UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2003
OR

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

For the transition period from _______ to _______

Commission File Number: 000-23999

Manhattan Associates, Inc.

(Exact Name of Registrant As Specified in Its Charter)

Georgia	**58-2373424**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification No.)*
2300 Windy Ridge Parkway, Suite 700 Atlanta, Georgia	**30339**
(Address of Principal Executive Offices)	*(Zip Code)*

Registrant's telephone number, including area code: **(770) 955-7070**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
None	None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, $.01 par value per share

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant, based upon the closing sales price of the Common Stock on June 30, 2003 as reported by the Nasdaq Stock Market, was approximately $667,029,322. As of March 11, 2004, the Registrant had outstanding 30,194,502 shares of Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE

The Registrant's definitive Proxy Statement for the Annual Meeting of Shareholders to be held May 21, 2004 is incorporated by reference in Part III of this Form 10-K to the extent stated herein.

TABLE OF CONTENTS

- Forward-Looking Statements
- PART I
  - Item 1. Business
  - Item 2. Properties
  - Item 3. Legal Proceedings
  - Item 4. Submission of Matters to a Vote of Security Holders
- PART II
  - Item 5. Market for Registrant's Common Equity and Related Shareholder Matters
  - Item 6. Selected Consolidated Financial Data
  - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations
  - Item 7A. Quantitative and Qualitative Disclosures About Market Risk
  - Item 8. Financial Statements and Supplementary Data
- REPORT OF INDEPENDENT AUDITORS
- REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS
- CONSOLIDATED BALANCE SHEETS
- CONSOLIDATED STATEMENTS OF INCOME
- CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
- CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
- CONSOLIDATED STATEMENTS OF CASH FLOWS
- NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
  - Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure
  - Item 9A. Controls and Procedures
- PART III
  - Item 10. Directors and Executive Officers of the Registrant
  - Item 11. Executive Compensation
  - Item 12. Security Ownership of Certain Beneficial Owners and Management
  - Item 13. Certain Relationships and Related Transactions
  - Item 14. Principal Accountant Fee and Services
- PART IV
  - Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K
- SIGNATURES
- EX-10.27 EXECUTIVE EMPLOYMENT AGREEMENT, HADDRILL
- EX-10.28 EXECUTIVE EMPLOYMENT AGREEMENT SINISGALLI
- EX-10.29 SEPARATION AND NON-COMPETITION
- EX-10.30 EXECUTIVE EMPLOYMENT AGREE ED QUIBELL
- EX-10.31 SEVERANCE AND NON-COMETEITION AGREEMENT
- EX-10.32 EXECUTIVE EMPLOYMENT AGREEMENT MITCHELL
- EX-10.33 EXECUTIVE EMPLOYMENT AGREEMENT SRINIVASAN
- EX-10.34 SEVERANCE AND NON-COMPETITION AGREEMENT
- EX-10.35 EMPLOYMENT AGREEMENT,ERIC PETERS
- EX-10.36 EXECUTIVE EMPLOYMENT AGREEMENT, BAUM
- EX-21.1 LIST OF SUBSIDIARIES
- EX-23.1 CONSENT OF ERNST & YOUNG LLP
- EX-31.1 SECTION 302 CERTIFICATION OF THE CEO
- EX-31.2 SECTION 302 CERTIFICATION OF THE CFO
- EX-32.1 SECTION 906 CERTIFICATION OF THE CEO & CFO
- EX-99.1 SAFE HARBOR COMPLIANCE STATEMENT

Forward-Looking Statements

In addition to historical information, this Annual Report may contain “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. Among the important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are delays in product development, undetected software errors, competitive pressures, technical difficulties, market acceptance, availability of technical personnel, changes in customer requirements and general economic conditions. Additional factors are set forth in “Safe Harbor Compliance Statement for Forward-Looking Statements” included as Exhibit 99.1 to this Annual Report on Form 10-K. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in future operating results. Our Annual Report on Form 10-K is available through our Web site at www.manh.com.

PART I

Item 1. *Business*

We are a leading global provider of technology-based solutions to improve the effectiveness of and the efficiencies within and across the supply chain. Our solutions, which consist of software, services and hardware, enhance distribution and transportation efficiencies through the real-time integration of supply chain constituents, including manufacturers, distributors, retailers, suppliers, transportation providers and consumers. Our software consists of three principal product groups within supply chain execution (“SCE”) systems: warehouse management, transportation management and trading partner management. In addition, we provide additional products that support or enhance the functionality of the product groups, such as performance management and Radio Frequency Identification (“RFID”). Warehouse management solutions include the performance of the many processes that take place in the warehouse and distribution center, beginning with the placement of an order by a customer and ending with the order fulfillment process. Transportation management solutions include functionality that allows a company to optimally procure, plan and execute transportation services, including the delivery of the order to the end customer. Trading partner management solutions provide real-time synchronization of key processes and their associated information flows across the supply chain, including customer process synchronization, supplier process management, global inventory visibility, supply chain event management and returns management. Performance management solutions use analytic tools and alerting processes that allow distribution center managers to monitor events within the supply chain cycle, analyze historical data and generate reports. Our RFID software solution provides an integration and reporting platform between RFID chip readers and SCE and Enterprise Resource Planning (“ERP”) systems. We also provide services, including design, configuration, implementation and training services, plus customer support services and software enhancement subscriptions.

We currently provide our solutions to manufacturers, distributors, retailers and transportation providers primarily in the following markets: retail, consumer goods, food and grocery, third-party logistics, industrial and wholesale, high technology and electronics, healthcare and pharmaceuticals, government and transportation. As of December 31, 2003, our software has been licensed for use by approximately 940 customers including Abbott Laboratories, Inc., AmerisourceBergen Services Corp., BJ’s Wholesale Club, Inc., Bristol-Myers Squibb Company, BMW Group, Cingular Wireless LLC, Costa’s PTY, Limited, Exel plc, Giant Eagle, Inc., Guess?, Inc., Gulf States Toyota, Halfords Ltd., Mary Kay Inc., Newell Rubbermaid Inc., NYK Logistics (Europe) Limited, Olympus America, Inc., Sara Lee Corporation, Sysco Corporation, TDG (UK) Limited, Tiffany and Co., and Wolverine World Wide, Inc.

We are a Georgia corporation formed in February 1998 to acquire all of the assets and liabilities of Manhattan Associates Software, LLC. References in this filing to the “Company,” “Manhattan,” “Manhattan Associates,” “we,” “our,” and “us” refer to Manhattan Associates, Inc., our predecessors, and our wholly-owned and consolidated subsidiaries. Our principal executive offices are located at 2300 Windy Ridge Parkway, Suite 700, Atlanta, Georgia 30339, and our telephone number is 770-955-7070.

Industry Background

Effective SCE solutions allow organizations to enhance customer satisfaction and reduce the costs of operating distribution centers and transportation. In the current environment, supplier complexity, customer demands and volumes of transactions continue to increase. In addition, technological innovations, such as RFID chips, voice recognition equipment and the Internet continue to increase the relative value propositions of effective and efficient distribution. As a result, many organizations are required to redefine their supply chain, their distribution centers and their transportation networks as well as automate many supply chain processes in order to improve the effectiveness of the supply chain and to improve customer satisfaction and loyalty. In recent years, many businesses have replaced legacy, highly customized systems and manual processes with new technologies to improve the flow of goods and information among supply chain participants, which include manufacturers, suppliers, distributors, retailers and transportation providers. These technologies have helped businesses to reduce warehouse management and transportation costs, reduce inventory levels, improve inventory turnover and, most importantly, improve customer satisfaction. The efficient management of a distribution and logistics network, which consists of factories, distribution centers, hubs and consolidators, now requires collecting and processing increasing amounts of key information in real time. Detailed information on customer orders, inbound shipments of products, products available on-site, product storage locations, weights and sizes, customer- or store-specific shipping requirements, routing data, carrier requirements, order status and any other data needed by carriers is now essential to effective supply chain execution. Manufacturers, distributors, retailers, and transportation providers must continuously exchange this information with other participants in the supply chain in order to effectively manage the flow of goods and associated data flows from the raw materials supplier to the manufacturer to the distributor to the retailer or end consumer. In this increasingly competitive environment, effective SCE technology solutions have become critical to success in order to handle the very sophisticated transportation and distribution services required today, including:

- more frequent customer-specific inventory replenishments;
- distribution through multiple delivery channels;
- 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;
- compliance with unique, customer-specific and industry-specific shipping standards;
- compliance with requirements to use RFID chips, which have recently been established by Wal-Mart, Target and the U.S. Department of Defense (“DOD”);
- the exchange of real-time trading information electronically;
- communication with and management of international trading partners;
- rate shopping; and
- carrier management.

Within a distribution center, SCE systems must be able to analyze dynamically the information available to determine the most efficient use of the distribution center’s labor, materials handling equipment, packaging equipment and shipping, storage and receiving areas. These systems must interface, in real-time, directly with ERP and other host systems to exchange business information. The mission-critical function of SCE systems within a distribution center requires that these systems operate with high reliability and efficiency, while supporting very high transaction volumes and multiple users. Suppliers, manufacturers, distributors and retailers must exchange information in real time with other participants in the supply chain in order to effectively integrate their operations with the extended supply chain. Additionally, front-office Internet business software applications require real-time access to data provided by these SCE systems to provide a dynamic view of a company’s extended supply chain.

The Manhattan Associates Solution

Our solutions feature modular software applications that employ leading database technology to address a full range of requirements of modern, complex distribution centers, transportation routing guides and the overall supply chain, including warehouse management, transportation management and trading partner management. Our warehouse management solutions include the performance of the many processes that take place in the warehouse and distribution center, beginning with the execution of an order by a customer and ending with the fulfillment and delivery of the order to the end customer. Our transportation management solutions include functionality that allows a company to optimally procure, plan and execute transportation services. Our trading partner management solutions provide real-time synchronization of key processes and their associated information flows across the extended supply chain, including customer process synchronization, supplier process management, global inventory visibility and supply chain event management, that includes real-time monitoring and alerting. In addition to these products, we also provide a performance management and RFID solution that enhance the functionality of our other product groups. Performance management solutions use analytic tools, which allow distribution center managers to monitor events within the supply chain cycle, analyze historical data and generate reports. Our RFID software solution provides an integration and reporting platform between RFID chip readers and SCE and ERP systems. Our software products, together with our professional services capabilities, enable our customers to optimize their supply chain effectiveness and efficiencies by:

- reducing inventory levels and increasing inventory turnover;
- improving inventory and order accuracy;
- improving compliance with customer requirements, including the recent requirement by Wal-Mart, Target and the DOD for their suppliers to use RFID chips;
- facilitating the requirements of multi-channel fulfillment, including complying with industry shipping standards, unique pallet configuration and customer-specific personalization, labeling and packaging;
- improving visibility of inventory, order status and delivery status;
- improving communication with other participants in the supply chain, including suppliers, customers and transportation providers;
- bypassing links in the supply chain;
- enabling and facilitating distribution through multiple delivery channels;
- increasing the productivity of labor, facilities and materials-handling equipment; and
- lowering transportation costs.

Strategy

Our objective is to extend our position as a leading provider of technology-based SCE solutions. We aim to achieve this objective by delivering warehouse management, transportation management and trading partner management solutions that help global manufacturers, retailers and transportation providers successfully manage the growing demands, complexity and volatility of their local and global supply chains. Our solutions are advanced, highly functional, highly scaleable applications that allow our customers to improve relationships with suppliers, customers and transportation providers, leverage their investments in distribution centers, effectively manage transportation costs and meet dynamically changing customer requirements. Our strategies to accomplish our objective include the following:

Develop and Enhance Software Solutions. We intend to continue to focus our product development resources on the development and enhancement of our software solutions. We offer what we believe to be the broadest solution set in the SCE marketplace, founded upon software products, as described herein, to address all aspects of warehouse management, transportation management, trading partner management and performance management. In order to provide additional functionality and value to our solutions, we plan to continue to provide enhancements to existing products and to introduce new products to address evolving industry standards and market needs. We identify further enhancements to our solutions and opportunities for new products through our customer support organization as well as ongoing customer consulting engagements and implementations, interactions with our user groups and participation in industry standards and research committees. Our solutions address the needs of customers in various vertical markets including retail, consumer goods, food and grocery, third-party logistics, industrial and wholesale, high technology and electronics, healthcare and pharmaceuticals, government and transportation. We intend to continue to enhance the functionality of our solutions to meet the dynamic requirements of these vertical markets as well as new vertical markets.

Expand International Sales. We believe that our solutions offer significant benefits for customers in international markets. We have more than 326 employees outside the United States, primarily in Europe and India, focused on international sales, servicing our international clients and product development. In addition to offices in the United Kingdom, Netherlands, Germany, India and Australia, we have a direct presence in France, Singapore, China and Japan and established reseller partnerships in Latin America. Our international strategy includes leveraging the strength of our relationships with current customers that also have significant overseas operations and the pursuit of strategic marketing partnerships with international systems integrators and third-party software application providers.

Expand Our Strategic Alliances and Indirect Sales Channels. We currently sell our products primarily through our direct sales personnel. We have worked on joint projects and joint sales initiatives with industry-leading consultants and software systems implementers, including most of the large consulting firms and other systems consulting firms specializing in our targeted industries, to supplement our direct sales force and professional services organization. We have been expanding our indirect sales channels through reseller agreements, marketing agreements and agreements with third-party logistics providers. These alliances extend our market coverage and provide us with new business leads and access to trained implementation personnel. We have strategic alliances with complementary software providers, third party integrators/consultants and hardware vendors including Alien Technology, JDA Software, Lawson, Microsoft, PeopleSoft, Real Time Integration, Symbol Technologies, FKI Logistix, Siemens Dematic and Intentia.

Acquire or Invest in Complementary Businesses. We intend to pursue strategic acquisitions of technologies, products and businesses that enable us to enhance and expand our SCE software products and service offerings. More specifically, we intend to pursue acquisitions that will provide us with complementary products and technologies, expand our geographic presence and distribution channels, extend our presence into other vertical markets with similar challenges and requirements of those we currently meet and/or further solidify our leadership position within the four primary components of SCE: warehouse management, transportation management, trading partner management and performance management.

Products and Services

Products. Our software products are designed to enable our customers to manage the operations of their distribution centers and transportation operations and improve visibility of critical information between supply chain partners to achieve greater effectiveness and efficiency. Our software products operate across the Unix, iSeries (AS/400) and Windows computing platforms. Our products operate on multiple hardware platforms utilizing various hardware systems and inter-operate with many third-party software applications and legacy systems. This interfacing and 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. We provide interface toolkits for most ERP systems to enhance communication and reduce implementation costs between our core products and our clients’ host systems. We currently offer interface toolkits to systems developed by Oracle, SAP, Lawson, JDA Software, Essentus and Intentia.

Warehouse Management Systems

Our warehouse management application suite includes four integrated modules: Warehouse Management, Labor Management, Slotting Optimization and Billing Management.

- ***Our Warehouse Management application*** manages all aspects of distribution center operations: receiving, returns processing, inventory management and order fulfillment, including replenishment, picking, packing and shipping. Modular in design, our warehouse management solution is designed to support large transaction volumes and users. The solution delivers benefits such as better control over all distribution center processes, significant improvements in order throughput and inventory accuracy, reduced freight charges, elimination of back-end processes, decreased labor costs and additional overhead reduction. The system also features built-in, industry-specific functionality to support sophisticated value-added programs such as compliant labeling, kitting, assembly, insertion, price ticketing and order personalization.

- ***Our Labor Management application*** enables distribution center managers to access performance levels in real-time; visualize labor in graphics and spreadsheets; measure productivity against Engineered Labor Standards; and analyze efficiency throughout the warehouse. With this functionality, users can better plan for upcoming labor requirements and improve productivity within the distribution center.

- ***Our Slotting Optimization application*** determines the most beneficial and ergonomic placement of items in a distribution center. This module, which uses genetic algorithms, is the only pickline optimization system that performs daily maintenance. Easy to implement and configure, it reduces labor costs and workers' compensation claims and increases throughput. It identifies and solves mismatches between merchandise and slot characteristics, slots family groupings together to reduce travel time, profiles shelving for slow-movers to increase pick density and keeps top-sellers in larger slots closer to the shipping dock to cut down on replenishment and putaway time.

- ***Our Billing Management application*** is a dynamic billing solution that captures information from SCE systems to enable third-party logistics, or 3PL, providers to track and bill clients for inventory handling, storage, fulfillment and transportation activities. 3PL providers can use this module to apply rates to each transaction, minimizing the inability to identify costs and enabling the development of precise contracts for increased billing accuracy. It also provides the billing flexibility that 3PL operators need to address the dynamic needs of their customers by enabling them to modify billing based on variables such as product, order attributes, market focus, number of customers and customer locations. Using the module, 3PL operators can audit these charges and make adjustments prior to creating final invoices, independent of an accounting system.

Transportation Management Systems

Our transportation management systems include three modules: Transportation Procurement, Transportation Planning & Execution and Carrier Management.

- ***Our Transportation Procurement module*** is a systematic approach to developing, implementing and managing a transportation strategy that takes all the critical business factors into account, such as freight variability, network flows, equipment requirements and transportation provider rates and service levels. It enables shippers to solicit bids from transportation providers, design the most optimal strategic plan for their entire transportation network, acquire transportation service contracts and manage those contracts on an ongoing basis. The system can support global and large-scale strategic network procurement projects with complex business considerations. As an automated, Web-based system, it can also handle tactical transportation procurement and is well suited for procuring single-lane service contracts and capacity for smaller networks.

- ***Our Transportation Planning & Execution module*** allows shippers to execute complex, strategic routing guides in real time and dynamically monitor critical metrics and events, enabling shippers to make ongoing adjustments to the routing guide that protect service and savings. Actual tendering is automated in accordance with pre-established contractual arrangements to increase productivity, ensure carrier compliance and eliminate high-cost transactions. By analyzing high volumes of shipment information and considering lane-by-lane priorities for level of service and cost, the solution dramatically improves a shipper's ability to choose the most cost-effective provider, while also complying with the business' contractual, capacity and service requirements. It can also create an optimal consolidation plan that minimizes transportation costs and best satisfies the shipper's critical business constraints, including route, mode, required ship date and required receipt date.

- ***Our Carrier Management module*** is a management and analysis solution that maximizes profits, while solving the most challenging business problems facing transportation providers. Designed for transportation providers, the solution helps optimize decision-making processes, both strategic and day-to-day, resulting in improved profitability and customer service. The solution's analysis capabilities allow transportation providers to determine the most profitable opportunities and then strategically target the most valuable freight and profitable destinations. It can suggest the best freight solicitation and acceptance decisions, enabling a provider to maintain network balance, increase equipment utilization, raise service levels and maximize profitability. The Carrier Management module helps providers make globally optimal resource-to-load assignments on a minute-to-minute basis, dramatically reducing overall empty mileage, while ensuring on-time service and maximizing net contribution per day. In addition, it helps improve driver satisfaction by consistently meeting drivers' needs and preferences. With its fuel and route optimization capabilities, the solution can help reduce out-of-route miles and achieve an optimal balance between fuel expenditures, driver satisfaction and service delivery requirements. It can proactively identify opportunities for in-transit drivers to swap loads to improve on-time delivery, resource utilization and driver satisfaction.

Trading Partner Management Systems

Our trading partner management systems include five integrated modules: Supplier Enablement, Logistics Hub Management, Carrier Enablement, Customer/Store Enablement and Reverse Logistics Management.

- ***Our Supplier Enablement application*** extends supply chain execution capabilities to vendors and factories through purchase order management and fulfillment and shipping management. The benefits of this automation include greater visibility, improved operational efficiencies at the warehouses and factories as well as increased inventory accuracy, which, in turn, lead to lower inventory costs and improved operational efficiency. This module also helps to bridge the gap between remote factories or those with limited technology capabilities.

- ***Our Logistics Hub Management application*** extends supply chain execution capabilities to hubs. The module gives hubs and consolidators the ability to manage advance ship notices, or ASNs, associated with incoming receipts as well as create ASNs for outbound shipments. By automating the inbound and outbound processes at the hubs, users can achieve real-time visibility into orders and inventory moving in and out of logistics hubs.

- ***Our Carrier Enablement application*** provides visibility to in-transit shipments. The application allows carriers to provide information regarding the status of the shipment, which allows for better planning around distribution activities as well as improved communication to other supply chain partners. Smaller carriers can provide real-time status updates via a Web browser, and larger carriers can provide updates through direct integration with back-end systems and standard EDI transactions.

- ***Our Customer/Store Enablement application*** provides order/inventory visibility and Web-based order entry. Through the same portal that provides order visibility, customers can place orders. These orders are then processed by the solution and passed directly to back-end systems. The module also provides customers and stores with the ability to confirm receipts using the same portal provided for order visibility and order entry. At the time of receipt, customers can indicate the exact product received and provide feedback to the supplier as to the quality, timeliness and service level provided.

- ***Our Reverse Logistics Management application*** automates the product return and disposition process. Customers can enter return information and obtain approval for the return through an automated, rules-based, decision support process. Upon approval, the application automatically creates a Return Merchandise Authorization (“RMA”) number. The application then determines who is responsible for shipping fees and the appropriate “ship to” location. Once the goods are received by the organization, the information obtained through the application can be used to distinguish between scrap inventory, return to stock, return to vendor and inventory sent back for refurbishment.

Performance Management Systems

Our performance management systems include three integrated modules: Events, Analysis and Reporting.

- ***Our Events module*** leverages its access to global inventory visibility across the supply chain to monitor processes and provide immediate notification of problems or important events, such as giving notification when an important customer’s shipment is delayed. This visibility means companies can address issues earlier when they are easier to resolve and thereby minimizing the impact. The power of the Events module rests in its ability to monitor so many processes simultaneously and its ability to not only recognize events and determine the appropriate response, but also to execute that response automatically.

- ***Our Analysis module*** provides strategic distribution center activity and trend analysis. It provides extensive multi-dimensional analysis of historical data presented in a flexible, graphical format. The data is obtained directly from the databases of our other solutions. Once the data reaches the Analysis module’s auxiliary database, it organizes and cleanses the data to facilitate multi-dimensional analysis as required.

- ***Our Reporting module*** provides users with a set of pre-configured, browser-based productivity and management reports. Users have the ability to extend and customize the pre-configured reports, or create their own ad hoc reports utilizing the embedded report-writing tool. This module supports monitoring of distribution center and supply chain functions and operations at a granular level to enable tactical decision-making in real time.

RFID Solution

Our RFID software solution provides an integration and reporting platform between RFID chip readers and SCE and ERP systems. The product uses a standard communication protocol to facilitate communication between systems.

Professional Services. Our professional services provide our customers with expertise and assistance in planning and implementing our solutions. To ensure a successful product implementation, consultants assist customers with the initial installation of a system, the conversion and transfer of the customer’s historical data onto our system, and ongoing training, education and system upgrades. We believe that our professional services enable the customer to implement our software rapidly, ensure the customer’s success with our solution, strengthen the relationship with the customer, and adds to our industry-specific knowledge base for use in future implementations and product development efforts.

Although our professional services are optional, substantially all of our customers use at least some portion of these services for the implementation and ongoing support of our software products. Professional services are typically rendered under time and materials based contracts, with services billed on an hourly basis. Professional services are sometimes rendered under fixed-fee based contracts, but only in instances when we believe the scope of the project is reasonably quantifiable. We believe that increased sales of our software products will drive higher demand for our consulting services. Accordingly, we plan to continue to increase the number of consultants to support anticipated growth in product implementations and software upgrades. We anticipate that our internal growth will be balanced with our success in achieving our strategy of alliances expansion.

Our professional services group consists of business consultants, systems analysts and technical personnel devoted to assisting customers in all phases of the implementation of our systems, including planning and design, customer-specific configuring of modules, and on-site implementation or conversion from existing systems. Our consulting personnel undergo extensive training on supply chain operations and our products. We believe that this training, together with the ease of implementation of our products, enables us to productively use newly-hired consulting personnel. At times, we use third-party consultants, such as those from major systems integrators, to assist our customers in certain implementations.

We have developed a proprietary, standardized implementation methodology called PRISM, which leverages our products' architecture with the knowledge and expertise gained from completing more than 1,400 installations worldwide. The modular design of our products significantly reduces the complexities associated with integrating to existing systems, including ERP, Supply Chain Management ("SCM"), Customer Relationship Management ("CRM"), e-business systems and complex material handling systems. As a result, we have been able to deploy a fully automated inbound and outbound system in less than two months.

Customer Support Services and Software Enhancements. We offer a comprehensive program that provides our customers with timely software upgrades that offer additional or improved functionality and technological advances incorporating emerging supply chain and industry initiatives. Over the last three years, our annual renewal rate of customers subscribing to comprehensive support and enhancements has been in excess of 90%. We have the ability to remotely access the customer's system in order to perform diagnostics, on-line assistance and assist in software upgrades. We offer 24x7 customer support plus software upgrades for an annual fee paid in advance, determined based on the level of service needed by the customer.

Training. We offer training in a structured environment for new and existing users. Training programs are provided on a per-person, per-class basis at fixed fees. We currently have 14 courses available to provide training on product use, configuration, implementation and system administration. We have also developed several computer-based training programs that can be purchased for a fixed fee for use at client sites.

Hardware. In conjunction with the licensing of our software, we resell a variety of hardware products developed and manufactured by third parties in order to provide our customers with an integrated supply chain execution solution. These products include computer hardware, radio frequency terminal networks, RFID chip readers, bar code printers and scanners, and other peripherals. We resell all third-party hardware products pursuant to agreements with manufacturers or through distributor-authorized reseller agreements pursuant to which we are entitled to purchase hardware products at discount prices and to receive technical support in connection with product installations and any subsequent product malfunctions. We generally purchase hardware from our vendors only after receiving an order from a customer. As a result, we do not maintain significant hardware inventory.

Sales and Marketing

We employ multiple discipline sales teams that consist of professionals with industry experience in sales and technical sales support. To date, we have generated the majority of our revenue from sales of software through our direct sales force. We plan to continue to invest significantly to expand our sales, services and marketing organizations within the United States, Europe and other international locations and to pursue strategic marketing partnerships. We conduct 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, through in-house telemarketing efforts, trade shows or other means of referral, 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 using our supply chain execution system and contract negotiation. The sales cycle can vary substantially from customer to customer, but typically requires three to nine months.

In addition to sales to new customers, we will continue to leverage our existing customer base to provide for system upgrades, sales of additional licenses of purchased products and sales of new or add-on products. We also plan to further develop and expand our indirect sales channels, including sales through reseller agreements, marketing agreements and agreements with third-party logistics providers. To extend our market coverage and to provide us with new business leads and access to trained implementation personnel, we further intend to develop and expand our strategic alliances with systems integrators capable of performing implementations of our solutions. Business referrals and leads helping us to grow our business continue to be positively influenced by systems integrators, which include most of the large consulting firms and other systems consulting firms specializing in our targeted industries. We believe that our leadership position in providing SCE solutions perpetuates the willingness of systems integrators to recommend our solutions where appropriate.

We have an established program intended to foster joint sales and marketing efforts with our business partners. In some cases, this included joint development work to make our products and our partner's products interface seamlessly. Among others, partnerships arising from our Manhattan Associates Partner Program *(MAP2)* include: JDA Software Group, Inc., a leading global provider of integrated software and professional services to retailers and their suppliers; Peoplesoft, Inc., a leading global provider of ERP solutions; Intentia International AB, a leading global supplier of ERP solutions; ProClarity Corporation (formerly Knosys, Inc.), a provider of analytic front-end technology designed specifically for Microsoft SQL Server 2000 Analysis Services; Siemens Dematic, a world leader in providing system solutions from concept through implementation in manufacturing, automotive, distribution, parcel and freight, postal, air cargo, baggage handling and software applications; IBM, a globally recognized leader in technology solutions; and Accenture, a leading global consulting company.

Customers

To date, our customers have been suppliers, manufacturers, distributors, retailers and transportation providers in a variety of industries. The following table sets forth a representative list of our customers as of December 31, 2003, that have purchased products and services from us.

Abbott Laboratories, Inc.	Innotrac Corporation
Ability Tri-Modal	Langham Logistics Services
Adchem Corporation	Mary Kay Inc.
AGFA/Bayer	McKesson Corporation
Alco Industries, Inc	Metron North America, Ltd.
Amerex Group Inc.	Newell Rubbermaid Inc.
American Eagle Outfitters	NYK Logistics (Europe) Limited
AmerisourceBergen Services Corp.	NYK Line
Aramark Uniform and Career Apparel	Olympus America, Inc.
Ben E. Keith Company	Pan Western Corporation
BJ's Wholesale Club, Inc.	Panalpina World Transport Ltd.
BMW Group	Patagonia, Inc.
Boss Manufacturing Company	Pfizer Canada, Inc.
Bristol-Myers Squibb Company	Plaid Enterprises, Inc.
C&J Clark International Ltd.	PT Sejatibina Delta Informatika
Cabela's Incorporated	Raley's
Cannon (UK) Limited	Retail Brand Alliance, Inc.
Cingular Wireless LLC	Samskip hf
Columbia Sportswear Company	Sara Lee Corporation
Costa's PTY, Limited	Siemens Energy & Automation, Inc.
Croscill, Inc.	Sysco Corporation
Electronic Data Systems Limited	TDG (UK) Limited
Exel plc	The Limited, Inc.
Giant Eagle, Inc.	The Pep Boys—Manny, Moe & Jack
Guess?, Inc.	The Sports Authority, Inc.
Games Workshop Group PLC	Tibbett & Britten Limited
Gulf States Toyota	Tiffany and Co.
Hagar hf	Transports Graveleau
Halfords Ltd.	United Foods, Inc.
Harold's Stores, Inc.	USF Corporation
Healthcare Logistics Limited	Waterford Wedgewood USA, Inc.
Hot Topic, Inc.	Wella (UK) Ltd.
Hugo Boss Cleveland	Wolverine World Wide, Inc.

Our top five customers in aggregate accounted for 21%, 16% and 16% of total revenue for each of the years ended December 31, 2001, 2002 and 2003, respectively. Revenue from one customer during 2001 accounted for approximately 10% of revenue for the year ended December 31, 2001. No single customer accounted for more than 10% of revenue in 2002 or 2003.

Product Development

Our development efforts are focused on adding new functionality to existing products, integrating the various product offerings, enhancing the operability of our products across distributed and alternative hardware platforms, operating systems and database systems and developing new products. We believe that our future success depends in part upon our ability to continue to enhance existing products, to respond to dynamically changing customer requirements and to develop new or enhanced products that incorporate new technological developments and emerging supply chain and industry standards. To that end, our development efforts frequently focus on base system enhancements and the incorporation into our products of new user requirements and features identified and created through customer and industry interactions and systems implementations. As a result, we are able to continue to offer our customers a packaged, highly configurable product with increasing functionality rather than a custom-developed software program. We have also developed interface toolkits for most major ERP systems to enhance communication and improve data flows between our core products and our clients' host systems.

We plan to principally conduct our development efforts internally in order to retain development knowledge and promote the continuity of programming standards; however, some projects that can be performed separately and/or require special skills may be outsourced. In 2001 and 2002, we used a third-party research and development company to localize our products into Japanese, German, French and Spanish. We also established an off-shore development center (ODC) in Bangalore, India during 2002, where a significant part of our development is performed. The ODC employs several Indian citizens currently working for and holding extensive development experience with us.

We continue to devote a significant portion of our research and development efforts to the enhancement and integration of all of our product suites. We have developed a synchronized release program for all products, which will provide our customers with updates to all our products simultaneously. Our product development efforts will principally be focused on enhancement of our existing products, development of new products and modules and continued localization of our products into various international markets.

Our research and development expenses for the years ended December 31, 2001, 2002 and 2003 were $19.4 million, $20.8 million, and $27.4 million, respectively. We intend to continue to invest significantly in product development.

Competition

Our products are targeted at the SCE market, which is highly fragmented, intensely competitive and characterized by rapid technological change. The principal competitive factors affecting the market for our products include:

- vendor and product reputation;
- compliance with industry standards;
- product architecture;
- product functionality and features;
- ease and speed of implementation;
- return on investment;
- product quality and performance;
- product price; and
- level of support.

We believe that we compete favorably with respect to each of these factors. Our competitors are diverse and offer a variety of solutions directed at various aspects of the extended supply chain, as well as the enterprise as a whole. Our existing competitors include:

- the corporate information technology departments of current or potential customers capable of internally developing solutions;
- supply chain execution vendors, including Catalyst International, Inc., RedPrairie Corporation, Optum, Inc., Provia Software, Inc., Highjump (3M) and SSA Global Technologies, Inc. among others;
- ERP or SCM application vendors with products or modules of their product suite offering varying degrees of SCE functionality, such as Retek, Inc., Manugistics Group, Inc., i2 Technologies, Oracle Corp. and SAP AG; and
- smaller independent companies that have developed or are attempting to develop distribution center management software that competes with our SCE solutions.

We may face competition in the future from ERP and SCM applications vendors and business application software vendors that may broaden their product offerings by internally developing or by acquiring or partnering with independent developers of supply chain execution software. To the extent such ERP and SCM vendors develop or acquire systems with functionality comparable or superior to our products, their significant installed customer bases, long-standing customer relationships and ability to offer a broad solution could provide a significant competitive advantage over our products. 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. Both Oracle and SAP have entered the market for SCM applications. We believe that the domain expertise required to compete provides us with a competitive advantage and is a significant barrier to market entry. However, some of our competitors have significant resources at their disposal, and the degree to which we will compete with these new products in the marketplace is still undetermined.

Many of our 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 we do. In order to be successful in the future, we must continue to respond promptly and effectively to technological change and competitors' innovations. We cannot assure you that our current or potential competitors will not develop products comparable or superior in terms of price and performance features to those developed by us. In addition, we cannot assure you that we will not be required to make substantial additional investments in connection with our research, development, marketing, sales and customer service efforts in order to meet any competitive threat, or that we will be able to compete successfully in the future. Increased competition may result in reductions in market share, pressure for price reductions and related reductions in gross margins, any of which could materially and adversely affect our ability to achieve our financial and business goals. We cannot give assurance that in the future we will be able to successfully compete against current and future competitors.

International Operations

Our international revenue was approximately $26.6 million, $33.4 million and $38.7 million for the years ended December 31, 2001, 2002 and 2003, respectively, which represents approximately 17%, 19% and 20% of our total revenue for the years ended December 31, 2001, 2002 and 2003, respectively. International revenue includes all revenue derived from sales to customers outside the United States. We now have over 300 employees outside the United States, most of whom are located in the United Kingdom and India. We also have offices in the Netherlands, Germany, Australia and Japan as well as representatives in France, Mexico, Singapore and China.

We conduct our direct European operations principally out of offices in the United Kingdom, Netherlands and Germany, consisting of approximately 125 employees. Total revenue for European operations was approximately $22.2 million, $29.3 million and $31.9 million for the years ended December 31, 2001, 2002 and 2003, respectively, which represents approximately 14%, 17% and 16% of our total revenue for the years ended December 31, 2001, 2002 and 2003, respectively.

Proprietary Rights

We rely on a combination of copyright, trade secret, trademark, service mark and trade dress laws, confidentiality procedures and contractual provisions to protect our proprietary rights in our products and technology. We have registered trademarks for PkMS, PickTicket Management System, PTRS, Have/Needs Analysis, LogisticsPRO, InfoLink, InfoLink Order, Infolink Source, PkCost, PkView, PkAllocate, WorkInfo, SmartInfo, SlotInfo, SystemLink, DCMS, Logistics.com, Manhattan Associates and the Manhattan Associates logo as a design mark. We have a pending trademark application for RFID In A Box. We have no registered copyrights. We generally enter into confidentiality agreements with our employees, consultants, clients and potential clients and limit access to, and distribution of, our proprietary information. We license our products to our customers and restrict the customer's use for internal purposes without the right to sublicense the products. However, we believe that this provides us only limited protection. Despite our efforts to safeguard and maintain our proprietary rights both in the United States and abroad, we cannot assure you that we will successfully deter misappropriation or independent third-party development of our technology or prevent an unauthorized third party from copying or obtaining and using our products or technology. In addition, policing unauthorized use of our products is difficult, and while we are unable to determine the extent to which piracy of our 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 may increasingly become subject to claims of infringement or misappropriation of intellectual property rights. Third parties may assert infringement or misappropriation claims against us in the future for current or future products. Any claims or litigation, with or without merit, could be time-consuming, result in costly litigation, divert management's attention and cause product shipment delays or require us to enter into royalty or licensing arrangements. Any royalty or licensing arrangements, if required, may not be available on terms acceptable to us, if at all, which could have a material adverse effect on our business, financial condition and results of operations. Adverse determinations in such claims or litigation could also have a material adverse effect on our business, financial condition and results of operations.

We may be subject to additional risks as we enter into transactions in countries where intellectual property laws are not well developed or are poorly enforced. Legal protections of our rights may be ineffective in such countries. Litigation to defend and enforce our intellectual property rights could result in substantial costs and diversion of resources and could have a material adverse effect on our business, financial condition and results of operations, regardless of the final outcome of such litigation. Despite our efforts to safeguard and maintain our proprietary rights both in the United States and abroad, we cannot assure that we will be successful in doing so, or that the steps taken by us in this regard will be adequate to deter misappropriation or independent third party development of our technology or to prevent an unauthorized third party from copying or otherwise obtaining and using our products or technology. Any of these events could have a material adverse effect on our business, financial condition and results of operations.

Employees

As of December 31, 2003, we had 1,117 full-time employees. None of our employees are covered by a collective bargaining agreement. We consider our relations with our employees to be good. As of December 31, 2003, certain of our employees were employed pursuant to the H-1(B), non-immigrant work-permitted visa classification.

Executive Officers and Directors

Our executive officers and directors and certain information about them are as follows:

Name	Age	Position
Richard M. Haddrill	50	President, Chief Executive Officer and Director
Jeffry W. Baum	41	Senior Vice President - International Sales
Edward K. Quibell	57	Senior Vice President, Chief Financial Officer and Treasurer
Jeffrey S. Mitchell	36	Executive Vice President – Americas Sales and Marketing
Eric Peters	41	Executive Vice President of Strategy and Business Development
Ramesh Srinivasan	43	Executive Vice President of Warehouse Management Systems
John J. Huntz, Jr.	53	Chairman of the Board of Directors(1)(2)
Brian J. Cassidy	58	Director
Paul Goodwin	61	Director(1)(2)
Thomas E. Noonan	43	Director(1)(2)
Deepak Raghavan	37	Director

(1) Member of the Compensation Committee.

(2) Member of the Audit Committee.

The Board of Directors is divided into three classes, each of whose members serve for a staggered three-year term. The Board is currently comprised of two Class I directors (Messrs. Cassidy and Goodwin), two Class II directors (Messrs. Raghavan and Haddrill) and two Class III directors (Messrs. Huntz and Noonan). 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 Class I directors, Class II directors and Class III directors will expire upon the election and qualification of successor directors at the 2005, 2006 and 2004 annual meetings of shareholders, respectively.

Richard M. Haddrill has served as our President and Chief Executive Officer and a member of our Board of Directors since October 1999. Pursuant to an Employment Agreement dated February 25, 2004, Peter F. Sinisgalli shall succeed Mr. Haddrill as Chief Executive Officer effective July 1, 2004. Mr. Haddrill previously worked for Powerhouse Technologies, Inc., a technology, services and gaming company. Mr. Haddrill served Powerhouse as Executive Vice President from December 1994 until September 1996 and as President, Chief Executive Officer and a member of the board of directors from September 1996 until June 1999, when Powerhouse was acquired by Anchor Gaming, a publicly traded gaming company that was acquired by International Game Technology in 2001. Mr. Haddrill served as a consultant and member of the board of directors of Anchor Gaming from June 1999 until October 1999. Mr. Haddrill also serves on the Board of Directors of Danka Business Systems PLC, a publicly traded office products company, and Alliance Gaming Inc., a supplier of technology to the gaming industry.

Jeffry W. Baum has served as our Senior Vice President - International Operations since January 2000. From February 1998 until January 2000, Mr. Baum served as our 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 that is now known as Provia Software. From March 1992 until December 1996, Mr. Baum served as Senior Account Manager at Haushahn. Prior to that, Mr. Baum served in a variety of business development, account management and marketing positions with Logisticon, Inc. and Hewlett-Packard Company.

Edward K. Quibell has served as our Senior Vice President and Chief Financial Officer since September 2002. From July 2002 until September 2002, Mr. Quibell served as Vice President and Managing Director of our European operations, and from October 2001 until July 2002, he served as our Vice President - Business Development. From August 1998 until September 2001, Mr. Quibell served as Vice President and Chief Financial Officer of CoreNet Services, Inc., a telecommunications infrastructure company. From April 1997 until July 1998, Mr. Quibell served as President and Chief Executive Officer of NewFields Resources, Inc., a provider of outsourced environmental services to the real estate industry. Prior to April 1997, Mr. Quibell was in the healthcare information systems industry, including President of the international division of First Data Health Systems.

Jeffrey S. Mitchell has served as our Executive Vice President - Americas Sales and Marketing since January 2004. Previously, he served as our Senior Vice President - Sales Americas from February 2002 until December 2003, Senior Vice President - North American Sales from February 2001 until February 2002, Vice President - North American Sales from May 1999 until February 2001, Vice President - Sales from October 1998 until May 1999, Director of Sales from January 1998 until October 1998, and Sales Manager from April 1997 until January 1998. From April 1995 until April 1997, Mr. Mitchell was a sales representative for Intrepa, L.L.C. (formerly The Summit Group), a provider of warehouse and transportation management packages, which we acquired in October 2000. From May 1991 until April 1995, Mr. Mitchell served in various aspects of account management in the employer services division of Automatic Data Processing, Inc., providing outsource payroll and human resources solutions.

Eric Peters has served as our Executive Vice President, Strategy and Business Development since January 2004. From April 2002 to December 2003, Mr. Peters served as our Senior Vice President, Products and Strategy. From April 2001 until April 2002, Mr. Peters was founder and CEO of SilentTrust, an operating company of Accenture, Ltd. From September 1996 until March 2001, Mr. Peters held a variety of positions at Accenture, including Associate Partner in the company’s Supply Chain Strategy practice and membership in its Executive Global Leadership Committee for the distribution practice. Preceding his time at Accenture, Mr. Peters spent 12 years with the supply chain consulting firm Tompkins Associates, where he held a number of senior-level marketing, sales and consulting positions.

Ramesh Srinivasan has served as our Executive Vice President, Warehouse Management Systems (WMS) since January 2004. From April 1998 to December 2003, Mr. Srinivasan served us as Director, Technical Project Management. Prior to joining Manhattan Associates, Mr. Srinivasan served as Director, MIS, at Bugle Boy Industries and as a Specialist Systems Analyst at Mattel Toys. He received his bachelor’s degree in Metallurgical Engineering from the Institute Of Technology, Banaras Hindu University, Varanasi, India, and his MBA in Marketing and Systems from the Indian Institute of Management, Bangalore, India.

John J. Huntz, Jr. has served as a member of our Board of Directors since January 1999. Mr. Huntz has served as Managing Director of Fuqua Ventures, LLC, a private equity investment firm since March 1998. Mr. Huntz served as Executive Vice President and Chief Operating Officer of Fuqua Enterprises, Inc., a company that manufactures health-care products, from August 1995 until March 1998 and as its Senior Vice President from March 1994 until August 1995. From September 1989 until January 1994, Mr. Huntz served as the Managing Partner of Noble Ventures International, Inc., a private international investment company. From 1984 until 1989, Mr. Huntz served as Director of Capital Resources for Arthur Young & Company, and from 1979 until 1984, Mr. Huntz was with Harrison Capital, Inc., a venture capital investment subsidiary of Texaco, Inc. Mr. Huntz founded and serves as President of the Atlanta Venture Forum, a risk capital network, and is a board member of the National Venture Capital Association. Mr. Huntz serves as a director of several of the portfolio companies of Fuqua Ventures, LLC. Mr. Huntz is also a member of the Securities and Exchange Commission Executive Committee on Small Business Capital Formation.

Brian J. Cassidy has served as a member of our Board of Directors since May 1998. Mr. Cassidy was the co-founder of Webforia Inc., a developer and supplier of computer software applications, and served as Webforia’s Vice Chairman from April 1996 until February 2003. Prior to forming Webforia, Mr. Cassidy served as Vice President of Business Development of Saros Corporation, a developer of document management software, from January 1993 until March 1996. Prior to joining Saros Corporation, Mr. Cassidy was employed by Oracle Corporation, as Joint Management Director of European Operations and a member of the Executive Management Board from 1983 until 1988 and as Worldwide Vice President of Business Development from 1988 until 1990.

Paul Goodwin has served as a Director of Manhattan Associates since 2003. Mr. Goodwin is currently employed as a consultant to CSX Corporation which, through its subsidiaries, operates the largest rail network in the eastern United States. Mr. Goodwin served as Vice-Chairman and Chief Financial Officer of CSX Corporation from April 2000 until June 2003, when he retired. From April 1995 until April 2000, Mr. Goodwin served as Executive Vice President — Finance And Chief Financial Officer of CSX Corporation. Mr. Goodwin started with CSX Corporation in 1965 and held various senior management positions with the company, including executive vice president and chief financial officer, senior vice president finance and planning, and executive vice president of finance and administration. Mr. Goodwin serves on the boards of directors for the National Railroad Retirement Investment Trust, Horizon Lines LLC, and Savannah Harbor Holdings LLC.

Thomas E. Noonan has served as a member of our Board of Directors since January 1999. Mr. Noonan has served as the President and member of the board of directors of Internet Security Systems, Inc., a provider of network security monitoring, detection and response software, since August 1995, and as its Chief Executive Officer and Chairman of the board of directors since November 1996. Prior to joining Internet Security Systems, Mr. Noonan served as Vice President, Sales and Marketing with TSI International, Inc., an electronic commerce company, from October 1994 until August 1995. From November 1989 until October 1994, Mr. Noonan held high-level sales and marketing positions at Dun & Bradstreet Software, a developer of enterprise business software.

Deepak Raghavan has served as a member of our Board of Directors since August 1998. Mr. Raghavan served as our Senior Vice President - Product Strategy from January 2001 until June 2002, as Senior Vice President and Chief Technology Officer from August 1998 until January 2001 and as Chief Technology Officer from our inception in October 1990 until August 1998. From 1987 until 1990, Mr. Raghavan served as a Senior Software Engineer for Infosys Technologies Limited, a software development company, where he specialized in the design and implementation of information systems for the apparel manufacturing industry. Since January 2003, Mr. Raghavan is enrolled as a full-time Graduate Student with the Department of Physics and Astronomy at Georgia State University, Atlanta, Georgia.

Item 2. *Properties*

Our principal administrative, sales, marketing, support and research and development facility is located in approximately 137,868 square feet of modern office space in Atlanta, Georgia. Substantially all of this space is leased to us through March 31, 2008. At this time, our office space is adequate to meet our immediate needs; however, we may expand into additional facilities in the future. We also occupy facilities under multi-year agreements in Bracknell, United Kingdom, Utrecht, The Netherlands, Bangalore, India and Sydney, Australia. We also occupy offices under short-term agreements in other geographical regions.

Item 3. *Legal Proceedings*

Many of our installations involve products that are critical to the operations of our clients' businesses. Any failure in our products could result in a claim for substantial damages against us, regardless of our responsibility for such failure. Although we attempt to limit contractually our liability for damages arising from product failures or negligent acts or omissions, there can be no assurance the limitations of liability set forth in our contracts will be enforceable in all instances. We are not currently a party to any material legal proceeding that would require disclosure under this Item.

Item 4. *Submission of Matters to a Vote of Security Holders*

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year ended December 31, 2003.

PART II

Item 5. *Market for Registrant's Common Equity and Related Shareholder Matters*

Our common stock is traded on the Nasdaq National Market under the symbol "MANH". The following table sets forth the high and low closing sales prices of the common stock as reported by the Nasdaq National Market for the periods indicated:

Fiscal Period	High Price	Low Price
2002		
First Quarter	$ 39.00	$ 24.02
Second Quarter	39.55	24.99
Third Quarter	30.10	13.52
Fourth Quarter	30.04	12.94
2003		
First Quarter	$ 26.30	$ 17.38
Second Quarter	30.45	17.65
Third Quarter	33.30	25.19
Fourth Quarter	33.65	26.64

The closing sale price of our common stock as reported by the Nasdaq National Market on March 12, 2004 was $29.05. The number of shareholders of record of our common stock as of March 12, 2004 was approximately 54.

We do not intend to declare or pay cash dividends in the foreseeable future. Our management anticipates that all earnings and other cash resources, if any, will be retained by us for investment in our business.

The following table provides information regarding our current equity compensation plans as of December 31, 2003:

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	6,378,028	$ 23.90	346,743
Equity compensation plans not approved by security holders	—	—	—
Total	6,378,028	$ 23.90	346,743

Additional information regarding our equity compensation plans can be found in Note 3 of the Notes to our Consolidated Financial Statements.

Table of Contents

Item 6. ***Selected Consolidated Financial Data***

You should read the following selected consolidated financial data in conjunction with our Consolidated Financial Statements and related Notes thereto and with "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Form 10-K. The statement of income data for the years ended December 31, 2001, 2002 and 2003, and the balance sheet data as of December 31, 2002 and 2003, are derived from, and are qualified by reference to, the audited financial statements included elsewhere in this Form 10-K. The statement of income data for the years ended December 31, 1999 and 2000, and the balance sheet data as of December 31, 1999, 2000 and 2001, are derived from the audited financial statements not included herein. Historical results are not necessarily indicative of results to be expected in the future.

	Year Ended December 31,				
	1999	2000	2001	2002	2003
	(In thousands, except per share data)				
Statement of Income Data:					
Revenue:					
Software and hosting fees	$14,578	$ 26,190	$ 35,436	$ 40,233	$ 43,229
Services	52,889	81,085	97,510	110,516	129,320
Hardware and other	17,831	31,344	27,760	22,675	23,417
Recovery (allowance) relating to bankrupt customer (1)	—	—	(4,328)	2,297	848
Total revenue	85,298	138,619	156,378	175,721	196,814
Costs and expenses:					
Cost of software and hosting fees	1,190	1,239	1,455	1,927	4,470
Cost of services	30,643	34,299	42,372	46,611	54,218
Cost of hardware and other	14,532	26,345	23,092	19,027	20,123
Research and development	10,201	16,106	19,413	20,780	27,358
Sales and marketing	14,344	18,051	22,334	26,413	31,200
General and administrative	12,849	15,123	18,822	20,943	23,711
In-process research and development and acquisition-related charges	—	3,001	—	1,470	885
Restructuring charge	—	—	—	—	893
Amortization of acquisition-related intangibles	1,102	1,165	5,240	1,772	3,432
Total costs and expenses	84,861	115,329	132,728	138,943	166,290
Income from operations	437	23,290	23,650	36,778	30,524
Other income, net	1,218	2,718	2,059	2,801	2,746
Income before income taxes	1,655	26,008	25,709	39,579	33,270
Income tax expense	554	9,740	9,522	14,383	11,425
Net income	$ 1,101	$ 16,268	$ 16,187	$ 25,196	$ 21,845
Diluted net income per share	$ 0.04	$ 0.53	$ 0.53	$ 0.83	$ 0.71
Shares used in computing diluted net income per share	26,553	30,453	30,742	30,451	30,882

	December 31,				
	1999	2000	2001	2002	2003
	(In thousands)				
Balance Sheet Data:					
Cash, cash equivalents and investments	$39,915	$ 67,667	$104,189	$ 121,857	$ 155,403
Working capital	46,948	70,192	101,224	124,679	158,366
Total assets	80,943	152,406	180,720	220,196	264,019
Long-term portion of capital lease obligations and note payable	799	5,866	2,182	240	288
Total shareholders' equity	58,626	110,032	141,204	185,286	228,242

(1) In connection with a significant customer filing for bankruptcy under Chapter 11 of the United States Bankruptcy Code, an allowance of $4.3 million was recorded to effectively defer revenues arising in the fourth quarter of 2001 from the significant customer, but unpaid at

the time of the bankruptcy declaration. In the fourth quarter of 2002 and the second quarter of 2003, $2.3 million and $0.8 million of the receivable was recovered, respectively. See Note 1 of Notes to Consolidated Financial Statements for further details.

Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

All statements, trend analyses and other information contained in the following discussion relative to markets for our products and trends in revenue, gross margins and anticipated expense levels, as well as other statements including words such as "anticipate," "believe," "plan," "estimate," "expect," and "intend" and other similar expressions constitute forward-looking statements. These forward-looking statements are subject to business and economic risks and uncertainties, and our actual results of operations may differ materially from those contained in the forward-looking statements.

Business

We are a leading global provider of technology-based solutions to improve the effectiveness of and the efficiencies within and across the supply chain. Our solutions, which consist of software, services and hardware, enhance distribution and transportation efficiencies through the real-time integration of supply chain constituents, including manufacturers, distributors, retailers, suppliers, transportation providers and consumers. Our software consists of three principal product groups within supply chain execution ("SCE") systems: warehouse management, transportation management and trading partner management. In addition, we have additional products that support or enhance the functionality of the product groups, such as performance management and Radio Frequency Identification ("RFID"). Warehouse management solutions include the performance of the many processes that take place in the warehouse and distribution center, beginning with the placement of an order by a customer and ending with the order fulfillment process. Transportation management solutions include functionality that allows a company to optimally procure, plan and execute transportation services, including the delivery of the order to the end customer. Trading partner management solutions provide real-time synchronization of key processes and their associated information flows across the supply chain, including customer process synchronization, supplier process management, global inventory visibility, supply chain event management and returns management. Performance management solutions use analytic tools and alerting processes that allow distribution center managers to monitor events within the supply chain cycle, analyze historical data and generate reports. Our RFID software solution provides an integration and reporting platform between RFID chip readers and SCE and Enterprise Resource Planning ("ERP") systems. We also provide services, including design, configuration, implementation and training services, plus customer support services and software enhancement subscriptions.

Critical Accounting Policies and Estimates

The consolidated financial statements include accounts of both us and our subsidiaries. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying consolidated financial statements and related footnotes. In preparing these financial statements, management has made its best estimates and judgments of certain amounts included in the financial statements, giving due consideration to materiality. We do not believe there is a great likelihood that materially different amounts would be reported related to the accounting policies described below. However, application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates.

Revenues and Revenue Recognition

Our revenue is derived from (i) Software and Hosting Fees, which consist of revenue from the licensing and hosting of software and revenue from funded research and development efforts; (ii) Services Revenue, which consist of fees from consulting, implementation and training services (collectively, "professional services"), plus customer support services and software enhancement subscriptions; and (iii) Hardware and Other Revenue, which consists of sales of hardware and reimbursed project expenses.

Revenue recognition rules for software companies are very complex. Although we follow very specific and detailed guidelines in measuring revenue, the application of those guidelines requires judgment including: (i) whether a software arrangement includes multiple elements, and if so, whether vendor-specific objective evidence ("VSOE") of fair value exists for those elements; (ii) whether customizations or modifications of the software are significant; and (iii) whether the software fee is collectible. For arrangements that require the use of the percentage of completion method, the complexity of the estimation process and issues related to the assumptions, risks and

uncertainties inherent with the application of the percentage of completion method of accounting affect the amounts of revenue and related expenses reported in our consolidated financial statements. A number of internal and external factors can affect our estimates, including labor rates, utilization and efficiency variances and specification and testing requirement changes.

We recognize software fees in accordance with Statement of Position No. 97-2, “Software Revenue Recognition” (“SOP 97-2”), as amended by Statement of Position No. 98-9, “Software Revenue Recognition, With Respect to Certain Transactions” (“SOP 98-9”). Under SOP 97-2, we recognize software license revenue when the following criteria are met: (1) a signed contract is obtained; (2) delivery of the product has occurred; (3) the license fee is fixed or determinable; and (4) collectibility is probable. SOP 98-9 requires recognition of revenue using the “residual method” when (1) there is vendor-specific objective evidence of the fair values of all undelivered elements in a multiple-element arrangement that is not accounted for using long-term contract accounting; (2) vendor-specific objective evidence of fair value does not exist for one or more of the delivered elements in the arrangement; and (3) all revenue-recognition criteria in SOP 97-2 other than the requirement for vendor-specific objective evidence of the fair value of each delivered element of the arrangement are satisfied. For those contracts that contain significant customization or modifications, license revenue is recognized under the percentage of completion method. We estimate the percentage of completion utilizing hours incurred to date as a percentage of total estimated hours to complete the project. We provide for project losses in their entirety in the period in which they become known. Hosting fees, which consist of fees for the license of our software and maintenance of the software and related hardware, are generally paid in advance and recognized ratably over the term of the hosting arrangement. We occasionally enter into funded research and development agreements for the enhancement of existing products or for the development of new products. Revenues from these funded development efforts are recognized under the percentage of completion method and included in the software and hosting fees line item in our statement of income. The costs associated with the funded development efforts are included in the research and development line item in our statement of income.

Most of our software arrangements include professional services. Professional services revenues are generally accounted for separately from the software license revenues because the arrangements qualify as “service transactions” as defined by SOP 97-2. The most significant factors considered in determining whether the revenue should be accounted for separately include the nature of the services (*i.e.*, consideration of whether the services are essential to the functionality of the licensed product), degree of risk, availability of services from other vendors and timing of payments. Fees from professional services performed by us are generally billed on an hourly basis, and revenue is recognized as the services are performed. From time to time, we will enter into professional services agreements in which billings are limited to contractual maximums or based upon a fixed-fee for portions of or all of the engagement. Revenue related to fixed-fee based contracts is recognized on a percent complete basis based on the hours incurred. Project losses are provided for in their entirety in the period in which they become known. Fees from customer support services and software enhancement subscriptions are generally paid in advance and recognized as revenue ratably over the term of the agreement, typically 12 months.

Hardware revenue is generated from the resale of a variety of hardware products, developed and manufactured by third parties, which are integrated with and complementary to our software solutions. These products include computer equipment, radio frequency terminal networks, RFID chip readers, bar code printers and scanners and other peripherals. We generally purchase hardware from our vendors only after receiving an order from a customer, and revenue is recognized upon shipment by the vendor to the customer.

Accounts Receivable

We continuously monitor collections and payments from our customers and maintain an allowance for estimated credit losses based upon our historical experience and any specific customer collection issues that we have identified. Additions to the allowance for doubtful accounts generally represent a sales allowance on services revenue, which are recorded to operations as a reduction to services revenue. While such credit losses have historically been within our expectations and the provisions established, we cannot guarantee that we will continue to experience the same credit loss rates that we have in the past. Our top five customers in aggregate accounted for 21%, 16% and 16% of total revenue for each of the years ended December 31, 2001, 2002, and 2003, respectively. Sales to one customer (“the significant customer”) accounted for approximately 10% of total revenue for the year ended December 31, 2001. Most of the revenue from the significant customer in 2001 arose from purchases of hardware. No single customer accounted for more than 10% of revenue in 2002 or 2003.

On January 22, 2002, the significant customer for 2001 filed for bankruptcy under Chapter 11 of the United States Bankruptcy Code. As a result of the filing, the uncertainties around the bankruptcy proceedings and the ultimate timing of payment, we recorded an allowance of $4.3 million in 2001 to effectively defer revenues arising in the fourth quarter of 2001 from the significant customer, but unpaid at the time of the bankruptcy declaration. We recorded a recovery of approximately $2.3 million of the receivable in the fourth quarter of 2002. Upon receiving the final cash settlement in June 2003, subsequent to the significant customer emerging from bankruptcy, we recovered an additional $848,000 of the receivable during the second quarter of 2003. The recoveries were recorded as separate revenue line items in the consolidated statements of income and reductions to the allowance for doubtful accounts in the consolidated balance sheets during the respective quarters.

Valuation of long-lived and intangible assets and goodwill

Our business acquisitions have resulted in, and future acquisitions typically will result in, the recording of goodwill, which represents the excess of the purchase price over the fair value of assets acquired, as well as capitalized technology and other definite-lived intangible assets.

In 2002, Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets* (“SFAS No. 142”) became effective and as a result, we ceased amortizing goodwill and other intangible assets with indefinite lives. In lieu of amortization, we perform annual impairment reviews. We completed the initial impairment review of our goodwill and other intangible assets with indefinite lives on June 30, 2002 as required by SFAS No. 142 and no impairment losses were recognized. Additionally, we performed annual reviews of our goodwill and other intangible assets for impairment as of December 31, 2002 and 2003, and did not identify any asset impairment as a result of the reviews. We will continue to test for impairment on an annual basis as of December 31, or on an interim basis if circumstances change that would indicate the possibility of an impairment. The impairment review requires an analysis of future projections and assumptions about our operating performance. Should such review indicate the assets are impaired, we would record an expense for the impaired assets.

In August 2001, the Financial Accounting Standards Board issued SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, which supersedes SFAS No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of*. This new Statement also supercedes certain aspects of APB 30, “Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual, and Infrequently Occurring Events and Transactions,” with regard to reporting the effects of a disposal of a segment of a business. SFAS No. 144 requires that we evaluate long-lived assets based on the net future cash flow expected to be generated from the asset on an undiscounted basis whenever significant events or changes in circumstances occur that indicate that the carrying amount of an asset may not be recoverable. In addition, SFAS No. 144 requires expected future operating losses from discontinued operations to be reported as discontinued operations in the period incurred (rather than as of the measurement date as presently required by APB 30). In addition, more dispositions may qualify for discontinued operations treatment.

Income Taxes

We provide for the effect of income taxes on our financial position and results of operations in accordance with Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes*. Under this accounting pronouncement, income tax expense is recognized for the amount of taxes payable or refundable for the current year and for deferred tax liabilities and assets for the future tax consequences of events that have been recognized in an entity’s financial statements or tax returns. Management must make significant assumptions, judgments and estimates to determine our current provision for income taxes and also our deferred tax assets and liabilities and any valuation allowance to be recorded against our net deferred tax asset. Our judgments, assumptions and estimates relative to the current provision for income tax take into account current tax laws, our interpretation of current tax laws and possible outcomes of current and future audits conducted by foreign and domestic tax authorities. Changes in tax law or our interpretation of tax laws and the resolution of current and future tax audits could significantly impact the amounts provided for income taxes in our financial position and results of operations. Our assumptions, judgments and estimates relative to the value of our net deferred tax asset take into account predictions of the amount and category of future taxable income. Actual operating results and the underlying amount and category of income in future years could render our current assumptions, judgments and estimates of recoverable net deferred taxes inaccurate, thus materially impacting our financial position and results of operations.

Acquisitions

On December 31, 2002, we acquired certain assets of Logistics.com, Inc. from Internet Capital Group for a cash payment of approximately $21.3 million. The acquisition has been accounted for under the purchase method of accounting. The purchase price has been allocated to net assets acquired of $1.2 million, acquired in-process research and development of $1.5 million, acquired developed technology of $1.5 million, and other intangible assets of $17.1 million. Values assigned to the acquired in-process research and development ("IPRD") were determined using the income approach. To determine the value of the IPRD, we considered, among other factors, the state of development of each project, the time and costs required to complete each project, expected income and associated risks, which included the inherent difficulties and uncertainties in completing the project and achieving technological feasibility and risks related to the viability of and potential changes in future target markets. This analysis resulted in amounts assigned to IPRD for projects that had not yet reached technological feasibility and do not have alternative future uses. Acquired developed technology is being amortized over the greater of the amount computed using (a) the ratio that current gross revenues for a product bear to the total of current and anticipated future gross revenues for that product or (b) the straight-line method over the remaining estimated economic life of the product (5 years) including the period being reported on. Approximately $2.9 million, $1.9 million and $0.4 million of other intangible assets are being amortized over seven-year, five-year and two-year useful lives, respectively. The remaining $11.9 million of goodwill and other intangible assets is not being amortized, but is being reviewed for impairment on an annual basis.

On June 30, 2003, we acquired certain assets of ReturnCentral, Inc. for a cash payment of approximately $817,000. The purchase price includes the earnout recorded through December 31, 2003, and will be further adjusted for additional potential earnout based upon the total ReturnCentral software and services fees received and recognized by us prior to August 31, 2005. The earnout payment for the first twelve months is the sum of: (i) 30% of all ReturnCentral software fees up to and including $800,000; plus 33% of all ReturnCentral software fees greater than $800,000 and up to and including $1.3 million; plus 36% of all ReturnCentral software fees greater than $1.3 million and up to and including $2.0 million; plus 40% of all ReturnCentral software fees greater than $2.0 million; and (ii) 13% of all ReturnCentral service fees. The earnout payment, if any, for the subsequent fourteen month period will be the sum of: (i) 30% of all ReturnCentral software fees up to and including $2.0 million; plus 33% of all ReturnCentral software fees greater than $2.0 million and up to and including $3.0 million; plus 36% of all ReturnCentral software fees greater than $3.0 million and up to and including $4.0 million; plus 40% of all ReturnCentral software fees greater than $4.0 million; and (ii) 13% of all ReturnCentral service fees. The results of operations are included in our operations after June 30, 2003. The entire purchase price has been recorded as acquired developed technology and is being amortized over the greater of the amount computed using (a) the ratio that current gross revenues for a product bear to the total of current and anticipated future gross revenues for that product or (b) the straight-line method over the remaining estimated economic life of the product (5 years) including the period being reported on.

On October 14, 2003, we closed an Asset Purchase Agreement with Streamsoft, L.L.C., a provider of warehouse optimization software. We acquired substantially all of the assets of Streamsoft for a purchase price of approximately $1.8 million in cash plus a potential earnout based upon the total Streamsoft software fees received and recognized by us during the period starting on October 1, 2003 and ending on September 30, 2005. The earnout payment, if any, shall be calculated as 10% of all net software fees recognized, and is subject to additional terms and conditions, as defined in the purchase agreement. The acquisition has been accounted for under the purchase method of accounting, and the results of operations are included in our operations after October 14, 2003. The purchase price has been allocated to net assets acquired of $0.2 million, acquired developed technology of $0.2 million, and other intangible assets of $1.4 million. Acquired developed technology is being amortized over the greater of the amount computed using (a) the ratio that current gross revenues for a product bear to the total of current and anticipated future gross revenues for that product or (b) the straight-line method over the remaining estimated economic life of the product (5 years) including the period being reported on. Approximately $0.1 million of other intangible assets is being amortized over a ten-year useful life. The remaining $1.3 million of other intangible assets is goodwill, which is not being amortized, but is being reviewed for impairment on an annual basis.

Results of Operations

Overview

In fiscal 2003, our primary goal was to expand our position as a leading provider of supply chain execution solutions by delivering integrated warehouse, transportation, trading partner and performance management solutions to our customers to drive revenue and earnings growth. With the addition and integration of new products resulting from three acquisitions completed during 2002 and 2003, as discussed above, along with the synchronized release of new versions of our product suite with enhanced functionality, we were able to accomplish continued revenue growth.

During 2003, we continued to experience effects from a weak spending environment for information technology in the United States and Europe, in the form of delayed and cancelled buying decisions by customers for our software, services and hardware, deferrals by customers of service engagements previously scheduled and pressure by our customers and competitors to discount our offerings. We believe that prolonged continuation of or further deterioration in the current business climates, and the continued delay in capital spending within the United States and/or other geographic regions in which we operate, principally the United Kingdom and continental Europe, could have a material adverse impact on our future operations. There remains much uncertainty as to the future macro-economic and business environmental conditions, making forecasting difficult.

We continue to focus on delivering innovative products and solutions for our customers to drive revenue and earnings growth. In fiscal 2004, we plan to continue to enhance our software solutions and to continue our global expansion and to further develop our strategic alliances and indirect sales channels. Our success could be limited by several factors, including spending on information technology, the timely release of quality new products and releases, continued market acceptance of our products and the introduction of new products by existing or new competitors.

Revenue

	Year Ended December 31, 2001	% Change 2001 to 2002	Year Ended December 31, 2002	% Change 2002 to 2003	Year Ended December 31, 2003
Software and hosting fees	$ 35,436	14%	$ 40,233	7%	$ 43,229
Percentage of total revenues	23%		23%		22%
Services	97,510	13%	110,516	17%	129,320
Percentage of total revenues	62%		63%		66%
Hardware and other	27,760	(18%)	22,675	3%	23,417
Percentage of total revenues	18%		13%		12%
Recovery (allowance) for bankrupt customer	(4,328)	*	2,297	*	848
Total revenue	$156,378	12%	$175,721	12%	$196,814

* Percentage is not meaningful

Our revenue consists of fees generated from the licensing and hosting of software; fees from professional services, customer support services and software enhancement subscriptions; and sales of complementary radio frequency and computer equipment, which are considered non-strategic. We believe our revenue growth in the last two years is attributable to several factors, including, among others, increased sales of our expanded product suite, geographic expansion, our market leadership positions as to breadth of product offerings and financial stability and a compelling return on investment proposition for our customers.

Software and hosting fees. The increase in software and hosting fees during 2003 was due to sales of newer products, hosting fees and funded development, which did not exist in 2001 or 2002. The increase in 2002 was primarily attributable to sales of new products, including our lower cost Warehouse Management-Windows product,

Trading Partner Management products, Performance Management products, and the Billing Management module, all of which collectively accounted for approximately 19% of software fees in 2002, up from 11% in 2001.

Services revenue. The increases in services revenue from 2001 to 2002 and 2002 to 2003 were principally due to: (i) increases in engagements required to implement the increased amount of software sold and to upgrade existing customers to more current versions of our offerings; and (ii) renewals of customer support services and software enhancement subscription agreements on a growing installed base. During the economic downturn, we have experienced some pricing pressures with regard to our services. We believe that the pricing pressures are attributable to global macro-economic conditions and competitive pressures.

Hardware and other. Sales of hardware are non-strategic and largely dependent upon customer-specific desires. Sales of hardware decreased $5.4 million, or 24%, from approximately $22.7 million in 2001 to approximately $17.3 million in 2002. Sales of hardware decreased $0.4 million, or 2%, from approximately $17.3 million in 2002 to approximately $16.9 million in 2003. The decreases in hardware sales from 2001 to 2002 and 2002 to 2003 are attributable to customers' desires in the current macro-economic environment to buy hardware from other suppliers offering greater discounts, combined with increased sales of our optimization and transportation products, which require less hardware than our core warehouse management products. As described in the Notes to Consolidated Financial Statements, reimbursements for out-of-pocket expenses are required to be classified as revenue and are included in hardware and other revenue. For 2001, 2002 and 2003, reimbursements by customers for out-of-pocket expenses were approximately $5.1 million, $5.4 million and $6.5 million, respectively.

Recovery (allowance) relating to bankrupt customer. On January 22, 2002, a significant customer for 2001 filed for bankruptcy under Chapter 11 of the United States Bankruptcy Code. As a result of the filing, the uncertainties around the bankruptcy proceedings and the ultimate timing of payment, we recorded an allowance of $4.3 million in 2001 to effectively defer revenues arising in the fourth quarter of 2001 from the significant customer, but unpaid at the time of the bankruptcy declaration. We recorded a recovery of approximately $2.3 million of the receivable in the fourth quarter of 2002. Upon receiving the final cash settlement in June 2003, subsequent to the significant customer emerging from bankruptcy, we recovered an additional $848,000 of the receivable during the second quarter of 2003. The recoveries were recorded as separate revenue line items in the consolidated statements of income and reductions to the allowance for doubtful accounts in the consolidated balance sheets during the respective quarters.

Costs and Expenses

	Year Ended December 31, 2001	% Change 2001 to 2002	Year Ended December 31, 2002	% Change 2002 to 2003	Year Ended December 31, 2003
Cost of software and hosting fees	$ 1,455	32%	$ 1,927	132%	$ 4,470
Percentage of software and hosting fees	4%		5%		10%
Cost of services	42,372	10%	46,611	16%	54,218
Percentage of services revenues	43%		42%		42%
Cost of hardware and other	23,092	(18%)	19,027	6%	20,123
Percentage of hardware and other revenues	83%		84%		86%
Research and development	19,413	7%	20,780	32%	27,358
Percentage of total revenues	12%		12%		14%
Sales and marketing	22,334	18%	26,413	18%	31,200
Percentage of total revenues	14%		15%		16%
General and administrative	18,822	11%	20,943	13%	23,711
Percentage of total revenues	12%		12%		12%
Amortization of acquisition-related intangibles	5,240	(66%)	1,772	94%	3,432
Percentage of total revenues	3%		1%		2%
In-process research and development and acquisition-related charges	—	*	1,470	*	885
Restructuring charge	—	*	—	*	893

* Percentage is not meaningful

Cost of Software and Hosting Fees. Cost of software and hosting fees consists of the costs associated with software reproduction; hosting services; media, packaging and delivery, documentation and other related costs; royalties on third-party software sold with or as part of our products; and the amortization of capitalized research and development costs. The increase in cost of software fees, as a percent of software and hosting fees and in absolute dollars, in 2003 is principally attributable to the costs associated with hosting our software solutions, which was approximately $1.7 million in 2003. As discussed above, we did not offer hosting services during 2002. In addition, increases in open systems products sold from approximately 40% in 2001 to approximately 50% in 2002 to approximately 80% in 2003 resulted in higher royalties during 2002 and 2003.

Cost of Services. Cost of services consists primarily of salaries and other personnel-related expenses of employees dedicated to professional and technical services and customer support services. The increases in cost of services from 2001 to 2002 and 2002 to 2003 were principally due to: (i) increases in salary-related costs resulting from increases of 9% and 11% in the number of personnel dedicated to the delivery of professional and technical services during 2002 and 2003, respectively; and (ii) annual compensation increases. The services gross margins have remained consistent due to continued efficiencies throughout the services organization in spite of pricing pressures experienced during 2002 and 2003, as discussed above.

Cost of Hardware and other. Cost of hardware decreased from $18.0 million in 2001 to approximately $13.6 million in 2002 and 2003 as a direct result of lower sales of hardware. Cost of hardware and other includes out-of-pocket expenses to be reimbursed by customers of approximately $5.1 million, $5.4 million and $6.5 million for 2001, 2002 and 2003, respectively. The increases in the cost of hardware and other as a percentage of hardware and other revenue are due to increases in the relative percentage of reimbursed out-of-pocket expenses with no gross margin during 2002 and 2003.

Research and Development. Research and development expenses primarily consist of salaries and other personnel-related costs for personnel involved in our research and development activities. The increases in research and development expenses from 2001 to 2002 and 2002 to 2003 are principally attributable to: (i) increases in the average number of full-time and contracted personnel dedicated to our ongoing research and development activities, including personnel related to transportation management; (ii) the expansion of our offshore development center in India, which was formed in 2002; and (iii) annual compensation increases. Domestic research and development personnel increased by approximately 4% in 2002 and 11% in 2003, while the number of personnel related to our offshore development center increased from 32 at December 31, 2002 to 164 at December 31, 2003. Our principal research and development activities in 2003 focused on the expansion and integration of the new products acquired from Logistics.com and ReturnCentral and the synchronized product release, which included expanded product functionality, interoperability and testing, and further product functionality. In addition, certain research and development personnel were utilized to enhance existing products or develop new products for clients under funded development arrangements. Approximately $300,000 of costs relating to funded development was included in research and development. The fees received for such efforts were included in software and hosting fees. See further discussion on research and development in Item 1. Business and in Exhibit 99.1.

Computer software development costs are charged to research and development expense until technological feasibility is established, after which remaining software production costs are capitalized. We have defined technological feasibility as the point in time at which we have a detailed program design or a working model of the related product, depending upon the type of development effort. For the years ended December 31, 2002 and 2003, we capitalized no research and development costs because the costs between the attainment of technological feasibility for the related software product through the date of general release were insignificant. During 2001, we made payments of approximately $717,000 to an outside research and development organization to internationalize PkMS into Japanese, German, French and Spanish. These payments were capitalized as Other Assets and amortized over a three-year period. As of December 31, 2003, the capitalized costs were fully amortized.

Sales and Marketing. Sales and marketing expenses include salaries, commissions, travel and other personnel-related costs of sales and marketing personnel and the costs of our marketing and alliance programs and related activities. The increases in sales and marketing expenses from 2001 to 2002 and 2002 to 2003, as a percent of revenues and in absolute dollars, are principally attributable to: (i) increases in salary-related costs resulting from 14% and 9% increases in the number of international and domestic sales and marketing personnel during 2002 and 2003, respectively; (ii) greater incentive

compensation paid on a greater level of sales; and (iii) continued expansion of our sales and marketing programs, including expenditures to staff, brand and launch newly developed and acquired products.

General and Administrative. General and administrative expenses consist primarily of salaries and other personnel-related costs of executive, financial, human resources, information technology and administrative personnel, as well as facilities, depreciation, legal, insurance, accounting and other administrative expenses. The increases in general and administrative expenses were principally attributable to increased depreciation expense and administrative costs necessary to grow our business and improve our infrastructure globally. Depreciation expense included in general and administrative expenses was $5.7 million, $6.3 million and $7.5 million during 2001, 2002 and 2003, respectively. During 2003, general and administrative personnel increased by approximately 16%.

Amortization of Acquisition-Related Intangibles. We have recorded goodwill and other acquisition-related intangible assets as part of the purchase accounting associated with various acquisitions, including the acquisitions of Logistics.com in December 2002, ReturnCentral in June 2003 and Streamsoft in October 2003. The increase in the amortization of acquisition-related intangibles that have finite lives and are separable from goodwill in 2003 was attributable to amortization expense associated with the acquisitions of Logistics.com, ReturnCentral and Streamsoft. Effective January 1, 2002, we adopted SFAS No. 142, which requires that goodwill and certain intangible assets no longer be amortized to earnings, but instead be tested for impairment at least annually. The decrease in amortization expense from 2001 to 2002 was the direct result of the adoption of SFAS 142.

In-Process Research and Development and Acquisition-Related Charges. On December 31, 2002, we acquired certain assets of Logistics.com, Inc. from Internet Capital Group for a cash payment of approximately $21.3 million. The acquisition was accounted for under the purchase method of accounting. The purchase price was allocated to net assets acquired of $1.2 million, acquired in-process research and development of $1.5 million, acquired developed technology of $1.5 million, and other intangible assets of $17.1 million.

During the third quarter of 2003, we recorded expenses of $885,000 relating to fees incurred in connection with two potential acquisitions that we decided not to consummate. The acquisition-related charges are presented as a separate line item in the consolidated statements of income and consist primarily of legal, accounting and travel expenses associated with the two transactions.

Restructuring Charge. During the second quarter of 2003, we recorded a restructuring charge of $893,000 relating to an internal reorganization. The reorganization more closely aligned our customer advocates with our implementation teams, and our customer support organization with our technical teams. The charge consisted primarily of severance payments. Approximately $857,000 was paid prior to December 31, 2003 and the remaining $36,000 was accrued for and will be paid out in January 2004. We anticipate that there will be no further costs relating to this reorganization in future periods.

	Year Ended December 31, 2001	% Change 2001 to 2002	Year Ended December 31, 2002	% Change 2002 to 2003	Year Ended December 31, 2003
Income from operations	$23,650	56%	$36,778	(17%)	$30,524
Percentage of total revenues	15%		21%		16%
Other income, net	2,059	36%	2,801	(2%)	2,746
Percentage of total revenues	1%		2%		1%
Income tax provision	9,522	51%	14,383	(21%)	11,425
Percentage of income before income taxes	37%		36%		34%

Income from Operations. The increase in operating income from 2001 to 2002 represents a combination of growth in higher margin software and services fees and improved efficiencies across all areas of our business. Operating income for 2001 reflects an allowance for a bankrupt customer totaling $4.3 million and non-cash, acquisition-related intangible asset amortization totaling $5.2 million. Operating income for 2002 reflects a recovery relating to the bankrupt customer totaling $2.3 million; a charge for in-process research and development totaling $1.5 million associated with the acquisition of Logistics.com and non-cash, acquisition-related intangible asset amortization totaling $1.8 million. The decrease in operating income from 2002 to 2003 was attributable to a lower margin on our software fees resulting from our hosting services, a $1.5 million decrease in the amount recovered relating to the bankrupt customer and an overall increase in operating expenses from the continued investment in global expansion initiatives and the further development of our product suite. Operating income for 2003 reflects a recovery relating to the bankrupt customer totaling $0.8 million; acquisition-related expenses of $0.9 million; a restructuring charge of $0.9 million; and non-cash, acquisition-related intangible asset amortization totaling $3.4 million, all as discussed above.

Other Income, Net. Other income, net includes interest income and interest expense and foreign currency gains and losses. Interest income decreased from $2.7 million in 2001 to $2.1 million in 2002, and decreased to $1.5 million in 2003 due to an overall decline in market interest rates. The weighted-average interest rates on investment securities at December 31, 2002 was approximately 1.4%, as compared to 1.1% at December 31, 2003. Interest expense decreased from $586,000 in 2001 to $147,000 in 2002, and decreased to $13,000 in 2003. The decrease in interest expense in 2002 was attributable to the $5.3 million note payable to Intrepa, L.L.C. being prepaid in full in April 2002. The note was outstanding for twelve months in 2001. We recorded a net foreign currency gain of $7,000 in 2001, compared to net foreign currency gains of $0.8 million in 2002 and $1.3 million in 2003. The foreign currency gains resulted from the weakening of the U.S. dollar relative to other foreign currencies, primarily the British Pound and Euro.

Income Tax Provision. The fluctuation in the income tax provision during 2002 and 2003 is directly attributable to the increase during 2002 and decrease during 2003 of income before income taxes. Our effective income tax rates were 37.0%, 36.3% and 34.3% in 2001, 2002 and 2003, respectively. Our effective income tax rate takes into account the source of taxable income, domestically by state and internationally by country, and available income tax credits. The decreases in the tax rates in 2002 and 2003 are attributable to an increase in income generated in countries with lower tax rates along with an increase in the utilization of research and development credits. The provisions for income taxes for 2001, 2002 and 2003 do not include the $9.0 million, $14.0 million and $11.3 million of tax benefits realized from stock options exercised during the years, respectively. These tax benefits reduce our income tax liabilities and are included in additional paid-in capital.

Liquidity and Capital Resources

During 2002 and 2003, we funded our operations primarily through cash generated from operations. As of December 31, 2002, we had $121.9 million in cash, cash equivalents and investments compared to $155.4 million at December 31, 2003.

Our operating activities provided cash of $39.4 million in 2001, $46.0 million in 2002 and $36.3 million in 2003. Cash from operating activities for 2002 arose principally from a substantial increase in operating income, the substantial income tax benefits arising from exercises of stock options by employees, partially off-set by the increase in accounts receivable. Days sales outstanding increased from 58 days at December 31, 2001 to 65 days at December 31, 2002. Days sales outstanding as of December 31, 2001 was positively impacted by an unusually large hardware sale in the fourth quarter of 2001, which was collected prior to December 31, 2001. Cash from operating activities for 2003 arose principally from operating income, the substantial income tax benefits arising from exercises of stock options by employees, the increase in deferred revenue, partially off-set by the increase in accounts receivable and decreases in accounts payable and accrued liabilities. Days sales outstanding increased from 65 days at December 31, 2002 to 76 days at December 31, 2003, as a result of slower collections associated with international revenues.

Our investing activities used approximately $10.3 million and $64.2 million for the years ended December 31, 2001 and 2002, respectively, and provided cash of $31.3 million for the year ended December 31, 2003. During 2002, our principal uses of cash were $21.2 million for the acquisition of Logistics.com, $6.0 million for purchases of capital equipment to support our business and infrastructure and net purchases of $37.1 million in investments. During 2003, cash from investing activities arose principally from the net maturities of $42.7 million in investments, partially off-set by purchases of capital equipment of $6.7 million to support our business and infrastructure, $2.6 million for the acquisitions of ReturnCentral and Streamsoft, and the $2.0 million investment in Alien Technology.

Our financing activities provided approximately $3.9 million in 2001 and $9.0 million in 2003 and used approximately $0.9 million in 2002. The principal uses of cash for financing activities in 2002 was for repurchase of 260,000 shares of our common stock for approximately $4.1 million and the repayment of $5.3 million relating to the note payable issued in conjunction with the acquisition of Intrepa, L.L.C. in October 2000. The stock purchases were through open market transactions as part of a publicly-announced buy-back program. The principal source of cash provided by financing activities in 2003 was $9.3 million in proceeds from the issuance of common stock pursuant to the exercise of stock options.

We believe there are opportunities to grow our business through the acquisition of complementary and synergistic companies, products and technologies. Any material acquisition could result in a decrease to our working capital depending on the amount, timing and nature of the consideration to be paid.

We believe that our existing liquidity and expected cash flows from operations will satisfy our capital requirements for the foreseeable future. We believe that existing balances of cash, cash equivalents and short-term investments will be sufficient to meet our working capital and capital expenditure needs at least for the next twelve months, although there can be no assurance that this will be the case.

New Accounting Pronouncements

In November 2002, the Emerging Issues Task Force (“EITF”) of the Financial Accounting Standards Board (“FASB”) issued EITF Issue 00-21, “Revenue Arrangements with Multiple Deliverables,” which addresses certain aspects of the accounting for arrangements that involve the delivery or performance of multiple products, services and/or rights to use assets. Under EITF 00-21, revenue arrangements with multiple deliverables should be divided into separate units of accounting if the deliverables meet certain criteria, including whether the fair value of the delivered items can be determined and whether there is evidence of fair value of the undelivered items. In addition, the consideration should be allocated among the separate units of accounting based on their fair values, and the applicable revenue recognition criteria should be considered separately for each of the separate units of accounting. EITF 00-21 is effective for revenue arrangements entered into after June 30, 2003. We adopted EITF 00-21 on July 1, 2003. The adoption of this guidance did not have a material effect on our consolidated statements of income, financial position or liquidity.

In December 2002, the FASB issued SFAS No. 148, “Accounting for Stock-Based Compensation - Transition and Disclosure.” SFAS No. 148 amends SFAS No. 123, to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The transition guidance and annual disclosure provisions of SFAS No. 148 are effective for fiscal years ending after December 15, 2002 and have been adopted in these notes to the financial statements. The interim disclosure provisions are effective for financial reports containing financial statements for interim periods beginning after December 15, 2002. As we did not make a voluntary change to the fair value based method of accounting for stock-based employee compensation in 2002 or 2003, the adoption of SFAS No. 148 did not have a material impact on our financial position and results of operations.

In January 2003, the FASB issued FASB Interpretation No. 46 ("FIN 46"), *Consolidation of Variable Interest Entities—An Interpretation of Accounting Research Bulletin No. 51.* In December 2003, the FASB issued a revision to FIN 46 ("FIN 46R"), to clarify some of the provisions of FIN 46 to exempt certain entities from its requirements. FIN 46 requires the consolidation of entities in which an enterprise absorbs a majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both, as a result of ownership, contractual interests or other financial interests in the entity. FIN 46 is effective for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied during the first interim or annual period beginning after March 15, 2004.

In July 2003, we made a cash investment of $2 million in Alien Technology Corp. ("Alien"), a provider of ultra-low cost radio frequency identification (RFID) tags and hardware. The investment represents approximately a 1.5% ownership interest in the privately-held corporation. Our maximum exposure to loss as a result of our involvement with Alien is the investment of $2 million. The investment has been accounted for under the cost method, and is included in "Other Assets" on the Consolidated Balance Sheet. We do not believe that we currently have relationships that will require us to initially consolidate or disclose information about variable interest entities, other than possibly our investment in Alien, when FIN 46 becomes effective.

In August 2003, the EITF issued EITF Issue 03-05, "Applicability of AICPA Statement of Position 97-2 to Non-Software Deliverables in an Arrangement Containing More-than-Incidental Software," which addresses the accounting for arrangements that include both software and non-software deliverables, such as computer hardware. In arrangements that include software and computer hardware, if the software is essential to the functionality of the hardware, the hardware is considered software related and, therefore, accounted for under SOP 97-2. We adopted this guidance prospectively in August 2003. The adoption of this guidance did not have a material effect on the consolidated statements of income, financial position or liquidity.

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

Our principal commitments as of December 31, 2003, consist of obligations under operating leases. We expect to fulfill all of the following commitments from our working capital.

Lease Commitments

We lease certain of our facilities and some of our equipment under noncancelable operating lease arrangements that expire at various dates through 2008. Rent expense for these leases aggregated $3.3 million, $4.0 million and $5.0 million during fiscal 2001, 2002 and 2003, respectively.

The following table summarizes our contractual commitments as of December 31, 2003 (in thousands):

	Total	2004	2005	2006	2007	2008	After 2008
Non-cancelable operating leases	$20,293	$5,841	$4,658	$4,572	$4,124	$1,098	$—
Capital leases	$ 456	$ 152	$ 152	$ 152	$ —	$ —	$—

Indemnifications

Our sales agreements with customers generally contain infringement indemnity provisions. Under these agreements, we agree to indemnify, defend and hold harmless the customer in connection with patent, copyright or trade secret infringement claims made by third parties with respect to the customer's authorized use of our products and services. The indemnity provisions generally provide for our control of defense and settlement and cover costs and damages finally awarded against the customer, as well as our modification of the product so it is no longer infringing or, if it cannot be corrected, return of the product for a refund. Our sales agreements with customers sometimes also contain indemnity provisions for death, personal injury or property damage caused by our personnel or contractors in the course of performing services to customers. Under these agreements, we agree to indemnify, defend and hold harmless the customer in connection with death, personal injury and property damage claims made by third parties with respect to actions of our personnel or contractors. The indemnity provisions generally provide for our control of defense and settlement and cover costs and damages finally awarded against the customer. The indemnity obligations contained in sales agreements generally have no specified expiration date and no specified monetary limitation on the amount of award covered. We have not previously incurred costs to settle claims or pay awards under these indemnification obligations. We account for these indemnity obligations in accordance with SFAS No. 5, *Accounting for Contingencies*, and record a liability for these obligations when a loss is probable and reasonably estimable. We have not recorded any liabilities for these agreements as of December 31, 2003.

We warrant to our customers that our software products will perform in all material respects in accordance with our standard published specifications in effect at the time of delivery of the licensed products to the customer for 90 days. Additionally, we warrant to our customers that our services will be performed consistent with generally accepted industry standards or specific service levels through completion of the agreed upon services. If necessary, we would provide for the estimated cost of product and service warranties based on specific warranty claims and claim history. However, we have not incurred significant recurring expense under our product or service warranties. As a result, we believe the estimated fair value of these agreements is nominal. Accordingly, we have no liabilities recorded for these agreements as of December 31, 2003.

Item 7A. *Quantitative and Qualitative Disclosures About Market Risk*

Foreign Exchange

Our international business is subject to risks typical of an international business, including, but not limited to: differing economic conditions, changes in political climate, differing tax structures, other regulations and restrictions, and foreign exchange rate volatility. Accordingly, our future results could be materially adversely impacted by changes in these or other factors.

Total international revenue was approximately $26.6 million, $33.4 million and $38.7 million for the years ended December 31, 2001, 2002 and 2003, respectively, which represents approximately 17%, 19% and 20% of our total revenue for the years ended December 31, 2001, 2002 and 2003, respectively. International revenue includes all revenue associated with sales of software, services and hardware outside the United States.

To date, we have conducted our direct European operations out of offices in the United Kingdom, the Netherlands and Germany, consisting of over 125 employees. Total revenue for European operations was approximately $22.5 million, $29.3 million and $31.9 million for the years ended December 31, 2001, 2002 and 2003, respectively, which represents approximately 14%, 17% and 16% of our total revenue for the years ended December 31, 2001, 2002 and 2003, respectively. Total net income for Europe was approximately $2.2 million, $1.4 million and $0.6 million for the years ended December 31, 2001, 2002 and 2003, respectively. These transactions are typically denominated in British Pounds and Euros. A fluctuation of 10% in the average exchange rates of the British Pound and Euro relative to the US dollar during 2002 and 2003 would have resulted in increases or decreases in net income of approximately $150,000 and $56,000, respectively.

We recognized foreign exchange rate gains of approximately $7,000 during 2001, $0.8 million in 2002, and $1.3 million in 2003, classified in "Other income, net" on our Consolidated Statements of Income. A fluctuation of 10% in the period end exchange rates of the British Pound and Euro at December 31, 2002 and December 31, 2003 relative to the US dollar would result in changes of approximately $400,000 and $170,000 in the reported foreign currency gains, respectively.

Interest Rates

We invest our cash in a variety of financial instruments, including taxable and tax-advantaged variable rate and fixed rate obligations of corporations, municipalities, and local, state and national governmental entities and agencies. These investments are denominated in U.S. dollars. Cash balances in foreign currencies overseas are derived from operations.

We account for our investment instruments in accordance with Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" ("SFAS No. 115"). All of the cash equivalents and investments are treated as available-for-sale under SFAS No. 115.

Investments in both fixed rate and floating rate interest earning instruments carry a degree of interest rate risk. Fixed rate securities may have their fair market value adversely impacted due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall. Due in part to these factors, our future investment income may fall short of expectations due to changes in interest rates, or we may suffer losses in principal if forced to sell securities that have seen a decline in market value due to changes in interest rates. The weighted-average interest rate on investment securities at December 31, 2002 was approximately 1.4%, as compared to 1.1% at December 31, 2003. The fair value of cash equivalents and investments held at December 31, 2002 and 2003 was $114.8 million and $149.3 million, respectively. Based on the average investments outstanding during 2002 and 2003, increases or decreases of 25 basis points would result in increases or decreases to interest income of approximately $270,000 and $325,000 in 2002 and 2003, respectively, from the reported interest income.

Item 8. ***Financial Statements and Supplementary Data***

Financial Statements

Index	Page
Report of Independent Auditors	33
Report of Independent Public Accountants	35
Consolidated Balance Sheets as of December 31, 2002 and 2003	36
Consolidated Statements of Income for the Years Ended December 31, 2001, 2002 and 2003	37
Consolidated Statements of Shareholders’ Equity for the Years Ended December 31, 2001, 2002 and 2003	38
Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2001, 2002 and 2003	39
Consolidated Statements of Cash Flows for the Years Ended December 31, 2001, 2002 and 2003	40
Notes to Consolidated Financial Statements	41

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Shareholders
Manhattan Associates, Inc.

We have audited the accompanying consolidated balance sheets of Manhattan Associates, Inc. and subsidiaries (the "Company") as of December 31, 2002 and 2003, and the related consolidated statements of income, shareholders' equity, comprehensive income and cash flows for each of the two years in the period ended December 31, 2003. Our audits also included the financial statement schedule listed in the Index at Item 15(a) as of December 31, 2002 and 2003, and for each of the two years then ended. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits. The financial statements and schedule of the Company as of December 31, 2001, and for the year then ended were audited by other auditors who have ceased operations and whose reports dated January 31, 2002 expressed an unqualified opinion on those financial statements and schedule before the restatement adjustments described in Notes 1 and 3.

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2002 and 2003, and the consolidated results of its operations and its cash flows for each of the two years in the period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As described in Note 1 to the consolidated financial statements, effective January 1, 2002, the Company changed its method of accounting for goodwill and other intangible assets to conform with Statements of Financial Accounting Standards No. 141, *Business Combination*, and No. 142, *Goodwill and Other Intangible Assets*. Also, as described in Note 1, in 2002 the Company changed its method of presenting reimbursements of out-of-pocket expenses in the Consolidated Statements of Income upon adoption of Emerging Issues Task Force Issue 01-14, *Income Statement Characterization of Reimbursements Received for Out-of-Pocket Expenses Incurred*.

As discussed above, the consolidated financial statements and schedule of the Company as of December 31, 2001, and for the year then ended were audited by other auditors who have ceased operations. As discussed in Note 1, Interest income and Interest expense included in Other income (expense), net, in the Consolidated Statements of Income for the year ended December 31, 2001 were reclassified to Interest income and Interest expense in the Consolidated Statements of Income. Our audit procedures with respect to the adjustments included agreeing all of the income statement amounts reclassified to the Company's underlying records obtained from management.

Also, the consolidated financial statements of the Company for the year ended December 31, 2001 have been restated to include the income tax effect for Accumulated other comprehensive income (loss) in the Consolidated Statements of Shareholders' Equity. Our audit procedures with respect to the adjustments included (a) agreeing the Accumulated other comprehensive income (loss), net of related income taxes, the Deferred income taxes balances, and the components of Accumulated other comprehensive income (loss) to the Company's underlying records obtained from management and (b) testing the mathematical accuracy of the application of those

restatement adjustments to the previously reported amounts of Accumulated other comprehensive income (loss) and Deferred income taxes.

Also, as discussed in Note 1, the consolidated financial statements of the Company for the year ended December 31, 2001 have been revised to include the transitional disclosures required by Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangibles*, which was adopted by the Company as of January 1, 2002. Our audit procedures with respect to the disclosures in Note 1 with respect to 2001 included (a) agreeing the previously reported net income to the previously issued financial statements, (b) agreeing the adjustments to reported net income representing amortization expense (including any related tax effects) recognized in those periods related to goodwill that is no longer being amortized as a result of initially applying Statement No. 142 (including any related tax effects) to the Company's underlying records obtained from management, (c) agreeing all 2001 amortization expense disclosures to the Company's underlying accounting records obtained from management and (d) testing the mathematical accuracy of the reconciliation of adjusted net income to reported net income.

Also, as discussed in Notes 1 and 3, the consolidated financial statements of the Company as of December 31, 2001 and for the year then ended have been revised to include the disclosures required by Statement of Financial Accounting Standards No. 148, *Accounting for Stock-Based Compensation-Transition and Disclosure*, which was adopted by the Company as of December 31, 2002. Our audit procedures with respect to the disclosures in Note 1 for 2001 included (a) agreeing the previously reported net income to the previously issued financial statements, (b) agreeing the adjustments to reported net income representing compensation expense and pro forma compensation expense (including any related tax effects) related to those periods to the Company's underlying records obtained from management and (c) testing the mathematical accuracy of the reconciliation of pro forma net income to reported net income and related earnings per share amounts.

Also, as discussed in Note 1, the consolidated financial statements of the Company for the year ended December 31, 2001 have been revised to reclassify reimbursements received for out-of-pocket expenses previously recorded as a reduction of operating expenses to hardware and other revenue and an increase in cost of hardware and other revenue required by Emerging Issues Task Force Issue 01-14, *Income Statement Characterization of Reimbursements Received for Out-of-Pocket Expenses Incurred*, which was adopted by the Company in 2002. Our audit procedures with respect to these reclassifications for 2001 included (a) agreeing the amounts of reimbursed out-of-pocket expenses related to those periods to the Company's underlying records obtained from management, and (b) testing the mathematical accuracy of the application of these reclassification adjustments to the previously reported amounts of hardware and other revenue and cost of hardware and other.

In our opinion, the disclosures and restatements for 2001 with respect to the matters referred to in the preceding five paragraphs are appropriate. However, we were not engaged to audit, review, or apply any procedures to the 2001 consolidated financial statements of the Company other than with respect to such disclosures and restatements and, accordingly, we do not express an opinion or any other form of assurance on the 2001 consolidated financial statements taken as a whole.

ERNST & YOUNG LLP

Atlanta, Georgia
March 15, 2004

Note: This is a copy of a report previously issued by Arthur Andersen LLP, the Company's former independent accountants. The Arthur Andersen LLP report refers to certain financial information for the years ended December 31, 1999 and 2000 and certain balance sheet information at December 31, 2000 and 2001, which are no longer included in the accompanying financial statements. Arthur Andersen LLP has not reissued this report in connection with the filing of this Annual Report on Form 10-K.

Section 11(a) of the Securities Act of 1933, as amended (the "Securities Act"), provides that if any part of a registration statement at the time such part becomes effective contains an untrue statement of a material fact or an omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, any person acquiring a security pursuant to such registration statement (unless it is proved that at the time of such acquisition such person knew of such untruth or omission) may assert a claim against, among others, every accountant who has consented to be named as having prepared or certified any part of the registration statement, or as having prepared or certified any report or valuation which is used in connection with the registration statement, with respect to such statements in such registration statement, report or valuation if they purport to have been prepared or certified by the accountant.

On April 24, 2002, Manhattan Associates, Inc. ("Manhattan") determined not to renew the engagement of Arthur Andersen LLP ("Andersen") as its independent auditor and retained Ernst & Young LLP as Manhattan's independent auditors with respect to the audit of Manhattan's consolidated financial statements for its fiscal year ending December 31, 2002. This Form 10-K is incorporated by reference into Manhattan's previously filed registration statements on Form S-8 (File Nos. 333-68968, 333-45802, 333-105913 and 333-60635) (the "Registration Statements") and, for purposes of determining liability under the Securities Act, is deemed a new registration statement for each Registration Statement into which it is incorporated by reference. After reasonable efforts, Manhattan has been unable to obtain Andersen's written consent to the incorporation by reference into the Registration Statements of Andersen's audit report with respect to Manhattan's consolidated financial statements for the fiscal year ended December 31, 2001. Under these circumstances, Rule 437a under the Securities Act permits Manhattan to file this Form 10-K without a written consent from Andersen. As a result, Andersen will not have any liability under Section 11(a) of the Securities Act for any untrue statements of material fact contained in the financial statements audited by Andersen or any omissions of a material fact required to be stated therein. Accordingly, you would be unable to assert a claim against Andersen under Section 11(a) of the Securities Act for any purchases of securities under the Registration Statements made on or after the date of this Form 10-K. In addition, the ability of Andersen to satisfy any claims (including claims arising from Andersen's provision of auditing and other services to Manhattan) may be limited as a practical matter due to recent events regarding Andersen. To the extent provided in Section 11(b)(3)(c) of the Securities Act, however, other persons who are liable under Section 11(a) of the Securities Act, including Manhattan's officers and directors, may still rely on Andersen's original audit reports as being made by an expert for purposes of establishing a due diligence defense under Section 11(b) of the Securities Act.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Manhattan Associates, Inc.:

We have audited the accompanying consolidated balance sheets of **MANHATTAN ASSOCIATES, INC.** (a Georgia corporation) **AND SUBSIDIARIES** as of December 31, 2000 and 2001 and the related consolidated statements of income, shareholders' equity, comprehensive income and cash flows for each of the three years in the period ended December 31, 2001. 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 auditing standards generally accepted in the United States. 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. and subsidiaries as of December 31, 2000 and 2001 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP
Atlanta, Georgia
January 31, 2002

MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

	December 31,	
	2002	**2003**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 64,664	$ 140,964
Short-term investments	57,193	4,992
Accounts receivable, net of a $5,173 and $3,181 allowance for doubtful accounts in 2002 and 2003, respectively	32,384	40,790
Deferred income taxes	1,768	2,086
Other current assets	3,199	4,627
Total current assets	159,208	193,459
Property and equipment, net	12,352	12,152
Long-term investments	—	9,447
Acquisition-related intangible assets, net	13,321	10,942
Goodwill and intangible assets with indefinite lives, net	30,702	31,688
Deferred income taxes	4,051	4,110
Other assets	562	2,221
Total assets	$ 220,196	$ 264,019
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 6,754	$ 5,235
Accrued compensation and benefits	7,814	6,702
Accrued liabilities	3,357	3,617
Current portion of capital lease obligations	164	132
Income taxes payable	1,122	1,470
Deferred revenue	15,318	17,937
Total current liabilities	34,529	35,093
Long-term portion of capital lease obligations	240	288
Deferred income taxes	141	396
Commitments and Contingencies (see footnote 5)		
Shareholders' equity:		
Preferred stock, no par value; 20,000,000 shares Authorized, no shares issued or outstanding in 2002 or 2003	—	—
Common stock, $.01 par value; 100,000,000 shares Authorized, 29,031,107 shares issued and outstanding in 2002 and 30,086,164 shares issued and outstanding in 2003	290	301
Additional paid-in-capital	122,977	143,766
Retained earnings	61,808	83,653
Accumulated other comprehensive income	253	720
Deferred compensation	(42)	(198)
Total shareholders' equity	185,286	228,242
Total liabilities and shareholders' equity	$ 220,196	$ 264,019

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

MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)

	Year Ended December 31,		
	2001	**2002**	**2003**
Revenue:			
Software and hosting fees	$ 35,436	$ 40,233	$ 43,229
Services	97,510	110,516	129,320
Hardware and other	27,760	22,675	23,417
Recovery (allowance) relating to bankrupt customer	(4,328)	2,297	848
Total revenue	156,378	175,721	196,814
Costs and expenses:			
Cost of software and hosting fees	1,455	1,927	4,470
Cost of services	42,372	46,611	54,218
Cost of hardware and other	23,092	19,027	20,123
Research and development	19,413	20,780	27,358
Sales and marketing	22,334	26,413	31,200
General and administrative	18,822	20,943	23,711
In-process research and development and other acquisition-related charges	—	1,470	885
Restructuring charge	—	—	893
Amortization of acquisition-related intangibles	5,240	1,772	3,432
Total operating expenses	132,728	138,943	166,290
Income from operations	23,650	36,778	30,524
Interest income	2,689	2,098	1,503
Interest expense	(586)	(147)	(13)
Other income (expense), net	(44)	850	1,256
Income before income taxes	25,709	39,579	33,270
Income tax provision	9,522	14,383	11,425
Net income	$ 16,187	$ 25,196	$ 21,845
Basic net income per share	$ 0.60	$ 0.88	$ 0.74
Diluted net income per share	$ 0.53	$ 0.83	$ 0.71
Weighted average shares:			
Basic	27,077	28,653	29,532
Diluted	30,742	30,451	30,882

The accompanying notes are an integral part of these consolidated statements of income.

MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands, except share data)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Deferred Compensation	Total Shareholders' Equity
	Shares	Amount					
Balance, December 31, 2000	26,443,996	$ 264	$ 89,583	$ 20,425	$ (47)	$ (193)	$ 110,032
Issuance of stock in connection with the acquisition of Intrepa, L.L.C	63,057	1	(1)	—	—	—	—
Cancellation of common stock options	—	—	(6)	—	—	6	—
Exercise of common stock options	1,277,700	13	6,704	—	—	—	6,717
Buyback of Manhattan common stock	(65,000)	(1)	(884)	—	—	—	(885)
Tax benefit from stock options exercised	—	—	9,049	—	—	—	9,049
Amortization of deferred compensation	—	—	—	—	—	82	82
Foreign currency translation adjustment	—	—	—	—	(21)	—	(21)
Unrealized gain on Investments	—	—	—	—	43	—	43
Net income	—	—	—	16,187	—	—	16,187
Balance, December 31, 2001	27,719,753	277	104,445	36,612	(25)	(105)	141,204
Cancellation of common stock options	—	—	(5)	—	—	5	—
Exercise of common stock options	1,571,354	16	8,620	—	—	—	8,636
Buyback of Manhattan common stock	(260,000)	(3)	(4,107)	—	—	—	(4,110)
Tax benefit from stock options exercised	—	—	14,024	—	—	—	14,024
Amortization of deferred compensation	—	—	—	—	—	58	58
Foreign currency translation adjustment	—	—	—	—	306	—	306
Unrealized gain on investments	—	—	—	—	(28)	—	(28)
Net income	—	—	—	25,196	—	—	25,196
Balance, December 31, 2002	29,031,107	290	122,977	61,808	253	(42)	185,286
Cancellation of common stock options	—	—	(24)	—	—	24	—
Exercise of common stock options	1,046,948	11	9,259	—	—	—	9,270
Issuance of restricted stock	8,109	—	232	—	—	(232)	—
Tax benefit from stock options exercised	—	—	11,322	—	—	—	11,322
Amortization of deferred compensation	—	—	—	—	—	52	52
Foreign currency translation adjustment	—	—	—	—	482	—	482
Unrealized gain on investments	—	—	—	—	(15)	—	(15)
Net income	—	—	—	21,845	—	—	21,845
Balance, December 31, 2003	30,086,164	$ 301	$ 143,766	$ 83,653	$ 720	$ (198)	$ 228,242

The accompanying notes are an integral part of these consolidated statements of shareholders' equity.

MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

	Year Ended December 31,		
	2001	**2002**	**2003**
Net income	$16,187	$25,196	$21,845
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustment, net of tax expense (benefit) of ($12), $174, and $248 in 2001, 2002 and 2003, respectively	(21)	306	482
Unrealized gain (loss) on investments, net of tax expense (benefit) of $26, ($16), and ($8) in 2001, 2002 and 2003, respectively	43	(28)	(15)
Other comprehensive income	22	278	467
Comprehensive income	$16,209	$ 25,474	$ 22,312

The accompanying notes are an integral part of these consolidated statements of comprehensive income.

MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Year Ended December 31,		
	2001	2002	2003
Cash flows from operating activities:			
Net income	$16,187	$ 25,196	$ 21,845
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	6,128	6,801	7,830
Amortization of acquisition-related intangibles	5,240	1,772	3,432
Stock compensation	82	58	52
Loss (gain) on disposal of equipment	11	(8)	—
Acquired in-process research and development	—	1,470	—
Tax benefit of options exercised	9,049	14,024	11,322
Deferred income taxes	(459)	(627)	(273)
Accrued interest on note payable	105	—	—
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable, net	1,385	(3,685)	(6,814)
Other assets	(1,627)	1,437	(1,345)
Accounts payable	(1,050)	(2,237)	(1,750)
Accrued liabilities	(886)	(1,017)	(658)
Income taxes	4,196	2,314	253
Deferred revenue	994	468	2,367
Net cash provided by operating activities	39,355	45,966	36,261
Cash flows from investing activities:			
Purchases of property and equipment	(6,101)	(5,990)	(6,718)
Purchased software development costs	(717)	—	—
Net maturities (purchases) of investments	(3,456)	(37,077)	42,730
Payments in connection with the acquisition of certain assets of ReturnCentral, net of cash acquired	—	—	(817)
Payments in connection with the acquisition of certain assets of StreamSoft, net of cash acquired	—	—	(1,793)
Payments in connection with the investment in Alien Technologies	—	—	(2,000)
Payments in connection with the acquisition of certain assets of Logistics.com, net of cash acquired	—	(21,163)	(140)
Net cash (used in) provided by investing activities	(10,274)	(64,230)	31,262
Cash flows from financing activities:			
Repayment of note payable	(1,750)	(5,250)	—
Payment of capital lease obligations	(197)	(191)	(234)
Purchase of Manhattan common stock	(885)	(4,110)	—
Proceeds from issuance of common stock	6,717	8,636	9,270
Net cash provided by (used in) financing activities	3,885	(915)	9,036
Foreign currency impact on cash	31	(186)	(259)
Increase (decrease) in cash and cash equivalents	32,997	(19,365)	76,300
Cash and cash equivalents, beginning of year	51,032	84,029	64,664
Cash and cash equivalents, end of year	$ 84,029	$ 64,664	$140,964
Supplemental cash flow disclosures:			
Cash paid for interest	$ 583	$ 248	$ 14
Cash (paid) received for income taxes	$ 4,197	$ 2,478	$ (163)
Non-cash transaction:			
Issuance of restricted stock	$ —	$ —	$ 232

The accompanying notes are an integral part of these consolidated statements of cash flows.

MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2001, 2002 and 2003

1. Organization and Summary of Significant Accounting Policies

Organization and Business

Manhattan Associates, Inc. ("Manhattan" or the "Company") is a provider of technology-based solutions to improve supply chain effectiveness and efficiencies across the supply chain. The Company's solutions are designed to optimize the receipt, storage, assembly and distribution of inventory and the management of equipment and personnel within a distribution center, enhance the management of transportation costs and transportation providers, and improve the management of trading partners. The Company's solutions consist of *software,* including, the licensing or hosting of a comprehensive suite of robust and modular software products; *services,* including design, configuration, implementation and training services, plus customer support services and software enhancements subscriptions; and *hardware.*

The Company's operations are in North America, Europe and Asia/Pacific. Its European operations are conducted through its wholly-owned subsidiaries, Manhattan Associates, Ltd., Manhattan Associates, B.V., and Manhattan Associates GmbH, in the United Kingdom, the Netherlands, and Germany, respectively. The Company's Asia/Pacific operations are conducted through its wholly-owned subsidiaries, Manhattan Associates, Pty Ltd. and Manhattan Associates (India) Development Centre Private Limited in Australia and India, respectively. The Company occasionally sells its products and services in other countries, such as countries in Latin America, Japan, and France through its direct sales channel as well as various reseller channels.

Principles of Consolidation and Foreign Currency Translation

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

The financial statements of foreign subsidiaries have been translated into United States dollars in accordance with Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards ("SFAS") No. 52, *Foreign Currency Translation.* Revenues and expenses from international operations were denominated in the respective local currencies and translated using the average monthly exchange rates for the year. All balance sheet accounts have been translated using the exchange rates in effect at the balance sheet date and the effect of changes in exchange rates from year to year are disclosed as a separate component of shareholders' equity and comprehensive income.

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.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents, short- and long-term investments and accounts receivable. The Company maintains cash and cash equivalents and short- and long-term investments with various financial institutions. The Company's sales are primarily to companies located in the United States and Europe. The Company performs periodic credit evaluations of its customers' financial condition and does not require collateral. Accounts receivable are due principally from large U.S. and European companies under stated contract terms. The Company provides for estimated uncollectible amounts and credit losses at the time of sale.

1. Organization and Summary of Significant Accounting Policies (continued)

The Company's top five customers in aggregate accounted for 21%, 16% and 16% of total revenue for each of the years ended December 31, 2001, 2002, and 2003, respectively. Sales to one customer ("the significant customer") accounted for approximately 10% of total revenue for the year ended December 31, 2001. Most of the revenue from the significant customer in 2001 arose from purchases of hardware. No single customer accounted for more than 10% of revenue in 2002 or 2003. Accounts receivable from the significant customer on December 31, 2001 was approximately $4.3 million. On January 22, 2002, the significant customer for 2001 filed for bankruptcy under Chapter 11 of the United States Bankruptcy Code. As a result of the filing, the uncertainties around the bankruptcy proceedings and the ultimate timing of payment, we recorded an allowance of $4.3 million in 2001 to effectively defer revenues arising in the fourth quarter of 2001 from the significant customer, but unpaid at the time of the bankruptcy declaration. The allowance included approximately $2.3 million of software fees, $1.6 million of fees for professional services and $0.4 million of hardware. In September 2002, the United States Bankruptcy Court for the Northern District of Illinois Eastern Division authorized the significant customer's request to assume the software license, services, support and enhancement agreement. With the appeals process completed in October 2002, the Company recovered approximately $2.3 million of the receivable during the fourth quarter of 2002. Upon receiving the final cash settlement in June 2003, subsequent to the significant customer emerging from bankruptcy, the Company recovered an additional $848,000 of the receivable during the second quarter of 2003. The recoveries were recorded as separate revenue line items in the consolidated statements of income and reductions to the allowance for doubtful accounts in the consolidated balance sheets during the respective quarters.

Investments

The Company's investments in marketable securities consist of debt instruments of the U.S. Treasury, U.S. government agencies and corporate commercial paper. These investments are categorized as available-for-sale securities and recorded at fair market value, as defined by SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Investments with original maturities of three months or less are classified as cash equivalents, investments with original maturities of greater than 90 days but less than one year are classified as short-term investments, and those with original maturities of greater than one year are classified as long-term investments. The long-term investments consist of debt instruments of U.S. government agencies and mature after one year through five years. Unrealized holding gains and losses are reflected as a net amount in a separate component of shareholders' equity until realized. For the purposes of computing realized gains and losses, cost is identified on a specific identification basis. At December 31, 2002 and 2003, the cumulative unrealized gain on short- and long-term investments was $29,000 and $14,000, respectively. At December 31, 2002 and 2003, the cumulative unrealized loss on short- and long-term investments was $0 and $9,000, respectively. The following is a summary of the available-for-sale securities (in thousands):

	December 31,			
	2002		2003	
	Cost	Market Value	Cost	Market Value
Investments:				
U.S. government obligations	$ 19,683	$ 19,694	$ 25,823	$ 25,828
State and local obligations	1,501	1,501	110,909	110,909
U.S. corporate commercial paper	93,546	93,564	12,580	12,580
	114,730	114,759	149,312	149,317
Less amounts classified as cash equivalents	(57,566)	(57,566)	(134,878)	(134,878)
Total investments	$ 57,164	$ 57,193	$ 14,434	$ 14,439

On July 11, 2003, the Company made a cash investment of $2 million in Alien Technology Corp. ("Alien"), a provider of ultra-low cost radio frequency identification (RFID) tags and hardware. The investment represents approximately a 1.5% ownership interest in the privately-held corporation. The Company's maximum exposure to loss as a result of its investment with Alien is its investment of $2 million. The investment has been accounted for under the cost method, and is included in "Other Assets" on the Consolidated Balance Sheet.

1. Organization and Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, which is based upon an evaluation of historical amounts written-off, the Company's customers' ability to pay and general economic conditions; the useful lives of intangible assets; the recoverability or impairment of intangible asset values; and the Company's effective income tax rate and deferred tax assets, which are based upon the Company's expectations of future taxable income, allowable deductions, and projected tax credits. Actual results could differ from these estimates.

Fair Value of Financial Instruments

The carrying values of cash, accounts receivable, accounts payable, and other financial instruments included in the accompanying consolidated balance sheets approximate their fair values principally due to the short-term maturities of these instruments. Unrealized gains and losses on investments are included as a separate component of "Accumulated other comprehensive income", net of any related tax effect, in the Consolidated Balance Sheets.

Risks Associated with Single Business Line, Technological Advances, and Foreign Operations

The Company currently derives a substantial portion of its revenues from sales of its software and related services and hardware. The markets for supply chain execution are 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 these markets 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. Any factor adversely affecting the markets for supply chain execution solutions could have an adverse effect on the Company's business, financial condition, and results of operations.

The Company's international business is subject to risks typical of an international business, including, but not limited to: differing economic conditions, changes in political climate, differing tax structures, other regulations and restrictions, and foreign exchange rate volatility. Accordingly, the future results could be materially adversely impacted by changes in these or other factors. The Company recognized foreign exchange rate gains of approximately $830,000 in 2002 and $1,283,000 in 2003, classified in "Other income, net" on the Consolidated Statements of Income.

Revenue Recognition

The Company's revenue consists of revenues from the licensing and hosting of software; fees from consulting, implementation and training services (collectively, "professional services"), plus customer support services and software enhancement subscriptions; and sales of hardware.

The Company recognizes software license revenue under Statement of Position No. 97-2, "Software Revenue Recognition" ("SOP 97-2"), as amended by Statement of Position No. 98-9, "Software Revenue Recognition, With Respect to Certain Transactions" ("SOP 98-9"), specifically when the following criteria are met: (1) a signed contract is obtained; (2) delivery of the product has occurred; (3) the license fee is fixed or determinable; and (4) collectibility is probable. SOP 98-9 requires recognition of revenue using the "residual method" when (1) there is vendor-specific objective evidence of the fair values of all undelivered elements in a multiple-element arrangement that is not accounted for using long-term contract accounting; (2) vendor-specific objective evidence of fair value does not exist for one or more of the delivered elements in the arrangement; and (3) all revenue-recognition criteria in SOP 97-2, other than the requirement for vendor-specific objective evidence of the fair value of each delivered element of the arrangement are satisfied. For those contracts that contain significant customization or modifications, license revenue is recognized under the percentage of completion method.

1. Organization and Summary of Significant Accounting Policies (continued)

The Company's services revenue consists of fees generated from professional services, customer support services and software enhancement subscriptions related to the Company's software products. Fees from professional services performed by the Company are generally billed on an hourly basis, and revenue is recognized as the services are performed. Professional services are sometimes rendered under agreements in which billings are limited to contractual maximums or based upon a fixed-fee for portions of or all of the engagement, but only in instances when the scope of the project is reasonably quantifiable. Revenue related to fixed-fee based contracts is recognized on a percent complete basis based on the hours incurred. Project losses are provided for in their entirety in the period in which they become known. Revenue related to customer support services and software enhancement subscriptions are generally paid in advance and recognized ratably over the term of the 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 solutions. As part of a complete solution, the Company's customers frequently purchase hardware from the Company in conjunction with the licensing of software. These products include computer hardware, radio frequency terminals networks, RFID chip readers, bar code printers and scanners, and other peripherals. Hardware revenue is recognized upon shipment to the customer when title passes. The Company generally purchases hardware from its vendors only after receiving an order from a customer. As a result, the Company does not maintain significant hardware inventory.

In accordance with the FASB's Emerging Issues Task Force Issue No. 01-14 ("EITF No. 01-14"), "Income Statement Characterization of Reimbursements Received for Out-of-Pocket Expenses Incurred," the company recognizes amounts associated with reimbursements from customers for out-of-pocket expenses as revenue. Such amounts have been classified to hardware and other revenue. The total amount of expense reimbursement recorded to revenue was $5.1 million, $5.4 million and $6.5 million for 2001, 2002 and 2003, respectively.

Deferred Revenue

Deferred revenue represents amounts collected prior to complete performance of professional services, customer support services and software enhancement subscriptions and significant remaining obligations under license agreements. The Company expects to complete such services or obligations within the next twelve months.

Returns and Allowances

The Company has not experienced significant returns or warranty claims to date and, as a result, has not recorded a provision for the cost of returns and product warranty claims at December 31, 2002 or 2003.

The Company records an allowance for doubtful accounts based on the historical experience of write-offs and a detailed assessment of accounts receivable. Additions to the allowance for doubtful accounts generally represent a sales allowance on services revenue, which are recorded to operations as a reduction to services revenue. The total amounts charged to operations was $2.7 million, $3.1 million and $3.5 million for 2001, 2002 and 2003, respectively. The amounts for each year do not include amounts relating to the significant customer described above. In estimating the allowance for doubtful accounts, management considers the age of the accounts receivable, the Company's historical write-offs, and the credit worthiness of the customer, among others. Should any of these factors change, the estimates made by management will also change accordingly, which could affect the level of the Company's future provision for doubtful accounts. Uncollectible accounts are written off when it is determined that the specific balance is not collectible.

1. Organization and Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment consists of furniture, computers, other office equipment, purchased software for internal use, and leasehold improvements recorded at cost. The Company depreciates the cost of furniture, computers, other office equipment and purchased software on a straight-line basis over their estimated useful lives (three years for computer equipment and software, five years for office equipment, seven years for furniture). Leasehold improvements are depreciated over the lesser of their useful lives or the term of the lease. Included in computer equipment and software are assets under a capital lease of approximately $239,000 and $247,000, net of depreciation, as of December 31, 2002 and 2003, respectively. Depreciation and amortization expense for property and equipment, including assets under a capital lease, for the years ended December 31, 2001, 2002 and 2003 was approximately $5,719,000, $6,275,000 and $7,487,000, respectively, and was included in general and administrative expenses in the consolidated statements of income.

Property and equipment, at cost, consist of the following (in thousands):

	December 31,	
	2002	2003
Computer equipment and software	$ 19,825	$ 23,624
Furniture and office equipment	5,674	7,432
Leasehold improvements	3,150	3,728
	28,649	34,784
Less accumulated depreciation and amortization	(16,297)	(22,632)
	$ 12,352	$ 12,152

Acquisition-Related Intangible Assets

Acquisition-related intangible assets are stated at historical cost and include acquired software and certain other intangible assets with definite lives. The acquired software is being amortized over the greater of the amount computed using (a) the ratio that current gross revenues for a product bear to the total of current and anticipated future gross revenues for that product or (b) the straight-line method over the remaining estimated economic life of the product including the period being reported on. The other intangible assets are being amortized on a straight-line basis over a period of two to ten years. Total amortization expense related to acquisition-related intangible assets was approximately $1,867,000, $1,772,000 and $3,432,000 for the years ended December 31, 2001, 2002 and 2003, respectively, and is included in amortization of acquisition-related intangibles in the accompanying consolidated statements of income.

Acquisition-Related Intangible Assets consist of the following (in thousands):

	December 31,	
	2002	2003
Acquired software	$ 9,230	$ 10,218
Other intangible assets with definite lives	8,532	8,597
	17,762	18,815
Less accumulated amortization	(4,441)	(7,873)
	$ 13,321	$ 10,942

The Company expects amortization expense for the next five years to be as follows based on intangible assets as of December 31, 2003 (in thousands):

2004	$ 3,471
2005	3,051
2006	1,801
2007	1,642
2008	533
Thereafter	444

1. Organization and Summary of Significant Accounting Policies (continued)

Goodwill and Intangible Assets with Indefinite Lives

Goodwill, which represents the excess of purchase price over fair value of net identified tangible and intangible assets and liabilities acquired is no longer being amortized. On January 1, 2002, the Company adopted SFAS No. 142, “Goodwill and Other Intangible Assets.” Under the new statement, the Company no longer amortizes goodwill and intangible assets with indefinite lives, but instead tests for impairment on at least an annual basis. The following reflects the Company’s results of operations, as they would have appeared if the Company had not recorded amortization expense for goodwill and intangible assets with indefinite lives, net of taxes, during 2001:

	2001	2002	2003
		(in thousands)	
Reported net income	$16,187	$25,196	$21,845
Add back goodwill amortization, net of tax	2,124	—	—
Adjusted net income	$ 18,311	$25,196	$21,845
Basic net income per share - as reported	$ 0.60	$ 0.88	$ 0.74
Basic net income per share - add back goodwill amortization, net of tax	$ 0.08	$ —	$ —
Basic net income per share - adjusted	$ 0.68	$ 0.88	$ 0.74
Diluted net income per share - as reported	$ 0.53	$ 0.83	$ 0.71
Diluted net income per share - add back goodwill amortization, net of tax	$ 0.07	$ —	$ —
Diluted net income per share - adjusted	$ 0.60	$ 0.83	$ 0.71

Goodwill and Intangible Assets with indefinite lives consist of the following (in thousands):

	December 31,	
	2002	2003
Goodwill	$32,536	$ 33,522
Other intangible assets with indefinite lives	2,746	2,746
	35,282	36,268
Less accumulated amortization	(4,580)	(4,580)
	$ 30,702	$ 31,688

Approximately $35.5 million of the gross Goodwill and Intangible Assets with indefinite lives is deductible for income tax purposes.

Software Development Costs

Research and development expenses are charged to expense as incurred. The Company determines the amount of development costs capitalizable under the provisions of SFAS No. 86, “Accounting for Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed.” 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 SFAS No. 86. The Company has defined technological feasibility as the point in time at which the Company has a detailed program design or a working model of the related product, depending on the type of development efforts. For the years ended December 31, 2001, 2002 and 2003, the Company capitalized no internal research and development costs because the costs incurred between the attainment of technological feasibility for the related software product through the date when the product was available for general release to customers has been insignificant. During 2001, payments of approximately $717,000 were made to an outside research and development organization to internationalize PkMS into Japanese, German, French and Spanish. The payments were capitalized as Other Assets and were amortized over a two-year period beginning in January 2002. All capitalized research and development costs were fully amortized as of December 31, 2003. Total amortization expense related to software development costs capitalized prior to 2000 and during 2001 was approximately $409,000, $526,000 and $343,000 for the years ended December 31, 2001, 2002 and 2003, respectively, and is included in cost of software fees in the accompanying consolidated statements of income.

1. Organization and Summary of Significant Accounting Policies (continued)

Impairment of Long-Lived and Intangible Assets

The Company periodically reviews the values assigned to long-lived assets, including property and certain intangible assets, to determine whether events and circumstances have occurred which indicate that the remaining estimated useful lives may warrant revision or that the remaining balances may not be recoverable. In such reviews, undiscounted cash flows associated with these assets are compared with their carrying value to determine if a write-down to fair value is required. Management believes the long-lived and intangible assets in the accompanying consolidated balance sheets are fairly valued.

The evaluation of asset impairment requires management to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgment, and actual results may differ from assumed and estimated amounts.

Impairment of Goodwill and Intangible Assets with Indefinite Lives

In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets," which was adopted in its entirety on January 1, 2002, the Company evaluates the carrying value of goodwill and other intangible assets annually as of December 31 and between annual evaluations if events occur or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. Such circumstances could include, but are not limited to, (1) a significant adverse change in legal factors or in business climate, (2) unanticipated competition, or (3) an adverse action or assessment by a regulator. When evaluating whether the goodwill or other intangible asset is impaired, the Company compares the fair value of the reporting unit to which the goodwill or other intangible asset is assigned to its carrying amount, including goodwill and the other intangible assets. If the carrying amount of a reporting unit exceeds its fair value, then the amount of the impairment loss must be measured. The impairment loss would be calculated by comparing the implied fair value of reporting unit goodwill to its carrying amount. In calculating the implied fair value of goodwill or other intangible assets, the fair value of the reporting unit is allocated to all of the other assets and liabilities of that unit based on their fair values. The excess of the fair value of a reporting unit over the amount assigned to its other assets and liabilities is the implied fair value of goodwill. The initial evaluation of goodwill and other intangible assets completed as of June 30, 2002 in accordance with SFAS No. 142 resulted in no impairment losses. Additionally, the Company performed its periodic review of its goodwill and other intangible assets for impairment as of December 31, 2002 and 2003, and did not identify any asset impairment as a result of the review. The Company also recorded no impairment losses during 2001 prior to adopting SFAS No. 142.

Guarantees and Indemnifications

The Company accounts for guarantees in accordance with Financial Interpretation No. 45 ("FIN 45"), *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others.* The Company's sales agreements with customers generally contain infringement indemnity provisions. Under these agreements, the Company agrees to indemnify, defend and hold harmless the customer in connection with patent, copyright or trade secret infringement claims made by third parties with respect to the customer's authorized use of the Company's products and services. The indemnity provisions generally provide for the Company's control of defense and settlement and cover costs and damages finally awarded against the customer, as well as the Company's modification of the product so it is no longer infringing or, if it cannot be corrected, return of the product for a refund. The sales agreements with customers sometimes also contain indemnity provisions for death, personal injury or property damage caused by the Company's personnel or contractors in the course of performing services to customers. Under these agreements, the Company agrees to indemnify, defend and hold harmless the customer in connection with death, personal injury and property damage claims made by third parties with respect to actions of the Company's personnel or contractors. The indemnity provisions generally provide for the Company's control of defense and settlement and cover costs and damages finally awarded against the customer. The indemnity obligations contained in sales agreements generally have no specified expiration date and no specified monetary limitation on the amount of award covered. The Company has not previously incurred costs to settle claims or pay awards under these indemnification obligations. The Company accounts for these indemnity

1. Organization and Summary of Significant Accounting Policies (continued)

obligations in accordance with SFAS No. 5, *Accounting for Contingencies*, and records a liability for these obligations when a loss is probable and reasonably estimable. The Company has not recorded any liabilities for these agreements as of December 31, 2003.

The Company warrants to its customers that its software products will perform in all material respects in accordance with the standard published specifications in effect at the time of delivery of the licensed products to the customer for 90 days. Additionally, the Company warrants to its customers that services will be performed consistent with generally accepted industry standards or specific service levels through completion of the agreed upon services. If necessary, the Company will provide for the estimated cost of product and service warranties based on specific warranty claims and claim history. However, the Company has not incurred significant recurring expense under product or service warranties. As a result, the Company believes the estimated fair value of these agreements is nominal. Accordingly, the Company has no liabilities recorded for these agreements as of December 31, 2003.

Segment Information

The Company operates in a single segment as defined by SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." See Note 9 for discussion of foreign operations.

Advertising Costs

Advertising costs are expensed as incurred and totaled approximately $540,000, $715,000 and $855,000 in 2001, 2002 and 2003, respectively. Advertising costs are included in sales and marketing on the Consolidated Statements of Income.

Basic and Diluted Net Income Per Share

Basic net income per share is computed using net income divided by the weighted average number of shares of common stock outstanding ("Weighted Shares") for the period presented.

Diluted net income per share is computed using net income divided by Weighted Shares, and the treasury stock method effect of common equivalent shares ("CESs") outstanding for each period presented. The following is a reconciliation of the shares used in the computation of net income per share for the years ended December 31, 2001, 2002 and 2003:

	2001		2002		2003	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Weighted shares	27,077,137	27,077,137	28,652,609	28,652,609	29,532,466	29,532,466
Effect of CESs	—	3,664,894	—	1,797,952	—	1,349,210
	27,077,137	30,742,031	28,652,609	30,450,561	29,532,466	30,881,676

Options to purchase 1,137,100, 1,924,075 and 1,866,351 shares of common stock were outstanding during the years ended December 31, 2001, 2002 and 2003, respectively, but were not included in the computation of diluted earnings per share because the options exercise price was greater than the average market price of the common shares during the respective years. See Note 3 for further information on those securities.

Stock-Based Compensation

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 consolidated 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 SFAS No. 123, "Accounting for Stock-Based Compensation."

1. Organization and Summary of Significant Accounting Policies (continued)

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 weighted-average assumptions:

	2001	2002	2003
Dividend yield	—	—	—
Expected volatility	122%	84%	73%
Risk-free interest rate at the date of grant	5.0%	2.0%	3.3%
Expected life	5 years	6 years	6 years

Using these assumptions, the fair values of the stock options granted during the years ended December 31, 2001, 2002 and 2003 are $30,421,000, $24,693,000 and $24,980,000, respectively, which would be amortized over the vesting period of the options.

The weighted average fair values of options at the date of grant for the years ended December 31, 2001, 2002 and 2003 was $22.37, $16.61 and $17.52, respectively.

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

	2001	2002	2003
Net income:			
As reported	$ 16,187	$ 25,196	$ 21,845
Add: Stock-based employee compensation expense included in reported net income	82	58	52
Deduct: Stock-based employee compensation expense determined under the fair-value method for all awards, net of taxes	(22,227)	(22,791)	(25,569)
Pro forma in accordance with SFAS No. 123	$ (5,958)	$ 2,463	$ (3,672)
Basic net income or pro forma net income per share:			
As reported	$ 0.60	$ 0.88	$ 0.74
Pro forma in accordance with SFAS No. 123	$ (0.22)	$ 0.09	$ (0.12)
Diluted net income or pro forma net income per share:			
As reported	$ 0.53	$ 0.83	$ 0.71
Pro forma in accordance with SFAS No. 123	$ (0.22)	$ 0.09	$ (0.12)

Comprehensive Income

In fiscal 1999, the Company adopted SFAS No. 130, “Reporting Comprehensive Income.” This statement establishes the rules for the reporting of comprehensive income and its components. The Company’s comprehensive income includes net income, foreign currency translation adjustments and unrealized gains and losses on short-term investments. The components of accumulated other comprehensive income (loss) as of December 31, 2002 and 2003 are as follows (in thousands):

	December 31,	
	2002	2003
Foreign currency translation adjustment	$235	$717
Unrealized gain on investments	18	3
Total	$253	$720

Reclassifications

Certain reclassifications were made to the prior years’ financial statements to conform to the 2003 presentation. Interest income and Interest expense included in Other income (expense), net, in the Consolidated Statements of Income for the year ended December 31, 2001 were reclassified to Interest income and Interest expense. Certain assets included in Goodwill and intangible assets with indefinite lives, net, in the Consolidated Balance Sheets for the year ended December 31, 2002 were reclassified to Acquisition-related intangible assets, net.

1. Organization and Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements

In November 2002, the Emerging Issues Task Force ("EITF") of the FASB issued EITF Issue 00-21, "Revenue Arrangements with Multiple Deliverables," which addresses certain aspects of the accounting for arrangements that involve the delivery or performance of multiple products, services and/or rights to use assets. Under EITF 00-21, revenue arrangements with multiple deliverables should be divided into separate units of accounting if the deliverables meet certain criteria, including whether the fair value of the delivered items can be determined and whether there is evidence of fair value of the undelivered items. In addition, the consideration should be allocated among the separate units of accounting based on their fair values, and the applicable revenue recognition criteria should be considered separately for each of the separate units of accounting. EITF 00-21 is effective for revenue arrangements the Company entered into after June 30, 2003. The Company adopted EITF 00-21 on July 1, 2003. The adoption of this guidance did not have a material effect on the Company's consolidated statements of income, financial position or liquidity.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure." SFAS No. 148 amends SFAS No. 123, to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The transition guidance and annual disclosure provisions of SFAS No. 148 are effective for fiscal years ending after December 15, 2002 and have been adopted in these notes to the financial statements. The interim disclosure provisions are effective for financial reports containing financial statements for interim periods beginning after December 15, 2002. As the Company did not make a voluntary change to the fair value based method of accounting for stock-based employee compensation in 2002 or 2003, the adoption of SFAS No. 148 did not have a material impact on the Company's financial position and results of operations.

In January 2003, the FASB issued FASB Interpretation No. 46 ("FIN 46"), *Consolidation of Variable Interest Entities—An Interpretation of Accounting Research Bulletin No. 51.* In December 2003, the FASB issued a revision to FIN 46 ("FIN 46R"), to clarify some of the provisions of FIN 46 to exempt certain entities from its requirements. FIN 46 requires the consolidation of entities in which an enterprise absorbs a majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both, as a result of ownership, contractual interests or other financial interests in the entity. FIN 46 is effective for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied during the first interim or annual period beginning after March 15, 2004. The Company does not believe that it currently has relationships that will require it to initially consolidate or disclose information about variable interest entities, other than possibly the investment in Alien (see discussion above under *Investments*), when FIN 46 becomes effective.

In August 2003, the EITF issued EITF Issue 03-05, "Applicability of AICPA Statement of Position 97-2 to Non-Software Deliverables in an Arrangement Containing More-Than-Incidental Software," which addresses the accounting for arrangements that include both software and non-software deliverables, such as computer hardware. In arrangements that include software and computer hardware, if the software is essential to the functionality of the hardware, the hardware is considered software related and, therefore, accounted for under SOP 97-2. The Company adopted this guidance prospectively in August 2003. The adoption of this guidance did not have a material effect on the consolidated statements of income, financial position or liquidity.

2. Income Taxes

The Company is subject to future federal and state income taxes and has recorded net deferred tax assets. 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 deferred tax assets and liabilities as of December 31, 2002 and 2003 are as follows (in thousands):

	December 31,	
	2002	2003
Deferred tax assets:		
Accounts receivable	$ 1,169	$ 970
Net operating loss carryforwards	12,408	7,938
Accrued liabilities	599	1,011
Stock compensation expense	26	26
Intangible assets	2,458	2,407
Depreciation	783	1,001
Research and development credits	2,246	4,846
Other	5	21
	19,694	18,220
Deferred tax liabilities:		
Other	141	396
	19,553	17,824
Valuation allowance	(13,875)	(12,024)
Net deferred tax assets	$ 5,678	$ 5,800

The components of the historical income tax provision for the years ended December 31, 2001, 2002 and 2003 are as follows (in thousands):

	2001	2002	2003
Current:			
Federal	$7,546	$12,218	$ 9,811
State	1,432	1,801	1,361
Foreign	929	991	375
	9,907	15,010	11,547
Deferred:			
Federal	(324)	(551)	(192)
State	(61)	(76)	(34)
Foreign	—	—	104
	(385)	(627)	(122)
Total	$9,522	$ 14,383	$11,425

The income tax benefits related to the exercise of stock options were allocated to additional paid-in capital. Such amounts were approximately $9,049,000, $14,024,000 and $11,322,000 for 2001, 2002 and 2003, respectively.

As a result of the tax benefit related to the exercise of stock options, the Company has federal net operating loss carry-forwards ("NOLs") of approximately $20,900,000 available to offset future income. The federal NOLs expire in 2021. The NOLs may be subject to certain limitations in the event of a change in ownership. In addition, the Company has approximately $4,846,000 of research and development tax credit carryforwards that expire in 2018 to 2023. The Company has provided a valuation allowance for the carryforwards. As the Company is able to utilize the carryforwards, the reductions to the valuation allowance will be charged to Additional paid-in-capital.

The Company currently has a tax holiday in India through March of 2009. As a result of this holiday, the Company had income of approximately $771,000 in 2003 that was not subject to tax. The India entity did not have income in 2001 or 2002.

2. Income Taxes (continued)

The following is a summary of the items that cause recorded income taxes to differ from taxes computed using the statutory federal income tax rate for the years ended December 31, 2001, 2002 and 2003:

	2001	2002	2003
Statutory federal income tax rate	35.0%	35.0%	35.0%
Effect of:			
State income tax, net of federal benefit	3.5	2.9	2.8
Research and development credits	(0.8)	(2.2)	(2.6)
Foreign operations	(0.6)	0.6	(0.8)
Tax exempt income	(0.3)	(0.2)	(0.5)
Meals and entertainment	0.6	0.2	0.5
Intangibles	0.1	(0.1)	(0.1)
Other	(0.5)	0.1	—
Income taxes	37.0%	36.3%	34.3%

3. Stock Option Plans

The Manhattan Associates LLC Option Plan (the “LLC Option Plan”) became effective on January 1, 1997. The LLC Option Plan is administered by a committee appointed by the Board of Directors. The options are granted at terms determined by the committee; however, the options cannot have a term exceeding ten years. Options granted under the LLC Option Plan have vesting periods ranging from immediately to six years. Subsequent to February 28, 1998, no additional options could be granted pursuant to the LLC Option Plan.

Prior to the establishment of the LLC Option 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 LLC Option Plan.

The Manhattan Associates, Inc. 1998 Stock Incentive Plan (the “Stock Incentive Plan”) was adopted by the Board of Directors and approved by the shareholders in February 1998. The Stock Incentive Plan provides for the grant of incentive stock options. Optionees have the right to purchase a specified number of shares of common stock at a specified option price and subject to such terms and conditions as are specified in connection with the option grant. The Stock Incentive Plan is administered by the Compensation Committee of the Board of Directors. The committee has 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. Options granted under the Stock Incentive Plan cannot have a term exceeding ten years and typically vest over a period of three to six years.

As of December 31, 2003, the Stock Incentive Plan provides for issuance of up to 12,445,520 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, in the form of stock options and other stock incentives. The number of shares available for issuance under the Plan is automatically adjusted, without shareholder approval, on the first day of each fiscal year, beginning with the 2000 fiscal year, by a number of shares such that the total number of shares reserved for issuance under the Plan equals the sum of (i) the aggregate number of shares previously issued under the Plan and the LLC Option Plan; (ii) the aggregate number of shares subject to then outstanding stock incentives granted under the Plan and the LLC Option Plan; and (iii) 5% of the number of shares of common stock outstanding on the last day of the preceding fiscal year. However, no more than 1,000,000 of the shares available for grant each year shall be available for issuance pursuant to incentive stock options, and no more than 10,000,000 shares resulting from such automatic adjustments may ever be issued during the term of the Plan.

3. Stock Option Plans (continued)

A summary of changes in outstanding options is as follows:

	Options	Price	Weighted Average Exercise Price
December 31, 2000	6,523,915	$ 0.24-$68.38	$ 13.24
Granted	1,658,700	$ 12.90-$42.63	$ 26.23
Canceled	(372,148)	$ 2.50-$66.13	$ 31.78
Exercised	(1,277,700)	$ 0.24-$29.88	$ 5.26
December 31, 2001	6,532,767	$ 0.24-$68.38	$ 17.04
Granted	1,637,900	$14.85-$39.55	$ 23.12
Canceled	(270,871)	$ 3.53-$61.75	$ 26.54
Exercised	(1,571,354)	$ 0.24-$26.88	$ 5.49
December 31, 2002	6,328,442	$ 0.56-$68.38	$ 21.08
Granted	1,541,075	$ 17.38-$32.30	$ 26.40
Canceled	(444,541)	$ 3.53-$66.13	$ 27.90
Exercised	(1,046,948)	$ 0.56-$29.88	$ 8.86
December 31, 2003	6,378,028	$ 0.56-$68.38	$ 23.90

Details of options outstanding at December 31, 2003 are as follows:

	Outstanding			Exercisable	
Exercise Prices	Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Prices	Options Exercisable	Average Exercise Price
$ 0.56 - 3.50	316,500	3.0	$ 2.14	316,500	$ 2.14
3.51 - 7.50	230,134	4.6	5.83	206,050	5.99
7.51 - 15.00	854,806	6.0	10.41	618,852	9.62
15.01 - 23.00	909,961	7.8	18.62	362,439	18.26
23.01 - 27.00	1,581,363	8.4	25.34	450,639	25.45
27.01 - 31.00	1,520,914	8.8	27.95	391,856	28.04
31.01 - 40.00	642,850	7.3	37.29	389,173	37.72
40.01 - 68.38	321,500	6.8	56.12	241,812	55.61
	6,378,028	7.5	$ 23.90	2,977,321	$ 21.85

At December 31, 2003, 346,743 shares are available for future grant.

The Company recorded deferred compensation of $580,000 on options granted during 1998, as the exercise price was less than the deemed fair value of the underlying common stock. In addition, the Company recorded deferred compensation of $232,000 during 2003 for the issuance of 8,109 shares of restricted stock under the stock incentive plan. The Company amortizes deferred compensation over the vesting periods on a straight-line basis. The Company recorded compensation expense of $82,000, $58,000 and $52,000 for the years ended December 31, 2001, 2002 and 2003, respectively, and had deferred compensation expense of $42,000 and $198,000 at December 31, 2002 and 2003, respectively.

4. Shareholders' Equity

During 2000, the Company issued 173,900 shares of the Company's common stock in connection with the acquisition of Intrepa, L.L.C. The number of shares issued by the Company was subject to adjustment on January 1, 2001 and April 1, 2001 based on the average closing price of the Company's common stock for the 20 days prior to January 1, 2001 and April 1, 2001. In January and April 2001, the Company issued 1,238 and 61,819 additional shares, respectively, in connection with the acquisition.

During 2001 and 2002, the Company purchased 65,000 and 260,000 shares of the Company's common stock for approximately $885,000 and $4,100,000, respectively, through open market transactions as part of a publicly-announced buy-back program. No shares of the Company's common stock were purchased during 2003.

As of December 31, 2003, the Company has 6,724,771 shares of common stock reserved for issuance under the Stock Incentive Plan.

5. Commitments and Contingencies

Leases

Rents charged to expense were approximately $3,269,000, $4,015,000 and $5,020,000 for the years ended December 31, 2001, 2002 and 2003, respectively. The principal leases expire on March 31, 2008, at which time the Company has the option to renew for an additional five years at then current market rates. Aggregate future minimum lease payments under the capital lease and noncancellable operating leases as of December 31, 2003 are as follows (in thousands):

Year Ended December 31,	Capital Leases	Operating Leases
2004	$ 152	$ 5,841
2005	152	4,658
2006	152	4,572
2007	—	4,124
2008	—	1,098
Thereafter	—	—
Total	$ 456	$ 20,293
Less amount representing interest	(36)	
Net present value of future minimum lease payments	420	
Less current portion of capital lease obligation	(132)	
Long-term portion of capital lease obligation	$ 288	

Employment Agreements

The Company has entered into employment contracts with certain executives and other key employees. The agreements provide for total severance payments of up to approximately $2.8 million for termination of employment for any reason other than cause. Payment terms vary from a lump sum payment to equal monthly installments over a period of not more than 24 months. No amounts have been accrued because the amounts cannot be reasonably estimated.

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 expenses legal costs associated with loss contingencies as such legal costs are incurred.

6. Long-Term Debt

A portion of the purchase price of the Intrepa acquisition was funded with the issuance of a promissory note (the "Note"). The Note was payable in four equal installments of $1.75 million, to be paid every six months beginning on October 1, 2001 and concluding on April 1, 2003. The Note was subject to interest at a rate of 8% per year, which was due on the last day of each fiscal quarter of the Company for so long as principal remained outstanding under the Note. Long-term debt as of December 31, 2001 consisted of the $1.75 million payment due in April 2003. In April 2002, the Company prepaid in full $5.25 million outstanding under the Note; therefore, the Company has no long-term debt as of December 31, 2003.

Table of Contents

7. Acquisitions

Logistics.com

On December 31, 2002, the Company acquired certain assets of Logistics.com, Inc. from Internet Capital Group for a one-time cash payment of approximately $21.3 million, of which $1.5 million was held in escrow until December 31, 2003. Logistics.com provides logistics planning and execution solutions that provide cost savings to shippers and carriers. The Company acquired the assets of Logistics.com to enhance its existing transportation management product offering and to expand its customer base. The acquisition has been accounted for under the purchase method of accounting, and the results of operations will be included in the Company's operations after that date. No amounts were included in the operating results for the year ended December 31, 2002.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition, December 31, 2002 (in thousands):

Current assets		$ 1,825
Property and equipment		1,190
Research and development assets		1,470
Intangible assets subject to amortization:		
Computer software (5 year life)	$ 1,530	
Customers (7 year life)	2,880	
Tradename (5 year life)	1,920	
Other intangibles (2 year life)	360	
		6,690
Goodwill		11,944
Total assets acquired		$23,119
Current liabilities		1,782
Total liabilities assumed		$ 1,782
Net assets acquired		$ 21,337

The $1.5 million assigned to in-process research and development assets was written off at the date of acquisition in accordance with FASB Interpretation No. 4, *Applicability of FASB Statement No. 2 to Business Combinations Accounted for by the Purchase Method*.

The Goodwill will not be amortized, but will be reviewed for impairment on an annual basis.

Unaudited pro forma operating results for the year ended December 31, 2001 and 2002, assuming that the acquisition had occurred at the beginning of 2001 is as follows (in thousands):

	2001	2002
Revenues	$164,733	$183,537
Pro forma net income (loss)	(3,572)	15,090
Pro forma diluted net income (loss) per share	$ (0.13)	$ 0.50

7. Acquisitions (continued)

ReturnCentral

On June 30, 2003, the Company acquired certain assets of ReturnCentral for a cash payment of approximately $817,000. The purchase price includes the earnout recorded through December 31, 2003, and will be further adjusted for additional potential earnout based upon the total ReturnCentral software and services fees received and recognized prior to August 31, 2005. The earnout payment for the first twelve months is the sum of: (i) 30% of all ReturnCentral software fees up to and including $800,000; plus 33% of all ReturnCentral software fees greater than $800,000 and up to and including $1.3 million; plus 36% of all ReturnCentral software fees greater than $1.3 million and up to and including $2.0 million; plus 40% of all ReturnCentral software fees greater than $2.0 million; and (ii) 13% of all ReturnCentral service fees. The earnout payment, if any, for the following fourteen month period will be the sum of: (i) 30% of all ReturnCentral software fees up to and including $2.0 million; plus 33% of all ReturnCentral software fees greater than $2.0 million and up to and including $3.0 million; plus 36% of all ReturnCentral software fees greater than $3.0 million and up to and including $4.0 million; plus 40% of all ReturnCentral software fees greater than $4.0 million; and (ii) 13% of all ReturnCentral service fees. The results of operations are included in operations after June 30, 2003. The entire purchase price has been recorded as acquired developed technology and is being amortized over the greater of the amount computed using (a) the ratio that current gross revenues for a product beat to the total of current and anticipated future gross revenues for that product or (b) the straight-line method over the remaining estimated economic life of the product (5 years) including the period being reported on.

Streamsoft

On October 14, 2003, the Company closed an Asset Purchase Agreement with Streamsoft, a provider of warehouse optimization software. The Company acquired substantially all of the assets of Streamsoft for a purchase price of approximately $1.8 million in cash plus a potential earnout based upon the total Streamsoft software fees received and recognized during the period starting on October 1, 2003 and ending on September 30, 2005. The earnout payment, if any, shall be calculated as 10% of all net software fees recognized, and is subject to additional terms and conditions, as defined in the purchase agreement. The acquisition has been accounted for under the purchase method of accounting, and the results of operations are included in operations after October 14, 2003. The purchase price has been allocated to net assets acquired of $0.2 million, acquired developed technology of $0.2 million, and other intangible assets of $1.4 million. Acquired developed technology is being amortized over the greater of the amount computed using (a) the ratio that current gross revenues for a product bear to the total of current and anticipated future gross revenues for that product or (b) the straight-line method over the remaining estimated economic life of the product (5 years) including the period being reported on. Approximately $0.1 million of other intangible assets is being amortized over a ten-year useful life. The remaining $1.3 million of other intangible assets is goodwill, which is not being amortized, but is being reviewed for impairment on an annual basis.

8. In-Process Research and Development, Acquisition-Related Expenses and Restructuring Charge

In-process research and development represents the value assigned in a purchase business combination to research and development projects of the acquired business that had commenced but had not reached technological feasibility and has no alternative future use. In accordance with SFAS No. 2, “Accounting for Research and Development Costs,” as clarified by FASB Interpretation No. 4, amounts assigned to in-process research and development meeting the above stated criteria must be charged to expense as part of the allocation of the purchase price of the business combination. Accordingly, a charge totaling $1,470,000 was recorded during 2002 as part of the allocation of the purchase price related to the acquisition of Logistics.com.

During the third quarter of 2003, the Company recorded expenses of approximately $885,000 relating to fees incurred in connection with two potential acquisitions that the Company decided not to consummate. The acquisition-related expenses are presented as a separate line item in the consolidated statements of income. The expenses consist primarily of legal, accounting and travel expenses associated with the two transactions.

During the second quarter of 2003, the Company recorded a restructuring charge relating to an internal reorganization of $893,000. The restructuring charge is presented as a separate line item in the consolidated statements of income. The reorganization more closely aligns the Company’s customer advocates with implementation teams, and the customer support organization with the technical teams. The charge consists primarily of one-time severance payments to 25 employees. The Company anticipates no further costs relating to this reorganization.

	2003 Charge	Paid 2003	Paid 2004
Employee severance-related costs	$ 893,000	$857,000	$36,000

9. Geographic Information

Geographic revenue information for the three years ended December 31, 2003 is based on the location of the customer. Long-lived asset information is based on the physical location of the assets at the end of each of the fiscal years.

Revenue by geographic region/country was as follows (in thousands):

	2001	2002	2003
United States	$129,816	$142,296	$ 158,120
Europe	22,518	29,333	31,920
Rest of world	4,044	4,092	6,774
Total international	26,562	33,425	38,694
Total revenue	$ 156,378	$175,721	$196,814

Total international long-lived assets, which include assets in the United Kingdom, Netherlands, India and Australia, were approximately $1.3 million, $3.0 million and $3.8 million as of December 31, 2001, 2002 and 2003, respectively.

10. 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 18% of eligible compensation up to $12,000, 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, 2001, 2002 and 2003, the Company made matching contributions to the 401(k) Plan of $1,059,000, $1,006,000 and $1,250,000, respectively.

11. Related Party Transactions

During the year ended December 31, 2003, the Company purchased software and services for approximately $250,000 from a company whose President and Chief Executive Officer is a member of Manhattan's Board of Directors. In the opinion of management, the rates, terms and consideration of the transaction approximated those with unrelated parties. As of December 31, 2003, there was approximately $2,800 outstanding relating to the purchases.

During the year ended December 31, 2003, the Company sold software and services for approximately $400,000 to a company whose Chief Executive Officer is a relative of a member of the Company's executive management team. In the opinion of management, the rates, terms and consideration of the transaction approximated those with unrelated parties. As of December 31, 2003, the total amount sold was outstanding and included in accounts receivable.

During the year ended December 31, 2003, the Company purchased hardware of approximately $75,000 from Alien Technology, a party in which the Company made a $2 million investment during 2003. See Note 1 for further details on the investment. In the opinion of management, the rates, terms and consideration of the transaction approximated those with unrelated parties. As of December 31, 2003, there was approximately $2,600 outstanding relating to the purchases.

During the years ended December 31, 2001 and 2002, there were no related party transactions.

12. Quarterly Results of Operations (Unaudited)

The following is a summary of the quarterly results of operations of the Company for the years ended December 31, 2002 and 2003. The unaudited quarterly results have been prepared on substantially the same basis as the audited Consolidated Financial Statements.

	Quarter Ended							
	Mar. 31, 2002	June 30, 2002	Sept. 30, 2002	Dec. 31, 2002	Mar. 31, 2003	June 30, 2003	Sept. 30, 2003	Dec. 31, 2003
	(In thousands, except per share data)							
Statement of Income Data:								
Revenue:								
Software and hosting fees	$ 9,373	$ 10,239	$ 10,038	$ 10,583	$ 10,159	$ 11,357	$ 9,636	$ 12,077
Services	26,405	28,152	28,407	27,552	30,240	33,385	33,546	32,149
Hardware and other	6,365	6,722	4,418	5,170	5,698	5,455	7,045	5,219
Recovery (allowance) relating to bankrupt customer	—	—	—	2,297	—	848	—	—
Total revenue	42,143	45,113	42,863	45,602	46,097	51,045	50,227	49,445
Costs and expenses:								
Cost of software and hosting fees	392	470	507	558	1,123	1,222	1,027	1,098
Cost of services	11,622	11,808	11,737	11,444	12,766	14,084	13,911	13,457
Cost of hardware and other	5,320	5,539	3,694	4,474	4,927	4,629	6,016	4,551
Research and development	4,857	5,387	5,471	5,065	6,754	7,007	6,822	6,775
Sales and marketing	5,756	6,994	6,899	6,764	7,572	8,608	7,276	7,744
General and administrative	5,094	5,307	5,149	5,393	5,734	5,869	6,041	6,067
In-process research and development charge and other acquisition-related charges	—	—	—	1,470	—	—	885	—
Amortization of acquisition-related intangibles	534	534	534	170	763	825	866	978
Restructuring Charge	—	—	—	—	—	893	—	—
Total costs and expenses	33,575	36,039	33,991	35,338	39,639	43,137	42,844	40,670
Income from operations	8,568	9,074	8,872	10,264	6,458	7,908	7,383	8,775
Other income, net	173	1,014	679	935	557	1,055	402	732
Income before income taxes	8,741	10,088	9,551	11,199	7,015	8,963	7,785	9,507
Income taxes	3,234	3,839	3,579	3,731	2,475	3,174	2,795	2,981
Net income	$ 5,507	$ 6,249	$ 5,972	$ 7,468	$ 4,540	$ 5,789	$ 4,990	$ 6,526
Diluted net income per share	$ 0.18	$ 0.20	$ 0.20	$ 0.25	$ 0.15	$ 0.19	$ 0.16	$ 0.21
Shares used in diluted net income per share	31,132	30,753	30,301	30,323	30,446	30,688	31,208	31,341

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

On April 24, 2002, our Board of Directors, upon recommendation of our audit committee, engaged Ernst & Young LLP as the principal accountant to audit our financial statements for fiscal year 2002. Our Board of Directors dismissed Arthur Andersen LLP for fiscal year 2002. The dismissal of Arthur Andersen occurred simultaneously with our engagement of Ernst & Young. Arthur Andersen's reports on our financial statements for fiscal years 2001 and 2000 did not contain an adverse opinion or a disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles. During the years ended December 31, 2001 and 2000 and through the date hereof, there were no disagreements with Arthur Andersen on any matter of accounting principle or practice, financial statement disclosure, or auditing scope or procedure that, if not resolved to Arthur Andersen's satisfaction, would have caused it to make reference to the subject matter in connection with its report on our financial statements for such years; and there were no reportable events as defined in Item 304(a)(1)(v) of Regulation S-K. During the two most recent fiscal years and subsequent interim period prior to our engagement of Ernst & Young, we did not consult with Ernst & Young regarding either the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on our financial statements, or any matter that was either the subject of disagreement on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedures or a reportable event, as defined in Item 304(a)(1)(v) of Regulation S-K.

Item 9A. ***Controls and Procedures***

Within the 90-day period prior to the filing of this report, we carried out an evaluation of the effectiveness of our disclosure controls and procedures (as defined by Rule 13a-14(c) of the Securities Exchange Act of 1934) under the supervision and with the participation of our chief executive officer and chief financial officer. Based on and as of the date of such evaluation, the aforementioned officers have concluded that our disclosure controls and procedures were effective.

We also maintain a system of internal accounting controls that is designed to provide assurance that our assets are safeguarded and that transactions are executed in accordance with management's authorization and properly recorded. This system is continually reviewed and is augmented by written policies and procedures, the careful selection and training of qualified personnel and an internal audit program to monitor its effectiveness. During the year ended December 31, 2003, there were no significant changes to this system of internal controls or in other factors that could significantly affect those controls.

PART III

Item 10. ***Directors and Executive Officers of the Registrant***

Certain information required by this item is incorporated by reference from the information contained in our Proxy Statement for the Annual Meeting of Shareholders expected to be filed with the Commission on or prior to April 29, 2004 under the captions "Code of Ethics," "Election of Directors," "Executive Officers" and "Section 16(a) Beneficial Ownership Reporting Compliance." Certain information regarding our executive officers is included in Part I of this report on Form 10-K under the caption "Executive Officers."

Item 11. ***Executive Compensation***

The information required by this item is incorporated by reference from the information contained in our Proxy Statement for the Annual Meeting of Shareholders expected to be filed with the Commission on or prior to April 29, 2004 under the caption "Executive Compensation."

Item 12. ***Security Ownership of Certain Beneficial Owners and Management***

The information required by this item is incorporated by reference from the information contained in our Proxy Statement for the Annual Meeting of Shareholders expected to be filed with the Commission on or prior to April 29, 2004 under the caption "Security Ownership of Certain Beneficial Owners and Management."

Item 13. ***Certain Relationships and Related Transactions***

The information required by this item is incorporated by reference from the information contained in our Proxy Statement for the Annual Meeting of Shareholders expected to be filed with the Commission on or prior to April 29, 2004 under the caption "Certain Transactions."

Item 14. ***Principal Accountant Fee and Services***

The information required by this item is incorporated by reference from the information contained in our Proxy Statement for the Annual Meeting of Shareholders expected to be filed with the Commission on or prior to April 29, 2004.

PART IV

Item 15. ***Exhibits, Financial Statement Schedules, and Reports on Form 8-K***

(a) 1. *Financial Statements.*

The response to this item is submitted as a separate section of this Form 10-K. See Item 8.

2. *Financial Statement Schedule.*

The following financial statement schedule is filed as a part of this report:

SCHEDULE II

MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS

Classification:	Balance at Beginning of Period	Additions Charged to Operations	Net Deductions	Balance at End of Period
Allowance for doubtful accounts for the year ended:				
December 31, 2001	$4,798,000	$6,977,000(1)	$ 3,242,000	$ 8,533,000
December 31, 2002	$ 8,533,000	$ 3,082,000	$ 6,442,000(2)	$5,173,000
December 31, 2003	$5,173,000	$ 3,453,000	$5,445,000(3)	$ 3,181,000

(1) In connection with a significant customer filing for bankruptcy under Chapter 11 of the United States Bankruptcy Code, an allowance of $4.3 million was recorded to effectively defer revenues arising in the fourth quarter of 2001 from the significant customer, but unpaid at the time of the bankruptcy declaration. Excluding that amount, the additions charged to operation during 2001 was $2.7 million.

(2) Included in the net deductions for 2002 is the write-off of approximately $1.8 million and recovery of approximately $2.3 million relating to the significant customer. Also included is the addition of the allowance balance of approximately $477,000 acquired as part of the Logistics.com acquisition, which did not impact operations. Excluding these amounts, the net deduction amount for 2002 was $2.8 million.

(3) Included in the net deductions for 2003 is the recovery of approximately $0.8 million relating to the significant customer. Also included is a true-up of approximately $0.2 million relating to the allowance balance acquired as part of the Logistics.com acquisition, which did not impact operations. Excluding these amounts, the net deduction amount for 2003 was $4.4 million.

All other schedules are omitted because they are not required or the required information is shown in the consolidated financial statements or notes thereto.

(b) *Reports on Form 8-K.*

No reports on Form 8-K were filed during the quarter ended December 31, 2003.

(c) *Exhibits.* The following exhibits are filed as part of, or are incorporated by reference into, this report on Form 10-K:

Exhibit Number	Description
3.1	Articles of Incorporation of the Registrant (Incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1 (File No. 333-47095), filed on February 27, 1998).
3.2	Bylaws of the Registrant (Incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report for the period ended September 30, 2003 (File No. 000-23999), filed on November 14, 2003).
4.1	Provisions of the Articles of Incorporation and Bylaws of the Registrant defining rights of the holders of common stock of the Registrant (Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1 (File No. 333-47095), filed on February 27, 1998).
4.2	Specimen Stock Certificate (Incorporated by reference to Exhibit 4.2 to the Company's Pre-Effective Amendment No. 1 to its Registration Statement on Form S-1 (File No. 333-47095), filed on April 2, 1998).
10.1	Lease Agreement by and between Wildwood Associates, a Georgia general partnership, and the Registrant dated September 24, 1997 (Incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-1 (File No. 333-47095), filed on February 27, 1998).
10.2	First Amendment to Lease between Wildwood Associates, a Georgia general partnership, and the Registrant dated October 31, 1997 (Incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-1 (File No. 333-47095), filed on February 27, 1998).
10.3	Second Amendment to Lease Agreement between Wildwood Associates, a Georgia general partnership, and the Registrant, dated February 27, 1998 (Incorporated by reference to Exhibit 10.8 to the Company's Pre-Effective Amendment No. 1 to its Registration Statement on Form S-1 (File No. 333-47095), filed on April 2, 1998).
10.4	Third Amendment to Lease Agreement between Wildwood Associates and the Registrant, dated October 24, 2000 (Incorporated by reference to Exhibit 10.9 to the Company's Annual Report for the period ended December 31, 2000 (File No. 000-23999), filed on April 2, 2001).
10.5	Lease Agreement by and between Wildwood Associates, a Georgia general partnership, and the Registrant, dated June 25, 2001 (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report for the period ended June 30, 2001 (File No. 000-23999), filed August 14, 2001).
10.6	Lease Agreement by and between Tektronix UK Limited, Manhattan Associates Limited and Manhattan Associates, Inc., dated October 21, 1999 (Incorporated by reference to Exhibit 10.27 to the Company's Annual Report for the period ended December 31, 1999 (File No. 000-23999), filed on March 30, 2000).
10.7	Sub-Sublease Agreement between Scientific Research Corporation, a Georgia corporation, and the Registrant, dated July 2, 1998 (Incorporated by reference to Exhibit 10.19 to the Company's Annual Report for the period ended December 31, 1998 (File No. 000-23999), filed on March 31, 1999).
10.8	Sub-Sublease Agreement between The Profit Recovery Group International 1, Inc., a Georgia corporation, and the Registrant, dated August 19, 1998 (Incorporated by reference to Exhibit 10.20 to the Company's Annual Report for the period ended December 31, 1998 (File No. 000-23999), filed on March 31, 1999).
10.9	Standard Sublease Agreement between Life Office Management Association, Inc. and the Registrant, dated October 20, 2000 (Incorporated by reference to Exhibit 10.17 to the Company's Annual Report for the period ended December 31, 2000 (File No. 000-23999), filed on April 2, 2001).

Exhibit Number	Description
10.10	Standard Sublease Agreement between Chevron USA Inc. and the Registrant, dated November 20, 2000 (Incorporated by reference to Exhibit 10.18 to the Company's Annual Report for the period ended December 31, 2000 (File No. 000-23999), filed on April 2, 2001).
10.11	Form of Indemnification Agreement with certain directors and officers of the Registrant (Incorporated by reference to Exhibit 10.5 to the Company's Registration Statement on Form S-1 (File No. 333-47095), filed on February 27, 1998).
10.12	Form of Tax Indemnification Agreement for direct and indirect shareholders of Manhattan Associates Software, LLC (Incorporated by reference to Exhibit 10.7 to the Company's Registration Statement on Form S-1 (File No. 333-47095), filed on February 27, 1998).
10.13	Summary Plan Description of the Registrant's Money Purchase Plan & Trust, effective January 1, 1997 (Incorporated by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-1 (File No. 333-47095), filed on February 27, 1998).
10.14	Summary Plan Description of the Registrant's 401(k) Plan and Trust, effective January 1, 1995 (Incorporated by reference to Exhibit 10.4 to the Company's Registration Statement on Form S-1 (File No. 333-47095), filed on February 27, 1998).
10.15	Manhattan Associates, Inc. 1998 Stock Incentive Plan (Incorporated by reference to Exhibit 10.10 to the Company's Registration Statement on Form S-1 (File No. 333-47095), filed on February 27, 1998).
10.16	First Amendment to the Manhattan Associates, Inc. 1998 Stock Incentive Plan (Incorporated by reference to Exhibit 10.22 to the Company's Annual Report for the period ended December 31, 1998 (File No. 000-23999), filed on March 31, 1999).
10.17	Second Amendment to the Manhattan Associates, Inc. 1998 Stock Incentive Plan (Incorporated by reference to Exhibit 10.23 to the Company's Annual Report for the period ended December 31, 1998 (File No. 000-23999), filed on March 31, 1999).
10.18	Third Amendment to the Manhattan Associates, Inc. 1998 Stock Incentive Plan (Incorporated by reference to Exhibit 10.24 to the Company's Annual Report for the period ended December 31, 1998 (File No. 000-23999), filed on March 31, 1999).
10.19	Fourth Amendment to the Manhattan Associates, Inc. 1998 Stock Incentive Plan (Incorporated by reference to Exhibit 10.25 to the Company's Annual Report for the period ended December 31, 1999 (File No. 000-23999), filed on March 30, 2000).
10.20	Fifth Amendment to the Manhattan Associates, Inc. 1998 Stock Incentive Plan (Incorporated by reference to Exhibit 4.8 to the Company's Form S-8 (File No. 333-68968), filed on September 5, 2001).
10.21	Sixth Amendment to the Manhattan Associates, Inc. 1998 Stock Incentive Plan (Incorporated by reference to Annex A to the Company's Proxy Statement (File No. 000-23999), filed on April 24, 2002).
10.22	Amendment No. 7 to the Manhattan Associates, Inc. 1998 Stock Incentive Plan (Incorporated by reference to Exhibit 4.10 to the Company's Form S-8 (File No. 333-105913), filed on June 6, 2003).
10.23	Manhattan Associates, LLC Option Plan (Incorporated by reference to Exhibit 10.11 to the Company's Registration Statement on Form S-1 (File No. 333-47095), filed on February 27, 1998).
10.24	Executive Employment Agreement executed by Richard M. Haddrill, dated October 11, 1999 (Incorporated by reference to Exhibit 10.26 to the Company's Annual Report for the period ended December 31, 1999 (File No. 000-23999), filed on March 30, 2000).
10.25	Executive Employment Agreement Modification by and among the Registrant and Richard M. Haddrill, effective July 19, 2001 (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report for the period ended September 30, 2001 (File No. 000-23999), filed on November 14, 2001).

Exhibit Number	Description
10.26	Executive Employment Agreement Second Modification by and among the Registrant and Richard M. Haddrill, effective November 10, 2003 (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report for the period ended September 30, 2003 (File No. 000-23999), filed on November 14, 2003).
10.27	Executive Employment Agreement Third Modification by and among the Registrant and Richard M. Haddrill, effective February 25, 2004.
10.28	Executive Employment Agreement executed by Peter F. Sinisgalli, dated February 25, 2004.
10.29	Separation and Non-Competition Agreement executed by Peter F. Sinisgalli, dated February 25, 2004.
10.30	Executive Employment Agreement executed by Edward K. Quibell, dated April 25, 2003.
10.31	Severance and Non-Competition Agreement by and between the Registrant and Edward K. Quibell, dated April 25, 2003.
10.32	Executive Employment Agreement executed by Jeffrey Mitchell, dated September 3, 1999.
10.33	Executive Employment Agreement executed by Ramesh Srinivasan, dated January 1, 2004.
10.34	Severance and Non-Competition Agreement by and between the Registrant and Ramesh Srinivasan, dated January 1, 2004.
10.35	Employment Agreement executed by Eric Peters, dated April 23, 2002.
10.36	Executive Employment Agreement executed by Jeffry Baum, dated October 30, 2000.
10.37	Form of License Agreement, Software Maintenance Agreement and Consulting Agreement (Incorporated by reference to Exhibit 10.18 to the Company's Pre-Effective Amendment No. 1 to its Registration Statement on Form S-1 (File No. 333-47095), filed on April 2, 1998).
10.38	Form of Software License, Services and Maintenance Agreement (Incorporated by reference to Exhibit 10.21 to the Company's Annual Report for the period ended December 31, 1998 (File No. 000-23999), filed on March 31, 1999).
10.39	Asset Purchase Agreement, dated December 31, 2002, by and between the Registrant and Logistics.com, Inc. (Incorporated by reference to Exhibit 2.1 to the Company's Form 8-K (File No. 000-23999), filed on January 15, 2003).
10.40	Separation Agreement and Release, by and between the Registrant and Neil Thall, dated March 26, 2003 (Incorporated by reference to Exhibit 10.28 to the Company's Annual Report for the period ended December 31, 2002 (File No. 000-23999), filed on March 31, 2003).
10.41	Non-Competition Agreement, by and between the Registrant and Neil Thall, dated March 26, 2003 (Incorporated by reference to Exhibit 10.29 to the Company's Annual Report for the period ended December 31, 2002 (File No. 000-23999), filed on March 31, 2003).
16.1	Letter from Arthur Andersen LLP, dated April 25, 2002, to the Securities and Exchange Commission (Incorporated by reference to Exhibit 16.1 to the Company's Form 8-K (File No. 000-23999), filed on April 29, 2002).
21.1	List of Subsidiaries.
23.1	Consent of Ernst & Young LLP, Independent Auditors.
31.1	Certificate of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certificate of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certificate of Chief Executive Officer and Chief Financial Officer.
99.1	Safe Harbor Compliance Statement for Forward-Looking Statements.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MANHATTAN ASSOCIATES, INC.

By: /s/ RICHARD M. HADDRILL

Richard M. Haddrill
Chief Executive Officer, President and Director

Date: March 15, 2004

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Signature	Title	Date
/s/ JOHN J. HUNTZ, JR. John J. Huntz, Jr.	Chairman of the Board	March 15, 2004
/s/ RICHARD M. HADDRILL Richard M. Haddrill	Chief Executive Officer, President and Director (Principal Executive Officer)	March 15, 2004
/s/ EDWARD K. QUIBELL Edward K. Quibell	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial) and Accounting Officer)	March 15, 2004
/s/ BRIAN J. CASSIDY Brian J. Cassidy	Director	March 15, 2004
/s/ PAUL GOODWIN Paul Goodwin	Director	March 15, 2004
/s/ THOMAS E. NOONAN Thomas E. Noonan	Director	March 15, 2004
/s/ DEEPAK RAGHAVAN Deepak Raghavan	Director	March 15, 2004

EXHIBIT 10.27
Execution Copy

EXECUTIVE EMPLOYMENT AGREEMENT
THIRD MODIFICATION

The purpose of this Executive Employment Agreement Third Modification (the "Third Modification") is to modify and amend the Executive Employment Agreement by and between Manhattan Associates, Inc, a Georgia corporation (the "Company"), and Richard M. Haddrill (the "Executive") that was entered into the 11th day of October 1999 (the "Agreement"), as modified by the Executive Employment Agreement Modification effective as of July 19, 2001 (the "First Modification") and the Executive Employment Agreement Second Modification effective as of November 10, 2003 (the "Second Modification" and, collectively with the Agreement and the First Modification, the "Amended Agreement"). This Third Modification shall be effective as of the date of execution. In the event of a conflict between this Third Modification and the Amended Agreement, the terms of this Third Modification shall control. Capitalized terms not defined herein shall have the meanings ascribed to them in the Amended Agreement.

WHEREAS, the Executive currently serves as President and Chief Executive Officer of the Company, and the parties wish to modify their relationship;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the parties agree as follows:

1. Employment and Duties; Term. This section supersedes Paragraph 1.A. and Paragraph 2. of the Second Modification. The Company shall continue to employ the Executive as President and Chief Executive Officer through March 31, 2004 and as Chief Executive Officer from April 1 through June 30, 2004. On July 1, 2004 the Executive shall become employed by the Company as Vice Chairman. The Executive shall serve the Company as Vice Chairman through January 1, 2005, and thereafter at the discretion of the Board of Directors. The Executive hereby accepts such employment on the terms set forth herein and in the Amended Agreement as modified hereby, and acknowledges that neither such employment nor the other terms hereof constitute Constructive Termination. For so long as the Executive is employed by the Company as Vice Chairman, subject to the discretion of the Board of Directors, the Executive shall be responsible for assisting in the development of the Company's long range business strategies and plans, including those related to the Company's financial and capital structure, potential acquisitions, and operation. In addition, the Executive shall assist in matters which may arise regarding transitioning Executive's duties to the new Chief Executive Officer, assist the Chief Executive Officer and Chief Financial Officer with respect to meetings with and conferences for analysts and investors (including shareholder meetings), assist the Chief Executive Officer and Chief Financial Officer with respect to the planning and conduct of the Company's quarterly earnings releases and related analysts calls and otherwise use his reasonable best efforts to insure the successful transition of the active management of the Company to the new Chief Executive Officer. The Executive shall continue to report to the Board of Directors during the term of his employment. During the term of Executive's service as Vice Chairman hereunder, Executive shall be permitted to pursue other business interests provided that they do not conflict with his duties hereunder and provided further that Executive

shall not serve in a full time position with another company prior to September 1, 2004, without the prior written consent of the Company which consent shall not be unreasonably withheld.

2. Compensation.

A. Base Salary. This paragraph supersedes Paragraph 3.A. of the Agreement, Paragraph 2.A. of the First Modification and Paragraph 3.A. of

the Second Modification. During his employment hereunder as Chief Executive Officer, the Company shall continue to pay the Executive a base salary at the rate of $31,561.50 per month, subject to all standard employment deductions.

B. Vesting of Options. Notwithstanding anything contained in Section 3.B. of the Second Modification and Section 2.C. of the First Modification, (i) the options to purchase 300,000 shares of the Company's common stock that were granted to the Executive on October 23, 2002 and (ii) the options to purchase 500,000 shares of the Company's common stock that were granted to the Executive on July 19, 2001 shall continue to vest in accordance with the vesting schedule of such grants, regardless of the cessation of the Executive's employment as President on March 31, 2004 and as Chief Executive Officer on June 30, 2004. Such options shall remain subject to forfeiture upon a termination of Executive's employment for Cause or by Executive until January 1, 2005, at which time such options shall be fully vested.

C. Performance Bonus. This paragraph supersedes Paragraph 3.B. of the Agreement, Paragraph 2.B. of the First Modification and Paragraph 3.C. of the Second Modification. Provided that the Executive continues to serve as President of the Company through March 31, 2004 and as Chief Executive Officer of the Company through June 30, 2004, the Executive shall be entitled to receive a bonus, which shall be paid by the Company in January 2005, equal to the greater of (i) 0.75% of the Company's pre-tax operating income for the year ended December 31, 2004, or (ii) 1.5% of the Company's pre-tax operating income for the six months ending June 30, 2004. For purposes of this paragraph, pre-tax operating income shall exclude non-recurring or unusual charges or extraordinary items (as defined by generally accepted accounting principles). Such performance bonus shall remain subject to forfeiture upon a termination of Executive's employment for Cause or by Executive.

D. Compensation as Vice Chairman. Notwithstanding anything else contained in the Amended Agreement or herein, except for the vesting of Executive's options as provided in Section 2.B. above and the performance bonus as provided in Section 2.C. above, Executive's sole compensation after July 1, 2004, shall be that made available generally to members of the Board of Directors of the Company (currently, annual retainer of $35,000 in cash (pro rated), $1,500 per meeting attended, quarterly grant of nonqualified options to purchase 5,000 shares on the first business day of each quarter, and expenses for attending meetings).

3. Miscellaneous. Except as hereby modified and amended, the Amended Agreement shall remain in full force and effect. Except to the extent preempted by federal law, and without regard to conflict of laws principles, this Third Modification shall be construed, governed by and enforced in accordance with the laws of the State of Georgia. This Third Modification may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Third Modification as of this 25th day of February, 2004.

COMPANY:

MANHATTAN ASSOCIATES, INC.

/s/ John J. Huntz, Jr.

By: John J. Huntz, Jr.
Its: Chairman of the Board

EXECUTIVE:

/s/ Richard M. Haddrill

RICHARD M. HADDRILL

EXHIBIT 10.28

Execution Copy

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (the "Agreement") by and between Manhattan Associates, Inc., a Georgia corporation ("Company"), and Peter F. Sinisgalli ("Executive") is hereby entered into and effective as of February 25, 2004 (the "Effective Date").

WHEREAS, Company is engaged in the development, marketing, selling, implementation and installation of computer software solutions specifically designed for the management of warehouse and distribution centers and providing transportation management for consumer product manufacturers, retailers and retail and grocery suppliers and distributors (the "Company Business");

WHEREAS, Company desires to employ Executive, and Executive desires to accept said employment by Company; and

WHEREAS, Company and Executive have agreed upon the terms and conditions of Executive's employment with Company, and the parties desire to express the terms and conditions in this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, it is hereby agreed as follows:

1. Employment and Duties.

A. Company shall employ Executive as its President and Chief Operating Officer effective as of April 12, 2004, and continuing through June 30, 2004, in accordance with the terms and conditions set forth in this Agreement. Executive hereby accepts employment on the terms set forth herein. As President and Chief Operating Officer, Executive shall report to the Chief Executive Officer of the Company. Effective as of July 1, 2004, the Company shall employ Executive as President and Chief Executive Officer, and Executive shall report solely to the Board of Directors. The Company shall take such actions as necessary to cause Executive to be elected as a member of the Board of Directors effective as of July 1, 2004, or as soon thereafter as practicable.

B. While serving as President and Chief Operating Officer, Executive shall have such duties as are determined from time to time by the Chief Executive Officer that are consistent with such positions and such other services and duties as are incident to such positions. While serving as President and Chief Executive Officer, Executive shall be responsible for the active management of the Company and its business, the performance of such other services and duties as are incident to such positions, and the performance of such other duties as may be determined from time to time by the Board of Directors that are consistent with such positions. As President and Chief Executive Officer, all officers of the Company and its subsidiaries (excluding the Chairman of the Board, the Vice Chairman of the Board, any internal auditor and such other officers as the Board of Directors and Executive shall agree) shall report to the Executive, and the Executive shall have the authority, consistent with guidelines adopted by the Board, to hire, terminate and determine the compensation of such officers and other employees of the Company and its subsidiaries. The Executive's duties shall include, without additional compensation, the performance of similar services for any affiliates of the Company as may be reasonably requested by the Board from time to time. The Executive will not engage in any other business activity that would interfere with the performance of his duties, services and responsibilities hereunder or that are in violation of policies established from time to time by the Company and provided to the Executive.

C. Executive agrees that he shall at all times faithfully and to the best of his ability and experience perform all of the duties that may be required of him pursuant to the terms of this Agreement.

Executive shall devote his full business time to the performance of his obligations hereunder. The Executive will use his best efforts to promote the interests of the Company. The Executive shall conduct himself at all times in a business-like and professional manner as appropriate for his position and shall represent the Company in all respects as complies with good business and ethical practices. Executive shall be subject to and abide by the written policies and procedures of the Company applicable

to personnel of the Company, as adopted from time to time and communicated to Executive or made generally available to all employees.

D. Executive's primary place of business and Company's headquarters will be based in the Atlanta, Georgia greater metropolitan area.

2. Compensation.

A. Base Salary. During his employment hereunder, Company shall pay to Executive a base salary of $29,167 per month ($350,000 annualized), subject to all payroll and income tax and other authorized deductions, which amount may be increased annually at the discretion of the Board of Directors.

B. Performance-Related Bonus. Executive shall be eligible to receive a performance-related bonus of $450,000 per year (prorated for any years of partial service). The award of such bonus shall be determined by the Compensation Committee of the Board of Directors in its reasonable discretion based on financial information compiled by the Company's independent auditors. Bonuses shall be paid by the Company by the later of (i) 60 days of the end of the fiscal year, or (ii) the earlier of (a) the date on which a determination may reasonably and administratively be made as to the operating results for the Company as to the fiscal year for which the bonus is calculated, or (b) the date that audited financial statements for the fiscal year for which the bonus is calculated are available and approved by the board of directors. Such bonus shall be subject to all payroll and income tax and other authorized deductions. The bonus calculated for any fiscal year will be earned and accrued and payable to Executive if Executive is employed by Company on the last day of the fiscal year, regardless of whether his employment is thereafter terminated by Company or Executive.

C. Stock Options. On or about April 12, 2004, the Company will grant to Executive an option to purchase 400,000 shares of Company's common stock either pursuant to the Manhattan Associates, Inc. Stock Incentive Plan or on terms similar to grants typically made thereunder. Starting in 2005 and for as long as the Executive is employed as the Company's President and Chief Executive Officer (provided, however, that this provision is not intended to authorize Company to change Executive's position without his consent), the Executive will receive options to purchase an additional 100,000 shares of the Company's common stock on April 1 of each year. All of the options set forth above will vest in 16 equal quarterly installments beginning on June 30 of the year of the grant. In the event of a Change of Control of the Company (as defined below), all options, whether vested or non-vested, shall vest as of the date of the Change of Control. The options will be subject to the other terms in accordance with the stock option certificate provided for each grant. At the option of the Company, in lieu of one or more of the annual grants of options for 100,000 shares, the Company may substitute (in whole or in part) a grant to Executive of shares of the Company's common stock pursuant to a restricted stock grant under the Manhattan Associates, Inc. Stock Incentive Plan at a rate of one share of restricted stock for each four option shares and vesting on the same terms as the annual option grant. All options will (i) be "incentive stock options" within the meaning of Section 422 of the Internal Revenue Code to the maximum extent permitted by Section 422 and the terms of the Plan under which the options are granted, (ii) have an exercise price per share not exceeding the trading price per share of common stock on the date of grant or the first business day preceding the date of grant, (iii) have at least a ten-year term, subject to earlier termination upon termination of employment, and (iv) will be exercisable for at least 90 days following Executive's termination of employment other than termination by the Company for "Cause" as

defined in the "Separation Agreement" (as defined in Section 12 hereof).

D. Restricted Stock. On or about April 12, 2004, the Executive will be granted 10,000 shares of the Company's common stock pursuant to a restricted stock grant under the Manhattan Associates, Inc. Stock Incentive Plan, which shares shall vest in four equal annual installments beginning March 30, 2005. Such shares shall also vest as of the date of a Change of Control.

E. Employee Benefits. Executive shall be entitled to participate at a level that is at least as favorable to Executive as any other executive level employee at Company, in all employee benefit plans that Company provides for its employees at the executive level, including indemnification from liability in the manner extended to other executive officers of the Company.

F. Expenses. Executive shall be reimbursed for expenses reasonably incurred in the performance of his duties hereunder in accordance with the written policies of Company then in effect.

G. Vacation. Executive shall accrue 15 business days of vacation for 2004 and for each calendar year thereafter, 20 business days of vacation.

H. Change of Control. "Change of Control" shall mean the happening of an event that shall be deemed to have occurred upon the earliest to occur of the following events: (i) the date the shareholders of the Company (or the Board, if shareholder action is not required) approve a plan or other arrangement pursuant to which the Company will be dissolved or liquidated; (ii) the date the shareholders of the Company (or the Board, if shareholder action is not required) approve a definitive agreement to sell or otherwise dispose of all or substantially all of the assets of the Company; or (iii) the date the shareholders of the Company (or the Board, if shareholder action is not required) and the shareholders of the other constituent corporations (or their respective boards of directors, if and to the extent that shareholder action is not required) have approved a definitive agreement to merge or consolidate the Company with or into another corporation, other than, in either case, a merger or consolidation of the Company in which holders of shares of the Company's voting capital stock immediately prior to the merger or consolidation will have at least fifty percent (50%) of the ownership of voting capital stock of the surviving corporation immediately after the merger or consolidation (on a fully diluted basis), which voting capital stock is to be held by each such holder in the same or substantially similar proportion (on a fully diluted basis) as such holder's ownership of voting capital stock of the Company immediately before the merger or consolidation.

I. Excise Taxes. In the event any payment and benefits payable to Executive under this Agreement or the Separation Agreement, are subject to an excise tax under Section 4999 of the Internal Revenue Code or any similar successive statute, Company will pay Executive such additional compensation as is necessary to put Executive in the same after-tax position (taking into account income, payroll and excise taxes) as if no such excise tax had been incurred, but in no event shall such additional compensation exceed $1,000,000.

3. Term. This Agreement is effective as of the Effective Date when signed by both parties, except that Executive's employment and compensation therefor will not commence until April 12, 2004, and shall terminate on April 12, 2008. Executive and Company can extend Executive's employment hereunder beyond April 12, 2008 by mutual written agreement. Upon the termination of Executive's employment, Executive shall return immediately to Company all documents and other property of Company, together with all copies thereof, including all Work Product and Proprietary Information, within Executive's possession or control.

4. Definitions. For purposes of this Agreement, "Work Product" shall mean the data, materials, documentation, computer programs, inventions (whether or not patentable), and all works of authorship, including all worldwide rights therein under patent, copyright, trade secret, confidential information, or other property right, created or developed in whole or in part by Executive while performing services in furtherance of or related to the Company Business.

For purposes of this Agreement, "Proprietary Information" means all Trade Secrets and Confidential Information of Company.

For purposes of this Agreement, "Trade Secrets" means information of Company which is not commonly known by or available to the public and which (i) derives economic value from not being known to, and not readily ascertainable by proper means, by other persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

For purposes of this Agreement, "Confidential Information" shall mean Company information in whatever form, other than Trade Secrets, that is of value to its owner and is treated as confidential.

5. Ownership.

A. All Work Product will be considered work made for hire by Executive and owned by Company. To the extent that any Work Product may not by operation of law be considered work made for hire or if ownership of all rights therein will not vest exclusively in Company, Executive assigns to Company, now or upon its creation without further consideration, the ownership of all such Work Product. Company has the right to obtain and hold in its own name copyrights, patents, registrations, and any other protection available in the Work Product. Executive agrees to perform any acts as may be reasonably requested by Company to transfer, perfect and defend Company's ownership of the Work Product.

B. To the extent any materials other than Work Product are contained in the materials Executive delivers to Company or its Customers, Executive grants to Company an irrevocable, nonexclusive, worldwide, royalty-free license to use and distribute (internally or externally) or authorize others to use and distribute copies of, and prepare derivative works based upon, such materials and derivative works thereof. Executive agrees that during his or her employment, any money or other remuneration received by Executive for services rendered to a Customer belong to Company.

For purposes of this Agreement, "Customers" shall mean any current customer or prospective customer of Company.

6. Trade Secrets and Confidential Information.

A. Company may disclose to Executive certain Proprietary Information. Executive agrees that the Proprietary Information is the exclusive property of Company (or a third party providing such information to Company) and Company (or such third party) owns all worldwide copyrights, trade secret rights, confidential information rights and all other property rights therein.

B. Company's disclosure of the Proprietary Information to Executive does not confer upon Executive any license, interest or rights in or to the Proprietary Information. Except in the performance of services for Company, Executive will hold in confidence and will not, without Company's prior written consent, use, reproduce, distribute, transmit, reverse engineer, decompile, disassemble or transfer, directly or indirectly, in any form, or for

any purpose, any Proprietary Information communicated or made available by Company to or received by Executive. Executive agrees to notify Company immediately if he discovers any unauthorized use or disclosure of the Proprietary Information.

C. Executive's obligations under this Agreement with regard to (i) Trade Secrets shall remain in effect for as long as such information remains a trade secret under applicable law, and (ii) Confidential Information shall remain in effect during Executive's employment with Company and for three years thereafter. These obligations will not apply to the extent that Executive establishes that the information communicated (1) was already known to Executive, without an obligation to keep it confidential at the time of its receipt from Company; (2) was received by Executive in good faith from a third party lawfully in possession thereof and having no obligation to keep such information confidential; or (3) was publicly known at the time of its receipt by Executive or has become publicly known other than by a breach of this Agreement or other action by Executive.

7. Non-Solicitation.

A. Customers. The relationships made or enhanced during Executive's employment with Company belong to Company. During Executive's employment and the one year period beginning immediately upon the termination of Executive's employment with Company for any reason (the "One Year Limitation Period"), Executive will not, without Company's prior written consent, contact, solicit or attempt to solicit, on his own or another's behalf, any Customer with whom Executive had contact in the one year prior to the end of Executive's employment with Company for any reason (the "One Year Restrictive Period") with a view of offering, selling or licensing any program, product or service that is competitive with the Company Business.

B. Employees/Independent Contractors. During Executive's employment and the One Year Limitation Period, Executive will not, without Company's prior written consent, call upon, solicit, recruit or assist others in calling upon, soliciting or recruiting to the employment of another business any person who is or was within 6 months of such time an employee of Company.

8. Acknowledgments. The parties hereto agree that: (i) the restrictions contained in this Agreement are fair and reasonable in that they are reasonably required for the protection of Company; (ii) by having access to information concerning employees and customers of Company, Executive shall obtain a competitive advantage as to such parties; (iii) the covenants and agreements of Executive contained in this Agreement are reasonably necessary to protect the interests of Company in whose favor said covenants and agreements are imposed in light of the nature of Company's business and the involvement of Executive in such business; (iv) the restrictions imposed by this Agreement are not greater than are necessary for the protection of Company in light of the substantial harm that Company will suffer should Executive breach any of the provisions of said covenants or agreements; and (v) the covenants and agreements of Executive contained in this Agreement form material consideration for this Agreement.

9. Remedy for Breach. Executive agrees that the remedies at law Sof Company for any actual or threatened breach by Executive of the covenants contained in Sections 5 through 8 of this Agreement would be inadequate and that Company shall be entitled to specific performance of the covenants in such paragraphs or injunctive relief against activities in violation of such paragraphs, or both, by temporary or permanent injunction or other appropriate judicial remedy, writ or order, in addition to any damages and legal expenses (including attorney's fees) that Company may be legally entitled to recover. Executive acknowledges and agrees that the covenants contained in Sections 5 through 8 of this Agreement shall be construed as agreements independent of any other provision of this or any other agreement between the parties hereto, and that the existence of any claim or cause of action by Executive against Company,

whether predicated upon this or any other agreement, shall not constitute a defense to the enforcement by Company of said covenants.

10. No Prior Agreements. Executive hereby represents and warrants to Company that the execution of this Agreement by Executive and Executive's employment by Company and the performance of Executive's duties hereunder shall not violate or be a breach of any agreement with a former employer, client or any other person or entity.

11. Assignment; Binding Effect. Executive understands that Executive has been selected for employment by Company on the basis of Executive's personal qualifications, experience and skills. Executive agrees, therefore, that Executive cannot assign all or any portion of Executive's performance under this Agreement. Company can assign this Agreement only to a purchaser of all or substantially all of the assets of the Company. Subject to the preceding two (2) sentences and the express provisions of Section 14 below, this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective heirs, legal representatives, successors and assigns.

12. Complete Agreement. This Agreement is not a promise of future employment. Executive has no oral representations, understandings or agreements with Company or any of its officers, directors or representatives covering the same subject matter as this Agreement. This Agreement, together with the Separation and Non-Competition Agreement of even date hereof between Company and Executive (the "Separation Agreement"), hereby supersedes any other employment agreements or understandings, written or oral, between Company and Executive. This written Agreement, together with the Separation Agreement, is the final, complete and exclusive statement and expression of the agreement between Company and Executive regarding the subject matter thereof, and it cannot be varied, contradicted or supplemented by evidence of any prior or contemporaneous oral or written agreements. This written Agreement may not be later modified, except by a further writing signed by Executive and an officer of Company acting with specific authorization and approval of the Board of Directors, and no term of this Agreement may be waived except by writing signed by the party waiving the benefit of such term (and in the case of Company, with specific authorization and approval of the Board of Directors.

13. Notice. Whenever any notice is required hereunder, it shall be given in writing addressed as follows:

To Company:

Manhattan Associates, Inc.
2300 Windy Ridge Pkwy
7(th) Floor
Atlanta, Georgia 30339
Attention: Chairman of the Board

To Executive:

Peter F. Sinisgalli
Manhattan Associates, Inc.
2300 Windy Ridge Pkwy
7th Floor
Atlanta, Georgia 30339

Notice shall be deemed given and effective three (3) days after the deposit in the U.S. mail of a writing addressed as above and sent first class mail, certified, return receipt requested, or when actually received. Either party may change the address for notice by notifying the other party of such change in accordance with this Section 13.

14. Severability; Headings. If any portion of this Agreement is held invalid or inoperative, the other portions of this Agreement shall be deemed valid and operative and, so far as is reasonable and possible, effect shall be given to the intent manifested by the portion held invalid or

inoperative. The Section headings herein are for reference purposes only and are not intended in any way to describe, interpret, define or limit the extent or intent of the Agreement or of any part hereof.

15. Counterparts. This Agreement may be executed simultaneously in two (2) or more counterparts, each of which shall be deemed an original and all of which together shall constitute, but one and the same instrument.

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

COMPANY:

Manhattan Associates, Inc.

By:/s/ Richard M. Haddrill

Name: Richard M. Haddrill
Title: President and CEO

Date: February 25, 2004

EXECUTIVE:

/s/ Peter F. Sinisgalli

Peter F. Sinisgalli

Date: February 25, 2004

EXHIBIT 10.29
Execution Copy

SEPARATION AND NON-COMPETITION AGREEMENT

This Separation and Non-Competition Agreement (the "Agreement") is made as of February 25, 2004 by and between Manhattan Associates, Inc. ("Company") and Peter F. Sinisgalli ("Executive").

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, and in consideration of the mutual promises and covenants set forth in this Agreement, the parties agree as follows:

1. Employment. Company has agreed to employ Executive as President and Chief Operating Officer effective as of April 12, 2004, and as President and Chief Executive Officer effective as of July 1, 2004, in accordance with the terms and conditions set forth in this Agreement and in the Executive Employment Agreement dated as of even date herewith between the Company and the Executive (the "Employment Agreement"), and Executive has accepted such employment. This Agreement governs the terms by which Executive shall receive certain payments in return for a promise not to compete with the business of the Company in the event of a termination of his employment.

2. Severance. In the event of a termination or Constructive Termination (as defined below) of employment by the Company or its successors, other than a termination for Cause or the expiration of the Employment Agreement, Executive shall receive a severance payment equal to eighteen (18) months of Executive's then current base salary, subject to all payroll and income tax and other authorized deductions, payable in eighteen (18) equal monthly payments from the date of termination, including COBRA payments for Executive's family for medical and dental coverage. Company's obligation to make the severance payment shall be conditioned upon Executive's (i) execution of a release agreement in the form attached hereto as Exhibit A, and (ii) compliance with the restrictive covenants and all post-termination obligations contained in this Agreement.

3. Cause. For purposes of this Agreement, Cause shall include but not be limited to an act or acts or an omission to act by the Executive involving (i) willful and continual failure to substantially perform his duties with the Company (other than a failure resulting from the Executive's disability) and such failure continues after written notice to the Executive providing a reasonable description of the basis for the determination that the Executive has failed to perform his duties, (ii) indictment for a criminal offense other than a misdemeanor not disclosable under the federal securities laws, (iii) breach of this Agreement in any material respect where such breach is not susceptible to remedy or cure or has not already materially damaged the Company, or is susceptible to remedy or cure and no such damage has occurred, is not cured or remedied reasonably promptly after written notice to the Executive providing a reasonable description of the breach, or (iv) conduct that the Board of Directors of the Company has determined, in good faith, to be dishonest, fraudulent, unlawful or grossly negligent or which is not in compliance with the Company's Code of Conduct or similar applicable set of standards or conduct and business practices set forth in writing and provided to the Executive prior to such conduct.

4. Constructive Termination. For purposes of this Agreement, Constructive Termination shall mean a situation where (A) (i) the Executive is not serving as President and Chief Operating Officer of the Company through June 30, 2004 or as President and Chief Executive Officer of the Company thereafter through April 12, 2008, the Executive is not timely paid his compensation under this Agreement or the assignment to the Executive of any duties or responsibilities that are inconsistent with

the status, title, position or responsibilities of such positions (which assignment is not rescinded after the Company receives written notice from the Executive providing a reasonable description of such inconsistency); (ii) after a Change of Control, the Company's headquarters being outside of the Atlanta, Georgia greater metropolitan area or the Company requiring the Executive to be based at any place outside of the Atlanta, Georgia greater metropolitan area; (iii) after a Change of Control, the failure by the Company to provide the

Executive with compensation and benefits substantially comparable, in the aggregate, to those provided for under the employee benefit plans, programs and practices in effect immediately prior to the Change of Control (other than stock option and other equity based compensation plans); (iv) after a Change of Control, the insolvency or the filing (by any party including the Company) of a petition for bankruptcy of the Company; or (v) after a Change of Control, the failure of the Company to obtain an agreement from any successor or assignee of the Company to assume and agree to perform this Agreement unless such successor or assignee is bound to the performance of this Agreement as a matter of law; provided however, that the aforementioned situations will not be deemed to be a Constructive Termination hereunder until such time as the Executive has given written notice to the Chairman of the Board of the situation constituting a "Constructive Termination" hereunder, and the Chairman of the Board has failed to cure such situation within thirty (30) days following receipt of such written notice, and (B) the Executive terminates his employment with the Company.

5. Change of Control. In the event of a Change of Control of the Company, as defined below, all options, whether vested or non-vested shall vest as of the date of the Change of Control. "Change of Control" shall mean the happening of an event that shall be deemed to have occurred upon the earliest to occur of the following events: (i) the date the shareholders of the Company (or the Board, if shareholder action is not required) approve a plan or other arrangement pursuant to which the Company will be dissolved or liquidated; (ii) the date the shareholders of the Company (or the Board, if shareholder action is not required) approve a definitive agreement to sell or otherwise dispose of all or substantially all of the assets of the Company; or (iii) the date the shareholders of the Company (or the Board, if shareholder action is not required) and the shareholders of the other constituent corporations (or their respective boards of directors, if and to the extent that shareholder action is not required) have approved a definitive agreement to merge or consolidate the Company with or into another corporation, other than, in either case, a merger or consolidation of the Company in which holders of shares of the Company's voting capital stock immediately prior to the merger or consolidation will have at least fifty percent (50%) of the ownership of voting capital stock of the surviving corporation immediately after the merger or consolidation (on a fully diluted basis), which voting capital stock is to be held by each such holder in the same or substantially similar proportion (on a fully diluted basis) as such holder's ownership of voting capital stock of the Company immediately before the merger or consolidation.

6. Non-Competition. As a condition to any payment based on a termination, Executive agrees that he will not work for any of the direct competitors to Company listed in Schedule A for a period of eighteen (18) months from the date of termination without written consent of Employer. Further, Executive agrees that he will not recruit or hire, another executive of Employer for a period of eighteen (18) months from the date of termination or cause another executive of Employer to be hired by any competitor of Employer for a period of eighteen (18) months from the date of termination.

7. Effect of Violations. Executive agrees and understands that any action by him in violation of this Agreement shall void Employer's payment to

the Executive of all severance provided for herein and shall require immediate repayment by the Executive of the value of all consideration paid to Executive by Employer pursuant to this Agreement, and shall further require Executive to pay all reasonable costs and attorneys' fees incurred by Company in defending any action Executive brings, plus any other damages to which the Employer may be entitled. Company agrees and understands that any failure by it to pay Executive any amounts due hereunder in violation of this Agreement shall require Company to pay all reasonable costs and attorneys' fees incurred by Executive in defending any action Company brings, plus any other damages to which Executive may be entitled.

8. Severability. If any provision, or portion thereof, of this Agreement is held invalid or unenforceable under applicable statute or rule of law, only that provision shall be deemed omitted from this Agreement, and only to the extent to which it is held invalid and the remainder of the Agreement shall remain in full force and effect.

9. This Agreement shall be governed under the laws of the United States.

I have read this Agreement, I understand its contents, and I willingly, voluntarily, and knowingly accept and agree to the terms and conditions of this Agreement. I acknowledge and represent that I received a copy of this Agreement on February 25, 2004.

EXECUTIVE:

/s/ Peter F. Sinisgalli February 25, 2004

Peter F. Sinisgalli

EMPLOYER:

MANHATTAN ASSOCIATES, INC.

/s/ Richard M. Haddrill February 25, 2004

Name: /s/ Richard M. Haddrill
Title: President and CEO

EXHIBIT A

AGREEMENT AND GENERAL RELEASE

THIS AGREEMENT AND GENERAL RELEASE (the "Agreement") is made and entered into as of the date noted on the last pages hereof, by and between Manhattan Associates, Inc. (the "Employer") and Peter F. Sinisgalli (the "Executive").

W I TN E S S E TH:

WHEREAS, pursuant to the terms and provisions of that certain Separation and Non-Competition Agreement (the "Separation Agreement") between the parties dated February 25, 2004, the Executive is entitled in certain circumstances to severance benefits upon the termination of Executive's employment if the Executive will execute this Agreement; and

WHEREAS, the Executive and the Employer desire to enter into this Agreement to resolve any disputes regarding, or relating to, the Executive's relationship with the Employer on or prior to the date of termination of

Executive's employment , and other matters as set forth herein;

NOW, THEREFORE, in consideration of the payment of such severance benefits under the Separation Agreement, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

For all purposes of this Agreement, the following definitions shall be applicable:

1.1 The term "Agreement" shall mean this Agreement and General Release between the parties hereto.

1.2 The phrase "Separation Date" shall mean the date on which the termination of Executive's employment occurs within the meaning of the Separation Agreement.

1.3 The phrase "Effective Date" shall mean the date on which this Agreement shall become effective, which shall be the date which is exactly eight (8) days following the Execution Date, unless this Agreement has been revoked by Executive prior to such date in accordance with the provisions of this Agreement.

1.4 The phrase "Executive's related entities and persons" shall mean the heirs, executors, administrators, beneficiaries, assigns, agents, representatives, and successors of Executive, and any other persons acting or purporting to act on behalf of, or in the name of, or asserting claims by, on behalf of, or through, Executive, and the successors and assigns of such persons, and the successors and assigns of Executive.

1.5 The term "Employer" shall mean Manhattan Associates, Inc.

1.6 The phrase "Employer's related employers" shall mean and include any parent, subsidiaries and related corporations or entities, predecessors, successors and assigns of the Employer.

1.7 The phrase "the Employer's related entities and persons" shall mean and include the agents, employees, servants, independent contractors, attorneys, representatives, actuaries, accountants, directors, officers, and trustees of (1) the Employer and/or any one or more of the Employer's related employers and (2) every person (whether natural or artificial), firm, or entity now or previously affiliated with the Employer

and/or any one or more of the Employer's related employers in any manner whatsoever, and every such person, firm or entity with which the Employer and/or any one or more of the Employer's related employers may affiliate in any manner whatsoever in the future.

1.8 The phrase "Execution Date" shall mean the date on which this Agreement is executed (as noted in writing on the last page hereof).

1.9 The term "Plan(s)" shall mean, when referenced as Plan(s) of a particular entity, individual or other person, all employee benefit plans (within the meaning ERISA Section 3(3)) sponsored by, contributed to, or maintained by such entity, individual or other person.

1.10 The phrase "Plan's (Plans') related entities and persons," when referencing one or more Plans, shall mean and include (1)

the agents, employees, servants, independent contractors, attorneys, representatives, actuaries, accountants, fiduciaries, administrators, administrative committee(s) or other committee(s), and trustees of, (2) every other person (whether natural or artificial), firm or entity now or previously affiliated in any manner whatsoever with, and (3) every such other person, firm or entity which in the future may affiliate in any manner whatsoever with, the one or more Plan(s) so referenced.

ARTICLE II
PAYMENTS TO EXECUTIVE

In addition to the compensation and benefits to which Executive is entitled based upon his employment with the Employer, whether provided for in the Employment Agreement between the parties dated February 25, 2004 (the "Employment Agreement") or otherwise, Executive shall, as additional consideration which is significant and substantial, receive severance benefits in accordance with the terms and provisions of Section 2 of the Separation Agreement. The parties agree that these additional consideration payments shall be subject to all payroll and income tax and other authorized deductions.

ARTICLE III
RIGHT OF REVOCATION BY EXECUTIVE

From the Execution Date until the Effective Date, Executive may revoke this Agreement by sending written notice of revocation within that period to:

Manhattan Associates, Inc.
2300 Windy Ridge Parkway
7th Floor
Atlanta, Georgia 30339
Attention: Chairman of the Board

and, if he does so, this Agreement shall be null and void in its entirety, and shall be of no force or effect. If not revoked within said period, this Agreement will become effective, binding and irrevocable as of the Effective Date.

ARTICLE IV
GENERAL RELEASE BY EXECUTIVE

Except as specifically provided in Article V below, for and in consideration of the additional consideration to be provided to Executive by the Employer pursuant to Article II of this Agreement, the sufficiency of which is hereby acknowledged, Executive does hereby, for and on behalf of himself and Executive's related entities and persons, fully and finally release, acquit and forever

discharge the Employer, the Employer's related employers, the Employer's related entities and persons, all Plans of the Employer and all Plans of any of the Employer's related employers, and such Plans' related entities and persons, of and from any and all claims, counterclaims, actions, causes of action, demands, rights, damages, costs, expenses or compensation which Executive and/or Executive's related entities and persons now have, or may have, or may hereafter claim to have had as of the Execution Date, whether developed or undeveloped, anticipated or unanticipated, based on any acts, omissions, transactions or occurrences whatsoever occurring prior to and/or up until the Execution Date, and specifically, but not by way of limitation, from those claims which are, or arise by reason of, or are in any way connected with, or which are or may be based in whole or in part on the employment relationship between Executive and the Employer (including, without limitation, (i) those claims arising under any foreign, federal, state, county or municipal fair employment practices act and/or any law, ordinance or regulation promulgated by any foreign, federal,

state, county, municipality or other state subdivision; (ii) those claims for breach of duty and/or implied covenant of good faith and fair dealing; (iii) those claims for interference with and/or breach of contract (express or implied, in fact or in law, oral or written); (iv) those claims for retaliatory or wrongful discharge of any kind; (v) those claims for intentional or negligent infliction of emotional distress or mental anguish; (vi) those claims for outrageous conduct; (vii) those claims for interference with business relationships, contractual relationships or employment relationships of any kind; (viii) those claims for breach of duty, fraud, fraudulent inducement to contract, breach of right of privacy, libel, slander, or tortious conduct of any kind; (ix) those claims arising under Title VII of the Civil Rights Act of 1964 and/or the Civil Rights Act of 1991 and/or 42 U.S.C. Section 1981; (x) those claims arising under the Age Discrimination in Employment Act of 1967, the Age Discrimination Claims Assistance Act of 1988 and/or the Older Workers' Benefit Protection Act; (xi) those claims arising under any state or federal handicap or disability discrimination law or act, including but not limited to the Rehabilitation Act of 1973 and the Americans with Disabilities Act; (xii) those claims arising from any damages suffered at any time by reason of the effects or continued effects of any alleged or actual discriminatory or wrongful acts; (xiii) those claims arising under or in reliance upon any statute, regulation, rule or ordinance (local, state or federal); (xiv) those claims arising under ERISA or the Family and Medical Leave Act; (xv) those claims arising under the workers' compensation laws of any state or other jurisdiction; and (xvi) any and all other claims arising under law or in equity in the United States of America or in any foreign jurisdiction).

ARTICLE V
LIMITATION OF RELEASE BY EXECUTIVE

Notwithstanding the previous Article, it is understood and agreed that the waiver of benefits and claims contained in the previous Article does not include a waiver of the right to payment of (a) any vested, nonforfeitable benefits to which Executive or a beneficiary of Executive may be entitled under the terms and provisions of any (i) Plan of the Employer which have accrued as of the Separation Date (including without limitation any rights to elect continuing group health plan coverage pursuant to ERISA) (ii) other plan, program, agreement, or arrangement under which Executive is covered as of his Separation Date and is entitled to payments or benefits, and (iii) stock options, restricted stock, stock appreciation, or other equity compensation rights previously granted to the Executive and vested as of the Execution Date, (b) any unpaid base salary for employment through the Separation Date pursuant to Section 2.A. of the Employment Agreement, (c) any earned and accrued but unpaid bonus (if any) pursuant to Section 2.B. of the Employment Agreement, (d) any unpaid expenses incurred on or before his Separation Date that are reimbursable in accordance with Section 2.F of the Employment Agreement, (e) payment for accrued and unused vacation pursuant to Section 2.G. of the Employment Agreement, (f) payments (if any) owed pursuant to Section 2(I) of the Employment Agreement, and (g) the consideration to be paid to Executive under Article II of this Agreement. Executive acknowledges that all other claims for any other benefits or compensation are hereby waived, except those expressly stated in the preceding sentence. It is also expressly understood and agreed that the waiver of benefits and claims contained in the previous Article does not include a waiver of any rights accruing after the Execution Date of this Agreement. Nothing in this Agreement shall be construed to limit the Executive's entitled rights to director and/or officer indemnification and related director and/or officer liability insurance.

ARTICLE VI
NON-SOLICITATION, NON-COMPETITION, TRADE SECRETS & CONFIDENTIAL INFORMATION

For and in consideration of the additional consideration to be provided to Executive by the Employer pursuant to Article II of this Agreement, Executive agrees that he will continue to comply with the provisions set forth in Section 6 of the Separation Agreement and Sections 6 and 7 of the Employment Agreement

between Employer and Executive referred to in the Separation Agreement for the respective terms set forth therein.

ARTICLE VII
KNOWING AND VOLUNTARY WAIVER OF RIGHTS BY EXECUTIVE

Executive agrees and acknowledges that he has carefully reviewed, studied and thought over the terms of this Agreement, and that all questions concerning this Agreement have been answered to his satisfaction. Executive does further acknowledge and agree that he has had the opportunity to keep this Agreement in his possession for at least thirty (30) days, and that he has had the opportunity to consider and reflect upon the terms of this Agreement before signing it, that he knowingly and voluntarily entered into and signed this Agreement after deliberate consideration and review of all of its terms and provisions, that he was not coerced, pressured or forced in any way by the Employer or anyone else to accept the terms of this Agreement, that the decision to accept the terms of this Agreement was entirely his own, that HE WAS ADVISED IN WRITING TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTING THIS AGREEMENT AND PRIOR TO THE EXECUTION DATE OF THIS AGREEMENT, AND THAT HE HAS HAD THE OPPORTUNITY TO CONSULT WITH AN ATTORNEY THROUGHOUT THE NEGOTIATIONS CONCERNING THIS AGREEMENT, during which time proposals and counter proposals were or could have been presented, discussed and made a part of the final version of this Agreement. Executive also acknowledges that no promises or inducements to enter into and execute this Agreement have been offered or made except those which are specifically set out in this Agreement, and that he was not coerced or forced to enter into and execute this Agreement.

ARTICLE VIII
ENTIRE AGREEMENT BETWEEN PARTIES AND NO INDICATION OF FAULT

This Agreement constitutes the entire agreement between Executive and the Employer pertaining to the subjects contained in it and supersedes any and all prior and/or contemporaneous agreements, representations, or understandings, written or oral. It is expressly understood and agreed that this Agreement may not be altered, amended, modified or otherwise changed in any respect or particular whatsoever except in writing duly executed by Executive and an authorized representative of the Employer acting on behalf of the Employer. This Agreement is intended to fully, completely, and forever resolve all disputes or potential disputes based upon events, omissions or acts occurring on or prior to the Separation Date as well as all other issues or claims in any way arising out of or connected with the employment of Executive with the Employer through and including the Separation Date. It is expressly understood and agreed that the provisions contained in this document are intended to resolve any doubtful and/or disputed issues, prevent future disputes, controversies and/or litigation, and provide both the Employer and Executive with significant benefits and that the signing of this document is not to be construed as an admission of any liability and/or fault by the Employer or by Executive.

ARTICLE IX
BINDING NATURE OF AGREEMENT

This Agreement shall be binding upon both Executive and Executive's related entities and individuals, and upon the Employer and the Employer's related employers.

ARTICLE X
NO PRIOR ASSIGNMENTS OF INTERESTS OR EXERCISE OF RIGHTS

All signatories to this Agreement hereby warrant, covenant, and represent that prior to the Execution Date, they have not conveyed, transferred, pledged, hypothecated, or in any manner whatsoever assigned or encumbered any of the rights, demands, claims, suits, actions, or causes of action released herein, and all signatories to this Agreement also hereby warrant, covenant and represent that, prior to the Execution Date, they have not filed a lawsuit or

asked the assistance of any governmental agency or collective bargaining agent to enforce rights or to seek remedies for any claim which is waived pursuant to the terms and provisions of this Agreement.

ARTICLE XI
WARRANTY OF EXPRESS AUTHORITY AND CAPACITY TO CONTRACT

The undersigned parties, acting through their duly authorized officers or individually, as the case may be, do hereby warrant that the signatories hereto have express authority and have the legal capacity to enter into this Agreement.

ARTICLE XII
NEGOTIATED AGREEMENT

The parties agree that this Agreement was negotiated between them. As a result, the parties agree that, in the event of a dispute about the meaning, construction or interpretation of this Agreement, no presumption shall apply to construe the language of this Agreement either for or against any party.

ARTICLE XIII
PRESS RELEASES REGARDING AGREEMENT

The parties agree that no press releases will be issued concerning this Agreement, or the termination of Executive's employment with the Employer, without the mutual approval of Executive and Employer, subject to any disclosure requirements imposed by applicable law based on the reasonable opinion of counsel for the Company.

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the ____ day of ____________________, _____.

EXECUTIVE:	EMPLOYER:
	MANHATTAN ASSOCIATES, INC.
___________________________ Peter F. Sinisgalli	
	By:___________________________
	Title:________________________
Sworn to and subscribed before me this __ day of___________, ______.	Sworn to and subscribed before me this __ day of_____________, _____.
__________________________________ Notary Public	____________________________________ Notary Public
My Commission Expires:	My Commission Expires:
__________________________________ _ (NOTARIAL SEAL)	____________________________________ (NOTARIAL SEAL)

EXHIBIT 10.30

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (the "Agreement") by and between Manhattan Associates, Inc, a Georgia limited liability company ("Company"), and Ed Quibell ("Executive") is hereby entered into and effective as of the 25th day of April, 2003 (the "Effective Date").

WHEREAS, Company is engaged in the development, marketing, selling, implementation and installation of computer software solutions specifically designed for the management of warehouse and distribution centers and providing transportation management for consumer product manufacturers, retailers and retail and grocery suppliers and distributors (the "Company Business");

WHEREAS, Company desires to employ executive as Senior Vice President and Chief Financial Officer (CFO) and Executive desires to accept said employment by Company; and

WHEREAS, Company and Executive have agreed upon the terms and conditions of Executive's employment with Company and the parties desire to express the terms and conditions in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, it is hereby agreed as follows:

A G R E E M E N T S :

1. Employment and Duties.

A. Company shall employ Executive as Senior Vice President and Chief Financial Officer in accordance with the terms and conditions set forth in this Agreement. Executive hereby accepts employment on the terms set forth herein. Executive shall report to the President or the Chief Executive Officer (CEO) or such other executive as may be designed by the President, Chief Executive Officer or the Board of Directors.

B. Executive shall have responsibility for financial management of the company as well as the human resources and internal technology functions ("Duties") and as may otherwise be assigned to him from time to time.

C. Executive agrees that he shall at all times faithfully and to the best of his ability and experience perform all of the duties that may be required of him pursuant to the terms of this Agreement. Executive shall devote his full business time to the performance of his obligations hereunder.

2. Compensation.

A. Base Salary. During his employment hereunder, Company shall pay to Executive a base salary ("Base Salary") of $14,583.33 per month ($175,000.00 annualized), subject to all standard employment deductions, which amount may be increased annually at the discretion of the Chief Executive Officer or Board of Directors.

B. Performance-Related Bonus. Executive shall be eligible to receive a performance-related bonus of $120,000.00 per year, based on the criteria attached, EXHIBIT A, and subject to all standard employment deductions.

C. Stock Option. The Executive has received the option (the "Option") to purchase 98,000 shares of Company pursuant to the Manhattan Associates, Inc. Option Plan (the "Option Plan"). The options will vest in accordance with the stock option certificate given for each grant.

D. Employee Benefits. Executive shall be entitled to participate in all employee benefit plans which Company provides for its

employees at the executive level.

E. Expenses. Executive shall be reimbursed for expenses reasonably incurred in the performance of his duties hereunder in accordance with the policies of Company then in effect.

F. Vacation. Executive shall accrue 1.25 vacation days for each complete calendar month worked and 1.50 vacation days after three years employment per vacation policy.

G. Change of Control. In the event of a Change of Control of the Company, all options, whether vested or non-vested shall vest as of the date of the Change of Control. "Change of Control" shall mean the happening of an event that shall be deemed to have occurred upon the earliest to occur of the following events: (i) the date the stockholders of the Company (or the Board, if stockholder action is not required) approve a plan or other arrangement pursuant to which the Company will be dissolved or liquidated; (ii) the date the stockholders of the Company (or the Board, if stockholder action is not required) approve a definitive agreement to sell or otherwise dispose of all or substantially all of the assets of the Company; or (iii) the date the stockholders of the Company (or the Board, if stockholder action is not required) and the stockholders of the other constituent corporations (or their respective boards of directors, if and to the extent that stockholder action is not required) have approved a definitive agreement to merge or consolidate the Company with or into another corporation, other than, in either case, a merger or consolidation of the Company in which holders of shares of the Company's voting capital stock immediately prior to the merger or consolidation will have at least fifty percent (50%) of the ownership of voting capital stock of the surviving corporation immediately after the merger or consolidation (on a fully diluted basis), which voting capital stock is to be held by each such holder in the same or substantially similar proportion (on a fully diluted basis) as such holder's ownership of voting capital stock of the Company immediately before the merger or consolidation

3. Term. This Agreement is effective when signed by both parties. The parties agree that Executive's employment may be terminated at any time, for any reason or for no reason, for cause or not for cause, with or without notice, by Company or Executive. Upon any such termination, Executive shall return immediately to Company all documents and other property of Company, together with all copies thereof, including all Work Product and Proprietary Information, within Executive's possession or control.

For purposes of this Agreement, Work Product shall mean the data, materials, documentation, computer programs, inventions (whether or not patentable), and all works of authorship, including all worldwide rights therein under patent, copyright, trade secret, confidential information, or other property right, created or developed in whole or in part by Executive while performing services in furtherance of or related to the Company Business.

For purposes of this Agreement, Proprietary Information means all Trade Secrets and Confidential Information of Company.

For purposes of this Agreement, Confidential Information shall mean Company information in whatever form, other than Trade Secrets, that is of value to its owner and is treated as confidential.

4. Ownership.

(a) All Work Product will be considered work made for hire by Executive and owned by Company. To the extent that any Work Product may not by operation of law be considered work made for hire or if ownership of all rights therein will not vest exclusively in Company, Executive assigns to Company, now or upon its creation without further consideration, the ownership of all such Work Product. Company has the right to obtain and hold in its own name copyrights, patents, registrations, and any other protection available in the Work Product. Executive agrees to perform any acts as may be reasonably

requested by Company to transfer, perfect, and defend Company's ownership of the Work Product.

(b) To the extent any materials other than Work Product are contained in the materials Executive delivers to Company or its Customers, Executive grants to Company an irrevocable, nonexclusive, worldwide, royalty-free license to use and distribute (internally or externally) or authorize others to use and distribute copies of, and prepare derivative works based upon, such materials and derivative works thereof. Executive agrees that during his or her employment, any money or other remuneration received by Executive for services rendered to a Customer belong to Company.

For purposes of this Agreement, Customers shall mean any current customer or prospective customer of Company.

5. Trade Secrets and Confidential Information.

(a) Company may disclose to Executive certain Proprietary Information. Executive agrees that the Proprietary Information is the exclusive property of Company (or a third party providing such information to Company) and Company (or such third party) owns all worldwide copyrights, trade secret rights, confidential information rights, and all other property rights therein.

(b) Company's disclosure of the Proprietary Information to Executive does not confer upon Executive any license, interest or rights in or to the Proprietary Information. Except in the performance of services for Company, Executive will hold in confidence and will not, without Company's prior written consent, use, reproduce, distribute, transmit, reverse engineer, decompile, disassemble, or transfer, directly or indirectly, in any form, or for any purpose, any Proprietary Information communicated or made available by Company to or received by Executive. Executive agrees to notify Company immediately if he discovers any unauthorized use or disclosure of the Proprietary Information.

(c) Executive's obligations under this Agreement with regard to (i) Trade Secrets shall remain in effect for as long as such information remains a trade secret under applicable law, and (ii) Confidential Information shall remain in effect during Executive's employment with Company and for three years thereafter. These obligations will not apply to the extent that Executive establishes that the information communicated (1) was already known to Executive, without an obligation to keep it confidential at the time of its receipt from Company; (2) was received by Executive in good faith from a third party lawfully in possession thereof and having no obligation to keep such information confidential; or (3) was publicly known at the time of its receipt by Executive or has become publicly known other than by a breach of this Agreement or other action by Executive.

6. Non-Solicitation.

A. Customers. The relationships made or enhanced during Executive's employment with Company belong to Company. During Executive's employment and the one year period beginning immediately upon the termination of Executive's employment with Company for any reason (the "One Year Limitation Period"), Executive will not, without Company's prior written consent, contact, solicit or attempt to solicit, on his own or another's behalf, any Customer with whom Executive had contact in the one year prior to the end of Executive's employment with Company for any reason (the "One Year Restrictive Period") with a view of offering, selling or licensing any program, product or service that is competitive with the Company Business.

B. Employees/Independent Contractors. During Executive's employment and the One Year Limitation Period, Executive will not, without Company's prior written consent, call upon, solicit, recruit, or assist others in calling upon, soliciting or recruiting any person who is or was an employee of Company during the One Year Restrictive Period.

7. Acknowledgments. The parties hereto agree that: (i) the restrictions contained in this Agreement are fair and reasonable in that they are reasonably required for the protection of Company; (ii) by having access to information concerning employees and customers of Company, Executive shall obtain a competitive advantage as to such parties; (iii) the covenants and agreements of Executive contained in this Agreement are reasonably necessary to protect the interests of Company in whose favor said covenants and agreements are imposed in light of the nature of Company's business and the involvement of Executive in such business; (iv) the restrictions imposed by this Agreement are not greater than are necessary for the protection of Company in light of the substantial harm that Company will suffer should Executive breach any of the provisions of said covenants or agreements and (v) the covenants and agreements of Executive contained in this Agreement form material consideration for this Agreement.

8. Remedy for Breach. Executive agrees that the remedies at law of Company for any actual or threatened breach by Executive of the covenants contained in Sections 4 through 7 of this Agreement would be inadequate and that Company shall be entitled to specific performance of the covenants in such paragraphs or injunctive relief against activities in violation of such paragraphs, or both, by temporary or permanent injunction or other appropriate judicial remedy, writ or order, in addition to any damages and legal expenses (including attorney's fees) which Company may be legally entitled to recover. Executive acknowledges and agrees that the covenants contained in Sections 4 through 7 of this Agreement shall be construed as agreements independent of any other provision of this or any other agreement between the parties hereto, and that the existence of any claim or cause of action by Executive

against Company, whether predicated upon this or any other agreement, shall not constitute a defense to the enforcement by Company of said covenants.

9. No Prior Agreements. Executive hereby represents and warrants to Company that the execution of this Agreement by Executive and Executive's employment by Company and the performance of Executive's duties hereunder shall not violate or be a breach of any agreement with a former employer, client or any other person or entity.

10. Assignment; Binding Effect. Executive understands that Executive has been selected for employment by Company on the basis of Executive's personal qualifications, experience and skills. Executive agrees, therefore, that Executive cannot assign all or any portion of Executive's performance under this Agreement. Subject to the preceding two (2) sentences and the express provisions of Section 13. below, this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective heirs, legal representatives, successors and assigns. The rights and obligations of Company hereunder shall be available to a successor in interest of Company, including a successor established for the purpose of converting Company to a corporation.

11. Complete Agreement. This Agreement is not a promise of future employment. Executive has no oral representations, understandings or agreements with Company or any of its officers, directors or representatives covering the same subject matter as this Agreement. This Agreement hereby supersedes any other employment agreements or understandings, written or oral, between Company and Executive. This written Agreement is the final, complete and exclusive statement and expression of the agreement between Company and Executive and of all the terms of this Agreement, and it cannot be varied, contradicted or supplemented by evidence of any prior or contemporaneous oral or written agreements. This written Agreement may not be later modified, except by a further writing signed by a duly authorized officer of Company and Executive, and no term of this Agreement may be waived except by writing signed by the party waiving the benefit of such term.

12. Notice. Whenever any notice is required hereunder, it shall be given in writing addressed as follows:

To Company: Manhattan Associates, Inc
2300 Windy Ridge Pkwy
7th Floor
Atlanta, Georgia 30339
Attention: President

To Executive: Ed Quibell
2600 Brookside Drive
Roswell, GA 30076

Notice shall be deemed given and effective three (3) days after the deposit in the U.S. mail of a writing addressed as above and sent first class mail, certified, return receipt requested, or when actually received. Either party may change the address for notice by notifying the other party of such change in accordance with this Section 14.

13. Severability; Headings. If any portion of this Agreement is held invalid or inoperative, the other portions of this Agreement shall be deemed valid and operative and, so far as is reasonable and possible, effect shall be given to the intent manifested by the portion held invalid or inoperative. The Section headings herein are for reference purposes only and are not intended in any way to describe, interpret, define or limit the extent or intent of the Agreement or of any part hereof.

14. Counterparts. This Agreement may be executed simultaneously in two (2) or more counterparts, each of which shall be deemed an original and all of which together shall constitute, but one and the same instrument.

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

COMPANY:

Manhattan Associates, Inc.

By: /s/ Richard M. Haddrill

Name: Richard M. Haddrill

Title: CEO

Date: 4/28/03

EXECUTIVE:

/s/ Edward K. Quibell

Name: Edward K. Quibell

Date: April 25, 2003

EXHIBIT 10.31

SEVERANCE AND NON-COMPETITION AGREEMENT

This Separation and Non-Competition Agreement is made this 25th day of April, 2003 by and between Manhattan Associates ("Company") and Edward K. Quibell ("Executive").

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, and in consideration of the mutual promises and covenants set forth in this Agreement, the parties agree as follows:

1. Employment. Company has agreed to employ Executive as Senior Vice President and Chief Financial Officer in accordance with the terms and conditions set forth in this Agreement and Executive has accepted such employment. This agreement governs the terms by which Executive shall receive certain payments in return for a promise not to compete with the business of the Company in the event of a termination.

2. Severence. In the event of a termination or Constructive Termination (as defined below) of employment by the Company or its successors, other than a termination for cause, Executive shall receive a severance payment equal to six (6) months of Executive's then current base salary, subject to all standard deductions, payable in six (6) equal monthly payments from date of termination, including COBRA payments for Executive's family for medical and dental coverage. Company's obligation to make the severance payment shall be conditioned upon Executive's (i) execution of a release agreement in a form reasonably acceptable to the Company, and consistent with the terms of this Agreement and any other Agreements, whereby Executive releases the Company from any and all liability and claims of any kind, and (ii) compliance with the restrictive covenants and all post-termination obligations contained in this Agreement. Further, in the event of a termination, other than a termination for cause, Executive shall have thirty (30) in which to exercise his vested options.

3. Cause. For purposes of this Agreement, Cause shall include but not be limited to an act or acts or an omission to act by the Executive involving (i) willful and continual failure to substantially perform his duties with the Company (other than a failure resulting from the Executive's Disability) and such failure continues after written notice to the Executive providing a reasonable description of the basis for the determination that the Executive has failed to perform his duties, (ii) indictment for a criminal offense other than misdemeanors not disclosable under the federal securities laws, (iii) breach of this Agreement in any material respect and such breach is not susceptible to remedy or cure or has not already materially damaged the Company, or is susceptible to remedy or cure and no such damage has occurred, is not cured or remedied reasonably promptly after written notice to the Executive providing a reasonable description of the breach, or (iv) conduct that the Board of Directors of the Company has determined, in good faith, to be dishonest, fraudulent, unlawful or grossly negligent or which is not in compliance with the Company's Code of Conduct or similar applicable set of standards or conduct and business practices set forth in writing and provided to the Executive prior to such conduct.

4. Constructive Termination. For purposes of this Agreement, Constructive Termination shall mean a situation where (A) (i) the Executive is no longer serving as Senior Vice President

and Chief Financial Officer of the Company, the Executive is directed to report to other than the Chief Executive Officer or President, the Executive is not timely paid his compensation under this Agreement or the assignment to the Executive of any duties or responsibilities which are inconsistent with the status, title, position or responsibilities of such positions (which assignment is not rescinded after the Company receives written notice from the Executive providing a reasonable description of such inconsistency); (ii) after a Change of Control, the Company's headquarters being outside of the greater Atlanta area or the Company requiring the Executive to be based at any place outside a 30-mile radius from the principal location from which the Executive served as an employee of the Company immediately prior to the Change of Control; (iii) after a Change of Control, the failure by the Company to provide the Executive with compensation and benefits substantially comparable, in the aggregate, to those provided for under the employee benefit plans, programs and practices in effect immediately prior to the Change of Control (other than stock option and other equity based compensation plans); (iv) after a Change of Control, the insolvency or the filing (by any party including the Company) of a petition for bankruptcy of the Company; or (v) after a Change of Control, the failure of the Company to obtain an agreement from any successor or assignee of the Company to assume and agree to perform this Agreement unless such successor or assignee is bound to the performance of this Agreement as a matter of law; provided however, that the aforementioned situations will not be deemed to be a Constructive Termination hereunder until such time as the Executive has given written notice to the Chief Executive Officer or President of the situation constituting a "Constructive Termination" hereunder, and the Chief Executive Officer or President has failed to cure such situation within thirty (30) days following receipt of such written notice, and (B) the Executive terminates his employment with the Company.

5. Change of Control. In the event of a Change of Control of the Company, as defined below, all options, whether vested or non-vested shall vest as of the date of the Change of Control and Executive shall be paid an additional Three (3) months severance in the event he is Terminated. "Change of Control" shall mean the happening of an event that shall be deemed to have occurred upon the earliest to occur of the following events:

(i) the date the stockholders of the Company (or the Board, if stockholder action is not required) approve a plan or other arrangement pursuant to which the Company will be dissolved or liquidated; (ii) the date the stockholders of the Company (or the Board, if stockholder action is not required) approve a definitive agreement to sell or otherwise dispose of all or substantially all of the assets of the Company; or (iii) the date the stockholders of the Company (or the Board, if stockholder action is not required) and the stockholders of the other constituent corporations (or their respective boards of directors, if and to the extent that stockholder action is not required) have approved a definitive agreement to merge or consolidate the Company with or into another corporation, other than, in either case, a merger or consolidation of the Company in which holders of shares of the Company's voting capital stock immediately prior to the merger or consolidation will have at least fifty percent (50%) of the ownership of voting capital stock of the surviving corporation immediately after the merger or consolidation (on a fully diluted basis), which voting capital stock is to be held by each such holder

in the same or substantially similar proportion (on a fully diluted basis) as such holder's ownership of voting capital stock of the Company immediately before the merger or consolidation.

6. Non-Competition. As a condition to any payment based on a termination, Executive agrees that he will not work for any of the direct competitors to Company listed in Schedule A for a period of Eighteen (18) months from the date of termination without written consent of Employer. Further, Executive agrees that he will not recruit or hire, another Executive of Employer for a period of Eighteen (18) months from the date of termination or cause another Executive of Employer to be hired by any competitor of Employer for a period of Eighteen (18) months from the date of termination.

7. Effect of violations by Executive. Executive agrees and understands that any action by him in violation of this Agreement shall void Employer's payment to the Executive of all severance monies and benefits provided for herein and shall require immediate repayment by the Executive of the value of all consideration paid to Executive by Employer pursuant to this Agreement, and shall further require Executive to pay all reasonable costs and attorneys' fees in defending any action Executive brings, plus any other damages to which the Employer may be entitled.

8. Severability. If any provision, or portion thereof, of this Agreement is held invalid or unenforceable under applicable statute or rule of law, only that provision shall be deemed omitted from this Agreement, and only to the extent to which it is held invalid and the remainder of the Agreement shall remain in full force and effect.

9. Opportunity for review. Executive understands that he shall have the right to have twenty-one (21) days from the date of receipt of this Agreement to review this document, and within seven (7) days of signing this NON-COMPETITION AGREEMENT, to revoke this Agreement. Employer agrees and Executive understands that he does not waive any rights or claims that may arise after the date this Agreement is executed. THE PARTIES ACKNOWLEDGE THAT THEY HAVE HAD ACCESS TO INDEPENDENT LEGAL COUNSEL OF THEIR OWN CHOOSING IN CONNECTION WITH ENTERING INTO THIS AGREEMENT, AND THE PARTIES HEREBY ACKNOWLEDGE THAT THEY FULLY UNDERSTAND THE TERMS AND CONDITIONS OF THIS AGREEMENT AND AGREE TO BE FULLY BOUND BY AND SUBJECT THERETO.

I have read this Agreement, I understand its contents, and I willingly, voluntarily, and knowingly accept and agree to the terms and conditions of this Agreement. I acknowledge and represent that I received a copy of this Agreement on April 25, 2003.

EXECUTIVE:

/s/ Edward K. Quibell	April 25, 2003
Edward K. Quibell	Date

EMPLOYER:

/s/ Richard M. Haddrill	April 28, 2003
Richard M. Haddrill President and Chief Executive Officer	Date

EXHIBIT 10.32

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (the "Agreement") by and between Manhattan Associates, Inc, a Georgia corporation ("Company"), and Jeffrey Mitchell ("Executive") is hereby entered into and effective as of the 3rd day of September, 1999 (the "Effective Date").

WHEREAS, Company is engaged in the development, marketing, selling, implementation and installation of computer software solutions specifically designed for the management of warehouse and distribution centers for consumer product manufacturers, retailers and retail and grocery suppliers and distributors (the "Company Business");

WHEREAS, Company desires to employ executive as Vice President, North American Sales and Executive desires to accept said employment by Company; and

WHEREAS, Company and Executive have agreed upon the terms and conditions of Executive's employment with Company and the parties desire to express the terms and conditions in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, it is hereby agreed as follows:

A G R E E M E N T S :

1. Employment and Duties.

A. Company shall employ Executive as Vice President, North American Sales in accordance with the terms and conditions set forth in this Agreement. Executive hereby accepts employment on the terms set forth herein. Executive shall report to the President and Chief Executive Officer or such other executive as may be designed by the Chief Executive Officer or the Board of Directors.

B. Executive shall have responsibility for the Company's sales in North America ("Duties") and as may otherwise be assigned to him from time to time.

C. Executive agrees that he shall at all times faithfully and to the best of his ability and experience perform all of the duties that may be required of him pursuant to the terms of this Agreement. Executive shall devote his full business time to the performance of his obligations hereunder.

2. Compensation.

A. Base Salary. During his employment hereunder, Company shall pay to Executive a base salary ("Base Salary") of $12,500.00 per month ($150,000.00 annualized),

subject to all standard employment deductions, which amount may be increased annually at the discretion of the Chief Executive Officer or Board of Directors.

B. Performance-Related Bonus. Executive shall be eligible to receive a performance-related bonus based on $150,000.00 per year, payable quarterly and subject to all standard employment deductions, based on objective and subjective criteria as described below.

Seventy-five Percent (75%) of the bonus, which equals Twenty Eight Thousand One Hundred and Twenty Five Dollars ($28,125) on a quarterly basis, shall be based on the attainment of the following recognizable net license fee revenue and profit margin objectives:

TABLE 1

Q3 Recognizable Revenue	Percentage of Bonus	Q4 Recognizable Revenue	Percentage of Bonus
$3,500,000	40%	$3,750,000	40%
$4,000,000	60%	$4,000,000	60%
$4,250,000	80%	$4,250,000	70%
$5,000,000	100%	$4,750,000	80%
$5,250,000	120%	$5,000,000	90%
$5,550,000	140%	$5,500,000	100%
$5,750,000	160%	$5,750,000	120%
		$6,000,000	140%
		$6,250,000	160%

For example, if the Company achieves $5,250,000 in recognizable license revenue in the third quarter of 1999, then Executive shall receive $33,750 (120% of $28,125).

The result of this calculation shall be further applied against the following table to determine the objective portion of Executive's bonus.

TABLE 2

Profit Margin	Percentage
30%	60%
35%	80%
40%	100%
45%	110%
50%	120%
55%	130%

In the above example, if Executive achieves a profit margin of 45%, then Executive shall receive $37,125 (110% of $33,750 as determined by Table 1).

Twenty-five Percent (25%), of the bonus, which equals Nine Thousand Three Hundred and Seventy-Five Dollars ($9,375) on a quarterly basis, shall be payable based on the attainment of subjective criteria agreed upon between Executive and the Chief Executive Officer or such other executive as may be designated by the Chief Executive Officer or the Board of Directors. These criteria will include increasing the following Company measures:

- Number of customers
- Average sale size - Proportion of Tier 1, Tier 2 and Tier 3 customers
- Company Revenue
- Margins
- Sales Personnel
- Management of Sales expenses

- Management and adherence to budget process

D. Stock Option. Upon execution of this agreement, Executive shall receive an option (the "Option") to purchase 160,000 shares of Company at an exercise price of $7.75 per share pursuant to the Manhattan Associates, Inc. Option Plan (the "Option Plan"). The Options shall vest pursuant to the schedule on EXHIBIT A.

E. Employee Benefits. Executive shall be entitled to participate in all employee benefit plans which Company provides for its employees at the executive level.

F. Expenses. Executive shall be reimbursed for expenses reasonably incurred in the performance of his duties hereunder in accordance with the policies of Company then in effect.

G. Vacation. Executive shall accrue one vacation day for each complete calendar month worked and five additional vacation days after three years of employment.

3. Term. This Agreement is effective when signed by both parties. The parties agree that Executive's employment may be terminated at any time, for any reason or for no reason, for cause or not for cause, with or without notice, by Company or Executive. Upon any such termination, Executive shall return immediately to Company all documents and other property of Company, together with all copies thereof, including all Work Product and Proprietary Information, within Executive's possession or control.

For purposes of this Agreement, Work Product shall mean the data, materials, documentation, computer programs, inventions (whether or not patentable), and all works of authorship, including all worldwide rights therein under patent, copyright, trade secret,

confidential information, or other property right, created or developed in whole or in part by Executive while performing services in furtherance of or related to the Company Business.

For purposes of this Agreement, Proprietary Information means all Trade Secrets and Confidential Information of Company.

For purposes of this Agreement, Trade Secrets shall mean information of Company constituting a trade secret within the meaning of Section 10-1-761(4) of the Georgia Trade Secrets Act of 1990, including all amendments hereafter adopted.

For purposes of this Agreement, Confidential Information shall mean Company information in whatever form, other than Trade Secrets, that is of value to its owner and is treated as confidential.

4. Severance. In the event of a termination of employment within the first two (2) years of employment, other than a termination based on gross negligence or willful misconduct, Executive shall receive a severance payment equal to one-half the amount of Executive's base annual salary (determined as of the date of his termination) which he would normally receive during the six (6) months of employment, subject to all standard deductions, payable in full within thirty (30) days of termination of employment, and Executive will receive COBRA payments for Executive and Executive's family for medical and dental coverage. Company's obligation to make the severance payment shall be conditioned upon Executive's (i) execution of a release agreement in a form reasonably acceptable to the Company, and consistent with the terms of this Agreement, whereby Executive releases the Company from any and all liability and claims of any kind, and (ii) compliance with the restrictive covenants and all post-termination obligations contained in this Agreement. Further, in the event

of a termination, other than a termination based on gross negligence or willful misconduct, Executive shall have thirty (30 days) in which to exercise his vested options.

5. Ownership.

(a) All Work Product will be considered work made for hire by Executive and owned by Company. To the extent that any Work Product may not by operation of law be considered work made for hire or if ownership of all rights therein will not vest exclusively in Company, Executive assigns to Company, now or upon its creation without further consideration, the ownership of all such Work Product. Company has the right to obtain and hold in its own name copyrights, patents, registrations, and any other protection available in the Work Product. Executive agrees to perform any acts as may be reasonably requested by Company to transfer, perfect, and defend Company's ownership of the Work Product.

(b) To the extent any materials other than Work Product are contained in the materials Executive delivers to Company or its Customers, Executive grants to Company an irrevocable, nonexclusive, worldwide, royalty-free license to use and distribute (internally or externally) or authorize others to use and distribute copies of, and prepare derivative works based upon, such materials and derivative works thereof. Executive agrees that during his or her

employment, any money or other remuneration received by Executive for services rendered to a Customer belong to Company.

For purposes of this Agreement, Customers shall mean any current customer or prospective customer of Company.

6. Trade Secrets and Confidential Information.

(a) Company may disclose to Executive certain Proprietary Information. Executive agrees that the Proprietary Information is the exclusive property of Company (or a third party providing such information to Company) and Company (or such third party) owns all worldwide copyrights, trade secret rights, confidential information rights, and all other property rights therein.

(b) Company's disclosure of the Proprietary Information to Executive does not confer upon Executive any license, interest or rights in or to the Proprietary Information. Except in the performance of services for Company, Executive will hold in confidence and will not, without Company's prior written consent, use, reproduce, distribute, transmit, reverse engineer, decompile, disassemble, or transfer, directly or indirectly, in any form, or for any purpose, any Proprietary Information communicated or made available by Company to or received by Executive. Executive agrees to notify Company immediately if he discovers any unauthorized use or disclosure of the Proprietary Information.

(c) To further protect Proprietary Information, Executive agrees that if his or her employment with Company ends for any reason during the first three (3) years after the initial date of employment, then for a period of six (6) months after the end of Executive's employment he will not, without Company's prior written consent, perform any of the Duties that he performed on behalf of Company for the Executive's immediately prior employer if such prior employer competes with the Company Business.

(d) Executive's obligations under this Agreement with regard to (i) Trade Secrets shall remain in effect for as long as such information remains a trade secret under applicable law, and (ii) Confidential Information shall remain in effect during Executive's employment with Company and for three years thereafter. These obligations will not apply to the extent that Executive establishes that the information communicated (1) was already

known to Executive, without an obligation to keep it confidential at the time of its receipt from Company; (2) was received by Executive in good faith from a third party lawfully in possession thereof and having no obligation to keep such information confidential; or (3) was publicly known at the time of its receipt by Executive or has become publicly known other than by a breach of this Agreement or other action by Executive.

7. Non-Solicitation.

A. Customers. The relationships made or enhanced during Executive's employment with Company belong to Company. During Executive's employment and the two year period beginning immediately upon the termination of Executive's employment with

Company for any reason (the "Two Year Limitation Period"), Executive will not, without Company's prior written consent, contact, solicit or attempt to solicit, on his own or another's behalf, any Customer with whom Executive had contact in the two year prior to the end of Executive's employment with Company for any reason (the "Two Year Restrictive Period") with a view of offering, selling or licensing any program, product or service that is competitive with the Company Business.

B. Employees/Independent Contractors. During Executive's employment and the Two Year Limitation Period, Executive will not, without Company's prior written consent, call upon, solicit, recruit, or assist others in calling upon, soliciting or recruiting any person who is or was an employee of Company during the Two Year Restrictive Period for the purpose of having such person work in any other corporation, entity, or business that is competitive with the Company business.

8. Non-Competition. During the Two Year Limitation Period, Executive agrees that he will not, without Company's prior written consent, perform his or her Duties for any person or entity that competes directly with the Company Business if Company is still engaged in the Company Business during such Two Year Limitation Period. The parties agree and acknowledge that (i) the definitions of Duties and period of restriction reasonably and fairly limit this noncompete restriction and are reasonably required for Company's protection because Executive must perform his or her Duties on behalf of Customers; and (ii) by having access to information concerning employees and Company's Customers, Executive shall obtain a competitive advantage as to such parties.

9. Acknowledgments. The parties hereto agree that: (i) the restrictions contained in this Agreement are fair and reasonable in that they are reasonably required for the protection of Company; (ii) by having access to information concerning employees and customers of Company, Executive shall obtain a competitive advantage as to such parties; (iii) the covenants and agreements of Executive contained in this Agreement are reasonably necessary to protect the interests of Company in whose favor said covenants and agreements are imposed in light of the nature of Company's business and the involvement of Executive in such business; (iv) the restrictions imposed by this Agreement are not greater than are necessary for the protection of Company in light of the substantial harm that Company will suffer should Executive breach any of the provisions of said covenants or agreements and (v) the covenants and agreements of Executive contained in this Agreement form material consideration for this Agreement.

10. Remedy for Breach. Executive agrees that the remedies at law of Company for any actual or threatened breach by Executive of the covenants contained in Sections 5. through 8. of this Agreement would be inadequate and that Company shall be entitled to specific performance of the covenants in such paragraphs or injunctive relief against activities in violation of such paragraphs, or both, by temporary or permanent injunction or other appropriate judicial remedy, writ or order, in addition to any damages and legal expenses (including attorney's fees) which Company may be legally entitled to recover.

Executive acknowledges and agrees that the covenants contained in Sections 5. through 8. of this Agreement shall be construed as agreements independent of any other provision of this or any other agreement between the parties hereto, and that the existence of any claim or cause of action by Executive against Company, whether

predicated upon this or any other agreement, shall not constitute a defense to the enforcement by Company of said covenants.

11. No Prior Agreements. Executive hereby represents and warrants to Company that the execution of this Agreement by Executive and Executive's employment by Company and the performance of Executive's duties hereunder shall not violate or be a breach of any agreement with a former employer, client or any other person or entity.

12. Assignment; Binding Effect. Executive understands that Executive has been selected for employment by Company on the basis of Executive's personal qualifications, experience and skills. Executive agrees, therefore, that Executive cannot assign all or any portion of Executive's performance under this Agreement. Subject to the preceding two (2) sentences and the express provisions of Section 13. below, this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective heirs, legal representatives, successors and assigns. The rights and obligations of Company hereunder shall be available to a successor in interest of Company, including a successor established for the purpose of converting Company to a corporation.

13. Complete Agreement. This Agreement is not a promise of future employment. Executive has no oral representations, understandings or agreements with Company or any of its officers, directors or representatives covering the same subject matter as this Agreement. This Agreement hereby supersedes any other employment agreements or understandings, written or oral, between Company and Executive. This written Agreement is the final, complete and exclusive statement and expression of the agreement between Company and Executive and of all the terms of this Agreement, and it cannot be varied, contradicted or supplemented by evidence of any prior or contemporaneous oral or written agreements. This written Agreement may not be later modified except by a further writing signed by a duly authorized officer of Company and Executive, and no term of this Agreement may be waived except by writing signed by the party waiving the benefit of such term.

14. Notice. Whenever any notice is required hereunder, it shall be given in writing addressed as follows:

To Company:

Manhattan Associates, Inc
2300 Windy Ridge Pkwy
7th Floor
Atlanta, Georgia 30339
Attention: President

To Executive:

Jeffrey Mitchell
1557 Valley Reserve Court
Kennesaw, Georgia 30152

Notice shall be deemed given and effective three (3) days after the deposit in the U.S. mail of a writing addressed as above and sent first class mail, certified, return receipt requested, or when actually received. Either party may change the address for notice by notifying the other party of such change in accordance with this Section 14.

15. Severability; Headings. If any portion of this Agreement is held invalid or inoperative, the other portions of this Agreement shall be deemed valid and operative and, so far as is reasonable and possible, effect shall be given to the intent manifested by the portion held invalid or inoperative. The Section headings herein are for reference purposes only and are not intended in any way to describe, interpret, define or limit the extent or intent of the Agreement or of any part hereof.

16. Counterparts. This Agreement may be executed simultaneously in two (2) or more counterparts, each of which shall be deemed an original and all of which together shall constitute, but one and the same instrument.

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

COMPANY:

Manhattan Associates, Inc.

By:/s/ Alan Dabbiere

Name: Alan Dabbiere

Title: President

Date: 9/3/99

EXECUTIVE:

/s/ Jeffrey S. Mitchell

Jeffrey Mitchell

Date: 9/3/99

EXHIBIT B

STOCK OPTION SCHEDULE

Stock Option. Executive shall receive an option (the "Option") to purchase 160,000 shares of Company at an exercise price of $7.75 per share pursuant to the Manhattan Associates, Inc. Option Plan (the "Option Plan"). The Options shall vest as follows:

Number of Options	Vesting Date
40,000	December 31, 1999
40,000	December 31, 2000
40,000	December 31, 2001
40,000	December 31, 2002

In the event of a Change of Control of the Company and where Executive is terminated other than for gross negligence or willful misconduct, or where the Executive's duties and responsibilities are materially diminished and where a cure has not been effected by Company within sixty (60) days notice of such diminished responsibilities by Executive then all options whether vested or non-vested shall vest as of the date of the Change of Control or after the sixty (60) day notice period, whichever is later.

"Change of Control" shall mean the happening of an that shall be deemed to have occurred upon the earliest to occur of the following events: (i) the date the stockholders of the Company (or the Board, if stockholder action is not required) approve a plan or other arrangement pursuant to which the Company will be dissolved or liquidated; (ii) the date the stockholders of the Company (or

the Board, if stockholder action is not required) approve a definitive agreement to sell or otherwise dispose of all or substantially all of the assets of the Company; or (iii) the date the stockholders or the Company (or the Board, if stockholder action is not required) and the stockholders of the other constituent corporations (or their respective boards of directors, if and to the extent that stockholder action is not required) have approved a definitive agreement to merge or consolidate the Company with or in to another corporation, other than, in either case, a merger or consolidation of the Company in which holders of shares of the Company's voting capital stock immediately prior to the merger or consolidation will have at least fifty percent (50%) of the ownership of voting capital stock of the surviving corporation immediately after merger or consolidation (on a fully diluted basis), which voting capital stock is to be held by each such holder in the same or substantially similar proportion (on a fully diluted basis) as such holder's ownership of voting capital stock of the Company immediately before the merger or consolidation.

EXHIBIT 10.33

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (the "Agreement") by and between Manhattan Associates, Inc. ("Company"), and Ramesh Srinivasan ("Executive") is hereby entered into and effective as of the 1st day of January, 2004 (the "Effective Date").

WHEREAS, Company is engaged in the development, marketing, selling, implementation and installation of computer software solutions specifically designed for the management of warehouse and distribution centers and providing transportation management for consumer product manufacturers, retailers and retail and grocery suppliers and distributors (the "Company Business");

WHEREAS, Company desires to employ executive as Executive Vice President, WMS and Executive desires to accept said employment by Company; and

WHEREAS, Company and Executive have agreed upon the terms and conditions of Executive's employment with Company and the parties desire to express the terms and conditions in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, it is hereby agreed as follows:

A G R E E M E N T S :

1. Employment and Duties.

A. Company shall employ Executive as Executive Vice President, WMS in accordance with the terms and conditions set forth in this Agreement. Executive hereby accepts employment on the terms set forth herein. Executive shall report to either the President or Chief Executive Officer or other such Officer as may be designated by the President, Chief Executive Officer or the Board of Directors.

B. Executive agrees that he shall at all times faithfully and to the best of his ability and experience perform all of the duties that may be required of him pursuant to the terms of this Agreement. Executive shall devote his full business time to the performance of his obligations hereunder.

2. Compensation.

A. Base Salary. Effective January 1, 2004, Company shall pay to Executive a base salary ("Base Salary") of $20,833.33 per month ($250,000.00 annualized), subject to all standard employment deductions, which amount may be increased annually at the discretion of the Chief Executive Officer or Board of Directors.

B. Performance-Related Bonus. For Fiscal Years 2004 and 2005, Executive shall be eligible to receive a performance-related bonus of up to $350,000.00 per year and subject to all standard employment deductions. $ 200,000.00 of such bonus shall be based upon Executive's areas of responsibility such criteria to be provided after Consultation with Executive, but determined in the sole discretion of Company as determined from time to time by the Compensation Committee of the Board of Directors. Bonuses shall be paid at the same time as other Executives receive their bonus, In addition to the above, Executive shall receive a one-time bonus of $112,000.00 in 2004, which shall be paid in 2 equal installments of $56,000.00 on March 31, 2004 and June 30, 2004. Executive must be an employee in good standing by Company on the date of any bonus payment to receive such bonus, except the bonus earned for the year 2004 and 2005, for which the Executive must be employed in good standing on December 31, 2004 and December 31, 2005, respectively. These bonuses are in lieu of any other bonuses Executive may have been entitled to receive, including any bonus for 2003. Thereafter, the bonus shall be paid as determined by the Company.

C. Stock Option. The Executive has received the option (the "Option") to purchase 70,000 shares of Company, at a price of $27.39 vesting in 8 equal quarterly installments beginning on March 31, 2004 (on which date the first of the 8 quarterly installments will vest). In addition, Executive has received the Option to purchase an additional 30,000 shares of Company, at a price of $27.39 vesting on December 24, 2008, or such shares will vest earlier on or before December 31, 2005 on the date that the 10 day moving average share price at the daily close of trading of Company meets or exceeds $40.00 per share by December 31, 2005. All Options are granted pursuant to the Manhattan Associates, Inc. Option Plan (the "Option Plan"). The options will vest in accordance with the stock option certificate given for each grant.

D. Employee Benefits. Executive shall be entitled to participate in all employee benefit plans, which Company provides for its employees at the executive level.

E. Expenses. Executive shall be reimbursed for expenses reasonably incurred in the performance of his duties hereunder in accordance with the policies of Company then in effect.

F. Vacation. Executive shall accrue vacation days in accordance with the current Company plan applicable to the employees at the executive level.

3. Term. This Agreement is effective when signed by both parties. The parties agree that Executive's employment may be terminated at any time, for any reason or for no reason, for cause or not for cause, with or without notice, by Company or Executive. Upon any such termination, Executive shall return immediately to Company all documents and other property of Company, together with all copies thereof, including all Work Product and Proprietary Information, within Executive's possession or control.

For purposes of this Agreement, Work Product shall mean the data, materials, documentation, computer programs, inventions (whether or not patentable), and all works of authorship, including all worldwide rights therein under patent, copyright, trade secret, confidential information, or other property right, created or developed in whole or in part by Executive while performing services in furtherance of or related to the Company Business.

For purposes of this Agreement, Proprietary Information means all Trade Secrets and Confidential Information of Company.

For purposes of this Agreement, Confidential Information shall mean Company information in whatever form, other than Trade Secrets, that is of value to its owner and is treated as confidential.

For purposes of this Agreement, all Dollars shall be in U.S. Dollars.

4. Ownership.

(a) All Work Product will be considered work made for hire by Executive and owned by Company. To the extent that any Work Product may not by operation of law be considered work made for hire or if ownership of all rights therein will not vest exclusively in Company, Executive assigns to Company, now or upon its creation without further consideration, the ownership of all such Work Product. Company has the right to obtain and hold in its own name copyrights, patents, registrations, and any other protection available in the Work Product. Executive agrees to perform any acts as may be reasonably requested by Company to transfer, perfect, and defend Company's ownership of the Work Product.

(b) To the extent any materials other than Work Product are contained in the materials Executive delivers to Company or its Customers, Executive grants to Company an irrevocable, nonexclusive, worldwide, royalty-free license to use and distribute (internally or externally) or

authorize others to use and distribute copies of, and prepare derivative works based upon, such materials and derivative works thereof. Executive agrees that during his or her employment, any money or other remuneration received by Executive for services rendered to a Customer belong to Company.

For purposes of this Agreement, Customers shall mean any current customer or prospective customer of Company.

5. Trade Secrets and Confidential Information.

(a) Company may disclose to Executive certain Proprietary Information. Executive agrees that the Proprietary Information is the exclusive property of Company (or a third party providing such information to Company) and Company (or such third party) owns all worldwide copyrights, trade secret rights, confidential information rights, and all other property rights therein.

(b) Company's disclosure of the Proprietary Information to Executive does not confer upon Executive any license, interest or rights in or to the Proprietary Information. Except in the performance of services for Company, Executive will hold in confidence and will not, without Company's prior written consent, use, reproduce, distribute, transmit, reverse engineer, decompile, disassemble, or transfer, directly or indirectly, in any form, or for any purpose, any Proprietary Information communicated or made available by Company to or received by Executive. Executive agrees to notify Company immediately if he discovers any unauthorized use or disclosure of the Proprietary Information.

6. Non-Solicitation.

A. Customers. The relationships made or enhanced during Executive's employment with Company belong to Company. During Executive's employment and the one year period beginning immediately upon the termination of Executive's employment with Company for any reason (the "One Year Limitation Period"), Executive will not, without Company's prior written consent, contact, solicit or attempt to solicit, on his own or another's behalf, any Customer with whom Executive had contact in the one year prior to the end of Executive's employment with Company for any reason (the "One Year Restrictive Period") with a view of offering, selling or licensing any program, product or service that is competitive with the Company Business.

B. Employees/Independent Contractors. During Executive's employment and the One Year Limitation Period, Executive will not, without Company's prior written consent, call upon, solicit, recruit, or assist others in calling upon, soliciting or recruiting any person who is or was an employee of Company during the One Year Restrictive Period.

7. Acknowledgments. The parties hereto agree that: (i) the restrictions contained in this Agreement are fair and reasonable in that they are reasonably required for the protection of Company; (ii) by having access to information concerning employees and customers of Company, Executive shall obtain a competitive advantage as to such parties; (iii) the covenants and agreements of Executive contained in this Agreement are reasonably necessary to protect the interests of Company in whose favor said covenants and agreements are imposed in light of the nature of Company's business and the involvement of Executive in such business; (iv) the restrictions imposed by this Agreement are not greater than are necessary for the protection of Company in light of the substantial harm that Company will suffer should Executive breach any of the provisions of said covenants or agreements and (v) the covenants and agreements of Executive contained in this Agreement form material consideration for this Agreement.

8. Remedy for Breach. Executive agrees that the remedies at law of Company for any actual or threatened breach by Executive of the covenants contained in Sections 4 through 7 of this Agreement would be inadequate and that Company shall be entitled to specific performance of the covenants in such paragraphs or injunctive relief against activities in violation of such

paragraphs, or both, by temporary or permanent injunction or other appropriate judicial remedy, writ or order, in addition to any damages and legal expenses (including attorney's fees) which Company may be legally entitled to recover. Executive acknowledges and agrees that the covenants contained in Sections 4 through 7 of this Agreement shall be construed as agreements independent of any other provision of this or any other agreement between the parties hereto, and that the existence of any claim or cause of action by Executive against Company, whether predicated upon this or any other agreement, shall not constitute a defense to the enforcement by Company of said covenants.

9. No Prior Agreements. Executive hereby represents and warrants to Company that the execution of this Agreement by Executive and Executive's employment by Company and the performance of Executive's duties hereunder shall not violate or be a breach of any agreement with a former employer, client or any other person or entity.

10. Assignment; Binding Effect. Executive understands that Executive has been selected for employment by Company on the basis of Executive's personal qualifications, experience and skills. Executive agrees, therefore, that Executive cannot assign all or any portion of Executive's performance under this Agreement. Subject to the preceding two (2) sentences and the express provisions of Section 14 below, this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective heirs, legal representatives, successors and assigns. The rights and obligations of Company hereunder shall be available to any affiliate of Company or to a successor in interest of Company, including a successor established for the purpose of converting Company to a corporation.

11. Complete Agreement. This Agreement is not a promise of future employment. Executive has no oral representations, understandings or agreements with Company or any of its officers, directors or representatives covering the same subject matter as this Agreement. This Agreement hereby supersedes any other prior employment agreements or understandings, written or oral, between Company and Executive. This written Agreement may not be later modified, except by a further writing signed by a duly authorized officer of Company and Executive, and no term of this Agreement may be waived except by writing signed by the party waiving the benefit of such term.

12. This Agreement shall be governed under the laws of the United States.

13. Notice. Whenever any notice is required hereunder, it shall be given in writing addressed as follows:

To Company:	Manhattan Associates, Inc 2300 Windy Ridge Pkwy 7th Floor Atlanta, Georgia 30339 Attention: President
To Executive:	1509 Monarch Drive Marietta, GA 30062

Notice shall be deemed given and effective three (3) days after the deposit in the U.S. mail of a writing addressed as above and sent first class mail, certified, return receipt requested, or when actually received. Either party may change the address for notice by notifying the other party of such change in accordance with this Section 13.

14. Severability; Headings. If any portion of this Agreement is held invalid or inoperative, the other portions of this Agreement shall be deemed valid and operative and, so far as is reasonable and possible, effect shall be given to the intent manifested by the portion held invalid or inoperative. The Section headings herein are for reference purposes only and are not intended in any way to describe, interpret, define or limit the extent or intent of the Agreement or of any part hereof.

15. Counterparts. This Agreement may be executed simultaneously in two (2) or more counterparts, each of which shall be deemed an original and all of which together shall constitute, but one and the same instrument.

[SIGNATURES ON NEXT PAGE]

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

COMPANY:

Manhattan Associates, Inc

By:/s/ Richard M. Haddrill

Richard Haddrill
President & CEO
Date: 3/3/04

EXECUTIVE:

/s/ Ramesh Srinivasan

Ramesh Srinivasan

Date: March 5, 2004

EXHIBIT 10.34

SEVERANCE AND NON-COMPETITION AGREEMENT

This Separation and Non-Competition Agreement is made this 1st day of January 2004 by and between Manhattan Associates ("Company") and Ramesh Srinivasan ("Executive").

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, and in consideration of the mutual promises and covenants set forth in this Agreement, the parties agree as follows:

1. Employment. Company has agreed to employ Executive as Executive Vice President, WMS in accordance with the terms and conditions set forth in this Agreement and Executive has accepted such employment. This agreement governs the terms by which Executive shall receive certain payments in return for a promise not to compete with the business of the Company in the event of a termination.

2. Severance. In the event of a termination or Constructive Termination (as defined below) of employment by the Company or its successors, other than a termination for cause, Executive shall receive a severance payment equal to six (6) months of Executive's then current base salary, subject to all standard deductions, payable in six (6) equal monthly payments from date of termination, including COBRA payments for Executive and Executive's family for medical and dental coverage. Company's obligation to make the severance payment shall be conditioned upon Executive's (i) execution of a release agreement in a form reasonably acceptable to the Company, and consistent with the terms of this Agreement and any other Agreements, whereby Executive releases the Company from any and all liability and claims of any kind, and (ii) compliance with the restrictive covenants and all post-termination obligations contained in this Agreement. Further, in the event of a Constructive Termination, or a termination by Company other than a termination for cause.

3. Cause. For purposes of this Agreement, Cause shall include, but not be limited to an act or acts or an omission to act by the Executive involving (i) willful and continual failure to substantially perform his duties with the Company (other than a failure resulting from the Executive's Disability) and such failure continues after written notice to the Executive providing a reasonable description of the basis for the determination that the Executive has failed to perform his duties, (ii) indictment for a criminal offense other than misdemeanors not disclosable under the federal securities laws, (iii) breach of this Agreement in any material respect and such breach is not susceptible to remedy or cure or has not already materially damaged the Company, or is susceptible to remedy or cure and no such damage has occurred, is not cured or remedied reasonably promptly after written notice to the Executive providing a reasonable description of the breach, or (iv) conduct that the Board of Directors of the Company has determined, in good faith, to be dishonest, fraudulent, unlawful or grossly negligent or which is not in compliance with the Company's Code of Conduct or similar applicable set of standards or conduct and business practices set forth in writing and provided to the Executive prior to such conduct.

4. Constructive Termination. For purposes of this Agreement, Constructive Termination shall mean a situation where (A) (i) after a Change of Control the Executive is no longer serving as Executive Vice President reporting to the Chief Executive Officer or President, the Executive is not timely paid his compensation under this Agreement or the assignment to the Executive of any duties or responsibilities which are inconsistent with the status, title, position or responsibilities of such positions (which assignment is not rescinded after the Company receives written notice from the Executive providing a reasonable

description of such inconsistency); (ii) after a Change of Control the Company's headquarters being outside of the greater Atlanta area or the Company requiring the Executive to be based at any place outside a 30-mile radius from the principal location from which the Executive served as an employee of the Company immediately prior to the Change of Control; (iii) after a Change of Control the failure by the Company to provide the Executive with compensation and benefits substantially comparable, in the aggregate, to those provided for under the employee benefit plans, programs and practices in effect immediately prior to the Change of Control (other than stock option and other equity based compensation plans); (iv) after a change of Control the insolvency or the filing (by any party including the Company) of a petition for bankruptcy of the Company; or (v) after a Change of Control, the failure of the Company to obtain an agreement from any successor or assignee of the Company to assume and agree to perform this Agreement unless such successor or assignee is bound to the performance of this Agreement as a matter of law; provided however, that the aforementioned situations will not be deemed to be a Constructive Termination hereunder until such time as the Executive has given written notice to the Chief Executive Officer or President of the situation constituting a "Constructive Termination" hereunder, and the Chief Executive Officer or President has failed to cure such situation within thirty (30) days following receipt of such written notice, and (B) the Executive terminates his employment with the Company. Notwithstanding the foregoing, for fiscal years 2004 and 2005 only, Constructive Termination shall also mean a situation where (i) the Company's

headquarters are relocated outside a 50-mile radius from the current principal location; or (ii) the Executive is no longer serving as an Executive Vice President in any capacity.

5. Change of Control. In the event of a Change of Control of the Company, as defined below, all options, whether vested or non-vested shall vest as of the date of the Change of Control. "Change of Control" shall mean the happening of an event that shall be deemed to have occurred upon the earliest to occur of the following events: (i) the date the stockholders of the Company (or the Board, if stockholder action is not required) approve a plan or other arrangement pursuant to which the Company will be dissolved or liquidated; (ii) the date the stockholders of the Company (or the Board, if stockholder action is not required) approve a definitive agreement to sell or otherwise dispose of all or substantially all of the assets of the Company; or (iii) the date the stockholders of the Company (or the Board, if stockholder action is not required) and the stockholders of the other constituent corporations (or their respective boards of directors, if and to the extent that stockholder action is not required) have approved a definitive agreement to merge or consolidate the Company with or into another corporation, other than, in either case, a merger or consolidation of the Company in which holders of shares of the Company's voting capital stock immediately prior to the merger or consolidation will have at least fifty percent (50%) of the ownership of voting capital stock of the surviving corporation immediately after the merger or consolidation (on a fully diluted basis), which voting capital stock is to be held by each such holder in the same or substantially similar proportion (on a fully diluted basis) as such holder's ownership of voting capital stock of the Company immediately before the merger or consolidation. In the event that any executive other than the President, Chief Executive Officer and/or Senior Vice President and Chief Financial Officer are extended what Executive considers a more favorable Change of Control provision, the Company agrees to modify this Agreement with such provision.

6. Non-Competition. As a condition to any payment based on a termination, Executive agrees that he will not work for any of the Ten (10) direct competitors to Company listed in Schedule A for a period of Twelve (12) months from the date of termination without written consent of

Employer. Company may add, at their discretion, up to Four (4) additional competitors to Schedule A prior to June 30, 2005. Executive further agrees that he will not recruit or hire, another Executive or employee of Employer for a period of Twelve (12) months from the date of termination or cause or assist another Executive or employee of Employer to be hired by any competitor of Employer for a period of Twelve (12) months from the date of termination.

7. Effect of violations by Executive. Executive agrees and understands that any action by him in violation of this Agreement shall void Employer's payment to the Executive of all severance monies and benefits provided for herein and shall require immediate repayment by the Executive of the value of all consideration paid to Executive by Employer pursuant to this Agreement, and shall further require Executive to pay all reasonable costs and attorneys' fees in defending any action Executive brings, plus any other damages to which the Employer may be entitled.

8. Severability. If any provision, or portion thereof, of this Agreement is held invalid or unenforceable under applicable statute or rule of law, only that provision shall be deemed omitted from this Agreement, and only to the extent to which it is held invalid and the remainder of the Agreement shall remain in full force and effect.

9. This Agreement shall be governed under the laws of the United States.

I have read this Agreement, I understand its contents, and I willingly, voluntarily, and knowingly accept and agree to the terms and conditions of this Agreement. I acknowledge and represent that I received a copy of this Agreement on _________________, 2004.

EXECUTIVE:

/s/ Ramesh Srinivasan	March 5, 2004
Ramesh Srinivasan	Date

EMPLOYER:

/s/ Richard M. Haddrill	March 5, 2004
Richard M. Haddrill President and Chief Executive Officer	Date

EXHIBIT 10.35

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is effective as of date set forth below ("Effective Date"), by and between Manhattan Associates, Inc., a Georgia company ("Company"), and the undersigned employee ("Employee"), an individual. For and in consideration of Employee's employment and continued employment and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. DEFINITIONS. Defined terms used herein are defined in the recitals and at the end of this Agreement.

2. OWNERSHIP. (a) All Work Product will be considered work made for hire by Employee and owned by Company. To the extent that any Work Product may not by operation of law be considered work made for hire or if ownership of all rights therein will not vest exclusively in Company, Employee assigns to Company, now or upon its creation without further consideration, the ownership of all such Work Product. Company has the right to obtain and hold in its own name copyrights, patents, registrations, and any other protection available in the Work Product. Employee agrees to perform any acts as may be reasonably requested by Company to transfer, perfect, and defend Company's ownership of the Work Product.

(b) To the extent any materials other than Work Product are contained in the materials Employee delivers to Company or its Customers, Employee grants to Company an irrevocable, nonexclusive, worldwide, royalty-free license to use and distribute (internally or externally) or authorize others to use and distribute copies of, and prepare derivative works based upon, such materials and derivative works thereof. Employee agrees that during his or her employment, any money or other remuneration received by Employee for services rendered to a Customer belong to Company.

3. TRADE SECRETS AND CONFIDENTIAL INFORMATION. (a) Company may disclose to Employee certain Proprietary Information. Employee agrees that the Proprietary Information is the exclusive property of Company (or a third party providing such information to Company) and Company (or such third party) owns all worldwide copyrights, trade secret rights, confidential information rights, and all other property rights therein.

(b) Company's disclosure of the Proprietary Information to Employee does not confer upon Employee any license, interest or rights in or to the Proprietary Information. Except in the performance of services for Company, Employee will hold in confidence and will not, without Company's prior written consent, use, reproduce, distribute, transmit, reverse engineer, decompile, disassemble, or transfer, directly or indirectly, in any form, or for any purpose, any Proprietary Information communicated or made available by Company to or received by Employee. Employee agrees to notify Company immediately if he or she discovers any unauthorized use or disclosure of the Proprietary Information.

(c) To further protect Proprietary Information, Employee agrees that if his or her employment with Company ends for any reason during the first three years after the initial date of employment, then for a period six (6) months after the end of Employee's employment he or she will not, without Company's prior written consent, perform any of the Duties that he or she performed on behalf of Company for the Employee's immediately prior employer if such prior employer competes with the Company Business.

(d) Employee's obligations under this Agreement with regard to (i) Trade Secrets shall remain in effect for as long as such information remains a trade secret under applicable law, and (ii) Confidential Information shall remain in effect during Employee's employment with Company and for three years thereafter. These obligations will not apply to the extent that Employee establishes that the information communicated (1) was already known to Employee,

without an obligation to keep it confidential at the time of its receipt from Company; (2) was received by Employee in good faith from a third party lawfully in possession thereof and having no obligation to keep such information confidential; or (3) was publicly known at the time of its receipt by Employee or has become publicly known other than by a breach of this Agreement or other action by Employee.

4. CUSTOMER NON-SOLICITATION. The relationships made or enhanced during Employee's employment with Company belong to Company. During Employee's employment and the One Year Limitation Period, Employee will not, without Company's prior written consent, contact, solicit or attempt to solicit, on his or her own or another's behalf, any Customer with whom Employee had contact in the Two Year Restrictive Period with a view of offering, selling or licensing any program, product or service that is competitive with the Company Business.

5. EMPLOYEE NON-SOLICITATION. During Employee's employment and the One Year Limitation Period, Employee will not, without Company's prior written consent, call upon, solicit, recruit, or assist others in calling upon, soliciting or recruiting any person who is or was an employee of Company during the Two Year Restrictive Period.

6. NONCOMPETE. During the One Year Limitation Period, Employee agrees that he or she will not, without Company's prior written consent, perform his or her Duties for any person or entity in the Territory which competes with the Company Business if Company is still engaged in the Company Business during such One Year Limitation Period. The parties agree and acknowledge that (i) the definitions of Duties and Territory and period of restriction reasonably and fairly limit this noncompete restriction and are reasonably required for Company's protection because Employee must perform his or her Duties on behalf of Customers who are located throughout the Territory; and (ii) by having access to information concerning employees and Company's Customers, Employee shall obtain a competitive advantage as to such parties.

7. WARRANTIES OF EMPLOYEE. Employee warrants that he or she is not presently under any agreement that will prevent him or her from the performance of duties for Company, and is not in breach of any agreement with respect to any trade secrets or confidential information owned by any other party.

8. INJUNCTIONS. Employee agrees that certain breaches by Employee of this Agreement will result in irreparable harm to Company and that the remedies at law for such breaches may not adequately compensate Company for its damages. Employee agrees that in the event of any such breaches, Company shall be entitled to an injunction in addition to any other remedies at law.

9. UNENFORCEABILITY. Any holding that a provision of this Agreement is invalid or unenforceable by a court of competent jurisdiction shall not affect the enforceability of any other provisions. If for any reason the restrictions in Sections 3 through 6 are held to be invalid or unenforceable, then such restrictions shall be interpreted or modified to include as much of the duration and scope as will render such restrictions valid and enforceable.

10. TERM. This Agreement is effective when signed by both parties and will remain in effect for an indefinite period of time. The parties agree that Employee's employment may be terminated at any time, for any reason or for no reason, for cause or not for cause, with or without notice, by Company or Employee. Upon any such termination, Employee shall return immediately to Company all documents and other property of Company, together with all copies thereof, including all Work Product and Proprietary Information, within Employee's possession or control.

11. MISCELLANEOUS. This Agreement may not be modified except by a writing signed by both parties, except that it may be supplemented by rules and regulations described in Company employee handbook and other documents provided to Employee from time to time, and Employee agrees to follow such rules and regulations. Due to the personal nature of this Agreement, Employee may not assign his or her rights or obligations under this Agreement without the prior written consent of

Company. This Agreement will be governed by the laws of the State of New York without regard to its rules governing conflicts of law. This Agreement represents the entire understanding of the parties concerning its subject matter and supersedes and terminates all prior communications, agreements and understandings relating to the same. All communications concerning or required by this Agreement shall be in writing and shall be deemed given when delivered to the address listed below (as may be amended by notice), by hand, courier or express mail, or by registered or certified United States mail, return receipt requested, postage prepaid.

The parties have executed this Agreement effective as of the ____ day of ________, 20__ ("Effective Date").

COMPANY:

MANHATTAN ASSOCIATES, INC.

By: /s/ Ashley Bhatra

Title: EE Relations Manager

Date: 4/23/02

Address: 2300 Windy Ridge Parkway
Suite 700
Atlanta, Georgia 30339
Attention:______________

EMPLOYEE:

Eric Peters
(Print Name)
/s/ Eric Peters

Signature

Date:________________

SSN:_________________

Address: 20 Ridge Lane

Santa Cruz, CA 95060

DEFINITIONS

"Company Business" shall be the development, marketing, selling, implementation and installation of computer software solutions specifically designed for the management of warehouse and distribution centers for consumer product manufacturers, retailers and retail and grocery suppliers and distributors.

"Confidential Information" means Company information in whatever form, other than Trade Secrets, that is of value to its owner and is treated as confidential.

"Customer" means any current customer or prospective customer of Company.

"Duties" shall mean those duties of the Employee while he/she was employed with the Company. This includes [selling and marketing] [the development of] [performing consulting services for customers with respect to] [the marketing of] computer software solutions developed by the Company which are specifically designed for management of warehouse and distribution centers.

"One Year Limitation Period" shall mean the twelve month period beginning immediately upon the termination of Employee's employment with Company for any reason.

"Proprietary Information" means all Trade Secrets and Confidential Information of Company.

"Territory" shall mean the United State of America.

"Trade Secrets" means information of Company constituting a trade secret within the meaning of Section 10-1-761(4) of the Georgia Trade Secrets Act of 1990, including all amendments hereafter adopted.

"Two Year Restrictive Period" shall mean the two years prior to the end of

Employee's employment with Company for any reason.

"Work Product" shall mean the data, materials, documentation, computer programs, inventions (whether or not patentable), and all works of authorship, including all worldwide rights therein under patent, copyright, trade secret, confidential information, or other property right, created or developed in whole or in part by Employee while performing services in furtherance of or related to the Company Business.

EXHIBIT A

The "Duties" of the Employee shall be [to sell and market] [the development of] [performing consulting services for customers with respect to] [the marketing of] computer software solutions developed by the Company which are specifically designed for management of warehouse and distribution centers.

The "Territory" is the United States of America.

[Manhattan Associates, Inc. Letterhead]

March 11, 2002

Mr. Eric Peters
20 Ridge Lane
Santa Cruz, CA 95060

Dear Eric:

Manhattan Associates is pleased to present this offer of employment to you to join us in the position of Senior Vice President, Marketing, reporting to Richard Haddrill, President and CEO, beginning in mid April or as soon as professionally possible. This offer of employment is contingent upon the receipt of a satisfactory investigative report. If our offer is accepted, this letter will serve to confirm our understanding of the terms and conditions of your employment.

COMPENSATION

You will be compensated with a semi-monthly salary of $6,250.00, which is equivalent to an annual salary of $150,000.00, subject to all standard employment deductions.

PERFORMANCE BONUS

You will be eligible to earn an annual performance bonus of $100,000.00 of which $30,000.00 is guaranteed for the year 2000. The potential bonus will be based on milestones set up by Richard Haddrill.

RELOCATION

Manhattan Associates will pay for relocation expenses for you and your family, which includes moving of your household goods, 2 house hunting trips to Atlanta for you and your spouse, and 1 1/2% of the realtor commission fee up to $15,000.00. All expenses must be documented with receipts.

STOCK OPTIONS

This offer of employment includes a stock option grant of 100,000 shares of Manhattan Associates common stock, pursuant to the Manhattan Associates, Inc. stock option plan. This option grant and strike price is subject to the approval of the Company's Board of Directors. If approved the strike price will be set based on the date of your signed acceptance. The previous day's closing price will be the strike price. The options will vest in accordance to the terms set forth in the option agreement as follows:

- 1/5 of the options will vest on your first-year anniversary date
- 1/5 of the options will vest on your second-year anniversary date
- 1/5 of the options will vest on your third-year anniversary date
- 1/5 of the options will vest on your fourth-year anniversary date
- 1/5 of the options will vest on your fifth-year anniversary date

OFFICE LOCATION

Your office location will be in Atlanta, Georgia.

POLICIES AND BENEFITS

As an employee of Manhattan Associates, you will be provided with a copy of the Manhattan Associates Employee Manual, and insurance booklets which outline our personnel policies and benefits program.

Currently, these benefits include the following:

- Health insurance will be available as either Option 1 (PPO with only in network access), or Option 2 (PPO with in and out of network access), coverage becomes effective on your employment start date
- Company paid life and AD&D insurance (1 x salary); effective on your employment start date
- Comprehensive dental insurance; effective on your employment start date
- Company paid short- and long-term disability coverage; effective on the first of the month following 30 days of employment
- 401K Program with employer match; eligibility for employee contributions begin on the first day of employment; employer match begins with 2nd year of employment
- One vacation day per complete month worked during your first year of employment, as per our vacation policy, and one vacation day per complete month worked (up to 12) for the year thereafter; upon completion of your third year of employment 1.42 vacation days per complete month worked (up to 17)
- 9 paid holidays per year
- Educational assistance program; eligible after 6 months of employment
- Discounted health club membership
- Credit Union and Group Banking privileges through SunTrust Bank

AT-WILL EMPLOYMENT

If you choose to accept this offer, please understand your employment is "at-will," voluntarily entered into and is for no specific period. As a result, you are free to resign at any time, for any reason, or for no reason. Similarly, Manhattan Associates is free to continue its at-will employment relationship with you at any time, with or without cause.

CONFIDENTIALITY AND AUTHORIZATION TO WORK

As a condition of employment, you will be requested to sign an Employment Agreement. You should also note that you would be required to show proof of citizenship, permanent residency in the U.S., or authorization to work in the U.S. within three business days of your date of hire.

SEVERANCE

You will receive a severance payment equal to six (6) months of your then current base salary should you be terminated for a reason other than termination for cause and paid in either twelve (12) equal monthly installments or one lump sum at our discretion and subject to the execution of a severance agreement. No such payment will be due should you voluntarily resign.

NON-COMPETE

Upon termination with Manhattan Associates and for twelve (12) months you agree not to use or share any confidential, proprietary of trade secret information about any aspect of Manhattan Associates' business with any other party at any time in the future. You also agree that you will not work for any of the direct competitors of Manhattan Associates listed in Schedule A (attached) for a period of twelve (12) months from the date of your termination. Further, you agree that you will not recruit, hire, or cause to be hired, any of Manhattan Associates' employees for a period of twelve (12) months from the date of your termination.

ACCEPTANCE

To indicate your acceptance of this offer, please sign below, and return to me. This letter, along with the Manhattan Associates Employee Manuel which you will receive at the start of employment, set forth the terms of your employment with Manhattan Associates and supersede any prior representations and agreements, whether written or oral. This letter may only be modified by a written agreement signed by you and the Chief Financial Officer or me.

We hope you agree that you have a great contribution to make to the software industry by way of Manhattan Associates, and that you will find working here a rewarding experience. We look forward to the opportunity of working with you to create a successful company, and we are confident that your employment with Manhattan Associates will prove mutually beneficial.

/s/ James M. Cook
James M. Cook
Vice President, Human Resources

AGREED AND ACCEPTED BY:

/s/ Eric Peters   Date: 3/11/02

Eric Peters

EXHIBIT 10.36

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (the "Agreement") by and between Manhattan Associates, Inc, a Georgia limited liability company ("Company"), and Jeffry Baum ("Executive") is hereby entered into and effective as of the 30th day of October, 2000 (the "Effective Date").

WHEREAS, Company is engaged in the development, marketing, selling, implementation and installation of computer software solutions specifically designed for the management of warehouse and distribution centers for consumer product manufacturers, retailers and retail and grocery suppliers and distributors (the "Company Business");

WHEREAS, Company desires to employ executive as Senior Vice President, International Operations and Managing Director - Europe and Executive desires to accept said employment by Company; and

WHEREAS, Company and Executive have agreed upon the terms and conditions of Executive's employment with Company and the parties desire to express the terms and conditions in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, it is hereby agreed as follows:

A G R E E M E N T S :

1. Employment and Duties.

A. Company shall employ Executive as Senior Vice President, International Operations and Managing Director - Europe in accordance with the terms and conditions set forth in this Agreement. Executive hereby accepts employment on the terms set forth herein. Executive shall report to the President and Chief Executive Officer or such other executive as may be designed by the Chief Executive Officer or the Board of Directors.

B. Executive shall have responsibility for International Sales, planning, strategy, marketing and business development ("Duties") and as may otherwise be assigned to him from time to time.

C. Executive agrees that he shall at all times faithfully and to the best of his ability and experience perform all of the duties that may be required of him pursuant to the terms of this Agreement. Executive shall devote his full business time to the performance of his obligations hereunder.

D. Executive may consider his employment terminated if his Duties or responsibilities are altered without his consent so as to diminish his Duties or responsibilities as set forth above.

2. Compensation.

A. Base Salary. During his employment hereunder, Company shall pay to Executive a base salary ("Base Salary") of $12,500.00 per month ($150,000.00 annualized), subject to all standard employment deductions, which amount may be increased annually at the discretion of the Chief Executive Officer or Board of Directors.

B. Performance-Related Bonus. Executive shall be eligible to receive a performance-related bonus of up to $200,000.00 per year, based on the criteria attached, EXHIBIT A, and subject to all standard employment deductions. Further, Executive shall be eligible to receive a

performance-related bonus in accordance with the Amendment to Fiscal Year 2000 Bonus Plan; a copy of which is attached.

C. Stock Option. The Executive has received the option (the "Option") to purchase 240,000 shares of Company pursuant to the Manhattan Associates, Inc. Option Plan (the "Option Plan").

D. Employee Benefits. Executive shall be entitled to participate in all employee benefit plans which Company provides for its employees at the executive level.

E. Expenses. Executive shall be reimbursed for expenses reasonably incurred in the performance of his duties hereunder in accordance with the policies of Company then in effect.

F. Vacation. Executive shall accrue one vacation day for each complete calendar month worked and five additional vacation days shall be provided immediately.

3. Term. This Agreement is effective when signed by both parties. The parties agree that Executive's employment may be terminated at any time, for any reason or for no reason, for cause or not for cause, with or without notice, by Company or Executive. Upon any such termination, Executive shall return immediately to Company all documents and other property of Company, together with all copies thereof, including all Work Product and Proprietary Information, within Executive's possession or control.

For purposes of this Agreement, Work Product shall mean the data, materials, documentation, computer programs, inventions (whether or not patentable), and all works of authorship, including all worldwide rights therein under patent, copyright, trade secret, confidential information, or other property right, created or developed in whole or in part by Executive while performing services in furtherance of or related to the Company Business.

For purposes of this Agreement, Proprietary Information means all Trade Secrets and Confidential Information of Company.

For purposes of this Agreement, Confidential Information shall mean Company information in whatever form, other than Trade Secrets, that is of value to its owner and is treated as confidential.

4. Severance. In the event of a termination of employment other than a Termination based on gross negligence or willful misconduct, Executive shall receive a severance payment equal to twelve (12) months of Executive's then current base annual salary (determined as of the date of his termination) subject to all standard deductions, payable in

twelve (12) equal monthly installments, and you will receive COBRA payments for you and your family for medical and dental coverage. Company's obligation to make the severance payment shall be conditioned upon Executive's (i) execution of a release agreement in a form reasonably acceptable to the Company, and consistent with the terms of this Agreement, whereby Executive releases the Company from any and all liability and claims of any kind, and (ii) compliance with the restrictive covenants and all post-termination obligations contained in this Agreement. Further, in the event of a termination, other than a termination based on gross negligence or willful misconduct, Executive shall have thirty (30) in which to exercise his vested options.

5. Ownership.

(a) All Work Product will be considered work made for hire by Executive and owned by Company. To the extent that any Work Product may not by operation of law be considered work made for hire or if ownership of all rights therein will not vest exclusively in Company, Executive assigns to Company, now or upon its creation without further consideration, the ownership of all such Work Product. Company has the right to obtain and hold in its own

name copyrights, patents, registrations, and any other protection available in the Work Product. Executive agrees to perform any acts as may be reasonably requested by Company to transfer, perfect, and defend Company's ownership of the Work Product.

(b) To the extent any materials other than Work Product are contained in the materials Executive delivers to Company or its Customers, Executive grants to Company an irrevocable, nonexclusive, worldwide, royalty-free license to use and distribute (internally or externally) or authorize others to use and distribute copies of, and prepare derivative works based upon, such materials and derivative works thereof. Executive agrees that during his or her employment, any money or other remuneration received by Executive for services rendered to a Customer belong to Company.

For purposes of this Agreement, Customers shall mean any current customer or prospective customer of Company.

6. Trade Secrets and Confidential Information.

(a) Company may disclose to Executive certain Proprietary Information. Executive agrees that the Proprietary Information is the exclusive property of Company (or a third party providing such information to Company) and Company (or such third party) owns all worldwide copyrights, trade secret rights, confidential information rights, and all other property rights therein.

(b) Company's disclosure of the Proprietary Information to Executive does not confer upon Executive any license, interest or rights in or to the Proprietary Information. Except in the performance of services for Company, Executive will hold in confidence and will not, without Company's prior written consent, use, reproduce, distribute, transmit, reverse engineer, decompile, disassemble, or transfer, directly or indirectly, in any form, or for any purpose, any Proprietary Information communicated or made available by Company to or received by Executive. Executive agrees to notify Company immediately if he discovers any unauthorized use or disclosure of the Proprietary Information.

(c) To further protect Proprietary Information, Executive agrees that if his or her employment with Company ends for any reason during the first three (3) years after the initial date of employment, then for a period of six (6) months after the end of Executive's employment he will not, without Company's prior written consent, perform any of the Duties that he performed on behalf of Company for the Executive's immediately prior employer if such prior employer competes with the Company Business.

(d) Executive's obligations under this Agreement with regard to (i) Trade Secrets shall remain in effect for as long as such information remains a trade secret under applicable law, and (ii) Confidential Information shall remain in effect during Executive's employment with Company and for three years thereafter. These obligations will not apply to the extent that Executive establishes that the information communicated (1) was already known to Executive, without an obligation to keep it confidential at the time of its receipt from Company; (2) was received by Executive in good faith from a third party lawfully in possession thereof and having no obligation to keep such information confidential; or (3) was publicly known at the time of its receipt by Executive or has become publicly known other than by a breach of this Agreement or other action by Executive.

7. Non-Solicitation.

A. Customers. The relationships made or enhanced during Executive's employment with Company belong to Company. During Executive's employment and the one year period beginning immediately upon the termination of Executive's employment with Company for any reason (the "One Year Limitation Period"), Executive will not, without Company's prior written consent, contact, solicit or attempt to solicit, on his own or another's behalf, any Customer with whom Executive had contact in the one year prior to the end of Executive's

employment with Company for any reason (the "One Year Restrictive Period") with a view of offering, selling or licensing any program, product or service that is competitive with the Company Business.

B. Employees/Independent Contractors. During Executive's employment and the One Year Limitation Period, Executive will not, without Company's prior written consent, call upon, solicit, recruit, or assist others in calling upon, soliciting or recruiting any person who is or was an employee of Company during the One Year Restrictive Period.

8. Non-Competition. During the One Year Limitation Period, Executive agrees that he will not, without Company's prior written consent, perform his or her Duties for any person or entity that competes directly with the Company Business if Company is still engaged in the Company Business during such One Year Limitation Period. The parties agree and acknowledge that (i) the definitions of Duties and period of restriction reasonably and fairly limit this noncompete restriction and are reasonably required for Company's protection because Executive must perform his or her Duties on behalf of Customers; and (ii) by having access to information concerning employees and Company's Customers, Executive shall obtain a competitive advantage as to such parties.

9. Acknowledgments. The parties hereto agree that: (i) the restrictions contained in this Agreement are fair and reasonable in that they are reasonably required for the protection of Company; (ii) by having access to information concerning employees and customers of Company, Executive shall obtain a competitive advantage as to such parties; (iii) the covenants and agreements of Executive contained in this Agreement are reasonably necessary to protect the interests of Company in whose favor said covenants and agreements are imposed in light of

the nature of Company's business and the involvement of Executive in such business; (iv) the restrictions imposed by this Agreement are not greater than are necessary for the protection of Company in light of the substantial harm that Company will suffer should Executive breach any of the provisions of said covenants or agreements and (v) the covenants and agreements of Executive contained in this Agreement form material consideration for this Agreement.

10. Remedy for Breach. Executive agrees that the remedies at law of Company for any actual or threatened breach by Executive of the covenants contained in Sections 5. through 8. of this Agreement would be inadequate and that Company shall be entitled to specific performance of the covenants in such paragraphs or injunctive relief against activities in violation of such paragraphs, or both, by temporary or permanent injunction or other appropriate judicial remedy, writ or order, in addition to any damages and legal expenses (including attorney's fees) which Company may be legally entitled to recover. Executive acknowledges and agrees that the covenants contained in Sections 5. through 8. of this Agreement shall be construed as agreements independent of any other provision of this or any other agreement between the parties hereto, and that the existence of any claim or cause of action by Executive against Company, whether predicated upon this or any other agreement, shall not constitute a defense to the enforcement by Company of said covenants.

11. No Prior Agreements. Executive hereby represents and warrants to Company that the execution of this Agreement by Executive and Executive's employment by Company and the performance of Executive's duties hereunder shall not violate or be a breach of any agreement with a former employer, client or any other person or entity.

12. Assignment; Binding Effect. Executive understands that Executive has been selected for employment by Company on the basis of Executive's personal qualifications, experience and skills. Executive agrees, therefore, that Executive cannot assign all or any portion of Executive's performance under this Agreement. Subject to the preceding two (2) sentences and the express provisions of Section 13. below, this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective heirs, legal representatives, successors and assigns. The rights and

obligations of Company hereunder shall be available to a successor in interest of Company, including a successor established for the purpose of converting Company to a corporation.

13. Complete Agreement. This Agreement is not a promise of future employment. Executive has no oral representations, understandings or agreements with Company or any of its officers, directors or representatives covering the same subject matter as this Agreement. This Agreement hereby supersedes any other employment agreements or understandings, written or oral, between Company and Executive. This written Agreement is the final, complete and exclusive statement and expression of the agreement between Company and Executive and of all the terms of this Agreement, and it cannot be varied, contradicted or supplemented by evidence of any prior or contemporaneous oral or written agreements. This written Agreement may not be later modified except by a further writing signed by a duly authorized officer of Company and Executive, and no term of this Agreement may be waived except by writing signed by the party waiving the benefit of such term.

14. Notice. Whenever any notice is required hereunder, it shall be given in writing addressed as follows:

To Company:	Manhattan Associates, Inc 2300 Windy Ridge Pkwy 7(th) Floor Atlanta, Georgia 30339 Attention: President
To Executive:	Jeffry Baum 1005 Drewry Street Atlanta, Georgia 30306

Notice shall be deemed given and effective three (3) days after the deposit in the U.S. mail of a writing addressed as above and sent first class mail, certified, return receipt requested, or when actually received. Either party may change the address for notice by notifying the other party of such change in accordance with this Section 14.

15. Severability; Headings. If any portion of this Agreement is held invalid or inoperative, the other portions of this Agreement shall be deemed valid and operative and, so far as is reasonable and possible, effect shall be given to the intent manifested by the portion held invalid or inoperative. The Section headings herein are for reference purposes only and are not intended in any way to describe, interpret, define or limit the extent or intent of the Agreement or of any part hereof.

16. Counterparts. This Agreement may be executed simultaneously in two (2) or more counterparts, each of which shall be deemed an original and all of which together shall constitute, but one and the same instrument.

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

COMPANY:

Manhattan Associates, Inc.

By:/s/ Richard M. Haddrill

Name: Richard M. Haddrill

Title: CEO

Date: 10/30/00

EXECUTIVE:

/s/ Jeffry Baum

Jeffry Baum

Date: October 30, 2000

EXHIBIT 21.1

MANHATTAN ASSOCIATES, INC. AND ITS SUBSIDIARIES

Manhattan Associates Software, LLC
Manhattan Associates, Ltd.
Manhattan Associates Europe, B.V.
Manhattan Associates, Pty Ltd.
Manhattan Associates (India) Development Centre Private Limited

EXHIBIT 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements of Manhattan Associates, Inc. listed below of our report dated March 15, 2004, with respect to the consolidated financial statements and schedule of Manhattan Associates, Inc. and subsidiaries included in the Annual Report (Form 10-K) for the year ended December 31, 2003.

1. Registration Statement on Form S-8 pertaining to the Manhattan Associates, Inc. 1998 Stock Incentive Plan (File No. 333-68968);

2. Registration Statement on Form S-8 pertaining to the Manhattan Associates, Inc. 1998 Stock Incentive Plan (File No. 333-45802);

3. Registration Statement on Form S-8 pertaining to the Manhattan Associates, LLC Option Plan, Manhattan Associates, Inc. Stock Incentive Plan and Other Stock Options (File No. 333-60635);

4. Registration Statement on Form S-8 pertaining to the Manhattan Associates, Inc. Stock Incentive Plan (File No. 333-105913).

/s/ Ernst & Young LLP

Atlanta, Georgia
March 15, 2004

EXHIBIT 31.1

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

I, Richard M. Haddrill, Chief Executive Officer of Manhattan Associates, Inc. (the "registrant"), certify that:

1. I have reviewed this annual report on Form 10-K of the registrant;

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

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

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

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated this 15th day of March, 2004.

/s/ Richard M. Haddrill

Richard M. Haddrill, Chief Executive Officer

EXHIBIT 31.2

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

I, Edward K. Quibell, Chief Financial Officer of Manhattan Associates, Inc. (the “registrant”), certify that:

1. I have reviewed this annual report on Form 10-K of the registrant;

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

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

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

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

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

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Dated this 15th day of March, 2004.

/s/ Edward K. Quibell

Edward K. Quibell, Chief Financial Officer

EXHIBIT 32.1

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

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

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

The Annual Report on Form 10-K of the Company for the twelve month period ended December, 31 2003 (the "Report"), which accompanies this Certification, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and all information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated this 15th day of March, 2004.

/s/ Richard M. Haddrill

Richard M. Haddrill, Chief Executive Officer

/s/ Edward K. Quibell

Edward K. Quibell, Chief Financial Officer

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

EXHIBIT 99.1

SAFE HARBOR COMPLIANCE STATEMENT FOR FORWARD-LOOKING STATEMENTS

You should consider the following factors in evaluating our business or an investment in our common stock. If any of the following or other risks actually occurs, our business, financial condition and results of operations could be adversely affected. In such case, the trading price of our common stock could decline.

OUR OPERATING RESULTS ARE DIFFICULT TO PREDICT AND COULD CAUSE OUR STOCK PRICE TO FALL.

Our quarterly revenue and operating results are difficult to predict and may fluctuate significantly from quarter to quarter. If our quarterly revenue or operating results fall below the expectations of investors or public market analysts, the price of our common stock could fall substantially. Our quarterly revenue is difficult to forecast for several reasons, including the following:

- the varying sales cycle for our products and services from customer to customer;
- demand for our products;
- customers' budgeting and purchasing cycles;
- delays in our implementations at customer sites;
- timing of hiring new services employees and the rate at which these employees become productive;
- development and performance of our distribution channels; and
- timing of any acquisitions and related costs.

As a result of these and other factors, our license revenue is difficult to predict. Because our revenue from services is largely correlated to our license revenue, a decline in license revenue could also cause a decline in our services revenue in the same quarter or in subsequent quarters. In addition, an increase or decrease in hardware sales, which provide us with lower gross margins than sales of software licenses or services, may cause variations in our quarterly operating results.

Most of our expenses, including employee compensation and rent, are relatively fixed. In addition, our expense levels are based, in part, on our expectations regarding future revenue increases. As a result, any shortfall in revenue in relation to our expectations could cause significant changes in our operating results from quarter to quarter and could result in quarterly losses. As a result of these factors, we believe that period-to-period comparisons of our revenue levels and operating results are not necessarily meaningful. Although we have grown significantly during the past six years, we do not believe that our prior growth rates are sustainable or a good indicator of future operating results. You should not rely on our historical quarterly revenue and operating results to predict our future performance.

DELAYS IN IMPLEMENTATIONS OF OUR PRODUCTS COULD ADVERSELY IMPACT US.

Due to the size and complexity of most of our software implementations, our implementation cycle can be lengthy and may result in delays. These delays could cause customer dissatisfaction, which could harm our reputation. Additional delays could result if we fail to attract, train and retain services personnel, or if our alliance companies fail to commit sufficient resources towards implementing our software. These delays and resulting customer dissatisfaction could harm our reputation and cause our revenue to decline.

OUR ABILITY TO SUCCESSFULLY COMPETE WITH OTHER COMPANIES MAY FAIL.

We compete in markets that are intensely competitive and are expected to become more competitive as current competitors expand their product offerings and new competitors enter the market. Our current competitors come from many segments of the software industry and offer a variety of solutions directed at various aspects of the extended supply chain, as well as the enterprise as a whole. We face competition for product sales from:

- the corporate information technology departments of current or potential customers capable of internally developing solutions;

- supply chain execution vendors, including Catalyst International, Inc., RedPrairie Corporation, Optum, Inc., Provia Software, Inc., Highjump (3M) and SSA Global Technologies, Inc. among others;

- ERP or SCM application vendors with products or modules of their product suite offering varying degrees of supply chain execution ("SCE") functionality, such as Retek, Inc., Manugistics Group, Inc., i2 Technologies, Oracle Corp. and SAP AG; and

- smaller independent companies that have developed or are attempting to develop distribution center management software that competes with our SCE solutions.

We may face competition in the future from ERP and SCM applications vendors and business application software vendors that may broaden their product offerings by internally developing or by acquiring or partnering with independent developers of supply chain execution software. To the extent such ERP and SCM vendors develop or acquire systems with functionality comparable or superior to our products, their significant installed customer bases, long-standing customer relationships and ability to offer a broad solution could provide a significant competitive advantage over our products. 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. Both Oracle and SAP have entered the market for SCM applications. We believe that the domain expertise required to compete provides us with a competitive advantage and is a significant barrier to market entry. However, some of our competitors have significant resources at their disposal, and the degree to which we will compete with these new products in the marketplace is still undetermined.

Many of our 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 we do. In order to be successful in the future, we must continue to respond promptly and effectively to technological change and competitors' innovations. We cannot assure you that our current or potential competitors will not develop products comparable or superior in terms of price and performance features to those developed by us. In addition, we cannot assure you that we will not be required to make substantial additional investments in connection with our research, development, marketing, sales and customer service efforts in order to meet any competitive threat, or that we will be able to compete successfully in the future. Increased competition may result in reductions in market share, pressure for price reductions and related reductions in gross margins, any of which could materially and adversely affect our ability to achieve our financial and business goals. We cannot give assurance that in the future we will be able to successfully compete against current and future competitors.

OUR PERFORMANCE MAY BE NEGATIVELY IMPACTED BY MACRO-ECONOMIC OR OTHER

EXTERNAL INFLUENCES.

Beginning in the fourth quarter of 2000, a declining United States economy began to adversely impact the performances of many businesses particularly within the technology sector. We are a technology company selling technology-based solutions with total pricing, including software and services, in many cases, exceeding $1.0 million. Reductions in the capital budgets of our customers and prospective

customers could have an adverse impact on our ability to sell our solutions. During 2003, we continued to experience effects from a weak spending environment for information technology in both the United States and Europe, in the form of delayed and cancelled buying decisions by customers for our software, services and hardware, deferrals by customers of service engagements previously scheduled and pressure by our customers and competitors to discount our offerings. We believe that prolonged continuation of or further deterioration in the current business climates, and the continued delay in capital spending within the United States and/or other geographic regions in which we operate, principally the United Kingdom and continental Europe, could have a material adverse impact on our business and our ability to compete, and is likely to further intensify our intensely competitive markets.

OUR INTERNATIONAL OPERATIONS HAVE MANY ASSOCIATED RISKS.

We continue to expand our international operations, and these efforts require significant management attention and financial resources. We may not be able to successfully penetrate international markets or if we do, there can be no assurance that we will grow these markets at the same rate as in North America. Because of the complex nature of this expansion, it may adversely affect our business and operating results.

In 2002, we opened new offices in Germany, France, Australia, India and Japan. These openings constituted a substantial expansion of our international presence, which, prior to 2002, consisted principally of offices in the United Kingdom and the Netherlands. We have committed resources to the opening and integration of international sales offices and the expansion of international sales and support channels. Our efforts to develop and expand international sales and support channels may not be successful. International sales are subject to many risks, including the following:

- difficulties in staffing and managing foreign operations;
- difficulties in managing international systems integrators;
- difficulties and expenses associated with complying with a variety of foreign laws;
- difficulties in producing localized versions of our products;
- import and export restrictions and tariffs;
- difficulties in collecting accounts receivable;
- unexpected changes in regulatory requirements;
- currency fluctuations; and
- political and economic instability abroad.

Seasonal fluctuations may arise from the lower sales that typically occur during the summer months in Europe and other parts of the world. Additionally, our moves into other geographical markets may give rise to greater foreign currency exchange risk, in addition to further concentration of risk in

Europe.

OUR OPERATING RESULTS ARE SUBSTANTIALLY DEPENDENT ON ONE LINE OF BUSINESS.

We continue to derive a substantial portion of our revenues from sales of our software and related services and hardware. Any factor adversely affecting the markets for SCE solutions could have an adverse effect on our business, financial condition and results of operations. Accordingly, our future operating results will depend on the demand for our products and related services and hardware by our customers, including new and enhanced releases that we subsequently introduce. We cannot assure you that the

market will continue to demand our current products or that we will be successful in marketing any new or enhanced products. If our competitors release new products that are superior to our products in performance or price, demand for our products may decline. A decline in demand for our products as a result of competition, technological change or other factors would reduce our total revenues and harm our ability to maintain profitability.

OUR FAILURE TO MANAGE GROWTH OF OPERATIONS MAY ADVERSELY AFFECT US.

We plan to continue to increase the scope of our operations domestically and internationally. This growth may place a significant strain on our management systems and resources. If we are unable to manage our growth effectively, our business, financial condition and results of operations will be adversely affected. We may further expand domestically or internationally through internal growth or through acquisitions of related companies and technologies. For us to effectively manage our growth, we must continue to:

- maintain continuity in our executive officers;

- improve our operational, financial and management controls;

- improve our reporting systems and procedures;

- enhance management and information control systems;

- develop the management skills of our managers and supervisors; and

- train and motivate our employees.

OUR INABILITY TO ATTRACT, INTEGRATE AND RETAIN MANAGEMENT AND OTHER PERSONNEL MAY ADVERSELY AFFECT US.

Our success greatly depends on the continued service of our executives, as well as our other key senior management, technical and sales personnel. We have recently entered into an employment agreement with Peter F. Sinisgalli, which provides for Mr. Sinisgalli to serve as our Chief Operating Officer beginning in April 2004 and to serve as our Chief Executive Officer beginning in July 2004. Our success will depend on the ability of any new executive officers, including Mr. Sinisgalli, to integrate themselves into our daily operations, to gain the trust and confidence of our other employees and to work together as a team. The loss of any of our senior management or other key professional services, research and development, sales and marketing personnel, particularly if lost to competitors, could impair our ability to grow our business. We do not maintain key man life insurance on any of our executive officers. Our future success will depend in large part upon our ability to attract, retain and motivate highly skilled employees. We face significant competition for individuals with the skills required to perform the services we offer. We cannot assure you that we will be able to attract and retain sufficient numbers of these highly skilled employees or to motivate them. Because of the complexity of the SCE market, we may experience a significant time lag between the date on which technical and sales personnel are hired and the time at which these persons become fully productive.

FLUCTUATIONS IN OUR HARDWARE SALES MAY ADVERSELY AFFECT US.

A portion of our revenue in any period is comprised of the resale of a variety of third-party hardware products to purchasers of our software. Our customers may choose to purchase this hardware directly from manufacturers or distributors of these products. We view sales of hardware as non-strategic. We perform this service to our customers seeking a single source for their supply chain execution needs. Hardware sales are difficult to forecast and fluctuate from quarter to quarter, leading to unusual comparisons of total revenue and fluctuations in profits. Revenue from hardware sales as a percentage of total revenue decreased in 2001, 2002 and 2003, and may continue to decrease in the future. If we are not

able to increase our revenue from software licenses and services or maintain our hardware revenue, our profitability may be adversely affected.

OUR EMPLOYEE RETENTION AND HIRING MAY BE HINDERED BY IMMIGRATION RESTRICTIONS.

A number of our employees are Indian nationals employed pursuant to non-immigrant work-permitted visas issued by the United States Immigration and Naturalization Service, or INS. There have been many changes within the INS as a result of the events of September 11, 2001. We anticipate that there will be additional restrictions placed on non-immigrant work-permitted visas, and we do not know how such changes may affect us. In 2003, the INS reduced the number of new non-immigrant work-permitted visas that will be issued each year. In years in which this limit is reached, we may be unable to retain or hire additional foreign employees. If we are unable to retain or hire additional foreign employees, we may incur additional labor costs and expenses or not have sufficient qualified personnel to carry on our business, which could harm our ability to successfully continue and grow our business.

OUR BUSINESS AND OUR PROFITABILITY MAY BE ADVERSELY AFFECTED IF WE CANNOT INTEGRATE ACQUIRED COMPANIES.

We acquired Intrepa, L.L.C. in October 2000, Logistics.com, Inc. in December 2002, ReturnCentral, Inc. in June 2003, Streamsoft, L.L.C. in October 2003 and Avere, Inc. in January 2004. We may from time to time acquire companies with complementary products and services. These acquisitions will continue to expose us to increased risks and costs, including the following:

- difficulties in assimilating new operations and personnel;
- diverting financial and management resources from existing operations; and
- difficulties in integrating acquired technologies.

We may not be able to generate sufficient revenue from any of these acquisitions to offset the associated acquisition costs. We will also be required to maintain uniform standards of quality and service, controls, procedures and policies. Our failure to achieve any of these standards may hurt relationships with customers, employees and new management personnel. In addition, future acquisitions may result in additional issuances of stock that could be dilutive to our shareholders.

We may also evaluate joint venture relationships with complementary businesses. Any joint venture we enter into would involve many of the same risks posed by acquisitions, particularly the following:

- risks associated with the diversion of resources;
- the inability to generate sufficient revenue;

- the management of relationships with third parties; and

- potential additional expenses.

Many acquisition candidates have significant intangible assets, and an acquisition of these businesses would likely result in significant amounts of goodwill and other intangible assets. Under new accounting rules, goodwill and certain other intangible assets will no longer be amortized to income, but will be subject to at least annual impairment reviews. If the acquisitions do not perform as planned, future charges to income arising from such impairment reviews could be significant. Likewise, future quarterly and annual earnings could be significantly adversely affected. In addition, these acquisitions could involve acquisition-related charges, such as one-time acquired research and development charges. During the third

quarter of 2003, we recorded expenses of $885,000 relating to fees incurred in connection with two potential acquisitions that we decided not to consummate.

OUR GROWTH IS DEPENDENT UPON THE SUCCESSFUL DEVELOPMENT OF OUR DIRECT AND INDIRECT SALES CHANNELS.

We believe that our future growth also will depend on developing and maintaining successful strategic relationships with systems integrators and other technology companies. Our strategy is to continue to increase the proportion of customers served through these indirect channels. We are currently investing, and plan to continue to invest, significant resources to develop these indirect channels. This investment could adversely affect our operating results if these efforts do not generate license and service revenue necessary to offset this investment. Also, our inability to partner with other technology companies and qualified systems integrators could adversely affect our results of operations. Because lower unit prices are typically charged on sales made through indirect channels, increased indirect sales could reduce our average selling prices and result in lower gross margins. In addition, sales of our products through indirect channels will reduce our consulting service revenues, as the third-party systems integrators provide these services. As indirect sales increase, our direct contact with our customer base will decrease, and we may have more difficulty accurately forecasting sales, evaluating customer satisfaction and recognizing emerging customer requirements. In addition, these systems integrators and third-party software providers may develop, acquire or market products competitive with our products.

Our strategy of marketing our products directly to customers and indirectly through systems integrators and other technology companies may result in distribution channel conflicts. Our direct sales efforts may compete with those of our indirect channels and, to the extent different systems integrators target the same customers, systems integrators may also come into conflict with each other. Any channel conflicts that develop may have a material adverse effect on our relationships with systems integrators or harm our ability to attract new systems integrators.

OUR TECHNOLOGY MUST BE ADVANCED IF WE ARE TO REMAIN COMPETITIVE.

The market for our products is characterized by rapid technological change, frequent new product introductions and enhancements, changes in customer demands and evolving industry standards. Our existing products could be rendered obsolete if we fail to continue to advance our technology. We have also found that the technological life cycles of our products are difficult to estimate, partially because of changing demands of other participants in the supply chain. We believe that our future success will depend upon our ability to continue to enhance our current product line while we concurrently develop and introduce new products that keep pace with competitive and technological developments. These developments require us to continue to make substantial product development investments. Although we are presently developing a number of product

enhancements to our product sets, we cannot assure you that these enhancements will be completed on a timely basis or gain customer acceptance.

OUR LIABILITY TO CLIENTS MAY BE SUBSTANTIAL IF OUR SYSTEMS FAIL.

Our products are often critical to the operations of our customers' businesses and provide benefits that may be difficult to quantify. If our products fail to function as required, we may be subject to claims for substantial damages. Courts may not enforce provisions in our contracts that would limit our liability or otherwise protect us from liability for damages. Although we maintain general liability insurance coverage, including coverage for errors or omissions, this coverage may not continue to be available on reasonable terms or in sufficient amounts to cover claims against us. In addition, our insurer may disclaim coverage as to any future claim. If claims exceeding the available insurance coverage are successfully asserted against us, or our insurer imposes premium increases, large deductibles or co-insurance requirements on us, our business and results of operations could be adversely affected.

OUR SOFTWARE MAY CONTAIN UNDETECTED ERRORS OR "BUGS," RESULTING IN HARM TO OUR REPUTATION AND OPERATING RESULTS.

Software products as complex as those offered by us might contain undetected errors or failures when first introduced or when new versions are released. We cannot assure you, despite testing by us and by current and prospective customers, that errors will not be found in new products or product enhancements after commercial release. Any errors found may cause substantial harm to our reputation and result in additional unplanned expenses to remedy any defects as well as a loss in revenue.

OUR FAILURE TO ADEQUATELY PROTECT OUR PROPRIETARY RIGHTS MAY ADVERSELY AFFECT US.

Our success and ability to compete is dependent in part upon our proprietary technology. We cannot assure you that we will be able to protect our proprietary rights against unauthorized third-party copying or use. We rely on a combination of copyright, trademark and trade secret laws, as well as confidentiality agreements and licensing arrangements, to establish and protect our proprietary rights. Despite our efforts to protect our proprietary rights, existing copyright, trademark and trade secret laws afford only limited protection. In addition, the laws of certain foreign countries do not protect our rights to the same extent, as do the laws of the United States. Attempts may be made to copy or reverse engineer aspects of our products or to obtain and use information that we regard as proprietary. Any infringement of our proprietary rights could negatively impact our future operating results. Furthermore, policing the unauthorized use of our products is difficult, and litigation may be necessary in the future to enforce our intellectual property rights, to protect our trade secrets or to determine the validity and scope of the proprietary rights of others. Litigation could result in substantial costs and diversion of resources and could negatively impact our future operating results.

OUR LIABILITY FOR INTELLECTUAL PROPERTY CLAIMS CAN BE COSTLY AND RESULT IN THE LOSS OF SIGNIFICANT RIGHTS.

It is possible that third parties will claim that we have infringed their current or future products. We expect that SCE software developers like us will increasingly be subject to infringement claims as the number of products grows. Any claims, with or without merit, could be time-consuming, result in costly litigation, cause product shipment delays or require us to enter into royalty or licensing agreements, any of which could negatively impact our operating results. We cannot assure you that these royalty or licensing agreements, if required, would be available on terms acceptable to us, if at all. We cannot assure you that legal action claiming patent infringement will not be commenced against us, or that we would prevail in litigation given the

complex technical issues and inherent uncertainties in patent litigation. If a patent claim against us was successful and we could not obtain a license on acceptable terms or license a substitute technology or redesign to avoid infringement, we may be prevented from distributing our software or required to incur significant expense and delay in developing non-infringing software.

OUR BUSINESS MAY REQUIRE ADDITIONAL CAPITAL.

We may require additional capital to finance our growth or to fund acquisitions or investments in complementary businesses, technologies or product lines. Our capital requirements will depend on many factors, including:

- demand for our products;
- the timing of and extent to which we invest in new technology;
- the level and timing of revenue;
- the expenses of sales and marketing and new product development;
- the success and related expense of increasing our brand awareness;

- the extent to which competitors are successful in developing new products and increasing their market share; and
- the costs involved in maintaining and enforcing intellectual property rights.

To the extent that our resources are insufficient to fund our future activities, we may need to raise additional funds through public or private financing. However, additional funding, if needed, may not be available on terms attractive to us, or at all. Our inability to raise capital when needed could have a material adverse effect on our business, operating results and financial condition. If additional funds are raised through the issuance of equity securities, the percentage ownership of our company by our current shareholders would be diluted.

OUR STOCK PRICE HAS BEEN HIGHLY VOLATILE.

The trading price of our common stock has fluctuated significantly since our initial public offering in April 1998. In addition, the trading price of our common stock could be subject to wide fluctuations in response to various factors, including:

- quarterly variations in operating results;
- announcements of technological innovations or new products by us or our competitors;
- developments with respect to patents or proprietary rights; and
- changes in financial estimates by securities analysts.

In addition, the stock market has experienced volatility that has particularly affected the market prices of equity securities of many technology companies and that often has been unrelated or disproportionate to the operating performance of these companies. These broad market fluctuations may adversely affect the market price of our common stock.

OUR ARTICLES OF INCORPORATION AND BYLAWS AND GEORGIA LAW MAY INHIBIT A TAKEOVER OF OUR COMPANY.

Our basic corporate documents and Georgia law contain provisions that might enable our management to resist a takeover of our company. These provisions might discourage, delay or prevent a change in the control of our company or a change in our management. These provisions could also discourage proxy contests and make it more difficult for you and other shareholders to elect directors and take other corporate actions. The existence of these provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock.