

2001

MANHATTAN ASSOCIATES ANNUAL REPORT

year in review

Powering Operational Excellence with Extended Supply Chain Execution Solutions

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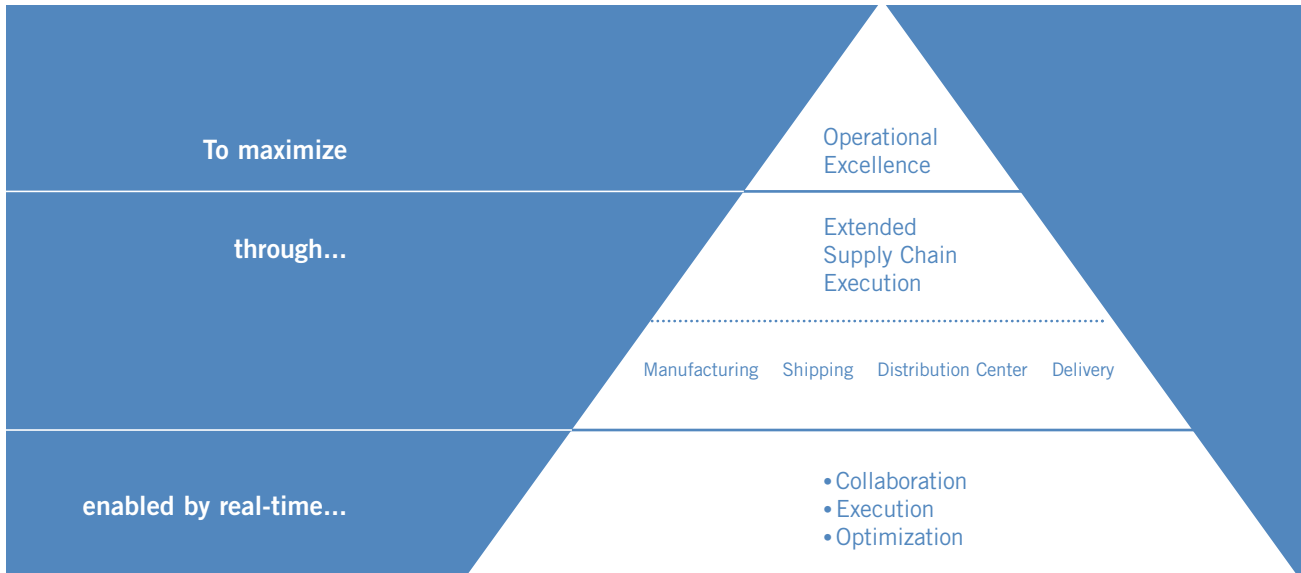
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Securities and Exchange
Commission form 10-K

Our Mission

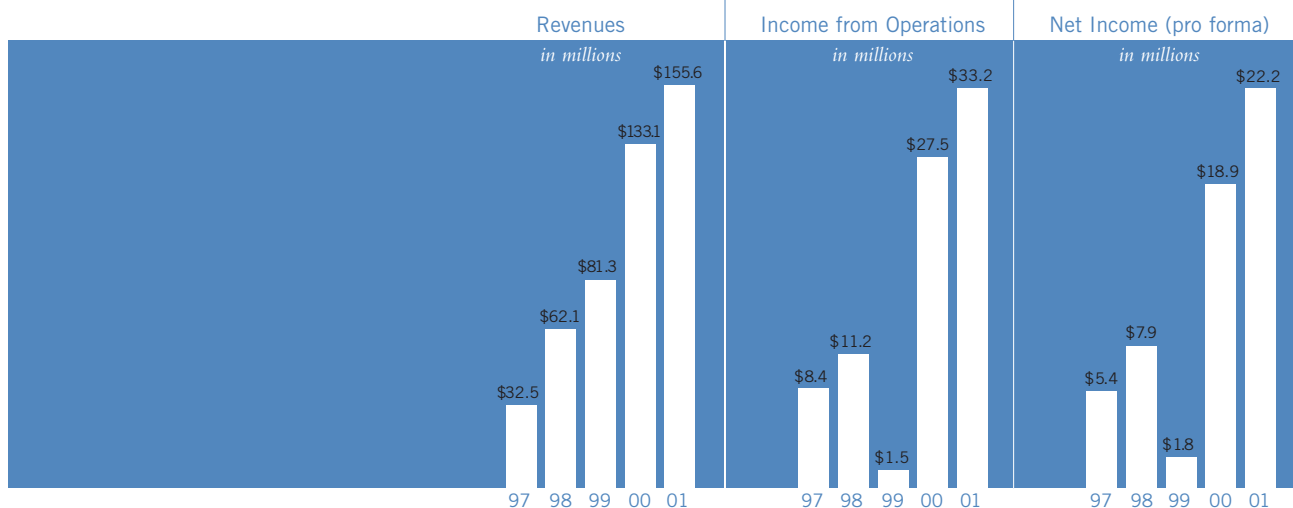
Manhattan Associates' mission is to maximize Operational Excellence for our customers through extended supply chain execution, which is enabled by real-time collaboration, execution and optimization solutions. Extended Supply Chain Execution, or x-SCE, includes warehouse management, optimization and transportation functionality, and real-time collaboration between customers and suppliers regarding orders and the movement of goods. Manhattan Associates' x-SCE solutions manage well beyond the four walls of the distribution center and into the extended supply chain. Our industry-leading x-SCE functionality manages from the point of source to point of consumption, from supplier management to customer management and all internal fulfillment operations in between.

Since our inception in 1990, we have licensed more than 800 customers representing 1,100 facilities worldwide, including some of the world's leading manufacturers, distributors and retailers.



Financial Highlights

	<i>in thousands</i>				
	1997	1998	1999	2000	2001
Statement of Income Data:					
Revenues ⁶	\$ 32,457	\$ 62,065	\$ 81,292	\$ 133,096	\$ 155,597
Income from operations ^{1, 2, 4, 5, 6}	8,411	11,235	1,539	27,456	33,218
Adjusted net income and pro forma net income ^{1, 2, 3, 4, 5, 6}	5,396	7,908	1,834	18,872	22,215
Balance Sheet Data:					
Cash, cash equivalent and short term investments	\$ 3,194	\$ 32,763	\$ 39,915	\$ 67,667	\$ 104,189
Working capital	6,268	44,561	46,948	70,192	101,224
Total assets	15,006	67,775	80,923	152,375	180,703
Total shareholders' equity	8,454	55,635	58,606	110,001	141,187



(1) In fiscal 1997, these amounts exclude the effect of non-recurring charges to operations of \$0.1 million for the amortization of acquisition-related intangibles. Including these charges, income from operations in fiscal 1997 was \$8.3 million and pro forma net income was \$5.3 million.

(2) In fiscal 1998, these amounts exclude the effect of non-recurring charges to operation of \$1.6 million in connection with the write-off of purchased research and development and \$0.4 million for the amortization of acquisition-related intangibles. Including these charges, income from operations in fiscal 1998 was \$9.3 million and pro forma net income was \$6.1 million.

(3) In connection with the conversion from limited liability status on April 23, 1998, we became subject to federal and state corporate income taxes. Pro forma net income is presented as if we had been subject to corporate income taxes for all periods presented.

(4) In fiscal 1999, these amounts exclude the effect of non-recurring charges to operations of \$1.1 million for the amortization of acquisition-related intangibles. Including these charges, income from operations in fiscal 1999 was \$0.4 million and net income was \$1.1 million.

(5) In fiscal 2000, these amounts exclude the effect of non-recurring charges to operations of \$3.0 million in connection with the write-off of in-process research and development and acquisition-related expenses and \$1.2 million for the amortization of acquisition-related intangibles. Including these charges, income from operations in fiscal 2000 was \$23.3 million and net income was \$16.3 million.

(6) In fiscal 2001, these amounts exclude the effect of the \$4.3 million reserve against revenues for a bankrupt customer and \$5.2 million for the amortization of acquisition-related intangibles. Including these charges, revenues in fiscal 2001 were \$151.3 million, income from operations was \$23.7 million and net income was \$16.2 million.

Our Value Proposition: Delivering Operational Excellence

The value that our solutions deliver is substantial, tangible and often immediate. Manhattan Associates' solutions allow users to handle increased transaction volumes; scale with their growth—whether due to channel changes or entering new geographic markets; meet ever-changing customer demands; and achieve a powerful Return on Investment (ROI) through cost reductions. For example, many of our customers achieve their ROI between six and 12 months after their systems go live. Our technology, combined with our vertical industry best practices and domain expertise, enable our customers to optimize their supply chain effectiveness and efficiencies by:

- Improving inventory accuracy
- Increasing inventory turnover and lowering inventory levels
- Improving order throughput
- Reducing response times
- Planning optimal outbound shipments to reduce freight costs
- Communicating with trading partners in real time
- Improving communications with other supply chain participants
- Complying with industry shipping standards
- Increasing labor and equipment productivity
- Enabling and facilitating distribution through multiple delivery channels
- Improving customer relationships, thereby increasing orders
- Providing real-time visibility both within the enterprise and across the entire supply chain

Letter from the President and CEO

To Our Shareholders,

The tough economic environment of the past 18 months created both challenges and opportunities for Manhattan Associates. I am pleased to report that through the dedication and hard work of the Manhattan Associates team, we achieved impressive increases in revenues and profits and significantly strengthened our market leadership position and foundation for the future.

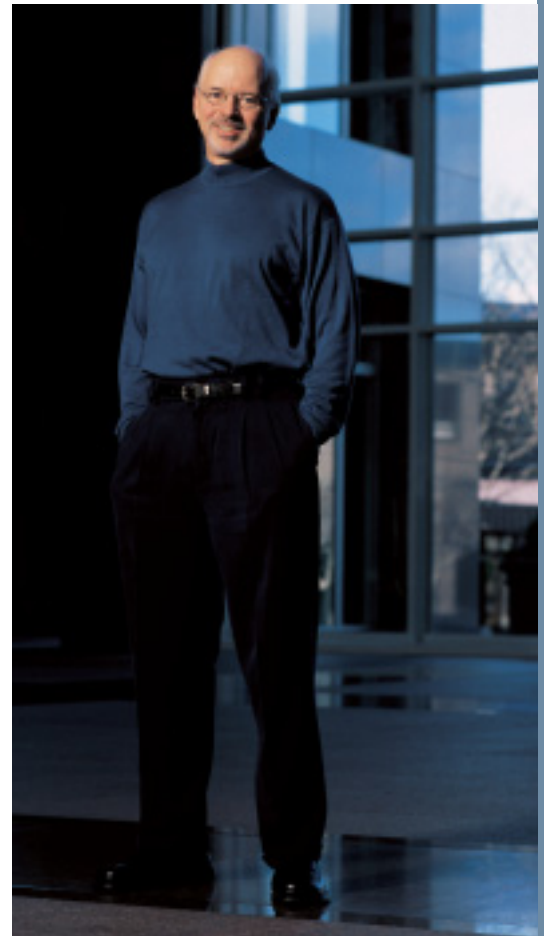
This year we embraced the responsibilities that come with being the leader. We cannot and will not be content with last year's performance or even this year's performance. Instead, we will continue to enhance and expand our world-class collaboration, execution and optimization solutions. Our singular purpose is to help our customers achieve Operational Excellence, which we define as the flawless execution of corporate and financial strategies that exceed customer expectations, while maximizing shareholder value.

WORKING WITH AND FOR OUR CONSTITUENCIES

In 2001, Manhattan Associates worked to build stronger ties to the three main constituencies that we serve. These constituencies are our investors, our customers and our employees. The progress we made with each group is highlighted below.

For **shareholders**, our priority is to maximize shareholder return over a one- to three-year horizon, always building for the future and hopefully not sacrificing the present. Even before 2001 started and well before our competitors, we recognized the economy was slowing, and we proactively positioned ourselves for it. We focused on making the right investments for the right reasons. We asked more of our people, and we focused on executing, whether it be sales, implementations or development. As a result, we were able to produce excellent results in a period where they were the clear exception.

- Core revenues grew from \$107.3 million to \$132.9 million, an increase of 24%; total revenue increased by 14% to \$151.3 million.
- Adjusted net income increased to \$22.2 million compared to adjusted net income of \$18.9 million in 2000, representing an increase of 18%.
- Cash and short-term investments increased by \$36.5 million to \$104.2 million at December 31, 2001 from \$67.7 million at December 31, 2000, a 54% increase.
- International revenues increased to \$26.1 million from \$14.9 million, representing a 75% increase. This growth resulted in the Company establishing a Center of Expertise (COE) in Tokyo and Utrecht, The Netherlands. The Company also established a presence in Germany, France and Australia.



- Existing customers continued investing in our solutions, contributing approximately 30% of our 2001 license revenues. Despite the slow economy, our customers both broadened the deployment of existing Manhattan Associates solutions and purchased new products from us.
- Selected by Forbes Magazine as one of the 200 best small companies in America, with a ranking of No. 23 and the only ranked supply chain management technology provider. Rankings are based on six equally weighted financial metrics.

OUR CONTINUED FOCUS ON CUSTOMERS

We worked hard to understand and meet the needs of our User Community. At Manhattan Associates, the spirit of customer partnerships is evident throughout our operations. They collaborate with us on new product concepts and development. They provide valuable input on new supply chain initiatives that impact our solutions and their distribution network. There were many examples of Manhattan Associates' efforts, some of which are highlighted below, to meet the needs of our customers.

Introduced SmartInfo™. Manhattan Associates kicked off 2001 by rolling out SmartInfo, a customizable business intelligence tool that provides graphical representation of historical trends and real-time activity to enable analysis and optimization of information generated from the user's extended supply chain execution solutions suites.

PkMS™ and Logistics PRO™ TMS Integrated. Logistics PRO, Manhattan Associates' transportation management system product that was part of the October 2000 acquisition of Intrepa, was fully integrated into PkMS. Completed last summer, this integration enables our customers to more effectively manage the costs and processes associated with one of the most complex and costly aspects of supply chain execution.

Released PkMS Pronto™. PkMS Pronto, an integrated warehouse and transportation management system specifically designed for small- to mid-size warehouses, was released this past May. PkMS Pronto provides the benefits of improved order fulfillment, ease of use and a price point targeted to achieve a strong ROI for less sophisticated facilities.

Released infolink™ 2001R1. This new version of infolink provides real-time connectivity and integration to a user's offshore factories that are either company owned or contracted. The solution provides the infrastructure needed to collaborate electronically with supply chain partners by standardizing methods of information exchange, synchronizing business processes and streamlining operations.

Developed a Comprehensive Yard Management Product. In January 2002, we introduced enhanced, comprehensive yard management functionality to augment PkMS. This enhanced yard management functionality extends beyond the four walls of the Distribution Center (DC) and provides the user with the ability to manage inventory and orders even before the formal receiving process begins at the dock door.

ISO 9001. Manhattan Associates earned ISO 9001 certification in March 2001. Manhattan Associates is one of the first U.S. software development companies to achieve ISO 9001 certification under the recently approved version 2000 of the standard. Our quality initiatives go beyond ISO and are an ongoing part of our customer-centric culture.

3PL Business Unit. Last summer, we formed a third-party logistics (3PL) business unit that focuses on the unique requirements and processes of the 3PL industry. This new business unit—consisting of dedicated resources from sales, account management, implementation, training and customer support—allows us to better leverage our industry-leading domain expertise and functionality in the 3PL marketplace.

International Expansion and Successful Translation of PkMS. In order to meet the growing needs of customers with international operations, Manhattan Associates expanded its international reach considerably by establishing its European headquarters in Utrecht, The Netherlands. We established a presence in France, Germany and Australia. In addition, we entered the Japanese market by establishing an office in Tokyo early in 2002.

Expanded and Strengthened Our Alliances. Through the Manhattan Associates Partner Program (MAP²), we continue to formalize and cultivate our alliances so we can collectively offer our joint customers the best and broadest supply chain solutions. In 2001, we entered into alliances with such key software and material handling providers as Intentia, Manugistics, JDA Software Group, Siemens Dematic, FKI Logistex and Sun Microsystems.

The result of these efforts is that the Manhattan Associates User Community continued to grow in strength and number. During the past year, we also added many new customers, including: Ahold; ARAMARK Uniform and Career Apparel; Belkin Components; Bob Evans Farms, Inc.; Deschenes Group; Guitar Center, Inc.; Harley Davidson; Healthcare Logistics Limited; Hibbett Sporting Goods, Inc.; Kmart Corporation; Mary Kay Incorporated; Sara Lee Foods; Wolverine Worldwide, Inc.; and Yazaki North America, Inc.

MANHATTAN ASSOCIATES EMPLOYEES: OUR STRONGEST ASSET

Manhattan Associates employees' unparalleled domain expertise, experience and passion for supply chain excellence are key drivers to our success. Our commitment to our employees is to provide an environment where they will be challenged and have the opportunity for personal growth. We continue to foster the company's entrepreneurial spirit by creating an environment where employees are expected to be immediate contributors. Through our ISO processes, up-front training and orientation, strong company culture and close knit work teams, new employees have the environment to be successful.

Mentoring programs, improved communications, face-to-face career evaluations, individual goal setting and in-depth employee training programs work to ensure that employees have the opportunity to grow professionally. Each and every employee is granted options through the company's Stock Incentive Plan. We are pleased that Manhattan Associates' voluntary turnover rate was less than 6% in 2001, which is well below the industry average. I, along with the management team, ardently believe that a strong, committed employee base leads to better customers, better solutions and better alliances.

LOOKING AHEAD

As we move through 2002, I remain extremely optimistic about Manhattan Associates' prospects for profitable growth. As we enter 2002, we are well positioned as the clear leader in x-SCE, one of the most rapidly growing areas of technology. A critical factor to our success is that our solutions provide real value to our customers. Our technology provides a return on investment (ROI) that is tangible and relatively quick. The increasing pace of change in the supply chain forces companies to have their logistics processes as efficient, adaptive and responsive as possible, and with systems that are cost effective. No company except Manhattan Associates is better positioned to excel in such an environment.

I would like to thank Manhattan Associates customers and alliance partners for their support in 2001. I would like to send a special thanks to our employees who continue to grow and work as a team for the benefit of our customers. Finally, I must thank our shareholders for putting their faith in the leading provider of extended supply chain execution solutions.



RICHARD M. HADDRILL
President and CEO

Letter from the Chairman

To My Fellow Shareholders,

While the past year was difficult for many high-tech companies, Manhattan Associates forged ahead, posting both revenue and profit gains in 2001. These gains were the result of the company strategically expanding key aspects of our customer base, our employee base, our product suites and our international reach.

We believe that international markets will continue to hold tremendous promise and opportunity in the coming year. As globalization and outsourcing (of both production and logistics) continue, more and more companies, regardless of their location, need our solutions to manage their extended supply chains.

I spent a majority of 2001 working with our international teams to expand our presence in Continental Europe and spent six months in Europe. Since early in 2002, I have been based in Tokyo to lead our start-up efforts in the world's second largest economy. In December 2001, Manhattan Associates released a fully Unicode-enabled version of PkMS to support global customers demanding both single-byte and multi-byte language sets. We also completed the localization process for the Japanese-, German-, French- and Spanish-speaking markets earlier in the year.

We now have 50 international customers and over 100 employees based outside of North America. I am excited about Manhattan Associates becoming a truly global company.

CORPORATE GOVERNANCE AT MANHATTAN ASSOCIATES

Given the current climate, I believe it is worth noting that Manhattan Associates' 800 worldwide employees worked hard in the last year to grow the company, but we did so in a manner that was fiscally prudent and responsible. Our balance sheet continues to remain robust with more than \$104 million in cash. This strength is the result of management's strong leadership and constant focus on building a strong, long-term business. We continue to be vigilant about the commitments we make, and we strive to be clear in our communications with our employees, customers, alliance partners and investors.

We take our financial reporting very seriously. Manhattan Associates' audit committee, which is a subgroup of the Board of Directors, works to ensure and monitor the integrity of Manhattan Associates' financial reporting process. Meeting quarterly with Manhattan Associates' management and outside auditors, this committee consists of three outside, independent directors: Tom Noonan, John Hardesty and John Huntz, who serves as the committee's chair.



These gentlemen are all seasoned executives who bring a wealth of financial and business expertise to the committee and the board. None of these directors has former ties to the company; they are not related to any employees or other directors; they do not work for a firm that is affiliated with Manhattan Associates; and they do not receive money from Manhattan Associates for non-board services. I am proud of our tradition of running a responsible business for the long-term benefit of our customers, our employees and our shareholders.

Succeeding in the economic environment that prevailed through much of last year required a great deal of hard work, focus and determination. The result is not only profitable growth, but also a company that is better prepared to meet the challenges that lay ahead in 2002 and beyond.



ALAN J. DABBIERE
Chairman of the Board

Board of Directors



Alan J. Dabbiere
Chairman of the Board

Richard M. Haddrill
President and Chief Executive Officer

Deepak Raghavan
*Senior Vice President,
Products and Strategy*

Brian J. Cassidy
*Vice Chairman and Co-Founder,
WebForia, Inc.*

John R. Hardesty ^{1,2}
*Chairman,
Thermo Dynamics, Inc.*

John J. Huntz, Jr. ^{1,2}
*Managing Director,
Fuqua Ventures, LLC*

Thomas E. Noonan ^{1,2}
*President and Chief Executive Officer,
Internet Security Systems*

Front Row: John Huntz, Brian Cassidy, Alan Dabbiere and Richard Haddrill.
Back Row: Deepak Raghavan, John Hardesty and Tom Noonan.

¹ Member of Compensation Committee

² Member of Audit Committee

Executive Officers and Key Members of Management



Alan J. Dabbieri
Chairman of the Board

Richard M. Haddrill
President and Chief Executive Officer

Jeffry W. Baum
*Senior Vice President,
International Operations*

Eddie Capel
Vice President, infolink

Michael Croxton
*Vice President, Marketing, Alliances
and Channel Sales*

David K. Dabbieri
*Senior Vice President, Chief Legal Officer
and Secretary*

Bruce Eicher
Vice President, Customers

Jeffrey Mitchell
Senior Vice President, North America Sales

Ed Quibell
Vice President, Business Development

Deepak Raghavan
Senior Vice President, Products and Strategy

Ramesh Srinivasan
Senior Vice President, Technical

Neil Thall
Executive Vice President

Thomas Williams
*Senior Vice President, Chief Financial Officer
and Treasurer*

*First Row (from left to right): Deepak Raghavan, Richard Haddrill, Neil Thall and Tom Williams.
Second Row: Bruce Eicher, David Dabbieri, Ed Quibell, Jeff Mitchell, Ramesh Srinivasan and Jeff Baum.
Missing from the photo are Eddie Capel and Mike Croxton.*

The Challenges of Supply Chain Execution

Regardless of size, geography or industry, companies face huge challenges in supply chain execution. Trends like globalization; outsourcing; the rise of the multi-channel environment; increasingly complex customer demands; growing demands for real-time collaboration; and advanced planning systems' need for real-time, granular execution data are all placing tremendous strains on today's supply chain infrastructure and systems.



No CEO, COO, CFO or CIO can afford to ignore or deny the impact of these trends. Companies that fail to respond to them will see their market share eroded by competitors that are more responsive, yet companies that respond to customers without the proper cost controls could see their profits suffer. Subsequently, companies face the daunting challenge of re-tooling themselves to best manage these trends, while also turning in a profitable performance.

This new business model has forced c-level executives to view supply chain execution in a more strategic light. A company must now develop and maintain a

Partnering With Customers in the Following Industries:

Retail

Consumer Goods, including
Apparel and Footwear

Direct to Consumer

Third Party Logistics

Food/Grocery

Healthcare

Industrial/Wholesale

High Tech/Electronics

supply chain that can manage high transaction volumes, respond more quickly, support more processes, manage more products that have shorter lifecycles and respond to constantly changing customer requirements.

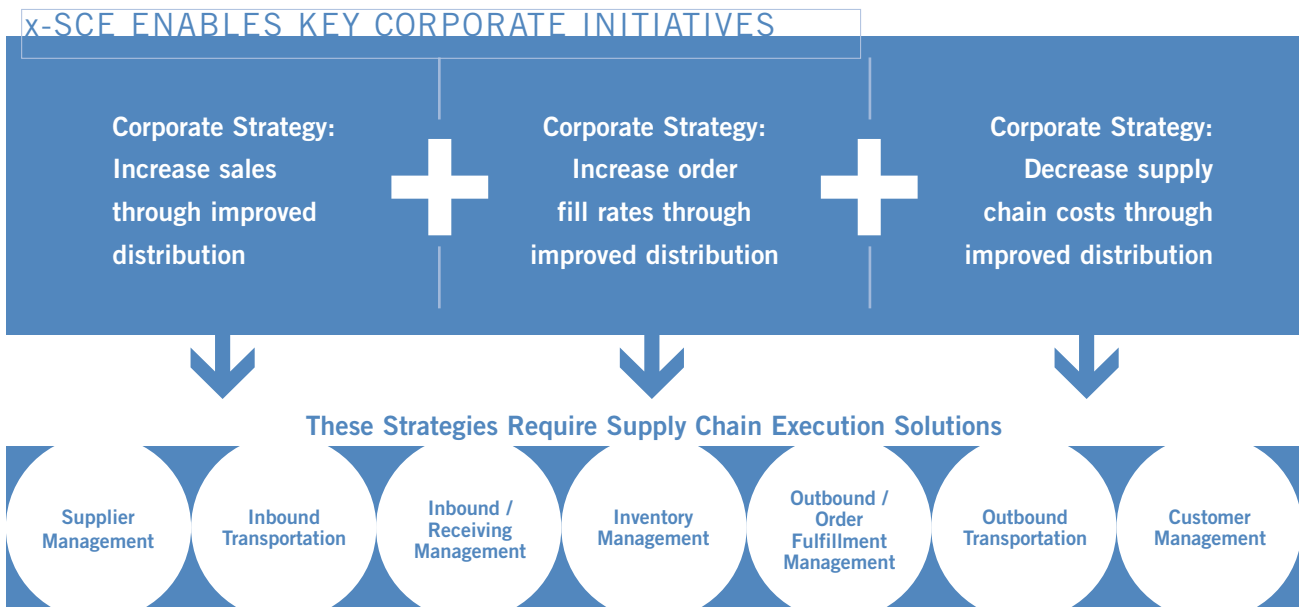
And the margin for error is getting tighter and tighter. In today's real-time supply chain, where safety stocks are radically reduced and the need for accuracy and real-time responsiveness is essential, even the smallest glitch can have a significant business impact. When a breakdown does occur, the need to immediately identify it and take swift corrective action has never been more important.

Helping Our Customers Achieve Operational Excellence

These same supply chain challenges present tremendous opportunities for Manhattan Associates. To best manage these challenges, our customers need to achieve Operational Excellence in their supply chain operations. We define Operational Excellence as the flawless execution of corporate and financial strategies that exceed customer expectations, while maximizing shareholder value. It means logistics processes are as efficient, adaptive and responsive as possible.

Manhattan Associates' sole purpose is to help our customers achieve this state of Operational Excellence by providing integrated collaboration, execution and optimization software, which we collectively call extended Supply Chain Execution (x-SCE) solutions. Our x-SCE solutions make extended supply chain execution — the ability to move product and the associated data flows from the point of source to the point of consumption efficiently and effectively — a reality.

These solutions transform traditional supply chain execution into a competitive advantage by broadening the depth and breadth of the traditional Warehouse Management Systems (WMS) and Transportation Management Systems (TMS) into a suite of vertically focused solutions that enables Operational Excellence. We offer functionality that spans from supplier management to customer management and all internal fulfillment operations in between. Our solutions help companies



create a competitive advantage by building efficiencies and creating profit-generating opportunities within and beyond the four walls of the enterprise.

Our solutions are best of breed, which gives us a singular focus and purpose: the extended supply chain, its associated business challenges and the technology required to meet those challenges head on. Subsequently, no other provider offers the depth and breadth of functionality required to manage today's extended supply chain.

By being best-of-breed and not a broad-based solutions provider, we offer our customers another benefit: unparalleled domain expertise. We possess an inherent understanding of the requirements, processes and nuances of our eight industries' supply chains. By recognizing these differences, we can cost-effectively tailor our solutions and services to meet the needs of each industry's supply chain both today and tomorrow.

Finally, Manhattan Associates solutions provide tight, seamless, real-time integration across the individual components of x-SCE— collaboration, execution

and optimization. This degree of real-time integration is imperative. Without it, the enterprise cannot enjoy the full benefits of its investment in these solutions.

Incorporating Manhattan Associates' x-SCE solutions into a corporate strategy simply makes good business sense. It enables companies to keep customers satisfied, improve trading partner collaboration, enhance productivity and capitalize on new revenue opportunities, while reducing costs throughout the supply chain. All of which positively affects the bottom-line. The ROI these systems yield cannot be disputed. In this way, our solutions transform the once ignored realm of warehousing into true extended supply chain execution.

As the global leader in supply chain execution, we have one of the broadest and deepest product footprints. Our technology includes the following suites of solutions:

MA FULFILL

MA Fulfill is Manhattan Associates' solutions suite offering core and advanced supply chain execution functionality for all types of users — from large, multi-conglomerate customers to the needs and budgets of small- to medium-size companies. The suite's solutions manage all aspects of distribution center (DC) operations: receiving, returns processing, inventory management and order fulfillment, including replenishment, picking, packing and shipping.

Additional components of MA Fulfill:

- Supports sophisticated value-added programs such as compliant labeling, kitting, assembly, insertion, price ticketing and order personalization
- Features built-in, industry-specific functionality to satisfy extended supply chain requirements both today and tomorrow
- Prioritize and allocate orders based on geography, inventory, availability and company-specific priorities — by linking directly with either an ERP or a Web site — across an entire business
- Track and bill for all activities in the distribution center

The suite features built-in, industry-specific functionality to satisfy extended supply chain requirements and help users reach operational excellence by opti-

MANHATTAN ASSOCIATES COMPETITIVE ADVANTAGE

- Singular Focus on Extended Supply Chain Execution
- 11-Year History in Supply Chain, Distribution and Logistics
- Broadest and Deepest Product Footprint in the Industry
- Leading Edge, but Proven Technologies
- Product Modularity, Scalability and Upgradability
- ISO Compliant Processes and Upgradability
- Growing International Presence
- Strong, Industry-Based and Focused Customer Relationships
- Key Partnerships
- Financial Strength

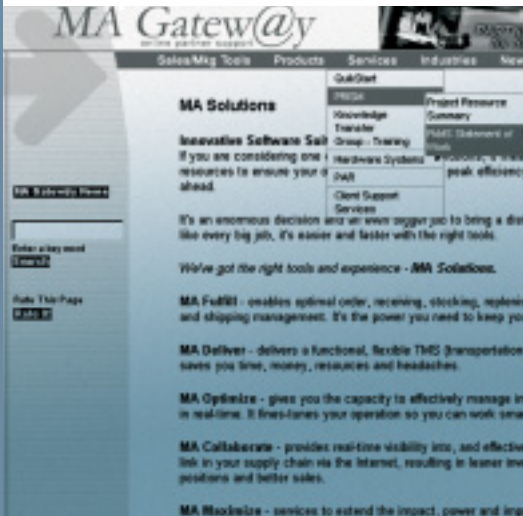
mizing distribution performance and eliminating costs associated with the inefficient movement of goods, redundant processes and excess inventory.

MA DELIVER

MA Deliver is Manhattan Associates' suite of solutions offering advanced transportation management functionality. MA Deliver manages one of the largest controllable costs in the extended supply chain: transportation. By eliminating manual processes; enabling rate shopping, pooling and zone skipping; and automating communication with carriers via load tendering, appointment scheduling and EDI, MA Deliver's solutions help users significantly improve their decision making and execution. The suite's broad, deep functionality in transportation execution and short-horizon planning, coupled with its tight integration with warehouse management systems, provides users with benefits such as reduced freight charges, elimination of back-end processes, reduced labor costs and additional overhead reduction.

MA OPTIMIZE

MA Optimize is Manhattan Associates' solutions suite comprised of business intelligence, labor optimization and facility optimization tools. The business intelligence



tool enables analysis and optimization of historical trends, real-time activity and other information generated from the supply chain execution system. The labor optimization tool provides distribution center managers with the ability to track employees' performance against DC activities and assess the efficiency of current operations to better plan for upcoming labor requirements. The facility optimization tool uses genetic algorithms to determine the most beneficial and ergonomic placement of items on the pick line, resulting in reduced labor costs, fewer workers' compensation claims and greater throughput. It also has the ability to perform daily maintenance on a company's pick line, which ensures constant productivity.

MA COLLABORATE

MA Collaborate is Manhattan Associates' suite of solutions providing real-time visibility and connectivity into today's extended supply chain. The suite's functionality enables a company to achieve process and information synchronization with both their suppliers and their customers, which results in reduced labor and facility costs and improved customer service. MA Collaborate also provides Global Inventory Visibility (GIV) for peak responsiveness to exception conditions and supply chain event management for visibility to granular events within the extended supply chain.

MA CONNECT

The solutions available in MA Connect fully integrate our software with virtually all business applications and material handling systems and equipment. Designed in partnership with leading enterprise software and material handling providers, our proven integration solutions help share real-time data with virtually every system in the supply chain, regardless of protocol. The result is faster implementation times, increased performance, lower cost of ownership and reduced risk.

MA MAXIMIZE

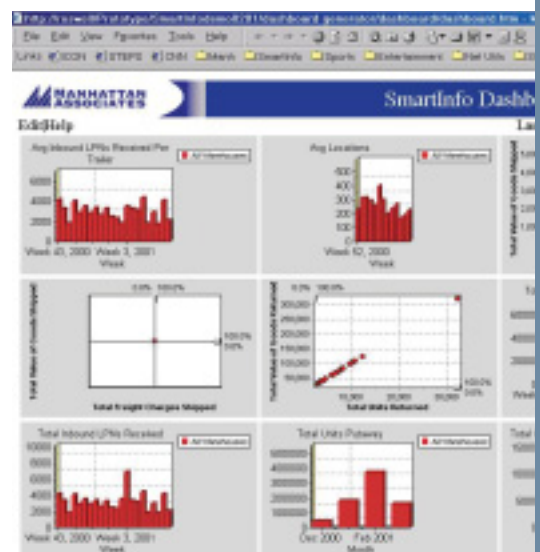
MA Maximize, Manhattan Associates' suite of services, provides a wide range of services to maximize the impact, power and improved productivity of our x-SCE solutions. Using a proven approach to project management, we can accurately and successfully plan and execute projects, regardless of size or scope.

To ensure a total solution, we work closely with our customers and implementation partners to identify high-level requirements based on the customer's corporate goals and operational needs. The specifications and operational requirements are expanded to define a working functional document. Combining this functional document with a detailed design, Manhattan Associates implements real-time collaboration, execution and optimization solutions that help customers reach Operational Excellence, which is defined as the flawless execution on corporate and financial strategies to maximize shareholder value.

Since 1991, we have consistently delivered these systems on time and on budget by institutionalizing a standard implementation methodology that capitalizes on the company's collective experience, which includes installing supply chain execution solutions at over 1,100 facilities worldwide. This defined methodology's fundamentals include teamwork, structured client involvement and the use of discrete, linear stages, each with concrete deliverables. Manhattan Associates' proven project implementation methodology has been developed, refined and enhanced with each completed installation. This methodology takes into account the proper staffing to meet the client's deadlines and the proper procedures and documentation resulting in a successful implementation.

Knowledge Transfer Group. Manhattan Associates' Knowledge Transfer Group (KTG) is dedicated to providing multi-faceted training that helps users get the most out of their investment in the company's suites of extended supply chain execution solutions, including MA Fulfill, MA Deliver, MA Optimize, MA Collaborate and MA Connect.

KTG employs a practical, real-world approach to training, offering a variety of platform-, industry- and operation-specific training classes for different types of users. From case study demonstrations to hands-on labs, our energetic and comprehensive learning environment provides the necessary skills and information to help ensure success. KTG also offers Computer Based Training (CBT) that can be customizable for all types of employees, skill levels and corporate systems. In addition, KTG offers Quick Reference Guides that provide troubleshooting advice and direction, which are written to a company's specific needs.



Client Support Services. Through our comprehensive Customer Support programs, we extend our relationships with customers far beyond the initial system implementation. Committed to a long-term, mutually beneficial relationship as well as to our customers' continuing success, we have a wealth of dedicated resources that help customers achieve Operational Excellence.

- **Global Support Center.** Based at corporate headquarters in Atlanta, Manhattan Associates' Global Support Center is available 24/7 via phone, Web site, e-mail or fax. This team is dedicated to supporting our growing customer base and consists of experienced eServer iSeries (AS/400), UNIX and n-tier consultants for system-specific help.
- **Worldwide Customer Support and Software Enhancements Policy.** Over 90% of our client base takes advantage of this policy, which provides efficient and effective service to clients, while helping them master the many opportunities presented by the company's solutions.

Benefits of Manhattan Associates' Worldwide Customer Support and Software Enhancements policy include:

- 24/7 Call Center support with free service for all warranty issues;
- Access to all software version updates and enhancements;
- Retail compliance guarantee;
- Training class discount of 10%;
- Free annual one day on-site visit by experienced Manhattan Associates consultants; and
- Free access to MA Gatew@y, Manhattan Associates' customer extranet.

Account Management Program. Manhattan Associates has an Account Management program, which exists to serve as an executive level contact for our clients. Every Manhattan Associates customer is assigned an account manager even before the installation begins. This team strives to build and maintain intimacy with the customers by being knowledgeable, proactive points of contact.

Customer Profiles

Leading European Grocery Distributor Consolidates, Automates

Geest plc, Europe's leading supplier of fresh prepared food and produce, distributes its salads, soups, sauces, dips, dressings and ready meals to all major retailers throughout the UK and Northern Europe. Several years ago, the company began a comprehensive reengineering of their distribution operations, including the consolidation of eight existing warehouses into one, centralized, state-of-the-art, chilled DC that is located in Spalding, Lincolnshire. From this project, the company wanted to improve their supply chain efficiencies and customer service. They also needed this new facility to manage the significant growth they were experiencing in both the volume and variety of goods processed.

To best manage this new DC and its substantial growth rate, Geest partnered with Manhattan Associates in January 2001. Within eight months, Geest's new DC was designed and built and Manhattan Associates solutions were installed to manage all aspects of the DC's operations. For Geest, Manhattan Associates solutions provide tightly controlled management and



oversight of the distributor's inventory, which is perishable and has a short shelf life. Additionally, the systems track critical lot and date information as the inventory moves through the DC and on to the customer. Manhattan Associates' robust, industry-specific order fulfillment functionality enables Geest to process orders with perishable items quickly and efficiently.

In this new facility, manual, paper-based processes have now been replaced with a new, totally paperless RF environment, which has allowed Geest to substantially reduce errors and improve order throughput. Additionally, Geest uses PkMS's task management technology to automate decision making of warehouse personnel and enable the most productive use of personnel and equipment resources. Since implementing the system, Geest has achieved service levels of 99.81 with all their major retail customers.

Terry Moore, general manager of logistics for Geest, says, "It has been a tough nut installing a new WMS in a brand new DC inside six weeks, but together we have cracked it, and our success puts Geest at the forefront of the supply chain for years to come. Our operation runs around the clock, and we rely heavily on Manhattan's immediate response and strong support team."

Sainsbury's Teams with Manhattan Associates to Reengineer their Supply Chain

“Our decision to select Manhattan Associates was influenced by their depth of functionality, giving us the opportunity to make a stepped change in our working processes within the physical operation. In addition, the performance capabilities of their systems, as well as the quality of their team increased our overall confidence in Manhattan Associates,” said Andy Banks, supply chain development director for Sainsbury’s.



The project called for Manhattan Associates x-SCE solutions to be installed at over 30 of their primary consolidation centers, multi-temperature regional distribution centers and next generation fulfillment centers. The first phase of the project focuses on installing PkMS. Currently, two facilities slated for implementation are now live with this system, with implementations at the remaining facilities scheduled over this year through to 2005.

As a result of their supply chain reengineering efforts, Sainsbury’s is already experiencing significant improvements at each DC and across their supply chain network. The company’s new streamlined operations have since revealed the urgent need for real-time collaboration between the retailer and their suppliers and consolidation partners. Without this collaboration, Sainsbury’s would not gain the maximum benefits and their ROI would suffer.

In December 2001, Sainsbury’s announced that it would implement—across its entire supply chain—*infolink*, Manhattan Associates’ B2B collaboration solution. Once the implementation of *infolink* is completed in September 2002, Sainsbury’s will have the ability to collaborate—via the Web—with their extensive mix of suppliers and consolidators. *Infolink* will enable these suppliers and consolidators to receive and manage purchase orders electronically; create and transmit ASNs; and print compliant inbound pallet labels—all in real time, regardless of time or location. The initial phase of the project is already underway, with key suppliers and “hub operators” being briefed on Sainsbury’s overall supply chain initiative and how this initiative improves retail/supplier interaction.

Banks concluded by saying, “*infolink* will provide us with end-to-end visibility throughout our supply chain and enables us to develop strong collaborative communities with our suppliers. Not only is data exchanged in real time, but now our trading partners can react to the data to ensure product continues to move through the supply chain as quickly and efficiently as possible.

Customer Profiles

Global 3PL Provider Supports JIT Environment

APL Logistics emerged almost three decades ago from the leading innovator in global shipping, APL Ltd. Since its founding, APL Logistics has steadily developed services for every step in the global supply chain, with enabling technologies to measure, manage, and improve its performance. With nearly 300 locations spanning 56 countries, APL Logistics service offerings include overseas vendor management, freight consolidation, multi-modal transportation management and value-added warehousing and distribution services. Information and information services are a critical element of consistently excellent execution and supply chain event management from factory floor to customer door. Four of those facilities in the U.S. service a global manufacturer and distributor of technology products.

APL Logistics partnered with Manhattan Associates to put together a world-class logistics solution to service this manufacturer’s final assembly facilities. At these four DCs, the suppliers to the manufacturer are responsible for maintaining the appropriate level of inventory to support the manufacturer’s final assembly operations. In essence, through implementing this Vendor Managed Inventory (VMI) concept, APL Logistics has implemented more than 34 separate instances of the warehouse management systems solution.

Manhattan Associates solutions are installed at these DCs to manage the receiving, inventory management, picking, packing and shipping of orders. Manhattan Associates technology is also at work to provide the manufacturer and its suppliers with real-time visibility into the VMI DCs, including the status of orders and the inventory of every item in the distribution centers so that the inventory is truly managed by each individual supplier.

The process works as follows: the manufacturer places an order — via the Web — with APL Logistics for needed inventory. These orders are then downloaded into PkMS, which immediately organizes the orders into waves. The start of the wave process also initiates infolink to send the manufacturer a message with the real-time status of the inventory requested so that production and assembly processes can be scheduled.

After the wave process is complete, infolink sends another alert to the manufacturer that contains the inventory allocated for that order and what, if any, inventory is not available. Within very short and time definite intervals, APL Logistics, aided by Manhattan Associates technology, must wave the orders, pick, pack and ship the orders—these orders must arrive on the manufacturer’s assembly staging areas.

MA COLLABORATE



While the product is being readied for shipment, infolink sends another alert to the manufacturer notifying them that the shipment is on its way. This notification, along with the fact that all outgoing cartons and pallets are bar coded, smoothes the receiving process at the final assembly facilities.

Besides a substantially reduced order processing time, APL Logistics provides this manufacturer and its suppliers with the systems and processes needed to achieve real-time global inventory visibility, which allows true collaborative commerce to occur on a daily basis. This visibility ensures the manufacturer always has the right products in the right quantities arriving at the right time, which is critical to sustain their world-famous JIT environment.

Corporate Information

REGISTRAR AND TRANSFER AGENT

SunTrust Bank, Atlanta
58 Edgewood Avenue
Suite 225 Annex
Atlanta, Georgia 30303

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

FORM 10-K

A copy of the 2001 Form 10-K, filed with the Securities and Exchange Commission, may be obtained by shareholders without charge by writing to the Manhattan Associates Investor Relations department.

NASDAQ SYMBOL

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

MANHATTAN ASSOCIATES CUSTOMERS

partial listing

CONSUMER GOODS
(includes Apparel/Footwear)

ARAMARK Uniform and
Career Apparel, Inc.
Calvin Klein
Elizabeth Arden
Newell Rubbermaid
SEIKO Corp. of America
The Diamond Trading Company
The Stride Rite Corporation
Waterford Wedgewood USA, Inc.

DIRECT-TO-CONSUMER

Cabela's
Coldwater Creek
Columbia Sportswear
Cornerstone Brands, Inc.
J. Jill Group
KBKids.com
Nordstrom.com
Patagonia

FOOD AND GROCERY

Alliant Atlantic Foodservice
American Italian Pasta Company
Ben E. Keith Company
Burns Philip Food/Tone Brothers
Hiram Walker & Sons
Orefield Cold Storage
Sainsbury's Supermarkets Ltd.
Sara Lee Foods, Inc.

THIRD PARTY LOGISTICS

APL
ClientLogic Corporation
Corporate Express
Exel Logistics
Langham Logistics
SalesLink
Tibbett and Britten Ltd.

HEALTHCARE

Abbott Laboratories, Inc.
Amerisource Health Corporation
Banta Healthcare
F. Dohmen Company
Ocular Sciences, Ltd.
Pfizer Canada, Inc.
Steifel Laboratories, Inc.
Stryker Endoscopy

RETAIL

American Eagle Outfitters
Debenhams Retail Plc
Mary Kay
Nordstrom
The Children's Place
The Limited
The Sports Authority
Too, Inc.

INDUSTRIAL AND WHOLESALE

AGFA/Bayer
Liberty Hardware
Loctite Corporation
Motors & Armatures, Inc.
O'Reilly Automotive
PPG Architectural Finishes
Rain Bird Sales
Strauss Discount Tire

HIGH TECH AND ELECTRONICS

Belkin Components
Canon (UK) Limited
EGS Electrical Group
Festo Corporation
Metatec Corporation
Microwarehouse, Inc.
Olympus America
Siemens Energy & Automation



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