



everything outside the box.

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Most people are only interested in what's inside the box. And probably never gave much thought to what goes on outside—all the processes and people involved around the clock and across the globe to make sure that the box—and what's inside it—arrives at its intended destination safely and on time.

At Manhattan Associates, we're 100% focused on everything outside the box. For 15 years, our supply chain planning and execution solutions have helped companies of all sizes, in multiple industries and locations around the world move products from point A to point B. Whether that's from a manufacturing plant in Malaysia to a distribution center in Knoxville, or from a warehouse on the outskirts of Osaka to a jewelry store in London.

Our people understand the supply chain inside and out and create solutions that work for businesses. Solutions that help companies move products faster and more cost-effectively. And that help them deliver the highest quality products with the greatest care.

But our customers don't just value our solutions. They value what our solutions help them to do—beat a competitor to market with a new product, delight a customer or exceed their shareholders' expectations.

At Manhattan Associates, we're focused exclusively on the supply chain—everything outside the box.



Pete Sinisgalli
President and Chief Executive Officer

Shareholder Letter

For Manhattan Associates, 2005 was a year of important accomplishments. As you can see from the enclosed results, our 2005 financial performance was solid. While we are satisfied with our financial results, we are quite pleased with our strategic accomplishments for the year. We continued to gain market share and more firmly established our company as a global leader of supply chain management solutions. We believe we are well positioned to further extend our strong market position in the future and enhance shareholder value.

Supply Chain Management Market

The market we serve is attractive. Total global revenue paid to vendors for supply chain management solutions in 2005 is estimated at \$5.5 billion by AMR Research, with a projected growth rate of five to seven percent through 2009. With five percent global market share, Manhattan Associates ranks fourth among companies in this market, behind SAP and Oracle who each have 11 percent market share and i2 which has six percent share according to AMR. Almost 70 percent of the remaining market is currently served by more than 100 vendors that have more than \$1 million of revenue but less than four percent market share.¹ This highly fragmented market is consolidating and we believe our strong market position and broad, deep supply chain solutions strategy position us well to capture significant market share as the consolidation continues. We believe we can grow faster than the overall market by continuing to expand our market share.

Our goal is to become the global leader of supply chain management solutions for supply chain leaders. Other companies may offer products that meet straightforward supply chain needs, but for companies that wish to develop sustainable competitive advantage through superior supply chain management, Manhattan Associates will be the provider of choice. In many cases we already are. We are investing in important initiatives to ensure our success. These initiatives include expanding solutions within supply chain management, continuing to build business process and technology platform leadership, deepening our domain knowledge across all aspects of supply chain management and growing our global sales presence. In addition, we are dedicating resources to enhance our solutions' ability to integrate with enterprise resource planning solutions (ERPs) and other legacy systems. Thus we believe "we make ERPs better." The success of these initiatives will lead to a further increase in the return on investment our customers can achieve by deploying our solutions.

Solution Expansion

Manhattan Associates is well known as the global leader of warehouse management solutions (WMS). For 2005, ARC Advisory Group estimated our global market share of the WMS market at 15 percent and estimated the WMS market grew by about five percent.² Our growth rate for license revenue for WMS in 2005 was nearly 20 percent over 2004, so we clearly took market share in this category. We are pleased with our growth in WMS in 2005 and believe our success provides additional opportunities to cross sell our other solutions.

Over the past few years, we have added to our strength in WMS with organic research and development investments and strategic acquisitions to broaden our supply chain execution suite of products. We call our supply chain execution suite our Integrated Logistics Solutions™. Integrated Logistics Solutions includes our Warehouse Management, Transportation Management, Carrier Management, Distributed Order Management, Trading Partner Management, Labor Management, Slotting Optimization, Yard Management, Reverse Logistics and RFID Solutions.

In September of 2005 we expanded beyond the supply chain execution space into supply chain planning solutions with our acquisition of Evant. Evant provides us with market-leading Advanced Planning, Demand Forecasting and Replenishment solutions. We call our supply chain planning suite our Integrated Planning Solutions™. The combination of our integrated supply chain execution solutions and our integrated supply chain planning solutions give Manhattan Associates' customers one provider for all of the solutions they need to make their supply chain a strategic advantage.

In December we released the 2006 version of our Supply Chain Solutions—including the first joint release of our expanded footprint that includes both our Integrated Logistics Solutions™ and our Integrated Planning Solutions™.

Supply Chain Platform Leadership

In May of 2005 we formally announced our Logistics Event Management Architecture™(LEMA), a common business process platform for our solutions that enhances interoperability with other enterprise solutions and creates a platform for supply chain management. This platform leverages Service Oriented Architecture (SOA) and business process orchestration as part of a common application platform and data model for our demand-to-consumption supply chain solutions and enables Manhattan Associates customers to benefit from

enhanced integration, lower total cost of ownership and reduced upgrade time and cost. Currently seven of our solutions reside on this common platform and we have plans in place to move the remainder of our solutions to this platform in coming years.

Manhattan Associates has over 600 of our 1600 associates—more than one-third of our company—dedicated solely to research and development. We believe we have the people and resources to deliver on our solution and technology roadmaps. And with more than half of our R&D team in our Bangalore, India office, we are keeping overall research and development costs in line with best-in-class organizations. For 2005, our R&D costs were 14 percent of revenue.

Supply Chain Domain Knowledge

We believe we have the most talented staff of supply chain management experts in the industry. This staff, combined with our market-leading products, ensures our customers get substantial value from our solutions. Today we have more than 700 people on our global services team. We will continue to add experts in all aspects of supply chain management to drive value. For example, in 2005 we introduced Manhattan Associates' Performance Services. This new service brings experts to existing customers to analyze their supply chains and make recommendations on ways to drive further value from our solutions.

Global Sales Presence

Similar to our services organization, we believe our global sales team is the most talented in our industry. But with a significant increase in the depth and breadth of our solution offerings, additional talented people are needed to continue to drive our growth and capture market share. We will add staff selectively in geographies, vertical markets and solution areas where we see the greatest opportunities to gain market share.

Solution Integration/"We Make ERPs Better"

We are making important investments to ensure our solutions integrate effectively with Enterprise Resource Planning solutions and other legacy applications within an enterprise to improve our customers' total cost of ownership. We believe companies that use Manhattan Associates' Supply Chain Solutions to complement an ERP system will gain substantial value over those using the supply chain capability in an ERP. We believe, and many customers are telling us, that we make ERPs better.

2006 and Beyond

2005 was a good year for our company. We delivered solid financial results and made substantial progress toward building a great, valuable company. Looking ahead, global supply chain challenges will likely increase and those companies that master the challenges and turn them into opportunities will gain substantial competitive advantage. Moreover, the world of enterprise application solutions will continue to evolve. Technologies will improve, business models will adjust and industry consolidation will continue. We believe each of the opportunities, challenges and industry trends will benefit Manhattan Associates.

We're excited about 2006 and will look to build upon our success. We expect to continue to expand market share and grow revenue more rapidly than the overall market. We expect earnings per share to grow more rapidly than revenue in 2006. Over the next five years, we expect Manhattan Associates to become the recognized global leader of supply chain management solutions for supply chain leaders. And we believe this leadership position will drive substantial gains in value for our shareholders.


I'd like to thank our customers for their confidence in us, our business partners for their support and our employees for their dedication to our company. I am very proud of the exceptional team we have at Manhattan Associates and their tireless commitment to our success. We look forward to sharing this success with you.



Pete Sinisgalli

President and Chief Executive Officer

1. *The Supply Chain Management Applications Report, 2004-2009*; AMR Research
2. *Warehouse Management Systems Worldwide Outlook 2005*; ARC Advisory Group

A person is sitting in a patterned armchair, reading a magazine. The chair has a green and gold floral pattern. The person is wearing a dark top and a necklace. The background shows a window with blinds and dark curtains. The text "18:35 Baltimore, Maryland USA" is overlaid on the image.

18:35 Baltimore, Maryland USA

Michelle needs to find a gift for Kay—her long-time friend who just moved overseas. She wants to send the perfect thing but isn't sure what to get.



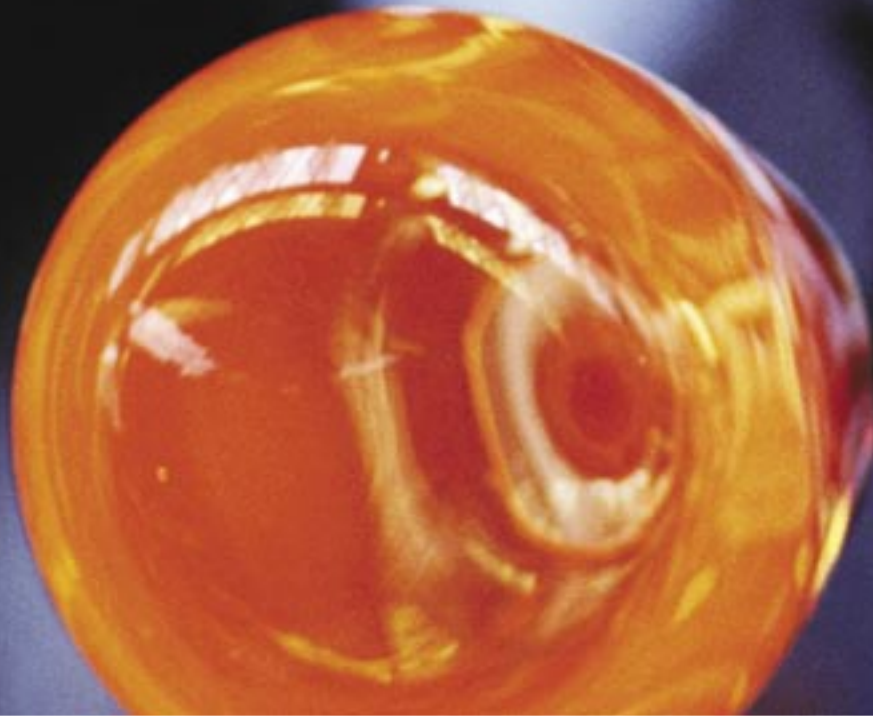
Right now your customer is thinking of buying a product.

You'll have it available—because your supply chain is already in motion.


It started a long time ago with a plan.

Plan without constraints. With Manhattan Associates' Advanced Planning solutions you can build top-down and bottom-up plans and assortments based on product, location and vendor information. Develop financial, item, catalog, Web, promotion and assortment plans to fit your specific needs. **Balance supply with demand.** What's in stock? Have these goods been committed? Are more shipments scheduled to arrive? With Manhattan Associates' Distributed Order Management solution, you have visibility into your entire supply chain. So you can manage the fulfillment cycle across multiple channels—improving order execution and getting your customers what they want, when they want it.

10:35 Venice, Italy



Mario has just designed a new series of glassware. He's working diligently to complete an order that has come in and plans to get it out to his buyer by the end of the week.



How can you know what merchandise will sell—when and how much?

And when you're dealing with trading partners around the world, how can you maintain control of information, products and shipments as they move through the supply chain?

One source for all demand forecasts. Manhattan Associates' Demand Forecasting solutions give you the flexibility to generate and manage large-scale forecasts based on past history or profiles. Seasonal shifts, product availability, multiple channels—with customer demand there are so many things to consider.

Get in sync with your trading partners. With Manhattan Associates' Trading Partner Management solution, you can connect with your business partners around the globe—to improve the flow of information and goods through the supply chain. This Web-based solution gives you and your trading partners the information you need, when you need it. So, you can increase fill rates, reduce safety stock, speed time to market and adjust production based on actual demand and market trends.

Balance Supply with Demand and Meet the Needs of Your Customers.

Manhattan Associates' **Integrated Planning Solutions™** enable you to anticipate demand before it happens so you can respond quickly to the constantly changing needs of your customers.

With the advanced capabilities provided through Integrated Planning Solutions, you can develop forecasts, build plans, outline product assortments, define promotions, allocate and replenish inventory and collaborate with suppliers. You'll know how much product to order and when you need it.

By making the right decisions in advance, you can increase efficiency throughout your supply chain. As a result, your company can reduce inventory, increase fill rates and improve customer service—while achieving your goals to lower costs and increase revenue.

Integrated Planning Solutions™

For the past 15 years, Manhattan Associates has focused on providing supply chain solutions that enable companies to manage and optimize their distribution and logistics operations efficiently and effectively. During this time, we have continually worked to expand our solution footprint through organic growth and strategic acquisitions—to offer solutions that meet the needs of our customers and exceed their expectations in terms of capabilities, reliability and value.

In 2005, Manhattan Associates acquired Evant—a leading provider of planning, forecasting and replenishment solutions. The combination of planning, optimization and execution solutions has positioned Manhattan Associates as the only company in the world to offer a complete footprint for supply chain management—from demand to consumption. This extension into supply chain planning and replenishment is a natural evolution for Manhattan Associates. For our customers, this expanded offering allows them to leverage a single solution provider for all of their supply chain needs.

Since the acquisition was completed, we have worked hard to integrate the Evant team and these solutions into our organization. We call our supply chain planning offering, **Integrated Planning Solutions**. These solutions—Advanced Planning, Demand Forecasting and Replenishment—enable companies to plan inventory, create forecasts and replenish inventory on an ongoing basis.

Business intelligence capabilities are provided through Manhattan Associates' Performance Management solution, which captures and converts data to provide companies the insight they need to improve performance.

Integrated Planning Solutions

Advanced Planning

- Financial and Item Planning
- Catalog Planning
- Web Planning
- Promotion Planning
- Assortment Planning

Demand Forecasting

- Demand Forecasting
- Promotion Forecasting

Replenishment

- Replenishment
- Vendor Managed Inventory



Alistair doesn't know Michelle. He doesn't know what she wants to buy or where she plans to buy it. All he knows is that this box has to be shipped today. His focus is on moving goods through the warehouse—fast.



07:15 Birmingham, England

If you're like most companies, your warehouse is in constant motion.

How can you make sure it's running efficiently and effectively?

By managing the flow of goods as they come in, go out—and at every point in between.

Getting goods out the door. Manhattan Associates' Warehouse Management solutions help you move goods efficiently through your distribution center. So you can optimize your facility layout, reduce bottlenecks and speed fulfillment. Outside the four walls, use Manhattan Associates' Yard Management solution to plan, execute, track and audit all incoming and outgoing loads for maximum throughput. **Increase productivity.** Manhattan Associates' Labor Management solution provides the tools you need to plan and manage resources. So you can reach the full potential of your workforce—without increasing headcount. **Track products throughout your supply chain.** With our RFID Solutions, you can meet trading partner requirements and increase supply chain visibility. Improved insight and track-and-trace capabilities will ensure you have accurate information on your products—at any point in the supply chain.



21:05 Newark, New Jersey USA

Michael has his load and is heading towards the airport. He doesn't know exactly what's in the boxes on his truck, or even where they originally came from—just that they have to be delivered by tomorrow morning.



Everyday, you're charged with making sure your products get into the hands of your customers quickly, accurately—and without issues or delays.

How can you plan and control shipments in a global supply chain?

Is it possible to keep costs down and still provide great service?

Transportation strategies that work. Rising fuel costs and capacity shortages make it challenging—and expensive—to run a successful transportation network. Manhattan Associates' Transportation Management solutions integrate procurement, planning and execution so you'll have everything you need to run an efficient network across all modes—air, ocean, rail and surface. **Manage your supply chain in reverse.** Your reverse supply chain is full of potential opportunities to provide better service, increase net asset recovery and reduce call center burden. Manhattan Associates' Reverse Logistics Management solution automates the return and disposition process so you can offer your customers the information—and the credit—they deserve.

Helping Companies Run a Better and Faster Supply Chain.

With Manhattan Associates' **Integrated Logistics Solutions**,™ companies can dramatically improve the flow of goods within a global, demand-driven supply chain. By using sophisticated optimization techniques, these solutions manage the logistics of getting products from their original source to your customers.

Your company can reduce costs, eliminate inefficiencies and increase revenue, while maximizing labor resources and improving relationships with your trading partners. By synchronizing your entire supply chain with Integrated Logistics Solutions, you can balance supply with demand and make sure your customers receive goods when and how they expect them.

Integrated Logistics Solutions™

Manhattan Associates has long been recognized as the market leader in supply chain execution solutions. As the first comprehensive, integrated approach to supply chain execution, Manhattan Associates' Integrated Logistics Solutions provide a complete set of solutions to improve the flow of goods through the supply chain. Integrated Logistics Solutions offer companies the option to leverage an integrated set of solutions for maximum impact or implement a single solution to target specific business needs.

The business process approach of Integrated Logistics Solutions offers tremendous value and has already gained wide market acceptance among companies of all sizes across multiple industries. We continue to listen to our customers, study the market and leverage emerging technologies to ensure we evolve our supply chain execution solutions based on real-world needs. So we can provide our customers with new capabilities and improved performance.

Like Integrated Planning Solutions™, **Integrated Logistics Solutions** are enabled by a common business process platform—Logistics Event Management Architecture™ (LEMA)—to ensure integration between solutions. Companies can leverage the business intelligence capabilities of our Performance Management solution to get the information they need to monitor and improve performance.

Our ultimate aim is to help our customers run their supply chains better than ever before. With Integrated Logistics Solutions, Manhattan Associates enables companies to optimize supply chain execution, increase return on investment and provide the best possible service to their customers.

Integrated Logistics Solutions

- Distributed Order Management
- Warehouse Management
- Slotting Optimization
- Labor Management
- Yard Management
- Transportation Management
- Carrier Management
- Trading Partner Management
- Reverse Logistics Management
- RFID Solutions



15:05 Baltimore, Maryland USA

Michelle and her husband Kevin set out to purchase a gift for Kay. They find exactly what they were looking for right there on the shelf. It's perfect.



Your customer just walked in and you have the right product in stock.

Another happy customer—all because you planned ahead and managed your inventory well.

Anticipate demand before it happens. Managing inventory well isn't easy. Yet it's critical to find the right balance between improving inventory turns and avoiding stock outs. **How can you know how much product to order?** With Manhattan Associates' Replenishment solution, you can predict inventory needs more accurately and adapt easily to changing demand patterns. Forecasting and replenishment of multi-tier and multi-channel distribution networks can all be managed in a central location—so you'll have visibility across your entire operation. **Keep inventory low and cut costs.** With Manhattan Associates' Vendor Managed Inventory solution, you benefit from a continuous replenishment program that gives your suppliers access to inventory data. So they'll know when and where to send goods—and how much is needed to meet demand.



13:45 Sydney, Australia

Michelle and Kevin were right—Kay loves it.



Delighting customers is your focus. Getting goods into the hands of customers is ours. From forecasting and planning to moving goods through the warehouse and across the globe, Manhattan Associates takes care of **everything outside the box**—so you can focus on what's inside.

Services that Complement Our Software.

To help companies get the most out of their Manhattan Associates solutions and improve their supply chains, we offer a complete suite of supply chain services. These offerings allow companies to overcome obstacles, efficiently manage day-to-day operations and pursue new opportunities to advance competitiveness and profitability. Our services team is made up of nearly 750 professionals that can assist with a variety of essential activities from implementation and training to solution and hardware support. Because we've done it for more than 1200 customers at more than 2500 sites around the globe, you know you're getting the best.

As your full-service supply chain partner—with solutions, services and strong industry partnerships—Manhattan Associates is dedicated to teaming with you to ensure our solutions work for your company and offer maximum value to help you achieve your business goals. Whether it's using our six-step implementation process to make getting your planning and execution solutions up and running, or conducting an on-site review of your processes to offer recommendations for improvement, our services team has the solution and industry knowledge to help you make your supply chain a strategic advantage.

Leadership

Leading the supply chain industry through innovation, financial strength and unmatched expertise.

Established in 1990, Manhattan Associates' focus is on providing solutions that make supply chains work better so companies can get goods into the hands of their customers. Since that time, we have grown to become one of the world's leading providers offering a full suite of supply chain planning and execution solutions. Our demand-to-consumption approach has helped more than 1200 customers in thousands of locations around the globe—companies of all sizes and across key industries—beat competitors, delight customers and exceed shareholders' expectations.

Manhattan Associates had 2005 revenues of \$246 million and is one of only three publicly-traded software companies to achieve 15 consecutive years of profitability. So our shareholders and customers can be assured they have a supply chain partner they can trust both now and in the future. And, with offices worldwide, our customers have access to the expertise they need to meet the demands of an increasingly global marketplace.

Spirit of innovation and partnership. Everything we do as a company—from the solutions we develop to the teams we build—is driven by our central objective to help companies overcome the supply chain challenges they face. Our financial strength allows us to continually invest in research and development—even through economic downturns. In fact, approximately one-third of Manhattan Associates' staff is focused solely on research and development and quality assurance. So our solutions are constantly evolving to meet your needs. And with a commitment to exceed customer expectations, our services team has earned the trust of companies big and small.

Manhattan Associates also places strong emphasis on teaming with experienced software and hardware providers, third-party integrators and consulting companies. These strategic partnerships—driven by the unique needs of our customers—enable us to offer our customers extensive knowledge and a host of resources.

The heart of our success. The people of Manhattan Associates are at the heart of what sets us apart in the marketplace—their expertise and commitment to service mean that customer satisfaction remains at the forefront. With a spirit of innovation and years of real-world experience, you can depend on our team to design solutions that target the core needs of your business.

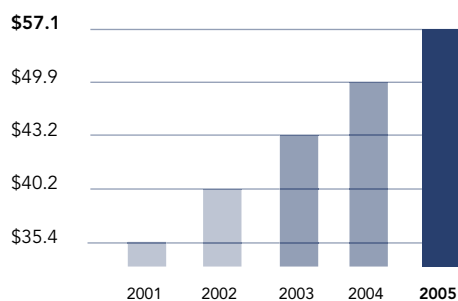
100% focused on supply chain management. Manhattan Associates is committed to helping you ensure your products get to your customers accurately and on time. We get to know your business objectives so we can provide the solutions you need to run a smooth, efficient supply chain. Regardless of your company size or industry, we provide solutions that deliver measurable value to help you compete and win in the marketplace—in the immediate future and for years to come.

Financial Snapshot

(IN THOUSANDS)

	2001	2002	2003	2004	2005
Statement of Income Data:					
Software and hosting fees	\$35,436	\$40,233	\$43,229	\$49,886	\$57,119
Total revenues	156,378	175,721	196,814	214,919	246,404
Net income	15,148	23,605	20,581	21,634	18,635
Adjusted net income	22,009 ⁽¹⁾	24,946 ⁽²⁾	23,464 ⁽³⁾	23,797 ⁽⁴⁾	25,711 ⁽⁵⁾
Balance Sheet Data:					
Cash, cash equivalent and investments	\$104,189	\$121,857	\$155,403	\$172,656	\$93,675
Total assets	182,179	221,864	266,608	290,239	273,398
Total shareholders' equity	137,127	179,618	224,158	239,017	205,398

Software and hosting fees millions



Total revenues millions



(1) In fiscal 2001, this amount excludes the \$4.3 million reserve against revenues for a bankrupt customer; the \$1.4 million sales tax adjustment; and \$5.2 million for the amortization of acquisition-related intangibles, all net of taxes.

(2) In fiscal 2002, this amount excludes charges to operations of \$1.5 million in connection with the write-off in process research and development; \$1.8 million for the amortization of acquisition-related intangibles; the \$1.2 million sales tax adjustment; and the \$2.3 million recovery relating to the bankrupt customer, all net of taxes.

(3) In fiscal 2003, this amount excludes charges to operations of \$0.9 million in connection with a restructuring charge; \$0.9 million for acquisition-related expenses; the \$0.8 million recovery related to the bankrupt customer; the \$30,000 sales tax adjustment; and \$3.4 million for the amortization of acquisition-related intangibles, all net of taxes.

(4) In fiscal 2004, this amount excludes the recapture of previously recorded sales tax expense of \$0.2 million; and \$3.6 million for the amortization of acquisition-related intangibles, all net of taxes.

(5) In fiscal 2005, this amount excludes charges to operations of \$6.3 million in connection with severance, acquisition and accounts receivable charges; the recapture of previously recorded sales tax expense of \$1.2 million; and \$4.5 million for the amortization of acquisition-related intangibles, all net of taxes.

Executive Management Team



Jeff Baum
Senior Vice President,
International



Eddie Capel
Senior Vice President,
Product Management and
Customer Relations



Jeff Cashman
Senior Vice President
of Business Development,
Alliances and Strategy



David Dabbieri
Senior Vice President
and Chief Legal Officer



Larry Ferrere
Vice President and
Chief Marketing Officer



Pervinder Johar
Senior Vice President and
Chief Technology Officer



Jeff Mitchell
Executive Vice President,
Americas



Pete Sinisgalli
President and Chief
Executive Officer



Dennis Story
Senior Vice President and
Chief Financial Officer



Diane Tuccito
Vice President of Global
Human Resources

Board of Directors



Brian Cassidy
Director



Paul Goodwin
Director



Richard Hadrill
Director



John Huntz
Chairman of the Board



Tom Noonan
Director



Deepak Raghaven
Director



Pete Sinisgalli
Director

Registrar and Transfer Agent

SunTrust Bank, Atlanta
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Suite 225 Annex
Atlanta, Georgia 30303

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

Auditors

Ernst & Young, LLP
Atlanta, Georgia

Legal Counsel

Morris, Manning and Martin
Atlanta, Georgia

Form 10-K

A copy of the 2005 10-K, filed with the
Securities and Exchange Commission,
may be obtained by shareholders online
at www.manh.com or without charge
by writing to the Manhattan Associates
Investor Relations department at the
Company headquarters.

Nasdaq Symbol

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





About Manhattan Associates, Inc.

Manhattan Associates is a leading supply chain solutions provider. The company's supply chain planning, supply chain execution, business intelligence and business process platform capabilities enable its more than 1200 customers worldwide to enhance profitability, performance and competitive advantage. For more information, please visit www.manh.com.

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