

**Contact:**

Dennis Story  
Chief Financial Officer  
Manhattan Associates, Inc.  
678-597-7115  
dstory@manh.com

Terrie O'Hanlon  
Chief Marketing Officer  
Manhattan Associates, Inc.  
678-597-7120  
tohanlon@manh.com

**Manhattan Associates Reports Strong Second Quarter Earnings Per Share  
Company posts Q2 Total Revenue of \$77.6 Million, a 33% Increase over Q2 2009**

**ATLANTA – July 20, 2010** – Leading supply chain optimization provider Manhattan Associates, Inc. (NASDAQ: MANH) today reported second quarter 2010 non-GAAP adjusted diluted earnings per share of \$0.38 compared to \$0.14 in the second quarter of 2009, on license revenue of \$15.5 million and total revenue of \$77.6 million. GAAP diluted earnings per share was \$0.36 compared to a GAAP loss per share of \$0.02 in the prior year second quarter.

Manhattan Associates President and CEO Pete Sinisgalli commented, "We are pleased with our second quarter and first half 2010 financial results and our strengthening competitive position in the supply chain optimization market. Our continued investment in platform-based solution efficiencies and innovation is paying dividends both in terms of sales momentum and customer satisfaction."

**SECOND QUARTER 2010 FINANCIAL SUMMARY:**

- Adjusted diluted earnings per share, a non-GAAP measure, was \$0.38 in the second quarter of 2010, compared to \$0.14 in the second quarter of 2009.
- The Company reported GAAP diluted earnings per share of \$0.36, compared to a GAAP loss per share of \$0.02 in the second quarter of 2009.
- Consolidated revenue for the second quarter of 2010 was \$77.6 million, compared to \$58.4 million in the second quarter of 2009. License revenue was \$15.5 million in the second quarter of 2010, compared to \$4.1 million in the second quarter of 2009.
- Adjusted operating income, a non-GAAP measure, was \$12.8 million in the second quarter of 2010, compared to \$5.2 million in the second quarter of 2009.
- GAAP operating income for the second quarter of 2010 was \$12.0 million, compared to an operating loss of \$0.4 million in the second quarter of 2009. Operating income for the second quarter of 2010 includes \$0.8 million of recoveries of previously recorded state

sales tax associated with expiring sales tax audit statutes, while the operating loss for the second quarter of 2009 includes a pre-tax restructuring charge of \$3.8 million.

- Cash flow from operations was \$10.0 million in the second quarter of 2010, compared to \$10.8 million in the second quarter of 2009. Days Sales Outstanding were 55 days at June 30, 2010, compared to 53 days at March 31, 2010.
- Cash and investments on-hand at June 30, 2010 was \$120.2 million, compared to \$123.1 million at March 31, 2010.
- The Company repurchased approximately 869,000 common shares totaling \$25.0 million at an average share price of \$28.77 in the second quarter of 2010, completing its \$25.0 million stock repurchase program approved in April 2010. In July 2010, Manhattan's Board of Directors approved the repurchase of up to an additional \$25.0 million of Manhattan Associates outstanding common stock.

#### **SIX MONTH 2010 FINANCIAL SUMMARY:**

- Adjusted diluted earnings per share, a non-GAAP measure, was \$0.74 for the six months ended June 30, 2010, compared to \$0.22 for the six months ended June 30, 2009.
- GAAP diluted earnings per share for the six months ended June 30, 2010 was \$0.68, compared to a GAAP loss per share of \$0.01 for the six months ended June 30, 2009.
- Consolidated revenue for the six months ended June 30, 2010 was \$151.6 million, compared to \$119.2 million for the six months ended June 30, 2009. License revenue was \$29.7 million for the six months ended June 30, 2010, compared to \$9.0 million in the six months ended June 30, 2009.
- Adjusted operating income, a non-GAAP measure, was \$25.6 million for the six months ended June 30, 2010, compared to \$8.0 million for the six months ended June 30, 2009.
- GAAP operating income was \$23.5 million for the six months ended June 30, 2010, compared to \$0.2 million for the six months ended June 30, 2009, which included a restructuring charge of \$3.9 million. The first half of 2010 operating income includes \$1.2 million of recoveries of previously expensed sales tax associated with expiring sales tax audit statutes.

- For the six months ended June 30, 2010, the Company repurchased approximately 1.5 million common shares under the share repurchase program authorized by the Board of Directors at an average share price of \$27.33, for a total investment of \$40.0 million.

#### **SALES ACHIEVEMENTS:**

- Recognized two contracts of \$1.0 million or more in license revenue during the quarter.
- Completed software license wins with new customers such as Aluminium Specialities Group, Associated Hygienic Products LLC, Cotton on Group Services, Guangdong Xin Yang Logistics Equipment, Guangzhou Fengshen Logistics Co., HVHC, Inc., Osotspa Co., Pickwick SAS, Qingdao Haier Logistics Co., The C.D. Hartnett Company and The Chamberlain Group, Inc.
- Expanded partnerships with existing customers such as 3 Suisses International, A.N. Deringer, Inc., Avon Products, Inc., Benjamin Moore & Co., Challenger Motor Freight, Inc., Chanel (Australia) Pty Ltd, Converse, Inc., Devil-Dog Mfg. Co., Dick's Sporting Goods, Inc., EXE c&t Co., Exel, Inc., McKesson Corporation, MTD Products, Inc., Panalpina Management AG, Phillips-Van Heusen Corporation, Southern Wine & Spirits of America, Speed Transportation, The Harvard Drug Group LLC.

#### **CONFERENCE CALL**

The Company's conference call regarding its second quarter financial results will be held at 4:30 p.m. Eastern Time on Tuesday, July 20, 2010. Investors are invited to listen to a live webcast of the conference call through the investor relations section of Manhattan Associates' website at [www.manh.com](http://www.manh.com). To listen to the live webcast, please go to [www.manh.com](http://www.manh.com) at least 15 minutes before the call to download and install any necessary audio software. For those who cannot listen to the content live, a replay can be accessed shortly after the call by dialing +1.800.642.1687 in the U.S. and Canada, or +1.706.645.9291 outside the U.S., and entering the conference identification number 83562530, or via the Web at [www.manh.com](http://www.manh.com). The phone replay will be available for two weeks after the call, and the Internet replay will be available until Manhattan Associates' third quarter 2010 earnings release.

#### **GAAP VERSUS NON-GAAP PRESENTATION**

The Company provides adjusted operating income, adjusted net income and adjusted earnings per share in this press release as additional information regarding the Company's operating

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

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

#### **ABOUT MANHATTAN ASSOCIATES, INC.**

Manhattan Associates continues to deliver on its 20-year heritage of providing global supply chain excellence to more than 1,200 customers worldwide that consider supply chain optimization core to their strategic market leadership. The Company's supply chain innovations include: Manhattan SCOPE®, a portfolio of software solutions and technology that leverages a Supply Chain Process Platform to help organizations optimize their supply chains from planning through execution; Manhattan SCALE™, a portfolio of distribution management and transportation management solutions built on Microsoft .NET technology; and Manhattan Carrier™, a suite of supply chain solutions specifically addressing the needs of the motor carrier industry. For more information, please visit [www.manh.com](http://www.manh.com).

*This press release contains "forward-looking statements" relating to Manhattan Associates, Inc. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements. Forward-looking statements contained in this press release include, among other statements, any statements expressing general optimism about the Company's prospects for the balance of the fiscal year. Among the important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are: the global economic downturn; disruptions in credit markets; delays in product development;*

*competitive pressures; software errors; and additional risk factors set forth in Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2009. Manhattan Associates undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in future operating results.*

**###**

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

|                                    | <u>Three Months Ended June 30,</u> |                 | <u>Six Months Ended June 30,</u> |                 |
|------------------------------------|------------------------------------|-----------------|----------------------------------|-----------------|
|                                    | <u>2010</u>                        | <u>2009</u>     | <u>2010</u>                      | <u>2009</u>     |
|                                    | (unaudited)                        |                 | (unaudited)                      |                 |
| Revenue:                           |                                    |                 |                                  |                 |
| Software license                   | \$ 15,485                          | \$ 4,126        | \$ 29,692                        | \$ 9,048        |
| Services                           | 54,780                             | 49,422          | 108,241                          | 100,265         |
| Hardware and other                 | 7,376                              | 4,861           | 13,657                           | 9,921           |
| Total revenue                      | <u>77,641</u>                      | <u>58,409</u>   | <u>151,590</u>                   | <u>119,234</u>  |
| Costs and expenses:                |                                    |                 |                                  |                 |
| Cost of license                    | 1,611                              | 1,035           | 3,160                            | 2,459           |
| Cost of services                   | 24,906                             | 21,319          | 48,970                           | 44,476          |
| Cost of hardware and other         | 6,205                              | 4,177           | 11,274                           | 8,298           |
| Research and development           | 10,334                             | 9,188           | 20,774                           | 19,415          |
| Sales and marketing                | 12,073                             | 9,026           | 22,541                           | 19,105          |
| General and administrative         | 8,177                              | 7,251           | 16,638                           | 15,213          |
| Depreciation and amortization      | 2,318                              | 3,010           | 4,733                            | 6,175           |
| Restructuring charge               | -                                  | 3,829           | -                                | 3,892           |
| Total costs and expenses           | <u>65,624</u>                      | <u>58,835</u>   | <u>128,090</u>                   | <u>119,033</u>  |
| Operating income (loss)            | 12,017                             | (426)           | 23,500                           | 201             |
| Other income (expense), net        | 304                                | (404)           | (194)                            | (637)           |
| Income (loss) before income taxes  | 12,321                             | (830)           | 23,306                           | (436)           |
| Income tax provision (benefit)     | 4,132                              | (274)           | 7,922                            | (142)           |
| Net income (loss)                  | <u>\$ 8,189</u>                    | <u>\$ (556)</u> | <u>\$ 15,384</u>                 | <u>\$ (294)</u> |
| Basic earnings (loss) per share    | \$ 0.38                            | \$ (0.02)       | \$ 0.70                          | \$ (0.01)       |
| Diluted earnings (loss) per share  | \$ 0.36                            | \$ (0.02)       | \$ 0.68                          | \$ (0.01)       |
| Weighted average number of shares: |                                    |                 |                                  |                 |
| Basic                              | 21,718                             | 22,391          | 21,837                           | 22,687          |
| Diluted                            | 22,776                             | 22,391          | 22,655                           | 22,687          |

**MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES**  
**RECONCILIATION OF SELECTED GAAP TO NON-GAAP MEASURES**  
(in thousands, except per share amounts)

|   | <u>Three Months Ended June 30,</u> |                 | <u>Six Months Ended June 30,</u> |                 |
|---|------------------------------------|-----------------|----------------------------------|-----------------|
|   | <u>2010</u>                        | <u>2009</u>     | <u>2010</u>                      | <u>2009</u>     |
| Operating income (loss)                           | \$ 12,017                          | \$ (426)        | \$ 23,500                        | \$ 201          |
| Stock option expense <sup>(a)</sup>               | 901                                | 1,010           | 2,079                            | 2,410           |
| Purchase amortization <sup>(b)</sup>              | 639                                | 741             | 1,277                            | 1,482           |
| Restructuring charge <sup>(c)</sup>               | -                                  | 3,829           | -                                | 3,892           |
| Sales tax recoveries <sup>(d)</sup>               | (792)                              | -               | (1,212)                          | -               |
| Adjusted operating income (Non-GAAP)              | <u>\$ 12,765</u>                   | <u>\$ 5,154</u> | <u>\$ 25,644</u>                 | <u>\$ 7,985</u> |
| Income tax provision (benefit)                    | \$ 4,132                           | \$ (274)        | \$ 7,922                         | \$ (142)        |
| Stock option expense <sup>(a)</sup>               | 311                                | 314             | 717                              | 783             |
| Purchase amortization <sup>(b)</sup>              | 221                                | 234             | 441                              | 482             |
| Restructuring charge <sup>(c)</sup>               | -                                  | 1,244           | -                                | 1,265           |
| Sales tax recoveries <sup>(d)</sup>               | (273)                              | -               | (418)                            | -               |
| Unusual tax adjustments <sup>(e)</sup>            | 118                                | -               | 118                              | -               |
| Adjusted income tax provision (Non-GAAP)          | <u>\$ 4,509</u>                    | <u>\$ 1,518</u> | <u>\$ 8,780</u>                  | <u>\$ 2,388</u> |
| Net income (loss)                                 | \$ 8,189                           | \$ (556)        | \$ 15,384                        | \$ (294)        |
| Stock option expense <sup>(a)</sup>               | 590                                | 696             | 1,362                            | 1,627           |
| Purchase amortization <sup>(b)</sup>              | 418                                | 507             | 836                              | 1,000           |
| Restructuring charge <sup>(c)</sup>               | -                                  | 2,585           | -                                | 2,627           |
| Sales tax recoveries <sup>(d)</sup>               | (519)                              | -               | (794)                            | -               |
| Unusual tax adjustments <sup>(e)</sup>            | (118)                              | -               | (118)                            | -               |
| Adjusted net income (Non-GAAP)                    | <u>\$ 8,560</u>                    | <u>\$ 3,232</u> | <u>\$ 16,670</u>                 | <u>\$ 4,960</u> |
| Diluted earnings (loss) per share                 | \$ 0.36                            | \$ (0.02)       | \$ 0.68                          | \$ (0.01)       |
| Stock option expense <sup>(a)</sup>               | 0.03                               | 0.03            | 0.06                             | 0.07            |
| Purchase amortization <sup>(b)</sup>              | 0.02                               | 0.02            | 0.04                             | 0.04            |
| Restructuring charge <sup>(c)</sup>               | -                                  | 0.12            | -                                | 0.12            |
| Sales tax recoveries <sup>(d)</sup>               | (0.02)                             | -               | (0.04)                           | -               |
| Unusual tax adjustments <sup>(e)</sup>            | (0.01)                             | -               | (0.01)                           | -               |
| Adjusted diluted EPS (Non-GAAP)                   | <u>\$ 0.38</u>                     | <u>\$ 0.14</u>  | <u>\$ 0.74</u>                   | <u>\$ 0.22</u>  |
| Fully diluted shares                              | 22,776                             | 22,391          | 22,655                           | 22,687          |
| Effect of common stock equivalents <sup>(f)</sup> | -                                  | 53              | -                                | 44              |
| Adjusted fully diluted shares (Non-GAAP)          | <u>22,776</u>                      | <u>22,444</u>   | <u>22,655</u>                    | <u>22,731</u>   |

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

|                            | <u>Three Months Ended June 30,</u> |                 | <u>Six Months Ended June 30,</u> |                 |
|----------------------------|------------------------------------|-----------------|----------------------------------|-----------------|
|                            | <u>2010</u>                        | <u>2009</u>     | <u>2010</u>                      | <u>2009</u>     |
| Cost of services           | \$ 129                             | \$ 188          | \$ 268                           | \$ 321          |
| Research and development   | 156                                | 258             | 322                              | 471             |
| Sales and marketing        | 296                                | (42)            | 616                              | 405             |
| General and administrative | 320                                | 606             | 873                              | 1,213           |
| Total stock option expense | <u>\$ 901</u>                      | <u>\$ 1,010</u> | <u>\$ 2,079</u>                  | <u>\$ 2,410</u> |

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

(c) During the quarter ended June 30, 2009, we committed to and initiated plans to reduce our workforce by approximately 140 positions to realign our capacity based on the revised revenue outlook for 2009. As a result of this initiative, we recorded a restructuring charge of approximately \$3.8 million in the second quarter of 2009. The restructuring charge primarily consisted of employee severance and outplacement services. We also recorded additional employee severance expense of \$63,000 in the first quarter of 2009 related to the restructuring action taken in the fourth quarter of 2008. We do not believe that the restructuring charge is a common cost that resulted from normal operating activities. Consequently, we have excluded this charge from adjusted non-GAAP results.

- (d) Adjustment represents recoveries of previously recorded state sales tax resulting primarily from the expiration of the sales tax audit statutes in certain states. Because we have recognized the full potential amount of the sales tax expense in prior periods, any recovery of that expense resulting from the expiration of the statutes or the collection of tax from our customers would overstate the current period net income derived from our core operations as the recovery is not a result of any event occurring within our control during the current period. Thus, we have excluded these recoveries from adjusted non-GAAP results.
- (e) The adjustment represents tax benefit from the disqualifying dispositions of incentive stock options that were previously expensed. As discussed above, we excluded stock option expense from adjusted non-GAAP results because it is determined in significant part by the trading price of our common stock and the volatility thereof, over which we have no direct control. Therefore, we also excluded the related tax benefit generated upon their disposition.
- (f) All common stock equivalents were anti-dilutive for GAAP for the three and six months ended June 30, 2009 because we recorded a net loss. Adjustment represents common equivalent shares for these periods using the treasury stock method to properly present diluted shares for our adjusted net income.



**MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands, except share and per share data)

|  | <u>June 30, 2010</u><br>(unaudited) | <u>December 31, 2009</u> |
|--|-------------------------------------|--------------------------|
| <b>ASSETS</b>  |                                     |                          |
| Current Assets:  |                                     |                          |
| Cash and cash equivalents  | \$ 117,663                          | \$ 120,217               |
| Accounts receivable, net of allowance of \$6,379 and \$4,943 in 2010 and 2009, respectively  | 46,747                              | 37,945                   |
| Deferred income taxes  | 5,793                               | 5,745                    |
| Income taxes receivable  | 1,038                               | -                        |
| Prepaid expenses and other current assets  | 5,573                               | 4,847                    |
| Total current assets   | <u>176,814</u>                      | <u>168,754</u>           |
| Property and equipment, net  | 14,951                              | 15,759                   |
| Long-term investments  | 2,532                               | 2,797                    |
| Goodwill, net  | 62,251                              | 62,280                   |
| Acquisition-related intangible assets, net   | 2,196                               | 3,473                    |
| Deferred income taxes  | 9,831                               | 9,826                    |
| Other assets   | 2,165                               | 1,822                    |
| Total assets   | <u>\$ 270,740</u>                   | <u>\$ 264,711</u>        |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |                                     |                          |
| Current liabilities:   |                                     |                          |
| Accounts payable   | \$ 7,747                            | \$ 4,434                 |
| Accrued compensation and benefits  | 17,552                              | 12,855                   |
| Accrued and other liabilities  | 15,094                              | 15,430                   |
| Deferred revenue   | 38,632                              | 37,436                   |
| Income taxes payable   | -                                   | 796                      |
| Total current liabilities  | <u>79,025</u>                       | <u>70,951</u>            |
| Other non-current liabilities  | 10,422                              | 10,395                   |
| Shareholders' equity:  |                                     |                          |
| Preferred stock, no par value; 20,000,000 shares authorized, no shares issued or outstanding in 2010 or 2009   | -                                   | -                        |
| Common stock, \$.01 par value; 100,000,000 shares authorized; 22,167,568 and 22,467,123 shares issued and outstanding at June 30, 2010 and December 31, 2009, respectively | 222                                 | 225                      |
| Additional paid-in capital   | -                                   | 2,892                    |
| Retained earnings  | 183,412                             | 182,387                  |
| Accumulated other comprehensive loss   | (2,341)                             | (2,139)                  |
| Total shareholders' equity   | <u>181,293</u>                      | <u>183,365</u>           |
| Total liabilities and shareholders' equity   | <u>\$ 270,740</u>                   | <u>\$ 264,711</u>        |

**MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in thousands)

|  | Six Months Ended  |                  |
|--|-------------------|------------------|
|  | 2010              | 2009             |
|  | (unaudited)       |                  |
| <b>Operating activities:</b>   |                   |                  |
| Net income (loss)  | \$ 15,384         | \$ (294)         |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: |                   |                  |
| Depreciation and amortization  | 4,733             | 6,175            |
| Stock compensation   | 5,087             | 4,018            |
| Loss on disposal of equipment  | (6)               | 12               |
| Tax benefit (deficiency) of stock awards exercised/vested                                | 1,237             | (1,088)          |
| Excess tax benefits from stock based compensation  | (342)             | (9)              |
| Deferred income taxes  | (25)              | 386              |
| Unrealized foreign currency loss   | 24                | 723              |
| Changes in operating assets and liabilities:   |                   |                  |
| Accounts receivable, net   | (9,299)           | 25,082           |
| Other assets   | (1,122)           | 2,342            |
| Accounts payable, accrued and other liabilities  | 8,285             | (9,872)          |
| Income taxes   | (1,837)           | (2,944)          |
| Deferred revenue   | 1,743             | (986)            |
| Net cash provided by operating activities  | <u>23,862</u>     | <u>23,545</u>    |
| <b>Investing activities:</b>   |                   |                  |
| Purchase of property and equipment   | (2,706)           | (1,360)          |
| Net maturities of investments  | 98                | 80               |
| Net cash used in investing activities  | <u>(2,608)</u>    | <u>(1,280)</u>   |
| <b>Financing activities:</b>   |                   |                  |
| Purchase of common stock   | (41,022)          | (20,540)         |
| Proceeds from issuance of common stock from options exercised                            | 17,445            | 544              |
| Excess tax benefits from stock based compensation  | 342               | 9                |
| Net cash used in financing activities  | <u>(23,235)</u>   | <u>(19,987)</u>  |
| Foreign currency impact on cash  | <u>(573)</u>      | <u>(49)</u>      |
| Net change in cash and cash equivalents  | (2,554)           | 2,229            |
| Cash and cash equivalents at beginning of period   | 120,217           | 85,739           |
| Cash and cash equivalents at end of period   | <u>\$ 117,663</u> | <u>\$ 87,968</u> |

MANHATTAN ASSOCIATES, INC.  
SUPPLEMENTAL INFORMATION

1. GAAP and Adjusted Earnings per share by quarter are as follows:

|                             | 2009    |           |         |         |           | 2010    |         |         |
|-----------------------------|---------|-----------|---------|---------|-----------|---------|---------|---------|
|                             | 1st Qtr | 2nd Qtr   | 3rd Qtr | 4th Qtr | Full Year | 1st Qtr | 2nd Qtr | YTD     |
| GAAP Diluted EPS            | \$ 0.01 | \$ (0.02) | \$ 0.50 | \$ 0.26 | \$ 0.73   | \$ 0.32 | \$ 0.36 | \$ 0.68 |
| <b>Adjustments to GAAP:</b> |         |           |         |         |           |         |         |         |
| Stock option expense        | 0.04    | 0.03      | 0.04    | 0.04    | 0.15      | 0.03    | 0.03    | 0.06    |
| Purchase amortization       | 0.02    | 0.02      | 0.02    | 0.02    | 0.09      | 0.02    | 0.02    | 0.04    |
| Restructuring charge        | -       | 0.12      | -       | -       | 0.11      | -       | -       | -       |
| Sales tax recoveries        | -       | -         | -       | -       | -         | (0.01)  | (0.02)  | (0.04)  |
| Unusual tax adjustments     | -       | -         | (0.12)  | -       | (0.12)    | -       | (0.01)  | (0.01)  |
| Adjusted Diluted EPS        | \$ 0.07 | \$ 0.14   | \$ 0.43 | \$ 0.31 | \$ 0.96   | \$ 0.36 | \$ 0.38 | \$ 0.74 |

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

|                 | 2009      |           |           |           |            | 2010      |           |            |
|-----------------|-----------|-----------|-----------|-----------|------------|-----------|-----------|------------|
|                 | 1st Qtr   | 2nd Qtr   | 3rd Qtr   | 4th Qtr   | Full Year  | 1st Qtr   | 2nd Qtr   | YTD        |
| <b>Revenue:</b> |           |           |           |           |            |           |           |            |
| Americas        | \$ 50,827 | \$ 47,372 | \$ 55,626 | \$ 52,733 | \$ 206,558 | \$ 61,889 | \$ 64,875 | \$ 126,764 |
| EMEA            | 7,030     | 7,818     | 6,527     | 6,650     | 28,025     | 7,989     | 8,587     | 16,576     |
| APAC            | 2,968     | 3,219     | 3,141     | 2,756     | 12,084     | 4,071     | 4,179     | 8,250      |
|                 | \$ 60,825 | \$ 58,409 | \$ 65,294 | \$ 62,139 | \$ 246,667 | \$ 73,949 | \$ 77,641 | \$ 151,590 |

**GAAP Operating Income (Loss):**

|          |        |          |           |           |           |           |           |           |
|----------|--------|----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Americas | \$ 260 | \$ (407) | \$ 10,736 | \$ 10,859 | \$ 21,448 | \$ 10,333 | \$ 9,836  | \$ 20,169 |
| EMEA     | 738    | 1,124    | 20        | (789)     | 1,093     | 418       | 1,530     | 1,948     |
| APAC     | (371)  | (1,143)  | 299       | (184)     | (1,399)   | 732       | 651       | 1,383     |
|          | \$ 627 | \$ (426) | \$ 11,055 | \$ 9,886  | \$ 21,142 | \$ 11,483 | \$ 12,017 | \$ 23,500 |

**Adjustments (pre-tax):**

**Americas:**

|                       |          |          |          |          |           |          |        |          |
|-----------------------|----------|----------|----------|----------|-----------|----------|--------|----------|
| Stock option expense  | \$ 1,400 | \$ 1,010 | \$ 1,369 | \$ 1,374 | \$ 5,153  | \$ 1,178 | \$ 901 | \$ 2,079 |
| Purchase amortization | 741      | 741      | 741      | 741      | 2,964     | 638      | 639    | 1,277    |
| Restructuring charge  | 59       | 2,960    | -        | -        | 3,019     | -        | -      | -        |
| Sales tax recoveries  | -        | -        | -        | -        | -         | (420)    | (792)  | (1,212)  |
|                       | \$ 2,200 | \$ 4,711 | \$ 2,110 | \$ 2,115 | \$ 11,136 | \$ 1,396 | \$ 748 | \$ 2,144 |

**EMEA:**

|                      |      |       |      |      |       |      |      |      |
|----------------------|------|-------|------|------|-------|------|------|------|
| Restructuring charge | \$ - | \$ 20 | \$ - | \$ - | \$ 20 | \$ - | \$ - | \$ - |
|                      | \$ - | \$ 20 | \$ - | \$ - | \$ 20 | \$ - | \$ - | \$ - |

**APAC:**

|                      |      |        |      |         |        |      |      |      |
|----------------------|------|--------|------|---------|--------|------|------|------|
| Restructuring charge | \$ 4 | \$ 849 | \$ - | \$ (10) | \$ 843 | \$ - | \$ - | \$ - |
|                      | \$ 4 | \$ 849 | \$ - | \$ (10) | \$ 843 | \$ - | \$ - | \$ - |

**Total Adjustments**

|  |          |          |          |          |           |          |        |          |
|--|----------|----------|----------|----------|-----------|----------|--------|----------|
|  | \$ 2,204 | \$ 5,580 | \$ 2,110 | \$ 2,105 | \$ 11,999 | \$ 1,396 | \$ 748 | \$ 2,144 |
|--|----------|----------|----------|----------|-----------|----------|--------|----------|

**Adjusted non-GAAP Operating Income (Loss):**

|          |          |          |           |           |           |           |           |           |
|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Americas | \$ 2,460 | \$ 4,304 | \$ 12,846 | \$ 12,974 | \$ 32,584 | \$ 11,729 | \$ 10,584 | \$ 22,313 |
| EMEA     | 738      | 1,144    | 20        | (789)     | 1,113     | 418       | 1,530     | 1,948     |
| APAC     | (367)    | (294)    | 299       | (194)     | (556)     | 732       | 651       | 1,383     |
|          | \$ 2,831 | \$ 5,154 | \$ 13,165 | \$ 11,991 | \$ 33,141 | \$ 12,879 | \$ 12,765 | \$ 25,644 |

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

|  | 2009      |           |           |           |            | 2010      |           |            |
|--|-----------|-----------|-----------|-----------|------------|-----------|-----------|------------|
|  | 1st Qtr   | 2nd Qtr   | 3rd Qtr   | 4th Qtr   | Full Year  | 1st Qtr   | 2nd Qtr   | YTD        |
| Professional services                      | \$ 32,345 | \$ 30,767 | \$ 27,158 | \$ 22,500 | \$ 112,770 | \$ 33,960 | \$ 34,349 | \$ 68,309  |
| Customer support and software enhancements | 18,498    | 18,655    | 19,759    | 20,168    | 77,080     | 19,501    | 20,431    | 39,932     |
| Total services revenue                     | \$ 50,843 | \$ 49,422 | \$ 46,917 | \$ 42,668 | \$ 189,850 | \$ 53,461 | \$ 54,780 | \$ 108,241 |

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

|                                  | 2009     |          |          |          |           | 2010     |          |           |
|----------------------------------|----------|----------|----------|----------|-----------|----------|----------|-----------|
|                                  | 1st Qtr  | 2nd Qtr  | 3rd Qtr  | 4th Qtr  | Full Year | 1st Qtr  | 2nd Qtr  | YTD       |
| Hardware revenue                 | \$ 3,080 | \$ 2,992 | \$ 5,086 | \$ 3,474 | \$ 14,632 | \$ 4,518 | \$ 5,053 | \$ 9,571  |
| Billed travel                    | 1,980    | 1,869    | 1,931    | 1,719    | 7,499     | 1,763    | 2,323    | 4,086     |
| Total hardware and other revenue | \$ 5,060 | \$ 4,861 | \$ 7,017 | \$ 5,193 | \$ 22,131 | \$ 6,281 | \$ 7,376 | \$ 13,657 |

**MANHATTAN ASSOCIATES, INC.**  
**SUPPLEMENTAL INFORMATION**

**5. Impact of Currency Fluctuation**

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

|   | 2009          |              |               |                 |               | 2010            |                 |                 |
|---|---------------|--------------|---------------|-----------------|---------------|-----------------|-----------------|-----------------|
|   | 1st Qtr       | 2nd Qtr      | 3rd Qtr       | 4th Qtr         | Full Year     | 1st Qtr         | 2nd Qtr         | YTD             |
| Revenue   | \$ (2,387)    | \$ (1,996)   | \$ (764)      | \$ 876          | \$ (4,271)    | \$ 1,053        | \$ (72)         | \$ 981          |
| Costs and expenses                              | (3,307)       | (2,560)      | (1,286)       | 1,205           | (5,948)       | 1,346           | 235             | 1,581           |
| Operating income                                | 920           | 564          | 522           | (329)           | 1,677         | (293)           | (307)           | (600)           |
| Foreign currency gains (losses) in other income | (366)         | (506)        | 294           | (427)           | (1,005)       | (415)           | 187             | (228)           |
|   | <u>\$ 554</u> | <u>\$ 58</u> | <u>\$ 816</u> | <u>\$ (756)</u> | <u>\$ 672</u> | <u>\$ (708)</u> | <u>\$ (120)</u> | <u>\$ (828)</u> |

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

|   | 2009            |               |               |                 |                 | 2010            |                |                 |
|---|-----------------|---------------|---------------|-----------------|-----------------|-----------------|----------------|-----------------|
|   | 1st Qtr         | 2nd Qtr       | 3rd Qtr       | 4th Qtr         | Full Year       | 1st Qtr         | 2nd Qtr        | YTD             |
| Operating income                                | \$ 1,129        | \$ 800        | \$ 458        | (249)           | \$ 2,138        | \$ (395)        | \$ (340)       | \$ (735)        |
| Foreign currency gains (losses) in other income | 336             | (367)         | 2             | (276)           | (305)           | (289)           | 245            | (44)            |
| Total impact of changes in the Indian Rupee     | <u>\$ 1,465</u> | <u>\$ 433</u> | <u>\$ 460</u> | <u>\$ (525)</u> | <u>\$ 1,833</u> | <u>\$ (684)</u> | <u>\$ (95)</u> | <u>\$ (779)</u> |

**6. Other income (expense) includes the following components (in thousands):**

|                                      | 2009            |                 |               |                 |                 | 2010            |               |                 |
|--------------------------------------|-----------------|-----------------|---------------|-----------------|-----------------|-----------------|---------------|-----------------|
|                                      | 1st Qtr         | 2nd Qtr         | 3rd Qtr       | 4th Qtr         | Full Year       | 1st Qtr         | 2nd Qtr       | YTD             |
| Interest income                      | \$ 137          | \$ 95           | \$ 71         | \$ 65           | \$ 368          | \$ 80           | \$ 109        | \$ 189          |
| Foreign currency gains (losses)      | (366)           | (506)           | 294           | (427)           | (1,005)         | (415)           | 187           | (228)           |
| Other non-operating (expense) income | (4)             | 7               | (110)         | (12)            | (119)           | (163)           | 8             | (155)           |
| Total other income (expense)         | <u>\$ (233)</u> | <u>\$ (404)</u> | <u>\$ 255</u> | <u>\$ (374)</u> | <u>\$ (756)</u> | <u>\$ (498)</u> | <u>\$ 304</u> | <u>\$ (194)</u> |

**7. Capital expenditures are as follows (in thousands):**

|                      | 2009    |         |         |         |           | 2010     |          |          |
|----------------------|---------|---------|---------|---------|-----------|----------|----------|----------|
|                      | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | Full Year | 1st Qtr  | 2nd Qtr  | YTD      |
| Capital expenditures | \$ 873  | \$ 487  | \$ 366  | \$ 652  | \$ 2,378  | \$ 1,177 | \$ 1,529 | \$ 2,706 |

**8. Stock Repurchase Activity**

During 2010, under the share repurchase program authorized by the Board of Directors, we repurchased approximately 1.5 million shares of common stock totaling \$40.0 million at an average price of \$27.33. In 2009, we repurchased approximately 1.4 million shares of common stock totaling \$22.8 million at an average price of \$16.63.

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

|  | Three Months Ended June 30, 2010 |                      |                 |                |                    | Six Months Ended June 30, 2010 |                      |                  |                |                    |
|--|----------------------------------|----------------------|-----------------|----------------|--------------------|--------------------------------|----------------------|------------------|----------------|--------------------|
|  | Income before income taxes       | Income tax provision | Net income      | Diluted EPS    | Effective Tax Rate | Income before income taxes     | Income tax provision | Net income       | Diluted EPS    | Effective Tax Rate |
| GAAP results before tax adjustments    | \$ 12,321                        | \$ 4,250             | \$ 8,071        | \$ 0.35        | 34.5%              | \$ 23,306                      | \$ 8,040             | \$ 15,266        | \$ 0.67        | 34.5%              |
| Unusual tax adjustments <sup>(a)</sup> | -                                | (118)                | 118             | 0.01           |                    | -                              | (118)                | 118              | 0.01           |                    |
| GAAP results- reported                 | <u>\$ 12,321</u>                 | <u>\$ 4,132</u>      | <u>\$ 8,189</u> | <u>\$ 0.36</u> | <u>33.5%</u>       | <u>\$ 23,306</u>               | <u>\$ 7,922</u>      | <u>\$ 15,384</u> | <u>\$ 0.68</u> | <u>34.0%</u>       |

<sup>(a)</sup> The adjustment represents a tax benefit from disqualifying dispositions of incentive stock options that were previously expensed.