

MANHATTAN ASSOCIATES ANNUAL REPORT

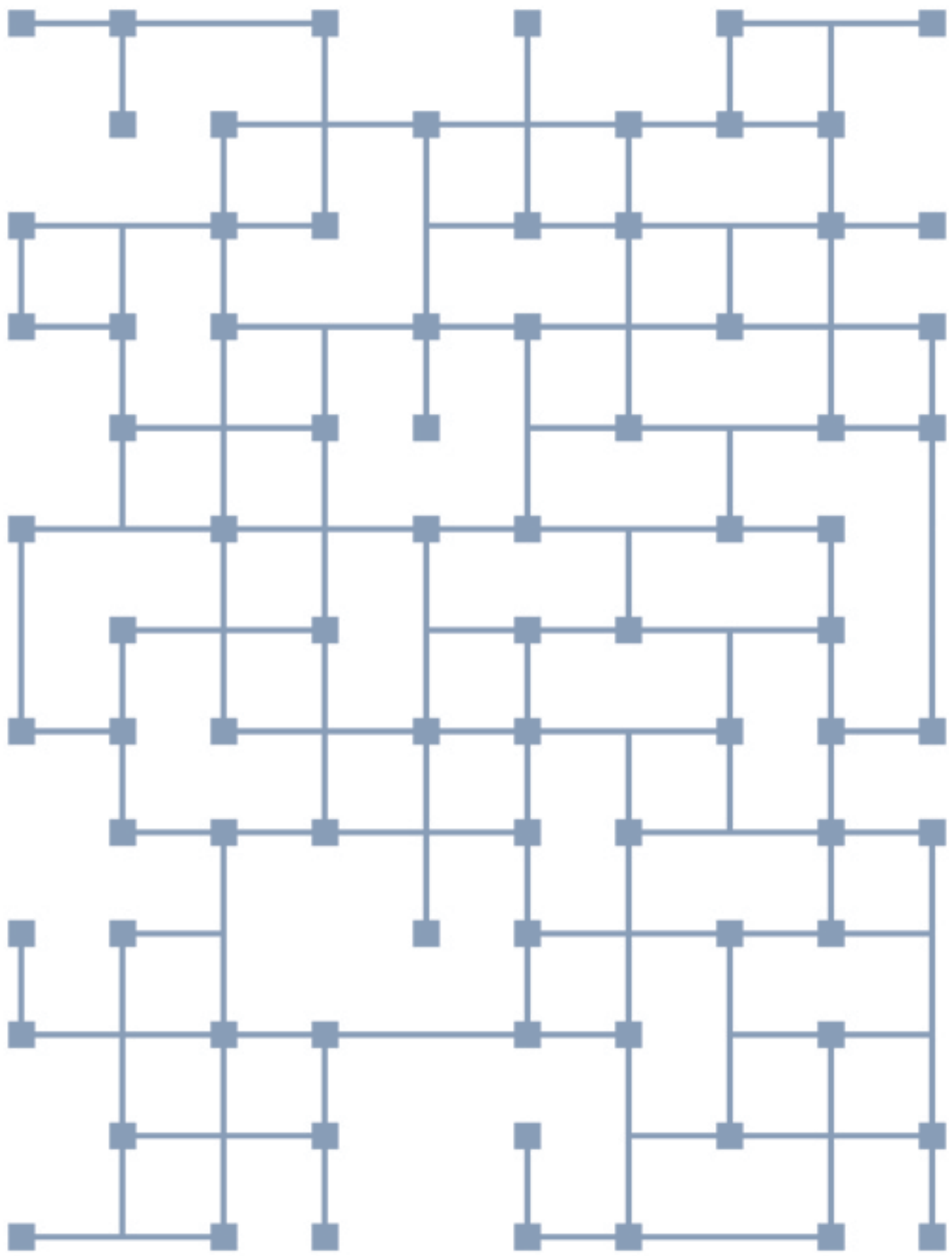
year in review

02

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Mission Statement

To deliver supply chain execution solutions that help global manufacturers, distributors, and retailers successfully manage the growing demands, complexity and volatility of their local and global supply chains.

With more than 1,000 employees at nine offices in North America, South America, Europe and Asia, Manhattan Associates is the global leader in providing Supply Chain Execution (SCE) solutions. Since 1991, the company has focused on providing a wide range of SCE software applications—Warehouse Management Systems, Transportation Management Systems and Trading Partner Management Systems—and services to help maximize the impact, power and productivity of a company’s supply chain. As a result, Manhattan Associates has planned and executed projects, regardless of size or scope, at more than 1,300 facilities worldwide.

FINANCIAL HIGHLIGHTS

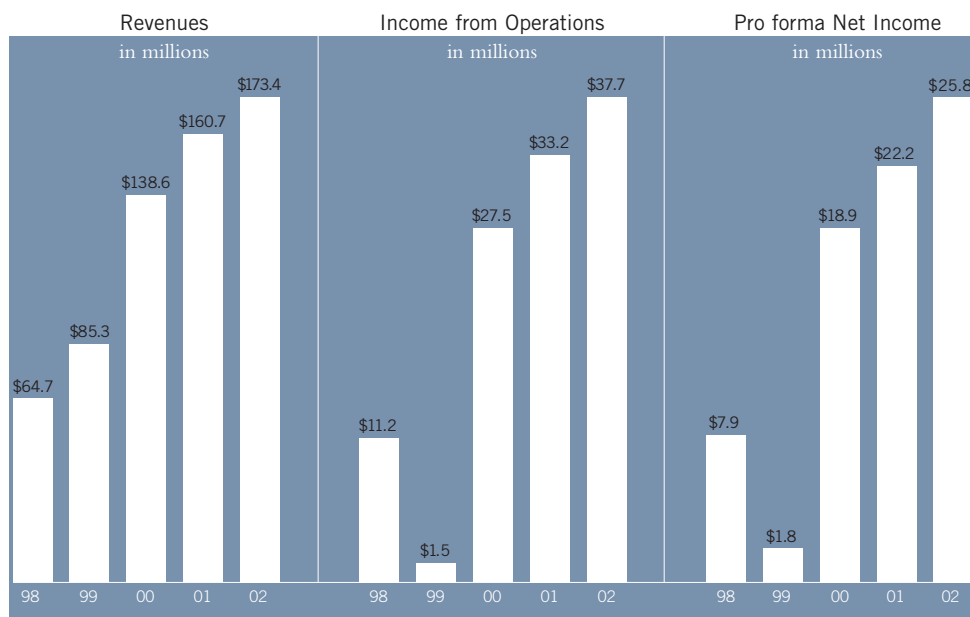
[IN THOUSANDS]

Statement of Income Data

	1998	1999	2000	2001	2002
Revenues ^{5,6}	\$ 64,689	\$ 85,298	\$ 138,619	\$ 160,706	\$ 173,424
Income from operations ^{1,3,4,5,6}	11,235	1,539	27,456	33,218	37,723
Adjusted net income and pro forma net income ^{1,2,3,4,5,6}	7,908	1,834	18,872	22,215	25,798

Balance Sheet Data

Cash, cash equivalent and short term investments	\$ 32,763	\$ 39,915	\$ 67,667	\$ 104,189	\$ 121,857
Working capital	44,561	46,948	70,192	101,224	124,679
Total assets	67,778	80,943	152,406	180,720	220,196
Total shareholders' equity	55,638	58,626	110,032	141,204	185,286



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

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

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

4 In fiscal 2000, these amounts exclude the effect of non-recurring charges to operations of \$3.0 million in connection with the write-off of in-process research and development and acquisition-related expenses and \$1.2 million for the amortization of acquisition-related

intangibles. Including these charges, income from operations in fiscal 2000 was \$23.3 million and net income was \$16.3 million.

5 In fiscal 2001, these amounts exclude the effect of the \$4.3 million reserve against revenues for a bankrupt customer and \$5.2 million for the amortization of acquisition-related intangibles. Including these charges, revenues for fiscal 2001 were \$156.4 million, income from operations was \$23.7 million and net income was \$16.2 million.

6 In fiscal 2002, these amounts exclude the effect of non-recurring charges to operations of \$1.5 million in connection with the write-off of in-process research and development; \$1.8 million for the amortization of acquisition-related intangibles; and the \$2.3 million recovery relating to the bankrupt customer. Including these charges and the recovery, revenues for fiscal 2002 were \$175.7 million, income from operations was \$36.8 million and net income was \$25.2 million.



FROM THE
PRESIDENT AND CEO

To Our Shareholders

Despite this persistent economic and capital spending downturn, I am pleased to report that 2002 was another excellent year for Manhattan Associates. Fiscal year 2002 marked our twelfth consecutive year of growth and profitability—making us the only supply chain technology provider and one of only five software companies to have such an impressive track record. This success in 2002 further cements our leadership position and will help us extend it into the future.

In 2002, we continued to make the right investments in our people, our infrastructure and our products as well as one smart acquisition. These investments helped produce the following results:

- Core revenues grew from \$132.9 million in 2001 to \$150.7 million in 2002, an increase of 13%; and total revenue increased by 12% to \$175.7 million.
- Adjusted net income, which excludes non-recurring items and the amortization of acquisition-related intangible assets, net of taxes, increased by 16% to \$25.8 million in 2002 from \$22.2 million in 2001.
- Cash and short-term investments grew by \$17.7 million to \$121.9 million at December 31, 2002, from \$104.2 million at December 31, 2001, representing a 17% increase. The December 31, 2002 balance reflects the one-time cash payment of \$21.2 million associated with the Logistics.com acquisition.
- Cash flow from operations for the year ended December 31, 2002, was \$46.0 million, representing a 17% increase over 2001 and reflecting the Company's successful business model and efficient operations.

- International revenues increased to \$33.4 million in 2002 from \$26.6 million in 2001, representing a 26% increase. For the last four years, the compounded annual growth rate for Manhattan Associates' European operations has been 67%, particularly impressive given the difficult economic environment.
- We acquired certain Logistics.com assets for a one-time cash payment of \$21.2 million. This acquisition gives our customers access to leading transportation management technology, gives us the broadest and most integrated suite of supply chain execution solutions and even further strengthens our leadership position in the global supply chain execution market.
- Existing customers continued investing in our solutions, contributing approximately 40% of our 2002 license revenues, and more than 93% of our customers renewed maintenance in 2002.

We delivered these results while also being committed to sound business ethics and corporate governance and providing relevant and understandable information about Manhattan Associates to our employees, customers, investors and partners. We continue to manage the business with fiscal prudence and responsibility. As a result, our balance sheet remains healthy with more than \$120 million in cash and no debt. This financial strength is the result of a strong focus on our customers' ROI, a cost-conscious culture that dates to the company's origins and a dedicated and disciplined team of executives and employees.

Despite the continued economic and geopolitical uncertainty, I remain excited about our prospects for profitable growth in 2003. In these times of cost pressures, shorter product lifecycles, global manufacturing and increasing transportation costs, our customers must continue to drive down their cost structures and improve their customers' experiences. Our supply chain technology enables them to get closer to their suppliers and customers, and achieve a tangible ROI. We believe they will continue to rely on Manhattan Associates to deliver these solutions.

As we forge ahead in this new year, I want to express my thanks to our 955 global employees who worked hard to make our success in 2002 a reality and to build an excellent platform for our future. I would also like to acknowledge our board of directors for their active oversight and direction for our company. Finally, I would like to express my appreciation to our valued customers, shareholders, strategic partners and suppliers for their suggestions for improving the company and their continued support.



RICHARD M. HADDRILL
President and CEO



BOARD OF DIRECTORS



ALAN J. DABBIERE
Chairman of the Board

RICHARD M. HADDRILL
President and Chief Executive Officer

DEEPAK RAGHAVAN
Senior Vice President, Products and Strategy

BRIAN J. CASSIDY
Vice Chairman and Co-Founder, WebForia, Inc.

JOHN R. HARDESTY ^{1,2}
Chairman, Thermo Dynamics, Inc.

JOHN J. HUNTZ, JR. ^{1,2}
Managing Director, Fuqua Ventures, LLC

THOMAS E. NOONAN ^{1,2}
Chairman/CEO of ISS
ISS Group

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¹ Member of Compensation Committee

² Member of Audit Committee

front: Alan Dabbiere, Richard Haddrill
back: Deepak Raghavan, John Hardesty, John Huntz, Jr., Thomas Noonan, Brian Cassidy

EXECUTIVE OFFICERS AND
KEY MEMBERS OF MANAGEMENT

ALAN J. DABBIERE
Chairman of the Board

RICHARD M. HADDRILL
President and Chief Executive Officer

JEFFRY W. BAUM
Senior Vice President—
International Operations

EDDIE CAPEL
Vice President—infolink

ERIC PETERS
Senior Vice President—Products and
Strategy, Marketing and Alliances

DAVID K. DABBIERE
Senior Vice President, Chief Legal Officer
and Secretary

BRUCE EICHER
Vice President—Customers

JEFFREY MITCHELL
Senior Vice President—North America Sales

ED QUIBELL
Senior Vice President, Chief Financial Officer
and Treasurer

RAMESH SRINIVASAN
Senior Vice President, Technical

NEIL THALL
Executive Vice President



front: Richard Haddrill, Eddie Capel, David Dabierre, Eric Peters
back: Bruce Eicher, Jeffrey Mitchell, Jeffrey Baum, Ramesh Srinivasan, Neil Thall, Ed Quibell

Manhattan Associates: 2002 Progress and Accomplishments

Two thousand and two was a year of growth, profitability and accomplishment for Manhattan Associates. The Company expanded its solution set, added new functionality, grew its alliances and increased its global presence. The result is that Manhattan Associates further solidified its global leadership position in the supply chain execution marketplace. And throughout the year, the Company was repeatedly recognized by financial analysts, industry analysts and the press for its leadership and success in the SCE marketplace. Some of these accolades include the following:

- Selected in July/August by *FORTUNE Small Business* magazine for its FSB 100: FORTUNE Small Business' second annual list of the 100 Fastest Growing publicly traded small businesses in America. Manhattan Associates was ranked 43 and was the only supply chain technology company named to the list.
- Named in October by *Business 2.0* to its first annual list of the fastest growing publicly traded technology companies traded in the United States. At No. 11, Manhattan Associates is the first software company referenced on the list and one of only three software companies in the top 25.
- Ranked No. 23 on *FORTUNE*'s annual list of the 100 Fastest Growing Companies in America. Manhattan Associates was the only supply chain technology company included in the entire list and one of only three software companies in the top 50. Manhattan Associates was selected from a universe of more than 10,000 eligible publicly traded companies.
- Named for the second year in a row by *Forbes Magazine* as one of the 200 Best Small Companies in America. With an overall ranking of 82, Manhattan Associates is the only provider of supply chain management solutions and one of only 12 software companies recognized in the top 100 on the prestigious 200 Best list.
- Selected by *Intelligent Enterprise* magazine as one of the 12 most influential IT solutions providers in the development of emerging "intelligent" enterprises. Manhattan Associates landed at No. seven and was the only supply chain technology company included in the 2003 Dozen.

This widespread recognition was made possible, in part, by the many milestones Manhattan Associates achieved in 2002. Following are some examples of these milestones:

- **Acquired Logistics.com.** The Company acquired certain Logistics.com assets at the end of December 2002 from Internet Capital Group for a one-time cash payment of approximately \$20 million. The combined solutions and resources of Manhattan Associates and Logistics.com provide the industry with one of the broadest suites of integrated supply chain execution solutions.
- **Completed 165 Deployments of Supply Chain Execution Solutions.** Manhattan Associates' implementation teams successfully completed 165 supply chain execution systems go-lives across the eight verticals it serves during the 2002 calendar year.



- **Continued International Expansion at Impressive Rate.** In 2002, Manhattan Associates continued to build out its global infrastructure and customer base in the Japanese, European and Latin American markets.
 - **Europe.** Grew total European revenue for the year ended December 31, 2002, to a record \$29.3 million, which represents a 33% increase over 2001 European revenues. Opened a second Center of Excellence in Utrecht, Netherlands in May 2002. Forged closer relationships with key partners in Europe such as IBM, JDA, Kurt Salmon Associates, Morse, Symbol Technologies and VanderLande.
 - **Latin America.** Forged strategic partnerships with leading systems integration and software companies in Argentina, Brazil, Chile, Colombia, Ecuador, Mexico and Peru, which will help Manhattan Associates build out its presence in Latin America. Additionally, Zimag Logistics, Mexico's largest third-party logistics (3PL) company, selected Manhattan Associates to help meet the increasingly sophisticated distribution needs of its Fortune 1000 clients.

- **Japan.** Formed a strategic alliance with Tokyo-based Site Design, a leading provider of Web-based order management and fulfillment solutions. This proposed alliance calls for Site Design to be the master distributor of PkMS, the execution engine behind Manhattan Associates' SCE platform in Japan, the world's second largest economy.
- **Enhanced JDA Partnership.** Manhattan Associates entered into a worldwide strategic alliance with JDA that combines Manhattan Associates' leadership in supply chain execution solutions with the strength of JDA's best-of-class retail merchandising solutions.
- **Expanded and Strengthened Solutions Suites.** Throughout 2002, Manhattan Associates worked to provide its customers with the broadest and deepest suite of SCE solutions. As a result of these efforts, the Company was able to achieve the following:
 - **Released PkMS[®] 2002R1.** This comprehensive release of Manhattan Associates' flagship product delivers significant functionality enhancements across all areas including increased visibility and control of inventory throughout the supply chain; greater flexibility in defining how inventory is categorized and tracked; and streamlined operations resulting in dramatic improvements in usability and productivity.
 - **Expanded Yard Management Functionality.** This enhanced, comprehensive yard management functionality provides users with the ability to manage dock scheduling, trailers, inventory and orders even before the formal receiving process begins at the dock door.
 - **Released SmartInfo[®] 2002R1.** By adding monitoring, measuring and alerting to the product's powerful data analysis and decision support functionality, SmartInfo 2002R1 provides an industry-leading event management solution for optimizing supply chain operations.
 - **Released PkCost[™] 2002R1.** This dynamic billing solution captures information from supply chain execution systems to enable 3PL providers to track and bill clients for inventory handling, storage, fulfillment and transportation activities.
 - **Introduced Dynamic Routing Functionality.** Designed in close cooperation with major retailers and suppliers, this new functionality allows suppliers to comply with their retail customers' emerging requirements for dynamic routing.
 - **Released Logistics PRO[®] 7.0.** This enhanced version of Manhattan Associates' leading transportation management system provides companies with two vital components: (1) recent requirements for such major carriers as Airborne, FedEx Home and FedEx Ground, as well as additional Canadian carrier support; and (2) a Carrier Compliance Toolkit that helps companies to easily adapt to the individual needs of smaller carriers.
- **Held Annual Users Conference.** The Company successfully concluded its 8th Annual Users Conference, Momentum 2002; Where Boundaries End and Innovation Begins, in May 2002, in Atlanta, Ga. This event attracted 750 supply chain professionals.

Manhattan Associates Makes Early Commitment to RFID Technology

Manhattan Associates has long recognized that RFID technology could yield dramatic savings and improvements in supply chain operations by eliminating manual data entry and physical bar code scanning. These specific improvements, which can positively impact all supply chain trading partners, include increased inventory accuracy and visibility, reduced labor costs, enhanced control over DC operations and improved productivity and throughput in the DC and the broader supply chain.

Widely adopted, RFID-enabled solutions that are built on open standards can help all supply chain participants more quickly tap into the many efficiencies this technology offers. Widespread adoption allows manufacturers, distributors and retailers to continue building out their technological ecosystems, resulting in better replenishment rates, reduced stockouts and, ultimately, increased sales due to tighter collaboration and better communication with trading partners across the supply chain.

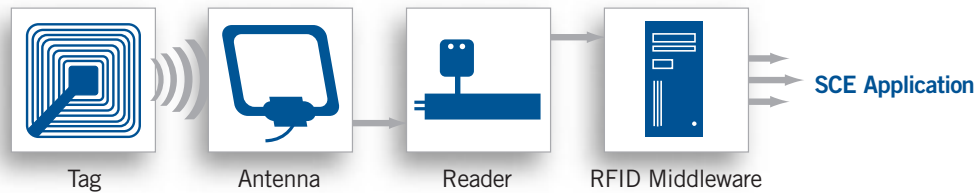
BENEFITS OF AN <u>RFID-ENABLED</u> SUPPLY CHAIN	
<ul style="list-style-type: none">■ Increase Inventory Accuracy■ Increase Order Fill Rate■ Reduce Shrink■ Reduce Safety Stock	<ul style="list-style-type: none">■ Improve Inventory Turns■ Improve Utilization of Fixed Assets■ Decrease Labor Requirements and Costs

RFID's potential and subsequent widespread adoption, however, has long been stymied by the prohibitively high cost of the needed hardware: the actual RFID tags and the readers. This hurdle has begun to lessen in the past few years as numerous RFID pilot programs in a variety of industries were kicked off; and RFID tags and readers began approaching price points that could be realistically supported by today's supply chain.

With these developments, Manhattan Associates recognized that, as the global market leader, we had an obligation to take an early, leadership position on this important issue. In December 2002, the Company began work on an RFID strategy that will help speed the deployment of this technology to its global customer base.

RFID Definition

RFID is simply about using radio waves to automatically identify physical items in varying proximity to machine “readers,” which can uniquely identify them without any human intervention.



The basic process:

- 1 Tag enters the RF field.
- 2 RF signal powers the tag.
- 3 Tag transmits data to the reader.
- 4 Reader sends the data to the middleware.
- 5 Middleware processes and filters data to the SCE application.

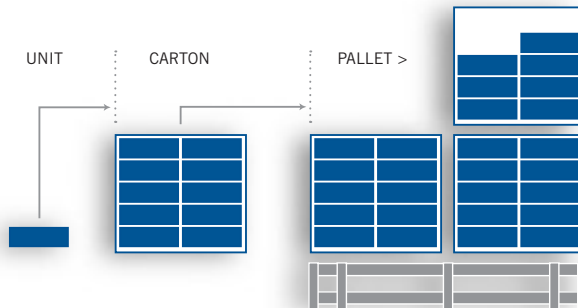
To date, our RFID strategy has resulted in the following:

- Manhattan Associates is the **only** SCE solutions provider that has a clearly defined RFID strategy and is executing against that strategy.
- Manhattan Associates is the **only** SCE solutions provider to be proactively working with standards organizations to make sure its solutions will meet the needs of its customers.
- Manhattan Associates is the **only** SCE solutions provider to join the MIT AutoID Center, which is a key driver of electronic product code (EPC) standards and development. Through this program, Manhattan Associates will contribute to establishing a future standard where everyday objects with RFID tags can be identified anywhere in the supply chain—automatically.
- Manhattan Associates teamed with Symbol Technologies and Alien Technology to develop a state-of-the-art RFID solution for supply chain execution. This solution will allow for seamless, real-time integration across Alien Technology’s and Symbol Technologies’ RFID technology and Manhattan Associates’ SCE solutions. As a result, customers that deploy the solution will gain even greater real-time visibility into their supply chain, increased accuracy, greater operational efficiency and improved customer service.
- Manhattan Associates is the **only** SCE solutions provider that has pledged to expand its retail compliance guarantee for the top 100 U.S. retailers to include any new and emerging RFID standards. Today, the Company remains the only SCE provider with a formal guarantee in place for qualified, licensed clients and has a dedicated compliance team that constantly monitors retailers’ changing requirements, working to ensure that the Company’s solutions can keep customers compliant.
- Manhattan Associates will make a significant investment in its solutions to ensure its users can take advantage of RFID’s many benefits without costly customization and longer implementation times. The Company has pledged that the 2004R1 synchronized release of its SCE solutions, which is planned for the first quarter of 2004, will have RFID functionality in the base solution, minimizing support and upgrade costs, and helping to provide customers with lower risk and lower cost of ownership.

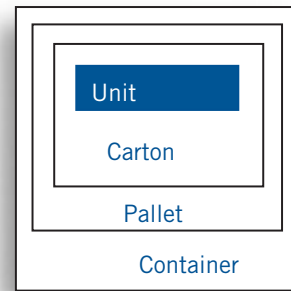
Uptake of an Emerging Technology: Granularity of the Tag Application

Identify and track each object as it moves along the supply chain, from the manufacturer, all the way to the consumer.

- RFID tagging can be applied at varying levels: unit, carton, pallet, container.
- Application levels will have correlation of margin to cost.*



*Cost will be tag, plus portion of infrastructure and integration.



- Units can be associated with a Carton
- Cartons can be associated with a Pallet
- Pallets can be associated with a Container

- Manhattan Associates and Zebra Technologies developed a joint solution, enabling companies to create and leverage RFID labels to gain real-time visibility into their supply chain. The combined solution enables organizations to achieve real savings through increased global inventory visibility, accuracy, greater operational efficiency and improved customer service. Additionally, it provides organizations with the technology needed to comply with the upcoming EPC regulations, which define the next generation barcode.
- Manhattan Associates is working with customers to develop new and innovative workflows that not only change how data is captured, but also fundamentally improve processes and increase efficiency and accuracy in the DC and the overall supply chain.

These developments are just the beginning. As this technology continues to develop and adoption grows, Manhattan Associates pledges to work with our customers every step of the way.

Manhattan Associates' SCE Solutions: Meeting the Growing Demands, Complexity and Volatility of Today's Supply Chain

Manhattan Associates is the global leader in providing Supply Chain Execution (SCE) solutions. Our SCE solution includes the following application suites:

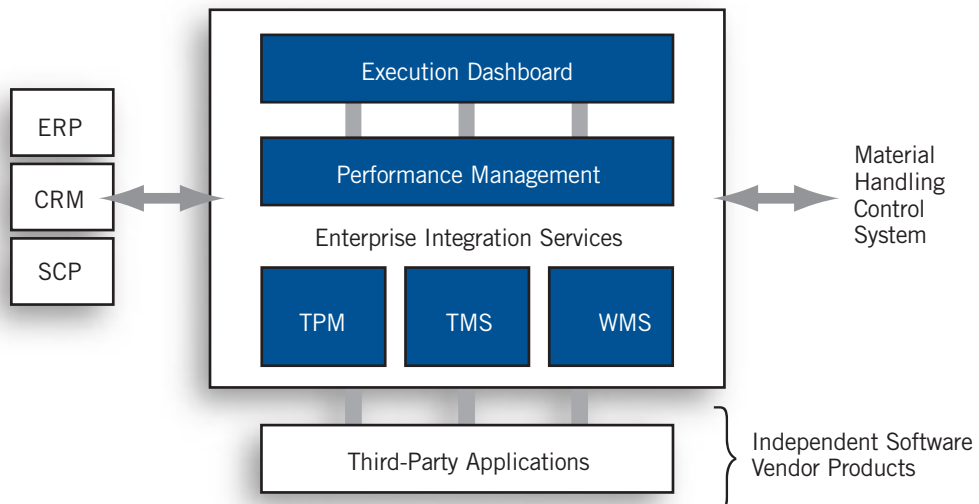
- Warehouse Management System (WMS)
- Transportation Management System (TMS)
- Trading Partner Management (TPM) System

To ensure optimal performance and a swift and tangible ROI, Manhattan Associates' TPM, TMS and WMS applications are supported by the following:

- Execution Dashboard
- Performance Management
- Enterprise Integration Services

Manhattan Associates' applications manage all aspects of supply chain execution, including distribution center (DC) operations, optimization of the transportation procurement process as well as planning and management of transportation operations. Our solutions also provide global supply chain visibility into orders, shipments and inventory and enable businesses to execute on that information. Integrated into these solutions are tools for real-time analysis of supply chain execution information. Best-of-breed and modular in design, but also completely integrated, Manhattan Associates' SCE solutions reach from supplier management to customer management and all the fulfillment operations in between.

Manhattan Associates' Integrated, Modular Supply Chain Execution Solution



The Manhattan Associates' SCE applications are accessed and managed by the Execution Dashboard, which serves as the single portal into Manhattan Associates' application suites. It allows for real-time visibility to the information and alerts provided by the Performance Management modules.

Application Suites: Warehouse Management System

Integrated Applications of WMS

- Warehouse Management
- Labor Management
- Slotting Optimization
- Billing Management

Manhattan Associates' Warehouse Management System Applications manage all the physical processes that take place in the warehouse or distribution center. Typically, a traditional WMS cannot support the breadth and depth of the execution processes found in today's DC. To achieve flawless execution at all levels in the DC, an organization must have a functionally robust, scalable system that can manage the increased order volume and associated complexities of small order fulfillment, while addressing the specific requirements of each individual trading partner.

The Warehouse Management Application manages all aspects of DC operations: receiving, returns processing, inventory management and order fulfillment, including replenishment, picking, packing and shipping. Modular in design, Manhattan Associates' WMS application is designed to support large volumes of transactions and users. The application delivers benefits such as better control over all DC processes, significant improvements in order throughput and inventory accuracy, reduced freight charges, elimination of back-end processes, decreased labor costs and improved customer service. The application 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.

The Labor Optimization Application enables DC managers to access personnel performance levels in real-time; visualize labor in graphics and spreadsheets; measure productivity against Engineered Labor Standards (ELS); and analyze the overall efficiency of the warehouse. With this stand-alone application, users can better plan for upcoming labor requirements and improve productivity within the DC.

The Slotting Optimization Application determines the most beneficial and ergonomic placement of items in a DC. This stand-alone application, which uses genetic algorithms to determine an optimal configuration, is the only pickline optimization system that performs daily maintenance. Easy to implement and configure, it reduces labor costs and replenishment needs. It identifies and solves mismatches between merchandise and slot characteristics; slots family

FOCUSED SOLUTIONS
FOR THE FOLLOWING
INDUSTRIES

Consumer Goods

Food/Grocery

Government

Healthcare

High Tech/Electronics

Industrial/Wholesale

Retail

Third Party Logistics

groupings together to reduce travel time; profiles shelving for slow-movers to increase pick density; and keeps top-sellers in larger slots and closer to the shipping dock to cut down on replenishment and putaway time.

The Billing Management Application is a dynamic billing solution that captures information from supply chain execution systems to enable third-party logistics (3PL) providers to track and bill clients for inventory handling, storage, fulfillment and transportation activities. 3PL providers can use this application 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 type of product, order attributes, market focus, number of customers and customer locations. Using this stand-alone application, 3PL operators can audit these charges and make adjustments prior to creating final invoices, independent of an accounting system.

With its flexibility and scalability, Manhattan Associates' WMS helps users manage the growing demands, complexity and volatility of local and global supply chains by managing and optimizing distribution performance, while also eliminating costs associated with the inefficient movement of goods, redundant processes and excess inventory.

Transportation Management System

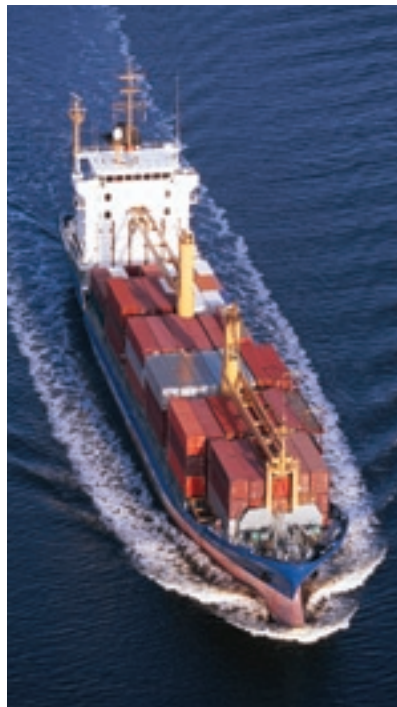
Integrated Applications of TMS

- Transportation Procurement
- Transportation Planning & Execution
- Carrier Management

Manhattan Associates' Transportation Management System manages one of the largest controllable costs in the supply chain: transportation. This suite offers best-of-breed functionality, modular design and tight integration into Manhattan Associates' TPM and WMS solutions. Its functionality allows a company to optimally procure, plan and execute transportation services. Additionally, Manhattan Associates' TMS applications have functionality that allows both carriers and companies with private fleets to effectively manage daily operational issues and advanced strategic planning.

The Transportation Procurement Application is a systematic approach to developing, implementing and managing a transportation strategy. It effectively and accurately factors in and manages all relevant business constraints, 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 smaller networks. Manhattan Associates' Transportation Procurement Application has proven itself in more than 100 engagements with leading companies from a variety of industries.

The Planning & Execution Application allows shippers to execute complex, strategic routing guides in real time and dynamically monitor critical transportation metrics and events, enabling ongoing adjustments to the routing guide that protect service and provide savings. Actual tendering is automated in accordance with pre-established, contractual arrangements to increase



productivity, ensure carrier compliance and eliminate high-cost maverick buying. By analyzing high volumes of shipment information and considering lane-by-lane priorities for service level and cost, the solution dramatically improves a shippers' 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 satisfies critical business constraints, including route, mode, and required ship and receipt dates.

The Carrier Management Application is a management and analysis solution that maximizes profits, while solving the most challenging business problems facing transportation providers. Designed for truckload (TL), less than truckload (LTL) and rail transportation providers, the solution helps optimize decision-making processes, both long term and day-to-day, resulting in improved profitability and customer service. The application's analysis capabilities allow transportation providers to determine the most profitable opportunities and 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.

This application also helps providers optimize global 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 application can help reduce out-of-route miles and achieve balance across fuel expenditures, driver satisfaction and service delivery requirements. It can proactively identify opportunities for in-transit drivers to swap loads improving on-time delivery, resource utilization and driver satisfaction.

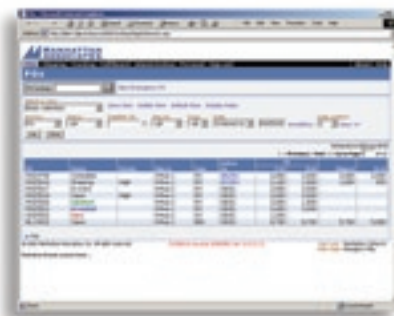
Trading Partner Management System

Integrated Applications of Trading Partner Management

- Supplier Management
- Logistics Hub Enablement
- Store Enablement

Manhattan Associates' Trading Partner Management System suite provides real-time visibility and connectivity across the entire supply chain. Through integration with suppliers, hubs, carriers, and customers, the TPM solution provides companies with unparalleled supply chain visibility, which offers significant and often immediate financial benefits to an enterprise.

The key differentiator between the Manhattan Associates' TPM solution and other 'collaboration' solutions is its execution functionality. Through a series of enablers, TPM provides trading partners the ability to execute at the lowest level of detail, and then integrate with those partners that have sophisticated capabilities. Once the data is obtained through analysis and event management, other Manhattan Associates' solutions, such as WMS and TMS, can execute upon the required response. This closed loop capability helps to complete the execution cycle and yield true benefits.



How Manhattan Associates' Global Trading Partner Management Solution Can Enable Real-time, Global Visibility into Orders, Shipments and Inventory



TPM consists of applications designed to help provide tactical execution solutions to address the needs of specific types of trading partners. Used in relative isolation, these components can help refine individual supply chains. For example, by giving factories the ability to create case or pallet labels and electronic advanced ship notifications (ASNs), a company can significantly improve inventory accuracy and receiving productivity almost immediately. However, when used across an entire supply chain, either with multiple components and/or with significant processes, a company can reinvent its supply chain and achieve powerful results and strategic corporate implications.

The Supplier Management Application extends supply chain execution capabilities to vendors and factories through purchase order management and fulfillment and shipping management. The benefits of automating these processes include greater visibility, improved operational efficiencies at the DCs and factories as well as increased inventory accuracy, which, in turn, can collectively lead to lower costs and improved operational efficiency. This application also helps to bridge-the-gap between remote factories or those with limited technology capabilities and those with more advanced solutions, such as corporate headquarters.

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

The Store Enablement Module provides order/inventory visibility and Web-based order entry. It enables customers and stores to place orders, gain insight into DC operations and confirm orders through one portal. Once entered via the portal, orders are then processed by the module and passed directly to back-end systems. 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. The process helps relieve phone centers of the cost-intensive task of order entry from non-EDI customers.

Supporting Applications: Performance Management

Integrated Modules of Performance Management

- Events
- Analysis
- Reporting

Manhattan Associates' Performance Management application builds on the linkages developed from information and process integration to enable real-time visibility into orders and inventory across the supply chain from the point of production to the point of consumption. This functionality provides real-time visibility into these areas: inventory in rest and in motion (from point of source to point of consumption) and inter-enterprise key performance indicators (KPIs).



The Events Module leverages its access to global inventory visibility (GIV) across the extended supply chain to monitor processes and provide immediate notification of problems or important events, such as alerting when a customer's shipment is delayed. This visibility means companies can address issues at the onset, when they are easier to resolve and the impact can be minimized. The power of the Events Module rests in its ability to monitor multiple processes simultaneously and its ability to not only recognize events and determine the appropriate response, but also to execute against that response automatically.

The Analysis Module provides strategic DC activity and trend analysis of historical data, and presents it in a flexible, graphical format. The data is mined directly from the databases of Manhattan Associates' solutions. Once the data reaches the Analysis Module's auxiliary database, it de-normalizes and cleanses the data to facilitate multi-dimensional analysis as required.

The 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 reports, or create their own ad hoc reports utilizing the embedded report-writing tool. This module supports monitoring of DC and supply chain functions and operations at a granular level to enable tactical decision-making in real time.

Enterprise Integration Services

Manhattan Associates' SCE solutions provide complete, tight integration across the individual application suites: TPM, TMS, WMS and Performance Management. This degree of real-time integration is imperative because without it, the enterprise cannot enjoy the full benefits of its investment in the entire solution. For example, the enterprise cannot maximize its investment in Manhattan Associates' Performance Management unless it has real-time links to the WMS, since the latter provides the data on which the Performance Management performs the analysis and the monitoring. This integration strategy across the Manhattan Associates' solutions suites allows users to be able to track and optimize each execution activity from source to consumption in the supply chain at a granular, event-driven level.

Single, point solutions alone cannot meet the growing demands of today's supply chain. The maximum benefits of TPM, TMS, WMS and Performance Management can only be realized when there is a tight interface across SCE applications. Integration, not only within each solution suite and between solution suites, but also with the rest of the enterprise, allows Manhattan Associates to provide a view of the supply chain as a single entity rather than a series of discrete processes. When integrated with enterprise solutions, Manhattan Associates' solution suites can transform a company from one that is reactive to one that is innovative and has full execution and collaboration capabilities, better-informed decision-making abilities, and more efficient transaction abilities.

COMPETITIVE DIFFERENTIATORS

- Lowest total cost of ownership due to Company's clear upgrade path and proven ability to implement on time and on budget
 - Broadest and deepest supply chain execution functionality in the industry
 - A proven technology leader that works to develop solutions with flexible, adaptable technology that delivers results
 - A true end-to-end solution for supply chain inventory and order visibility
 - Industry-focused solutions, coupled with supply chain professionals that have the industry's strongest domain expertise and experience
- Quality driven—the only true extended supply chain execution provider that is ISO 9001 certified
 - A solution roadmap that will continue to evolve and grow with customers' needs and challenges. Manhattan Associates' R&D budget is the largest in the industry with more than \$20.1 million invested in 2002 alone
 - Global team with 955 employees across nine offices, in five countries. Of the Company's global workforce, 76% of employees—whether in R&D, the technical services or implementation services organizations—are focused on customers.

REGISTRAR AND TRANSFER AGENT

SunTrust Bank, Atlanta

58 Edgewood Avenue
Suite 225 Annex
Atlanta, Georgia 30303

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

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Atlanta, Georgia

LEGAL COUNSEL

Morris, Manning and Martin

Atlanta, Georgia

FORM 10-K

A copy of the 2002 Form 10-K, filed with the Securities
and Exchange Commission, may be obtained by share-
holders without charge by writing to the Manhattan
Associates Investor Relations department.

NASDAQ SYMBOL

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

MANHATTAN ASSOCIATES CUSTOMERS [partial listing]

CONSUMER GOODS

Aramark
Burberry Ltd.
The Columbia House Company
Newell Rubbermaid
Nordstrom Direct Sales Division
N.V. Warehouse, Inc. (Nautica)
Pearl, Incorporated
Skechers USA, Inc.

HEALTHCARE

AmerisourceBergen
Banta Healthcare
Bristol-Myers Squibb Company
McKesson Corporation
Ocular Sciences, Ltd.
Pfizer Canada, Inc.
Stiefel Laboratories, Inc.
Stryker Endoscopy

FOOD AND GROCERY

Alliant Atlantic Foodservice
American Italian Pasta Company
Ben E. Keith Company
Burns Philip Food/ Tone Brothers
Monrovia Growers, Inc.
Sainsbury's Supermarkets Ltd.
Sysco Corporation
Tanimura & Antle

RETAIL

Eckerd Corporation
House of Fraser (Stores) Ltd.
Mary Kay, Inc.
Matalan Retail Limited
Office Depot
Recreational Equipment Inc. (REI)
Staples, Inc.
Tiffany and Co.

THIRD PARTY LOGISTICS

AtomicBox.com Inc.
ClientLogic Corporation
Exel Plc
Healthcare Logistics Limited
Innotrac
Ryder Logistics
Tibbet & Britten Limited
TNT Logistics North America, Inc.

INDUSTRIAL & WHOLESALE
MANUFACTURING

BMW AG
Ingram Industries, Inc.
Liberty Hardware Manufacturing, Corp.
Motors & Armatures, Inc.
O'Reilly Automotive
PPG Architectural Finishes, Inc.
Rain Bird Distribution Corp.
Strauss Discount Auto

TRANSPORTATION
PROVIDERS

AAA Cooper Transportation, Inc.
Carrier Corporation
Dayton Freight Lines, Inc.
Maverick Transportation, Inc.
Overnite Transportation Company, Inc.
Swift Transportation, Inc.
USA Truck, Inc.

HIGH TECH & ELECTRONICS

Belkin Components
Canon (UK) Limited
Conair Corporation
Metatec Corporation
Microwarehouse, Inc.
Olympus America, Inc.
Siemens Energy and Automation, Inc.
VoiceStream (T-Mobile)



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