$3,192</td>
<td>$6,232</td>
<td>$0.28</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Income before income taxes</th>
<th>Income tax provision</th>
<th>Net income</th>
<th>Diluted EPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted results before tax adjustments</td>
<td>$10,848</td>
<td>$3,744</td>
<td>$7,104</td>
<td>$0.32</td>
</tr>
<tr>
<td>Provision to return adjustments&lt;br&gt;(a)</td>
<td>-</td>
<td>($147)</td>
<td>147</td>
<td>147</td>
</tr>
<tr>
<td>Income tax reserve adjustments&lt;br&gt;(b)</td>
<td>-</td>
<td>98</td>
<td>($98)</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted results-reported</td>
<td>$10,848</td>
<td>$3,695</td>
<td>$7,153</td>
<td>$0.32</td>
</tr>
</tbody>
</table>

(a) Provision to return adjustments primarily include the true-up of the 2009 tax provision to the 2009 tax return filed in the third quarter of 2010.
(b) Adjustments include the establishment of income tax reserves for state audits, partially offset by the release of U.S. federal income tax reserves that were previously expired. The release resulted from the expiration of tax audit statutes for tax returns filed for 2006 and prior.
(c) The adjustment represents a tax benefit from disqualifying dispositions of incentive stock options that were previously expired.

For company comparison purposes, we are providing a historical breakout of our restricted stock expense below. Research of U.S. publicly traded enterprise software companies’ disclosed operating results indicates the cost of restricted stock is typically excluded from Non-GAAP operating results. We currently include the cost of restricted stock in both our GAAP results and our Non-GAAP adjusted results. The cost of stock options is included in our GAAP results but is excluded from our Non-GAAP adjusted results (for stock option expense – see our Reconciliation of Selected GAAP to Non-GAAP Measures schedule). The impact of restricted stock expense on our GAAP and Adjusted Results is as follows (in thousands except per share amounts):

### Three Months Ended September 30, 2010

<table>
<thead>
<tr>
<th></th>
<th>Cost of services</th>
<th>Sales and marketing</th>
<th>Research and development</th>
<th>General and administrative</th>
<th>Total restricted stock expense</th>
<th>Income tax provision</th>
<th>Net income</th>
<th>Diluted earnings per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$163</td>
<td>$325</td>
<td>$98</td>
<td>$106</td>
<td>$108</td>
<td>$107</td>
<td>$419</td>
<td>$0.05</td>
</tr>
<tr>
<td>2008</td>
<td>$198</td>
<td>$548</td>
<td>$392</td>
<td>$426</td>
<td>$625</td>
<td>$763</td>
<td>$807</td>
<td>$0.09</td>
</tr>
<tr>
<td>2009</td>
<td>$242</td>
<td>$802</td>
<td>$445</td>
<td>$625</td>
<td>$927</td>
<td>$1,049</td>
<td>$1,358</td>
<td>$0.14</td>
</tr>
<tr>
<td>2010</td>
<td>$342</td>
<td>$1,146</td>
<td>$1,109</td>
<td>$1,109</td>
<td>$1,146</td>
<td>$1,146</td>
<td>$1,146</td>
<td>$0.05</td>
</tr>
</tbody>
</table>

In January of 2010, our Compensation Committee approved a change in Manhattan’s equity compensation grant strategy, with the objective to optimize our performance and retention strength while managing program share usage to improve long-term equity overhang. The new program eliminated stock option awards in favor of 100% restricted stock grants, of which 50% are service-based and 50% are performance-based for Plan participants.