AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON APRIL 2, 1998

REGISTRATION NO. 333-47095

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

PRE-EFFECTIVE AMENDMENT NO. 1

TO
FORM S-1
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

MANHATTAN ASSOCIATES, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

GEORGIA	7372	
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NUMBER)	58-2373424 (I.R.S. EMPLOYER IDENTIFICATION NUMBER)

2300 WINDY RIDGE PARKWAY, SUITE 700
ATLANTA, GEORGIA 30339
(770) 955-7070
(ADDRESS, INCLUDING ZIP CODE AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

ALAN J. DABBIERE

CHAIRMAN OF THE BOARD, CHIEF EXECUTIVE OFFICER AND PRESIDENT
MANHATTAN ASSOCIATES, INC.
2300 WINDY RIDGE PARKWAY, SUITE 700
ATLANTA, GEORGIA 30339
(770) 955-7070
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF AGENT FOR SERVICE)

COPIES TO:

JOHN C. YATES LARRY W. SHACKELFORD MORRIS, MANNING & MARTIN, L.L.P. 1600 ATLANTA FINANCIAL CENTER 3343 PEACHTREE ROAD, N.E. ATLANTA, GEORGIA 30326 TELEPHONE: (404) 233-7000 FACSIMILE: (404) 365-9532	WILLIAM J. SCHNOOR, JR. TESTA, HURWITZ & THIBEAULT, LLP 125 HIGH STREET HIGH STREET TOWER BOSTON, MASSACHUSETTS 02110 TELEPHONE: (617) 248-7000 FACSIMILE: (617) 248-7100

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after this Registration Statement is declared effective.

If any of the securities being registered on this Form are offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the "Securities Act") please check the following box. [_]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier

effective registration statement for the same offering. [_]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [_]

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SECTION 8(A), MAY DETERMINE.

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SUBJECT TO COMPLETION, DATED APRIL 2, 1998

LOGO

[OF MANHATTAN ASSOCIATES APPEARS HERE]

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3,000,000 SHARES

COMMON STOCK

- ---

All of the 3,000,000 shares of Common Stock, $.01 par value per share ("Common Stock"), are being sold by Manhattan Associates, Inc. ("Manhattan" or the "Company"). Prior to this offering (the "Offering"), there has been no public market for the Common Stock. It is currently estimated that the initial public offering price will be between $10.00 and $12.00 per share. See "Underwriting" for a discussion of the factors considered in determining the initial public offering price. The Company has applied to have the Common Stock approved for listing on the Nasdaq National Market under the symbol "MANH."

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 5.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	PRICE TO PUBLIC	UNDERWRITING DISCOUNT(1)	PROCEEDS TO COMPANY(2)
Per Share	$	$	$
Total(3)	$	$	$

(1) The Company and certain stockholders of the Company (the "Selling Stockholders") have agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriting."

(2) Before deducting expenses estimated at $1,200,000, payable by the Company.

(3) The Selling Stockholders have granted to the Underwriters a 30-day option

to purchase up to an additional 450,000 shares of Common Stock solely to cover over-allotments. If such option is exercised in full, the total Price to Public, Underwriting Discount, Proceeds to Company and Proceeds to Selling Stockholders will be $, $, $ and $, respectively. See "Underwriting."

The shares of Common Stock are offered by the Underwriters, subject to prior sale, when, as and if delivered to and accepted by them, and subject to approval of certain legal matters by counsel and certain other conditions. The Underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part. Delivery of the shares of Common Stock offered hereby to the Underwriters is expected to be made in New York, New York on or about , 1998.

DEUTSCHE MORGAN GRENFELL

HAMBRECHT & QUIST

SOUNDVIEW FINANCIAL GROUP, INC.

The date of this Prospectus is , 1998

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+INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A +
+REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE +
+SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY +
+OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT +
+BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR +
+THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE +
+SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE +
+UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF +
+ANY SUCH STATE. +
+++

TITLE:

Manhattan Manages Complex Distribution Center Functions

GRAPHIC:

At the top at the left is a graphic of a spreadsheet and on the right is the Manhattan Associates logo.

Underneath those two graphics is text reading "Manhattan Manages Complex Distribution Center Functions."

Beneath the text is a stylized diagram of a cross section of a warehouse with the following labels:

1. Inbound shipment tracking

2. Yard management

3. Receipt of inbound goods

4. Storage of goods

5. Pick orders from storage racks

6. Value-added services such as labeling and sorting products

7. Custom order packing

8. Pack and hold for later shipment

9. Outbound customer compliant shipments

[INSIDE COVER]

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

EXCEPT AS OTHERWISE NOTED, ALL INFORMATION IN THIS PROSPECTUS, INCLUDING SHARE AND PER SHARE INFORMATION, (I) GIVES EFFECT TO THE CONTRIBUTION OF THE ASSETS AND LIABILITIES OF MANHATTAN ASSOCIATES SOFTWARE, LLC TO THE COMPANY AS OF THE DATE OF THIS PROSPECTUS IN EXCHANGE FOR COMMON STOCK OF THE COMPANY, AND (II) ASSUMES NO EXERCISE OF THE UNDERWRITERS' OVER-ALLOTMENT OPTION.

PROSPECTUS SUMMARY

The following summary should be read in conjunction with, and is qualified by, the more detailed information and financial statements and notes thereto appearing elsewhere in this Prospectus.

THE COMPANY

Manhattan provides information technology solutions for distribution centers that are designed to enable the efficient movement of goods through the supply chain. The Company's solutions are designed to optimize the receipt, storage and distribution of inventory and the management of equipment and personnel within a distribution center, and to meet the increasingly complex information requirements of manufacturers, distributors and retailers. The Company's solutions consist of software, including PkMS, a comprehensive and modular software system; services, including design, configuration, implementation, training and support; and hardware. The Company's objective is to be the leading provider of information technology solutions to distribution centers by enhancing its core product functionality, targeting new vertical markets and expanding its sales and marketing organization. PkMS allows organizations to manage the receiving, stock locating, stock picking, order verification, order packing and shipment of products in complex distribution centers. PkMS is designed to optimize the operation of a distribution center by increasing inventory turnover, improving inventory accuracy, reducing response times, reducing inventory levels, improving customer service and increasing the productivity of labor, facilities and materials handling equipment. The Company currently provides solutions to manufacturers, distributors and retailers primarily in the apparel, consumer products, food service and grocery markets. As of December 31, 1997, PkMS was licensed for use by more than 250 customers including Calvin Klein, Dean Foods, Jockey International, Mikasa, Nordstrom, Patagonia, Playtex Apparel, SEIKO Corporation of America, The Sports Authority, Timberland and Warnaco.

THE OFFERING

Common Stock offered.....	3,000,000 shares
Common Stock to be outstanding after the Offering.....	23,206,674 shares(1)
Use of Proceeds.....	To (i) repay the Company's line of credit; (ii) repay a note to the Company's Chief Executive Officer; (iii) fund new product development; (iv) finance potential future acquisitions; and (v) provide for other general corporate purposes.
Proposed Nasdaq National Market symbol.....	MANH

SUMMARY FINANCIAL DATA
(In thousands, except per share data)

	YEAR ENDED DECEMBER 31,				
	1993	1994	1995	1996	1997
STATEMENT OF INCOME DATA:					
Revenue	$ 3,309	$ 6,512	$11,221	$14,400	$32,457
Gross margin	1,298	2,760	5,484	8,463	17,848
Income from operations	421	1,492	1,541	3,873	8,278
Historical income	423	1,497	1,581	3,976	8,334
Historical diluted net income per share	$ 0.02	$ 0.08	$ 0.08	$ 0.20	$ 0.40
Shares used in computing historical diluted net income per share	20,000	20,000	20,010	20,308	20,761
Pro forma net income(2)	$ 261	$ 933	$ 1,001	$ 2,490	$ 5,311
Pro forma diluted net income per share(2)					$ 0.25
Shares used in computing pro forma diluted net income per share(3)					20,951

	DECEMBER 31, 1997		
	ACTUAL	PRO FORMA(4)	PRO FORMA AS ADJUSTED(5)
BALANCE SHEET DATA:			
Working capital (deficit)	$ 6,268	$(3,553)	$25,937
Total assets	15,006	13,409	34,937
Stockholders' equity (deficit)	8,454	(585)	28,905

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(1) Based on the number of shares outstanding at February 28, 1998. Excludes (i) 3,355,716 shares of Common Stock issuable upon the exercise of options outstanding at February 28, 1998 under the Manhattan Associates, LLC Option Plan (the "LLC Option Plan") at a weighted average exercise price of $4.66 per share, (ii) 729,784 shares of Common Stock issuable upon the exercise of options outstanding at February 28, 1998 issued outside of the LLC Option Plan at a weighted average exercise price of $1.20 per share, and (iii) 1,644,284 shares of Common Stock reserved for future issuance under the Company's 1998 Stock Incentive Plan (the "Stock Incentive Plan"). See "Management-Stock Option Plans" and Note 6 of Notes to Financial Statements.

(2) In connection with the contribution of the assets and liabilities of Manhattan Associates Software, LLC ("Manhattan LLC") to the Company as of the date of this Prospectus in exchange for Common Stock of the Company (the "Restructuring"), the Company will be subject to federal and state corporate income taxes. Pro forma net income is presented as if the Company had been subject to corporate income taxes for all periods presented. See '"Conversion from Limited Liability Company Status and Related Distributions" and Notes 3 and 9 of Notes to Financial Statements.

(3) See Note 1 of Notes to Financial Statements.

(4) Pro forma to reflect (i) the acquisition (the "PAC Acquisition") of Performance Analysis Corporation ("PAC") as if it had occurred on December 31, 1997 for $2.2 million in cash and 106,666 shares of Common Stock valued at $10.00 per share, (ii) the purchase of 100,000 shares of Common Stock by

a stockholder of the Company for $1.0 million (the "Stockholder Investment"), (iii) the establishment of net deferred tax assets of $365,000 in connection with the Restructuring, and (iv) the payment of the undistributed income, calculated on a tax basis, of Manhattan LLC of $8.7 million at December 31, 1997 (the "LLC Distribution"). Pro forma adjustments for the PAC Acquisition include (i) the establishment of purchased software and other intangible assets of $500,000 and $300,000, respectively, (ii) the payment of cash of $2.2 million and the issuance of 106,666 shares of Common Stock and (iii) the charge to income for acquired research and development of $2.1 million. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 9 of Notes to Financial Statements.

(5) Pro forma as adjusted to reflect the sale by the Company of the 3,000,000 shares of Common Stock offered hereby at an assumed initial public offering price of $11.00 per share and the receipt of the estimated net proceeds therefrom. See "Use of Proceeds" and "Capitalization."

THE COMPANY

Manhattan provides information technology solutions for distribution centers that are designed to enable the efficient movement of goods through the supply chain. The Company's solutions are designed to optimize the receipt, storage and distribution of inventory and the management of equipment and personnel within a distribution center, and to meet the increasingly complex information requirements of manufacturers, distributors and retailers. The Company's solutions consist of software, including PkMS, a comprehensive and modular software system; services, including design, configuration, implementation, training and support; and hardware. The Company's objective is to be the leading provider of information technology solutions to distribution centers by enhancing its core product functionality, targeting new vertical markets and expanding its sales and marketing organization. The Company believes that organizations that have implemented the PkMS system experience improved control and efficiency over distribution center operations, improved information flow, and increased efficiency in managing distribution center personnel and equipment.

In order to remain competitive in a changing retail landscape, many retailers have demanded that manufacturers and distributors employ industry initiatives such as "Quick Response," which use technology to improve the flow of information among manufacturers, distributors and retailers. As a result of these retailer demands, distribution centers have increased in size, complexity and cost. The efficient management of a distribution center operation now requires collecting information regarding customer orders, inbound shipments of products, products available on-site, product storage locations, weights and sizes, and outbound shipping data (including customer- or store-specific shipping requirements, routing data and carrier requirements). This information must be analyzed dynamically to determine the most efficient use of the distribution center's labor, materials handling equipment, packaging equipment and shipping and receiving areas. Additionally, manufacturers, distributors and retailers must exchange information with other participants in the supply chain in order to effectively integrate the operation of their distribution centers with the entire supply chain.

PkMS allows organizations to manage the receiving, stock locating, stock picking, order verification, order packing and shipment of products in complex distribution centers. PkMS is designed to optimize the operation of a distribution center by increasing inventory turnover, improving inventory accuracy, reducing response times, reducing inventory levels, improving customer service and increasing the productivity of labor, facilities and materials handling equipment. In addition, through its recent acquisition of Performance Analysis Corporation ("PAC"), the Company offers slotting functionality, which helps determine the optimal storage location for inventory within a distribution center.

The Company currently provides solutions to manufacturers, distributors and retailers primarily in the apparel, consumer products, food service and grocery markets. As of December 31, 1997, PkMS was licensed for use by more than 250 customers including Calvin Klein, Dean Foods, Jockey International, Mikasa, Nordstrom, Patagonia, Playtex Apparel, SEIKO Corporation of America, The Sports Authority, Timberland and Warnaco.

The Company is a Georgia corporation formed to own all of the assets and liabilities of Manhattan Associates Software, LLC, a Georgia limited liability company ("Manhattan LLC"). Manhattan LLC was formed in 1995 by the contribution of the assets, liabilities and intellectual property rights of Pegasys Systems Incorporated ("Pegasys") and the contribution of certain intellectual property rights from the other founders of Manhattan LLC. Pegasys is controlled by Alan J. Dabbiere, the Company's Chairman of the Board, Chief Executive Officer and President. After the Restructuring, Pegasys will be a stockholder of the Company. See "Principal and Selling Stockholders." Unless the context otherwise requires, references in this Prospectus to "Manhattan" or the "Company" refer to Manhattan Associates, Inc., and its consolidated subsidiary, PAC, acquired on February 16, 1998. The Company's principal executive offices are located at 2300 Windy Ridge Parkway, Suite 700, Atlanta, Georgia 30339 and its telephone number is (770) 955-7070.

RISK FACTORS

An investment in the shares of Common Stock offered hereby involves a high degree of risk. In addition to the other information in this Prospectus, the following risk factors should be considered carefully in evaluating an investment in the Common Stock offered by this Prospectus. When used in this Prospectus, the words "expects," "anticipates," "estimates" and similar expressions are intended to identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected. These risks and uncertainties include, but are not limited to, those risks discussed below and elsewhere in this Prospectus. Actual results could differ materially from those projected in the forward-looking statements as a result of the risk factors discussed below and elsewhere in this Prospectus.

LIMITED OPERATING HISTORY. The Company was founded and shipped its first version of PkMS in 1990. The Company and its operations are subject to all of the risks inherent in the establishment of a new business enterprise. The Company's prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly companies in new and rapidly evolving markets. Although the Company has experienced significant growth during the past five years, the Company does not believe that prior growth rates are sustainable or indicative of future operating results. There can be no assurance that the Company will be able to increase its level of revenue or maintain profitability in the future. Increases in operating expenses are expected to continue and, together with pricing pressures, may result in a decrease in operating income and operating margin percentage. The Company's limited operating history makes the prediction of future operating results difficult or impossible. Future operating results will depend on many factors, including, without limitation, the degree and rate of growth of the markets in which the Company competes and the accompanying demand for the Company's software products, the level of product and price competition, the ability of the Company to establish strategic marketing relationships and develop and market new and enhanced products and to control costs, the ability of the Company to expand its direct sales force and indirect distribution channels both domestically and internationally, the ability of the Company to integrate acquired businesses, and the ability of the Company to attract, train and retain consulting, technical and other key personnel. See "Selected Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

POTENTIAL VARIABILITY OF QUARTERLY OPERATIONS AND FINANCIAL RESULTS. The

Company's operations and related revenue and operating results could vary substantially from quarter to quarter. Among the factors causing these potential variations are fluctuations in the demand for the Company's products, the level of product and price competition in the Company's markets, the length of the Company's sales process, the size and timing of individual transactions, the mix of products and services sold, delays in, or cancellations of, customer implementations, the Company's success in expanding its services and customer support organizations as well as its direct sales force and indirect distribution channels, the timing of new product introductions and enhancements by the Company or its competitors, commercial strategies adopted by competitors, changes in foreign currency exchange rates, customers' budget constraints, the Company's ability to control costs and general economic conditions. A substantial portion of the Company's operating expenses, particularly personnel and facilities costs, are relatively fixed in advance of any particular quarter. As a result, any delay in the recognition of revenue may cause significant variations in operating results in any particular quarter. In addition, an increase or decrease in hardware sales, which provide the Company with lower gross margins than sales of software licenses or services, may contribute to the variability of the Company's operating results in any particular quarter. As a result of the foregoing factors, the Company's operating results for a future quarter may be above or below the expectations of public market analysts

and investors. Should the Company's revenue and operating results fall below expectations, the price of the Company's Common Stock would be materially adversely affected. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

DEPENDENCE ON SINGLE PRODUCT. The Company currently derives substantially all of its revenue from sales of its PkMS software and related services and hardware. The Company expects to continue to focus on distribution center management systems as its primary line of business, and any factor adversely affecting the market for distribution center management systems in general, or the Company's products in particular, could adversely affect the Company's business, financial condition and results of operations. The Company's future financial performance will depend in large part on the successful development, introduction and customer acceptance of new and enhanced versions of PkMS. There can be no assurance that the Company will continue to be successful in marketing PkMS or any new or enhanced versions of PkMS. The market for distribution center management systems is intensely competitive, highly fragmented and subject to rapid technological change. The Company's future success will depend on continued growth in the market for distribution center management systems. There can be no assurance that the market for distribution center management systems will continue to grow. If this market fails to grow or grows more slowly than the Company currently anticipates, the Company's business, financial condition and results of operations would be materially adversely affected. See "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business--Strategy" and "--Products and Services."

ABILITY TO MANAGE GROWTH. The Company has rapidly and significantly expanded its operations and anticipates that significant expansion will continue to be required in order to address potential market opportunities. The Company anticipates significantly increasing the size of its sales, support, services, marketing and research and development operations following the completion of the Offering. There can be no assurance that such expansion will be successfully completed or that it will generate sufficient revenue to cover the Company's expenses. The Company has only recently begun the process of developing the management and operational capabilities and financial and accounting systems and controls necessary to support anticipated growth. For example, the Company hired its current Chief Financial Officer, Michael J. Casey, in November 1997. The Company did not previously have a Chief Financial Officer. In January 1998, the Company upgraded certain of its management information and accounting systems and the Company will need to continue to

upgrade these and other systems to accommodate its expanding operations. There can be no assurance that the Company's expanded management information and accounting systems will be sufficient to support the Company's continued growth, if any. Similarly, the Company hired its Executive Vice President--Sales and Marketing, Gregory Cronin, in December 1997, and he is responsible for expanding the Company's sales and marketing operations. The ability of the Company to manage its growth, if any, will depend in large part on its ability to build effective management information and accounting systems, to generally improve and expand its operational and sales and marketing capabilities, to develop the management skills of its managers and supervisors, and to train, motivate and manage both its existing employees and the additional employees that will be required if the Company is to achieve its business objectives. There can be no assurance that the Company will succeed in developing all or any of these capabilities, and any failure to do so would have a material adverse effect on the Company's business, financial condition and results of operations. See "Business--Strategy," "--Sales and Marketing" and "Management."

NEW MANAGEMENT TEAM; DEPENDENCE ON KEY PERSONNEL. The Company's future success will depend to a significant extent on its Chairman of the Board, Chief Executive Officer and

President, Alan J. Dabbiere, as well as the Company's other executive officers and technical, managerial and marketing personnel. A significant portion of the Company's senior management team has been in place for only a relatively short period of time. Oliver M. Cooper, Michael J. Casey, Gregory Cronin, Neil Thall, and David K. Dabbiere, the Company's Chief Operating Officer, Chief Financial Officer, Executive Vice President--Sales and Marketing, Vice President--Supply Chain Strategy and Vice President, General Counsel and Secretary, respectively, joined the Company full-time in August 1997, November 1997, December 1997, January 1998 and March 1998, respectively. Accordingly, each of these individuals has been involved with only the most recent operating activity of the Company. The Company's success will depend to a significant extent on the ability of its new executive officers to integrate themselves into the Company's daily operations, to gain the trust and confidence of the Company's other employees and to work effectively as a team. The loss of the services of any of the Company's executive officers could have a material adverse effect on the Company's business, financial condition and results of operations. There can be no assurance that any of these individuals or any other key employee will not voluntarily terminate his employment with the Company. The Company does not maintain key man life insurance on any of its executive officers. The failure of the Company to maintain key man life insurance on its executive officers could have a material adverse effect on the Company's business, financial condition and results of operation. The Company believes that its future success will also depend significantly on its ability to attract, motivate and retain additional highly skilled technical, managerial, consulting, sales and marketing personnel. Competition for such personnel is intense, and there can be no assurance that the Company will be successful in attracting, motivating and retaining the personnel required to grow and operate profitably. Failure to attract, motivate and retain such highly skilled personnel could have a material adverse effect on the Company's business, financial condition and results of operations. See "Business--Employees" and "Management."

LIMITED PREDICTABILITY OF SALES DUE TO LENGTH OF SALES PROCESS. The sale of PkMS generally requires the Company to provide a significant level of education to prospective customers regarding the use and benefits of the product. Implementation of the Company's products involves a significant commitment of resources by prospective customers and is commonly associated with substantial integration efforts which must be performed by the Company and/or the customer. For these and other reasons, the length of time between the date of initial contact with the potential customer and execution of a software license agreement typically ranges from three to six months, and is subject to delays over which the Company may have little or no control. In

addition, as the average dollar size of the sale of the Company's products and services increases, the Company expects the sales cycle to lengthen as a result of a more time-consuming approval process typically required by its potential customers. The Company's implementation cycle could also be lengthened by increases in the size and complexity of its implementations. In addition, the Company will need to continue hiring qualified personnel to complete such installations. The failure of the Company to attract and retain such personnel or the delay in, or cancellation of, sales or implementations of PkMS could have a material adverse effect on the Company's business, financial condition and results of operations and could cause the Company's operating results to vary significantly from quarter to quarter. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business--Sales and Marketing."

DEPENDENCE ON HARDWARE REVENUE. In conjunction with the licensing of PkMS, the Company resells a variety of hardware products, developed and manufactured by third parties, in order to provide the Company's customers with an integrated distribution center management solution. Revenue from such hardware sales can amount to a significant portion of the Company's total revenue in any period. As the market for the distribution of hardware products becomes more competitive, the Company's customers may choose to purchase such

hardware directly from the manufacturers or distributors of such products, with a resultant decrease to the Company in such ancillary revenue and related contribution to income. Hardware sales revenue as a percentage of total revenue decreased in 1996 and 1997 and, as a result, the Company's profitability is increasingly dependent upon growth in its software licenses and services revenue. The failure of the Company to maintain or increase hardware revenues may have a material adverse effect on the Company's business, financial condition and results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business--Products and Services."

IMMIGRATION ISSUES. The Company believes that its success in part has resulted from its ability to attract and retain persons with technical and project management skills, some of whom are citizens of other countries, principally India. Many of the Company's employees are employed by the Company pursuant to the United States Immigration and Naturalization Service ("INS") H-1(B), non-immigrant work-permitted visa classification. There is a limit on the number of new H-1(B) petitions that the INS may approve in any year, and in years in which this limit is reached, the Company may be unable to obtain H-1(B) visas necessary to bring additional foreign employees to the U.S. Compliance with existing U.S. immigration laws, or changes in such laws making it more difficult to hire foreign nationals or limiting the ability of the Company to retain H-1(B) employees in the U.S., could require the Company to incur additional unexpected labor costs and expenses. Any such restrictions or limitations on the Company's hiring practices could have a material adverse effect on the Company's business, financial condition and results of operations. Furthermore, Congress and administrative agencies with jurisdiction over immigration matters have periodically expressed concerns over the levels of immigration into the United States. These concerns have often resulted in proposed legislation, rules and regulations aimed at reducing the number of employment-based visas and permanent resident visas that may be issued. Any changes in such laws making it more difficult to hire foreign nationals or limiting the ability of the Company to retain foreign employees could require the Company to incur additional unexpected labor costs and expenses or result in the Company having insufficient qualified personnel to carry on the business of the Company.

The Company's Chief Technology Officer, Deepak Raghavan, is presently employed pursuant to an H-1(B) non-immigrant work-permitted visa that may be extended only through April 30, 2000. Mr. Raghavan's application for an EB-3 permanent immigrant visa is currently subject to a processing backlog which may or may not be alleviated in time for his EB-3 permanent immigrant visa to

be issued before April 30, 2000. In the event that Mr. Raghavan's permanent work permit is not issued prior to such date, he may be required to leave the United States. In February 1998, Mr. Raghavan made a cash investment in the Company which allows him to qualify for an EB-5 permanent immigrant investor visa which may be granted sooner than the EB-3 permanent immigrant visa under his current application. While Mr. Raghavan has applied for the immigrant investor visa and the Company expects that such visa will be issued prior to April 30, 2000, there can be no assurance that any visa permitting Mr. Raghavan to remain in the United States will be issued prior to such date. In the event Mr. Raghavan is required to leave the United States, the Company's software development efforts, and thus its business, financial condition and results of operations, may be materially adversely affected. See "Business--Employees," "Management" and "Certain Transactions."

COMPETITION. The market for the Company's products is intensely competitive, highly fragmented and subject to rapid technological change. The Company's competitors are diverse and offer a variety of solutions directed at various aspects of the supply chain, as well as the enterprise as a whole. The Company's existing competitors include distribution center management software vendors, the corporate information technology departments of potential

customers capable of internally developing solutions, and smaller independent companies that have developed or are attempting to develop distribution center management software that competes with the Company's software solution.

The Company may face competition in the future from business application software vendors that may broaden their product offerings by internally developing, or by acquiring or partnering with independent developers of, distribution center management software, and Enterprise Resource Planning ("ERP") and Supply Chain Management ("SCM") applications vendors. To the extent such ERP and SCM vendors develop or acquire systems with functionality comparable or superior to the Company's products, their significant installed customer bases, long-standing customer relationships and ability to offer a broad solution could provide a significant competitive advantage over the Company. In addition, it is possible that new competitors or alliances among current and new competitors may emerge and rapidly gain significant market share. Many of the Company's competitors and potential competitors have longer operating histories, significantly greater financial, technical, marketing and other resources, greater name recognition and a larger installed base of customers than the Company. In order to be successful in the future, the Company must continue to respond promptly and effectively to technological change and competitors' innovations. There can be no assurance that current or potential competitors of the Company will not develop products comparable or superior in terms of price and performance features to those developed by the Company. In addition, no assurance can be given that the Company will not be required to make substantial additional investments in connection with its research, development, marketing, sales and customer service efforts in order to meet any competitive threat, or that the Company will be able to compete successfully in the future. Increased competition will result in reductions in market share, pressure for price reductions and related reductions in gross margins, any of which could materially and adversely affect the Company's ability to achieve its financial and business goals. There can be no assurance that in the future the Company will be able to successfully compete against current and future competitors. See "Business--Competition."

RISKS ASSOCIATED WITH RECENT ACQUISITION AND POSSIBLE ACQUISITIONS. The Company has recently completed the PAC Acquisition and may in the future engage in selective acquisitions of other businesses that are complementary to those of the Company, including other providers of distribution center management solutions or technology. There can be no assurance that the Company will be able to identify additional suitable acquisition candidates available for sale at reasonable prices, consummate any acquisition or successfully integrate any acquired business (including the PAC business) into the Company's operations. Further, acquisitions may involve a number of special risks, including diversion of management's attention, failure to retain key

acquired personnel, unanticipated events or circumstances, legal liabilities and amortization of acquired intangible assets, some or all of which could have a material adverse effect on the Company's business, results of operations and financial condition. Problems with an acquired business could have a material adverse effect on the performance of the Company as a whole. The Company expects to finance any future acquisitions with the proceeds of the Offering as well as with possible debt financing, the issuance of equity securities (common or preferred stock) or combinations of the foregoing. There can be no assurance that the Company will be able to arrange adequate financing on acceptable terms. If the Company were to proceed with one or more significant future acquisitions in which the consideration consisted of cash, a substantial portion of the Company's available cash (possibly a portion of the proceeds of the Offering) could be used to consummate the acquisitions. If the Company were to consummate one or more significant acquisitions in which the consideration consisted of stock, shareholders of the Company could suffer dilution of their interests in the Company. Many business acquisitions must be accounted for using the purchase method of accounting. Most of the businesses that might become attractive acquisition candidates for the Company are likely to

have significant intangible assets, and acquisition of these businesses, if accounted for as a purchase, would typically result in substantial goodwill amortization charges to the Company, reducing future earnings. In addition, such acquisitions could involve acquisition-related charges, such as one-time acquired research and development charges. For example, the Company intends, in the first quarter of 1998, to record an acquired research and development expense of approximately $2.1 million in connection with the PAC Acquisition. See "Business--Strategy," "--Recent Developments" and Financial Statements.

ESTABLISHMENT OF INDIRECT CHANNELS; POTENTIAL FOR CHANNEL CONFLICT. Although the Company has historically focused its efforts on marketing through its direct sales force, the Company is increasing resources dedicated to developing indirect marketing channels such as systems integrators. There can be no assurance that the Company will be able to attract and retain a sufficient number of systems integrators to market successfully the Company's PkMS product. In addition, there can be no assurance that the Company's potential systems integrators will not develop, acquire or market products competitive with the Company's PkMS product. In addition, sales of PkMS through its indirect channels are also likely to reduce the Company's gross profits from its consulting services as the Company's third party systems integrators provide these services. Selling through indirect channels may limit the Company's contact with its customers. As a result, the Company's ability to accurately forecast sales, evaluate customer satisfaction and recognize emerging customer requirements may be hindered. The Company's strategy of marketing its PkMS product directly to customers and indirectly through systems integrators may result in distribution channel conflicts. The Company's direct sales efforts may compete with those of its indirect channels and, to the extent different systems integrators target the same customers, systems integrators may also come into conflict with each other. As the Company strives to expand its indirect distribution channels, there can be no assurance that emerging channel conflicts will not have a material adverse effect on its relationships with potential systems integrators or adversely affect its ability to attract new systems integrators. See "Business--Strategy" and "--Sales and Marketing."

RISKS ASSOCIATED WITH INTERNATIONAL EXPANSION. Revenue outside of North America has not been significant to date; however, a key element of the Company's strategy is to increase its international sales. The Company expects to face competition from foreign distribution center management system providers in their respective native countries. To successfully expand international sales, the Company will need to recruit and retain international systems integrators. There can be no assurance that the Company will be able to maintain or increase international sales of its products or that the Company's international distribution channels will be able to adequately market, service and support the Company's products. International operations

generally are subject to certain risks, including dependence on independent resellers, fluctuations in foreign currency exchange rates, compliance with foreign regulatory and market requirements, variability of foreign economic conditions and changing restrictions imposed by United States export laws. Additional risks inherent in the Company's international business activities generally include unexpected changes in regulatory requirements, tariffs and other trade barriers, costs of localizing products for foreign countries, lack of acceptance of localized products in foreign countries, longer accounts receivable payment cycles, difficulties in managing international operations, difficulties in enforcing intellectual property rights and the burdens of complying with a wide variety of foreign laws. Currently, the Company does not operate sales offices outside of the United States. The Company intends to establish international sales offices, and such operations will be subject to certain additional risks, including difficulties in staffing and managing such operations and potentially adverse tax consequences including restrictions on the repatriation of earnings. There can be no assurance that such factors will not have a material adverse effect on the Company's future international sales and, consequently, the Company's business, financial condition and results of operations.

To date, all of the Company's sales have been made in United States dollars and the Company has not engaged in any hedging transactions through the purchase of derivative securities or otherwise. However, should the Company's revenue from international sales increase as intended, and should such sales be denominated in foreign currencies, the failure of the Company to adopt an adequate hedging strategy to guard against foreign currency fluctuations could have a material adverse effect on the Company's business, financial condition and results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business--Strategy" and "--Sales and Marketing."

CONCENTRATION OF CONTROL. Upon completion of the Offering, the Company's directors, officers and their affiliates will beneficially own approximately 85.1% of the Company's outstanding Common Stock. In particular, Alan J. Dabbiere, the Chairman of the Board, Chief Executive Officer and President of the Company, will beneficially own approximately 47.9% of the Company's outstanding Common Stock. As a result, these stockholders will have the ability to elect the Company's directors and to determine the outcome of corporate actions requiring stockholder approval. This concentration of ownership may have the effect of delaying or preventing a change of control of the Company. See "Management" and "Principal and Selling Stockholders."

RISKS ASSOCIATED WITH RAPID TECHNOLOGICAL ADVANCES; NECESSITY OF DEVELOPING NEW PRODUCTS. The market for distribution center management systems is subject to rapid technological change, changing customer needs, frequent new product introductions and evolving industry standards that may render existing products and services obsolete. As a result, the Company's position in this market could be eroded rapidly by unforeseen changes in customer requirements for application features, functions and technologies. The Company's growth and future operating results will depend in part upon its ability to enhance existing applications and develop and introduce new applications that meet or exceed technological advances in the marketplace, that meet changing customer requirements, that respond to competitive products and that achieve market acceptance. Although the Company is presently developing a client/server version of its PkMS product, there can be no assurance that this product will be completed to meet potential customer demands, if any, on a timely basis. The Company's product development and testing efforts have required, and are expected to continue to require, substantial investments by the Company. There can be no assurance that the Company will continue to possess sufficient resources to make necessary investments in technology. In addition, there can be no assurance that the Company's products will meet the requirements of the marketplace and achieve market acceptance, or that the Company's current or future products will conform to industry standards in the markets they serve. If the Company is unable, for technological or other reasons, to develop and

introduce new and enhanced products in a timely manner, the Company's business, financial condition and results of operations could be materially adversely affected. See "Business--Product Development."

POTENTIAL LIABILITY TO CLIENTS. Many of the Company's installations involve products that are critical to the operations of its clients' businesses and provide benefits that may be difficult to quantify. Any failure in a client's system could result in a claim for substantial damages against the Company, regardless of the Company's responsibility for such failure. Although the Company attempts to limit contractually its liability for damages arising from negligent acts, errors, mistakes or omissions, there can be no assurance the limitations of liability set forth in its contracts will be enforceable in all instances or would otherwise protect the Company from liability for damages. Although the Company maintains general liability insurance coverage, including coverage for errors or omissions, there can be no assurance that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim.

The successful assertion of one or more large claims against the Company that exceed available insurance coverage or changes in the Company's insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could adversely affect the Company's business, financial condition and results of operations.

CONVERSION FROM LIMITED LIABILITY COMPANY ("LLC") STATUS AND UTILIZATION OF SIGNIFICANT PORTION OF THE OFFERING PROCEEDS TO SATISFY INDEBTEDNESS INCURRED TO FUND DISTRIBUTIONS TO CURRENT STOCKHOLDERS. Manhattan LLC was formed by the contribution of the assets, liabilities and intellectual property rights of Pegasys and the contribution of certain intellectual property rights from the other founders of Manhattan LLC. Manhattan LLC has operated as an LLC, taxable as a partnership under the provisions of the Internal Revenue Code of 1986, as amended (the "Code") and generally taxable as a partnership under comparable provisions of state income tax laws. An LLC which is taxable as a partnership generally is not subject to income tax at the entity level. Instead, an LLC's taxable income generally passes through to its owners and is taxed to such owners as personal income. Historically, Manhattan LLC has distributed its earnings to its owners as the Company's working capital needs permitted. Since the Company's working capital needs are anticipated to be satisfied for at least the next twelve months by the proceeds of this Offering, prior to this Offering Manhattan LLC will disburse its accumulated undistributed earnings to its owners.

As of the date of this Prospectus, the assets and liabilities of Manhattan LLC will be contributed to the Company in exchange for Common Stock of the Company in a transaction intended to be non-taxable under Section 351 of the Code (the "Restructuring"). Manhattan LLC will then distribute the Common Stock of the Company received to its stockholders as of the date of this Prospectus and Manhattan LLC will subsequently be dissolved. Purchasers of the Common Stock in the Offering will not receive any portion of the Common Stock distributed to the stockholders of Manhattan LLC in connection with the Restructuring. After the Restructuring, the Company will be taxable for federal and state income tax purposes as a "C" corporation.

Manhattan LLC has entered into a line of credit for working capital purposes and to fund the disbursement of the undistributed earnings to the stockholders of Manhattan LLC that will be made prior to the completion of the Offering. Prior to the Offering, this distribution will cause the Company to sustain, on a pro forma basis as of December 31, 1997, a working capital deficit of $3.6 million and stockholders' deficit of $585,000. The Company will use a portion of the proceeds of the Offering to fund the repayment of amounts owed under the line of credit and to repay indebtedness under a note to the Company's Chief Executive Officer. There can be no assurance that the remaining net proceeds of the Offering will be sufficient to pay for future acquisitions, planned research and development projects and other growth-oriented

activities, which could require the Company to incur additional debt or other financing that could impose restrictive covenants and other terms having a material adverse effect on the Company's business, financial condition and results of operations. Purchasers of Common Stock in the Offering will not receive any portion of the distributions to the stockholders of Manhattan LLC prior to the Restructuring. See "Conversion from Limited Liability Company Status and Related Distributions," "Use of Proceeds," "Certain Transactions" and Notes 1 and 9 of Notes to Financial Statements.

INTELLECTUAL PROPERTY RIGHTS. The Company relies on a combination of copyright, trade secret, trademark, service mark and trade dress laws, confidentiality procedures and contractual provisions to protect its proprietary rights in its products and technology. There can be no assurance, however, that the confidentiality agreements on which the Company relies to protect

its trade secrets and proprietary technology will be adequate. Further, the Company may be subject to additional risks as it enters into transactions in countries where intellectual property laws are not well developed or are poorly enforced. Legal protections of the Company's rights may be ineffective in such countries. Litigation to defend and enforce the Company's intellectual property rights could result in substantial costs and diversion of resources and could have a material adverse effect on the Company's business, financial condition and results of operations, regardless of the final outcome of such litigation. Despite the Company's efforts to safeguard and maintain its proprietary rights both in the United States and abroad, there can be no assurance that the Company will be successful in doing so, or that the steps taken by the Company in this regard will be adequate to deter misappropriation or independent third party development of the Company's technology or to prevent an unauthorized third party from copying or otherwise obtaining and using the Company's products or technology. Any such events could have a material adverse effect on the Company's business, financial condition and results of operations.

As the number of supply chain management applications in the industry increases and the functionality of these products further overlaps, software development companies like the Company may increasingly become subject to claims of infringement or misappropriation of the intellectual property rights of others. There can be no assurance that third parties will not assert infringement or misappropriation claims against the Company in the future with respect to current or future products. Any claims or litigation, with or without merit, could be time-consuming, result in costly litigation, diversion of management's attention and cause product shipment delays or require the Company to enter into royalty or licensing arrangements. Such royalty or licensing arrangements, if required, may not be available on terms acceptable to the Company, if at all, which could have a material adverse effect on the Company's business, financial condition and results of operations. Adverse determinations in such claims or litigation could also have a material adverse effect on the Company's business, financial condition and results of operations. See "Business--Proprietary Rights."

BROAD MANAGEMENT DISCRETION AS TO USE OF PROCEEDS. A substantial portion of the net proceeds to be received by the Company in connection with the Offering is allocated to working capital and general corporate purposes. Accordingly, management will have broad discretion with respect to the expenditure of such proceeds. Purchasers of shares of Common Stock offered hereby will be entrusting their funds to the Company's management, upon whose judgment they must depend, with limited information concerning the specific working capital requirements and general corporate purposes to which the funds will ultimately be applied. See "Use of Proceeds."

CERTAIN ANTI-TAKEOVER PROVISIONS. The Board of Directors has authority to issue up to 20,000,000 shares of preferred stock and to fix the rights, preferences, privileges and restrictions, including voting rights, of the preferred stock without further vote or action by the Company's stockholders.

The rights of the holders of the Common Stock will be subject to, and may be adversely affected by, the rights of the holders of a preferred stock that may be issued in the future. While the Company has no present intention to issue shares of preferred stock, such issuance, while providing desired flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of making it more difficult for a third party to acquire a majority of the outstanding voting stock of the Company. In addition, the Company's Articles of Incorporation and Bylaws contain provisions that may discourage proposals or bids to acquire the Company. These provisions could have the effect of making it more difficult for a third party to acquire control of the Company. See "Description of Capital Stock--Certain Articles of Incorporation and Bylaw Provisions."

SHARES ELIGIBLE FOR FUTURE SALE. Sales of a substantial number of shares of Common Stock in the public market following the Offering could adversely affect the market price of the Common Stock prevailing from time to time. The number of shares of Common Stock available for sale in the public market is limited by restrictions under the Securities Act of 1933, as amended (the "Securities Act"), and lock-up agreements executed by officers, directors, optionholders and all stockholders of the Company under which such security holders have agreed not to sell or otherwise dispose of any of their shares for a period of 180 days after the date of this Prospectus without the prior written consent of Deutsche Morgan Grenfell Inc. In addition to the 3,000,000 shares of Common Stock offered hereby (assuming no exercise of the Underwriters' over-allotment option), there will be 20,206,674 shares of Common Stock outstanding as of the date of this Prospectus, all of which are "restricted" shares under the Securities Act. As a result of the lock-up agreements described above and the provisions of Rules 144(k), 144 and 701 promulgated under the Securities Act ("Rule 144(k)," "Rule 144" and "Rule 701," respectively), the restricted shares will be available for sale in the public market as follows: (i) no shares will be eligible for immediate sale on the date of this Prospectus, (ii) approximately 19,870,008 shares will become eligible for sale 180 days after the date of this Prospectus (assuming no release from the lock-up agreements) upon expiration of lock-up agreements and (iii) approximately 336,666 shares will become eligible for sale in February 1999. In addition, the Company intends to register for offer and sale under the Securities Act 5,729,784 shares of Common Stock issued or issuable under the Company's stock option plans and other stock options. See "Shares Eligible for Future Sale" and "Underwriting."

NO PRIOR PUBLIC MARKET FOR COMMON STOCK; POSSIBLE VOLATILITY OF STOCK PRICE. Prior to the Offering, there has been no public market for the Common Stock. Although the Company has made application for the quotation of the Common Stock on the Nasdaq National Market, there can be no assurance that an active trading market will develop or be sustained after the Offering. In the event that the Company fails to appoint two independent Directors within 90 days after the Offering, Nasdaq could terminate the listing of the Common Stock on the Nasdaq National Market, which would have a material adverse effect on the liquidity and trading price of the Common Stock. The initial public offering price of the Common Stock offered hereby will be determined by negotiation between the Company, the Selling Stockholders and the Underwriters and may bear no relationship to the market price of the Common Stock after the Offering. The market price of the Common Stock could be subject to significant fluctuations in response to variations in quarterly operating results and other factors. In addition, the securities markets and, in particular the high technology stock market sector, have experienced significant price and volume fluctuations from time to time that have often been unrelated or disproportionate to the operating performance of particular companies. These broad fluctuations may adversely affect the market price of the Common Stock. See "Underwriting."

DILUTION. The purchasers of the Common Stock offered hereby will experience immediate and significant dilution in the pro forma net tangible book value of

the Common Stock from the initial pubic offering price. See "Dilution."

YEAR 2000 COMPLIANCE. Many currently installed computer systems and software products are coded to accept only two digit entries in the date code field. Beginning in the year 2000, these date code fields will need to accept four digit entries to distinguish twenty-first century dates from twentieth century dates. As a result, over the next two years, computer systems and/or software used by many companies may need to be upgraded to comply with such "Year 2000" requirements. Significant uncertainty exists in the software industry concerning the potential effects associated with such compliance. The latest versions of the Company's products are designed to be Year 2000 compliant. The Company is in the process of determining

the extent to which its earlier software products as implemented in the Company's installed customer base are Year 2000 compliant, as well as the impact of any non-compliance on the Company and its customers. The Company does not currently believe that the effects of any Year 2000 non-compliance in the Company's installed base of software will result in a material adverse effect on the Company's business, financial condition or results of operations. However, the Company's investigation is in its preliminary stages, and no assurance can be given that the Company will not be exposed to potential claims resulting from system problems associated with the century change. There can also be no assurance that the Company's software products that are designed to be Year 2000 compliant contain all necessary date code changes.

The Company believes that the purchasing patterns of customers and potential customers may be affected by Year 2000 issues in a variety of ways. Many companies are expending significant resources to correct or patch their current software systems for Year 2000 compliance. These expenditures may result in reduced funds available to purchase software products such as those offered by the Company. Potential customers may also choose to defer purchasing Year 2000 compliant products until they believe it is absolutely necessary, thus potentially resulting in stalled market sales within the industry. Conversely, Year 2000 issues may cause other companies to accelerate purchases, thereby causing an increase in short-term demand and a consequent decrease in long-term demand for software products. Additionally, Year 2000 issues could cause a significant number of companies, including current Company customers, to reevaluate their current software needs and as a result switch to other systems or suppliers. Any of the foregoing could result in a material adverse effect on the Company's business, financial condition and results of operations.

CONVERSION FROM LIMITED LIABILITY COMPANY STATUS AND RELATED DISTRIBUTIONS

Manhattan LLC was formed by the contribution of the assets, liabilities and intellectual property rights of Pegasys and the contribution of certain intellectual property rights of the other founders of Manhattan LLC. Manhattan LLC has operated as a limited liability company ("LLC") taxable as a partnership under the provisions of the Internal Revenue Code of 1986, as amended (the "Code") and comparable provisions of state income tax laws. An LLC which is taxable as a partnership under the Code is generally not subject to income tax at the entity level. Instead, an LLC's taxable income generally passes through to its owners and is taxed to such owners as personal income. Historically, Manhattan LLC has distributed its earnings to its owners as the Company's working capital needs permitted. Since the Company's working capital needs are anticipated to be satisfied for at least the next twelve months by the proceeds of this Offering, prior to this Offering Manhattan LLC will disburse its accumulated earnings to its owners.

As of the date of this Prospectus, the assets and liabilities of Manhattan LLC will be contributed to the Company in exchange for Common Stock of the

Company in a transaction intended to be non-taxable under Section 351 of the Code. Manhattan LLC will then distribute the Common Stock of the Company received to its stockholders as of the date of this Prospectus and Manhattan LLC will subsequently be dissolved. After the Restructuring, the Company will be taxable for federal and state income tax purposes as a "C" corporation. Purchasers of the Common Stock in the Offering will not receive any portion of the Common Stock distributed to the stockholders of Manhattan LLC in connection with the Restructuring.

Prior to the completion of the Offering, the Company intends to distribute all undistributed earnings, calculated on a tax basis, to the stockholders of Manhattan LLC. As of December 31, 1997, the undistributed earnings, calculated on a tax basis, of the Company was $8.7 million and the Company expects to accumulate additional undistributed earnings from January 1, 1998 through the date of the Restructuring. These distributions will be funded through a series of payments from available Company cash and from the proceeds of a line of credit the Company has established. It is anticipated that any such advances or balance on the line of credit incurred to fund these distributions will be repaid using a portion of the net proceeds of the Offering. Purchasers of the Common Stock in the Offering will not receive any portion of the distributions to the stockholders of Manhattan LLC prior to the Restructuring. See "Risk Factors--Conversion from Limited Liability Company ("LLC") Status and Utilization of Significant Portion of the Offering Proceeds to Satisfy Indebtedness Incurred to Fund Distributions to Current Stockholders" and "Use of Proceeds."

USE OF PROCEEDS

The net proceeds to the Company from the sale of the 3,000,000 shares of Common Stock offered by the Company hereby are estimated to be approximately $29.5 million, assuming an initial public offering price of $11.00 per share and after deducting estimated underwriting discounts and estimated expenses payable by the Company in connection with the Offering.

From the net proceeds of the Offering, the Company will repay any amounts outstanding under its line of credit. The line of credit provides for the Company to borrow, subject to certain conditions, up to $8,000,000, secured by certain of the assets of the Company, at an interest rate of the commercial lender's prime rate plus one-half percent per year. As of March 31, 1998, the Company had no advances outstanding under this line of credit. This line of credit, in part, will be used to fund the LLC Distribution and to make additional distributions to the stockholders of Manhattan LLC based on income earned from January 1, 1998 through the date of the Restructuring. See "Risk Factors--Conversion from Limited Liability Company ("LLC") Status and Utilization of Significant Portion of the Offering Proceeds to Satisfy Indebtedness Incurred to Fund Distributions to Current Stockholders," "Conversion from Limited Liability Company Status and Related Distributions" and "Certain Transactions."

In addition, the Company will use a portion of the net proceeds of the Offering to repay a Grid Promissory Note (the "1995 Note") payable to its Chairman of the Board, Chief Executive Officer and President, Alan J. Dabbiere. The 1995 Note is payable on demand and bears interest at a rate of 5% per year. As of February 28, 1998, the balance of the 1995 Note (including accrued interest) was $1,937,000.

The remaining net proceeds will be used for working capital and other general corporate purposes. Such purposes may include the funding of new product development efforts and possible acquisitions of, or investments in, businesses and technologies that are complementary to those of the Company. The Company has no specific agreements, commitments or understandings with respect to any such acquisitions or investments. The amounts actually expended for each purpose may vary significantly and are subject to change at the Company's discretion depending upon certain factors, including economic or

industry conditions, changes in the competitive environment and strategic opportunities that may arise. Pending application of the net proceeds as described above, the Company intends to invest the net proceeds of the Offering in interest-bearing securities. See "Risk Factors--Broad Management Discretion as to Use of Proceeds" and "Business--Strategy."

DIVIDEND POLICY

The Company historically has made distributions to its stockholders related to its limited liability company status and the resulting tax payment obligations imposed on its stockholders. Other than the distributions to be made as described under "Conversion from Limited Liability Company Status and Related Distributions," the Company does not intend to declare or pay cash dividends in the foreseeable future. Management anticipates that all earnings and other cash resources of the Company, if any, will be retained by the Company for investment in its business. The Company is prevented by its line of credit agreement from paying cash dividends without the consent of its commercial lender.

CAPITALIZATION

The following table sets forth at December 31, 1997, the short-term obligations and capitalization of the Company on an actual, pro forma and pro forma as adjusted basis. This table should be read in conjunction with the Company's Financial Statements and Notes thereto, appearing elsewhere in this Prospectus.

	DECEMBER 31, 1997		
	ACTUAL	PRO FORMA(1)	PRO FORMA AS ADJUSTED(2)
	(IN THOUSANDS, EXCEPT SHARE DATA)		
Note payable to stockholder, current portion.	$1,019	$1,019	$ --
Stockholders' equity:			
Preferred stock, no par value; 20,000,000 shares authorized; no shares issued or outstanding actual, pro forma and pro forma as adjusted.....	--	--	--
Common stock, $.01 par value; 100,000,000 shares authorized actual, pro forma and pro forma as adjusted, 20,000,008 shares issued and outstanding, actual, 20,206,674 shares issued and outstanding, pro forma; 23,206,674 shares issued and outstanding, pro forma as adjusted(3).....	200	202	232
Additional paid-in capital.....	1,929	2,830	32,290
Retained earnings.....	6,858	(3,084)	(3,084)
Deferred compensation.....	(533)	(533)	(533)
Total stockholders' equity.....	8,454	(585)	28,905
Total capitalization.....	$8,454	$ (585)	$28,905

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(1) Pro forma to reflect (i) the payment of cash of $2.2 million and the issuance of 106,666 shares of Common Stock valued at $10.00 per share in connection with the PAC Acquisition, (ii) the charge to income for

acquired research and development of $2.1 million in connection with the PAC Acquisition, (iii) the Stockholder Investment, (iv) the establishment of net deferred tax assets in connection with the Restructuring, and (v) the payment of the LLC Distribution. See "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Conversion from Limited Liability Company Status and Related Distribution" and Notes 3 and 9 of Notes to Financial Statements.

(2) Pro forma as adjusted to reflect the sale by the Company of the 3,000,000 shares of Common Stock offered hereby at an assumed initial public offering price of $11.00 per share and the receipt of the estimated net proceeds therefrom. See "Use of Proceeds."

(3) Excludes (i) 3,355,716 shares of Common Stock issuable upon the exercise of options outstanding at February 28, 1998 under the LLC Option Plan at a weighted average exercise price of $4.66 per share, (ii) 729,784 shares of Common Stock issuable upon the exercise of options outstanding at February 28, 1998 issued outside of the LLC Option Plan at a weighted average exercise price of $1.20 per share, and (iii) 1,644,284 reserved for future issuance under the Company's Stock Incentive Plan (the "Stock Incentive Plan"). See "Management-Stock Option Plans" and Note 6 of Notes to Financial Statements.

DILUTION

As of December 31, 1997, the net tangible book value of the Company was approximately $8.3 million, or $0.42 per share of Common Stock. The pro forma net tangible book deficit as of December 31, 1997 was approximately $1.5 million or $0.08 per share. Pro forma net tangible book value (deficit) per share represents the amount of the Company's total tangible assets less total liabilities, divided by the number of shares of Common Stock outstanding after giving effect to the PAC Acquisition, the Stockholder Investment, the establishment of the deferred tax assets in connection with the Recapitalization and the payments of the LLC Distribution. After giving effect to the sale by the Company of the 3,000,000 shares of Common Stock offered hereby at an assumed initial public offering price of $11.00 per share and the application of the estimated net proceeds therefrom after deducting the estimated underwriting discount and estimated offering expenses, the pro forma net tangible book value of the Company at December 31, 1997 would have been approximately $28.0 million, or $1.21 per share of Common Stock. This represents an immediate increase in net tangible book value of $1.29 per share to existing stockholders and an immediate decrease in net tangible book value of $9.79 per share to new investors. The following table illustrates this unaudited per share dilution to new investors:

Assumed initial public offering price per share.....		$11.00
Net book value per share as of December 31, 1997.....	$ 0.42	
Decrease per share attributable to pro forma adjustments...	(0.50)	
Pro forma net tangible book deficit per share as of December 31, 1997.....	(0.08)	
Increase in net book value per share attributable to new investors.....	1.29	
Pro forma net tangible book value per share as of December 31, 1997 after the Offering.....		1.21
Dilution per share to new investors.....		$ 9.79

The following table sets forth, as of December 31, 1997, on a pro forma basis, after giving effect to the number of shares issued in the PAC Acquisition and the Stockholder Investment, the number of shares of Common Stock previously issued by the Company, the total consideration reflected in the accounts of the Company and the average price per share to the existing stockholders and new investors, assuming the sale by the Company of 3,000,000 shares of Common Stock at an assumed initial public offering price of $11.00 per share, and before deducting the estimated underwriting discounts and estimated offering expenses:

	SHARES PURCHASED		TOTAL CONSIDERATION		AVERAGE PRICE
	NUMBER	PERCENT	AMOUNT	PERCENT	PER SHARE
Existing stockholders.....	20,206,674	87.1%	$ 2,830,000	7.9%	$ 0.14
New investors.....	3,000,000	12.9	33,000,000	92.1	11.00
Total.....	23,206,674	100.0%	$35,830,000	100.0%	

Assuming full exercise of the Underwriters' over-allotment option, the percentage of shares held by existing stockholders would be 85.1% of the total number of shares of Common Stock to be outstanding after the Offering, and the number of shares held by new stockholders would be increased to 3,450,000 shares, or 14.9% of the total number of shares of Common Stock to be outstanding after the Offering. See "Risk Factors--Dilution," "Management" and "Principal and Selling Stockholders."

The calculation of net tangible book value and the other computations above assume no exercise of outstanding options. The Company has options outstanding at February 28, 1998 to acquire 4,085,500 shares at exercise prices ranging from $0.24 to $10.00 per share and a weighted average exercise price of $4.02 per share. The exercise of these options will have the effect of increasing the net tangible book value dilution of new investors in the Offering.

SELECTED FINANCIAL DATA
(IN THOUSANDS, EXCEPT PER SHARE DATA)

The selected financial data of the Company set forth below should be read in conjunction with the financial statements of the Company, including the Notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere herein. The statement of income data for the years ended December 31, 1995, 1996, and 1997, and the balance sheet data as of December 31, 1996, and 1997, are derived from, and are qualified by reference to, the audited financial statements included elsewhere in this Prospectus. The balance sheet data as of December 31, 1995 is derived from the audited balance sheet not included herein. The statement of income data for the years ended December 31, 1993 and 1994, and the balance sheet data as of December 31, 1993 and 1994 are derived from the Company's unaudited financial statements not included herein. In the opinion of management, the unaudited financial statements have been prepared on a basis consistent with the financial statements which appear elsewhere in the Prospectus, and include all adjustments, consisting only of normal recurring adjustments necessary for a fair statement of the financial position and results of operations for these unaudited years. Historical and pro forma results are not necessarily indicative of results to be expected in the future.

YEAR ENDED DECEMBER 31,

	1993	1994	1995	1996	1997
STATEMENT OF INCOME DATA:					
Revenue:					
Software license	$ 1,018	$ 1,781	$ 2,463	$ 3,354	$ 7,160
Services	814	1,587	3,503	6,236	14,411
Hardware	1,477	3,144	5,255	4,810	10,886
Total revenue	3,309	6,512	11,221	14,400	32,457
Cost of revenue:					
Software license	2	2	6	177	461
Services	731	1,293	1,740	2,026	6,147
Hardware	1,278	2,457	3,991	3,734	8,001
Total cost of revenue	2,011	3,752	5,737	5,937	14,609
Gross margin	1,298	2,760	5,484	8,463	17,848
Operating expenses:					
Research and development	168	328	1,138	1,236	3,025
Acquired research and development	--	--	600	--	--
Sales and marketing	368	526	1,147	1,900	3,570
General and administrative	341	414	1,058	1,454	2,975
Total operating expenses	877	1,268	3,943	4,590	9,570
Income from operations	421	1,492	1,541	3,873	8,278
Other income, net	2	5	40	103	56
Income before pro forma income taxes	423	1,497	1,581	3,976	8,334
Pro forma income taxes	162	564	580	1,486	3,023
Pro forma net income(1)	$ 261	$ 933	$ 1,001	$ 2,490	$ 5,311
Historical diluted net income per share	$ 0.02	$ 0.08	$ 0.08	$ 0.20	$ 0.40
Shares used in computing historical net income per share	20,000	20,000	20,010	20,308	20,761
Pro forma diluted net income per share(2)					$ 0.25
Shares used in computing pro forma diluted net income per share(2)					20,951

	DECEMBER 31,					PRO FORMA DECEMBER 31,
	1993	1994	1995	1996	1997	1997(3)
BALANCE SHEET DATA:						
Working capital (deficit)	$470	$1,974	$3,199	$4,116	$ 6,268	$(3,553)
Total assets	747	2,949	5,332	7,276	15,006	13,409
Total Stockholders' equity (deficit)	500	1,997	3,755	4,882	8,454	(585)

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(1) In connection with the Restructuring, the Company will be subject to federal and state corporate income taxes. Pro forma net income is presented as if the Company had been subject to corporate income taxes for all periods presented. See "Conversion From Limited Liability Company Status and Related Distributions" and Notes 3 and 9 of Notes to Financial

Statements.

(2) See Note 1 of Notes to Financial Statements.

(3) Pro forma to reflect the PAC Acquisition as if it had occurred on January 1, 1997 for $2.2 million in cash and 106,666 shares of Common Stock valued at $10.00 per share. Pro forma includes the historical results for the Company and PAC adjusted for (i) the charge to income for acquired research and development of $2.1 million and (ii) increased amortization of $210,000 for purchased software and intangible assets amortized over a three and seven year life, respectively. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 9 of Notes to Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Selected Financial Data and the Financial Statements and Notes thereto included elsewhere in this Prospectus. Certain statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" are forward-looking statements. The forward-looking statements contained herein are based on current expectations and entail various risks and uncertainties that could cause actual results to differ materially from those expressed in such forward-looking statements. For a more detailed discussion of these and other business risks, see "Risk Factors."

OVERVIEW

Manhattan provides information technology solutions for distribution centers that are designed to enable the efficient movement of goods through the supply chain. The Company's solutions are designed to optimize the receipt, storage and distribution of inventory and the management of equipment and personnel within a distribution center, and to meet the increasingly complex information requirements of manufacturers, distributors and retailers. The Company's solutions consist of software, including PkMS, a comprehensive and modular software system; services, including design, configuration, implementation, training and support; and hardware. The Company currently provides solutions to manufacturers, distributors and retailers primarily in the apparel, consumer products, food service and grocery markets.

The Company's revenue consists of revenue from the licensing of PkMS; fees for consulting, implementation, training and maintenance services; and revenue from the resale of complementary radio frequency and computer equipment. In recent years, the Company has experienced an increase in services revenue and a decrease in hardware revenue as a percentage of total revenue. Services revenue generally provides the Company with greater profit margins than hardware revenue. The change in the composition of the Company's total revenue has resulted in an increase in the Company's gross margin resulting in increased net income.

The Company recognizes software license revenue in accordance with the provisions of American Institute of Certified Public Accountants Statement of Position No. 91-1, SOFTWARE REVENUE RECOGNITION. Accordingly, software license revenue is recognized upon shipment of the software following execution of a contract, provided that no significant vendor obligations remain outstanding, amounts are due within one year, and collection is considered probable by management. If significant post-delivery obligations exist, the software license revenue, as well as other components of the contract, are recognized using contract accounting.

The Company's services revenue consists of revenue generated from services and maintenance related to the Company's software solutions. Services revenue is derived from fees based on consulting, implementation and training services

contracted under separate service agreements. Revenue related to consulting, implementation and training services performed by the Company are recognized as the services are performed. Maintenance revenue represents amounts paid, generally in advance, by users for the support and enhancements to the software. Maintenance revenue is recognized ratably over the term of the maintenance agreement, typically 12 months.

Hardware revenue is generated from the resale of a variety of hardware products, developed and manufactured by third parties, that are integrated with and complementary to the Company's software solution. As part of a complete distribution center management solution, the Company's customers frequently purchase hardware from the Company in

conjunction with the licensing of PkMS. These products include computer hardware, radio frequency terminal networks, bar code printers and scanners and other peripherals. Hardware revenue is recognized upon shipment. The Company generally purchases hardware from its vendors only after receiving an order from a customer. As a result, the Company does not maintain hardware inventory in any significant amounts.

As a result of the election to report as a limited liability company that is treated as a partnership for income tax purposes, the Company has not been subject to federal and state income taxes. Pro forma net income amounts discussed herein include additional provisions for income taxes on a pro forma basis as if the Company were liable for federal and state income taxes as a taxable corporate entity throughout the years presented. The pro forma tax provision is calculated by applying the Company's statutory tax rate to pretax income, adjusted for permanent tax differences. The Company's status as a limited liability company will terminate immediately prior to the effectiveness of the Offering and the Company will thereafter be taxed as a business corporation.

On February 16, 1998, the Company purchased all of the outstanding stock of Performance Analysis Corporation ("PAC") for approximately $2.2 million in cash and 106,666 shares of the Company's Common Stock valued at $10.00 per share. PAC is a developer of distribution center slotting software. The acquisition will be accounted for as a purchase. The purchase price of approximately $3.3 million has been allocated to the assets acquired and liabilities assumed, including acquired research and development of approximately $2.1 million, purchased software of $500,000, and other intangible assets of $300,000. Purchased software will be amortized over an estimated three-year useful life and other intangible assets will be amortized over a seven-year period. In connection with the PAC Acquisition, the Company will record a charge to income of $2.1 million in the first quarter of 1998 for acquired research and development. The financial results referred to herein reflect the historical results of the Company. The results have not been adjusted on a pro forma basis to reflect the acquisition of PAC. The Company does not expect the acquisition of PAC to have a material effect on the financial position or results of operations for 1998. PAC is currently in the process of developing a Windows-NT version of its existing product, SLOT-IT. In addition, the Company plans to focus development efforts on integrating the SLOT-IT application into a future product. There are no assurances that the Company will be able to successfully complete these projects or that such products, if completed, will achieve market acceptance. If such projects are unsuccessful, the Company's business, financial condition and results of operations would likely be materially adversely affected.

In addition, on February 16, 1998, the Company received an investment of $1.0 million by Deepak Raghavan, the Chief Technology Officer and a Director of the Company. This investment provided the Company with additional working capital. In exchange for his investment, Mr. Raghavan received 100,000 shares of the Common Stock of the Company.

RESULTS OF OPERATIONS

The following table sets forth certain operating data as a percentage of total revenue for the years indicated:

	YEAR ENDED DECEMBER 31,		
	1995	1996	1997
STATEMENT OF INCOME DATA:			
Revenue:			
Software license	22.0%	23.3%	22.1%
Services	31.2	43.3	44.4
Hardware	46.8	33.4	33.5
Total revenue	100.0	100.0	100.0
Cost of revenue:			
Software license	--	1.2	1.4
Services	15.5	14.1	18.9
Hardware	35.6	25.9	24.7
Total cost of revenue	51.1	41.2	45.0
Gross margin	48.9	58.8	55.0
Operating expenses:			
Research and development	10.1	8.6	9.3
Acquired research and development	5.4	--	--
Sales and marketing	10.2	13.2	11.0
General and administrative	9.4	10.1	9.2
Total operating expenses	35.1	31.9	29.5
Income from operations	13.8	26.9	25.5
Other income, net	0.3	0.7	0.2
Income before pro forma income taxes	14.1	27.6	25.7
Pro forma income taxes	5.2	10.3	9.3
Pro forma net income	8.9%	17.3%	16.4%

YEARS ENDED DECEMBER 31, 1997 AND 1996

REVENUE

Total revenue increased 125.4% to $32.5 million in 1997 from $14.4 million in 1996. Total revenue consists of software license revenue, revenue derived from consulting, maintenance and other services and revenue from the sale of hardware.

Software License. Software license revenue increased 113.5% to $7.2 million in 1997 from $3.4 million in 1996. The increase in revenue from software licenses was primarily due to an increase in the number of licenses of the Company's PkMS product and an increase in the average price of software licenses. The increase in the average price of software licenses is primarily due to increased product functionality and market acceptance of PkMS.

Services. Services revenue increased 131.1% to $14.4 million in 1997 from $6.2 million in 1996. The increase in revenue from services was principally due to the increased demand for these services resulting from the increased

demand for the Company's PkMS product.

Hardware. Hardware revenue increased 126.3% to $10.9 million in 1997 from $4.8 million in 1996. The increase in revenue from hardware was principally due to the increased demand for the Company's PkMS product.

Cost of Revenue

COST OF SOFTWARE LICENSE. Cost of software license revenue consists of the costs of software reproduction and delivery, media, packaging, documentation and other related costs and the amortization of capitalized software. Cost of software license revenue increased to $461,000, or 6.4% of software license revenue, in 1997 from $177,000, or 5.3% of software license revenue, in 1996. As a percentage of software license revenue, cost of software license revenue remained relatively constant in 1997 as compared to 1996.

COST OF SERVICES. Cost of services revenue consists primarily of consultant salaries and other personnel-related expenses incurred in system implementation projects and software support services. Cost of services revenue increased to $6.2 million, or 42.7% of services revenue, in 1997 from $2.0 million, or 32.5% of services revenue, in 1996. The increase in cost of services revenue as a percentage of services revenue is principally due to an increase in services personnel, which resulted in an initial increase in non-billable time incurred for training of these new personnel.

COST OF HARDWARE. Cost of hardware revenue increased to $8.0 million, or 73.5% of hardware revenue, in 1997 from $3.7 million, or 77.6% of hardware revenue, in 1996. The decrease in the cost of hardware as a percentage of hardware revenue is principally due to an increase in sales of hardware products with higher gross margins as compared to the prior year.

Operating Expenses

RESEARCH AND DEVELOPMENT. Research and development expenses principally consist of salaries and other personnel-related costs for personnel involved in the Company's product development efforts. The Company's research and development expenses increased by 144.7% to $3.0 million in 1997, or 9.3% of total revenue, from $1.2 million in 1996, or 8.6% of total revenue. The increase in research and development expenses resulted from the addition of research and development personnel in 1997. Significant product development efforts include the continued development of PkMS and the development of a client/server version of PkMS. The Company believes that a continued commitment to product development will be required for the Company to remain competitive and expects the dollar amount of research and development expenses to increase in the near future.

SALES AND MARKETING. Sales and marketing expenses include salaries, commissions and other personnel-related costs, travel expenses, advertising programs and other promotional activities. Sales and marketing expenses increased by 87.9% to $3.6 million in 1997, or 11.0% of total revenue, from $1.9 million in 1996, or 13.2% of total revenue. The increase in sales and marketing expenses was the result of additional sales and marketing personnel, an increase in sales commissions and expanded marketing program activities.

GENERAL AND ADMINISTRATIVE. General and administrative expenses consist primarily of salaries and other personnel-related costs of executive and financial personnel, as well as facilities, legal, insurance, accounting and other administrative expenses. General and administrative expenses increased by 104.6% to $3.0 million in 1997, or 9.2% of total revenue, from $1.5 million in 1996, or 10.1% of total revenue. The increase in general and administrative expenses was principally due to increased staffing and other administrative expenses necessary to support the Company's growth.

Income Taxes

PRO FORMA PROVISION FOR INCOME TAXES. The pro forma provision for income taxes was $3.0 million in 1997, as compared to $1.5 million in 1996, as a result of the Company's substantially increased income in 1997.

YEARS ENDED DECEMBER 31, 1996 AND 1995

REVENUE

Total revenue increased 28.3% to $14.4 million in 1996 from $11.2 million in 1995. The increase in total revenue was primarily due to an increase in revenue from services and an increase in revenue from software licenses.

Software License. Software license revenue increased 36.2% to $3.4 million in 1996 from $2.5 million in 1995. The increase in revenue from software licenses was due to increased acceptance of the Company's products and an increase in the average price of software licenses. The increase in the average price of software licenses is primarily due to increased product functionality and market acceptance of PkMS.

Services. Services revenue increased 78.0% to $6.2 million in 1996 from $3.5 million in 1995. The increase in revenue from services was primarily due to the increased demand for these services resulting from the increase in the number of PkMS licenses in 1996.

Hardware. Hardware revenue decreased 8.5% to $4.8 million in 1996 from $5.3 million in 1995. The decrease in revenue from hardware was due to higher proportional demand for hardware products in 1995 as compared to 1996.

COST OF REVENUE

Cost of Software License. Cost of software license revenue increased to $177,000, or 5.3% of software license revenue, in 1996 from $6,000, or 0.2% of software license revenue, in 1995. The increase in cost of software license revenue as a percentage of software license revenue was principally due to an increase in the amortization expense of capitalized software.

Cost of Services. Cost of services revenue increased to $2.0 million, or 32.5% of services revenue, in 1996 from $1.7 million, or 49.7% of services revenue, in 1995. The decrease in cost of services revenue as a percentage of services revenue was principally due to improved utilization of services employees as the Company realized increased operating leverage from its services.

Cost of Hardware. Cost of hardware revenue decreased to $3.7 million, or 77.6% of hardware revenue, in 1996 from $4.0 million, or 75.9% of hardware revenue, in 1995. The increase in the cost of hardware revenue as a percentage of hardware revenue in 1996 as compared to 1995 was attributable to an increase in the volume of sales of hardware products with lower gross margins as compared to the prior year.

OPERATING EXPENSES

Research and Development. The Company's research and development expenses increased by 8.6% to $1.2 million in 1996, or 8.6% of total revenue, from $1.1 million in 1995, or 10.1% of total revenue. The increase in research and development expenses was principally due to the addition of development personnel to enhance existing products and for new product development efforts.

Sales and Marketing. Sales and marketing expenses increased by 65.7% to $1.9 million in 1996, or 13.2% of total revenue, from $1.2 million in 1995, or 10.2% of total revenue. The increase in sales and marketing expenses was

principally due to the addition of sales and marketing personnel, an increase in sales commissions associated with increased revenue and to increased marketing program activities.

GENERAL AND ADMINISTRATIVE. General and administrative expenses increased by 37.4% to $1.5 million in 1996, or 10.1% of total revenue, from $1.1 million in 1995, or 9.4% of total revenue. The increase in general and administrative expenses was principally due to an increase in financial and administrative personnel and legal and accounting fees necessary to support the Company's growth.

Income Taxes

PRO FORMA PROVISION FOR INCOME TAXES. The pro forma provision for income taxes was $1.5 million in 1996 as compared to $580,000 in 1995, as a result of the Company's substantially increased income in 1996.

YEARS ENDED DECEMBER 31, 1995 AND 1994

Revenue

Total revenue increased 72.3% to $11.2 million in 1995 from $6.5 million in 1994. The increase in total revenue was due to an increase in all areas of the Company's business.

SOFTWARE LICENSE. Software license revenue increased 38.3% to $2.5 million in 1995 from $1.8 million in 1994. The increase in revenue from software licenses was due to increased acceptance of the Company's PkMS product and an increase in the average price of software licenses. The increase in the average price of software licenses is primarily due to increased product functionality and market acceptance of PkMS.

SERVICES. Services revenue increased 120.7% to $3.5 million in 1995 from $1.6 million in 1994. The increase in revenue from services was principally attributable to an increased demand for these services resulting from the increase in the number of PkMS licenses in 1995.

HARDWARE. Hardware revenue increased 67.1% to $5.3 million in 1995 from $3.1 million in 1994. The increase in revenue from hardware was due to an increased demand for the Company's PkMS product.

Cost of Revenue

COST OF SOFTWARE LICENSE. Cost of software license revenue increased to $6,000, or 0.2% of software license revenue, in 1995 from $2,000, or 0.1% of software license revenue, in 1994.

COST OF SERVICES. Cost of services revenue increased to $1.7 million, or 49.7% of services revenue, in 1995 from $1.3 million, or 81.5% of services revenue, in 1994. The decrease in cost of services revenue as a percentage of revenue is principally due to improved utilization of employees as the Company realized increased operating leverage from its services infrastructure.

COST OF HARDWARE. Cost of hardware revenue increased to $4.0 million, or 75.9% of hardware revenue, in 1995 from $2.5 million, or 78.1% of hardware revenue, in 1994. The decrease in the cost of hardware revenue as a percentage of hardware revenue is principally due to a decrease in the volume of sales of hardware products with lower margins as compared to the prior year.

Operating Expenses

RESEARCH AND DEVELOPMENT. The Company's research and development expenses increased by 247.0% to $1.1 million in 1995, or 10.1% of total revenue,

from $328,000 in

1994, or 5.0% of total revenue. The increase in research and development resulted from the addition of development personnel to enhance its products and for new product development efforts.

ACQUIRED RESEARCH AND DEVELOPMENT. The Company recorded an expense for acquired research and development of $600,000 in 1995 in connection with the purchase of certain rights to technology which was ultimately incorporated into PkMS.

SALES AND MARKETING. Sales and marketing expenses increased by 118.1% to $1.2 million in 1995, or 10.2% of total revenue, from $526,000 in 1994, or 8.1% of total revenue. The increase in sales and marketing expenses was due to the addition of sales and marketing personnel and increased marketing expenses.

GENERAL AND ADMINISTRATIVE. General and administrative expenses increased by 155.6% to $1.1 million in 1995, or 9.4% of total revenue, from $414,000 in 1994, or 6.4% of total revenue. The increase in general and administrative expenses was due to an increase in legal and accounting fees as well as other administrative expenses necessary to support the Company's growth.

Income Taxes

PRO FORMA PROVISION FOR INCOME TAXES. The pro forma provision for income taxes was $580,000 in 1995, as compared to $564,000 in 1994, as a result of the Company's increased income in 1995.

QUARTERLY RESULTS OF OPERATIONS

The following table presents certain unaudited quarterly statements of income data for each of the Company's last eight quarters in the period ended December 31, 1997, as well as the percentage of the Company's total revenue represented by each item. The information has been derived from the Company's audited Financial Statements. The unaudited quarterly Financial Statements have been prepared on substantially the same basis as the audited Financial Statements contained herein. In the opinion of management, the unaudited quarterly Financial Statements include all adjustments, consisting only of normal recurring adjustments that the Company considers to be necessary to present fairly this information when read in conjunction with the Company's Financial Statements and notes thereto appearing elsewhere herein. The results of operations for any quarter are not necessarily indicative of the results to be expected for any future period.

	QUARTER ENDED							
	MAR. 31, 1996	JUNE 30, 1996	SEPT. 30, 1996	DEC. 31, 1996	MAR. 31, 1997	JUNE 30, 1997	SEPT. 30, 1997	DEC. 31, 1997
	(IN THOUSANDS, EXCEPT PER SHARE DATA)							
STATEMENT OF INCOME DATA:								
Revenue:								
Software license.....	$1,120	$ 520	$ 705	$1,009	$1,494	$1,833	$1,981	$1,852
Services.....	1,301	1,489	1,808	1,638	2,509	3,466	3,820	4,616
Hardware.....	963	1,453	878	1,516	2,241	2,469	3,081	3,095
Total revenue.....	3,384	3,462	3,391	4,163	6,244	7,768	8,882	9,563
Cost of revenue:								
Software license.....	51	40	42	44	89	105	122	145
Services.....	289	421	591	725	983	1,326	1,691	2,147

Hardware.....	807	1,031	672	1,224	1,644	1,953	2,230	2,174
Total cost of revenue..	1,147	1,492	1,305	1,993	2,716	3,384	4,043	4,466
Gross margin.....	2,237	1,970	2,086	2,170	3,528	4,384	4,839	5,097
Operating expenses:								
Research and development.....	210	248	352	426	428	662	791	1,144
Sales and marketing....	434	468	493	505	507	913	989	1,161
General and administrative.....	303	317	376	458	398	589	981	1,007
Total operating expenses.....	947	1,033	1,221	1,389	1,333	2,164	2,761	3,312
Income from operations..	1,290	937	865	781	2,195	2,220	2,078	1,785
Other income, net.....	22	25	33	23	23	16	9	8
Income before pro forma income taxes.....	1,312	962	898	804	2,218	2,236	2,087	1,793
Pro forma income taxes..	491	359	336	300	804	811	757	651
Pro forma net income....	$ 821	$ 603	$ 562	$ 504	$1,414	$1,425	$1,330	$1,142
Pro forma diluted net income per share.....	$ 0.04	$ 0.03	$ 0.03	$ 0.02	$ 0.07	$ 0.07	$ 0.06	$ 0.05
Shares used in pro forma diluted net income per share	20,397	20,397	20,397	20,397	20,397	20,673	20,673	21,661

	AS A PERCENTAGE OF TOTAL REVENUE							
	MAR. 31, 1996	JUNE 30, 1996	SEPT. 30, 1996	DEC. 31, 1996	MAR. 31, 1997	JUNE 30, 1997	SEPT. 30, 1997	DEC. 31, 1997
Revenue:								
Software license.....	33.1%	15.0%	20.8%	24.2%	23.9%	23.6%	22.3%	19.4%
Services.....	38.4	43.0	53.3	39.4	40.2	44.6	43.0	48.3
Hardware.....	28.5	42.0	25.9	36.4	35.9	31.8	34.7	32.3
Total revenue.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Cost of revenue:								
Software license.....	1.5	1.2	1.3	1.1	1.4	1.4	1.4	1.5
Services.....	8.6	12.2	17.4	17.4	15.7	17.1	19.0	22.4
Hardware.....	23.8	29.7	19.8	29.4	26.3	25.1	25.1	22.7
Total cost of revenue..	33.9	43.1	38.5	47.9	43.4	43.6	45.5	46.6
Gross margin.....	66.1	56.9	61.5	52.1	56.6	56.4	54.5	53.4
Operating expenses:								
Research and development.....	6.2	7.2	10.4	10.2	6.9	8.5	8.9	12.0
Sales and marketing....	12.9	13.5	14.5	12.1	8.1	11.7	11.1	12.1
General and administrative.....	8.9	9.2	11.1	11.1	6.4	7.6	11.0	10.5
Total operating expenses.....	28.0	29.9	36.0	33.4	21.4	27.8	31.0	34.6
Income from operations..	38.1	27.0	25.5	18.7	35.2	28.6	23.5	18.8
Other income, net.....	0.7	0.7	1.0	0.6	0.3	0.2	0.1	0.1
Income before pro forma income taxes.....	38.8%	27.7%	26.5%	19.3%	35.5%	28.8%	23.6%	18.9%

The Company's operations and related revenue and operating results could vary substantially from quarter to quarter. Among the factors causing these potential variations are fluctuations in the demand for the Company's products, the level of product and price competition in the Company's markets,

the length of the Company's sales process, the size and timing of individual transactions, the mix of products and services sold, delays in, or cancellations of, customer implementations, the Company's success in expanding its services and customer support organizations as well as its direct sales force and indirect distribution channels, the timing of new product introductions and enhancements by the Company or its competitors, commercial strategies adopted by competitors, changes in foreign currency exchange rates, customers' budget constraints, the Company's ability to control costs and general economic conditions. A substantial portion of the Company's operating expenses, particularly personnel and facilities costs, are relatively fixed in advance of any particular quarter. As a result, any delay in the recognition of revenue may cause significant variations in operating results in any particular quarter. In addition, an increase or decrease in hardware sales, which provide the Company with lower gross margins than sales of software licenses or services, may contribute to the variability of the Company's operational results in any particular quarter. As a result of the foregoing factors, the Company's operating results for a future quarter may be above or below the expectations of public market analysts and investors. Should the Company's revenue and operating results fall below expectations, the price of the Company's Common Stock would be materially adversely affected. See "Risk Factors--Potential Variability of Quarterly Operations and Financial Results."

The Company's ability to undertake new projects and increase revenue is substantially dependent on the availability of the Company's consulting services personnel to assist in the implementation of the Company's software solution. The Company believes that supporting greater-than-anticipated growth in revenue would require the Company to rapidly hire additional skilled personnel for the Company's consulting services group, and there can be no assurance that qualified personnel could be located, trained or retained in a timely and cost-effective manner.

As a result of the foregoing and other factors, the Company believes that quarter-to-quarter comparisons of results are not necessarily meaningful, and such comparisons should not be relied upon as indications of future performance. Fluctuations in operating results may also result in volatility in the price of the shares of the Company's Common Stock. See "Risk Factors--Potential Variability of Quarterly Operations and Financial Results," "--Ability to Manage Growth" and "--New Management Team; Dependence on Key Personnel."

LIQUIDITY AND CAPITAL RESOURCES

Since inception, the Company has funded its operations to date primarily through cash generated from operations. In addition, the Company has also borrowed money from its majority shareholder. As of December 31, 1997, the Company had $3.2 million in cash and cash equivalents.

The Company's operating activities provided cash of $7.0 million in 1997, $4.0 million in 1996 and $3.1 million in 1995. Cash from operating activities arose principally from the Company's profitable operations and was utilized for working capital purposes, principally increases in accounts receivable. The increase in accounts receivable primarily reflected the Company's continued revenue growth.

Cash used for investing activities was approximately $1.8 million in 1997, $485,000 in 1996 and $418,000 in 1995. The Company's use of cash was primarily for the purchase of capital equipment, such as computer equipment and furniture and fixtures, to support the Company's growth.

Cash used for financing activities was approximately $5.1 million in 1997, $2.9 million in 1996 and $273,000 in 1995. The principal use of cash was distributions to the Company's stockholders, partially reduced by borrowings from the Company's majority stockholder. See "Use of Proceeds" and "Certain Transactions."

The Company has entered into a line of credit with a commercial bank to fund its proposed distribution to the Manhattan LLC stockholders and to fund its continuing working capital needs. Prior to the Offering, this distribution will cause the Company to sustain, on a pro forma basis as of December 31, 1997, a working capital deficit of $3.6 million and a stockholders' deficit of $585,000. There can be no assurance that the remaining net proceeds from the Offering will be sufficient to pay for future acquisitions, planned research and development projects and other growth-oriented activities, which could require the Company to incur additional debt or other financing that could impose restrictive covenants and other terms having a material adverse effect on the Company's business, financial condition and results of operations. See "Risk Factors--Conversion From Limited Liability Company ("LLC") Status and Utilization of Significant Portion of the Offering Proceeds to Satisfy Indebtedness Incurred to Fund Distributions to Current Stockholders."

NEW ACCOUNTING PRONOUNCEMENTS

In June 1997, the Financial Accounting Standards Board issued Statement No. 130 ("SFAS 130"), "Reporting Comprehensive Income." SFAS No. 130 is designed to improve the reporting of changes in equity from period to period. The Company will adopt SFAS No. 130 effective with its fiscal year ending December 31, 1998.

In June 1997, the Financial Accounting Standards Board issued Statement No. 131 ("SFAS 131"), "Disclosures About Segments of an Enterprise and Related Information." SFAS No. 131 requires that an enterprise disclose certain information about operating segments. The Company will adopt SFAS No. 131 effective with its fiscal year ending December 31, 1998.

In October 1997, the American Institute of Certified Public Accountants issued Statement of Position 97-2 ("SOP 97-2"), "Software Revenue Recognition." SOP 97-2 supersedes SOP 91-1, and is effective for the Company beginning after December 15, 1997. SOP 97-2 provides further guidance on recognizing revenue on software transactions.

The Company's management does not believe that the adoption of these pronouncements will have a material impact on the Company's financial position or results of operations.

BUSINESS

OVERVIEW

Manhattan provides information technology solutions for distribution centers that are designed to enable the efficient movement of goods through the supply chain. The Company's solutions are designed to optimize the receipt, storage and distribution of inventory and the management of equipment and personnel within a distribution center, and to meet the increasingly complex information requirements of manufacturers, distributors and retailers. The Company's solutions consist of software, including PkMS, a comprehensive and modular software system; services, including design, configuration, implementation, training and support; and hardware. The Company currently provides solutions to manufacturers, distributors and retailers primarily in the apparel, consumer products, food service and grocery markets. As of December 31, 1997, PkMS was licensed for use by more than 250 customers including Calvin Klein, Dean Foods, Jockey International, Mikasa, Nordstrom, Patagonia, Playtex Apparel, SEIKO Corporation of America, The Sports Authority, Timberland and Warnaco.

INDUSTRY BACKGROUND

Over the past two decades, the flow of goods through the supply chain from

manufacturers to consumers has undergone significant changes. These changes began in the United States textile industry, which, faced with increased global competition, implemented an industry-wide initiative in the 1980s to lower the cost of goods sold through more efficient inventory management. This initiative, which became known as "Quick Response," uses technology to improve the flow of information among manufacturers, distributors and retailers. Quick Response has allowed retailers to more rapidly advise manufacturers and distributors of their inventory replenishment needs and has allowed manufacturers and distributors to more efficiently restock retailers. As a result, textile product retailers have been able not only to reduce their idle inventory and cost of goods sold, but also to offer a broader range of products.

More recently, the consumer products industry experienced a similar supply chain re-engineering, driven primarily by the emergence of national superstore chains and category stores. The business model of these stores, which promotes wider product offerings, lower gross profit margins and a higher rate of inventory turnover than traditional stores, represented a competitive threat to retailers of similar products.

In order to remain competitive in this changing retail landscape, many retailers have demanded that manufacturers and distributors apply Quick Response principles to their supply chain operations to achieve lower costs and higher levels of service. Retailers' demands include more sophisticated distribution services, such as more frequent store-specific inventory replenishments, more customized packing of goods within each delivery to reduce in-store unpacking times, more sophisticated packaging and labeling of goods to meet merchandising strategies, and the exchange of trading information in compliance with electronic data interchange ("EDI") standards. Demand for these more sophisticated distribution services requires significant modification of distribution center operations for manufacturers and distributors. For example, a manufacturer that previously may have made one bulk shipment to each of six customer distribution centers each month may now be required to ship more than 10,000 custom-packed and labeled orders per month directly to multiple customers' stores or to the customers' distribution centers for immediate reshipment to stores.

As a result of these retailer demands, distribution centers have increased in size, complexity and cost. Distribution centers today can comprise one million square feet or more with thousands of stock keeping units ("SKUs") and multi-million dollar investments in automated materials handling equipment. The efficient management of a distribution center operation now

requires collecting information regarding customer orders, inbound shipments of products, products available on-site, product storage locations, weights and sizes, and outbound shipping data (including customer- or store-specific shipping requirements, routing data and carrier requirements). This information must be analyzed dynamically to determine the most efficient use of the distribution center's labor, materials handling equipment, packaging equipment and shipping and receiving areas. Additionally, manufacturers, distributors and retailers must exchange information with other participants in the supply chain in order to effectively integrate the operation of their distribution centers with the entire supply chain.

In response to these new distribution center challenges, companies have implemented information technology systems designed to manage this new distribution environment. Gartner Group, an independent industry analysis and research firm, estimates that the distribution center management systems market totaled more than $900 million in revenue in 1997, and that the market is currently growing at 35% annually. Furthermore, Gartner Group projects that the majority of the current installed base of largely internally developed software will be replaced by 2001. An effective distribution center management system must have the ability to integrate with: (i) enterprise resource planning ("ERP") systems; (ii) supply chain management ("SCM") systems such as transportation, order management and demand planning; and (iii) the existing

distribution center equipment, including related radio frequency ("RF") equipment and automated materials handling equipment. In addition, customers frequently require their distribution center management systems to incorporate customer-driven modifications to their packaging, information and transportation services, new technologies and newly-defined best practices in their industry. Distribution center management systems also must operate with high reliability and efficiency while supporting very high transaction volumes and multiple users, and therefore are almost exclusively deployed on UNIX or large-scale enterprise servers.

Traditionally, distribution center management systems have been highly customized, difficult to upgrade and have required costly and lengthy implementations. Furthermore, these systems have not readily supported the increased volumes and complexities associated with recent advances in supply chain re-engineering initiatives. Most providers of these systems have not focused on specific vertical markets but rather have attempted to customize their solutions to differing vertical market demands with each implementation. As a result, many of these providers have been unable to effectively leverage industry-specific expertise for use in future implementations.

THE MANHATTAN SOLUTION

Manhattan provides information technology solutions for distribution centers that are designed to enable the efficient movement of goods through the supply chain. The Company's solutions are designed to optimize the receipt, storage and distribution of inventory and the management of equipment and personnel within a distribution center, and to meet the increasingly complex information requirements of manufacturers, distributors and retailers. The Company's solutions consist of software, including PkMS, a comprehensive and modular software system; services, including design, configuration, implementation, training and support; and hardware. In addition, through its recent acquisition of PAC, the Company offers slotting functionality, which helps determine the optimal storage location for inventory within a distribution center. The Company currently provides solutions to manufacturers, distributors and retailers primarily in the apparel, consumer products, food service and grocery markets.

PkMS allows organizations to manage the receiving, stock locating, stock picking, order verification, order packing and shipment of products in complex distribution centers. PkMS is designed to optimize the operation of a distribution center by increasing inventory turnover, improving inventory accuracy, reducing response times, reducing inventory levels, improving

customer service and increasing the productivity of labor, facilities and materials handling equipment. The Company has developed robust, high volume systems for manufacturers, distributors and retailers of consumer products to support Quick Response and other industry and supply chain initiatives. PkMS employs leading relational database technology and can be easily integrated with third party software applications, including the ERP and SCM systems of its customers.

The Manhattan solutions feature PkMS, a modular software system that, together with the Company's consulting, implementation and maintenance services, provides:

- COMPREHENSIVE FUNCTIONALITY--PkMS addresses a full range of requirements of modern, complex distribution centers with an existing product rather than custom-designed and developed applications. PkMS provides comprehensive functionality for specific vertical markets incorporating industry-wide initiatives.

- EASE OF IMPLEMENTATION--PkMS' modular design, along with the Company's knowledge of specific vertical markets and expertise in planning and installation, allows the Company's solutions to be implemented more rapidly than highly-customized distribution center management systems. A

typical implementation can often be completed within six months. Because of its modular design, PkMS can be implemented in phases to meet specific customer demands.

- TIMELY RESPONSE TO INDUSTRY INITIATIVES--PkMS features a comprehensive maintenance program to provide its customers with timely software upgrades offering increased functionality and technological advances which address emerging supply chain and other industry initiatives.

- FLEXIBILITY AND CONFIGURABILITY--PkMS is designed to be easily configured to meet a distribution center's specific requirements and reconfigured to meet changing customer requirements.

- SCALEABILITY--PkMS is designed to facilitate the management of evolving distribution center systems to accommodate increases in the number of system users, complexity and distribution volume.

In addition, through its recent acquisition of PAC, the Company offers slotting functionality, which helps determine the optimal storage location for inventory within a distribution center. See "--Recent Developments."

STRATEGY

The Company's objective is to be the leading provider of information technology solutions that enable distribution centers to more efficiently manage the movement of goods through the supply chain. The Company will continue to provide solutions to targeted vertical markets by offering advanced, highly functional, highly scaleable applications that allow customers to leverage their investment in distribution centers and meet frequently-changing customer requirements. The Company's strategy to achieve this objective includes the following key elements:

Enhance Core Product Functionality. The Company intends to continue to focus its product development resources on the development and enhancement of PkMS to extend its functionality and enable its operation on client/server platforms. The Company identifies further enhancements to PkMS through on-going customer consulting engagements and implementations, interactions with its user groups and participation in industry standards and research committees. The Company intends to continue to achieve these development objectives through both its internal research and development activities and selected acquisitions of complementary products and technologies.

Target New Vertical Markets. The Company to date has focused its marketing, sales and product development efforts on specific vertical markets, particularly in the apparel manufacturing industry. The Company is increasingly targeting additional vertical markets, including food service, grocery and other retailers. In addition, the Company plans to target other vertical markets that adopt Quick Response, Efficient Consumer Response and similar industry initiatives.

Expand Sales, Services and Marketing Organizations. Manhattan currently sells and supports PkMS through its direct sales and services personnel. The Company plans to invest significantly in expanding its sales, services and marketing organizations and to pursue strategic marketing partnerships with systems integrators and third party software application providers.

Develop International Sales. The Company has historically focused its sales efforts on customers in the United States. The Company intends to add sales personnel and establish offices focused on international opportunities and pursue strategic marketing partnerships with international systems integrators and third party software application providers.

Expand Integration with Complementary Products. The Company believes that the ability to offer a software solution that can extend integration with

leading third party software applications will continue to provide a significant competitive advantage. The Company intends to continue to develop PkMS to integrate with complementary SCM, ERP and other business applications.

PRODUCTS AND SERVICES

Software. PkMS, the Company's principal software product, features a modular design which permits customers to selectively implement specific functionality depending on the needs of each distribution facility or operation.

The following table describes the functions of the PkMS modules:

MODULE	DESCRIPTION
INVENTORY MANAGEMENT SYSTEM ("IMS")	MANAGES THE RECEIPT, PUT-AWAY AND MOVEMENT OF ALL INVENTORY THROUGHOUT THE DISTRIBUTION CENTER
Receiving	. Verifies the accuracy of incoming shipments against the advanced shipping notice . Designates incoming inventory for quality audit and immediate out-going shipment (cross-docking) . Manages receiving yard by scheduling time, dock location and priority of shipments
Stock Locator	. Enhances inventory movement efficiency by directing put-away, minimizing travel distances and optimizing storage capacity . Tracks movement of inventory by allowing real-time inquiries by location, SKU and other criteria
Cycle Count	. Enables more efficient inventory counts by permitting specific zones of a distribution center to be "frozen" without interrupting ongoing operations . Automatically generates cycle count tasks for specific SKUs, locations or other user-designated criteria
Work Order Management	. Directs the assembly of finished goods within a distribution center to match customer demands
Radio Frequency Functions for the IMS	. Allows the real-time collection of inventory product information and location with remote, hand-held mobile devices for integration with the IMS . Communicates real-time task assignments to workers in remote locations of the distribution center
Task Management System for the IMS	. Coordinates the sequence of distribution center tasks to optimize labor efficiency
OUTBOUND DISTRIBUTION SYSTEM ("ODS")	MANAGES THE PICKING, PACKING AND SHIPPING OF ORDERS IN EFFICIENT RELEASE WAVES
Wave Management	. Selects, prioritizes and groups outgoing orders in manageable increments based upon user-defined criteria . Routes picktickets based upon retailer requirements and pre-determines carton contents to minimize the number of outgoing cartons . Facilitates stock replenishment for active picking and packing locations
Verification	. Provides automatic verification of orders and identifies order shortages and overages to maximize shipping accuracy at several different points within the order fulfillment process
Radio Frequency Functions for the ODS	. Allows the real-time collection of shipment information and location with remote, hand-held mobile devices

	. Communicates real-time task assignments to workers in remote locations of the distribution center
Freight Management System	. Sorts orders by specific freight carriers, calculates shipping charges and controls load sequencing based upon truck routes . Generates all documentation required for shipping such as bills of lading and retailer-compliant required manifests
Parcel Shipping System	. Calculates all shipping charges for parcel shipments, generates tracking numbers and provides appropriate documentation for parcel carriers
Order Allocation System	. Prioritizes and allocates orders based on current aggregate inventory levels for customers whose host system is unable to perform this function
ADVANCE SHIP NOTICE ENABLER SYSTEM	ENABLES A CUSTOMER'S SUPPLIERS IN REMOTE LOCATIONS TO CREATE ADVANCED SHIP NOTICES FOR THE CUSTOMER'S RECEIVING DISTRIBUTION CENTER

Through its recent acquisition of PAC, the Company offers SLOT-IT, a software application with "slotting" functionality. Slotting is the process by which inventory items are stored in the optimal physical location within a distribution center. By using decision-support algorithms, SLOT-IT helps determine the optimal location based upon such factors as historical shipment volumes, seasonal demands, location of related products, and physical size and stacking characteristics of a product. Historically, distribution centers using SLOT-IT have realized increased efficiency in managing stock locating, stock picking, order packing and shipment of products.

Consulting Services. The Company's consulting services provide its customers with expertise and assistance in planning and implementing the Company's solutions. To ensure a successful product implementation, consultants assist customers with the initial installation of a system, the conversion and transfer of the customer's historical data onto the Company's system, and ongoing training, education and upgrades. The Company believes that its consulting services enable the customer to implement PkMS rapidly, ensure the customer's success with the Company's solution, strengthen the relationship with the customer, and add to the Company's industry-specific knowledge base for use in future implementations and product development efforts.

Although the Company's consulting services are optional, substantially all of its customers utilize these services for the implementation and ongoing support of the Company's software products. Consulting services are billed on an hourly basis. The Company believes that the complexity of platforms on which the current products operate and the increased complexity of its planned client/server product will result in an increased demand for consulting services. Accordingly, the Company plans to substantially increase the number of consultants to support anticipated growth in product implementations and upgrades. To the extent the Company is unable to attract, train and retain qualified consulting personnel, the Company's operating results may be adversely affected. See "Risk Factors--Ability to Manage Growth" and "--New Management Team; Dependence on Key Personnel."

The Company's consulting services group consists of business consultants, systems analysts and technical personnel devoted to assisting customers in all phases of systems implementation including planning and design, customer-specific configuring of modules, and on-site implementation or conversion from existing systems. The Company's consulting personnel undergo training on distribution center operations and the Company's products. The Company believes that this training, together with the ease of implementation of its products, enables it to productively utilize newly-hired consulting personnel more rapidly than its competitors. The Company may increasingly utilize third party consultants, such as those from major systems integrators, to assist in certain implementations.

Maintenance. PkMS features a comprehensive maintenance program which provides its customers with timely software upgrades offering increased functionality and technological advances which incorporate emerging supply chain and other industry initiatives. As of December 31, 1997, a majority of the Company's customers had subscribed to the Company's comprehensive maintenance support program. The Company has the ability to remotely access the customer's system in order to perform diagnostics, on-line assistance and software upgrades. All of the Company's annual maintenance agreements entitle customers to software product upgrades. The Company offers a standard annual

maintenance option providing for customer telephone support during normal business hours for 15% of the current software license fee and 24 hour maintenance for 20% percent of the current software license fee.

Hardware. The Company's products operate on multiple hardware platforms utilizing various hardware systems and interoperate with many third party software applications and legacy systems. This open system capability enables customers to continue using their existing computer resources and to choose among a wide variety of existing and emerging computer hardware and peripheral technologies.

In conjunction with the licensing of PkMS, the Company resells a variety of hardware products developed and manufactured by third parties in order to provide the Company's customers with an integrated distribution center management solution. These products include computer hardware, radio frequency terminal networks, bar code printers and scanners, and other peripherals. The Company resells all third party hardware products pursuant to agreements with manufacturers or through distributor authorized reseller agreements pursuant to which the Company is entitled to purchase hardware products at discount prices and to receive technical support in connection with product installations and any subsequent product malfunctions. The Company generally purchases hardware from its vendors only after receiving an order from a customer. As a result, the Company does not maintain hardware inventory in any significant amounts.

SALES AND MARKETING

To date, substantially all of the Company's revenue has been generated through its direct sales force. The Company plans to continue to invest significantly in expanding its sales, support, services and marketing organizations within the United States, and to pursue strategic marketing partnerships. The Company conducts comprehensive marketing programs that include advertising, public relations, trade shows, joint programs with vendors and consultants and ongoing customer communication programs. The sales cycle typically begins with the generation of a sales lead or the receipt of a request for proposal from a prospective customer. The sales lead or request for proposal is followed by the qualification of the lead or prospect, an assessment of the customer's requirements, a formal response to the request for proposal, presentations and product demonstrations, site visits to an existing customer utilizing the Company's distribution center management system and contract negotiation. The sales cycle can vary substantially from customer to customer but typically requires three to six months.

CUSTOMERS

To date, the Company's customers have been primarily manufacturers, distributors and retailers in the apparel, consumer products, food service and grocery market segments. The Company plans to expand its presence in the health and beauty products, industrial products and automotive products markets. As of December 31, 1997, PkMS was licensed for use by more than 250 customers including Calvin Klein, Dean Foods, Jockey International, Mikasa, Nordstrom, Patagonia, Playtex Apparel, SEIKO Corporation of America, The Sports Authority, Timberland and Warnaco. The following table sets forth a representative list of the Company's customers as of December 31, 1997, that have purchased at least $100,000 in products and services from the Company.

APPAREL MANUFACTURERS	FOOD SERVICE AND DISTRIBUTION	HEALTH AND BEAUTY PRODUCTS
Aris Isotoner	Abbott Food Services	Andrew Jergens
ASICS Tiger	Arrow Industries	Beiersdorf USA
Authentic Fitness	Austin Quality Foods	Bonne Bell
Calvin Klein	Burns Philp Food	

Duck Head Apparel	Canned Foods	
Espirit	Dean Foods	INDUSTRIAL PRODUCTS
Farah (U.S.A.)	Maines Paper and Food Service	American Tack & Hardware
Garan Manufacturing	Zacky Farms	Delta International Machinery
Hugo Boss		
Jockey International	CONSUMER PRODUCTS	Familian Pipe & Supply
London Fog	Brother International	Liberty Hardware
Oxford Industries	Bulova	PPG Architectural
Patagonia	Conair Group	Coatings
Playtex Apparel	Hunter Fan	Rain Bird Sales
Stride Rite	Lenox	
Timberland	Mikasa	RETAILERS
Warnaco	Remington Products	Edison Brothers
	SEIKO Corp. of America	Holiday Stores
	Tandy Brands Accessories	Nordstrom
		The Sports Authority

The Company's top five customers in aggregate accounted for 22% and 26% of the Company's total revenue in 1997 and 1996, respectively. No single customer accounted for 10% or more of the Company's total revenue during any of the three years ended December 31, 1997.

Customers of PAC, which the Company recently acquired, operate primarily in the grocery market segment. PAC customers include Associated Wholesale Grocers, Food Lion, Nautica, Stop & Shop and SUPERVALU. See "--Recent Developments."

PRODUCT DEVELOPMENT

The Company's development efforts are focused on adding new functionality to existing products and enhancing the operability of its products across distributed and changing heterogeneous hardware platforms, operating systems and relational database systems. The Company believes that its future success depends in part upon its ability to continue to enhance existing products, respond to changing customer requirements and develop and introduce new or enhanced products that incorporate new technological developments and emerging industry standards. To that end, the Company's development efforts frequently focus on base system enhancements incorporating new user requirements and potential features identified through customer interaction and systems implementations. As a result, the Company is able to continue to offer its customers a highly configurable product with increasing functionality rather than a custom-developed software program.

The Company is currently devoting a significant portion of its research and development efforts to the development of a client/server version of PkMS which will operate using the Windows 95 operating system and the Windows NT, UNIX and AS/400 server operating environments. As part of this development effort, the Company is employing a multi-tiered architecture based on a CORBA interface that facilitates scaleability and standardizes interfaces to other enterprise software applications. The Company is also employing object-oriented design frameworks which may require less code and may simplify future maintenance and upgrades. The Company intends to employ a more intuitive graphical user interface in the client/server version of PkMS and to employ installation "wizards" designed to ease the installation and configuration of the product.

The Company is also currently developing new functionality for PkMS, such as features designed to enhance worker productivity, improve yard management and schedule inbound shipment receiving appointments. The Company also plans to focus development efforts on integrating the SLOT-IT application, which was recently acquired in connection with the PAC acquisition, into future releases of PkMS. The Company plans to continue to conduct its development efforts

internally in order to retain development knowledge and promote the continuity of programming standards.

The Company's research and development expenditures for the years ended December 31, 1997, 1996 and 1995 were $3.0 million, $1.2 million and $1.1 million, respectively. The Company intends to continue to increase its investment in product development in the future.

COMPETITION

The Company's products are targeted at the distribution center management systems market, which is intensely competitive and characterized by rapid technological change. The principal competitive factors affecting the market for the Company's products include vendor and product reputation; product architecture, functionality and features; ease and speed of implementation; return on investment; product quality, price and performance; and level of support. The Company's competitors are diverse and offer a variety of solutions directed at various aspects of the supply chain, as well as the enterprise as a whole. The Company's existing competitors include: (i) distribution center management software vendors including Catalyst International, Inc., EXE Technologies, Inc., Haushahn Systems & Engineers and McHugh Software International, Inc.; (ii) the corporate information technology departments of potential customers capable of internally developing solutions; and (iii) smaller independent companies that have developed or are attempting to develop distribution center management software that competes with the Company's software solution.

The Company may face competition in the future from (i) business application software vendors that may broaden their product offerings by internally developing, or by acquiring or partnering with independent developers of, distribution center management software; and (ii) ERP and SCM applications vendors. To the extent such ERP and SCM vendors develop or acquire systems with functionality comparable or superior to the Company's products, their significant installed customer bases, long-standing customer relationships and ability to offer a broad solution could provide a significant competitive advantage over the Company. In addition, it is possible that new competitors or alliances among current and new competitors may emerge and rapidly gain significant market share. Increased competition could result in price reductions, fewer customer orders, reduced gross margins and loss of market share.

Many of the Company's competitors and potential competitors have longer operating histories, significantly greater financial, technical, marketing and other resources, greater name

recognition and a larger installed base of customers than the Company. In order to be successful in the future, the Company must continue to respond promptly and effectively to technological change and competitors' innovations. There can be no assurance that current or potential competitors of the Company will not develop products comparable or superior in terms of price and performance features to those developed by the Company. In addition, no assurance can be given that the Company will not be required to make substantial additional investments in connection with its research, development, marketing, sales and customer service efforts in order to meet any competitive threat, or that the Company will be able to compete successfully in the future. Increased competition will result in reductions in market share, pressure for price reductions and related reductions in gross margins, any of which could materially and adversely affect the Company's ability to achieve its financial and business goals. There can be no assurance that in the future the Company will be able to successfully compete against current and future competitors. See "Risk Factors--Competition."

PROPRIETARY RIGHTS

The Company relies on a combination of copyright, trade secret, trademark,

service mark and trade dress laws, confidentiality procedures and contractual provisions to protect its proprietary rights in its PkMS product and technology. The Company has registered trademarks in "PkMS" and the Manhattan Associates, Inc. logo. The Company has no registered copyrights. The Company generally enters into confidentiality agreements with its employees, consultants, clients and potential clients and limits access to, and distribution of, its proprietary information. The Company licenses PkMS to its customers in source code format and restricts the customer's use for internal purposes without the right to sublicense the PkMS product. However, the Company believes that the foregoing measures afford only limited protection. Despite the Company's efforts to safeguard and maintain its proprietary rights both in the United States and abroad, there can be no assurance that the Company will be successful in doing so or that the steps taken by the Company in this regard will be adequate to deter misappropriation or independent third party development of the Company's technology or to prevent an unauthorized third party from copying or otherwise obtaining and using the Company's products or technology. In addition, policing unauthorized use of the Company's products is difficult, and while the Company is unable to determine the extent to which piracy of its software products exist, software piracy could become a problem.

As the number of supply chain management applications in the industry increases and the functionality of these products further overlaps, companies that develop software, like Manhattan, may increasingly become subject to claims of infringement or misappropriation of the intellectual property rights of others. There can be no assurance that third parties will not assert infringement or misappropriation claims against the Company in the future with respect to current or future products. Any claims or litigation, with or without merit, could be time-consuming, result in costly litigation, diversion of management's attention and cause product shipment delays or require the Company to enter into royalty or licensing arrangements. Such royalty or licensing arrangements, if required, may not be available on terms acceptable to the Company, if at all, which could have a material adverse effect on the Company's business, financial condition and results of operations. Adverse determinations in such claims or litigation could also have a material adverse effect on the Company's business, financial condition and results of operations.

The Company may be subject to additional risks as it enters into transactions in countries where intellectual property laws are not well developed or are poorly enforced. Legal protections of the Company's rights may be ineffective in such countries. Litigation to defend and enforce the Company's intellectual property rights could result in substantial costs and

diversion of resources and could have a material adverse effect on the Company's business, financial condition and results of operations, regardless of the final outcome of such litigation. Despite the Company's efforts to safeguard and maintain its proprietary rights both in the United States and abroad, there can be no assurance that the Company will be successful in doing so, or that the steps taken by the Company in this regard will be adequate to deter misappropriation or independent third party development of the Company's technology or to prevent an unauthorized third party from copying or otherwise obtaining and using the Company's products or technology. Any such events could have a material adverse effect on the Company's business, financial condition and results of operations. See "Risk Factors--Intellectual Property Rights."

EMPLOYEES

As of December 31, 1997, the Company had 191 full-time employees. None of the employees of the Company is covered by a collective bargaining agreement. The Company considers its relations with its employees to be good. As of February 28, 1998, certain of the Company's employees were employed pursuant to the H-1(B), non-immigrant work-permitted visa classification. See "Risk Factors--Immigration Issues."

The Company believes its future success will depend in large part on its ability to recruit and retain qualified employees, especially experienced software engineering personnel. The competition for such personnel is intense, and there can be no assurance that the Company will be successful in retaining or recruiting key personnel. See "Risk Factors--Ability to Manage Growth" and "--New Management Team; Dependence on Key Personnel."

PROPERTIES

The Company's principal administrative, sales, marketing, support, and research and development facility is located in approximately 63,000 square feet of modern office space in Atlanta, Georgia. This facility is leased to the Company through December 31, 2002. Management believes its current facilities are adequate for its present requirements. However, the Company expects in the future to expand into additional facilities.

COMPANY HISTORY

The Company is a Georgia corporation formed to own all of the assets and liabilities of Manhattan LLC. Manhattan LLC was formed in 1995 by the contribution of the assets, liabilities and intellectual property rights of Pegasys Systems Incorporated ("Pegasys") and the contribution of certain intellectual property rights from the other founders of Manhattan LLC. Pegasys is controlled by Alan J. Dabbiere, the Company's Chairman of the Board, Chief Executive Officer and President. After the Restructuring, Pegasys will be a stockholder of the Company. See "Principal and Selling Stockholders."

RECENT DEVELOPMENTS

On February 16, 1998, the Company purchased all of the outstanding stock of Performance Analysis Corporation for $2.2 million in cash and 106,666 shares of the Company's Common Stock valued at $10.00 per share. PAC is a developer of distribution center slotting software. The PAC acquisition will be accounted for as a purchase. The purchase price of approximately $3.3 million has been allocated to the assets acquired and liabilities assumed including acquired research and development of $2.1 million, purchased software of $500,000, and other intangible

assets of $300,000. Purchased software will be amortized over an estimated three-year useful life and other intangible assets will be amortized over a seven-year period. In connection with the PAC Acquisition, the Company will record a charge to income of approximately $2.1 million in the first quarter of 1998 for acquired research and development.

In the past year, the Company has appointed five persons as executive officers to fill new positions created to allow the Company to execute its growth strategy and to provide the infrastructure necessary for a public company. In addition, the Company intends to add Brian J. Cassidy and Charles W. McCall as members of its Board of Directors within 90 days after the date of this Prospectus. See "Risk Factors--New Management Team; Dependence on Key Personnel" and "Management."

LEGAL PROCEEDINGS

The Company is not a party to any material legal proceedings.

MANAGEMENT

DIRECTORS, EXECUTIVE OFFICERS AND OTHER KEY EMPLOYEES

The directors and executive officers of the Company and their ages as of February 26, 1998, are as follows:

NAME	AGE	POSITION
Alan J. Dabbiere	36	Chairman of the Board of Directors, Chief Executive Officer and President(1)
Deepak Raghavan	32	Chief Technology Officer and Director
Gregory Cronin	50	Executive Vice President--Sales and Marketing
Oliver M. Cooper	41	Chief Operating Officer
David K. Dabbiere	39	Vice President, General Counsel and Secretary
Michael J. Casey	34	Chief Financial Officer and Treasurer
Neil Thall	51	Vice President--Supply Chain Strategy

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(1) Member of the Executive Committee.

Directors and Executive Officers

ALAN J. DABBIERE, a founder of the Company, has served as Chief Executive Officer and President of the Company since its inception in 1990 and Chairman of the Board since February 1998. From 1986 until 1990, Mr. Dabbiere was employed by Kurt Salmon Associates, a management consulting firm specializing in consumer products manufacturing and retailing, where he specialized in consulting for the retail and consumer products manufacturing industries. At Kurt Salmon Associates, Mr. Dabbiere participated in Quick Response pilot projects focused on the value of an integrated supply-chain initiative. Mr. Dabbiere serves on the American Apparel Manufacturer Association's Management Systems Committee.

DEEPAK RAGHAVAN, a founder of the Company, has served as Chief Technology Officer of the Company since its inception in 1990 and as a Director of the Company since February 1998. From 1987 until 1990, Mr. Raghavan was a Senior Software Engineer for Infosys Technologies Limited, a software development company, where he specialized in the design and implementation of information systems for the apparel manufacturing industry.

GREGORY CRONIN has served as Executive Vice President--Sales and Marketing of the Company since December 1997. Prior to joining the Company, Mr. Cronin served as President and Chief Operating Officer of McHugh Software International, Inc., a competing developer of distribution center management and transportation management software, from 1992 until December 1997. Before he was appointed as President and Chief Operating Officer of McHugh Software International, Inc., Mr. Cronin served in several other capacities with that company, including Senior Vice President--Sales and Marketing.

OLIVER M. COOPER has served as Chief Operating Officer of the Company since August 1997. Prior to joining the Company, Mr. Cooper served as Vice President--Sales and New Business Development for Compression Labs, Inc., a publicly traded developer of video conferencing and compression products from October 1995 until July 1997. Prior to joining Compression Labs, Inc., Mr. Cooper served in several capacities from October 1988 to September 1995 with Scientific-Atlanta, Inc., most recently as Vice President and General Manager--Broadband Communications Group.

DAVID K. DABBIERE has served as Vice President, General Counsel and Secretary of the Company since March 1998. From 1984 to 1998, Mr. Dabbiere was employed by The Procter &

Gamble Company most recently as Associate General Counsel. Mr. Dabbiere was responsible for, among other duties, the intellectual property matters for Procter & Gamble's Beauty Care & Cosmetic and Fragrances sectors.

MICHAEL J. CASEY has served as Chief Financial Officer of the Company since November 1997. Prior to joining the Company, Mr. Casey served as Chief Financial Officer of Intellivoice Communications, Inc., a developer of voice recognition software applications from April 1997 until November 1997. From February 1996 to February 1997, Mr. Casey was Chief Financial Officer, Treasurer and Secretary of Colorocs Information Technologies, Inc., a publicly traded information technology company. From 1992 to 1996, Mr. Casey served as Vice President--Finance for IQ Software Corporation, a publicly traded software developer. Prior to 1992, Mr. Casey was employed by Arthur Andersen LLP, where he served the technology and communications industries. Mr. Casey is a member of the American Institute of Certified Public Accountants and is a Certified Public Accountant in the State of Georgia.

NEIL THALL has served as Vice President--Supply Chain Strategy of the Company since January 1998. From 1992 to 1997, Mr. Thall served as President of Neil Thall Associates, a software development and management consulting subsidiary of HNC Software, Inc. that specialized in inventory management, Quick Response and vendor managed inventory initiatives. Prior to 1992, Mr. Thall was employed by Kurt Salmon Associates as National Service Director--Retail Consulting, where he specialized in the development and implementation of information systems for major department stores, specialty and mass merchant chains.

Other Key Employees

DEEPAK M.J. RAO, a founder of the Company, has served as a Vice President of the Company since its inception in 1990. From 1987 until 1990, Mr. Rao was an Assistant Project Manager for Infosys Technologies Limited, a software development company, where he specialized in the design and implementation of information systems for the banking industry.

PONNAMBALAM MUTHIAH, a founder of the Company, has served as a Vice President of the Company since its inception in 1990. From 1987 until 1990, Mr. Muthiah was a Senior Software Engineer for Infosys Technologies Limited, a software development company, where he specialized in the design and implementation of information systems for the apparel manufacturing industry.

ZACHARY TODARO has been employed by the Company since April 1993 and has served as Director of Consulting Services of the Company since August 1997. Prior to serving as Director of Consulting Services, Mr. Todaro served in several capacities with the Company including sales, product development and consulting.

JEFFRY W. BAUM joined the Company in February 1998 as Vice President--International Business Development. From January 1997 until February 1998, Mr. Baum served as Vice President--Sales and Marketing of Haushahn Systems & Engineers, a warehouse management systems and material handling automation provider. From March 1, 1992 until December 1996, Mr. Baum served as Senior Account Manager at Haushahn. Prior to that, he served in a variety of business development, account management and marketing positions with Logisticon, Inc. and Hewlett-Packard.

DANIEL BASMAJIAN, SR. Mr. Basmajian has served as President of Performance Analysis Corporation since 1987. Performance Analysis Corporation became a wholly-owned subsidiary of the Company in February 1998, when the Company acquired all of its issued and outstanding shares.

Election of Directors

The Company intends to add Brian J. Cassidy and Charles W. McCall as members of its Board of Directors within 90 days after the date of this Prospectus. It will be necessary for the Company to appoint these or two other independent directors within the 90 day time period in order to maintain its Nasdaq National Market listing. Failure to appoint two such directors could result in a delisting of the Common Stock from the Nasdaq National Market.

BRIAN J. CASSIDY has served as the Vice-Chairman and Co-Founder of LiveContent Inc., a developer and supplier of research tools for the Internet, since April 1996. Prior to joining LiveContent Inc., Mr. Cassidy served as Vice President of Business Development of Saros Corporation, a developer of document management software, from January 1993 to March 1996. Prior to joining Saros Corporation, Mr. Cassidy was employed by Oracle Corporation, as Joint Management Director of European Operations and a member of the Executive Management Board from 1983 to 1988 and as Worldwide Vice President of Business Development from 1988 to 1990.

CHARLES W. MCCALL has served as President and Chief Executive Officer of HBO & Company, a developer and supplier of software for the healthcare industry, since 1991. Mr. McCall has been a member of the Board of Directors of HBO & Company since 1991 and has served as Chairman of the Board of Directors since February 1998. Prior to joining HBO & Company, Mr. McCall served as President and Chief Executive Officer of CompuServe, Inc., a computer communications and information services company. Mr. McCall also serves on the Board of Directors of EIS International, Inc., WestPoint Stevens, Inc. and AMERIGROUP Inc.

The Board of Directors is divided into three classes, each of whose members serve for a staggered three-year term. The Board is currently comprised of one Class I director (Mr. Dabbiere), one Class II director (Mr. Raghavan) and no Class III directors. Following the proposed election of Messrs. Cassidy and McCall to the Board of Directors, Mr. Cassidy is expected to be a Class I director and Mr. McCall is expected to be a Class III director. At each annual meeting of shareholders, a class of directors will be elected for a three-year term to succeed the directors of the same class whose terms are then expiring. The terms of the initial Class I directors, Class II directors and Class III directors will expire upon the election and qualification of successor directors at the 1999, 2000 and 2001 annual meetings of stockholders, respectively. There are no family relationships between any of the directors or executive officers of the Company, except that Alan J. Dabbiere is the brother of David K. Dabbiere. See "Risk Factors--No Prior Public Market for Common Stock; Possible Volatility of Stock Price" and "Description of Capital Stock--Certain Articles of Incorporation and Bylaw Provisions."

EMPLOYMENT AGREEMENTS

Mr. Cronin has entered into an employment agreement with the Company effective as of November 15, 1997. Pursuant to this agreement, Mr. Cronin is entitled to receive an annual base salary of $200,000 and is entitled to a performance-related bonus of up to $100,000 per year. In addition, Mr. Cronin received a signing bonus of $100,000 and an option to purchase 350,000 shares of the Company's Common Stock which shall vest in equal annual installments beginning November 14, 1998. Under the terms of the agreement, Mr. Cronin has agreed to assign to the Company all patents, copyrights and other intellectual property developed by him during the course of his employment with the Company. In addition, Mr. Cronin has agreed not to solicit customers of the Company for a period of one year following the termination of his employment with the Company. In connection with any termination of Mr. Cronin's employment, other than for cause or voluntarily by Mr. Cronin, Mr. Cronin will be entitled to receive a severance payment within 30 days of termination equal to the amount of his annual base salary.

Mr. Cooper has entered into an employment agreement with the Company

effective as of August 11, 1997. Pursuant to this agreement, Mr. Cooper is entitled to receive an annual base salary of $175,000 and is entitled to a performance-related bonus of up to $75,000 per year. In addition, Mr. Cooper received an option to purchase 200,000 shares of the Company's Common Stock of which 60,000 shares vest over the first six months of the option term beginning on August 11, 1997, 40,000 shares vest on each of August 11, 1998 and August 11, 1999, and 60,000 shares vest on August 11, 2000. Under the terms of the agreement, Mr. Cooper has agreed to assign to the Company all patents, copyrights and other intellectual property developed by him during the course of his employment with the Company. In addition, Mr. Cooper has agreed not to solicit customers of the Company for a period of one year following his voluntary termination or termination without cause from the Company.

Mr. Casey has entered into an employment agreement with the Company effective as of November 10, 1997. Pursuant to this agreement, Mr. Casey is entitled to receive an annual base salary of $120,000 and is entitled to a performance-related bonus of up to $25,000 per year. In addition, Mr. Casey received a signing bonus of $20,000 and an option to purchase 100,000 shares of the Company's Common Stock of which 20,000 shares vest over the first six months of the option term beginning on November 10, 1997, 26,668 shares vest on November 10, 1998, and 26,668 shares vest on each of November 10, 1999 and November 10, 2000. Under the terms of the agreement, Mr. Casey has agreed to assign to the Company all patents, copyrights and other intellectual property developed by him during the course of his employment with the Company. In addition, Mr. Casey has agreed not to solicit customers of the Company for a period of one year following the termination of his employment with the Company. In connection with any termination of Mr. Casey's employment during the first two years of his employment, other than a termination based on gross negligence or willful misconduct, Mr. Casey will be entitled to receive a severance payment within 30 days of termination equal to fifty percent of his base salary.

Mr. Thall has entered into an employment agreement with the Company effective as of November 25, 1997. Pursuant to this agreement, Mr. Thall is entitled to receive an annual base salary of $200,000 and is entitled to a performance-related bonus of up to $40,000 per year. In addition, Mr. Thall received an option to purchase 150,000 shares of the Company's Common Stock of which 40,000 shares vested as of November 25, 1997, 40,000 shares vest on each of November 25, 1998 and November 25, 1999, and 30,000 shares vest on November 25, 2000. Under the terms of the agreement, Mr. Thall has agreed to assign to the Company all patents, copyrights and other intellectual property developed by him during the course of his employment with the Company. In addition, Mr. Thall has agreed not to solicit customers of the Company for a period of one year following his voluntary termination or termination without cause from the Company.

BOARD COMMITTEES

The Board of Directors has established an Executive Committee comprised of Messrs. Dabbiere and Raghavan. The Executive Committee is empowered to exercise all authority of the Board of Directors of the Company, except as limited by the Georgia Business Corporation Code ("GBCC"). Under Georgia law, an Executive Committee may not, among other things, approve or propose to stockholders actions required to be approved by stockholders, fill vacancies on the Board of Directors or any of its committees, amend or repeal the bylaws of the Company or approve a plan of merger not requiring stockholder approval. Upon the addition of the two or more outside directors, the Company will name directors to serve on the Compensation and Audit Committees. The Compensation Committee will be responsible for reviewing and recommending salaries, bonuses and other compensation for the Company's officers. The Compensation Committee will also be responsible for administering the Company's stock

option plans and for establishing the terms and conditions of all stock options granted under these plans. The Audit Committee will be responsible for

recommending independent auditors, reviewing with the independent auditors the scope and results of the audit engagement, monitoring the Company's financial policies and internal control procedures and reviewing and monitoring the provisions of non-audit services by the Company's auditors. The full Board of Directors will perform the functions of the Compensation and Audit Committees until the election of outside directors.

DIRECTOR COMPENSATION

Following the consummation of the Offering, the non-employee members of the Board of Directors will receive fees of $1,000 for each board meeting attended and $500 for each committee meeting attended which is held independently of a board meeting. The Company may grant stock options to the non-employee members of the Board of Directors.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During 1997, compensation of executive officers of the Company was determined by Alan J. Dabbiere, Chairman of the Board, Chief Executive Officer and President of the Company. After completion of the Offering and appointment of outside directors, the Company will establish a Compensation Committee to review the performance of executive officers, establish overall employee compensation policies and recommend to the Board of Directors major compensation programs. No member of the Compensation Committee will be an executive officer of the Company.

EXECUTIVE COMPENSATION

Summary Compensation Table. The following table sets forth the total compensation paid or accrued by the Company in 1997 for its Chief Executive Officer and each executive officer of the Company whose total annual salary and bonuses determined at December 31, 1997 exceeded $100,000 (collectively, the "Named Executive Officers").

	ANNUAL COMPENSATION			LONG-TERM COMPENSATION AWARDS
NAME AND PRINCIPAL POSITION	SALARY	BONUS	ALL OTHER COMPENSATION(1)	NUMBER OF SECURITIES UNDERLYING OPTIONS
Alan J. Dabbiere..... Chairman of the Board, Chief Executive Officer and President	$250,000	$406,170(2)	--	--
Deepak Raghavan..... Chief Technology Officer	175,525	--	--	--
Gregory Cronin ..... Executive Vice President-- Sales and Marketing	17,692	100,000(3)	--	350,000
Oliver M. Cooper..... Chief Operating Officer	69,327	70,000(3)	--	200,000

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(1) In accordance with the rules of the Securities and Exchange Commission (the "Commission"), other compensation in the form of perquisites and other personal benefits has been omitted because such perquisites and other personal benefits constituted less than the lesser of $50,000 or 10% of the total annual salary and bonus for the Named Executive Officer for such year.

(2) Represents bonuses and sales commissions. Bonuses awarded and paid in 1997

were based upon 1997 performance.

(3) Represents a bonus paid to Messrs. Cronin and Cooper in December 1997 and August 1997, respectively, upon joining the Company.

OPTION GRANTS IN LAST FISCAL YEAR

The following table sets forth all individual grants of stock options during the year ended December 31, 1997, to each of the Named Executive Officers:

	INDIVIDUAL GRANTS				POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM(1)	
NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED	PERCENT OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE OR BASE PRICE PER SHARE	EXPIRATION DATE	5%	10%
Alan J. Dabbiere.....	--	--	--	--	--	--
Deepak Raghavan.....	--	--	--	--	--	--
Gregory Cronin(2).....	350,000	14.0%	$3.50	11/14/07	$ 770,396	$ 1,952,335
Oliver M. Cooper(3).....	200,000	8.0%	$2.50	8/11/07	$ 314,447	$ 796,871

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(1) Amounts represent hypothetical gains that could be achieved for the respective options if exercised at the end of the option term. These gains are based on the fair market value per share on the date of grant ($2.50 in the case of Mr. Cooper and $5.00 in the case of Mr. Cronin) and assumed rates of stock price appreciation of 5% and 10% compounded annually from the date the respective options were granted to their expiration date. These assumptions are mandated by the rules of the Securities and Exchange Commission and are not intended to forecast future appreciation of the Company's stock price. The potential realizable value computation is net of the applicable exercise price, but does not take into account federal or state income tax consequences and other expenses of option exercises or sales of appreciated stock. Actual gains, if any, are dependent upon the timing of such exercise and the future performance of the Company's Common Stock. There can be no assurance that the rates of appreciation in this table can be achieved. This table does not take into account any appreciation in the price of the Common Stock to date.

(2) This option was granted on November 14, 1997 with an exercise price below the fair market value of the Common Stock on the date of grant as determined by the Board of Directors. The option is a nonqualified stock option which vests beginning November 14, 1998 in equal annual installments over three years and has a ten year term.

(3) This option was granted on August 11, 1997 with an exercise price equal to the fair market value of the Common Stock on the date of grant as determined by the Board of Directors. The Board of Directors determined the fair market value based on various factors including independent appraisals, the illiquidity of the Common Stock representing a minority interest in the Company, values of similarly situated companies and the Company's future prospects. The option is a nonqualified stock option, and 60,000 shares vest over the first six months of the option term in equal monthly installments, 40,000 shares vest on each of August 11, 1998 and August 11, 1999 and the remaining 60,000 shares vest on August 11, 2000. The option has a ten year term.

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND YEAR-END OPTION VALUES

No Named Executive Officer exercised any stock option during 1997. The following table summarizes the value of the outstanding options held by the

Named Executive Officers at December 31, 1997:

NAME	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT FISCAL YEAR-END		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT FISCAL YEAR-END(1)	
	EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
Alan J. Dabbiere.....	--	--	--	--
Deepak Raghavan.....	--	--	--	--
Gregory Cronin.....	--	350,000	--	$1,400,000
Oliver M. Cooper.....	--	200,000	--	1,000,000

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(1) Based on the estimated fair market value of the Company's Common Stock as of December 31, 1997 of $7.50 per share, less the exercise price payable upon exercise of such options. The Board of Directors determined the fair market value based on various factors including independent appraisals, the illiquidity of the Common Stock representing a minority interest in the Company, values of similarly situated companies and the Company's future prospects.

STOCK OPTION PLANS

Manhattan Associates, LLC Option Plan. The Manhattan Associates, LLC Option Plan (the "LLC Option Plan") became effective on January 1, 1997. The aggregate number of shares reserved for issuance under the LLC Option Plan was 5,000,000 shares. The purpose of the LLC Option Plan was to provide incentives for key employees, officers, consultants and directors to promote the success of the Company and to enhance the Company's ability to attract and retain the services of such persons. Options granted under the LLC Option Plan were not options

intended to qualify as "incentive stock options" under Section 422 of the Code. As of February 28, 1998, no additional options may be granted pursuant to the LLC Option Plan.

As of February 28, 1998, options to purchase 3,355,716 shares of Common Stock were outstanding under the LLC Option Plan at a weighted average exercise price of $4.66 per share, and no shares of Common Stock have been issued upon exercise of options granted under the LLC Option Plan.

STOCK INCENTIVE PLAN. The Company's 1998 Stock Incentive Plan (the "Stock Incentive Plan") was adopted by the Board of Directors and approved by the shareholders of the Company in February 1998. Up to 5,000,000 shares of Common Stock (subject to adjustment in the event of stock splits and other similar events), less the number of shares issued under the LLC Option Plan, may be issued pursuant to stock options and other stock incentives granted under the Stock Incentive Plan. As of February 28, 1998, no options to purchase shares of Common Stock or other stock incentives were outstanding under the Stock Incentive Plan and no shares of Common Stock had been issued pursuant to or upon the exercise of options or other stock incentives granted under the Stock Incentive Plan.

The Stock Incentive Plan provides for the grant of incentive stock options intended to qualify under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), nonstatutory stock options, restricted stock awards and stock appreciation rights ("SARs", and, together with the other options and incentives, "Awards"). Officers, employees, directors, advisors and consultants of the Company and any subsidiaries of the Company are eligible to

be granted Awards under the Stock Incentive Plan. Under present law, however, incentive stock options may be granted only to employees. The granting of Awards under the Stock Incentive Plan is discretionary. The Company will be required to recognize compensation expense over the vesting period of any SARs granted.

Optionees receive the right to purchase a specified number of shares of Common Stock at a specified option price and subject to such other terms and conditions as are specified in connection with the option grant. Options may be granted at an exercise price that may be less than, equal to or greater than the fair market value of the Common Stock on the date of grant. Under present law, incentive stock options may not be granted at an exercise price less than the fair market value of the Common Stock on the date of grant (or less than 110% of the fair market value in the case of incentive stock options granted to optionees holding more than 10% of the voting power of the Company). The Stock Incentive Plan permits the payment of the exercise price of options to be in the form of cash, or if the individual option agreement so provides, by surrender to the Company of shares of Common Stock or by a cashless exercise through a brokerage transaction.

The Stock Incentive Plan will be administered by the Board of Directors. The Board may appoint a committee consisting of at least two nonemployee directors, which may be the Compensation Committee, to administer the Stock Incentive Plan. To date, no such committee has been formed pending the election of nonemployee directors to the Board of Directors. The Board and any such committee will have the authority to adopt, amend and repeal the administrative rules, guidelines and practices relating to the Stock Incentive Plan generally and to interpret the provisions thereof. The Board of Directors and any such committee may amend, modify or terminate any outstanding Award and with respect to new Awards will determine (i) the number of shares of Common Stock covered by options, restricted stock awards or SARs, the dates upon which such options or SARs become exercisable and the restrictions on restricted stock lapse, (ii) the exercise price of options and SARs and the purchase price, if any, of restricted stock, (iii) the duration of options and SARs and (iv) conditions and duration of restrictions on restricted stock.

No Award may be made under the Stock Incentive Plan after February 2008, but Awards previously granted may extend beyond that time. The Board of Directors may at any time

terminate the Stock Incentive Plan. Any such termination will not affect outstanding options, restricted stock or SARs.

OTHER OPTIONS. In addition to options issued under the LLC Option Plan, as of February 28, 1998, the Company has outstanding options to purchase an aggregate of 729,784 shares of Common Stock to employees outside of the LLC Option Plan and the Stock Incentive Plan at weighted average exercise price of $1.20 per share.

DEFERRED COMPENSATION PLANS

401(k) Profit Sharing Plan. The Company maintains a 401(k) Plan (the "401(k) Plan") which is intended to be a tax-qualified contribution plan under Section 401(k) of the Code. Pursuant to the 401(k) Plan, participants may contribute, subject to certain Code limitations, up to 10% of eligible compensation, as defined, to the 401(k) Plan. Employees are eligible for this arrangement upon completion of their first calendar month of employment. The Company will match contributions made by employees pursuant to the 401(k) Plan at a rate of 50% of the participant's contributions, up to 6% of the eligible compensation being contributed after the participant's first year of employment, subject to certain Code limitations. All employees of the Company who have completed one year of service with the Company consisting of at least 1,000 hours of employment are eligible for the matching contribution. The Company may make an additional contribution to participants' 401(k) Plans each year at the discretion of the Board of Directors. The portion of a participant's account

attributable to his or her own contributions is 100% vested. The portion of the account attributable to Company contributions (including matching contributions) vests over 5 to 7 years of service with the Company. Distributions from the 401(k) Plan may be made in the form of a lump-sum cash payment or in installment payments.

Defined Contribution Plan. The Company sponsors a defined contribution pension plan (the "Pension Plan") covering substantially all employees of the Company. Under the Pension Plan, the Company contributes up to 8% of a participant's eligible compensation, as defined, to the Pension Plan after the participant's first year of employment.

PAC 401(K) PROFIT SHARING PLAN. Performance Analysis Corporation, which was acquired by the Company on February 16, 1998, sponsors a 401(k) Profit Sharing Plan (the "PAC 401(k) Plan"), covering substantially all employees of PAC. Under the PAC 401(k) Plan's deferred compensation arrangement, eligible employees who elect to participate in the PAC 401(k) Plan may contribute up to 15% of eligible compensation, as defined, to the PAC 401(k) Plan. The PAC 401(k) Plan may allow for a matching contribution which is determined by the PAC each plan year.

LIMITATION OF LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

The Company's Articles of Incorporation provide that the liability of the directors for monetary damages shall be limited to the fullest extent permissible under Georgia law. This limitation of liability does not affect the availability of injunctive relief or other equitable remedies.

The Company's Bylaws provide that the Company will indemnify each of its officers, directors, employees and agents to the extent that he or she is or was a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative because he or she is or was a director, officer, employee or agent of the Company, against reasonable expenses (including attorneys' fees), judgments, fines and amounts paid in settlement in connection with such action, suit or

proceeding; provided, however, that no indemnification shall be made for (i) any appropriation, in violation of his or her duties, of any business opportunity of the Company, (ii) acts or omissions which involve intentional misconduct or a knowing violation of law, (iii) any liability under Section 14-2-832 of the Georgia Business Corporation Code ("GBCC"), which relates to unlawful payments of dividends and unlawful stock repurchases and redemptions or (iv) any transaction from which he or she derived an improper personal benefit. The Company has entered into indemnification agreements with certain officers and directors providing indemnification similar to that provided in the Bylaws.

CERTAIN TRANSACTIONS

LLC DISTRIBUTION AND RESTRUCTURING

As of the date of this Prospectus, Manhattan LLC will contribute all of its assets and liabilities, including the stock of PAC, to the Company in exchange for Common Stock of the Company (the "Restructuring"). Prior to the Restructuring, an amount equal to all undistributed earnings, calculated on a tax basis, will be distributed to Manhattan LLC's stockholders through a combination of distributions from internally generated cash and from proceeds from borrowings under the Company's line of credit. As of December 31, 1997, the Company's undistributed earnings, calculated on a tax basis, was $8.7 million, and the Company expects to accumulate additional undistributed income from January 1, 1998 through the date of the Restructuring. A portion of the

net proceeds of the Offering will be used to repay balances incurred under the Company's line of credit. The stockholders of the Company who will receive funds through the distribution include Alan J. Dabbiere, Deepak Raghavan, David K. Dabbiere, Joel D. Dabbiere and Peter V. Dabbiere. See "Conversion From Limited Liability Company Status and Related Distributions" and Notes 1 and 9 of Notes to Financial Statements.

TAX INDEMNIFICATION AGREEMENTS

The Company has entered into tax indemnification agreements (the "Tax Indemnification Agreements") with Pegasys, Alan J. Dabbiere, Deepak Raghavan, the Company's Chief Technology Officer, and two other founders of the Company, Deepak Rao and Ponnambalam Muthiah, and certain entities affiliated with such individuals. Each of the Tax Indemnity Agreements provide for, among other things, the indemnification of the Company by these persons for any federal and state income taxes (including interest and penalties) incurred by the Company if for any reason Manhattan LLC were to be taxable as a "C" corporation during the period prior to the Restructuring and for any tax liabilities incurred by the Company by reason of the Restructuring. The liability of each of such persons to the Company may not exceed the amount of any distributions received (directly or indirectly) by such persons from Manhattan LLC, net of any taxes attributable to his distributed share of Manhattan LLC's income. The Tax Indemnification Agreements also provide for the indemnification by the Company of each party for certain additional taxes, interest and penalties resulting from Manhattan LLC being taxed as a partnership.

RELATED PARTY TRANSACTIONS

On December 31, 1995, the Company entered into a Grid Promissory Note (the "1995 Note") with Alan J. Dabbiere. Pursuant to the 1995 Note, Mr. Dabbiere loaned the Company $1,000,000 on December 31, 1995 at an interest rate of 5% per year, payable on demand. The balance of the 1995 Note, including accrued interest, was $1,019,000 as of December 31, 1997. On February 6, 1998, the Company borrowed an additional $900,000 under the 1995 Note. The balance of the 1995 Note at February 28, 1998 (including accrued interest) was $1,937,000. The proceeds of the 1995 Note were used for working capital. The Company intends to repay the 1995 Note with the proceeds of the Offering.

On February 16, 1998, Deepak Raghavan, the Chief Technology Officer of the Company, invested $1,000,000 in the Company to purchase 100,000 shares of Common Stock. The proceeds of Mr. Raghavan's investment were used for working capital.

During 1995, 1996 and 1997, Peter V. Dabbiere, a brother of Alan J. Dabbiere, was employed by the Company as director of the Company's hardware sales, and received aggregate payments of $63,667, $75,536 and $100,942, respectively. Peter Dabbiere was granted an option on January 1, 1997, pursuant to the LLC Option Plan, to purchase 25,000 shares of the

Company's Common Stock at $2.50 per share. Peter Dabbiere was also granted an option by Pegasys on May 5, 1997 to purchase 50,000 shares of Common Stock at $2.50 per share from Pegasys. This option was exercised on May 5, 1997.

During 1995, 1996 and 1997, Joel D. Dabbiere, a brother of Alan J. Dabbiere, was employed by the Company as a senior account executive, and received aggregate payments of $119,109, $175,494 and $254,104, respectively. Joel Dabbiere was granted an option on July 1, 1997, pursuant to the LLC Option Plan, to purchase 80,000 shares of the Company's Common Stock at $2.50 per share. Joel Dabbiere was also granted an option by Pegasys on May 5, 1997 to purchase 80,000 shares of Common Stock at $2.50 per share from Pegasys. This option was exercised on May 5, 1997.

During 1995, 1996 and 1997, David K. Dabbiere, a brother of Alan J.

Dabbiere, provided legal and management consulting services to the Company, and received aggregate payments of $25,733, $38,126, and $53,767, respectively. David Dabbiere was granted an option on February 28, 1998, pursuant to the LLC Option Plan, to purchase 160,000 shares of the Company's Common Stock at $10.00 per share, respectively. David Dabbiere was also granted an option by Pegasys on May 5, 1997 and February 28, 1998 to purchase 50,000 and 130,000 shares, respectively, of the Company's Common Stock at $2.50 and $9.50 per share, respectively, from Pegasys. These options were exercised on May 5, 1997 and February 28, 1998, respectively.

All cash compensation paid to Alan Dabbiere's brothers was comparable to compensation that would have been paid to unaffiliated persons. All options were granted with an exercise price equal to fair market value as determined by the Company's Board of Directors. As of December 31, 1997, there were no fees outstanding for the services provided by these individuals.

The Board of Directors of the Company has adopted a resolution whereby all future transactions, including any loans from the Company to its officers, directors, principal stockholders or affiliates, will be approved by a majority of the Board of Directors, including a majority of the independent and disinterested members of the Board of Directors, if required by law, or a majority of the disinterested stockholders and will be on terms no less favorable to the Company than could be obtained from unaffiliated third parties.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth certain information with respect to the beneficial ownership of the Company's Common Stock as of February 28, 1998, and as adjusted to reflect the sale by the Company of the shares offered hereby with respect to: (i) each director of the Company; (ii) each of the Named Executive Officers; (iii) each stockholder known by the Company to be the beneficial owner of more than 5% of the Company's Common Stock; and (iv) all executive officers and directors as a group. Except as otherwise noted, the persons or entities named in the table have sole voting and investment power with respect to all the shares of Common Stock beneficially owned by them.

NAMED EXECUTIVE OFFICERS AND DIRECTORS(1)	BENEFICIAL OWNERSHIP PRIOR TO THE OFFERING(2)		BENEFICIAL OWNERSHIP AFTER THE OFFERING(2)(3)	
	SHARES	PERCENTAGE	SHARES	PERCENTAGE
Alan J. Dabbiere(4).....	11,118,576	55.0%	11,118,576	47.9%
Deepak Raghavan(5).....	2,809,944	13.9%	2,809,944	12.1%
Gregory Cronin.....	--	--	--	--
Oliver M. Cooper(6).....	60,000	*	60,000	*
Deepak Rao(7).....	2,777,944	13.7%	2,777,944	12.0%
Ponnambalam Muthiah(8)..	2,816,644	13.9%	2,816,644	12.1%
All directors and executive officers as a group (7 persons)(9)...	14,385,186	70.2%	14,385,186	61.3%

- --------

* Less than 1% of the outstanding Common Stock.

(1) Except as set forth herein, the street address of the named beneficial owner is c/o Manhattan Associates, Inc., 2300 Windy Ridge Parkway, Suite 700, Atlanta, Georgia 30339.

(2) For purposes of calculating the percentage beneficially owned, the number of shares of Common Stock deemed outstanding prior to the Offering includes (i) 20,206,674 shares outstanding as of February 28, 1998 and

(ii) shares issuable by the Company pursuant to options held by the respective person or group which may be exercised within 60 days following February 28, 1998 ("Presently Exercisable Options"). The number of shares of Common Stock deemed outstanding after this offering includes an additional 3,000,000 shares that are being offered for sale by the Company in this offering. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission that deem shares to be beneficially owned by any person or group who has or shares voting and investment power with respect to such shares. Presently Exercisable Options are deemed to be outstanding and to be beneficially owned by the person or group holding such options for the purpose of computing the percentage ownership of such person or group but are not treated as outstanding for the purpose of computing the percentage ownership of any other person or group.

(3) If the Underwriters exercise their over-allotment option to purchase up to 450,000 shares, then the following stockholders named in the table above will sell up to the following number of additional shares: Alan J. Dabbiere, 87,500 shares; Deepak Raghavan, 187,500 shares; Deepak Rao, 87,500 shares; and Ponnambalam Muthiah, 87,500 shares.

(4) Consists of 11,118,576 shares held by Pegasys, a corporation controlled by Mr. Dabbiere, 80% of the equity interest of which is held by a trust for the benefit of Mr. Dabbiere's siblings, certain extended relatives and any future descendants. Mr. Dabbiere disclaims beneficial ownership of the shares held by Pegasys which are allocable to the interest held by the trust.

(5) Includes 2,703,944 shares held by a limited partnership controlled by Mr. Raghavan, the 99% limited partnership interest of which is owned by a trust for the benefit of his descendants, and 6,000 shares held by Mr. Raghavan for the benefit of his minor child. Mr. Raghavan disclaims beneficial ownership of the shares held by the limited partnership which are allocable to the interest held by the trust and the shares held for the benefit of his child.

(6) Consists of 60,000 shares issuable pursuant to Presently Exercisable Options.

(7) Includes 2,471,544 shares held by a limited partnership controlled by Mr. Rao, the 99% limited partnership interest of which is held by a trust for the benefit of his descendants, and 6,400 shares held by Mr. Rao for the benefit of his minor children. Mr. Rao disclaims beneficial ownership of the shares held by the limited partnership which are allocable to the interest held by the trust and the shares held for the benefit of his children.

(8) Includes 2,000,000 shares held by a limited partnership controlled by Ponnambalam Muthiah, the 99% limited partnership interest of which is held by a trust for the benefit of his descendants, and 12,000 shares held by him for the benefit of his minor children. Ponnambalam Muthiah disclaims beneficial ownership of the shares held by the limited partnership which are allocable to the interest held by the trust and the shares held for the benefit of his children.

(9) Includes 11,118,576 shares held by a corporation controlled by Mr. Dabbiere; 2,703,944 shares held by a limited partnership controlled by Mr. Raghavan; 6,000 shares held by Mr. Raghavan's child, who is a minor; and 276,666 shares issuable pursuant to Presently Exercisable Options.

DESCRIPTION OF CAPITAL STOCK

Upon completion of the Offering, the Company's authorized capital stock will consist of 100,000,000 shares of Common Stock, $.01 par value per share, and 20,000,000 shares of preferred stock, no par value per share. As of February 28, 1998, the Company had issued and outstanding 20,206,674 shares of Common Stock. The following description of the capital stock of the Company is a

summary and is qualified in its entirety by the provisions of the Company's Articles of Incorporation and Bylaws, copies of which have been filed as exhibits to the Registration Statement of which this Prospectus is a part.

COMMON STOCK

Holders of shares of Common Stock are entitled to one vote per share for the election of directors and all matters to be submitted to a vote of the Company's stockholders. Subject to the rights of any holders of preferred stock which may be issued in the future, the holders of shares of Common Stock are entitled to share ratably in such dividends as may be declared by the Board of Directors and paid by the Company out of funds legally available therefore. In the event of dissolution, liquidation or winding up of the Company, holders of shares of Common Stock are entitled to share ratably in all assets remaining after payment of all liabilities and liquidation preferences, if any. Holders of shares of Common Stock have no preemptive, subscription, redemption or conversion rights. The outstanding shares of Common Stock are, and the shares of Common Stock to be issued by the Company in connection with the Offering will be, duly authorized, validly issued, fully paid and nonassessable.

PREFERRED STOCK

The Board of Directors is authorized, subject to certain limitations prescribed by laws, without further stockholder approval, to issue from time to time up to an aggregate of 20,000,000 shares of preferred stock in one or more series and to fix or alter the designations, preferences, rights and any qualifications, limitations or restrictions on the shares of each such series thereof, including the dividend rights, dividend rates, conversion rights, voting rights, terms of redemption (including sinking fund provisions), redemption price or prices, liquidation preferences and the number of shares constituting any series or designations of such series. The issuance of preferred stock may have the effect of delaying, deferring or preventing a change of control of the Company. There are no outstanding shares of Preferred Stock and no series have been designated.

CERTAIN ARTICLES OF INCORPORATION AND BYLAW PROVISIONS

The Bylaws of the Company provide that special meetings of stockholders may be called only by: (i) the Board of Directors; (ii) the Chairman of the Board of Directors (if any); (iii) the Chief Executive Officer; (iv) the President of the Company; or (v) holders of not less than 35% of all votes entitled to be cast on any issued proposed to be considered at the proposed special meeting. The Bylaws and Articles of Incorporation also provide for a staggered Board of Directors and permit removal of directors with or without cause. See "Management--Directors, Executive Officers and Other Key Employees."

The Company's Bylaws establish an advance notice procedure for the nomination, other than by or at the direction of the Board of Directors or a committee thereof, of candidates for election as directors, as well as for other stockholder proposals to be considered at shareholders meetings. Notice of stockholder proposals and directors nominations must be given timely in writing to the Secretary of the Company before the meeting at which such matters are to be acted upon or directors are to be elected. Such notice, to be timely, must be

received at the principal executive offices of the Company with respect to stockholder proposals and elections to be held at the annual meeting, not less than 60 days before the date of the meeting at which the director(s) are to be elected or the proposal is to be considered, however if less than 70 days notice or prior public disclosure of the date of the scheduled meeting is given or made, notice by the stockholder, to be timely, must be delivered or received not later than the close of business on the tenth day following the earlier of the day on which notice of the date of the meeting is mailed to

stockholders or public disclosure of the date of such meeting is made.

Notice to the Company from a stockholder who intends to present a proposal or to nominate a person for election as a director at a stockholders' meeting must contain certain information about the stockholder giving such notice and, in the case of director nominations, all information that would be required to be included in a proxy statement soliciting proxies for the election of the proposed nominee (including such person's written consent to serve as a director if so elected). If the presiding officer at the meeting of stockholders determines that a stockholder's proposal or nomination is not made in accordance with the procedures set forth in the Bylaws, such proposal or nomination, at the direction of such presiding officer, may be disregarded. The notice requirement for stockholder proposals contained in the Bylaws does not restrict a stockholder's right to include proposals in the Company's annual proxy materials pursuant to rules promulgated under the Securities Exchange Act of 1934, as amended.

The Bylaws provide that directors may be removed with or without cause by the affirmative vote, at any annual or special meeting of the stockholders, but only if notice of such proposed removal was contained in the notice of such meeting. The Board of Directors and the stockholders shall both have the power to increase or decrease the authorized number of directors. Newly created directorships resulting from any increase in the number of directors or any vacancy of the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors then in office or, if not filled by the directors, by the stockholders.

The Articles of Incorporation provide that in discharging the duties of their respective positions and in determining what is believed to be in the best interest of the Company, the Board of Directors, any committee of the Board of Directors and any individual director, in addition to considering the effects of any action on the Company or is stockholders, may, to the extent permitted by applicable Georgia law, in his or her sole discretion, consider the interests of the employees, customers, suppliers and creditors of the Company and its subsidiaries, the communities in which offices or other establishments of the Company and its subsidiaries are located and all other factors such director(s) may consider pertinent; provided, however, that this provision of the Company's Articles of Incorporation solely grants discretionary authority to the directors, and no constituency shall be deemed to have been given any right to consideration thereby.

The preceding provisions of the Articles of Incorporation may be changed only upon the affirmative vote of holders of at least a 66 2/3% of the total number of the then outstanding shares of capital stock of the Company that are entitled to vote generally in the election of directors, voting together as a single class.

The provisions of the Articles of Incorporation and Bylaws summarized in the preceding six paragraphs contain provisions that may have the effect of delaying, deferring or preventing a non-negotiated merger or other business combination involving the Company. These provisions are intended to encourage any person interested in acquiring the Company to negotiate with and obtain the approval of the Board of Directors in connection with the transaction. Certain of these provisions may, however, discourage a future acquisition of the Company not approved

by the Board of Directors in which stockholders might receive an attractive value for their shares or that a substantial number or even a majority of the Company's stockholders might believe to be in their best interest. As a result, stockholders who desire to participate in such a transaction may not have the opportunity to do so. Such provisions could also discourage bids for the Common Stock at a premium, as well as create a depressive effect on the market price of the Common Stock.

LISTING

Application has been made to include the Company's Common Stock on the Nasdaq National Market under the trading symbol "MANH."

TRANSFER AGENT AND REGISTRAR

The transfer agent for the Company's Common Stock is ChaseMellon Shareholder Services.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to the Offering, there has been no public market for the securities of the Company. Upon completion of the Offering, the Company will have outstanding 23,206,674 shares of Common Stock (assuming no exercise of the underwriters' over-allotment option or options outstanding under the Company's stock option plans). Of these shares, the 3,000,000 shares sold in the Offering will be freely tradable without restriction or further registration under the Securities Act of 1933, as amended (the "Securities Act"), unless they are purchased by "affiliates" of the Company as that term is defined in Rule 144 under the Securities Act (which sales would be subject to certain limitations and restrictions described below). The remaining 20,206,674 shares are "restricted shares" under Rule 144 (the "Restricted Shares"). Restricted Shares may be sold in the public market only if registered under the Securities Act or if they qualify for an exemption from registration under Rule 144, Rule 144(k) or Rule 701 promulgated under the Securities Act. The holders of all remaining 20,206,674 shares have agreed not to offer, pledge, sell, offer to sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly any shares of Common Stock or any securities convertible into or exercisable or exchangeable for shares of Common Stock (other than gifts) until 180 days after the date of this Prospectus without the prior written consent of Deutsche Morgan Grenfell Inc. As a result of the contractual restrictions described herein and the provisions of Rule 144, Rule 144(k) and Rule 701, the Restricted Shares will be available for sale in the public market as follows: (i) no shares will be available for immediate sale on the date of this Prospectus, (ii) approximately 19,870,008 shares will become eligible for sale 180 days after the date of this Prospectus (assuming no release from the lock-up agreements) upon expiration of lock-up agreements, and (iii) approximately 206,666 shares will become eligible for sale February 16, 1999 and 130,000 shares will become eligible for sale February 28, 1999. See "Underwriting." Deutsche Morgan Grenfell Inc. in its sole discretion and without notice may earlier release for sale in the public market all or any portion of the shares subject to the lock-up agreement.

In general, under Rule 144 as currently in effect, beginning 90 days after the date of this Prospectus, a person (or persons whose shares are aggregated) who has beneficially owned shares for a least one year (including the holding period of any prior owner except an affiliate) is entitled to sell in "brokers' transactions" or to market makers, within any three-month period a number of shares that does not exceed the greater of: (i) one percent of the number of shares of Common Stock then outstanding (approximately 232,067 shares immediately after the Offering) or (ii) the average weekly trading volume in the Common Stock during the four calendar weeks preceding the required filing of a Form 144 with respect to such sale. Sales under Rule 144 are subject to the availability of current public information about the Company. Under Rule 144(k), a person who is not deemed to have been an affiliate of the Company at any time during the 90 days preceding a sale, and who has beneficially owned the shares proposed to be sold for at least two years, is entitled to sell such shares without having to comply with the manner of sale, public information, volume limitation or notice filing provisions of Rule 144. Unless otherwise restricted, "144(k) shares" may therefore be sold immediately upon the completion of the Offering. Under Rule 701 under the Securities Act, persons who purchase shares upon exercise of

options granted prior to the Offering are entitled to sell such shares 90 days after the Offering in reliance on Rule 144, without having to comply with the holding period requirements of Rule 144 and, in the case of non-affiliates, without having to comply with the volume limitation or notice filing provisions of Rule 144.

After the completion of this offering, the Company intends to file a Registration Statement on Form S-8 (the "Form S-8") under the Securities Act to register the 5,729,784 shares of Common Stock reserved for issuance under the Stock Incentive Plan, the LLC Option Plan and

other options. The Company has agreed with the Underwriters not to file a Form S-8 until at least 90 days after the date of this Prospectus. After the date of such filing, if not otherwise subject to a lock-up agreement, shares purchased pursuant to such plans and options generally would be available for resale in the public market. See "Management--Stock Option Plans."

UNDERWRITING

The Underwriters named below, for whom Deutsche Morgan Grenfell Inc., Hambrecht & Quist LLC and SoundView Financial Group, Inc. are acting as Representatives (the "Representatives"), have severally agreed, subject to the terms and subject to the conditions in the Underwriting Agreement (the form of which will be filed as an exhibit to the Company's Registration Statement of which this Prospectus is a part), to purchase from the Company the respective number of shares of Common Stock indicated opposite their respective names. The Underwriters are committed to purchase all of the shares, if they purchase any.

UNDERWRITER	NUMBER OF SHARES
Deutsche Morgan Grenfell Inc.	
Hambrecht & Quist LLC	
SoundView Financial Group, Inc.	
Total	3,000,000

The Underwriting Agreement provides that the obligations of the several Underwriters thereunder are subject to the approval of certain legal matters by counsel and to various other conditions.

The Representatives have advised the Company that the Underwriters initially propose to offer the Common Stock to the public on the terms set forth on the cover page of this Prospectus. The Underwriters may allow selected dealers (who may include the Underwriters) a concession not in excess of $ a share under the initial public offering price. The selected dealers may reallow a concession not in excess of $ a share to other dealers and other selling terms may be changed by the Representatives. The Common Stock is offered subject to receipt and acceptance by the Underwriters, and to certain other conditions, including the right to reject orders in whole or in part. The Underwriters do not intend to sell any of the shares of Common Stock offered hereby to accounts for which they exercise discretionary authority.

Pursuant to the Underwriting Agreement, the Selling Stockholders have

granted to the Underwriters an option to purchase up to 450,000 additional shares of Common Stock, respectively, to cover over-allotments, if any, at the initial public offering price, less the underwriting discount set forth on the cover page of this Prospectus. Such option is exercisable for 30 days from the date of this Prospectus. To the extent such option is exercised, each Underwriter will be committed, subject to certain conditions, to purchase approximately the same percentage of such additional shares of Common Stock as the number set forth next to such Underwriter's name in the preceding table bears to the total number of shares of Common Stock offered hereby. The Selling Stockholders will be obligated, pursuant to the option, to sell such shares to the Underwriters.

See "Shares Eligible for Future Sale" for a description of certain arrangements by which all officers, directors and all stockholders of the Company have agreed not to sell or otherwise

dispose of Common Stock or convertible securities of the Company for up to 180 days after the date of the final Prospectus without the prior consent of Deutsche Morgan Grenfell Inc. The Company has agreed in the Underwriting Agreement that it will not, directly or indirectly, without the prior written consent of Deutsche Morgan Grenfell Inc., contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of any shares of Common Stock or any securities convertible into or exchangeable for Common Stock, for a period of 180 days after the date of the final Prospectus without the consent of Deutsche Morgan Grenfell Inc., except under certain circumstances.

The Underwriting Agreement provides that the Company, and the Selling Stockholders in the event the over-allotment option is exercised, will indemnify the several Underwriters against certain liabilities, including civil liabilities under the Securities Act, or will contribute to payments the Underwriters may be required to make in respect thereof.

Prior to this Offering, there has been no public market for the Common Stock. The initial public offering price will be determined by negotiation between the Company, the Selling Stockholders and the Representatives. The principal factors to be considered in determining the initial public offering price include the information set forth in this Prospectus and otherwise available to the Representatives; the history and the prospects for the industry in which the Company competes; the ability of the Company's management; the prospects for future earnings of the Company; the present state of the Company's development and its current financial condition; the general condition of the securities markets at the time of this Offering; and the recent market prices of, and the demand for, publicly traded common stock of generally comparable companies. Each of the Representatives has informed the Company that it currently intends to make a market in the shares subsequent to the effectiveness of this Offering, but there can be no assurance that the Representatives will take any action to make a market in any securities of the Company.

Certain persons participating in this Offering may over-allot or effect transactions which stabilize, maintain or otherwise affect the market price of the Common Stock at levels above those which might otherwise prevail in the open market, including by entering stabilizing bids, effecting syndicate covering transactions or imposing penalty bids. A stabilizing bid means the placing of any bid or effecting of any purchase for the purpose of pegging, fixing or maintaining the price of the Common Stock. A syndicate covering transaction means the placing of any bid on behalf of the underwriting syndicate or the effecting of any purchase to reduce a short position created in connection with this Offering. A penalty bid means an arrangement that permits the Underwriters to reclaim a selling concession from a syndicate member in connection with this Offering when shares of Common Stock sold by the syndicate member are purchased in syndicate covering transactions. Such transactions may be effected on the Nasdaq National Market, in the over-the-

counter market or otherwise. Such stabilizing, if commenced, may be discontinued at any time.

LEGAL MATTERS

The validity of the issuance of the shares of the Common Stock offered hereby will be passed upon for the Company and the Selling Stockholders by Morris, Manning & Martin, L.L.P., Atlanta, Georgia. Certain legal matters in connection with this Offering will be passed upon for the Underwriters by Testa, Hurwitz & Thibeault, LLP, Boston, Massachusetts.

EXPERTS

The financial statements and schedule included in this Prospectus have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are included herein in reliance upon the authority of said firm as experts in giving said reports.

ADDITIONAL INFORMATION

The Company has filed with the Securities and Exchange Commission (the "Commission") a Registration Statement on Form S-1 (together with all amendments, schedules and exhibits thereto, the "Registration Statement") under the Securities Act with respect to the shares of Common Stock offered hereby. This Prospectus, which constitutes a part of the registration Statement, does not contain all of the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. For further information with respect to the Company and the Common Stock offered hereby, reference is made to the Registration Statement. Statements made in this Prospectus as to the contents of any contract, agreement or other document are not necessarily complete, and in each instance, reference is made to the copy of such contract or other document filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference. The Registration Statement and the exhibits and schedules thereto may be inspected without charge at the public reference facilities maintained by the Commission in Room 1024, 450 Fifth Street, N. W., Washington, D.C. 20549, and at the following regional offices of the Commission: Seven World Trade Center, Room 1400, New York, New York 10048 and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material can be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N. W., Washington, D.C. 20549, Room 1024, at prescribed rates. In addition, the Company is required to file electronic versions of these documents with the Commission through the Commissions Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system. The Commission maintains a World Wide Web Site at http://www.sec.gov that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission. Information concerning the Company is also available for inspection at the offices of the Nasdaq National Market, Reports Section, 1735 K Street, N.W., Washington, D.C. 20006.

The Company intends to furnish to its stockholders annual reports containing financial statements audited by an independent public accounting firm and quarterly reports for the first three quarters of each fiscal year containing unaudited financial information.

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After the restructuring discussed in Note 10 to the financial statements of Manhattan Associates, Inc. is effected, we expect to be in a position to render the following audit report.

ARTHUR ANDERSEN LLP

Atlanta, Georgia
February 16, 1998

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Manhattan Associates, Inc.:

We have audited the accompanying balance sheets of MANHATTAN ASSOCIATES, INC. (a Georgia corporation, formerly Manhattan Associates, LLC) as of December 31, 1996 and 1997 and the related statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Manhattan Associates, Inc. as of December 31, 1996 and 1997 and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1997 in conformity with generally accepted accounting principles.

Atlanta, Georgia

MANHATTAN ASSOCIATES, INC.

BALANCE SHEETS

(IN THOUSANDS, EXCEPT SHARE AND PER DATA)

	DECEMBER 31,		PRO FORMA DECEMBER 31, 1997 (NOTE 9)
	1996	1997	
ASSETS			(UNAUDITED)
Current assets:			
Cash and cash equivalents	$3,199	$ 3,194	$ --
Accounts receivable, net of a $325 and $970 allowance for doubtful accounts, in 1996 and 1997, respectively, and $992 in 1997, pro forma	3,311	9,242	9,579
Deferred income taxes	--	--	427
Other current assets	--	384	384
Total current assets	6,510	12,820	10,390
Property and equipment:			
Property and equipment	792	2,605	2,730
Less accumulated depreciation	(313)	(662)	(756)
Property and equipment, net	479	1,943	1,974
Intangible assets, net of accumulated amortization of $133 and $266 in 1996 and 1997, respectively and $266 in 1997, pro forma	267	133	933
Other assets	20	110	112
Total assets	$7,276	$15,006	$13,409
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Cash overdraft	$ --	$ --	$ 6,943
Accounts payable	422	2,479	2,545
Accrued compensation and benefits	151	753	753
Accrued liabilities	253	455	579
Notes payable to stockholders	969	1,019	1,019
Deferred revenue	599	1,846	2,030
Deferred income taxes	--	--	74
Total current liabilities	2,394	6,552	13,943
Deferred income taxes	--	--	51
Commitments and contingencies			
Stockholders' equity:			
Preferred stock, no par value; 20,000,000 shares authorized, no shares issued or outstanding in 1996 and 1997 and in 1997 pro forma	--	--	--
Common stock, $.01 par value; 100,000,000 shares authorized, 20,000,008 shares issued and outstanding in 1996 and 1997 and 20,206,674 shares issued and outstanding in 1997, pro forma	200	200	202
Additional paid-in-capital	1,014	1,929	2,830
Retained earnings (deficit)	3,668	6,858	(3,084)
Deferred compensation	--	(533)	(533)

Total stockholders' equity (deficit).....	4,882	8,454	(585)
Total liabilities and stockholders' equity...	$7,276	$15,006	$13,409

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

MANHATTAN ASSOCIATES, INC.

STATEMENTS OF INCOME

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	YEAR ENDED DECEMBER 31,		
	1995	1996	1997
Revenue:			
Software license.....	$ 2,463	$ 3,354	$ 7,160
Services.....	3,503	6,236	14,411
Hardware.....	5,255	4,810	10,886
Total revenue.....	11,221	14,400	32,457
Cost of revenue:			
Software license.....	6	177	461
Services.....	1,740	2,026	6,147
Hardware.....	3,991	3,734	8,001
Total cost of revenue.....	5,737	5,937	14,609
Gross margin	5,484	8,463	17,848
Operating expenses:			
Research and development.....	1,138	1,236	3,025
Acquired research and development.....	600	--	--
Sales and marketing.....	1,147	1,900	3,570
General and administrative.....	1,058	1,454	2,975
Total operating expenses.....	3,943	4,590	9,570
Income from operations.....	1,541	3,873	8,278
Other income, net.....	40	103	56
Historical income.....	$ 1,581	$ 3,976	$ 8,334
Historical basic net income per share.....	$ 0.07	$ 0.20	$ 0.42
Historical diluted net income per share.....	$ 0.08	$ 0.20	$ 0.40
Income before pro forma income taxes.....	$ 1,581	$ 3,976	$ 8,334
Pro forma income taxes.....	580	1,486	3,023
Pro forma net income.....	$ 1,001	$ 2,490	$ 5,311
Pro forma basic net income per share.....			$ 0.26
Pro forma diluted net income per share.....			$ 0.25

The accompanying notes are an integral part of these statements.

MANHATTAN ASSOCIATES, INC.

STATEMENTS OF STOCKHOLDERS' EQUITY

(IN THOUSANDS, EXCEPT SHARE DATA)

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	DEFERRED COMPENSATION	TOTAL STOCKHOLDERS' EQUITY
	SHARES	AMOUNT				
Balance, December 31, 1994	200	$--	$ --	$ 1,997	$ --	$ 1,997
Stock issued upon formation of Manhattan Associates, LLC	11,428,376	114	--	(114)	--	--
Distributions to stockholders	--	--	--	(923)	--	(923)
Issuance of common stock and repurchase of option (Note 1)	8,571,432	86	1,014	--	--	1,100
Income before pro forma income taxes	--	--	--	1,581	--	1,581
Balance, December 31, 1995	20,000,008	200	1,014	2,541	--	3,755
Distributions to stockholders	--	--	--	(2,849)	--	(2,849)
Income before pro forma income taxes	--	--	--	3,976	--	3,976
Balance, December 31, 1996	20,000,008	200	1,014	3,668	--	4,882
Issuance of stock options	--	--	840	--	(840)	--
Issuance of stock options to consultant (Note 7)	--	--	75	--	--	75
Distributions to stockholders	--	--	--	(5,144)	--	(5,144)
Amortization of deferred compensation	--	--	--	--	307	307
Income before pro forma income taxes	--	--	--	8,334	--	8,334
Balance, December 31, 1997	20,000,008	$200	$1,929	$ 6,858	$(533)	$ 8,454

The accompanying notes are an integral part of these statements.

MANHATTAN ASSOCIATES, INC.

STATEMENTS OF CASH FLOWS

(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,		
	1995	1996	1997
Cash flows from operating activities:			
Pro forma net income	$ 1,001	$ 2,490	$ 5,311
Adjustments to reconcile pro forma net income to net cash provided by operating activities:			
Pro forma income taxes	580	1,486	3,023
Depreciation and amortization	55	276	483
Stock compensation	--	--	382
Acquired research and development	600	--	--
Accrued interest on note payable to stockholder	35	33	50
Changes in operating assets and liabilities:			
Accounts receivable, net	524	(1,114)	(5,931)
Other assets	(5)	(1)	(474)
Accounts payable	222	26	2,057
Accrued liabilities	51	324	804
Deferred revenue	17	434	1,247
Total adjustments	2,079	1,464	1,641
Net cash provided by operating activities	3,080	3,954	6,952
Cash flows from investing activities:			
Purchases of property and equipment	(168)	(485)	(1,813)
Purchased software	(250)	--	--
Net cash used in investing activities	(418)	(485)	(1,813)
Cash flows from financing activities:			
Distributions to stockholders	(923)	(2,849)	(5,144)
Repurchase of option (Note 1)	(250)	--	--
Borrowings under note payable to stockholder	900	--	--
Net cash used in financing activities	(273)	(2,849)	(5,144)
Increase (decrease) in cash and cash equivalents	2,389	620	(5)
Cash and cash equivalents, beginning of year	190	2,579	3,199
Cash and cash equivalents, end of year	$2,579	$3,199	$3,194
Supplemental cash flow disclosure:			
Purchase of technology through issuance of common stock (Note 1)	$ 750	$ --	$ --
Purchase of minority ownership through the forgiveness of a payable (Note 1)	$ 600	$ --	$ --

The accompanying notes are an integral part of these statements.

MANHATTAN ASSOCIATES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1995, 1996 AND 1997

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND BUSINESS

Manhattan Associates, Inc. ("Manhattan" or the "Company") develops, markets, and supports supply chain execution systems primarily focused on distribution center management. The Company's primary product, PkMS, is a comprehensive and modular designed software system that assists in the management of inventory, storage, distribution, equipment, and personnel within a distribution center. The Company also provides professional services including design, configuration, implementation, training, and support.

BASIS OF PRESENTATION

In connection with the Company's anticipated initial public offering (the "Offering") Manhattan Associates, Inc., a Georgia corporation, was formed. The attached financial statements include the accounts of Manhattan Associates, LLC ("Manhattan LLC") from January 1, 1996 to December 31, 1997 and include the accounts of Pegasys Systems Incorporated ("Pegasys") prior to January 1, 1996. Prior to December 31, 1995, Manhattan operated as Pegasys which was, at the time, 100% owned by Manhattan LLC's current majority shareholder ("Majority Holder"). As of the effective date of the Offering Manhattan LLC will contribute its assets and liabilities to the Company in exchange for common stock of the Company (the "Restructuring"). Unless otherwise indicated, all references to the Company or Manhattan assume the completion of the Restructuring and include Manhattan LLC and Pegasys.

RECAPITALIZATION AND ACQUISITION

Pegasys co-developed certain technology, which was ultimately incorporated into PkMS, with certain of Manhattan LLC's minority shareholders ("Minority Holders") and a consultant (the "Consultant"). The Minority Holders and the Consultant each held an option that was granted in 1993 before the technology was developed to purchase a percentage of Manhattan LLC upon its formation. The option contained no expiration date and was fully vested at the date of grant. On December 31, 1995, Manhattan LLC was formed as a 100% wholly-owned subsidiary of Pegasys, and Pegasys transferred all of its assets, liabilities, and intellectual property rights to Manhattan LLC.

Subsequent to the formation of Manhattan LLC, the Minority Holders exercised their option to purchase 8,571,432 shares, which at the time represented 42.9% of Manhattan LLC's stock, and the Company purchased the rights to certain technology, which was ultimately incorporated into PkMS and valued at $750,000 and the Minority Holder also forgave certain receivables from Pegasys in the amount of $600,000. The Company repurchased the option from the Consultant for $250,000 which was recorded as a treasury stock transaction and the Consultant's rights to the technology were repurchased for $250,000. In connection with the exercise of the option by the Minority Holders and the payment to the Consultant, Manhattan LLC recorded the acquisition of the technology under the purchase method of accounting at a value of $1,000,000 (the "1995 Acquisition"). In connection with the 1995 Acquisition, the Company recorded a $600,000 charge to income for acquired research and development and $400,000 to purchased software. These transactions are included in the line item "issuance of common stock and repurchase of option" in the accompanying statements of stockholders' equity.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with

original maturities of three months or less to be cash or cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The carrying values of cash, trade accounts receivable, trade accounts payable, and other financial instruments included in the accompanying balance sheets approximate their fair values principally due to the short-term maturities of these instruments.

Risks Associated with Single Product Line, Technological Advances, and Hardware Revenue

The Company currently derives substantially all its revenues from sales of its PkMS software and related services and hardware. Any factor adversely affecting the distribution center market could have an adverse effect on the Company's business, financial condition, and results of operations.

The market for distribution center management systems is subject to rapid technological change, changing customer needs, frequent new product introductions, and evolving industry standards that may render existing products and services obsolete. As a result, the Company's position in this market could be eroded rapidly by unforeseen changes in customer requirements for application features, functions, and technologies. The Company's growth and future operating results will depend, in part, upon its ability to enhance existing applications and develop and introduce new applications that meet changing customer requirements, that respond to competitive products and that achieve market acceptance.

The Company resells a variety of hardware products developed and manufactured by third parties. Revenue from such hardware sales can amount to a significant portion of the Company's total revenue in any period. As the market for distribution of hardware products becomes more competitive, the Company's customers may find it attractive to purchase such hardware directly from the manufacturer of such products, with a resultant decrease in the Company's revenues from hardware.

Revenue Recognition

The Company's revenue consists of revenues from the licensing of PkMS; fees from consulting, implementation, training, and maintenance services; and revenue from the sale of complementary radio frequency and computer equipment. The Company recognizes

software license revenue in accordance with the provisions of American Institute of Certified Public Accountants Statement of Position ("SOP") No. 91-1, "Software Revenue Recognition." Accordingly, software license revenue is recognized upon shipment of the software following execution of a contract, provided that no significant vendor obligations remain outstanding, amounts are due within one year, and collection is considered

probable by management. If significant post-delivery obligations exist, the revenue from the sale of the software license, as well as other components of the contract, is recognized using percentage of completion accounting.

The Company's services revenue consists of revenue generated from consulting and maintenance related to the Company's software product. Services revenue is derived from fees based on consulting, implementation, and training services contracted under separate service agreements. Revenue related to consulting, implementation, and training services performed by the Company are recognized as the services are performed. Maintenance revenue represents amounts paid, generally in advance, by users for the support and enhancements to the software. Maintenance revenue is recognized ratably over the term of the maintenance agreement, typically 12 months.

Hardware revenue is generated from the resale of a variety of hardware products, developed and manufactured by third parties, that are integrated with and complementary to the Company's software solution. As part of a complete distribution center management system solution the Company's customers frequently purchase hardware from the Company in conjunction with the licensing of PkMS. These products include computer hardware, radio frequency terminals networks, bar code printers and scanners, and other peripherals. Hardware revenue is recognized upon shipment. The Company generally purchases hardware from its vendors only after receiving an order from a customer. As a result, the Company does not maintain hardware inventory.

Deferred Revenue

Deferred revenue primarily represents amounts collected prior to complete performance of maintenance services. Revenue may also be deferred prior to the delivery of software.

Returns and Allowances

The Company provides for the costs of returns and product and warranty claims when specific problems are identified. The Company has not experienced significant returns or warranty claims to date.

Property and Equipment

Property and equipment consists of furniture, computers, other office equipment, purchased software, and leasehold improvements. The Company depreciates the cost of furniture, computers, other office equipment and purchased software on a straight-line basis over their estimated useful lives (three years for computer equipment and software,

five years for office equipment, seven years for furniture). Leasehold improvements are amortized over the term of the lease. Depreciation and amortization expense for property and equipment for the years ended December 31, 1995, 1996, and 1997 was $55,000, $143,000, and $349,000, respectively.

Property and equipment, at cost, consist of the following:

	DECEMBER 31,

	1996	1997
Computer equipment and software	$ 534	$ 1,547
Furniture and office equipment	258	1,055
Leasehold improvements	--	3
	792	2,605
Less accumulated depreciation and amortization	(313)	(662)
	$ 479	$ 1,943

Intangible Assets

Intangible assets include purchased software recorded in connection with the 1995 Acquisition. The asset is being amortized on a straight-line basis over a period of 3 years. Total amortization expense relating to the purchased software was $133,000 in each of the years ended December 31, 1996 and 1997, and is included in cost of software licenses in the accompanying statements of income.

Income Taxes

Manhattan LLC was treated as a partnership, and Pegasys was an S Corporation under the provisions of the Internal Revenue Code of 1986, as amended; therefore, neither company was subject to federal income taxes. The income or loss of Manhattan LLC and Pegasys was included in the owners' individual federal and state tax returns, and as such, no provision for income taxes is recorded in the accompanying statements of income. The Company and Pegasys have historically made distributions on behalf of the owners to pay anticipated tax liability.

The accompanying statements of income reflect a provision for income taxes on a pro forma basis as if the Company were liable for federal and state income taxes as a taxable corporate entity for the years presented. The pro forma income tax provision has been computed by applying the Company's anticipated statutory tax rate to pretax income, adjusted for permanent tax differences (Note 3).

Capitalized Software Development Costs

Research and development expenses are charged to expense as incurred. Computer software development costs are charged to research and development expense until technological feasibility is established, after which remaining software production costs are capitalized in accordance with Statement of Financial Accounting Standards ("SFAS") No. 86, "Accounting for Costs of Computer Software to Be Sold, Leased, or Otherwise

Marketed." The Company has defined technological feasibility as the point in time at which the Company has a working model of the related product. Historically, the development costs incurred during the period between the achievement of technological feasibility and the point at which the product is available for general release to customers have not been material. Accordingly, the Company has concluded that the amount of development costs capitalizable under the provisions of SFAS No. 86 was not material to the financial statements for the years ended December 31, 1995, 1996, and 1997.

Therefore, the Company has expensed all internal software development costs as incurred for the years ended December 31, 1995, 1996, and 1997.

Impairment of Long-Lived and Intangible Assets

The Company periodically reviews the values assigned to long-lived assets, including property and intangible assets, to determine whether any impairments are other than temporary. Management believes the long-lived assets in the accompanying balance sheets are appropriately valued.

Basic and Diluted Net Income Per Share

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

Diluted net income per share is computed using historical or pro forma net income divided by (i) Weighted Shares, and (ii) the treasury stock method effect of common equivalent shares ("CES's") outstanding for each period presented. Pro forma basic and diluted net income per share also includes the number of shares pursuant to the Securities and Exchange Commission Staff Accounting Bulletin 1B.3, that at the assumed public offering price would yield proceeds in the amount necessary to pay the stockholder distribution discussed in Note 9 that is not covered by the earnings for the year ("Distribution Shares").

No adjustment is necessary for historical and pro forma net income for net income per share presentation. The following is a reconciliation of the shares used in the computation of net income per share:

	1995		1996		1997	
	BASIC	DILUTED	BASIC	DILUTED	BASIC	DILUTED
Weighted shares.....	20,000,008	20,000,008	20,000,008	20,000,008	20,000,008	20,000,008
Effect of CES's.....	--	10,033	--	307,503	--	761,300
	20,000,008	20,010,041	20,000,008	20,307,511	20,000,008	20,761,308

	PRO FORMA	
	BASIC	DILUTED
Weighted Shares.....	20,000,008	20,000,008
Shares sold to Minority Holder (Note 9).....	100,000	100,000
Distribution Shares.....	89,788	89,788
Effect of CES's.....	--	761,300
	20,189,796	20,951,096

Basic and diluted net income per share for the year ended December 31, 1995 has been adjusted to reflect the shares issued in the 1995 Acquisition as if these shares were outstanding for the entire year.

Stock-Based Compensation Plan

The Company accounts for its stock-based compensation plan for stock issued to employees under Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and, accordingly, records deferred compensation for options granted at an exercise price below the fair value of the underlying stock. The deferred compensation is presented as a component of equity in the accompanying balance sheets and is amortized over the periods to be benefited, generally the vesting period of the options. Effective in fiscal year 1996, the Company adopted the pro forma disclosure option for stock-based compensation issued to employees of Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation."

New Accounting Pronouncements

In June 1997, the Financial Accounting Standards Board issued SFAS No. 130, "Reporting Comprehensive Income." SFAS No. 130 is designed to improve the reporting of changes in equity from period to period. The Company will adopt SFAS No. 130 effective with its fiscal year ending December 31, 1998. Management does not expect SFAS No. 130 to have a significant impact on the Company's financial statements.

In June 1997, the Financial Accounting Standards Board issued SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information." SFAS No. 131 requires that an enterprise disclose certain information about operating segments. The Company will adopt SFAS No. 131 effective with its fiscal year ending December 31, 1998. The Company does not expect that SFAS No. 131 will require significant revision of prior disclosures.

The American Institute of Certified Public Accountants has issued SOP 97-2, "Software Revenue Recognition." This SOP is effective for the Company for transactions entered into after December 31, 1997. The Company will adopt the SOP in the first quarter of 1998. The adoption of the standard is not expected to have a significant impact on the Company's financial statements.

2. RELATED PARTY TRANSACTIONS

During the years ended December 31, 1995, 1996, and 1997, the Company contracted with parties related to the Majority Holder for marketing and legal services for an aggregate amount of $209,000, $289,000, and $389,000 respectively. In the opinion of management, the rates, terms, and considerations of the transactions with related parties approximate those with unrelated entities. At December 31, 1996 and 1997, there were no fees outstanding for the services provided.

3. INCOME TAXES

After the Restructuring, the Company will be subject to future federal and state income taxes and will record net deferred tax assets. The assets and liabilities below will be reflected on the balance sheet of the Company with a corresponding non-recurring income amount in the

statement of income at the completion of the Offering. Deferred tax assets and liabilities are determined based on the difference between the financial accounting and the tax bases of assets and liabilities. Significant components of the Company's pro forma deferred tax assets and liabilities as of December 31, 1997 are as follows:

Deferred tax assets:	
Accounts receivable	$366,000
Accrued liabilities	41,000
Other	3,000
	410,000
Deferred tax liabilities:	
Depreciation	45,000
Net deferred tax assets	$365,000

The components of the pro forma income tax provision for the years ended December 31, 1995, 1996, and 1997 are as follows:

	1995	1996	1997
Current:			
Federal	$ 635,000	$1,272,000	$2,565,000
State	75,000	150,000	303,000
	710,000	1,422,000	2,868,000
Deferred:			
Federal	(116,000)	57,000	138,000
State	(14,000)	7,000	17,000
	(130,000)	64,000	155,000
Total	$ 580,000	$1,486,000	$3,023,000

The following is a summary of the items which resulted in recorded pro forma income taxes to differ from taxes computed using the statutory federal income tax rate for the years ended December 31, 1995, 1996, and 1997:

	1995	1996	1997
Tax provision at federal statutory rate	34.0%	34.0%	34.0%
Effect of:			
State income tax, net of federal benefit	3.9	3.9	3.9
Research and development credits	(1.9)	(.9)	(1.9)
Other	0.7	0.4	0.3
Pro forma income taxes	36.7%	37.4%	36.3%

4. NOTE PAYABLE TO STOCKHOLDER

The Company's short-term debt consists of a note payable (the "Stockholder Note") to the Majority Holder, bearing interest at 5%. The Stockholder Note is due on demand and unpaid interest accrues to the principle balance. The balance of the Stockholder Note including accrued interest was $969,000 and $1,019,000 as of December 31, 1996 and 1997, respectively. Subsequent to December 31, 1997, the Company borrowed additional amounts under the Stockholder Note. See Note 9.

5. EMPLOYEE BENEFIT PLAN

The Company sponsors the Manhattan Associates 401(k) Plan and Trust (the "401(k) Plan"), a qualified profit sharing plan with a 401(k) feature covering substantially all employees of the Company. Under the 401(k) Plan's deferred compensation arrangement, eligible employees who elect to participate in the 401(k) Plan may contribute up to 10% of eligible compensation, as defined, to the 401(k) Plan. The Company provides for a 50% matching contribution up to 6% of eligible compensation being contributed after the participant's first year of employment. During the years ended December 31, 1995, 1996, and 1997, the Company made matching contributions to the 401(k) Plan of $0, $48,000, and $53,000, respectively.

The Company also has a defined contribution pension plan (the "Pension Plan") covering substantially all employees of the Company.
The Company provides up to 8% of the participant's yearly compensation after the participant's first year of employment. During the years ended December 31, 1995, 1996, and 1997, the Company made matching contributions to the Pension Plan of $148,000, $162,000, and $224,000, respectively.

6. STOCK OPTION PLAN

The Company has a stock option plan, the Manhattan Associates LLC Option Plan (the "Plan"). The Plan is administered by a committee appointed by the Board of Directors. The total number of shares to be purchased under the Plan may not exceed 5,000,000 shares. The options are granted at terms determined by the committee; however, the option cannot have a term exceeding ten years. The options are exercisable only upon the occurrence of an exercise event which is the earlier of (1) a change in control, as defined, at which time all options are fully vested, (2) the date which is nine years and six months following option grant, or (3) to the extent vested, upon the occurrence of an initial public offering or whenever more than 50% of the issued and outstanding shares are acquired by persons who are not shareholders or affiliates. The agreement provides the Company with the right to repurchase the options at fair market value prior to an initial public offering. The Company has 2,368,166 options outstanding under the Plan at December 31, 1997 and has 2,631,834 available for future grants.

Prior to the establishment of the Plan, the Company issued options to purchase 661,784 shares of common stock to certain employees. These grants contain provisions similar to options issued under the Plan.

A summary of changes in outstanding options during the years ended December 31, 1995, 1996, and 1997 is as follows:

	OPTIONS	PRICE	WEIGHTED AVERAGE EXERCISE PRICE
December 31, 1994	--	$ --	$ --
Granted	533,326	0.24	0.24
Canceled	--	--	--
Exercised	--	--	--
December 31, 1995	533,326	0.24	0.24
Granted	128,458	0.56	0.56
Canceled	--	--	--
Exercised	--	--	--
December 31, 1996	661,784	0.24-0.56	0.30
Granted	2,495,166	2.50-7.50	2.99
Canceled	(127,000)	2.50	2.50
Exercised	--	--	--
December 31, 1997	3,029,950	0.24-7.50	2.42

None of the options are exercisable at December 31, 1997. Upon completion of the Offering 612,765 options outstanding at December 31, 1997 will become exercisable.

The Company recorded deferred compensation of $840,000 on options granted during 1997 as the exercise price was less than the deemed fair value of the underlying common stock. The Company amortizes deferred compensation over a period not to exceed six years. The Company recognized compensation expense of $307,000 for the year ended December 31, 1997 and had deferred compensation expense of $533,000 at December 31, 1997.

Subsequent to year-end, the Company granted 761,500 options at exercise prices ranging from $7.50 to $10.00 to employees under the Plan. The Company recorded deferred compensation on these options of $679,500.

STATEMENT OF FINANCIAL ACCOUNTING STANDARDS NO. 123

Pro forma information regarding net income and net income per share is required by SFAS No. 123, which also requires that the information be determined as if the Company had accounted for its employee stock option grants under the fair value method required by SFAS No. 123. The fair value of each option grant has been estimated as of the date of grant using the Black-Scholes option pricing model with the following assumptions:

	1995	1996	1997
Dividend yield	--	--	--
Expected volatility	65%	65%	65%
Risk-free interest rate at the date of grant	5.8%-6.3%	5.8%-6.3%	5.7%-6.3%

Expected life..... 4-6 years 4-6 years 1-6 years

Using these assumptions, the fair values of the stock options granted during the years ended December 31, 1995, 1996 and 1997 are $64,882, $34,629 and $3,625,313, respectively, which would be amortized over the vesting period of the options.

The weighted average fair market value of options at the date of grant for the years ended December 31, 1995, 1996 and 1997 was $0.14, $0.30 and $1.67, respectively.

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

	1995	1996	1997
Pro forma net income:			
As reported	$1,001	$2,490	$5,311
Pro forma in accordance with SFAS No. 123	$ 998	$2,474	$4,842
Pro forma basic net income per share:			
As reported	$ 0.05	$ 0.12	$ 0.26
Pro forma in accordance with SFAS No. 123	$ 0.05	$ 0.12	$ 0.24
Pro forma diluted net income per share:			
As reported	$ 0.05	$ 0.12	$ 0.25
Pro forma in accordance with SFAS No. 123	$ 0.05	$ 0.12	$ 0.23

The following table summarizes the range of exercise price, weighted average exercise price, and weighted average remaining contractual lives for the options outstanding as of December 31, 1997:

YEAR OF GRANT	NUMBER OF SHARES	RANGE OF EXERCISE PRICE	WEIGHTED AVERAGE FAIR VALUE	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)
1995					
Options granted at fair market value	533,326	$ 0.24	$0.24	$0.24	7.81
1996					
Options granted at fair market value	128,458	0.56	0.56	0.56	8.64
1997					
Options granted at fair market value	1,650,166	2.50	2.50	2.50	9.24
Options granted at less than fair market value	650,000	3.50-4.25	5.25	3.85	9.90
Options granted at fair					

market value	68,000	7.50	7.50	7.50	9.96
	3,029,950				

7. STOCKHOLDERS' EQUITY

OPERATING AGREEMENT

All owners of the Company's common stock are parties to the Company's operating agreement (the "Operating Agreement"). This Operating Agreement provides, among other things, the right of first refusal to the Company and then to all other stockholders of the Company to purchase any selling stockholders' shares at a price equal to that offered to outside third parties. Upon completion of the Offering, these provisions of the Operating Agreement will terminate.

ISSUANCE OF STOCK

On May 5, 1997, the Majority Holder granted to two employees and a consultant, all of whom are related to the Majority Holder, options to purchase shares of the Company's stock from the Majority Holder. This grant did not result in additional shares being outstanding as the shares under option were currently outstanding and held by the Majority Holder. This grant included a grant of an option to purchase 80,000 and 50,000 shares of the Company's stock held by the Majority Holder to two employees of the Company and a grant of an option to purchase 50,000 shares of the Company's stock held by the Majority Holder to a consultant of the Company. The stock options were then exercised by the employees and the consultant of the Company for a nonrecourse, noninterest-bearing note to the Majority Holder with a term equal to the contractual term of the option. The exercise price was equal to the fair value of the Company' s stock at the date of grant of $2.50 per share. The Company recorded the grant to the employees of the Company under APB Opinion No. 25 and recorded no compensation expense on the date of grant as the grant was issued at fair value and due to the nonvariable nature of the nonrecourse note. The Company recorded $75,000 of compensation expense in the year ended December 31, 1997 for the option granted to the consultant.

8. COMMITMENTS AND CONTINGENCIES

LEASES

On September 24, 1997, the Company entered into a 62-month lease for office space beginning on November 1, 1997. The lease requires monthly payments of $90,000 for the 14-month period ended December 31, 1998 subject to annual increases as defined. Prior to the lease entered into on September 24, 1997, the Company was party to a lease agreement ending in 2001. The agreement required monthly payments of approximately $20,000 subject to an increase of 3% in each 12-month period after the first year. Additionally, the Company received the first month's rent free. The 3% escalation and the first month's free rent were recognized on a straight-line basis over the life of the lease. Accordingly, as of December 31, 1996 and 1997, the Company has recorded a liability for deferred rent in the amount of $122,000 and $108,000, respectively, included in accrued liabilities in the accompanying balance sheets.

The Company terminated their occupancy under the previous lease, and is still bound by the terms of the lease. Management believes that the Company has adequately accrued for the estimated costs exceeding future estimated sublease rental receipts.

Rents charged to expense were approximately $130,000, $257,000, and $466,000 for the years ended December 31, 1995, 1996, and 1997, respectively. Aggregate future minimum lease payments under noncancellable operating leases as of December 31, 1997 are as follows (in thousands):

December 31:	
1998	$1,361
1999	1,369
2000	1,380
2001	1,234
2002 and thereafter	1,084
	$6,428

LEGAL MATTERS

Many of the Company's installations involve products that are critical to the operations of its clients' businesses. Any failure in a Company product could result in a claim for substantial damages against the Company, regardless of the Company's responsibility for such failure. Although the Company attempts to limit contractually its liability for damages arising from product failures or negligent acts or omissions, there can be no assurance the limitations of liability set forth in its contracts will be enforceable in all instances.

The Company is subject to legal proceedings and claims which have arisen in the ordinary course of business. In the opinion of management, the amount of potential liability with respect to these actions will not materially affect the financial position or results of operations of the Company.

9.SUBSEQUENT EVENTS

DISTRIBUTION

Prior to the completion of the Offering, the Company intends to distribute all undistributed income, calculated on a tax basis, to the shareholders of Manhattan LLC. As of December 31, 1997, the undistributed income, calculated on a tax basis, of the Company was $8,704,000 and the Company expects to accumulate additional undistributed income from January 1, 1998 through the date of the Restructuring. These distributions will be funded through a series of payments from available Company cash and from the proceeds of the Company's line of credit. It is anticipated that any such advances or balance on the line of credit incurred to fund these distributions will be repaid using a portion of the net proceeds of the Offering.

STOCKHOLDER NOTE

Subsequent to December 31, 1997, the Company borrowed an additional $900,000

from the Majority Holder under the Stockholder Note. The balance of the Stockholder Note will be repaid with the proceeds of the Offering.

SALE OF STOCK TO MINORITY HOLDER

One of the Company's Minority Holders purchased 100,000 shares of the Company's common stock for $1,000,000 on February 16, 1998.

ACQUISITION

On February 16, 1998, the Company purchased all of the outstanding stock of Performance Analysis Corporation ("PAC") for $2,200,000 in cash and 106,666 shares of the Company's common stock valued at $10.00 per share (the "PAC Acquisition"). PAC is a developer of distribution center slotting software. The PAC Acquisition will be accounted for as a purchase.

The purchase price of approximately $3,300,000, has been allocated to the assets acquired and liabilities assumed of $464,000, including acquired research and development of $2,067,000, purchased software of $500,000, and other intangible assets of $300,000. Purchased software will be amortized over an estimated three-year useful life and other intangible assets will be amortized over a seven-year useful life. In connection with the PAC Acquisition, the Company plans to record a charge to income of $2,067,000 in the first quarter of 1998 for acquired research and development.

UNAUDITED PRO FORMA INFORMATION

The accompanying unaudited pro forma balance sheet as of December 31, 1997 is adjusted to reflect (i) the PAC Acquisition by including the historical balance sheet of PAC and the Company as of December 31, 1997 adjusted to reflect the payment of cash of $2,200,000 for the purchase of PAC, $65,000 in transaction costs, the issuance of 106,666 shares of common stock valued at $10.00 per share, the establishment of the purchased software of $500,000 and other intangible assets of $300,000 and the charge to income of $2,067,000 for acquired research and development (ii) the establishment of net deferred income tax assets of $365,000 in connection with the Restructuring, (iii) the payment of the undistributed income, calculated on a tax basis, approximately $8,704,000 as of December 31, 1997 and (iv) the purchase of 100,000 shares by the Minority Holder for $1,000,000.

The following is a rollforward of retained earnings on a pro forma basis assuming the PAC Acquisition occurred on December 31, 1997:

	TOTAL
Historical retained earnings	$ 6,858,000
Establishment of net deferred tax assets	365,000
Acquired research and development	(2,067,000)
Acquisition of PAC net assets	464,000
Distribution of accumulated undistributed earnings	(8,704,000)
Pro forma retained earnings	$(3,084,000)

In the opinion of management, all adjustments necessary to present fairly such unaudited pro forma balance sheet and statements of income have been made. The pro forma information does not give effect to the proceeds to the Company of the Offering.

10.RESTRUCTURING

On , to effect the Restructuring, Manhattan LLC contributed all of its assets and liabilities to the Company in exchange for common stock of the Company. Manhattan LLC then distributed the common stock of the Company received to its stockholders and Manhattan LLC was dissolved. All share and per share data in the accompanying financial statements have been adjusted to reflect the Restructuring.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Performance Analysis Corporation:

We have audited the accompanying balance sheet of PERFORMANCE ANALYSIS CORPORATION (a North Carolina corporation) as of December 31, 1997 and the related statement of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Performance Analysis Corporation as of December 31, 1997 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Atlanta, Georgia
February 16, 1998

PERFORMANCE ANALYSIS CORPORATION

BALANCE SHEET

DECEMBER 31, 1997

ASSETS

Current assets:	
Cash and cash equivalents	$467,000
Accounts receivable, net of a $22,400 allowance for doubtful accounts	337,200

Deferred income taxes	16,400
Total current assets	820,600
Furniture and equipment:	
Furniture and equipment	125,500
Less accumulated depreciation	(94,600)
Furniture and equipment, net	30,900
Other assets:	
Deposits	1,600
Total assets	$853,100
LIABILITIES AND STOCKHOLDER'S EQUITY	
Current liabilities:	
Accrued liabilities	$124,800
Income taxes payable	74,100
Deferred revenue	130,300
Customer deposits	53,400
Total current liabilities	382,600
Deferred income taxes	6,000
Commitments and contingencies	
Stockholder's equity:	
Common stock, $1.00 par value; 10,000 shares authorized, 1,000 issued and outstanding	1,000
Retained earnings	463,500
Total stockholder's equity	464,500
Total liabilities and stockholder's equity	$853,100

The accompanying notes are an integral part of this balance sheet.

PERFORMANCE ANALYSIS CORPORATION

STATEMENT OF INCOME AND RETAINED EARNINGS

YEAR ENDED DECEMBER 31, 1997

Revenue:	
Software license	$ 737,600
Services	599,900
Total revenue	1,337,500
Cost of services revenue	253,500
Gross margin	1,084,000
Operating expenses:	
Research and development	363,800
Sales and marketing	322,900
General and administrative	144,000
Total operating expenses	830,700

Income from operations	253,300
Other income, net	24,700
Income before provision for income taxes	278,000
Provision for income taxes	88,900
Net income	189,100
Retained earnings, balance December 31, 1996	274,400
Retained earnings, balance December 31, 1997	$ 463,500

The accompanying notes are an integral part of this statement.

PERFORMANCE ANALYSIS CORPORATION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 1997

Cash flows from operating activities:	
Net income	$ 189,100
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	17,800
Changes in operating assets and liabilities:	
Accounts receivable, net	(253,500)
Deposits	5,000
Accrued liabilities	55,100
Deferred income taxes	33,700
Income taxes payable	16,600
Deferred revenue	84,800
Customer deposits	(41,500)
Deferred taxes, noncurrent	1,700
Total adjustments	(80,300)
Net cash provided by operating activities	108,800
Cash flows from investing activities:	
Purchases of furniture and equipment	(12,200)
Increase in cash and cash equivalents	96,600
Cash and cash equivalents, beginning of year	370,400
Cash and cash equivalents, end of year	$ 467,000
Supplemental cash flow disclosure:	
Cash paid for interest	$ --
Income taxes paid	$ 24,100

The accompanying notes are an integral part of this statement.

PERFORMANCE ANALYSIS CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31,1997

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

Organization

Performance Analysis Corporation ("the "Company") was established in 1983 in the state of North Carolina. The Company is a developer of distribution center slotting software. The Company offers periodic ongoing maintenance support of its products. The Company also offers fee-based installation and training. The Company markets its products throughout the southeastern United States and Canada.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash or cash equivalents.

Furniture and Equipment

Furniture and equipment are recorded at cost and are depreciated primarily using straight line depreciation over three to seven years.

Income Taxes

The provision for income taxes is based on income recognized for financial statement purposes and includes the effects of temporary differences between such income and that recognized for tax return purposes.

Revenue Recognition

The Company's revenue consists of software license revenue and fees for services complementary to its software products, including installation, training, and maintenance.

Revenue from software license is recognized upon signing of a contract and delivery of the product, if there are no significant vendor obligations and provided that amounts are due within one year and collection is considered probable. If significant postdelivery obligations exist, the revenue from the sale of the software license as well as other components of the contract is recognized using contract accounting. Maintenance and support revenue represent amounts paid by users for the support and enhancements of the software. Revenues from these support services are recognized ratably over the term of the software support services agreement, typically 12 months. If maintenance is included in the original license contract, such amounts are unbundled from the license fee and recognized over the free contracted support period. Revenues and expenses relating to implementation and training performed by the Company are recognized as the services are performed.

Deferred Revenues

Revenue may be deferred due to installation, training and support services not yet performed.

Customer Deposits

Amounts collected prior to the delivery of software products represent a customer deposit.

Capitalized Software Development Costs

Research and development expenses are charged to expense as incurred. Computer software development costs are charged to research and development expense until

technological feasibility is established, after which remaining software production costs are capitalized in accordance with Statement of Financial Accounting Standards ("SFAS") No. 86, "Accounting for Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed." The Company has defined technological feasibility as the point in time at which the Company has a working model of the related product. Historically, the development costs incurred during the period between the achievement of technological feasibility and the point at which the product is available for general release to customers have not been material. Accordingly, the Company has concluded that the amount of development costs capitalizable under the provisions of SFAS No. 86 was not material to the financial statements for the year ended December 31, 1997. Therefore, the Company has charged all software development costs to expense as incurred for the years ended December 31, 1997.

Warranty Costs

The Company generally warranties its products for 30 to 90 days and provides for estimated warranty costs upon delivery of such products. Warranty cost have not been and are not anticipated to be significant.

Concentrations of Credit Risk

Concentrations of credit risk with respect to accounts receivable are limited due to the wide variety of customers and markets for which the Company's services are provided. As a result, as of December 31, 1997, the Company did not consider itself to have any significant concentrations of credit risk. During 1997, the Company's five largest customers accounted for approximately 37% of the Company's total revenues. Although the particular customers may change from period to period, the Company expects that large sales to a limited number of customers will continue to account for a significant percentage of its revenues in any particular period for the foreseeable future.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The book values of accounts receivable, accrued liabilities and other financial instruments approximate their fair values principally because of the short-term maturities of these instruments.

In June 1997, the Financial Accounting Standards Board issued SFAS No. 130, "Reporting Comprehensive Income." SFAS No. 130 is designed to improve the

reporting of changes in equity from period to period. SFAS No. 130 is effective for the Company's fiscal year ending December 31, 1998. Management does not expect SFAS No. 130 to have a significant impact on the Company's financial statements.

In June 1997, the Financial Accounting Standards Board issued SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information." SFAS No. 131 requires that an enterprise disclose certain information about operating segments. SFAS No. 131 is effective for financial statements for the Company's fiscal year ending December 31, 1998. The Company does not expect that SFAS No. 131 will require significant revision of prior disclosures.

The American Institute of Certified Public Accountants has issued SOP 97-2, "Software Revenue Recognition." The adoption of the standard is not expected to have a significant impact on the Company's financial statements.

2. INCOME TAXES

Deferred tax assets and liabilities are determined based on the difference between the financial accounting and tax bases of assets and liabilities. Significant components of the Company's deferred tax assets and liabilities as of December 31, 1997 are a follows:

Deferred tax assets:	
Accrued liabilities	$ 72,000
Deferred revenue	85,500
Allowance for doubtful accounts	9,200
	166,700
Deferred tax liabilities:	
Receivables	150,300
Depreciation	6,000
	156,300
Net deferred tax asset	$ 10,400

The components of the income tax provision for the years ended December 31, 1997 are as follows:

Current:	
Federal	$47,400
State	5,600
Deferred	
Federal	32,100
State	3,800
Provision for income taxes	$88,900

The following is a summary of the items which caused recorded income taxes to differ from taxes computed using the statutory federal income tax rate for the year ended December 31, 1997:

Tax provision at statutory rate:	
Federal	34.0%
State	4.0
	38.0
State income tax benefit	(1.2)
Research and development credits	(6.2)
Other	1.4
Provision for income taxes	32.0%

4. EMPLOYEE BENEFIT PLAN

The Company sponsors the 401(k) Profit Sharing Plan (the "Plan"), covering substantially all employees of the Company. Under the Plan's deferred compensation arrangement, eligible employees who elect to participate in the Plan may contribute up to 15% of eligible compensation, as defined, to the Plan. The Company may provide for a matching contribution which is determined by the Company each plan year. During the year ended December 31, 1997, the Company made matching contributions to the Plan of $11,000.

5. COMMITMENTS AND CONTINGENCIES

LEASE COMMITMENTS

At December 31, 1997, the future minimum operating lease payments under noncancelable operating leases were as follows:

1998	$52,250
1999	53,590
2000	3,921

The Company's operating leases are primarily for office space and other equipment. Total rental expense for operating leases was $51,700 in 1997.

LEGAL PROCEEDINGS

The Company is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of potential liability with respect to these potential actions would not materially affect the financial position or results of operations of the Company.

6. SUBSEQUENT EVENT

SALE OF THE COMPANY

On February 16, 1998, the Company was acquired by Manhattan Associates, LLC ("Manhattan"), pursuant to which the Company became a 100% wholly owned subsidiary of Manhattan Associates, LLC. The Company exchanged all of the Company's outstanding common stock for cash of $2,200,000 and 106,666 shares of Manhattan common stock.

TITLE: Manhattan Associates' Blue Chip Customer Base
GRAPHIC: In the top left corner is text reading: "Manhattan Associates' Blue Chip Customer Base" and "250 Customers". To the right of the text is the Manhattan Associates logo. The body of the page consists of the Logos of the following Manhattan customers: Conair, Nordstrom, Patagonia, Duck Head, Playtex, Remington, Seiko, Delta, Mikasa, Dean Foods, Rain Bird, PPG, Familian and Brother.

[INSIDE BACK COVER]

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UNTIL , 1998 (25 DAYS FROM THE DATE OF THIS PROSPECTUS), ALL DEALERS EFFECTING TRANSACTIONS IN THE REGISTERED SECURITIES, WHETHER OR NOT PARTICIPATING IN THIS DISTRIBUTION, MAY BE REQUIRED TO DELIVER A PROSPECTUS. THIS IS IN ADDITION TO THE OBLIGATION OF DEALERS TO DELIVER A PROSPECTUS WHEN ACTING AS UNDERWRITERS AND WITH RESPECT TO THEIR UNSOLD ALLOTMENTS OR SUBSCRIPTIONS.

- ---

LOGO

[OF MANHATTAN ASSOCIATES APPEARS HERE]

3,000,000 SHARES

COMMON STOCK

DEUTSCHE MORGAN GRENFELL

HAMBRECHT & QUIST

SOUNDVIEW FINANCIAL GROUP, INC.

PROSPECTUS

, 1998

PART II

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

Securities and Exchange Commission registration fee	$ 12,213
NASD and Blue Sky fees and expenses	$ 20,000
Nasdaq National Market listing fee	$ 112,795
Accountants' fees and expenses	$ 300,000
Legal fees and expenses	$ 300,000
Transfer Agent's fees and expenses	$ 15,000
Printing and engraving expenses	$ 200,000
Miscellaneous	$ 239,992
Total Expenses	$1,200,000

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Company's Bylaws provide that the Company shall indemnify each of its officers, directors, employees and agents to the extent that he or she is or was a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative because he or she is or was a director, officer, employee or agent of the Company, against reasonable expenses (including attorneys' fees), judgments, fines and amounts paid in settlement in connection with such action, suit or proceeding; provided, however, that no indemnification shall be made for (i) any appropriation, in violation of his duties, of any business opportunity of the Company, (ii) acts or omissions which involve intentional misconduct or a knowing violation of law, (iii) any

liability under Section 14-2-832 of the GBCC, which relates to unlawful payments of dividends and unlawful stock repurchases and redemptions, or (iv) any transaction from which he derived an improper personal benefit.

Section 6(b) of the Underwriting Agreement filed as Exhibit 1.1 hereto also contains certain provisions pursuant to which certain officers, directors and controlling persons of the Company may be entitled to be indemnified by the underwriters named therein.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

During the past three years, the Registrant has sold the securities set forth below which were not registered under the Securities Act.

In connection with the restructuring of Company from a limited liability company to a business corporation, Manhattan Associates, Inc. will issue 20,206,674 shares of Common Stock to stockholders of Manhattan Associates Software, LLC ("Manhattan LLC") on the date of the Prospectus in consideration for their contribution of all of the assets and liabilities of Manhattan LLC to the Company in a transaction exempt under Sections 4(2) of the Securities Act.

In connection with the organization of the Company, in January 1998, the Company issued an aggregate of 100 shares of its Common Stock to Alan J. Dabbiere, Deepak Raghavan, Deepak M.J. Rao and Ponnambalam Muthiah at a price of $1.00 per share in a transaction exempt under Section 4(2) of the Securities Act. These shares will be redeemed simultaneously with the consummation of the Restructuring at their original purchase price.

In connection with an investment by Deepak Raghavan, the Chief Technology Officer of the Company, of $1,000,000 in Manhattan LLC on February 16, 1998, Manhattan LLC issued 100,000 of its shares to Mr. Raghavan in a transaction exempt under Section 4(2) of the Securities Act.

In connection with the acquisition of all of the outstanding shares of Performance Analysis Corporation ("PAC") on February 16, 1998, Manhattan LLC issued 106,666 of its shares valued at an aggregate value of $1,066,660, to Daniel Basmajian, Sr., the sole stockholder of Performance Analysis Corporation, a North Carolina corporation, in a transaction exempt from registration under Rules 505 and 506 of Regulation D and Section 4(2) of the Securities Act.

In connection with the initial formation of Manhattan LLC, Manhattan LLC issued 875,000 of its shares to Alan J. Dabbiere, Deepak Raghavan, Deepak M.J. Rao and Ponnambalam Muthiah, who are also the members of the Board of Managers of Manhattan LLC, in a transaction exempt from registration under Section 4(2) of the Securities Act.

Giving effect to the Restructuring, the Company has issued options to purchase the following shares of its Common Stock on the dates indicated pursuant to Section 4(2) and Rule 701:

DATE OF GRANT	NUMBER OF SHARES PURCHASABLE
April 8, 1997	80,000
April 28, 1997	120,000
July 1, 1997	197,000
August 1, 1997	22,000
August 11, 1997	200,000

September 24, 1997	130,000
November 14, 1997	350,000
November 25, 1997	150,000
December 1, 1997	120,000
December 2, 1997	5,000
December 9, 1997	15,000
December 15, 1997	68,000
December 22, 1997	10,000
January 2, 1998	441,500
January 12, 1998	16,000
January 15, 1998	220,000
January 23, 1998	4,000
January 26, 1998	1,000
February 2, 1998	69,000
February 4, 1998	3,000
February 6, 1998	36,000
February 16, 1998	174,000
February 18, 1998	2,000
February 19, 1998	11,000
February 28, 1998	160,000
March 2, 1998	5,500
March 9, 1998	6,000
March 16, 1998	4,000

ITEM 16. EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
1.1	Form of Underwriting Agreement.
2.1	Amended and Restated Subscription and Contribution Agreement between Manhattan Associates Software, LLC, the direct and indirect stockholders of Manhattan Associates Software, LLC and the Registrant dated March 31, 1998.
3.1*	Articles of Incorporation of the Registrant.
3.2*	Bylaws of the Registrant.
4.1*	Provisions of the Articles of Incorporation and Bylaws of the Registrant defining rights of the holders of Common Stock of the Registrant.
4.2	Specimen Stock Certificate.
5.1	Opinion of Morris, Manning & Martin, L.L.P., Counsel to the Registrant, as to the legality of the shares being registered.
10.1*	Lease Agreement by and between Wildwood Associates, a Georgia general partnership, and the Registrant dated September 24, 1997.
10.2*	First Amendment to Lease between Wildwood Associates, a Georgia general partnership, and the Registrant, dated October 31, 1997.
10.3*	Summary Plan Description of the Registrant's Money Purchase Plan & Trust, effective January 1, 1997.
10.4*	Summary Plan Description of the Registrant's 401(k) Plan and Trust, effective January 1, 1995.
10.5*	Form of Indemnification Agreement with certain directors and officers of the Registrant.
10.6*	Contribution Agreement between the Registrant and Daniel Basmajian, Sr.
10.7	Form of Tax Indemnification Agreement for direct and indirect stockholders of Manhattan Associates Software, LLC.
10.8	Second Amendment to Lease between Wildwood Associates, a Georgia general partnership, and the Registrant, dated February 27, 1998.
10.9*	Share Purchase Agreement between Deepak Raghavan and the Registrant effective as of February 16, 1998.

10.10*	Manhattan Associates, Inc. Stock Incentive Plan.
10.11*	Manhattan Associates, LLC Option Plan.
10.12*	Grid Promissory Note of the Registrant in favor of Alan J. Dabbiere.
10.13	Loan and Security Agreement by and between Silicon Valley Bank and the Registrant, dated March 30, 1998.
10.14	Executive Employment Agreement executed by Neil Thall.
10.15	Executive Employment Agreement executed by Michael Casey.
10.16	Executive Employment Agreement executed by Greg Cronin.
10.17	Employment Agreement executed by Oliver Cooper.
10.18	Form of License Agreement, Software Maintenance Agreement and Consulting Agreement.
21.1	List of Subsidiaries.
23.1	Consent of Arthur Andersen LLP.
23.2	Consent of Morris, Manning & Martin, L.L.P. (included in Exhibit 5.1).
24.1*	Powers of Attorney (included on signature page).
27.1*	Financial Data Schedule.
99.1*	Report of Independent Public Accountants.
99.2	Consents of Independent Directors to be Named in the Registration Statement.

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* Previously Filed.

ITEM 17. UNDERTAKINGS

(a) The undersigned Registrant hereby undertakes to provide to the Underwriters at the closing specified in the Underwriting Agreement certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(c) The Registrant hereby undertakes that:

(i) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in the form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of the Registration Statement as of the time it was declared effective.

(ii) For purposes of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT, THE REGISTRANT HAS DULY CAUSED THIS AMENDMENT NO. 1 TO THE REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF ATLANTA, STATE OF GEORGIA ON THE 2ND DAY OF APRIL, 1998.

Manhattan Associates, Inc.

By: /s/ Alan J. Dabbiere
_____
ALAN J. DABBIERE
CHAIRMAN OF THE BOARD,
CHIEF EXECUTIVE OFFICER AND
PRESIDENT

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT, THIS REGISTRATION STATEMENT HAS BEEN SIGNED BY THE FOLLOWING PERSONS IN THE CAPACITIES AND ON THE DATES INDICATED.

SIGNATURE	TITLE	DATE
/s/ Alan J. Dabbiere ALAN J. DABBIERE	Chairman of the Board, Chief Executive Officer and President (Principal Executive Officer)	April 2, 1998
/s/ Michael J. Casey MICHAEL J. CASEY	Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	April 2, 1998
/s/ Deepak Raghavan DEEPAK RAGHAVAN	Director	April 2, 1998

SCHEDULE II

MANHATTAN ASSOCIATES, INC.
VALUATION AND QUALIFYING ACCOUNTS
ALLOWANCE FOR DOUBTFUL ACCOUNTS

	BALANCE AT BEGINNING OF THE PERIOD	CHARGED TO COSTS AND EXPENSES	CHARGED TO OTHER ACCTS	DEDUCTIONS	BALANCE AT END OF THE PERIOD
1995	$ --	$242,780	$ --	$142,780 b	$100,000
1996	100,000	225,000	--	--	325,000
1997	325,000	395,000	250,000 a	--	970,000

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a Charged to services revenue
b Represents the write-off of accounts previously reserved

EXHIBIT 1.1

DATED APRIL __, 1998

MANHATTAN ASSOCIATES, INC.

3,000,000 shares
COMMON STOCK

UNDERWRITING AGREEMENT

MANHATTAN ASSOCIATES, INC.

Common Stock

UNDERWRITING AGREEMENT

April __, 1998

DEUTSCHE MORGAN GRENFELL INC.
HAMBRECHT & QUIST LLC
SOUNDVIEW FINANCIAL GROUP, INC.
As Representatives of the several Underwriters

c/o Deutsche Morgan Grenfell Inc.
31 West 52nd Street
New York, New York 10019

Dear Sirs:

Manhattan Associates, Inc. (the "Company"), a Georgia corporation and the successor to Manhattan Associates Software, LLC, formerly known as Manhattan Associates, LLC, a Georgia limited liability company ("Manhattan LLC"), and the persons named in Schedule 2 hereto (the "Selling Stockholders") hereby confirm their agreement with the several underwriters named in Schedule 1 hereto (the "Underwriters"), for whom you have been duly authorized to act as representatives (the one or more firms acting in such capacities, the "Representatives"), as set forth below. If you are the only Underwriters, all references herein to the Representatives shall be deemed to be references to the Underwriters.

Section 1. Underwriting. Subject to the terms and conditions contained herein:

- ---------- ------------

(a) The Company proposes to issue and sell 3,000,000 shares of common stock, par value $.01 per share (the "Common Stock"), of the Company, (the "Firm Shares") to the several Underwriters. The Selling Stockholders propose to sell not more than 450,000 shares of Common Stock (the "Option Shares" and, together with the Firm Shares, the "Shares") to the several Underwriters if requested by the Representatives as provided in Section 2(b) hereof.

(b) Upon your authorization of the release of the Firm Shares, the Underwriters propose to make a public offering (the "Offering") of the Firm Shares upon the terms set forth in the Prospectus (as defined below) as soon after the Registration Statement (as defined below) and this Agreement have become effective as in the Representatives' sole judgment is advisable. As used in this Agreement, the term "Original Registration Statement" means the registration statement (File No. 333-47095) initially filed with the Securities and Exchange Commission (the "Commission") relating to the Shares, as amended through the time when it was or is declared effective, including all financial schedules and exhibits thereto and including any information omitted therefrom pursuant to Rule 430A under the Securities Act of 1933, as amended (the "Securities Act"), and included in the Prospectus; the term "Rule 462(b) Registration Statement" means any registration statement filed with the Commission pursuant to Rule 462(b) under the Securities Act (including the Registration Statement and any Preliminary Prospectus (as defined below) or Prospectus incorporated therein at the time such Registration Statement becomes effective); the term "Registration Statement" includes both the Original Registration Statement and any Rule 462(b) Registration Statement; the term "Preliminary Prospectus" means each prospectus subject to completion filed with the Original Registration Statement or any amendment thereto (including the prospectus subject to completion, if any, included in the Original Registration Statement or any amendment thereto at the time it was or is declared effective); the term "Prospectus" means:

(i) if the Company relies on Rule 434 under the Securities Act, the Term Sheet (as defined below) relating to the Shares that is first filed pursuant to Rule 424(b)(7) under the Securities Act, together with the Preliminary Prospectus identified therein that such Term Sheet supplements;

(ii) if the Company does not rely on Rule 434 under the Securities Act, the prospectus first filed with the Commission pursuant to Rule 424(b) under the Securities Act;

(iii) if the Company does not rely on Rule 434 under the Securities Act and if no prospectus is required to be filed pursuant to Rule 424(b) under the Securities Act, the prospectus included in the Registration Statement; or

(iv) for purposes of the representations and warranties contained in Section 5 hereof, if the prospectus is not in existence, the most recent Preliminary Prospectus;

and the term "Term Sheet" means any term sheet that satisfies the requirements of Rule 434 under the Securities Act. Any reference herein to the "date" of a Prospectus that includes a Term Sheet shall mean the date of such Term Sheet.

Section 2. Purchase and Closing.
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(a) On the basis of the representations, warranties, agreements and covenants

herein contained and subject to the terms and conditions herein set forth, the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters, severally and not jointly, agrees to purchase from the Company at a purchase price of $___ per Share (the "Purchase Price"), the number of Firm Shares set forth opposite the name of such Underwriter in Schedule 1 hereto. Firm Shares shall be registered by Chase Mellon Shareholder Services in the name of the nominee of the Depository Trust Company ("DTC"), Cede & Co. ("Cede & Co."), and credited to the accounts of such of its participants as the Representatives shall request, upon notice to the Company at least 48 hours prior to the First Closing Date (as defined below), with any transfer taxes payable in connection with the transfer of the Firm Shares to the Underwriters duly paid, against payment by or on behalf of the Underwriters to the account of the Company of the aggregate Purchase Price therefor by wire transfer in immediately available funds. Delivery or registry of and payment for the Firm Shares shall be made at the offices of Morris, Manning & Martin, L.L.P., 1600 Atlanta Financial Center, 3343 Peachtree Road, N.E., Atlanta, GA 30326 at 9:30 A.M., New York City time, on April ___, 1998 on the [third] [fourth] full business day following the date of this Agreement, or at such other place, time or date as the Representatives and the Company may agree upon. Such time and date of delivery against payment are herein referred to as the "First Closing Date", and the implementation of all the actions described in this Section 2(a) is herein referred to as the "First Closing".

(b) For the purpose of covering any over-allotments in connection with the distribution and sale of the Firm Shares as contemplated by the Prospectus, the Selling Stockholders hereby grant to the several Underwriters an option to purchase, severally and not jointly, the Option Shares. The purchase price to be paid for any Option Shares shall be the same as the Purchase Price for the Firm Shares set forth above in paragraph (a) of this Section 2. The option granted hereby may be exercised as to all or any part of the Option Shares from time to time within thirty days after the date of the Prospectus (or, if such 30th day shall be a Saturday or Sunday or a holiday, on the next business day thereafter when the New York Stock Exchange and the Nasdaq Stock Market's National Market (the "Nasdaq National Market") are open for trading). The Underwriters shall not be under any obligation to purchase any of the Option Shares prior to the exercise of such option. The Representatives may from time to time exercise the option granted hereby by giving notice in writing or by telephone (confirmed in writing) to the Selling Stockholders setting forth the aggregate number of Option Shares as to which the several Underwriters are then exercising the option and the date and time for delivery or registry of and payment for such Option Shares. Any such date of delivery or registry shall be determined by the Representatives but shall not be earlier than two business days or later than five business days after such exercise of the option and, in any event, shall not be earlier than the First Closing Date. The time and date set forth in such notice, or such other time or date as the Representatives and the Selling Stockholders may agree upon or as the Representatives may determine pursuant to Section 2(a) hereof, is herein called an "Option Closing Date" with respect to such Option Shares, and the implementation of all the actions described in this Section 2(b) is herein referred to as the "Option Closing". As used in this Agreement, the term "Closing Date" means either the First Closing Date or any Option Closing Date, as applicable, and the term "Closing" means either the First Closing or any Option Closing, as applicable. If the option is exercised as to all or any portion of the Option Shares, then either one or more certificates in definitive form for such Option Shares shall be delivered or, if such

Option Shares are to be held through DTC, such Option Shares shall be registered and credited, on the related Option Closing Date in the same manner, and upon the same terms and conditions, set forth in paragraph (a) of this Section 2, except that reference therein to the Firm Shares and the First Closing Date shall be deemed, for purposes of this paragraph (b), to refer to such Option Shares and Option Closing Date, respectively. Upon exercise of the option as provided herein, the Selling Stockholders shall become obligated to sell to each of the several Underwriters, and, on the basis of the representations,

warranties, agreements and covenants herein contained and subject to the terms and conditions herein set forth, each of the Underwriters (severally and not jointly) shall become obligated to purchase from the Selling Stockholders the same percentage of the total number of the Option Shares as to which the several Underwriters are then exercising the option as such Underwriter is obligated to purchase of the aggregate number of Firm Shares, as adjusted by the Representatives in such manner as they deem advisable to avoid fractional shares. If the option granted hereby is exercised for less than the maximum number of Option Shares, the respective number of Option Shares to be sold by each of the Selling Stockholders listed on Schedule 2 hereto shall be determined on a pro rata basis in accordance with the number of shares set forth opposite their names on Schedule 2 hereto, as adjusted by the Representatives in such manner as they deem advisable to avoid fractional shares.

(c) The Company and the Selling Stockholders hereby acknowledge that the payment of monies pursuant to Section 2(a) hereof (a "Payment") by or on behalf of the Underwriters of the aggregate Purchase Price for any Shares does not constitute closing of a purchase and sale of the Shares. Only execution and delivery, by facsimile or otherwise, of a receipt for Shares by the Underwriters indicates completion of the closing of a purchase of the Shares from the Company and the Selling Stockholders. Furthermore, in the event that the Underwriters make a Payment to the Company and the Selling Stockholders prior to the completion of the closing of a purchase of Shares, the Company and the Selling Stockholders hereby acknowledge that until the Underwriters execute and deliver such receipt for the Shares, the Company and the Selling Stockholders will not be entitled to the Payment and shall return the Payment to the Underwriters as soon as practicable (by wire transfer of same-day funds) upon demand. In the event that the closing of a purchase of Shares is not completed and the Payment is not returned by the Company and the Selling Stockholders to the Underwriters on the same day the Payment was received by the Company and the Selling Stockholders, the Company and the Selling Stockholders agree to pay to the Underwriters in respect of each day the Payment is not returned by them, in same-day funds, interest on the amount of such Payment in an amount representing the Underwriters' cost of financing as reasonably determined by the Representatives, pro rata in proportion to the percentage of such Payment
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received by each.

(d) It is understood that any of you, individually and not as one of the Representatives, may (but shall not be obligated to) make Payment on behalf of any Underwriter or Underwriters for any of the Shares to be purchased by such Underwriter or Underwriters. No

such Payment shall relieve such Underwriter or Underwriters from any of its or their obligations hereunder.

Section 3. Covenants.
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(a) The Company covenants and agrees with the several Underwriters that:

(i) The Company will:

(x) use its best efforts to cause the Registration Statement, if not effective at the time of execution of this Agreement, and any amendments thereto to become effective as promptly as possible. If required, the Company will file the Prospectus or any Term Sheet that constitutes a part thereof and any amendment or supplement thereto with the Commission in the manner and within the time period required

by Rules 434 and 424(b) under the Securities Act. During any time when a prospectus relating to the Shares is required to be delivered under the Securities Act, the Company (I) will comply with all requirements imposed upon it by the Securities Act and the rules and regulations of the Commission thereunder to the extent necessary to permit the continuance of sales of or dealings in the Shares in accordance with the provisions hereof and of the Prospectus, as then amended or supplemented, and (II) will not file with the Commission the Prospectus, Term Sheet, any amendment or supplement to such Prospectus or Term Sheet, any amendment to the Registration Statement (including the amendment referred to in the second sentence of Section 5(a)(i) hereof) or any Rule 462(b) Registration Statement unless the Representatives previously have been advised of, and furnished with a copy within a reasonable period of time prior to, the proposed filing and the Representatives shall have given their consent to such filing. The Company will prepare and file with the Commission, in accordance with the rules and regulations of the Commission, promptly upon request by the Representatives or counsel for the Underwriters, any amendments to the Registration Statement or amendments or supplements to the Prospectus that may be necessary or advisable in connection with the distribution of the Shares by the several Underwriters. The Company will advise the Representatives, promptly after receiving notice thereof, of the time when the Registration Statement or any amendment thereto has been filed or declared effective or the Prospectus or Term Sheet or any amendment or supplement thereto has been filed and will provide evidence satisfactory to the Representatives of each such filing or effectiveness.

(y) without charge, provide (I) to the Representatives and to counsel for the Underwriters, an executed and a conformed copy of the Original Registration Statement and each amendment thereto or any Rule 462(b) Registration Statement (in each case including exhibits thereto), (II) to each other Underwriter, a conformed copy of the Original Registration Statement and each amendment thereto or any Rule 462(b) Registration Statement (in each case without exhibits thereto), and (III) so long as a prospectus relating to the Shares is required to be delivered under the Securities Act, as many copies of each Preliminary Prospectus or the Prospectus or any amendment or supplement thereto as the Representatives may reasonably request. Without limiting the application of clause (III) of the preceding sentence, the Company, not later than (A) 9:00 A.M., New York City time, on the business day following the date of determination of the public offering price, if such determination occurred at or prior to 12:00 noon, New York City time, on such date or (B) 6:00 P.M., New York City time, on the business day following the date of determination of the public offering price, if such determination occurred after 12:00 noon, New York City time, on such date, will deliver to the Underwriters, without charge, as many copies of the Prospectus and any amendment or supplement thereto as the Representatives may reasonably request for purposes of confirming orders that are expected to settle on the First Closing Date.

(z) advise the Representatives, promptly after receiving notice or obtaining knowledge thereof, of (I) the issuance by the Commission of any stop order suspending the effectiveness of the Original Registration Statement or any

amendment thereto or any Rule 462(b) Registration Statement or any order preventing or suspending the use of any Preliminary Prospectus or the Prospectus or any amendment or supplement thereto, (II) the suspension of the qualification of the Shares for offering or sale in any jurisdiction, (III) the institution, threatening or contemplation of any proceeding for any purpose identified in the preceding clause (I) or (II), or (IV) any request made by the Commission for amending the Original Registration Statement or any Rule 462(b) Registration Statement, for amending or supplementing the Prospectus or for additional information. The Company will use its best efforts to prevent the issuance of any such stop order and, if any such stop order is issued, to obtain the withdrawal thereof as promptly as possible.

(ii) The Company will arrange for the qualification of the Shares for offering and sale in each jurisdiction as the Representatives shall designate including, but not limited to, pursuant to applicable state securities ("Blue Sky") laws of certain states of the United States of America or other U.S. jurisdictions, and the Company shall maintain such qualifications in effect

for so long as may be necessary in order to complete the placement of the Shares; provided, however, that the Company shall not be obliged to file any general consent to service of process or to qualify as a foreign corporation or as a securities dealer in any jurisdiction or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject.

(iii) If, at any time prior to the final date when a prospectus relating to the Shares is required to be delivered under the Securities Act, any event occurs as a result of which the Prospectus, as then amended or supplemented, would include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if for any other reason it shall be necessary at any time to amend the Registration Statement or amend or supplement the Prospectus to comply with the Securities Act or the rules or regulations of the Commission thereunder or applicable law, the Company will promptly notify the Representatives thereof and will promptly, at its own expense, but subject to the second sentence of Section 3(a)(i)(x) hereof: (x) prepare and file with the Commission an amendment to the Registration Statement or amendment or supplement to the Prospectus which will correct such statement or omission or effect such compliance; and (y) supply any amended Registration Statement or amended or supplemented Prospectus to the Underwriters in such quantities as the Underwriters may reasonably request.

(iv) The Company will make generally available to the Company's securityholders and to the Representatives as soon as practicable an earnings statement that satisfies the provisions of Section 11(a) of the Securities Act, including Rule 158 thereunder.

(v) The Company will apply the net proceeds from the sale of the Shares as set forth under "Use of Proceeds" in the Prospectus.

(vi) The Company will not, and will not allow any subsidiary to, publicly announce any intention to, and will not itself, and will

not allow any subsidiary to, without the prior written consent of the Representatives, on behalf of the Underwriters, (x) offer, pledge, sell, offer to sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into, or exercisable or exchangeable for, Common Stock, or (y) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the shares of Common Stock or securities convertible into, or exercisable or exchangeable for, shares of Common Stock (whether any such transaction

described in clause (x) or (y) above is to be settled by delivery of shares of Common Stock or such other securities, in cash or otherwise), for a period beginning from the date hereof and continuing to and including the date 180 days after the date hereof, except pursuant to this Agreement and other than with respect to shares of Common Stock (or any securities convertible into or exchangeable for shares of Common Stock) issued pursuant to any employee benefit plans, qualified stock option plans or other employee compensation plans which are disclosed in the Prospectus.

(vii) Neither the Company nor any of its affiliates, nor any person acting on behalf of any of them will, directly or indirectly, (x) take any action designed to cause or to result in, or that has constituted or which might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares or (y) (I) sell, bid for, purchase, or pay anyone any compensation for soliciting purchases of, the Shares or (II) pay or agree to pay to any person any compensation for soliciting another to purchase any other securities of the Company.

(viii) During a period of ninety (90) days after the date hereof, the Company will not file a registration statement registering shares under any employee benefit plans, qualified stock option plans or other employee compensation plans.

(ix) The Company will obtain the agreements described in Section 7(i) hereof prior to the First Closing Date.

(x) If at any time during the 25-day period after the Registration Statement becomes effective or during the period prior to any Closing Date, any rumor, publication or event relating to or affecting the Company shall occur as a result of which in the Representatives' sole judgment the market price of the Shares has been or is likely to be materially affected (regardless of whether such rumor, publication or event necessitates a supplement to or amendment of the Prospectus), the Company will, after notice from the Representatives advising the Company to the effect set forth above, forthwith prepare, consult with the Representatives concerning the substance of, and disseminate a press release or other public statement reasonably satisfactory to the Representatives, responding to or commenting on such rumor, publication or event.

(xi) If the Company elects to rely on Rule 462(b), the Company shall both file the Rule 462(b) Registration Statement with the Commission in compliance with Rule 462(b) and pay the applicable fees in accordance with Rule 111 promulgated under the Securities Act by the earlier of (x) 10:00 P.M. New York City time on the date of this Agreement and (y) the time confirmations are sent or

given, as specified by Rule 462(b)(2) under the Securities Act.

(xii) The Company will cause the Shares to be duly included for quotation on the Nasdaq National Market prior to the First Closing Date. The Company will ensure that the Shares remain included for quotation on the Nasdaq National Market following the First Closing Date.

(xiii) In connection with the transfer of all assets and liabilities of Manhattan LLC to the Company, the Company will amend the existing, or obtain a new, INS Form I-9 for each alien employee working for the Company pursuant to a H-1B, non-immigrant work permitted visa within the time requirements of all applicable immigration laws.

(b) Each Selling Stockholder covenants and agrees with the several Underwriters that:

(i) It will not, and no person acting on behalf of such Selling Stockholder will, directly or indirectly, (x) take any action designed to cause or to result in, or that has constituted or which might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares or (y) (I) sell, bid for, purchase, or pay anyone any compensation for soliciting purchases of, the Shares or (II) pay or agree to pay to any person any compensation for soliciting another to purchase any other securities of the Company (except for the sale of Shares by the Selling Stockholders under this Agreement).

(ii) It will not, and will not allow any subsidiary to, publicly announce any intention to, and will not itself, and will not allow any subsidiary to, without the prior written consent of Deutsche Morgan Grenfell Inc. ("DMG") on behalf of the Underwriters, (x) offer, pledge, sell, offer to sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any of the shares of Common Stock or any securities convertible into, or exercisable or exchangeable for, Common Stock, or (y) enter into any swap or other agreement or any transaction that transfers, in whole or in part, any of the economic consequences of ownership of the shares of Common Stock or any securities convertible into, or exercisable or exchangeable for, shares of Common Stock (whether any such transaction described in clause (x) or (y) above is to be settled by delivery of shares of Common Stock or such other securities, in cash or otherwise), in each case, beneficially owned (within the meaning of Rule 13d-3 under the Exchange Act) or otherwise controlled by such person on the date hereof or hereafter acquired, for a period beginning from the date hereof and continuing to and including the
date 180 days after the date hereof; provided, however, that such Selling

Stockholder may, without the prior written consent of DMG on behalf of the Underwriters, transfer shares of Common Stock or such other securities to one or more members of such Selling Stockholder's immediate family or to trusts for the benefit of members of such Selling Stockholder's immediate family or in

connection with bona fide gifts, provided that any transferee agrees in writing as a condition precedent to such transfer to be bound by the transfer restrictions described above, and there shall be no further transfer of any shares of Common Stock or such other securities, except in accordance with this Agreement.

Section 4. Expenses.

(a) The Company shall bear and pay all costs and expenses incurred incident to the performance of its obligations under this Agreement, whether or not the transactions contemplated herein are consummated or this Agreement is terminated pursuant to Section 9 hereof, including: (i) fees and expenses of preparation, issuance and delivery of this Agreement to the Underwriters; (ii) the fees and expenses of its counsel, accountants and any other experts or advisors retained by the Company; (iii) the costs of delivering and distributing the Power of Attorney and Custody Agreements (as defined below) and the fees and expenses of the Custodian (as defined below) (and any other Attorney-in-Fact (as defined below)); (iv) fees and expenses incurred in connection with the registration of the Shares under the Securities Act and the preparation and filing of the Registration Statement, the Prospectus and all amendments and supplements thereto; (v) the printing and distribution of the Prospectus and any Preliminary Prospectus and the printing and production of all other documents connected with the Offering (including this Agreement and any other related agreements); (vi) expenses related to the qualification of the Shares under the state securities or Blue Sky laws, including filing fees and the fees and disbursements of counsel for the Underwriters in connection therewith and in connection with the preparation of any Blue Sky memoranda; (vii) the filing fees and expenses, if any, incurred with respect to any filing with the National Association of Securities Dealers, Inc. (the "NASD"), including the fees and disbursements of counsel for the Underwriters in connection therewith; (viii) all expenses arising from the quoting of the Shares on the Nasdaq National Market; (ix) all arrangements relating to the preparation, issuance and delivery to the Underwriters of any certificates evidencing the Shares, including transfer agent's and registrar's fees; (x) the costs and expenses of the "roadshow" and any other meetings with prospective investors in the Shares (other than as shall have been specifically approved by the Representatives to be paid for by the Underwriters); and (xi) the costs and expenses of advertising relating to the Offering (other than as shall have been specifically approved by the Representatives to be paid for by the Underwriters).

(b) The Selling Stockholders shall bear and pay all costs and expenses incurred incident to the performance of their respective obligations under this Agreement, whether or not the transactions contemplated herein are consummated or this Agreement is terminated pursuant to Section 9 hereof, including: (i) any stamp duties, capital duties and stock transfer taxes, if any, payable upon the sale of the Shares of such Selling Stockholders to the Underwriters and (ii) the fees and disbursements of their respective counsel, accountants and other advisors.

Section 5. Representations and Warranties.

(a) As a condition of the obligation of the Underwriters to underwrite and pay for the Shares, the Company and the Selling Stockholders jointly and severally represent and warrant to, and agree with, each of the several Underwriters as follows:

Registration Statement and Prospectus

(i) The Original Registration Statement, including the Preliminary Prospectus, has been filed by the Company with the Commission under the Securities Act, and one or more amendments to such Registration Statement may have been so filed. After the execution of this Agreement, the Company will file with the Commission either (x) if such Registration Statement, as it may have been amended, has been declared by the Commission to be effective under the Securities Act, either (I) if the Company relies on Rule 434 under the Securities Act, a Term Sheet relating to the Shares that shall identify the Preliminary Prospectus that it supplements containing such information as is required or permitted by Rules 434, 430A and 424(b) under the Securities Act or (II) if the Company does not rely on Rule 434 under the Securities Act, a prospectus in the form most recently included in an amendment to such Registration Statement (or, if no such amendment shall have been filed, in such Registration Statement), with such changes or insertions as are required by Rule 430A under the Securities Act or permitted by Rule 424(b) under the Securities Act, and in the case of either clause (I) or (II) of this sentence, as have been provided to and approved by the Representatives prior to the execution of this Agreement, or (y) if such Registration Statement, as it may have been amended, has not been declared by the Commission to be effective under the Securities Act, an amendment to such Registration Statement, including a form of prospectus, a copy of which amendment has been furnished to and approved by the Representatives prior to the execution of this Agreement. The Company may also file a Rule 462(b) Registration Statement with the Commission for the purpose of registering certain additional Shares, which registration shall be effective upon filing with the Commission.

(ii) The Commission has not issued any order preventing or suspending the use of any Preliminary Prospectus. When any Preliminary Prospectus was filed with the Commission, it (x) contained all statements required to be stated therein in accordance with, and complied in all material respects with the requirements of, the Securities Act and the rules and regulations of the Commission thereunder and (y) did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. When the Registration Statement or any amendment thereto was or is declared effective, it (I) contained or will contain all statements required to be stated therein in accordance with, and complied or will comply in all material respects with the requirements of, the Securities Act and the rules and regulations of the Commission thereunder and (II) did not or will not contain any untrue

statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading. When the Prospectus or any Term Sheet that is a part thereof or any amendment or supplement to the Prospectus is filed with the Commission pursuant to Rule 424(b) (or, if the Prospectus or such amendment or supplement is not required to be so filed, when the Registration Statement or the amendment thereto containing the Prospectus or such amendment or supplement to the Prospectus was or is declared effective) and on the Closing Date, the Prospectus, as amended or supplemented at any such time, (A) contained or will contain all statements required to be stated therein in accordance with, and complied or will comply in all material respects with the requirements of, the Securities Act and the rules and regulations of the Commission thereunder and (B) did not or will not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The foregoing provisions of this paragraph (ii) do not apply to (x) statements or omissions made in any Preliminary

Prospectus, the Registration Statement or any amendment thereto or the Prospectus or any amendment or supplement thereto in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives specifically for use therein and (y) statements or omissions made in any Preliminary Prospectus, the Registration Statement or any amendment thereto that is corrected in the Prospectus (or any amendment or supplement thereto) where delivery of the Prospectus (as amended or supplemented) was required by the Securities Act.

(iii) If the Company has elected to rely on Rule 462(b) and the Rule 462(b) Registration Statement is not effective, (x) the Company will file a Rule 462(b) Registration Statement in compliance with, and that is effective upon filing pursuant to, Rule 462(b) and (y) the Company has given irrevocable instructions for transmission of the applicable filing fee in connection with the filing of the Rule 462(b) Registration Statement, in compliance with Rule 111 under the Securities Act, or the Commission has received payment of such filing fee.

(iv) If the Company has elected to rely on Rule 434 under the Securities Act, the Prospectus is not "materially different", as such term is used in Rule 434, from the prospectus included in the Registration Statement at the time of its effectiveness or an effective post-effective amendment thereto (including such information that is permitted to be omitted pursuant to Rule 430A under the Securities Act).

(v) The Company has not distributed and, prior to the later of (x) any Closing Date and (y) the completion of the distribution of the Shares, will not distribute any offering material in connection with the Offering other than the Registration Statement or any amendment thereto, any Preliminary Prospectus or the Prospectus or any amendment or supplement thereto.

(vi) Subsequent to the respective dates as of which information

is given in the Registration Statement and the Prospectus, (x) the Company and its subsidiaries, taken as a whole, have not incurred any material liability or obligation, direct or contingent, nor entered into any material transaction not in the ordinary course of business; (y) the Company has not purchased any of its outstanding capital stock, nor declared, paid or otherwise made any dividend or distribution of any kind on its capital stock; and (z) there has not been any material change in the capital stock, short-term or long-term debt of the Company and its subsidiaries, taken as a whole, except in each case as described in or contemplated by the Prospectus.

The Shares

(vii) The Company has an authorized, issued and outstanding capitalization as set forth in the Prospectus. All of the issued shares of capital stock of the Company have been duly authorized and validly issued and are fully paid and nonassessable, have been issued in compliance with all applicable federal, state and other applicable securities laws and were not issued in violation of or subject to any preemptive rights or other rights to subscribe for or purchase such securities. The Shares have been duly authorized by all necessary corporate action of the Company and, after payment therefor in accordance herewith, will be validly issued, fully paid and nonassessable at the Closing Date. No holders of outstanding shares of capital stock of the Company are entitled as such to any preemptive or other rights to subscribe for any of the Shares, and no holder of

securities of the Company has any right which has not been fully exercised or waived to require the Company to register the offer or sale of any securities owned by such holder under the Securities Act in the Offering contemplated by this Agreement.

(viii) Except as disclosed in the Prospectus, there are no outstanding (x) securities or obligations of the Company or any of its subsidiaries convertible into or exchangeable for any capital stock of the Company or any such subsidiary, (y) warrants, rights or options to subscribe for or purchase from the Company or any such subsidiary any such capital stock or any such convertible or exchangeable securities or obligations, or (z) contracts, arrangements, commitments or other obligations of the Company or any such subsidiary to issue any shares of capital stock, any such convertible or exchangeable securities or obligations, or any such warrants, rights or options. Without limiting the generality of the foregoing, except as disclosed in the Prospectus, there is no basis upon which any person (except as disclosed to the Underwriters as shareholders of the Company) may claim to be in any way the record or beneficial owner of, or to be entitled to acquire (of record or beneficially), any shares of capital stock or other equity securities of the Company, and no person has made or threatened to make, or, to the Company's and Selling Stockholders' knowledge, will in the future make, any such claim. In addition, except as disclosed in the Prospectus, the Company has no obligation (contingent or otherwise) to purchase, redeem or otherwise acquire any of its shares of capital stock or any interests therein or to pay any dividend or

make any distribution in respect thereof.

(ix) Except for the shares of capital stock of each of the subsidiaries owned by the Company and such subsidiaries, neither the Company nor any such subsidiary owns any shares of stock or any other equity securities of any corporation or has any equity interest in any firm, partnership, association or other entity, except as described in or contemplated by the Prospectus.

Listing

(x) All of the Shares have been duly authorized and accepted for quotation on the Nasdaq National Market, subject to official notice of issuance.

Market manipulation

(xi) Neither the Company nor any of its affiliates, nor any person acting on behalf of any of them has, directly or indirectly, (x) taken any action designed to cause or to result in, or that has constituted or which might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares, or (y) since the filing of the Original Registration Statement (I) sold, bid for, purchased, or paid anyone any compensation for soliciting purchases of, the Shares or (II) paid or agreed to pay to any person any compensation for soliciting another to purchase any other securities of the Company.

Corporate power and authority

(xii) The Company has been duly incorporated and is validly existing as a corporation in good standing under the law of its jurisdiction of incorporation with full power and authority to own, lease and operate its properties and assets and conduct its business as described in the Prospectus, is duly qualified to transact business and is in good standing in each jurisdiction in which its ownership, leasing or operation of its properties or assets or the conduct of its business requires such qualification, except where the failure to be so qualified does not amount to a material liability or disability to the Company and its subsidiaries, taken as a whole, and has full power and authority to execute and perform its obligations under this Agreement; each subsidiary of the Company is a corporation duly incorporated and validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation and is duly qualified to transact business and is in good standing in each jurisdiction in which its
ownership, leasing or operation of its properties or assets or the conduct of its business requires such qualification, except where the failure to be so qualified does not amount to a material liability or disability to the Company and its subsidiaries, taken as a whole, and each has full power and authority to own, lease and operate its properties and assets and conduct its

business as described in the Registration Statement and the Prospectus; all of the issued and outstanding shares of capital stock of each of the Company's subsidiaries have been duly authorized and are fully paid and nonassessable and are owned beneficially by the Company free and clear of any security interests, liens, encumbrances, equities or claims.

(xiii) The execution and delivery of this Agreement and the issuance and sale of the Shares have been duly authorized by all necessary corporate action of the Company, and this Agreement has been duly executed and delivered by the Company and is the legal, valid and binding agreement of the Company, enforceable against the Company in accordance with its terms.

(xiv) The issuance, offering and sale of the Shares to the Underwriters by the Company pursuant to this Agreement, the compliance by the Company with the other provisions of this Agreement and the consummation of the other transactions herein contemplated do not (x) require the consent, approval, authorization, registration or qualification of or with any governmental authority, except such as have been obtained or made or such as may be required by the state securities or Blue Sky laws of the various states of the United States of America or other U.S. jurisdictions in connection with the offer and sale of the Shares by the Underwriters, or (y) conflict with or result in a breach or violation of any of the terms and provisions of, or constitute a default under, any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries or any of their respective properties are bound, or the charter documents, limited liability company operating agreements or by-laws of the Company or any of its subsidiaries, or any statute or any judgment, decree, order, rule or regulation of any court or other governmental authority or any arbitrator applicable to the Company or any of its subsidiaries.

(xv) The Company is not, and will conduct its operations in a manner so that it continues not to be, an "investment company" and, after giving effect to the Offering and the application of the proceeds therefrom, will not be an "investment company", as such term is defined in the Investment Company Act of 1940, as amended (the "1940 Act").

Title, licenses and consents

(xvi) The Company and each of its subsidiaries have good and marketable title in fee simple to all items of real property and marketable title to all personal property owned by each of them, in each case free and clear of any security interests, liens, encumbrances, equities, claims and other defects, except such as do not materially and adversely affect the value of such property and do not interfere with the use made or proposed to be made of such property by the Company or such subsidiary, and any real property and buildings held under lease by the Company or any such subsidiary are held under valid, subsisting

and enforceable leases, with such exceptions as are not material and do not interfere with the use made or proposed to be made of such property and buildings by the Company or such subsidiary, in each case except as described in or contemplated by the Prospectus.

(xvii) Except as disclosed in the Prospectus, the Company and each of its subsidiaries have the right to use all trademarks, trade names, trade secrets, servicemarks, inventions, patent rights, mask works, copyrights, licenses, software code, audiovisual works, formats, algorithms and underlying data, and the Company and each of its subsidiaries have all required approvals and governmental authorizations now used in, or which are necessary for fulfillment of their respective obligations or the conduct of their respective businesses as now conducted or proposed to be conducted as described in the Prospectus; the expiration of any trademarks, trade names, trade secrets, servicemarks, inventions, patent rights, mask works, copyrights, licenses, approvals or governmental authorizations would not have a material adverse effect on the condition (financial or otherwise), earnings, properties, business affairs or business prospects, stockholders' equity, net worth or results of operations of the Company; and neither the Company nor any of its subsidiaries is infringing any trademark, trade name rights, patent rights, mask works, copyrights, licenses, trade secret, servicemarks or other similar rights of others, and there is no claim being made against the Company or any of its subsidiaries regarding trademark, trade name, patent, mask work, copyright, license, trade secret or other infringement or assertion of intellectual property rights which could have a material adverse effect on the earnings, properties, business affairs or business prospects, stockholders' equity, net worth or results of operations of the Company. The Company has agreements in place with each employee, consultant or other person or party engaged by the Company or any subsidiary sufficient to enable the Company and any subsidiary to fulfill their contractual and regulatory obligations and to conduct their respective businesses as now conducted or proposed to be conducted as described in the Prospectus and providing for the assignment to the Company of all intellectual property and exploitation rights in the work performed and the protection of the trade secrets and confidential information of the Company, each of its subsidiaries and of third parties. Except as disclosed in the Prospectus, the terms and conditions in the Company's standard form end-user License Agreement attached as Exhibit [___] to the Registration Statement represent all of the material terms and conditions under which the Company or its subsidiaries license their computer software to end-users. The Company's and its subsidiaries' computer software (the "Software") is "Millennium Compliant". For the purposes of this Agreement "Millennium Compliant" means: (a) the functions, calculations, and other computing processes of the Software (collectively, "Processes") perform in an accurate manner regardless of the date in time on which the Processes are actually performed and regardless of the date input to the Software, and whether or not the

dates are affected by leap years; (b) the Software can accept, store, sort, extract, sequence, and otherwise manipulate date inputs and date

values, and return and display date values, in an accurate manner regardless of the dates used or format of the date input; (c) the Software will function without interruptions caused by the date in time on which the Processes are actually performed or by the date input to the Software; (d) the Software accepts and responds to four (4) digit year date input in a manner that resolves any ambiguities as to the century in an accurate manner; and (e) the Software displays, prints and provides electronic output of date information in ways that are unambiguous as to the determination of the century.

(xviii) The Company and its subsidiaries possess all consents, licenses, certificates, authorizations and permits issued by the appropriate federal, state or foreign regulatory authorities necessary to conduct their respective businesses, and neither the Company nor any such subsidiary has received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a materially adverse effect on or constitute a materially adverse change in, or constitute a development involving a prospective materially adverse effect on or change in, the condition (financial or otherwise), earnings, properties, business affairs or business prospects, net worth or results of operations of the Company or any of its subsidiaries, taken as a whole, except as described in or contemplated by the Prospectus.

Financial statements

(xix) Arthur Andersen, LLP, who have certified certain financial statements of the Company and its subsidiaries and delivered their report with respect to the audited financial statements and schedules included in the Registration Statement and the Prospectus, are independent public accountants as required by the Securities Act and the applicable rules and regulations thereunder.

(xx) The financial statements and schedules of the Company and its subsidiaries included in the Registration Statement and the Prospectus were prepared in accordance with generally accepted accounting principles ("GAAP") consistently applied throughout the periods involved (except as otherwise noted therein) and they present fairly the financial condition of the Company as at the dates at which they were prepared and the results of operations of the Company in respect of the periods for which they were prepared.

Internal Accounting Controls

(xxi) The Company and each of its subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (w) transactions are executed in accordance with management's general or specific authorizations; (x) transactions are recorded as necessary to permit preparation of financial statements in

conformity with GAAP and to maintain asset accountability; (y) access to assets is permitted only in accordance with management's general or specific authorization; and (z) the recorded accountability for assets

is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

Litigation

(xxii) No legal or governmental proceedings or investigations are pending or threatened to which the Company or any of its subsidiaries is a party or to which the property of the Company or any of its subsidiaries is subject that are required to be described in the Registration Statement or the Prospectus and are not described therein; and no statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement that are not described therein or filed as required.

Dividends and Distributions

(xxiii) No subsidiary of the Company is currently prohibited, directly or indirectly, from paying any dividends to the Company, making any other distribution on such subsidiary's capital stock, repaying to the Company any loans or advances to such subsidiary from the Company or transferring any of such subsidiary's property or assets to the Company or any other subsidiary of the Company, and the Company is not currently prohibited, directly or indirectly, from paying any dividends or making any other distribution on its capital stock, in each case except as described in or contemplated by the Prospectus.

Taxes

(xxiv) The Company and each of its subsidiaries has filed all foreign, federal, state and local tax returns that are required to be filed or has requested extensions thereof (except in any case in which the failure so to file would not have a materially adverse effect on the Company and its subsidiaries, taken as a whole) and the Company and each of its subsidiaries has paid all taxes required to be paid by it and any other assessment, fine or penalty levied against it, to the extent that any of the foregoing is due and payable, except for any such assessment, fine or penalty that is currently being contested in good faith or as described in or contemplated by the Prospectus.

(xxv) All of the assets and liabilities of the Company (other than the proceeds of the sale of securities by the underwriters pursuant to this Agreement) were transferred to the Company by Manhattan LLC. The assets and liabilities so transferred (the "Transferred Property") consist solely of all of the assets and

liabilities of Manhattan LLC. The transfer of the Transferred Property to the Company will qualify as a tax-free incorporation under Section 351 of the Code; and as a result thereof and of the subsequent liquidation of Manhattan LLC and its wholly-owned subsidiary Performance Analysis Corporation ("PAC"), except as described in the Prospectus, the Company will neither (a) recognize income for federal, foreign, state or local tax purposes, nor (b) succeed to any federal, foreign, state or local tax liability of any other entity or person other than Manhattan LLC and PAC, whether by reason of transferee liability or otherwise. Under no circumstances will the Company succeed to any federal, foreign, state or local tax liability of Pegasys Systems Incorporated, whether by reason of transferee

liability or otherwise.

Insurance

(xxvi) The Company and each of its subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which they are engaged; neither the Company nor any such subsidiary has been refused any insurance coverage sought or applied for; and neither the Company nor any such subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not materially and adversely affect the condition (financial or otherwise), earnings, properties, business affairs or business prospects, net worth or results of operations of the Company or any of its subsidiaries, taken as a whole, except as described in or contemplated by the Prospectus.

Pension and Labor

(xxvii) The Company and each of its subsidiaries is in compliance in all material respects with all presently applicable provisions of the Employee Retirement Income Security Act of 1974, as amended, including the regulations and published interpretations thereunder ("ERISA"); no "reportable event" (as defined in ERISA) has occurred with respect to any "pension plan" (as defined in ERISA) for which the Company would have any liability; the Company and each of its subsidiaries has not incurred and does not expect to incur liability under (x) Title IV of ERISA with respect to termination of, or withdrawal from, any "pension plan" or (y) Sections 412 or 4971 of the Internal Revenue Code of 1986, as amended, including the regulations and published interpretations thereunder (the "Code"); and each "pension plan" for which the Company or any of its subsidiaries would have any liability that is intended to be qualified under Section 401(a) of the Code is so qualified in all material respects and nothing has occurred, whether by action or by failure to act, which would cause the loss of such qualification.

(xxviii) The Company is in compliance with all applicable provisions of the Immigration and Nationality Act of 1990, as amended (the "INA"), and regulations published pursuant thereto by the Immigration and Naturalization Service (the "INS"), the United States Departments of Justice, Labor, State and Health and Human Services, and the United States Information Agency (collectively, the "Immigration Laws"); the Company: (a) employs only aliens who are properly authorized to be employed in the United States pursuant to the Immigration Laws, (b) completes and maintains a valid INS Form I-9 for each alien employee working for the Company pursuant to a H-1B, non-immigrant work permitted visa (a "H-1B Employee"), (c) maintains a complete "Public Access" folder for each H-1B Employee, (d) pays the proper wage for each H-1B Employee under the Immigration Laws and certifies such information to the Department of Labor as required pursuant to the Immigration Laws, (e) complies with the requirements of the Immigration Laws in all respects in order to maintain the lawful status and employability of all alien employees of the Company, including, but not limited to, the filing all required INS forms and complying with the verification and recordkeeping requirements, (f) terminates immediately any employee who is not properly authorized to reside and/or be employed in the United States pursuant to the Immigration Laws, and (g) maintains copies of all INS and Department

of Labor decisions, correspondence, notices and other official releases relating to the Immigration Laws as necessary to ensure compliance of the Company with the Immigration Laws; and there have not been any discrimination complaints filed against the Company pursuant to the Immigration Laws.

(xxix) In connection with the undertaking of Deepak Raghavan, employee and stockholder of the Company (the "Investor"), to obtain Lawful Permanent Resident status in the United States as an immigrant investor pursuant to the Immigration Laws, including, but limited to, INA Section 203(b)(5) and Title 8 Code of Federal Regulations - Aliens and Nationality, Subchapter B, Section 204.6 (collectively, the "Immigrant Investor Laws"), the Company is in compliance with the terms and conditions of the Immigrant Investor Laws and, in connection therewith, the Company: (a) was formed or significantly reorganized after November 29, 1990, (b) received an investment of one million dollars ($1,000,000) in the Company (the "Investment") from the Investor in a form that conforms and complies with the requirements of the Immigrant Investor Laws and will maintain the Investment in the Company until the removal of the conditional status of the Investor's Lawful Permanent Resident visa, (c) is a "qualifying enterprise" as that term is defined under the Immigrant Investor Laws, (d) used the Investment to create at least ten full-time positions within the Company with respect to employees who are not members of the Investor's immediate family, (e) employs, and will employ, the Investor in a position with specific management duties or policy formulation authority until the removal of the conditional status of the Investor's Lawful Permanent Resident visa, and (f) is in compliance, and will maintain compliance, with the Immigration Laws and Immigrant Investor Laws in connection with the Investor's lawful

immigration and employment status with the Company and his application for Lawful Permanent Resident of the United States pursuant to the Immigrant Investor Laws.

(xxx) No labor dispute with the employees of the Company or any of its subsidiaries exists or is threatened or imminent that could have a materially adverse effect on or constitute a materially adverse change in, or constitute a development involving a prospective materially adverse effect on or change in, the condition (financial or otherwise), properties, management, earnings, business affairs or business prospects, net worth or results of operations of the Company or any of its subsidiaries, taken as a whole, except as described in or contemplated by the Prospectus.

Environmental

(xxxi) Neither the Company nor any of its subsidiaries is in violation of any federal or state law or regulation relating to occupational safety and health or to the storage, handling or transportation of hazardous or toxic materials and the Company and its subsidiaries have received all permits, licenses or other approvals required of them under applicable federal and state occupational safety and health and environmental laws and regulations to conduct their respective businesses, and the Company and each such subsidiary is in compliance with all terms and conditions of any such permit, license or approval, except any such violation of law or regulation, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals which would not, singly or in the aggregate, have a materially adverse effect on or constitute a materially adverse change in, or constitute a development involving a prospective materially adverse effect on or change in, the condition (financial or

otherwise), earnings, properties, business affairs or business prospects, net worth or results of operations of the Company or any of its subsidiaries, taken as a whole, except as described in or contemplated by the Prospectus.

Other Agreements

(xxxii) No default exists, and no event has occurred which, with notice or lapse of time or both, would constitute a default in the due performance and observance of any term, covenant or condition of any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries or any of their respective properties is bound.

Absence of Materially Adverse Change

(xxxiii) Subsequent to the respective dates as of which information is given in the Registration Statement and the Prospectus, neither the Company nor any of its subsidiaries has sustained any material loss or interference with their respective businesses or

properties from fire, flood, hurricane, accident or other calamity, whether or not covered by insurance, or from any labor dispute or any legal or governmental proceeding, and there has been no materially adverse change (including, without limitation, a change in management or control), or development involving a prospective materially adverse change, in the condition (financial or otherwise), management, earnings, property, business affairs or business prospects, stockholders' equity, net worth or results of operations of the Company or any of its subsidiaries, taken as a whole, other than as described in or contemplated by the Prospectus (exclusive of any amendments or supplements thereto).

(xxxiv) No receiver or liquidator (or similar person) has been appointed in respect of the Company or any subsidiary of the Company or in respect of any part of the assets of the Company or any subsidiary of the Company; no resolution, order of any court, regulatory body, governmental body or otherwise, or petition or application for an order, has been passed, made or presented for the winding up of the Company or any subsidiary of the Company or for the protection of the Company or any such subsidiary from its creditors; and the Company has not, and no subsidiary of the Company has, stopped or suspended payments of its debts, become unable to pay its debts or otherwise become insolvent.

(b) As a further condition of the obligation of the Underwriters to underwrite and pay for the Shares, each Selling Stockholder represents and warrants to, and agrees with, each of the several Underwriters that:

(i) Such Selling Stockholder has full power (corporate and other) to enter into this Agreement and to sell, assign, transfer and deliver to the Underwriters the Shares to be sold by such Selling Stockholder hereunder in accordance with the terms of this Agreement; the execution and delivery of this Agreement have been duly authorized by all necessary corporate action of such Selling Stockholder; and this Agreement has been duly executed and delivered by such Selling Stockholder.

(ii) Such Selling Stockholder has duly executed and delivered a power of attorney and custody agreement (with respect to such Selling Stockholder, the "Power of Attorney and Custody Agreement"), each in the form heretofore delivered to the Representatives, appointing Alan J. Dabbiere and Michael J. Casey as such Selling Stockholder's attorney-in-fact (each an "Attorney-in-Fact" and together, the "Attorneys-in-Fact") with authority to execute, deliver and perform this Agreement on behalf of such Selling Stockholder and appointing Manhattan LLC, as custodian thereunder (the "Custodian"). Certificates representing shares of Manhattan LLC (the "LLC Shares") in negotiable form, endorsed in blank or accompanied by blank stock powers duly executed, with signatures appropriately guaranteed, aggregating at least the number of Option Shares (on an as-converted basis as if the LLC Shares had been exchanged for the Option Shares) to be sold by such Selling

Stockholder hereunder have been deposited with the Custodian pursuant to the Power of Attorney and Custody Agreement for the purpose of delivery of the Option Shares pursuant to this Agreement. Such Selling Stockholder has full power (corporate and other) to enter into the Power of Attorney and Custody Agreement and to perform its obligations under the Power of Attorney and Custody Agreement. The execution and delivery of the Power of Attorney and Custody Agreement has been duly authorized by all necessary corporate action of such Selling Stockholder; the Power of Attorney and Custody Agreement has been duly executed and delivered by such Selling Stockholder and, assuming due authorization, execution and delivery by the Custodian, is the legal, valid, binding and enforceable instrument of such Selling Stockholder. Such Selling Stockholder agrees that each of the Option Shares represented by the certificates on deposit with the Custodian is subject to the interests of the Underwriters hereunder, that the arrangements made for such custody, the appointment of the Attorneys-in-Fact and the right, power and authority of each Attorney-in-Fact to execute and deliver this Agreement, to agree on the price at which the Shares (including such Selling Stockholder's Option Shares) are to be sold to the Underwriters, and to carry out the terms of this Agreement, are to that extent irrevocable and that the obligations of such Selling Stockholder hereunder shall not be terminated, except as provided in this Agreement or the Power of Attorney and Custody Agreement, by any act of such Selling Stockholder, by operation of law or otherwise, whether in the case of any individual Selling Stockholder by the death or incapacity of such Selling Stockholder, in the case of a trust or estate by the death of the trustee or trustees or the executor or executors or the termination of such trust or estate, or in the case of a corporate, limited liability company or partnership Selling Stockholder by its liquidation or dissolution or by the occurrence of any other event or events. If any individual Selling Stockholder, trustee or executor should die or become incapacitated or any such trust should be terminated, or if any corporate, limited liability company or partnership Selling Stockholder shall liquidate or dissolve, or if any other event or events should occur before the delivery of such Option Shares hereunder, the certificates for such Option Shares deposited with the Custodian shall be delivered by the Custodian in accordance with the respective terms and conditions of this Agreement as if such death, incapacity, termination, liquidation or dissolution or other event or events had not occurred, regardless of whether or not the Custodian or the Attorneys-in-Fact shall have received notice thereof.

(iii) Such Selling Stockholder is the lawful owner of the Option Shares to be sold by such Selling Stockholder hereunder and upon sale and delivery of, and payment for, such Option Shares, as provided herein, such Selling Stockholder will convey good and marketable title to such Option Shares, free and clear of any security interests, liens, encumbrances, equities, claims or other defects.

(iv) Neither such Selling Stockholder nor any person acting on behalf of it has, directly or indirectly, (x) taken any action designed to cause or to result in, or that has constituted or which might reasonably be expected to constitute, the stabilization or

manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares or (y) since the filing of the Original Registration Statement (I) sold, bid for, purchased, or paid anyone any compensation for soliciting purchases of, the Shares or (II) paid or agreed to pay to any person any compensation for soliciting another to purchase any other securities of the Company (except for the sale of Option Shares by the Selling Stockholders under this Agreement).

(v) Such Selling Stockholder has reviewed the Prospectus and the Registration Statement, and the information regarding such Selling Stockholder set forth therein under the caption "Selling Stockholders" is complete and accurate.

(vi) Such Selling Stockholder has reviewed and is familiar with the Registration Statement and the Prospectus and neither the Prospectus nor any amendments or supplements thereto includes any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Such Selling Stockholder is not prompted to sell its Option Shares to be sold by such Selling Stockholder hereunder by any adverse information concerning the Company or any subsidiary of the Company which is not set forth in the Prospectus or the Registration Statement.

(vii) Neither such Selling Stockholder nor any of its affiliates directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, or has any other association with (within the meaning of Article I, Section (m) of the By-laws of the NASD), any member firm of the NASD.

(viii) The sale of the Option Shares to the Underwriters by such Selling Stockholder pursuant to this Agreement, the compliance by such Selling Stockholder with the other provisions of this Agreement, the Power of Attorney and Custody Agreement and the consummation of the other transactions herein contemplated do not (i) require the consent, approval, authorization, registration or qualification of or with any governmental authority, except such as have been obtained, such as may be required under state securities or blue sky laws and, if the registration statement filed with respect to the Shares (as amended) is not effective under the Securities Act as of the time of execution hereof, such as may be required (and shall be obtained as provided in this Agreement) under the Securities Act, or (ii) conflict with or result in a breach or violation of any of the terms and provisions of, or constitute a default under any indenture, mortgage, deed of trust, lease or other agreement or instrument to which such Selling Stockholder or any of its subsidiaries is a party or by which such Selling Stockholder or any of its subsidiaries or any of their respective properties are bound, or the charter documents or by-laws of such Selling Stockholder or any of its subsidiaries or any statute or any judgment, decree, order, rule or regulation of any court or other governmental authority or any arbitrator applicable to such Selling Stockholder or any of its subsidiaries.

(c) The above representations and warranties with respect to the

Company shall be deemed to be repeated at each Closing and with respect to each Selling Stockholder at each Closing where such Selling Stockholder is selling shares to the Underwriters, and all references therein to the Shares and the Closing Date shall be deemed to refer to the Firm Shares or the Option Shares and the First Closing Date or the applicable Option Closing Date, each as applicable.

Section 6. Indemnity.

(a) The Company and each Selling Stockholder jointly and severally agree to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), against any and all losses, claims, damages or liabilities, joint or several, to which such Underwriter or such controlling person may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon:

(i) any untrue statement or alleged untrue statement made by the Company or such Selling Stockholder in Section 5 hereof,

(ii) any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement or any amendment thereto, any Preliminary Prospectus or the Prospectus or any amendment or supplement thereto, or

(iii) the omission or alleged omission to state in the Registration Statement or any amendment thereto, any Preliminary Prospectus or the Prospectus or any amendment or supplement thereto a material fact required to be stated therein or necessary to make the statements therein not misleading,

and will reimburse, as incurred, each Underwriter and each such controlling person for any legal or other costs or expenses reasonably incurred by such Underwriter or such controlling person in connection with investigating, defending against or appearing as a third-party witness in connection with any such loss, claim, damage, liability or action; provided, however, that the Company and such Selling Stockholder will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement or any amendment thereto, any Preliminary Prospectus, the Prospectus or any amendment or supplement thereto in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representatives specifically for use therein. The indemnity provided for in this Section 6 shall be in addition to any liability which the Company and such Selling Stockholder may otherwise have. Neither the Company nor any Selling Stockholder will, without the prior written consent of the Representatives, settle or compromise or consent to the entry of

any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder (whether or not any such Representatives or any person who controls any such Representatives is a party to such claim, action, suit or proceeding), unless such settlement, compromise or consent includes an unconditional release of all of the Underwriters and such controlling persons from all liability arising out of such claim, action, suit or proceeding. Notwithstanding any other provision of this paragraph (a), no Selling Stockholder shall be required to provide indemnification hereunder as to any amount in excess of the amount by which the proceeds (after deducting underwriting discounts or commissions) received by

such Selling Stockholder exceed the amount of any damages which such Selling Stockholder has otherwise been required to pay in respect of the same or any substantially similar claim.

(b) Each Underwriter, severally and not jointly, will indemnify and hold harmless the Company, each of its directors, each of its officers who signed the Registration Statement, each Selling Stockholder and each person, if any, who controls the Company or such Selling Stockholder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act against any losses, claims, damages or liabilities to which the Company or any such director or officer of the Company, such Selling Stockholder or any such controlling person of the Company or such Selling Stockholder may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement or any amendment thereto, any Preliminary Prospectus or the Prospectus or any amendment or supplement thereto or (ii) the omission or the alleged omission to state in the Registration Statement or any amendment thereto, any Preliminary Prospectus or the Prospectus or any amendment or supplement thereto a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representatives specifically for use therein, and, subject to the limitation set forth immediately preceding this clause, will reimburse, as incurred, any legal or other expenses reasonably incurred by the Company or any such director, officer or controlling person of the Company or such Selling Stockholder or controlling person of such Selling Stockholder in connection with investigating, defending against or appearing as a third-party witness in connection with any such loss, claim, damage, liability or any action in respect thereof. Notwithstanding any other provision of this paragraph (b), no Underwriter shall be obligated to provide indemnification hereunder as to any amount that in the aggregate exceeds the total public offering price of the Shares purchased by such Underwriter under this Agreement, less the aggregate amount of any damages that such Underwriter has otherwise been required to pay in respect of the same or any substantially similar claim. The remedies provided for in this Section 6 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to paragraph (a) or (b) of this Section 6, such person (for purposes of this paragraph (c), the "indemnified party") shall, promptly after receipt by such party of notice of the commencement of such action, notify the person against whom such indemnity may be sought (for purposes of this paragraph

(c), the "indemnifying party"), but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise than under this Section 6. In case any such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party; provided, however, that if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be one or more legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, the indemnifying party shall not have the right to direct the defense of such action on behalf of such indemnified party or parties and such indemnified party or parties shall have the right to select separate counsel to defend such action on behalf of such indemnified party or parties. After notice from the indemnifying party to such indemnified party of its

election so to assume the defense of any such action and approval by such indemnified party of counsel appointed to defend such action, the indemnifying party will not be liable to such indemnified party under this Section 6 for any legal or other expenses, other than reasonable costs of investigation, subsequently incurred by such indemnified party in connection with the defense thereof, unless (i) the indemnified party shall have employed separate counsel in accordance with the proviso to the next preceding sentence (it being understood, however, that in connection with such action the indemnifying party shall not be liable for the expenses of more than one separate counsel (in addition to local counsel) in any one action or separate but substantially similar actions in the same jurisdiction arising out of the same general allegations or circumstances, designated in writing by the Representatives in the case of paragraph (a) of this Section 6, representing the indemnified parties under such paragraph (a) who are parties to such action or actions), or (ii) the indemnifying party does not promptly retain counsel satisfactory to the indemnified party, or (iii) the indemnifying party has authorized the employment of counsel for the indemnified party at the expense of the indemnifying party. All fees and expenses reimbursed pursuant to this paragraph (c) shall be reimbursed as they are incurred. After such notice from the indemnifying party to such indemnified party, the indemnifying party will not be liable for the costs and expenses of any settlement of such action effected by such indemnified party without the consent of the indemnifying party.

(d) In circumstances in which the indemnity agreement provided for in the preceding paragraphs of this Section 6 is unavailable or insufficient, for any reason, to hold harmless an indemnified party in respect of any losses, claims, damages or liabilities (or actions in respect thereof), each indemnifying party, in order to provide for just and equitable contribution, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect (i) the relative benefits received by the indemnifying party or parties on the one hand and the indemnified party on the other from the Offering or (ii) if the allocation provided by the foregoing clause (i) is not permitted by applicable law, not only such relative benefits but also the relative fault of the indemnifying party or parties on the one hand and the indemnified party on the other in connection with the statements or omissions or alleged statements or omissions that resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company and the Selling Stockholders on the

one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total proceeds from the Offering (before deducting expenses) received by the Company and the Selling Stockholders bear to the total underwriting discounts and commissions received by the Underwriters. The relative fault of the parties shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company, the Selling Stockholders or the Underwriters, the parties' relative intents, knowledge, access to information and opportunity to correct or prevent such statement or omission, and any other equitable considerations appropriate in the circumstances. The Company, the Selling Stockholders and the Underwriters agree that it would not be equitable if the amount of such contribution were determined by pro rata or per capita allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take into account the equitable considerations referred to above in this paragraph (d). Notwithstanding any other provision of this paragraph (d), no Underwriter shall be obligated to make contributions hereunder that in the aggregate exceed the total public offering price of the Shares purchased by such Underwriter under this Agreement, less the aggregate amount of any damages that such Underwriter has otherwise been required to pay in respect of the same or any substantially similar claim and no Selling Stockholder shall be required to contribute any amount in excess of the amount by which the proceeds (after deducting underwriting discounts or commissions) received by such Selling Stockholder exceed the amount of any

damages which such Selling Stockholder has otherwise been required to pay in respect of the same or any substantially similar claim. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute hereunder are several in proportion to their respective underwriting obligations and not joint, and contributions among Underwriters shall be governed by the provisions of the Deutsche Morgan Grenfell Inc. Master Agreement Among Underwriters. For purposes of this paragraph (d), each person, if any, who controls an Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act shall have the same rights to contribution as such Underwriter, and each director of the Company, each officer of the Company who signed the Registration Statement and each person, if any, who controls the Company or any Selling Stockholder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, shall have the same rights to contribution as the Company or such Selling Stockholder, as the case may be.

Section 7. Conditions Precedent. The obligations of the several Underwriters to purchase and pay for the Shares shall be subject, in the Representatives' sole discretion, to (i) the accuracy of the representations and warranties of the Company and the Selling Stockholders contained herein as of the date hereof and as of each Closing Date on which the Company or the Selling Stockholders, as the case may be, proposes to sell Shares to the Underwriter, in each case, as if made on and as of each such Closing Date, (ii) the accuracy of the statements of the Company's officers and the officers of the Selling Stockholders made pursuant to the provisions hereof, (iii) the performance by the Company and the Selling Stockholders of their respective covenants and agreements hereunder and (iv) the following additional conditions:

(a) (i) If the Original Registration Statement or any amendment thereto filed prior to the First Closing Date has not been declared effective as

of the time of execution hereof, the Original Registration Statement or such amendment shall have been declared effective not later than 6:00 P.M. New York City time on the date of determination of the public offering price, if such determination occurred at or prior to 4:30 P.M. New York City time on such date, or 12:00 Noon New York City time on the business day following the day on which the public offering price was determined, if such determination occurred after 4:30 P.M. New York City time on such date, and (ii) if the Company has elected to rely upon Rule 462(b), the Rule 462(b) Registration Statement shall have been declared effective not later than the time confirmations are sent or given as specified by Rule 462(b)(2), or such later time and date as shall have been consented to by the Representatives; if required, the Prospectus or any Term Sheet that constitutes a part thereof and any amendment or supplement thereto shall have been filed with the Commission in the manner and within the time period required by Rules 434 and 424(b) under the Securities Act; no stop order suspending the effectiveness of the Registration Statement or any amendment thereto shall have been issued, and no proceedings for that purpose shall have been instituted or threatened or, to the knowledge of the Company or the Representatives, shall be contemplated by the Commission; and the Company shall have complied with any request of the Commission for additional information (to be included in the Registration Statement or the Prospectus or otherwise).

(b) The Representatives shall have received a legal opinion from Morris, Manning & Martin, L.L.P., counsel for the Company, dated the Closing Date, to the effect that:

(i) the Registration Statement is effective under the Securities Act; any required filing of the Prospectus, or any Term Sheet that constitutes a part thereof, pursuant to Rules 434 and 424(b)

has been made in the manner and within the time period required by Rules 434 and 424(b); and no stop order suspending the effectiveness of the Registration Statement or any amendment thereto has been issued and, to the best knowledge of such counsel, no proceedings for that purpose are pending or threatened by the Commission;

(ii) the Original Registration Statement and each amendment thereto, any Rule 462(b) Registration Statement and the Prospectus (in each case, other than the financial statements and other financial information contained therein, as to which such counsel need express no opinion) comply as to form in all material respects with the applicable requirements of the Securities Act and the rules and regulations of the Commission thereunder;

(iii) such counsel has no reason to believe that (in each case, other than the financial statements and other financial information contained therein, as to which such counsel need express no opinion) (x) the Registration Statement, as of its effective date, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or (y) the Prospectus, as of its date or the date of such opinion, included or includes any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(iv) if the Company elects to rely on Rule 434 under the Securities Act, the Prospectus is not "materially different", as such term is used in Rule 434, from the prospectus included in the Registration Statement at the time of its effectiveness or an effective post-effective amendment thereto (including such information that is permitted to be omitted pursuant to Rule 430A under the Securities Act);

(v) the Company has an authorized, issued and outstanding capitalization as set forth in the Prospectus; all of the issued shares of capital stock of the Company have been duly authorized and validly issued and are fully paid and nonassessable, have been issued in compliance with all applicable federal and state securities laws and were not issued in violation of or subject to any preemptive rights or other rights to subscribe for or purchase securities; the Shares have been duly authorized by all necessary corporate action of the Company and, when issued and delivered to and paid for by the Underwriters pursuant to this Agreement, will be validly issued, fully paid and nonassessable; no holders of outstanding shares of capital stock of the Company are entitled as such to any preemptive or other rights to subscribe for any of the Shares; and no holder of securities of the Company has any right which has not been fully exercised or waived to require the Company to register the offer or sale of any securities owned by such holder under the Securities Act in the Offering contemplated by this Agreement;

(vi) all of the Shares have been duly authorized and accepted for quotation on the Nasdaq National Market, subject to official notice of issuance;

(vii) the Company and each of its subsidiaries have been duly organized and are validly existing as corporations in good standing under the laws of their respective jurisdictions of incorporation and are duly qualified to transact business as foreign corporations and are in good standing under the laws of

each jurisdiction in which its ownership, leasing or operation of its properties or assets or the conduct of its business requires such qualification, except where the failure to be so qualified does not amount to a material liability or disability to the Company and its subsidiaries, taken as a whole; the Company and each of its subsidiaries have full power and authority to own, lease and operate their respective properties and assets and conduct their respective businesses as described in the Registration Statement and the Prospectus, and the Company has corporate power to enter into this Agreement and to carry out all the terms and provisions hereof to be carried out by it; all of

the issued and outstanding shares of capital stock of each of the Company's subsidiaries have been duly authorized and validly issued, are fully paid and nonassessable and are owned beneficially by the Company free and clear of any perfected security interests or, to the best knowledge of such counsel, any other security interests, liens, encumbrances, equities or claims;

(viii) to the best knowledge of such counsel, there are not statutes or regulations that are required to be described in the Prospectus that are not described as required;

(ix) all descriptions in the Registration Statement of contracts and other documents to which the Company or its subsidiaries are a party are accurate in all material respects; to the best knowledge of such counsel, there are no franchises, contracts, indentures, mortgages, loan agreements, notes, leases or other instruments required to be described or referred to in the Registration Statement or to be filed as exhibits thereto other than those described or referred to therein or filed or incorporated by reference as exhibits thereto, and the descriptions thereof or references thereto are correct in all material respects;

(x) the statements set forth under the heading "Description of Capital Stock" in the Prospectus, insofar as such statements purport to summarize certain provisions of the capital stock of the Company, provide a fair summary of such provisions; and the statements set forth under the headings "Principal and Selling Shareholders", "Shares Eligible for Future Sale", "Business - Employees", "Conversion from Limited Liability Company Status and Related Distributions" in the Prospectus, insofar as such statements constitute a summary of the legal matters, documents or proceedings referred to therein, have been reviewed by such counsel and fairly present the information called for with respect to such legal matters, documents and proceedings in all material respects as required by the Securities Act and the rules and regulations thereunder;

(xi) to the best knowledge of such counsel, the Company is not in violation of its charter or by-laws and no default by the Company or any subsidiary exists in the due performance or observance of any material obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, loan agreement, note, lease or other agreement or instrument that is described or referred to in the Registration Statement or the Prospectus or filed as an exhibit to the Registration Statement;

(xii) the execution and delivery of this Agreement have been duly authorized by all necessary corporate action of the Company and this Agreement has been duly executed and delivered by the Company;

(xiii) the issuance, offering and sale of the Shares to the

Underwriters by the Company pursuant to this Agreement, the compliance by the Company with the other provisions of this Agreement, the consummation of the transactions contemplated in this Agreement and in the Registration Statement (including the issuance and sale of the Shares and the use of proceeds from the sale of the Shares as described in the Prospectus under the caption "Use of Proceeds") do not (x) require the consent, approval, authorization, registration or qualification of or with any governmental authority, except such as have been obtained or made (and specified in such opinion) or such as may be required by the securities or Blue Sky laws of the various states of the United States of America and other U.S. jurisdictions in connection with the offer and sale of the Shares by the Underwriters, or (y) conflict with or result in a breach or violation of any of the terms and provisions of, or constitute a default under, any indenture, mortgage, deed of trust, lease or other agreement or instrument, known to such counsel, to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries or any of their respective properties are bound, or the charter documents, limited liability company operating agreements or by-laws of the Company or any of its subsidiaries, or any statute or any judgment, decree, order, rule or regulation of any court or other governmental authority or any arbitrator known to such counsel and applicable to the Company or its subsidiaries;

(xiv) the Company is not an "investment company" and, after giving effect to the Offering and the application of the proceeds therefrom, will not be an "investment company", as such term is defined in the 1940 Act;

(xv) such counsel does not know of any legal or governmental proceedings or investigations pending or threatened to which the Company or any of its subsidiaries is a party or to which the property of the Company or any of its subsidiaries is subject that are required to be described in the Registration Statement or the Prospectus and are not described therein or any statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement that are not described therein or filed as required; and

(xvi) all of the assets and liabilities of the Company (other than the proceeds of the sale of securities by the underwriters pursuant to this Agreement) were transferred to the Company by Manhattan LLC other than Pegasys. The Transferred Property consist solely of all of the assets and liabilities of Manhattan LLC. The transfer of the Transferred Property to the Company will qualify as a tax-free incorporation under Section 351 of the Code; and as a result thereof and of the subsequent liquidation

of Manhattan LLC and its wholly-owned subsidiary Performance Analysis Corporation ("PAC"), except as described in the Prospectus, the Company will neither (a) recognize income for federal, foreign, state or local tax purposes, nor (b) succeed to any federal, foreign, state or local tax liability of any other entity or person other than Manhattan LLC and PAC, whether by reason of transferee liability or otherwise. Under no circumstances will the Company succeed to any federal, foreign, state or local tax liability of Pegasys Systems Incorporated,

whether by reason of transferee liability or otherwise.

In rendering any such opinion, such counsel may rely, as to matters of fact, to the extent such counsel deems proper, on certificates of responsible officers of the Company and public officials. The foregoing opinion shall also state that the Underwriters are justified in relying upon such opinion of and copies of such opinion shall be delivered to the Representatives and counsel for the Underwriters.

References to the Registration Statement and the Prospectus in this paragraph (b) shall include any amendment or supplement thereto at the date of such opinion. The opinions of issuer's counsel described herein shall be rendered to the Underwriters at the request of the Company and shall so state therein.

(c) The Representatives shall have received a legal opinion from Morris, Manning & Martin, L.L.P., counsel for the Selling Stockholders, dated the Closing Date, to the effect that:

(i) such Selling Stockholder has full power (corporate and other) to enter into this Agreement, the Power of Attorney and Custody Agreement and to sell, assign, transfer and deliver the Shares being sold by such Selling Stockholder hereunder in the manner provided in this Agreement and to perform its obligations under the Power of Attorney and Custody Agreement; the execution and delivery of this Agreement, the Power of Attorney and Custody Agreement have been duly authorized by all necessary corporate action of each Selling Stockholder; this Agreement and the Power of Attorney and Custody Agreement have been duly executed and delivered by each Selling Stockholder; assuming due authorization, execution and delivery by the Custodian, the Power of Attorney and Custody Agreement is the legal, valid, binding and enforceable instrument of such Selling Stockholder, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law);

(ii) the delivery by each Selling Stockholder to the several

Underwriters of certificates for the Shares being sold hereunder by such Selling Stockholder against payment therefor as provided herein, will convey good and marketable title to such Shares to the several Underwriters, free and clear of all security interests, liens, encumbrances, equities, claims or other defects; and

(iii) the sale of the Shares to the Underwriters by such Selling Stockholder pursuant to this Agreement, the compliance by such Selling Stockholder with the other provisions of this Agreement and the Power of Attorney and Custody Agreement and the consummation of the other transactions herein contemplated do not (x) require the consent, approval, authorization, registration or qualification of or with any governmental authority, except such as have been obtained and such as may be required under state securities or blue sky laws, or (y) conflict with or result in a breach or violation of any of the terms and provisions of, or constitute a default under any indenture, mortgage, deed of trust, lease or other agreement or instrument to which such Selling Stockholder or any of its subsidiaries is a party or by which such Selling Stockholder or any of its subsidiaries or any of their respective properties are bound, or the charter

documents or by-laws of such Selling Stockholder or any of its subsidiaries or any statute or any judgment, decree, order, rule or regulation of any court or other governmental authority or any arbitrator applicable to such Selling Stockholder or any of its subsidiaries.

In rendering such opinion, such counsel may rely, as to matters of fact, to the extent such counsel deems proper, on certificates of responsible officers of the Selling Stockholders and public officials.

References to the Registration Statement and the Prospectus in this paragraph (c) shall include any amendment or supplement thereto at the date of such opinion.

(d) The Representatives shall have received a legal opinion from Frazier, Soloway & Poorak, P.C., immigration counsel for the Company, dated the Closing Date, to the effect that:

(i) the statements in the Registration Statement and Prospectus under the captions "Risk Factors - Immigration Issues" and "Business - Employees" insofar as such statements constitute summaries of matters of law, are accurate and complete statements or summaries of the matters set forth therein;

(ii) to such counsel's knowledge, the Registration Statement and the Prospectus do not contain any untrue statement of a material fact with respect to the immigration status of the Company or its employees, or omit to state any material fact relating to the immigration status of the Company or its employees which is required to be stated in the Registration Statement and the Prospectus or is necessary to make the statements therein not misleading; and

(iii) in connection with the undertaking of the Investor to obtain Lawful Permanent Resident status in the United States as an immigrant investor pursuant to the Immigrant Investor Laws, the Company is in compliance with the terms and conditions of the Immigrant Investor Laws and, in connection therewith, the Company: (a) was formed or significantly reorganized after November 29, 1990, (b) received the Investment in the Company from the Investor in a form that conforms and complies with the requirements of the Immigrant Investor Laws, (c) is a "qualifying enterprise" as that term is defined under the Immigrant Investor Laws, (d) used the Investment to create at least ten full-time positions within the Company with respect to employees who are not members of the Investor's immediate family, (e) employs the Investor in a position with specific management duties or policy formulation authority, and (f) is in compliance with the Immigration Laws and Immigrant Investor Laws in connection with the Investor's lawful immigration and employment status with the Company and his application for Lawful Permanent Resident of the United States pursuant to the Immigrant Investor Laws.

(e) The Representatives shall have received a legal opinion from Jay I. Solomon, Esq., immigration counsel for the Company, dated the Closing Date, to the effect that:

(i) the statements in the Registration Statement and Prospectus under

the captions "Risk Factors - Immigration Issues" and "Business - Employees" insofar as such statements constitute summaries of matters of law, are accurate and complete statements or summaries of the matters set forth therein;

(ii) to such counsel's knowledge, the Registration Statement and the Prospectus do not contain any untrue statement of a material fact with respect to the immigration status of the Company or its employees, or omit to state any material fact relating to the immigration status of the Company or its employees which is required to be stated in the Registration Statement and the Prospectus or is necessary to make the statements therein not misleading; and

(iii) the Company is in compliance with all applicable provisions of the Immigration Laws; the Company: (a) employs only aliens who are properly authorized to be employed in the United States pursuant to the Immigration Laws, (b) completes and maintains a valid INS Form I-9 for each H-1B Employee, (c) maintains a complete "Public Access" folder for each H-1B Employee, (d) pays the proper wage for each H-1B Employee under the Immigration Laws and certifies such information to the Department of Labor as required pursuant to the Immigration Laws, (e) complies with the requirements of the Immigration Laws in all respects in order to maintain the lawful status and employability of all alien employees of the Company, including, but not limited to, the filing all required INS forms and complying with the verification and recordkeeping requirements, (f) terminates immediately any employee who is not properly authorized to reside and/or be employed in the United States pursuant to the Immigration Laws, and (g) maintains copies of all INS and Department of Labor decisions, correspondence, notices and other official releases relating to the Immigration Laws as necessary to ensure compliance of the Company with the Immigration Laws; and there have not been any discrimination complaints filed against the Company pursuant to the Immigration Laws.

(f) The Representatives shall have received a legal opinion from Testa, Hurwitz & Thibeault, LLP, counsel for the Underwriters, dated the Closing Date, covering the issuance and sale of the Shares, the Registration Statement and the Prospectus, and such other related matters as the Representatives may reasonably require, and the Company shall have furnished to such counsel such documents as they may reasonably request for the purpose of enabling them to pass upon such matters.

(g) The Representatives shall have received from Arthur Andersen, LLP a letter or letters dated, respectively, the date hereof and the Closing Date, in form and substance satisfactory to the Representatives, together with signed or reproduced copies of such letter for each of the Underwriters containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain information contained in the Registration Statement and the Prospectus.

In the event that the letters referred to above set forth any such changes, decreases or increases, it shall be a further condition to the

obligations of the Underwriters that (I) such letters shall be accompanied by a written explanation of the Company as to the significance thereof, unless the Representatives deem such explanation unnecessary, and (II) such changes, decreases or increases do not, in the sole judgment of the Representatives, make it impractical or inadvisable to proceed with the purchase and delivery of the Shares as contemplated by the Registration Statement, as amended as of the date hereof. References to the Registration Statement and the Prospectus in this paragraph (f) with respect to either letter referred to above shall include any amendment or supplement thereto at the date of such letter.

(h) The Company shall have furnished or caused to be furnished to the Underwriters at the Closing a certificate of its Chairman of the Board, its President and Chief Executive Officer and its Chief Financial Officer satisfactory to the Underwriters to the effect that:

(i) the representations and warranties of the Company in this Agreement are true and correct as if made on and as of the Closing Date; the Registration Statement, as amended as of the Closing Date, does not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading, and the Prospectus, as amended or supplemented as of the Closing Date, does not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and the Company has performed all covenants and agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Closing Date;

(ii) no stop order suspending the effectiveness of the Registration Statement or any amendment thereto has been issued, and no proceedings for that purpose have been instituted or threatened or, to the best of the Company's knowledge, are contemplated by the Commission; and

(iii) subsequent to the respective dates as of which information is given in the Registration Statement and the Prospectus, neither the Company nor any of its subsidiaries has sustained any material loss or interference with their respective businesses or properties from fire, flood, hurricane, accident or other calamity, whether or not covered by insurance, or from any labor dispute or any legal or governmental proceeding, and there has not been any materially adverse change (including, without limitation, a change in management or control), or development involving a prospective materially adverse change, in the condition (financial or otherwise), management, earnings, properties, business affairs or business prospects, stockholders' equity, net worth or results of operations of the Company or any of its subsidiaries, except in each case as described in or contemplated by the Prospectus (exclusive of any amendment or supplement thereto).

(i) The Representatives shall have received a certificate from each

Selling Stockholder dated each Option Closing Date, signed by an Attorney-in-Fact on behalf of such Selling Stockholder to the effect that:

(i) the representations and warranties of such Selling Stockholder in this Agreement are true and correct as if made on and as of such Option Closing Date;

(ii) the Registration Statement, as amended as of such Option Closing Date, does not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading, and the Prospectus, as amended or supplemented as of such Option Closing Date, does not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(iii) such Selling Stockholder has performed all covenants and agreements on its part to be performed or satisfied at or prior to such Option Closing Date.

(j) The Representatives shall have received from each person who is a director or officer of the Company or who owns more than 5% of the outstanding shares of Common Stock an agreement dated on or before the date of this Agreement to the effect that such person will not publicly announce any intention to and will not, without the prior written consent of DMG on behalf of the Underwriters, (i) offer, pledge, sell, offer to sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any of the shares of Common Stock or any securities convertible into, or exercisable or exchangeable for, Common Stock, or (ii) enter into any swap or other agreement or any transaction that transfers, in whole or in part, any of the economic consequences of ownership of the shares of Common Stock or any securities convertible into, or exercisable or exchangeable for, shares of Common Stock (whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of shares of Common Stock or such other securities, in cash or otherwise), in each case, beneficially owned (within the meaning of Rule 13d-3 under the Exchange Act) or otherwise controlled by such person on the date hereof or hereafter acquired, for a period beginning from the date hereof and continuing to and including the date 180 days after the date hereof; provided, however, that such person may, without the prior written consent of DMG on behalf of the Underwriters, transfer shares of Common Stock or such other securities to one or more members of such person's immediate family or to trusts for the benefit of members of such person's immediate family or in connection with bona fide gifts, provided that any transferee agrees in writing as a condition precedent to such transfer to be bound by the transfer restrictions described above, and there shall be no further transfer of any shares of Common Stock or such other securities, except in accordance with this Agreement.

(k) Prior to the commencement of the Offering, the Company shall have made an application for the quotation of the Shares on the Nasdaq National

Market and the Shares shall have been included for trading on the Nasdaq National Market, subject to official notice of issuance.

(l) Subsequent to the execution and delivery of this Agreement and prior to the Closing Date, there shall not have occurred any downgrading, nor shall any notice have been given of any intended or potential downgrading or of any review for a possible change that does not indicate the direction of the possible change, in the rating accorded any of the Company's securities by any "nationally recognized statistical rating organization", as such term is defined for purposes of Rule 436(g)(2) under the Securities Act.

(m) On or before the Closing Date, the Representatives and counsel for the Underwriters shall have received such further certificates, documents or other information as they may have reasonably requested from the Company and the Selling Stockholders.

All opinions, certificates, letters and documents delivered pursuant to this Agreement will comply with the provisions hereof only if they are satisfactory in all material respects to the Representatives and counsel for the Underwriters. The Company and the Selling Stockholders shall furnish to the Representatives such conformed copies of such opinions, certificates, letters and documents in such quantities as the Representatives and counsel for the Underwriters shall reasonably request.

The respective obligations of the several Underwriters to purchase and pay for any Shares shall be subject, in their discretion, to each of the foregoing conditions to purchase the Shares, except that all references therein

to the Shares and the Closing Date shall be deemed to refer to the Firm Shares or the Option Shares and the First Closing Date or the related Option Closing Date, each as applicable.

Section 8. Default of Underwriters. If, at the First Closing, any one or more of the Underwriters shall fail or refuse to purchase Shares that it has or they have agreed to purchase hereunder on such date, and the aggregate number of Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase is ten percent or less of the aggregate number of the Shares to be purchased on such date, the other Underwriters may make arrangements satisfactory to the Representatives for the purchase of such Shares by other persons (who may include one or more of the non-defaulting Underwriters, including the Representatives), but if no such arrangements are made by the First Closing Date, the other Underwriters shall be obligated severally in the proportions that the number of Firm Shares set forth opposite their respective names in Schedule 1 hereto bears to the aggregate number of Firm Shares set forth opposite the names of all such non-defaulting Underwriters, or in such other proportions as the Representatives may specify, to purchase the Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase on such date. If, at the First Closing, any Underwriter or Underwriters shall fail or refuse to purchase Firm Shares and the aggregate number of Firm Shares with respect to which such default occurs is more than ten per cent of the aggregate number of Firm Shares to be purchased, and arrangements satisfactory to the Representatives and the Company for the

purchase of such Firm Shares are not made within 36 hours after such default, this Agreement shall terminate without liability on the part of any non-defaulting Underwriter, the Company or any Selling Stockholder. In any such case either the Representatives or the Company shall have the right to postpone the Closing, but in no event for longer than seven days, in order that the required changes, if any, in the Registration Statement and in the Prospectus or in any other documents or arrangements may be effected. If, at any Option Closing, any Underwriter or Underwriters shall fail or refuse to purchase Option Shares, the non-defaulting Underwriters shall have the option to (i) terminate their obligation hereunder to purchase Option Shares or (ii) purchase not less than the number of Option Shares that such non-defaulting Underwriters would have been obligated to purchase in the absence of such default. As used in this Agreement, the term "Underwriter" includes any person substituted for an Underwriter under this Section 8. Any action taken under this Section 8 shall not relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

Section 9. Termination. This Agreement shall be subject to termination in the sole discretion of the Representatives by notice to the Company and the Selling Stockholders given prior to any Closing Date in the event that the Company or any Selling Stockholder shall have failed, refused or been unable to perform all obligations and satisfy all conditions on its part to be performed or satisfied hereunder at or prior thereto or, if at or prior to any Closing Date, (a) trading in securities generally on the New York Stock Exchange or the Nasdaq National Market shall have been suspended or materially limited or minimum or maximum prices shall have been established by or on, as the case may be, the Commission or the New York Stock Exchange or the Nasdaq National Market; (b) trading of any securities of the Company shall have been suspended on any exchange or in any over-the-counter market; (c) a general moratorium on commercial banking activities shall have been declared by either Federal or New York State authorities; (d) there shall have occurred (i) an outbreak or escalation of hostilities between the United States and any foreign power, (ii) an outbreak or escalation of any other insurrection or armed conflict involving the United States, or (iii) any other calamity or crisis or materially adverse change in general economic, political or financial conditions having an effect on the U.S. financial markets that, in the sole judgment of the Representatives, makes it impractical or inadvisable to proceed with the public offering or the

delivery of the Shares as contemplated by the Registration Statement, as amended as of the date hereof; or (e) the Company or any of its subsidiaries shall have, in the sole judgment of the Representatives, sustained any material loss or interference with their respective businesses or properties from fire, flood, hurricane, accident or other calamity, whether or not covered by insurance, or from any labor dispute or any legal or governmental proceeding, or there shall have been any materially adverse change (including, without limitation, a change in management or control), or constitute a development involving a prospective materially adverse change, in the condition (financial or otherwise), management, earnings, properties, business affairs or business prospects, stockholders' equity, net worth or results of operations of the Company or any of its subsidiaries, except in each case as described in or contemplated by the Prospectus (exclusive of any amendment or supplement thereto). Termination of this Agreement pursuant to this Section 9 shall be without liability of any party to any other party except for the liability of the Company in relation to expenses as provided in Sections 4 and 10 hereof, the liability of the Selling Stockholders in relation to expenses as provided in Sections 4 and 10 hereof, the indemnity provided in Section 6 hereof and any liability arising before or in relation to such termination.

Section 10. Reimbursement of Expenses. If the sale of the Shares provided for herein is not consummated because any condition to the obligations of the Underwriters set forth in Section 7 hereof is not satisfied or because of any termination pursuant to Section 9 hereof (other than by reason of a default by any of the Underwriters), the Company shall reimburse the Underwriters, severally upon demand, for all out-of-pocket expenses (including, without limitation, the fees and disbursements of counsel) that shall have been incurred by them in connection with the proposed purchase and sale of the Shares. If the Company is required to make any payments to the Underwriters under this Section 10 because of any Selling Stockholder's refusal, inability or failure to satisfy any condition to the obligations of the Underwriters set forth in Section 7 hereof, such defaulting Selling Stockholder, pro rata in proportion to the percentage of Shares to be sold by each, shall reimburse the Company on demand for all amounts so paid.

Section 11. Information Supplied by Underwriters. The statements set forth in the last paragraph on the front cover page and under the heading "Underwriting" in any Preliminary Prospectus or the Prospectus (to the extent such statements relate to the Underwriters) constitute the only information furnished by any Underwriter through the Representatives to the Company for the purposes of Section 5(a)(ii) and Section 6 hereof. The Underwriters confirm that such statements (to such extent) are correct.

Section 12. Notices. In all dealings hereunder, you shall act on behalf of each of the Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by the Representatives. Any notice or notification in any form to be given under this Agreement may be delivered in person or sent by telex, facsimile or telephone (subject in the case of a communication by telephone to confirmation by telex or facsimile) addressed to:

in the case of the Company:

Manhattan Associates, Inc.
2300 Windy Ridge Parkway, Suite 700
Atlanta, Georgia 30339

Telephone: (770) 955-7070
Facsimile: (770) 955-0302

Attention: President

in the case of the Underwriters:

Deutsche Morgan Grenfell Inc.
31 West 52nd Street
New York, New York 10019

Telephone: (212) 469-5000
Facsimile: (212) 469-5995
Attention: Equity Syndicate Desk

In the case of the Selling Stockholders, any such notice shall be addressed to the Selling Stockholders at the addresses set forth in Schedule 2 hereto. Any notice under this Section 12 shall take effect, in the case of delivery, at the time of delivery and, in the case of telex or facsimile, at the time of dispatch.

Section 13. Miscellaneous.

(a) Time shall be of the essence of this Agreement.

(b) The headings herein are inserted for convenience of reference only and are not intended to be part of, or to affect, the meaning or interpretation of this Agreement.

(c) For purposes of this Agreement, (a) "business day" means any day on which the New York Stock Exchange is open for trading, and (b) "subsidiary" has the meaning set forth in Rule 405 under the Securities Act.

(d) This Agreement may be executed in any number of counterparts, all of which, taken together, shall constitute one and the same Agreement and any party may enter into this Agreement by executing a counterpart.

(e) This Agreement shall inure to the benefit of and shall be binding upon the several Underwriters, the Company, the Selling Stockholders and their respective successors and legal representatives, and nothing expressed or mentioned in this Agreement is intended or shall be construed to give any other person any legal or equitable right, remedy or claim under or in respect of this Agreement, or any provisions herein contained, this Agreement and all conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of such persons and for the benefit of no other person, except that (i) the indemnities of the Company and the Selling Stockholders contained in Section 6 hereof shall also be for the benefit of any person or persons who control any Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act and (ii) the indemnities of the Underwriters contained in Section 6 hereof shall also be for the benefit of the directors of the Company, the officers of the Company who have signed the Registration Statement, each Selling Stockholder and any person or persons who control the Company or such Selling Stockholder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act. No purchaser of Shares from any Underwriter shall be deemed a successor because of such purchase.

(f) The respective representations, warranties, agreements, covenants, indemnities and other statements of the Company, its officers, the Selling Stockholders and the several Underwriters set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement shall remain in full force and effect, regardless of (i) any investigation made by or on behalf of the Company, any of its officers or directors, the Selling Stockholders, any Underwriter or any controlling person referred to in Section 6 hereof and (ii) delivery of and payment for the Shares. The respective agreements, covenants, indemnities and other statements set forth in Sections 4, 6 and 10 hereof shall

remain in full force and effect, regardless of any termination or cancellation of this Agreement.

Section 14. Severability. It is the desire and intent of the parties that the provisions of this Agreement be enforced to the fullest extent permissible under the law and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, in the event that any provision of this Agreement would be held in any jurisdiction to be invalid, prohibited or unenforceable for any reason, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 15. Governing Law. The validity and interpretation of this Agreement, and the terms and conditions set forth herein, shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to any provisions relating to conflicts of laws.

If the foregoing is in accordance with your understanding, please sign and return to us six counterparts hereof, and upon the acceptance hereof by you, on behalf of each of the Underwriters, this letter and such acceptance hereof shall constitute a binding agreement among each of the Underwriters and the Company. It is understood that your acceptance of this letter on behalf of each of the Underwriters is pursuant to the authority set forth in the Deutsche Morgan Grenfell Inc. Master Agreement Among Underwriters, the form of which shall be submitted to the Company for examination upon request, but without warranty on your part as to the authority of the signers thereof.

Very truly yours,

MANHATTAN ASSOCIATES, INC.

By _____
President and Chief Executive Officer

SELLING STOCKHOLDER

By _____
Attorney-in-Fact

The foregoing Agreement is hereby
confirmed and accepted as of the
date first above written.

DEUTSCHE MORGAN GRENFELL INC.
HAMBRECHT & QUIST LLC
SOUNDVIEW FINANCIAL GROUP, INC.

By: DEUTSCHE MORGAN GRENFELL INC.

By _____
Name:

Title:

By _____
Name:
Title:

For itself and on behalf of the Representatives.

SCHEDULE 1

The Underwriters

Underwriter	Underwriting commitment
[name].....	[number of Firm Shares]
Total.....	[aggregate number of Firm Shares]

SCHEDULE 2

The Selling Stockholders

Selling Stockholders	Number Of Shares To Be Sold
[name and address].....	[number of Firm Shares]
Total.....	[aggregate number of Firm Shares]

EXHIBIT 2.1

AMENDED AND RESTATED
SUBSCRIPTION AND CONTRIBUTION AGREEMENT

THIS AMENDED AND RESTATED SUBSCRIPTION AND CONTRIBUTION AGREEMENT (the "Agreement") is made and entered into as of this 31st day of March, 1998 by and between MANHATTAN ASSOCIATES SOFTWARE, LLC, a Georgia limited liability company ("Manhattan LLC"), Alan J. Dabbiere, Ponnambalam Muthiah, Deepak Raghavan, Deepak Rao, The Alan J. Dabbiere Trust, The Ponnambalam Muthiah Trust, The Deepak Raghavan Trust, The Deepak Rao Trust, AD Investment Management Limited Partnership, UM Investment Management Limited Partnership, SR Investment Management Limited Partnership, SV Investment Management Limited Partnership, Daniel Basmajian, Sr., Peter V. Dabbiere, Joel D. Dabbiere, David K. Dabbiere, Pegasys Systems Incorporated and the minority shareholders of Manhattan LLC listed on EXHIBIT A hereto (collectively, the "LLC Shareholders") and MANHATTAN ASSOCIATES, INC., a Georgia corporation ("Manhattan Inc.").

R E C I T A L S:

WHEREAS, upon the terms hereinafter set forth, Manhattan LLC desires to sell, and Manhattan Inc. desires to acquire all of the assets and liabilities of Manhattan LLC; and

WHEREAS, the LLC Shareholders wish to approve the sale of all of the Assets of Manhattan LLC and the dissolution of Manhattan LLC; and

WHEREAS, the LLC Shareholders acknowledge that Manhattan LLC will cause the retained earnings of Manhattan LLC to be distributed to the LLC Shareholders immediately prior to the effective time of this Agreement as provided in Section 1.3 hereto;

NOW, THEREFORE, in consideration of the mutual agreements, covenants, representations and warranties contained herein, the parties hereby agree as follows:

ARTICLE I.

Contribution of Assets and Liabilities

1.1. Contribution of Assets and Liabilities by Manhattan LLC to Manhattan Inc. Upon the terms of this Agreement, Manhattan LLC shall contribute, sell, transfer, assign, convey and deliver all of its Assets and Liabilities (as defined herein) to Manhattan Inc., and Manhattan Inc. shall purchase all of the Assets and Liabilities of Manhattan LLC, free and clear of all security interests, liens, pledges, claims, charges, escrows, encumbrances, encroachments, rights of first refusal, mortgages, indentures, easements, licenses, restrictions or other covenants, agreements, understandings, obligations, defects or irregularities affecting title to any of such Assets, for the consideration set forth in Section 1.2 of this Agreement.

1.2. Consideration to and Subscription by Manhattan LLC. Pursuant to the sale by Manhattan LLC of all of the Assets and Liabilities of Manhattan LLC to Manhattan Inc., Manhattan Inc. will issue to Manhattan LLC 20,206,674 shares of the $.01 par value per share common stock of Manhattan Inc. (the "Common Stock").

1.3. Effective Time. The contribution contemplated in this Agreement shall be effective and automatically closed without any further action on the part of the parties hereto on the earlier of: (i) a time determined by the Board of Managers of Manhattan LLC or (ii) 9:30 a.m. on the day which the Company and its underwriters have requested the effectiveness of the Registration Statement to be filed by Manhattan Inc. in connection with the initial public offering of Manhattan Inc. (such earlier time being the "Contribution Date").

ARTICLE II.

Representations and Warranties of Manhattan LLC

To induce Manhattan Inc. to issue the Common Stock to Manhattan LLC, Manhattan LLC represents, warrants and covenants to Manhattan Inc. as follows:

2.1 Due Organization. Manhattan LLC is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Georgia with full power and authority to own, lease and operate its properties and assets and is duly authorized and qualified to do business under all applicable laws, regulations, ordinances and orders of public authorities to carry on its businesses in the places and in the manner as now conducted except where the failure to be so authorized or qualified would not have a material adverse effect on the business, operations, properties, assets, condition (financial or other), results of operations or prospects of Manhattan LLC. Schedule 2.1 contains a list of all jurisdictions in which Manhattan LLC is authorized or qualified to do business. True, complete and correct copies of the Articles of Organization and Operating Agreement, as amended, of Manhattan LLC are attached hereto as Schedule 2.1.

2.2. Capitalization. The authorized capital stock of Manhattan LLC consists solely of 12,603,337 Shares (as defined in the Operating Agreement, as amended, of Manhattan LLC) (the "LLC Shares") of which 10,103,337 Shares are issued and outstanding. All of the issued and outstanding capital stock of Manhattan LLC is owned beneficially and of record as set forth on Schedule 2.2. All of the issued and outstanding capital stock of Manhattan LLC has been duly authorized and validly issued and is fully paid and nonassessable, has been issued in compliance with all applicable federal, state and other applicable securities laws and was not issued in violation of or subject to any preemptive rights or other rights to subscribe for or purchase such securities. Except as set forth in Schedule 2.2, no subscription, option, warrant, call, convertible or exchangeable security, other conversion right or commitment of any kind exists which obligates Manhattan LLC to issue any of its capital stock.

2.3. Subsidiaries. Except as set forth in Schedule 2.3, Manhattan LLC does not presently own, of record or beneficially, or control, directly or indirectly, any capital stock, securities convertible into or exchangeable for capital stock or any other equity or participating interest in any corporation, association or business entity. Manhattan LLC is not directly or indirectly, a participant in any joint venture, partnership or other noncorporate entity.

2.4. Liabilities and Obligations. Schedule 2.4 sets forth an accurate list of all Liabilities of Manhattan LLC as of the date hereof.

2.5. Accounts and Notes Receivable. Schedule 2.5 sets forth an accurate

list of the accounts and notes receivable of Manhattan LLC as of the date hereof.

2.6. Assets. Schedule 2.6 sets forth an accurate list of all Assets of Manhattan LLC with a value in excess of $5,000 as of the date hereof.

2.7. Litigation. No legal or governmental proceedings or investigations are pending or threatened to which Manhattan LLC is a party or to which the property or capital stock of Manhattan LLC is subject.

2.8. Validity. Manhattan LLC has full power to enter into this Agreement and to contribute, sell, transfer, assign, convey and deliver to Manhattan Inc. all of the Assets and Liabilities of Manhattan LLC to be transferred hereunder in accordance with the terms of this Agreement.

2.9. No Conflict. The transfer of all of the Assets and Liabilities of Manhattan LLC to Manhattan Inc. pursuant to this Agreement does not (i) require the consent, approval, authorization, registration or qualification of or with any governmental authority, except such as have been obtained or such as may be required under state securities or blue sky laws, or (ii) conflict with or result in a breach or violation of any of the terms and provisions of, or constitute a default under any indenture, mortgage, deed of trust, lease or other agreement or instrument to which Manhattan LLC is a party or any statute or any judgment, decree, order, rule or regulation of any court or other governmental authority or any arbitrator applicable to Manhattan LLC.

The above representations, warranties and covenants of Manhattan LLC shall be deemed to be repeated at the Contribution Date and Manhattan LLC shall take no action that would result in a violation of any of the above representations, warranties and covenants between the date hereof and the Contribution Date. Notwithstanding the foregoing, Manhattan LLC may make one or more distributions of its aggregate net retained earnings through the Contribution Date to the LLC Shareholders, and the making of such distributions shall not be deemed to be a breach of the foregoing representations, warranties and covenants.

ARTICLE III.

Representations and Warranties of Manhattan Inc.

To induce Manhattan LLC to acquire the Common Stock from Manhattan Inc., Manhattan Inc. represents, warrants and covenants to Manhattan LLC as follows:

3.1. Due Organization. Manhattan Inc. is a corporation duly organized, validly existing and in good standing under the laws of the State of Georgia with full power and authority to own, lease and operate its properties and assets and is duly authorized and qualified to do business under all applicable laws, regulations, ordinances and orders of public authorities to carry on its businesses in the places and in the manner as now conducted except where the failure to be so authorized or qualified would not have a material adverse

effect on the business, operations, properties, assets, condition (financial or other), results of operations or prospects of Manhattan LLC. Schedule 3.1 contains a list of all jurisdictions in which Manhattan Inc. is authorized or qualified to do business. True, complete and correct copies of the Articles of Incorporation of Manhattan Inc. are attached hereto as Schedule 3.1.

3.2 Capitalization. The authorized capital stock of Manhattan Inc. consists solely of 100,000,000 shares of Common Stock, of which 100 shares are issued and outstanding, and 20,000,000 shares of preferred stock, no par value per share. All of the issued and outstanding capital stock of Manhattan Inc. is owned beneficially and of record as set forth on Schedule 3.2. All of the issued and outstanding capital stock of Manhattan Inc. has been duly authorized and validly issued and is fully paid and nonassessable, has been issued in compliance with all applicable federal, state and other applicable securities laws and was not issued in violation of or subject to any preemptive rights or other rights to subscribe for or purchase such securities. Except as set forth in Schedule 3.2, no subscription, option, warrant, call, convertible or exchangeable security, other conversion right or commitment of any kind exists which obligates Manhattan Inc. to issue any of its capital stock.

ARTICLE IV.

Miscellaneous Provisions

4.1. Approval by LLC Shareholders of Sale of Assets. Pursuant to Section 8.9(a) of the Operating Agreement of Manhattan LLC, as amended, the LLC Shareholders approve of the sale of all of the assets of Manhattan LLC to Manhattan Inc.

4.2. Approval by LLC Shareholders of Dissolution. Pursuant to Section 15.1 of the Operating Agreement, as amended, the LLC Shareholders approve of the dissolution of Manhattan LLC upon the sale of all or substantially all of the assets of Manhattan LLC.

4.3. Dissolution of Manhattan LLC. Immediately upon the sale of all or substantially all of the assets of Manhattan LLC, Manhattan LLC will be dissolved and shall cease to exist as a limited liability company in the State of Georgia. A pro rata distribution, based on each LLC Shareholders' ownership of the Member Interests of Manhattan LLC, of the Common Stock shall be made to the LLC Shareholders immediately prior to the dissolution of Manhattan LLC.

4.4. Entire Agreement. This Agreement and the Exhibits and other documents delivered pursuant hereto or incorporated herein by reference, contain and constitute the entire agreement among the parties and supersede and cancel any prior agreements, representations, warranties or communications, whether oral or written, among the parties relating to the transactions contemplated by this Agreement, including but not limited to that certain Subscription and Contribution Agreement dated February 26, 1998 by and between the parties hereto. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, but only by an agreement in writing signed by the party against whom or which the enforcement of such change, waiver, discharge or termination is sought.

4.5. Governing Law; Severability. This Agreement shall be governed by and construed in accordance with the laws of the State of Georgia, but excluding the conflicts laws of the State of Georgia. The provisions of this Agreement are severable, and the invalidity of one or more of the provisions herein shall not have any effect upon the validity or enforceability of any other provision.

4.6. Headings. The headings contained in this Agreement are for reference

purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

4.7. No Third Party Beneficiaries. Nothing contained in this Agreement (express or implied) is intended or shall be construed to confer upon or give to any person, corporation or other entity, other than the parties hereto and their permitted successors or assigns, any rights or remedies under or by reason of this Agreement.

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

[SIGNATURES ON FOLLOWING PAGES]

MANHATTAN ASSOCIATES SOFTWARE, LLC

By: /s/ Alan J. Dabbiere

ALAN J. DABBIERE, PRESIDENT

/s/ Alan J. Dabbiere

Alan J. Dabbiere

/s/ Ponnambalam Muthiah

Ponnambalam Muthiah

/s/ Deepak Raghavan

Deepak Raghavan

PEGASYS SYSTEMS INCORPORATED

By:

ALAN J. DABBIERE, PRESIDENT

MANHATTAN ASSOCIATES, INC.

By:

ALAN J. DABBIERE, PRESIDENT

[Additional Signatures Intentionally Omitted]

EXHIBIT 4.2

[BLUE BORDER DESIGN]

[FRONT OF CERTIFICATE]

INCORPORATED UNDER THE LAWS OF THE STATE OF GEORGIA

NUMBER [MANHATTAN ASSOCIATES LOGO] SHARES
MA

COMMON STOCK SEE REVERSE FOR
PAR VALUE $.01 CERTAIN DEFINITIONS

MANHATTAN ASSOCIATES, INC.

CUSIP 562750 10 9

THIS CERTIFIES THAT [SPECIMEN] IS THE
OWNER OF _____ FULLY-PAID AND NON-ASSESSABLE SHARES OF THE COMMON STOCK OF Manhattan Associates, Inc. transferable on the books of the Corporation by the holder hereof in person or by duly authorized Attorney, upon surrender of this Certificate properly endorsed. This Certificate is not valid unless countersigned by the Transfer Agent and registered by the Registrar. Witness the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Dated:

/S/ Michael J. Casey [MANHATTAN ASSOCIATES, INC. CORPORATE SEAL GEORGIA] /S/Alan J. Dabbiere
TREASURER [PRESIDENT AND CHIEF EXECUTIVE OFFICER]

COUNTERSIGNED AND REGISTERED:

CHASEMELLON SHAREHOLDER SERVICES, L.L.C.
TRANSFER AGENT AND REGISTRAR

BY
AUTHORIZED SIGNATURE

[BACK OF CERTIFICATE]

MANHATTAN ASSOCIATES, INC.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with the right of survivorship and not as tenants in common

UNIF GIFT MIN ACT - CUSTODIAN
(CUST) (MINOR)
under the Uniform Gifts to Minors Act
(State)

Additional abbreviations may also be used though not in the above list.

For value received, _____ hereby sell, assign and transfer unto _____ [PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE]

_____
Please print or typewrite name and address including postal zip code of assignee

_____ Shares
of the capital stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

_____
Attorney to transfer the said stock on the books of the within-named Corporation with the full power of substitution in the premises.

Dated,
_____

_____
NOTICE: The signature of this assignment must correspond with the name as written upon the face of the certificate in every particular, without alteration or enlargement, or any change whatever.

SIGNATURE(S) GUARANTEED:

_____
THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17A-15.

EXHIBIT 5.1

[Letterhead of
MORRIS, MANNING & MARTIN
A Limited Liability Partnership

Attorneys At Law
1600 Atlanta Financial Center
3343 Peachtree Road, N.E.
Atlanta, Georgia 30326-1044
Telephone 404-233-7000
Facsimile 404-365-9532

Member,
Commercial Law Affiliates
With Independent Firms
In Principal Cities Worldwide]

April 2, 1998

Manhattan Associates, Inc.
2300 Windy Ridge Parkway
Suite 700
Atlanta, Georgia 30339

Re: Registration Statement on Form S-1: Registration No. 333-47095

Ladies and Gentlemen:

We have served as counsel for Manhattan Associates, Inc., a Georgia corporation (the "Company"), in connection with the registration under the Securities Act of 1933, as amended, pursuant to the Company's Registration Statement on Form S-1 (No. 333-47095) (the "Registration Statement"), of a proposed public offering of 3,000,000 shares (the "Shares") of the Company's authorized common stock, $.01 par value (the "Common Stock"), all of which are to be sold by the Company. In addition, certain selling stockholders (the "Selling Stockholders") have granted to the underwriters an option to purchase 450,000 shares of Common Stock to cover over-allotments, if any (the "Over-Allotment Shares").

We have examined and are familiar with originals or copies (certified or otherwise identified to our satisfaction) of such documents, corporate records and other instruments relating to the incorporation of the Company and to the authorization and issuance of the outstanding shares of Common Stock and the Shares and the Over-Allotment Shares to be sold by the Company and the Selling Stockholders, respectively, as we have deemed necessary and advisable.

Based upon the foregoing and having regard for such legal considerations that we have deemed relevant, it is our opinion that:

1. The 3,000,000 Shares to be issued and sold by the Company will be, upon issuance, sale and delivery as contemplated in the Registration Statement, legally and validly issued, fully paid and nonassessable.

2. The Over-Allotment Shares to be sold by the Selling Stockholders, upon the exercise of the over-allotment option by the Underwriters, will be

legally and validly issued, fully paid and nonassessable.

We do hereby consent to the reference to our firm under the heading "Legal Matters" in the Prospectus contained in the Registration Statement and to the filing of this Opinion as Exhibit 5.1 thereto.

Respectfully,

MORRIS, MANNING & MARTIN, L.L.P.

/s/ Morris, Manning & Martin, L.L.P.

EXHIBIT 10.7

MANHATTAN ASSOCIATES, INC./_____

TAX INDEMNIFICATION AGREEMENT

This TAX INDEMNIFICATION AGREEMENT, dated as of the 27th day of February, 1998, is entered into by MANHATTAN ASSOCIATES, INC., a Georgia corporation (the "Company") and _____ ("Shareholder").

RECITALS

WHEREAS, the Shareholder holds (directly or indirectly) outstanding interests in Manhattan Associates, LLC, a Georgia limited liability company ("Manhattan LLC"), as such term is defined in the Operating Agreement of the Company, as amended (the "Interests"); and

WHEREAS, Manhattan LLC is now contemplating restructuring from a limited liability company into a C corporation by the transfer of all of its business and assets to the Company in exchange for Voting Common Stock, no par value (the "Common Stock") of the Company pursuant to a Subscription and Contribution Agreement (the "Contribution Agreement") and immediately thereafter the dissolution and liquidation of Manhattan LLC and the distribution of all shares in the Company so received to the shareholders of Manhattan LLC, including the Shareholder; and

WHEREAS, after the restructuring, the Company is contemplating offering and selling shares of such Common Stock to the public (the "Public Offering"); and

WHEREAS, the parties hereto wish to set forth their agreement with respect to certain adjustments to the federal and state income tax liability of the Shareholder and the Company attributable to Tax Items of Manhattan LLC that pass through to the Shareholder under the provisions of federal or state law for the period during which Manhattan LLC is a limited liability company;

NOW, THEREFORE, for value received, the parties agree as follows:

ARTICLE I

DEFINITIONS

For purposes of this Agreement the following definitions shall apply:

(a) "Adjustment" shall mean any proposed or final change in any Tax liability initiated by any of the Shareholders, the Company, Manhattan LLC, or the IRS, state or local taxing authority, or any other relevant taxing authority.

(b) "Code" shall mean the Internal Revenue Code of 1986, as amended and in effect for the taxable period in question.

(c) "Company Tax Benefit" shall mean a reduction in the Income Tax liability of the Company for any taxable period beginning after the date of the Transaction. The Company shall be deemed to have received or realized a Company Tax Benefit from a Tax Item in a taxable period only if and to the extent that the Company's Income Tax liability for such period is less than it would have been if such liability were determined without regard to such Tax Item. The Company shall be deemed to have realized or received a Company Tax Benefit with

respect to a carryover is used to produce a Company Tax Benefit.

(d) "Final Determination" shall mean the final resolution of any Tax liability (including all related interest and penalties) for a taxable period. A Final Determination shall result from the first to occur of:

(i) the expiration of 30 days after IRS acceptance of a Waiver of Restrictions on Assessment and Collection of Deficiency in Tax and Acceptance of Overassessment on Federal Revenue Form 870 or 870-AD (or any successor comparable form or the expiration of a comparable period with respect to any comparable agreement or form under the laws of other jurisdictions), unless, within such period, the taxpayer gives notice to the other party of the taxpayer's intention to attempt to recover all or part of any amount paid pursuant to the Waiver by the filing of a timely claim for refund;

(ii) a decision, judgment, decree, or other order by a court of competent jurisdiction that is not subject to further judicial review (by appeal or otherwise) and has become final;

(iii) the execution of a closing agreement under section 7121 of the Code or the acceptance by the IRS or its counsel of an offer in compromise under section 7122 of the Code, or comparable agreements under the laws of other jurisdictions;

(iv) the expiration of the time for filing a claim for refund or for instituting suit in respect of a claim for refund disallowed in whole or part by the IRS or other relevant taxing authority;

(v) any other final disposition of the tax liability for such period by reason of the expiration of the applicable statute of limitations; or

(vi) any other event that the parties agree is a final and irrevocable determination of the liability at issue.

(e) "Income Tax" shall mean federal income taxes and state and local taxes imposed upon, or measured by, income. Income Tax includes interest, penalties, and other additions to tax.

(f) "IRS" shall mean the United States Internal Revenue Service or any successor, including, but not limited to, its agents, representatives, and attorneys.

(g) "Tax" shall mean any federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code (S) 59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty or addition thereto, whether disputed or not.

(h) "Tax Benefit" shall mean a reduction in the personal Income Tax liability of the Shareholder (as a result of Tax Items of Manhattan LLC and all other Tax Items reflected on the Shareholder's tax return) for any taxable period. The Shareholder shall be deemed to have realized or received a Tax Benefit from a Tax Item in a taxable period only if and to the extent that the Shareholder's personal Income Tax liability for such period is less than it would have been if such liability were determined without regard to such Tax Item. The Shareholder shall be deemed to have realized or received a Tax Benefit with respect to a carryover only if, when, and to the extent the

carryover is used to produce a Tax Benefit.

(i) "Tax Item" shall mean any item of income, gain, loss, deduction, credit, recapture of credit, or any other item which increases or decreases Income Taxes paid or payable by the Shareholder or by the Company.

(j) "Transaction" shall mean the transactions contemplated by and described in the Contribution Agreement.

ARTICLE II

INDEMNIFICATION FOR CERTAIN TAXES

(a) The Shareholder shall pay to the Company an amount equal to any Tax Benefit actually realized or received arising from an Adjustment with respect to a Tax Item of the Company for any taxable period in which Manhattan LLC was taxable as a limited liability company.

(b) The Shareholder represents and warrants to the Company that:

(i) The Company will not incur any Taxes as a result of the Transaction;

(ii) If subsequent to the Transaction one or more of Manhattan LLC, and/or PAC is liquidated or otherwise ceases to exist for tax purposes, neither the Company nor PAC will incur any Taxes as a result of any such entity liquidating or otherwise ceasing to exist (other than any Taxes that would be imposed without regard to the Transaction or such liquidation or such entity ceasing to exist);

(iii) Since its inception through the date of the Transaction, Manhattan LLC has been an association taxable as a partnership for all federal and applicable state income tax purposes.

With respect to representations and warranties (i) and (ii) above, the Shareholder will indemnify and hold harmless the Company from any liability for Taxes, costs and expenses, including reasonable attorneys fees, arising from any breach of the Shareholder's representations and warranties set forth therein. With respect to representation and warranty (iii) above, the Shareholder will indemnify and hold harmless the Company from any liability for Income Taxes, costs and expenses including reasonable attorney fees, arising from any breach of the Shareholder's representations and warranties.

The Shareholder's obligation under this subsection (b) shall be limited to the total distributions from Manhattan LLC received by Shareholder (directly or indirectly) at any time prior to or in connection with the Transaction, reduced by any taxes (net of any refunds) imposed on the Shareholder with respect to his distributive share of income and gains of Manhattan LLC. A Shareholder is deemed to have received a distribution indirectly if the distribution was made by the LLC to an entity in which the Shareholder holds a beneficial interest.

(c) The Company shall pay and indemnify the Shareholder for any limited liability company Tax Liability arising from an Adjustment with respect to a Tax Item of Manhattan LLC (other than an Adjustment arising from a breach of any representation or warranty contained in paragraph (b) above).

(d) Any payment required under this Article shall be made by the earliest of (1) 20 days after the Shareholder receives a refund or credit, (2) 20 days after a Final Determination with respect to such tax, (3) with respect to a carryover, 20 days after the Shareholder files a tax return on which the carryover produces a Tax Benefit, or (4) 20 days after the determination by the parties or pursuant to Article IV that such payment is due. All obligations of indemnification hereunder shall be net of any Tax Benefit realized by the

Shareholder or Company Tax Benefit realized by the Company, as appropriate.

ARTICLE III

COOPERATION AND EXCHANGE OF INFORMATION

Whenever the Shareholder or the Company becomes aware of an issue which either party believes could give rise to payment or indemnification from the other party under Article II, the Shareholder or the Company (as the case may be) shall promptly give notice of the issue to the other party. The indemnitor and its representatives, at the indemnitor's expense, shall be entitled to participate in all conferences, meetings or proceedings with the IRS or other taxing authority with respect to the issue.

The parties agree to consult and cooperate with each other in the negotiation and settlement or litigation of any Adjustment that may give rise to any payment or an indemnification payment under this Agreement. All decisions with respect to such negotiation and settlement or litigation shall be made by the parties after full and good faith consultation.

If a party who will be required to make an indemnification payment (the "Indemnifying Party") proposes to accept a settlement offered by the relevant taxing authority with respect to an issue for one or more taxable years, but the

party who will be entitled to receive the payment (the "Indemnified Party") disagrees with the proposed settlement, then the Indemnifying Party may pay to the Indemnified Party the amount that would be due under this Agreement pursuant to such settlement and, in that event, the Indemnifying Party shall have no further responsibility for amounts attributable to that issue for the taxable years involved.

ARTICLE IV

DISPUTES

If the parties are, after negotiation in good faith, unable to agree upon the appropriate calculation of amounts due under this Agreement, the controversy shall be settled by Arthur Andersen, LLP (the "Accounting Firm").

The decision of the Accounting Firm shall be final, and each of the Company and the Shareholder agree immediately to pay to the other any amount due under this Agreement pursuant to such decision. The expenses of the Accounting Firm shall be borne one-half by the Company and one-half by the Shareholder unless the parties agree otherwise.

Any dispute arising between the parties with reference to the legal interpretation of this Agreement or their rights hereunder shall, upon written request of either party, be submitted to three arbitrators, one to be chosen by each party, and the third by the two so chosen. Each party shall submit its case to its arbitrator within thirty days of the appointment of the third arbitrator. The decision in writing of any two arbitrators, when filed with the parties hereto, shall be final and binding on both parties. Judgment may be entered upon the final decision of the arbitrators in any court having jurisdiction. Each party shall bear the expense of its own arbitrator and shall jointly and equally bear with the other party the expense of the third arbitrator and of the arbitration.

ARTICLE V

MISCELLANEOUS

Section 5.1 Term of Agreement. This Agreement shall become effective as of the date of its execution and shall continue in full force and effect indefinitely, except that this Agreement shall be void and of no effect if the

Transaction is not consummated before September 1, 1998.

Section 5.2 Severability. If any term of this Agreement is held by a court of competent jurisdiction to be unenforceable, the remainder of the terms set forth herein shall remain in full force and effect and shall in no way be impaired. In the event that any term is held to be unenforceable, the parties shall use their best efforts to find an alternative means to achieve the same or substantially the same result as that contemplated by such term.

Section 5.3 Assignment. Except by operation of law or in connection with the sale of all or substantially all the assets of the Company, this Agreement shall not be assignable, in whole or in part, directly or indirectly, by the Shareholder without the written consent of the Company or by the Company without the written consent of the Shareholder. Any attempt to assign any right or

obligations arising under this Agreement without such consent shall be void. The provisions of this Agreement shall be binding upon inure to the benefit of, and be enforceable by the parties and their respective heirs, successors and permitted assigns, including, but not limited to, Manhattan Associates, Inc., a Georgia corporation as the successor of Manhattan LLC.

Section 5.4 Further Assurances. Subject to the provisions of this Agreement, the parties shall acknowledge such other instruments and documents, and take all other actions, as may be reasonably required in order to effectuate the purposes of this Agreement.

Section 5.5 Parties in Interest. Except as herein otherwise specifically provided, nothing in this Agreement expressed or implied is intended to confer any right or benefit upon any person, firm, or corporation other than the parties and their respective successors and permitted assigns.

Section 5.6 Waivers, Etc. No failure or delay on the part of the parties in exercising any power or right under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power. No modification or waiver of any provision of this Agreement nor consent to any departure by the parties therefrom shall in any event be effective unless it shall be in writing, and then such waiver or consent shall be effective only in the specific instance and for the purpose which given.

Section 5.7 Set-off. All payments to be made by any party under this Agreement shall be made without set-off, counterclaim, or withholding, all of which are expressly waived.

Section 5.8 Change of Law. If, due to any change in applicable law or regulations or the interpretation thereof by any court or other governing body having jurisdiction subsequent to the date of this Agreement, performance of any provision of this Agreement shall be impracticable or impossible, the parties shall use their best efforts to find an alternative means to achieve the same or substantially the same results as are contemplated by such provision.

Section 5.9. Headings. Descriptive headings are for convenience only and shall not control or affect the meaning of any provision of this Agreement.

Section 5.10 Counterparts. For the convenience of the parties, any number

of counterparts of this Agreement may be executed by the parties and each executed counterpart shall be an original instrument.

Section 5.11 Notices. All notices provided for in this Agreement shall be validly given if in writing and delivered personally or sent by registered mail, postage prepaid

if to the Company, at

Manhattan Associates, Inc.
2300 Windy Ridge Parkway
Suite 700
Atlanta, Georgia 30339
Attn: President

copy to:

David K. Dabbiere, Esq.
General Counsel
Manhattan Associates, Inc.
2300 Windy Ridge Parkway
Suite 700
Atlanta, Georgia 30339

if to the Shareholder, to:

_____

_____

_____

_____

_____

_____

or to such other addresses as any party may, from time to time, designate in a written notice given in a like manner. Notice given by mail shall be deemed delivered five calendar days after the date mailed.

Section 5.12 Governing Law. This Agreement shall be governed by the domestic substantive laws of Georgia without regard to any choice or conflict of laws rule or provision that would cause the application of the domestic substantive laws of any other jurisdiction.

Section 5.13 No Double Recovery. The total recovery received by the Company pursuant to this Agreement and any of the other Tax Indemnification Agreements between the Company and any former, present or future shareholder of Manhattan LLC with respect to a Final Determination shall not exceed the total Taxes, costs and expenses arising from such Final Determination.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be duly executed as of the day and year first written above.

MANHATTAN ASSOCIATES, INC.: SHAREHOLDER:

By: (SEAL)

-------------------------------- ----------------------------------

Alan J. Dabbiere, President

EXHIBIT 10.8

WILDWOOD OFFICE PARK
MANHATTAN ASSOCIATES, LLC
SECOND AMENDMENT TO LEASE

THIS SECOND AMENDMENT TO LEASE ("Amendment"), is made the 27th day of February, 1998, between Wildwood Associates, a Georgia General Partnership comprised of International Business Machines Corporation, a New York Corporation, and Cousins Properties Incorporated, a Georgia Corporation, having an office at Suite 1600, 2500 Windy Ridge Parkway, Atlanta, Georgia 30339-5683, hereinafter called "Landlord", and Manhattan Associates, LLC having its principal office at Suite 700, 2300 Windy Ridge Parkway, Atlanta, Georgia 30339, hereinafter called "Tenant".

W I T N E S S E T H:

WHEREAS Landlord and Tenant entered into that certain Lease dated September 24, 1997 as amended October 31, 1997 (herein called the "Lease") with respect to the Demised Premises (as defined in the Lease) located in Suite 700 of the Building at 2300 Windy Ridge Parkway, Atlanta, Georgia; and

WHEREAS Tenant and Landlord have mutually agreed to expand the Demised Premises.

NOW, THEREFORE, for and in consideration of the Demised Premises, the mutual promises contained in this Amendment, and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged by the parties hereto, Landlord and Tenant do hereby agree as follows:

1. All terms and words of art used herein, as indicated by the initial capitalization thereof, shall have the same respective meaning designated for such terms and words of art in the Lease.

2. Certain Definitions. Article 1 is hereby amended as follows:

(g) Rentable Floor Area of Demised Premises: shall be amended as of the Second Expansion Area Rental Commencement Date by deleting "51,442 square feet" and inserting "63,296 square feet".

(j) Base Rental Rate: Shall be amended by adding the following new subparagraph at the end thereof. "The Base Rental Rate for the Second Expansion Area shall be $16.00 per square foot of Rentable Floor Area per year.

(k) Rental Commencement Date shall be amended by adding the following new subparagraph "as to the Second Expansion Area the Rental Commencement Date shall be the earlier of July 1, 1998 or the date Tenant takes possession of the Demised Premises for the purpose of conducting business."

(m) Construction Allowance, shall be amended by adding the following new subparagraph "as to the Second Expansion Area an allowance of $15.00 per square foot of Rentable Floor Area shall be provided."

(p) A new subparagraph entitled (s) Second Expansion Area shall be added as follows:

"The Second Expansion Area shall be defined as the additional 11,854 square feet of Rentable Floor Area being leased by Tenant on the (seventh) 7th floor of the Building, which when added to the existing Demised Premises of 51,442 square feet of Rentable Floor Area represents the full floor rentable floor area as more fully set forth on Exhibit "B" of the Lease. The Second Expansion Area shall be included in the definition of Demised Premises for all purposes of this Lease including the requirement to pay Additional Rental. Tenant to lease the Second Expansion Area in it "as is" condition and Tenant and Tenant's contractor shall have access to the Second Expansion Area upon execution of this Second Amendment for the start of construction. All costs and expenses of renovating the Second Expansion Area shall be at the sole cost and expense of Tenant except that Landlord shall contribute the Construction Allowance as set forth in 1 (m) above."

3. Except as expressly modified herein, the Lease Agreement shall remain in full force and effect and, as hereby modified, is expressly ratified and confirmed by the parties hereto. This Amendment shall be binding upon and shall inure to the benefit of Landlord and Tenant and their representatives, permitted legal representatives, successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be signed and their respective seals to be affixed as of the date and year first above written.

[SIGNATURES ON NEXT PAGE]

"LANDLORD"

WILDWOOD ASSOCIATES,
a Georgia general partnership

BY: Cousins Properties Incorporated
Managing General Partner

By: /s/ Jack S. LaHue

Its: Senior Vice President

[CORPORATE SEAL]

"TENANT"

MANHATTAN ASSOCIATES, LLC

By: /s/ Oliver M. Cooper

Its: Chief Operating Officer

[CORPORATE SEAL]

EXHIBIT 10.13

LOAN AND SECURITY AGREEMENT

BETWEEN

MANHATTAN ASSOCIATES SOFTWARE, LLC

AND

SILICON VALLEY BANK

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This LOAN AND SECURITY AGREEMENT is entered into as of March 30, 1998, by and between SILICON VALLEY BANK, a California-chartered bank ("BANK"), with a loan production office at 3343 Peachtree Road, N.E., East Tower, Suite 312, Atlanta, Georgia 30326, and MANHATTAN ASSOCIATES SOFTWARE, LLC, a Georgia limited liability company ("BORROWER"), with its principal place of business and

chief executive office at 2300 Windy Ridge Parkway, Suite 700, Atlanta, Georgia 30339.

RECITALS

Borrower wishes to obtain credit from time to time from Bank, and Bank desires to extend credit to Borrower. This Agreement sets forth the terms on which Bank will advance credit to Borrower, and Borrower will repay the amounts owing to Bank.

AGREEMENT

The parties agree as follows:

1. DEFINITIONS AND CONSTRUCTION

1.1 DEFINITIONS. As used in this Agreement, the following terms shall have the following definitions:

"ACCOUNTS" means all presently existing and hereafter arising accounts, contract rights, and all other forms of obligations owing to Borrower arising out of the sale or lease of goods (including, without limitation, the licensing of software and other technology) or the rendering of services by Borrower, whether or not earned by performance, and any and all credit insurance, guaranties, and other security therefor, as well as all merchandise returned to or reclaimed by Borrower and Borrower's Books relating to any of the foregoing.

"ADVANCE" or "ADVANCES" means a loan advance under the Committed Revolving Line.

"AFFILIATE" means, with respect to any Person, any Person that owns or controls directly or indirectly such Person, any Person that controls or is controlled by or is under common control with such Person, and each of such Person's senior executive officers, directors, partners and, for any Person that is a limited liability company, such Persons, managers and members.

"BANK EXPENSES" means all reasonable costs or expenses (including reasonable attorneys' fees and expenses) incurred in connection with the preparation, negotiation, administration, and enforcement of the Loan Documents; and Bank's reasonable attorneys' fees and expenses incurred in amending, enforcing or defending the Loan Documents, (including fees and expenses of appeal or review, or those incurred in any Insolvency Proceeding) whether or not suit is brought.

"BORROWER'S BOOKS" means all of Borrower's books and records including, without limitation: ledgers; records concerning Borrower's assets or liabilities, the Collateral, business operations or financial condition; and all computer programs, or tape files, and the equipment, containing such information.

"BORROWING BASE" means an amount equal to seventy-five percent (75%) of Eligible Accounts, as determined by Bank with reference to the most recent Borrowing Base Certificate delivered by Borrower.

"BUSINESS DAY" means any day that is not a Saturday, Sunday, or other day on which banks in the State of Georgia are authorized or required to close.

"CLOSING DATE" means the date of this Agreement.

"CODE" means the Georgia Uniform Commercial Code.

"COLLATERAL" means the property described on Exhibit A attached hereto.

"COMMITTED REVOLVING LINE" means a credit extension of up to Eight Million Dollars ($8,000,000.00).

"CONTINGENT OBLIGATION" means, as applied to any Person, any direct or indirect liability, contingent or otherwise, of that Person with respect to (i) any indebtedness, lease, dividend, letter of credit or other obligation of another, including, without limitation, any such obligation directly or indirectly guaranteed, endorsed, co-made or discounted or sold with recourse by that Person, or in respect of which that Person is otherwise directly or indirectly liable; (ii) any obligations with respect to undrawn letters of credit issued for the account of that Person; and (iii) all obligations arising under any interest rate, currency or commodity swap agreement, interest rate cap agreement, interest rate collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; provided, however, that the term "Contingent Obligation" shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determined amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith; provided, however, that such amount shall not in any event exceed the maximum amount of the obligations under the guarantee or other support arrangement.

"CONVERSION" as defined in Section 7.2 hereof.

"COPYRIGHTS" means any and all copyright rights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret, now or hereafter existing, created, acquired or held.

"CREDIT EXTENSION" means each Advance or any other extension of credit by Bank for the benefit of Borrower hereunder.

"CURRENT ASSETS" means, as of any applicable date, all amounts that should, in accordance with GAAP, be included as current assets on the consolidated balance sheet of Borrower and its Subsidiaries as at such date.

"CURRENT LIABILITIES" means, as of any applicable date, all amounts that should, in accordance with GAAP, be included as current liabilities on the consolidated balance sheet of Borrower and its Subsidiaries, as at such date, plus, to the extent not already included therein, all outstanding Credit Extensions made under this Agreement, including all Indebtedness that is payable upon demand or within one year from the date of determination thereof unless such Indebtedness is renewable or extendable at the option of Borrower or any Subsidiary to a date more than one year from the date of determination, but excluding Subordinated Debt.

"ELIGIBLE ACCOUNTS" means those Accounts that arise in the ordinary course of Borrower's business that comply with all of Borrower's representations and warranties to Bank set forth in Section 5.4. Unless otherwise agreed to by Bank in writing, Eligible Accounts shall not include the following:

(a) Accounts that the account debtor has failed to pay within ninety (90) days of invoice date;

(b) Accounts with respect to an account debtor, fifty percent (50%) of whose Accounts the account debtor has failed to pay within ninety (90) days of invoice date;

(c) Accounts with respect to an account debtor, including Affiliates, whose total obligations to Borrower exceed twenty-five percent (25%) of all Accounts, to the extent such obligations exceed the aforementioned percentage, except as approved in writing by Bank;

(d) Accounts with respect to which the account debtor does not have its principal place of business in the United States;

(e) Accounts with respect to which the account debtor is a federal, state, or local governmental entity or any department, agency, or instrumentality thereof;

(f) Accounts with respect to which Borrower is liable to the account debtor, but only to the extent of any amounts owing to the account debtor (sometimes referred to as "contra" accounts, e.g. accounts payable, customer deposits, credit accounts etc.);

(g) Accounts generated by demonstration or promotional equipment, or with respect to which goods are placed on consignment, guaranteed sale, sale or return, sale on approval, bill and hold, or other terms by reason of which the payment by the account debtor may be conditional;

(h) Accounts with respect to which the account debtor is an Affiliate, officer, employee, or agent of Borrower;

(i) Accounts with respect to which the account debtor disputes liability or makes any claim with respect thereto as to which Bank believes, in its sole discretion, that there may be a basis for dispute (but only to the extent of the amount subject to such dispute or claim), or is subject to any Insolvency Proceeding, or becomes insolvent, or goes out of business; and

(j) Accounts the collection of which Bank reasonably determines to be doubtful.

"EQUIPMENT" means all present and future machinery, equipment, tenant improvements, furniture, fixtures, vehicles, tools, parts and attachments in which Borrower has any interest.

"ERISA" means the Employment Retirement Income Security Act of 1974, as amended, and the regulations thereunder.

"GAAP" means generally accepted accounting principles as in effect in the United States from time to time.

"GUARANTOR" means any present or future guarantor of the Obligations. As of the Closing Date there are no Guarantors.

"INDEBTEDNESS" means (a) all indebtedness for borrowed money or the deferred purchase price of property or services, including without limitation reimbursement and other obligations with respect to surety bonds and letters of credit, (b) all obligations evidenced by notes, bonds, debentures or similar instruments, (c) all capital lease obligations and (d) all Contingent Obligations.

"INSOLVENCY PROCEEDING" means any proceeding commenced by or against any person or entity under any provision of the United States Bankruptcy Code, as amended, or under any other bankruptcy or insolvency law, including assignments for the benefit of creditors, formal or informal moratoria, compositions, extension generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

"INTELLECTUAL PROPERTY" means

(a) Copyrights, Trademarks, Patents, and Mask Works;

(b) Any and all trade secrets, and any and all intellectual property rights in computer software and computer software products now or hereafter existing, created, acquired or held;

(c) Any and all design rights which may be available to Borrower now or hereafter existing, created, acquired or held;

(d) Any and all claims for damages by way of past, present and future infringement of any of the rights included above, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the intellectual property rights identified above;

(e) All licenses or other rights to use any of the Copyrights, Patents, Trademarks, or Mask Works, and all license fees and royalties arising from such use to the extent permitted by such license or rights;

(f) All amendments, renewals and extensions of any of the Copyrights, Trademarks, Patents, or Mask Works; and

(g) All proceeds and products of the foregoing, including without limitation all payments under insurance or any indemnity or warranty payable in respect of any of the foregoing.

"INVENTORY" means all present and future inventory in which Borrower has any interest, including merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products intended for sale or lease or to be furnished under a contract of service, of every kind and description now or at any time hereafter owned by or in the custody or possession, actual or constructive, of Borrower, including such inventory as is temporarily out of its custody or possession or in transit and including any returns upon any accounts or other proceeds, including insurance proceeds, resulting from the sale or disposition of any of the foregoing and any documents of title representing any of the above.

"INVESTMENT" means any beneficial ownership of (including stock, partnership interest or other securities) any Person, or any loan, advance or capital contribution to any Person.

"IRC" means the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

"LIEN" means any mortgage, lien, deed of trust, charge, pledge, security interest or other encumbrance.

"LOAN DOCUMENTS" means, collectively, this Agreement, any note or notes executed by Borrower, and any other present or future agreement entered into between Borrower and/or for the benefit of Bank in connection with this Agreement, all as amended, extended or restated from time to time.

"MASK WORKS" means all mask work or similar rights available for the protection of semiconductor chips, now owned or hereafter acquired;

"MATERIAL ADVERSE EFFECT" means a material adverse effect on (i) the business operations or condition (financial or otherwise) of Borrower and its Subsidiaries taken as a whole or (ii) the ability of Borrower to repay the Obligations or otherwise perform its obligations under the Loan Documents.

"MATURITY DATE" means the Revolving Maturity Date.

"NEGOTIABLE COLLATERAL" means all of Borrower's present and future letters of credit of which it is a beneficiary, notes, drafts, instruments, securities, documents of title, and chattel paper.

"NET INCOME (LOSS)" shall mean, for any fiscal period of any Person, the net income (or loss) of such Person after taxes on a consolidated basis for

such period (taken as a single accounting period) determined in conformity with GAAP, but excluding therefrom (to the extent otherwise included therein and without duplication) (i) any gains or losses, together with any related provisions for taxes, realized by such Person upon any sale of its assets other than in the ordinary course of business, (ii) any other non-recurring gains or losses, and (iii) any income or loss of any other Person acquired prior to the date such other Person becomes a Subsidiary of the Person whose Net Income (Loss) is being measured or is merged into or consolidated with the Person whose Net Income (Loss) is being measured or all or substantially all of such other Person's assets are acquired by the Person whose Net Income (Loss) is being measured.

"OBLIGATIONS" means all debt, principal, interest, Bank Expenses and other amounts owed to Bank by Borrower pursuant to this Agreement or any other agreement, whether absolute or contingent, due or to become due, now existing or hereafter arising, including any interest that accrues after the commencement of an Insolvency Proceeding and including any debt, liability, or obligation owing from Borrower to others that Bank may have obtained by assignment or otherwise.

"PATENTS" means all patents, patent applications and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same.

"PAYMENT DATE" means the first calendar day of each month commencing on the first such date after the Closing Date and ending on the Revolving Maturity Date.

"PERMITTED INDEBTEDNESS" means:

(a) Indebtedness of Borrower in favor of Bank arising under this Agreement or any other Loan Document;

(b) Indebtedness existing on the Closing Date and disclosed in the Schedule;

(c) Subordinated Debt;

(d) Indebtedness to trade creditors incurred in the ordinary course of business; and

(e) Indebtedness secured by Permitted Liens.

"PERMITTED INVESTMENT" means:

(a) Investments existing on the Closing Date disclosed in the Schedule; and

(b) (i) marketable direct obligations issued or unconditionally guaranteed by the United States of America or any agency or any State thereof maturing within one (1) year from the date of acquisition thereof, (ii) commercial paper maturing no more than one (1) year from the date of creation thereof and currently having the highest rating obtainable from either Standard & Poor's Corporation or Moody's Investors Service, Inc., and (iii) certificates of deposit maturing no more than one (1) year from the date of investment therein issued by Bank.

"PERMITTED LIENS" means the following:

(a) Any Liens existing on the Closing Date and disclosed in the Schedule or arising under this Agreement or the other Loan Documents;

(b) Liens for taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings and as to which adequate reserves are maintained on Borrower's Books in accordance with GAAP, provided the same have no priority over any of Bank's

security interests;

(c) Liens (i) upon or in any Equipment acquired or held by Borrower or any of its Subsidiaries to secure the purchase price of such Equipment or indebtedness incurred solely for the purpose of financing the acquisition of such Equipment, or (ii) existing on such equipment at the time of its acquisition, provided that the Lien is confined solely to the property so acquired and improvements thereon, and the proceeds of such equipment;

(d) Liens incurred in connection with the extension, renewal or refinancing of the indebtedness secured by Liens of the type described in clauses (a) through (c) above, provided that any extension, renewal or replacement Lien shall be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness being extended, renewed or refinanced does not increase.

"PERSON" means any individual, sole proprietorship, partnership, limited liability company, joint venture, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or governmental agency.

"PRIME RATE" means the variable rate of interest, per annum, most recently announced by Bank, as its "prime rate," whether or not such announced rate is the lowest rate available from Bank.

"QUICK ASSETS" means, as of any applicable date, the consolidated cash, cash equivalents, accounts receivable and investments with maturities of fewer than 90 days of Borrower determined in accordance with GAAP.

"RESPONSIBLE OFFICER" means each of the Chief Executive Officer, the President, the Chief Financial Officer and the Controller of Borrower.

"REVOLVING MATURITY DATE" means March 29, 1999.

"SCHEDULE" means the schedule of exceptions attached hereto, if any.

"SUBORDINATED DEBT" means any debt incurred by Borrower that is subordinated to the debt owing by Borrower to Bank on terms acceptable to Bank (and identified as being such by Borrower and Bank).

"SUBSIDIARY" means with respect to any Person, corporation, partnership, company association, joint venture, or any other business entity of which more than fifty percent (50%) of the voting stock or other equity

interests is owned or controlled, directly or indirectly, by such Person or one or more Affiliates of such Person.

"TOTAL LIABILITIES" means as of any applicable date, any date as of which the amount thereof shall be determined, all obligations that should, in accordance with GAAP be classified as liabilities on the consolidated balance sheet of Borrower, including in any event all Indebtedness, but specifically excluding Subordinated Debt.

"TRADEMARKS" means any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Assignor connected with and symbolized by such trademarks.

1.2 ACCOUNTING AND OTHER TERMS. All accounting terms not specifically defined herein shall be construed in accordance with GAAP and all calculations and determinations made hereunder shall be made in accordance with

GAAP. When used herein, the term "financial statements" shall include the notes and schedules thereto. The terms "including"/ "includes" shall always be read as meaning "including (or includes) without limitation", when used herein or in any other Loan Document.

2. LOAN AND TERMS OF PAYMENT

2.1 ADVANCES. Borrower promises to pay to the order of Bank, in lawful money of the United States of America, the aggregate unpaid principal amount of all Advances made by Bank to Borrower hereunder. Borrower shall also pay interest on the unpaid principal amount of such Advances at rates in accordance with the terms hereof.

2.1.1 (a) Subject to and upon the terms and conditions of this Agreement, Bank agrees to make Advances to Borrower in an aggregate outstanding amount not to exceed the Committed Revolving Line or the Borrowing Base, whichever is less. Subject to the terms and conditions of this Agreement, amounts borrowed pursuant to this Section 2.1 may be repaid and reborrowed at any time during the term of this Agreement.

(b) Whenever Borrower desires an Advance, Borrower will notify Bank by facsimile transmission or telephone no later than 11:00 a.m. Eastern time, on the Business Day that the Advance is to be made. Each such notification shall be promptly confirmed by a Payment/Advance Form in substantially the form of Exhibit B hereto. Bank is authorized to make Advances under this Agreement, based upon instructions received from a Responsible Officer or a designee of a Responsible Officer, or without instructions if in Bank's discretion such Advances are necessary to meet Obligations which have become due and remain unpaid. Bank shall be entitled to rely on any telephonic notice given by a person who Bank reasonably believes to be a Responsible Officer or a designee thereof, and Borrower shall indemnify and hold Bank harmless for any damages or loss suffered by Bank as a result of such reliance. Bank will credit the amount of Advances made under this Section 2.1 to Borrower's deposit account.

(c) The Committed Revolving Line shall terminate on the Revolving Maturity Date, at which time all Advances under this Section 2.1 and other amounts due under this Agreement (except as otherwise expressly specified herein) shall be immediately due and payable.

(d) The proceeds of the Advances shall be used (i) to finance the working capital needs of the Borrower and (ii) to fund the distributions contemplated by the Conversion on the Closing Date. No proceeds of any Advance shall be made by Borrower to any subsidiary of Borrower or to any direct or indirect parent company of Borrower except on the Closing Date in connection with the Conversion.

2.2 OVERADVANCES. If, at any time or for any reason, the amount of Obligations owed by Borrower to Bank pursuant to Section 2.1.1 of this Agreement is greater than the lesser of (i) the Committed Revolving Line or (ii)

the Borrowing Base, Borrower shall immediately pay to Bank, in cash, the amount of such excess.

2.3 INTEREST RATES, PAYMENTS, AND CALCULATIONS.

(a) Interest Rate. Except as set forth in Section 2.3(b), any Advances shall bear interest, on the average daily balance thereof, at a per annum rate equal to the Prime Rate plus one-half percent (0.50%).

(b) Default Rate. All Obligations shall bear interest, from and after the occurrence of an Event of Default, at a rate equal to five (5) percentage points above the interest rate applicable immediately prior to the occurrence of the Event of Default.

(c) Payments. Interest hereunder shall be due and payable on each Payment Date. Borrower hereby authorizes Bank to debit any accounts with Bank for payments of principal and interest due on the Obligations and any other amounts owing by Borrower to Bank. Bank will notify Borrower of all debits which Bank has made against Borrower's accounts. Any such debits against Borrower's accounts in no way shall be deemed a set-off.

(d) Computation. In the event the Prime Rate is changed from time to time hereafter, the applicable rate of interest hereunder shall be increased or decreased effective as of 12:01 a.m. on the day the Prime Rate is changed, by an amount equal to such change in the Prime Rate.

(e) Agreements Regarding Interest and Other Charges. Borrower and the Bank hereby agree that the only charges imposed or to be imposed by the Bank upon Borrower for the use of money in connection with the loans made hereunder is and will be the interest required to be paid under the provisions of this Agreement as well as the related provisions of the Loan Documents. In no event shall the amount of interest due and payable under this Agreement or the Loan Documents exceed the maximum rate of interest allowed by applicable law and, in the event any such payment is made by the Borrower or received by the Bank, such excess sum shall be credited as a payment of principal. It is the express intent hereof that the Borrower not pay and the Bank not receive, directly or indirectly or in any manner, interest in excess of that which may be lawfully paid under applicable law. All interest and other charges, fees or other amounts deemed to be interest which are paid or agreed to be paid to the Bank under this Agreement or the Loan Documents shall, to the maximum extent permitted by applicable law, be amortized, allocated and spread on a pro rata basis throughout the entire actual term of the loans (including any extension or renewal period). Any and all fees payable hereunder are not intended, and shall not be deemed, to be interest or a charge for the use of money, but rather shall constitute an "other charge" within the meaning of O.C.G.A. (S) 7-4-2(a)(1).

2.4 CREDITING PAYMENTS. Prior to the occurrence of an Event of Default, Bank shall credit a wire transfer of funds, check or other item of payment to such deposit account or Obligation as Borrower specifies. After the occurrence of an Event of Default, the receipt by Bank of any wire transfer of funds, check, or other item of payment, whether directed to Borrower's deposit account with Bank or to the Obligations or otherwise, shall be immediately applied to conditionally reduce Obligations, but shall not be considered a payment in respect of the Obligations unless such payment is of immediately available federal funds or unless and until such check or other item of payment is honored when presented for payment. Notwithstanding anything to the contrary contained herein, any wire transfer or payment received by Bank after 12:00 noon Atlanta, Georgia time shall be deemed to have been received by Bank as of the opening of business on the immediately following Business Day. Whenever any payment to Bank under the Loan Documents would otherwise be due (except by reason of acceleration) on a date that is not a Business Day, such payment shall instead be due on the next Business Day, and additional fees or interest, as the case may be, shall accrue and be payable for the period of such extension.

2.5 FEES. Borrower shall pay to Bank the following:

(a) Facility Fee. A Facility Fee equal to Twenty Thousand Dollars ($20,000.00), which fee shall be due on the Closing Date and shall be fully earned and non-refundable;

(b) Financial Examination and Appraisal Fees. Bank's customary fees and out-of-pocket expenses for Bank's audits of Borrower's Accounts, and for each appraisal of Collateral and financial analysis and examination of Borrower performed from time to time by Bank or its agents;

(c) Bank Expenses. Upon demand from Bank, including, without limitation, upon the date hereof, all Bank Expenses incurred through the date hereof, including reasonable attorneys' fees (not to exceed $4,500) and expenses, and, after the date hereof, all Bank Expenses, including reasonable attorneys' fees and expenses, as and when they become due.

2.6 ADDITIONAL COSTS. In case any law, regulation, treaty or official directive or the interpretation or application thereof by any court or any governmental authority charged with the administration thereof or the compliance with any guideline or request of any central bank or other governmental authority (whether or not having the force of law):

(a) subjects Bank to any tax with respect to payments of principal or interest or any other amounts payable hereunder by Borrower or otherwise with respect to the transactions contemplated hereby (except for taxes on the overall net income of Bank imposed by the United States of America or any political subdivision thereof);

(b) imposes, modifies or deems applicable any deposit insurance, reserve, special deposit or similar requirement against assets held by, or deposits in or for the account of, or loans by, Bank; or

(c) imposes upon Bank any other condition with respect to its performance under this Agreement,

and the result of any of the foregoing is to increase the cost to Bank, reduce the income receivable by Bank or impose any expense upon Bank with respect to any loans, Bank shall notify Borrower thereof. Borrower agrees to pay to Bank the amount of such increase in cost, reduction in income or additional expense as and when such cost, reduction or expense is incurred or determined, upon presentation by Bank of a statement of the amount and setting forth Bank's calculation thereof, all in reasonable detail, which statement shall be deemed true and correct absent manifest error.

2.7 TERM. Except as otherwise set forth herein, this Agreement shall become effective on the Closing Date and, subject to Section 12.7, shall continue in full force and effect for a term ending on the Revolving Maturity Date. Notwithstanding the foregoing, Bank shall have the right to terminate its obligation to make Credit Extensions under this Agreement immediately and without notice upon the occurrence and during the continuance of an Event of Default. Notwithstanding termination of this Agreement, Bank's lien on the Collateral shall remain in effect for so long as any Obligations are outstanding.

3. CONDITIONS OF LOANS

3.1 CONDITIONS PRECEDENT TO INITIAL ADVANCE. The obligation of Bank to make the initial Advance is subject to the condition precedent that Bank shall have received, in form and substance satisfactory to Bank, the following:

(a) this Agreement;

(b) a certificate of the Secretary of Borrower with respect to the Articles of Organization, the Operating Agreement, incumbency and resolutions authorizing the execution and delivery of this Agreement;

(c) a negative pledge agreement;

(d) a subordination agreement from Alan J. Dabbiere;

(e) financing statements (Forms UCC-1);

(f) insurance certificate;

(g) payment of the fees and Bank Expenses then due specified in Section 2.5 hereof;

(h) a Solvency Certificate;

(i) an initial Borrowing Base Certificate;

(j) a satisfactory audit by Bank of the Borrower's Accounts; and

(k) such other documents, and completion of such other matters, as Bank may reasonably deem necessary or appropriate.

3.2 CONDITIONS PRECEDENT TO ALL ADVANCES. The obligation of Bank to make each Advance, including the initial Advance, is further subject to the following conditions:

(a) timely receipt by Bank of the Payment/Advance Form as provided in Section 2.1; and

(b) the representations and warranties contained in Section 5 shall be true and correct in all material respects on and as of the date of such Payment/Advance Form and on the effective date of each Advance as though made at and as of each such date, and no Event of Default shall have occurred and be continuing, or would result from such Advance. The making of each Advance shall be deemed to be a representation and warranty by Borrower on the date of such Advance as to the accuracy of the facts referred to in this Section 3.2(b).

4. CREATION OF SECURITY INTEREST

4.1 GRANT OF SECURITY INTEREST. Borrower grants and pledges to Bank a continuing security interest in all presently existing and hereafter acquired or arising Collateral in order to secure prompt payment of any and all Obligations and in order to secure prompt performance by Borrower of each of its covenants and duties under the Loan Documents. Except as set forth in the Schedule, such security interest constitutes a valid, first priority security interest in the presently existing Collateral, and will constitute a valid, first priority security interest in Collateral acquired after the date hereof. Borrower acknowledges that Bank may place a "hold" on any Deposit Account pledged as Collateral to secure the Obligations. Notwithstanding termination of this Agreement, Bank's Lien on the Collateral shall remain in effect for so long as any Obligations are outstanding.

4.2 DELIVERY OF ADDITIONAL DOCUMENTATION REQUIRED. Borrower shall from time to time execute and deliver to Bank, at the request of Bank, all Negotiable Collateral, all financing statements and other documents that Bank may reasonably request, in form satisfactory to Bank, to perfect and continue perfected Bank's security interests in the Collateral and in order to fully consummate all of the transactions contemplated under the Loan Documents.

4.3 RIGHT TO INSPECT. Bank (through any of its officers, employees, or agents) shall have the right, upon reasonable prior notice, from time to time during Borrower's usual business hours, to inspect Borrower's Books and to make copies thereof and to check, test, and appraise the Collateral in order to verify Borrower's financial condition or the amount, condition of, or any other matter relating to, the Collateral.

5. REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants as follows:

5.1 DUE ORGANIZATION AND QUALIFICATION. Borrower is a limited liability company duly existing and in good standing under the laws of its state of organization and qualified and licensed to do business in, and is in good standing in, any state in which the conduct of its business or its ownership of property requires that it be so qualified. Each Subsidiary of Borrower is a corporation, partnership or limited liability company, as the case may be, duly existing and in good standing under the laws of its state of incorporation or organization, as the case may be, and is in good standing in every state in which the conduct of its business or its membership or property requires that it be so granted.

5.2 DUE AUTHORIZATION; NO CONFLICT. The execution, delivery, and performance of the Loan Documents are within Borrower's powers, have been duly authorized, and are not in conflict with nor constitute a breach of any provision contained in Borrower's Articles of Organization or Operating Agreement, nor will they constitute an event of default under any material agreement to which Borrower is a party or by which Borrower is bound. Borrower is not in default under any agreement to which it is a party or by which it is bound, which default could have a Material Adverse Effect.

5.3 NO PRIOR ENCUMBRANCES. Borrower has good and indefeasible title to the Collateral, free and clear of Liens, except for Permitted Liens.

5.4 BONA FIDE ELIGIBLE ACCOUNTS. The Eligible Accounts are bona fide existing obligations. The service or property giving rise to such Eligible Accounts has been performed or delivered to the account debtor or to the account debtor's agent for immediate shipment to and unconditional acceptance by the account debtor. Borrower has not received notice of actual or imminent Insolvency Proceeding of any account debtor whose accounts are included in any Borrowing Base Certificate as an Eligible Account.

5.5 MERCHANTABLE INVENTORY. All Inventory is in all material respects of good and marketable quality, free from all material defects.

5.6 INTELLECTUAL PROPERTY. Borrower is the sole owner of the Intellectual Property, except for non-exclusive licenses granted by Borrower to its customers in the ordinary course of business. Each of the Patents is valid and enforceable, and no part of the Intellectual Property has been judged invalid or unenforceable, in whole or in part, and no claim has been made that any part of the Intellectual Property violates the rights of any third party. Except for and upon the filing with the United States Patent and Trademark Office with respect to the Patents and Trademarks and the Register of Copyrights with respect to the Copyrights and Mask Works necessary to perfect the security interests created hereunder, and except as has been already made or obtained, no authorization, approval or other action by, and no notice to or filing with, any

United States governmental authority or United States regulatory body is required either (i) for the grant by Borrower of the security interest granted hereby or for the execution, delivery or performance of Loan Documents by Borrower in the United States or (ii) for the perfection in the United States or the exercise by Bank of its rights and remedies hereunder.

5.7 NAME; LOCATION OF CHIEF EXECUTIVE OFFICE. Except as disclosed in the Schedule, Borrower has not done business and will not without at least thirty (30) days prior written notice to Bank do business under any name other than that specified on the signature page hereof. The chief executive office of Borrower is located at the address indicated in Section 10 hereof.

5.8 LITIGATION. Except as set forth in the Schedule, there are no actions or proceedings pending, or, to Borrower's knowledge, threatened by or against Borrower or any Subsidiary before any court or administrative agency in which an adverse decision could have a Material Adverse Effect or a material adverse effect on Borrower's interest or Bank's security interest in the Collateral.

5.9 NO MATERIAL ADVERSE CHANGE IN FINANCIAL STATEMENTS. All consolidated financial statements related to Borrower and any Subsidiary that have been delivered by Borrower to Bank fairly present in all material respects Borrower's consolidated financial condition as of the date thereof and Borrower's consolidated results of operations for the period then ended. There has not been a material adverse change in the consolidated financial condition of Borrower since the date of the most recent of such financial statements submitted to Bank on or about the Closing Date.

5.10 SOLVENCY. The fair saleable value of Borrower's assets (including goodwill minus disposition costs) exceeds the fair value of its liabilities; the Borrower is not left with unreasonably small capital after the transactions contemplated by this Agreement; and Borrower is able to pay its debts (including trade debts) as they mature.

5.11 REGULATORY COMPLIANCE. Borrower and each Subsidiary has met the minimum funding requirements of ERISA with respect to any employee benefit plans subject to ERISA. No event has occurred resulting from Borrower's failure to comply with ERISA that is reasonably likely to result in Borrower's incurring any liability that could have a Material Adverse Effect. Borrower is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940. Borrower is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulations G, T and U of the Board of Governors of the Federal Reserve System). Borrower has complied with all the provisions of the Federal Fair Labor Standards Act. Borrower has not violated any statutes, laws, ordinances or rules applicable to it, violation of which could have a Material Adverse Effect.

5.12 ENVIRONMENTAL CONDITION. None of Borrower's or any Subsidiary's properties or assets has ever been used by Borrower or any Subsidiary or, to the best of Borrower's knowledge, by previous owners or operators, in the disposal of, or to produce, store, handle, treat, release, or transport, any hazardous waste or hazardous substance other than in accordance with applicable law; to the best of Borrower's knowledge, none of Borrower's or any Subsidiary's properties or assets has ever been designated or identified in any manner pursuant to any environmental protection statute as a hazardous waste or hazardous substance disposal site, or a candidate for closure pursuant to any environmental protection statute; no lien arising under any environmental

protection statute has attached to any revenues or to any real or personal property owned by Borrower or any Subsidiary; and neither Borrower nor any Subsidiary has received a summons, citation, notice, or directive from the Environmental Protection Agency or any other federal, state or other governmental agency concerning any action or omission by Borrower or any Subsidiary resulting in the release, or other disposition of hazardous waste or hazardous substances into the environment.

5.13 TAXES. Borrower and each Subsidiary has filed or caused to be filed all tax returns required to be filed on a timely basis, and has paid, or has made adequate provision for the payment of, all taxes reflected therein, except those being contested in good faith by proper proceedings with adequate reserves under GAAP or those which the failure to pay would not have a Material Adverse Effect.

5.14 SUBSIDIARIES. Borrower does not own any stock, partnership interest or other equity securities of any Person, except for Permitted Investments.

5.15 GOVERNMENT CONSENTS. Borrower and each Subsidiary has obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all governmental authorities that are necessary for the continued operation of Borrower's business as currently conducted.

5.16 FULL DISCLOSURE. No representation, warranty or other statement made by Borrower in any certificate or written statement furnished to Bank contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained in such certificates or statements not misleading.

6. AFFIRMATIVE COVENANTS

Borrower covenants and agrees that, until payment in full of all outstanding Obligations, and for so long as Bank may have any commitment to make a Credit Extension hereunder, Borrower shall do all of the following:

6.1 GOOD STANDING. Borrower shall maintain its and each of its Subsidiaries' existence as a limited liability company or a corporation, as the case may be, and good standing in its jurisdiction of incorporation or organization, as the case may be, and maintain qualification in each jurisdiction in which the failure to so qualify could have a Material Adverse Effect. Borrower shall maintain, and shall cause each of its Subsidiaries to maintain, to the extent consistent with prudent management of Borrower's business, in force all licenses, approvals and agreements, the loss of which could have a Material Adverse Effect.

6.2 GOVERNMENT COMPLIANCE. Borrower shall meet, and shall cause each Subsidiary to meet, the minimum funding requirements of ERISA with respect to any employee benefit plans subject to ERISA. Borrower shall comply, and shall cause each Subsidiary to comply, with all statutes, laws, ordinances and government rules and regulations to which it is subject, noncompliance with which could have a Material Adverse Effect or a material adverse effect on the Collateral or the priority of Bank's Lien on the Collateral.

6.3 FINANCIAL STATEMENTS, REPORTS, CERTIFICATES. Borrower shall deliver to Bank: (a) as soon as available, but in any event within thirty (30) days after the end of each month, a company prepared consolidated balance

sheet and income statement covering Borrower's consolidated operations during such period, in a form and certified by an officer of Borrower reasonably acceptable to Bank; (b) as soon as available, but in any event within ninety (90) days after the end of Borrower's fiscal year, audited consolidated financial statements of Borrower prepared in accordance with GAAP, consistently applied, together with an unqualified opinion on such financial statements of an independent certified public accounting firm reasonably acceptable to Bank; (c) within five (5) days of filing, copies of all statements, reports and notices sent or made available generally by Borrower to its security holders or to any holders of Subordinated Debt and all reports on Form 10-K, 10-Q and 8-K filed with the Securities and Exchange Commission; (d) promptly upon receipt of notice thereof, a report of any legal actions pending or threatened against Borrower or any Subsidiary that could result in damages or costs to Borrower or any Subsidiary of One Hundred Thousand Dollars ($100,000) or more; (e) prompt notice of any material change in the composition of the Intellectual Property, including, but not limited to, any subsequent ownership right of the Borrower in or to any Copyright, Patent or Trademark not specified in any intellectual property security agreement between Borrower and Bank or knowledge of an event that materially adversely effects the value of the Intellectual Property; and (f) such budgets, sales projections, operating plans or other financial information as Bank may reasonably request from time to time.

Within twenty (20) days after the last day of each month, Borrower shall deliver to Bank a Borrowing Base Certificate signed by a Responsible Officer in substantially the form of Exhibit C hereto (a "Borrowing Base Certificate"), together with aged listings of accounts receivable.

Within thirty (30) days after the last day of each month, Borrower shall deliver to Bank with the monthly financial statements a Compliance Certificate signed by a Responsible Officer in substantially the form of Exhibit D hereto.

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Bank shall have a right from time to time hereafter to audit Borrower's Accounts at Borrower's expense, provided that such audits will be conducted no more often than every six (6) months unless an Event of Default has occurred and is continuing (or every twelve (12) months unless an Event of Default has occurred and is continuing if the Borrower has consummated the initial public offering of its stock).

6.4 INVENTORY; RETURNS. Borrower shall keep all Inventory in good and marketable condition, free from all material defects. Returns and allowances, if any, as between Borrower and its account debtors shall be on the same basis and in accordance with the usual customary practices of Borrower, as they exist at the time of the execution and delivery of this Agreement. Borrower shall promptly notify Bank of all returns and recoveries and of all disputes and claims, where the return, recovery, dispute or claim involves more than Fifty Thousand Dollars ($50,000).

6.5 TAXES. Borrower shall make, and shall cause each Subsidiary to make, due and timely payment or deposit of all material federal, state, and local taxes, assessments, or contributions required of it by law, and will execute and deliver to Bank, on demand, appropriate certificates attesting to the payment or deposit thereof; and Borrower will make, and will cause each Subsidiary to make, timely payment or deposit of all material tax payments and withholding taxes required of it by applicable laws, including, but not limited to, those laws concerning F.I.C.A., F.U.T.A., state disability, and local, state, and federal income taxes, and will, upon request, furnish Bank with proof satisfactory to Bank indicating that Borrower or a Subsidiary has made such payments or deposits; provided that Borrower or a Subsidiary need not make any payment if the amount or validity of such payment is (i) contested in good faith by appropriate proceedings, (ii) is reserved against (to the extent required by

GAAP) by Borrower and (iii) no lien other than a Permitted Lien results.

6.6 INSURANCE.

(a) Borrower, at its expense, shall keep the Collateral insured against loss or damage by fire, theft, explosion, sprinklers, and all other hazards and risks, and in such amounts, as ordinarily insured against by other owners in similar businesses conducted in the locations where Borrower's business is conducted on the date hereof. Borrower shall also maintain insurance relating to Borrower's ownership and use of the Collateral in amounts and of a type that are customary to businesses similar to Borrower's.

(b) All such policies of insurance shall be in such form, with such companies, and in such amounts as are reasonably satisfactory to Bank. All such policies of property insurance shall contain a lender's loss payable endorsement, in a form satisfactory to Bank, showing Bank as an additional loss payee thereof and all liability insurance policies shall show the Bank as an additional insured, and shall specify that the insurer must give at least twenty (20) days notice to Bank before canceling its policy for any reason. At Bank's request, Borrower shall deliver to Bank certified copies of such policies of insurance and evidence of the payments of all premiums therefor. All proceeds payable under any such policy shall, at the option of Bank, be payable to Bank to be applied on account of the Obligations.

6.7 PRINCIPAL DEPOSITORY. Within ninety (90) days of this Agreement, Borrower shall maintain its principal depository and operating accounts with Bank.

6.8 ADJUSTED QUICK RATIO. Borrower shall maintain, on the last day of each calendar month, a ratio of Quick Assets to Current Liabilities minus Borrower's current deferred revenues as of such date of at least 1.0 to 1.0 during the period from the Closing Date through June 30, 1998, and thereafter, as of the last day of each month, a ratio of Quick Assets to Current

Liabilities minus Borrower's current deferred revenues as of such date of at least 1.75 to 1.0.

6.9 PROFITABILITY.

(a) Borrower shall have a minimum Net Income less increases in capitalized software development costs of not less than the amount shown below as of the end of each of its fiscal quarters shown below:

Fiscal Quarter Ending	Minimum Net Income
March 31, 1998	$500,000 (excluding a one-time charge of $2,100,000)
June 30, 1998, and each Fiscal Quarter ending thereafter	$500,000

6.10 FURTHER ASSURANCES. At any time and from time to time Borrower shall execute and deliver such further instruments and take such further action as may reasonably be requested by Bank to effect the purposes of this Agreement.

7. NEGATIVE COVENANTS

Borrower covenants and agrees that, so long as any Credit Extension hereunder shall be available and until payment in full of the outstanding Obligations or for so long as Bank may have any commitment to make any Advances, Borrower will not do any of the following:

7.1 DISPOSITIONS. Convey, sell, lease, transfer or otherwise dispose of (collectively, a "TRANSFER"), or permit any of its Subsidiaries to Transfer, all or any part of its business or property, other than Transfers: (i) of inventory in the ordinary course of business, (ii) of non-exclusive licenses and similar arrangements for the use of the property of Borrower or its Subsidiaries in the ordinary course of business; (iii) that constitute payment of normal and usual operating expenses in the ordinary course of business; or (iv) of worn-out or obsolete Equipment.

7.2 CHANGES IN BUSINESS, OWNERSHIP, OR MANAGEMENT, BUSINESS LOCATIONS. Engage in any business, or permit any of its Subsidiaries to engage in any business, other than the businesses currently engaged in by Borrower and any business substantially similar or related thereto (or incidental thereto), or, other than as a result of the consummation of the transactions contemplated by that certain Subscription and Contribution Agreement dated as of February 26, 1998 (the "CONVERSION"), suffer a material change in Borrower's ownership or management. Borrower will not, without at least thirty (30) days prior written notification to Bank, relocate its chief executive office or add any new offices or business locations.

7.3 MERGERS OR ACQUISITIONS. Except in connection with the Conversion, merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with or into any other business organization, or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital stock or property of another Person.

7.4 INDEBTEDNESS. Create, incur, assume or be or remain liable with respect to any Indebtedness, or permit any Subsidiary so to do, other than Permitted Indebtedness.

7.5 ENCUMBRANCES. Create, incur, assume or suffer to exist any Lien with respect to any of its property, or assign or otherwise convey any right to receive income, including the sale of any Accounts, or permit any of its Subsidiaries so to do, except for Permitted Liens.

7.6 DISTRIBUTIONS. Except in connection with the distribution of net retained earnings of Borrower through the date of the Conversion in one or more distributions, pay any dividends or make any other distribution or payment on account of or in redemption, retirement or purchase of any capital stock provided, however, so long as no Event of Default is then outstanding or would be caused thereby, Borrower may pay cash dividends to its members in an amount sufficient to enable its members to pay those federal and state income taxes of the members which are directly attributable to the Borrower's earnings.

7.7 INVESTMENTS. Except in connection with the Conversion, directly or indirectly acquire or own, or make any Investment in or to any Person, or permit any of its Subsidiaries so to do, other than Permitted Investments.

7.8 TRANSACTIONS WITH AFFILIATES. Except in connection with the Conversion, directly or indirectly enter into or permit to exist any material

transaction with any Affiliate of Borrower except for transactions that are in the ordinary course of Borrower's business, upon fair and reasonable terms that are no less favorable to Borrower than would be obtained in an arm's length transaction with a nonaffiliated Person.

7.9 SUBORDINATED DEBT. Make any payment in respect of any Subordinated Debt, or permit any of its Subsidiaries to make any such payment, except in compliance with the terms of such Subordinated Debt and the Subordination Agreement governing such Subordinated Debt, or amend any provision contained in any documentation relating to the Subordinated Debt without Bank's prior written consent.

7.10 INVENTORY. Store the Inventory with a bailee, warehouseman, or similar party unless Bank has received a pledge of any warehouse receipt covering such Inventory. Except for Inventory sold in the ordinary course of business and except for such other locations as Bank may approve in writing, Borrower shall keep the Inventory only at the location set forth in Section 10 hereof and such other locations of which Borrower gives Bank prior written notice and as to which Borrower signs and files a financing statement where needed to perfect Bank's security interest.

7.11 COMPLIANCE. Become an "investment company" or a company controlled by an "investment company," within the meaning of the Investment Company Act of 1940, or become principally engaged in, or undertake as one of its important activities, the business of extending credit for the purpose of purchasing or carrying margin stock, or use the proceeds of any Advance for such purpose; fail to meet the minimum funding requirements of ERISA; permit a Reportable Event or Prohibited Transaction, as defined in ERISA, to occur; fail to comply with the Federal Fair Labor Standards Act or violate any other law or regulation, which violation could have a Material Adverse Effect or a material adverse effect on the Collateral or the priority of Bank's Lien on the Collateral; or permit any of its Subsidiaries to do any of the foregoing.

8. EVENTS OF DEFAULT

Any one or more of the following events shall constitute an Event of Default by Borrower under this Agreement:

8.1 PAYMENT DEFAULT. If Borrower fails to pay, when due, any of the Obligations.

8.2 COVENANT DEFAULT.

(a) If Borrower fails to perform any obligation under Sections 6.3, 6.6, 6.7, 6.8, 6.9 or 6.10 or violates any of the covenants contained in Article 7 of this Agreement, or

(b) If Borrower fails or neglects to perform, keep, or observe any other material term, provision, condition, covenant, or agreement contained in this Agreement, in any of the Loan Documents, or in any other present or future agreement between Borrower and Bank and as to any default under such other term, provision, condition, covenant or agreement that can be cured, has

failed to cure such default within ten (10) days after the occurrence thereof; provided, however, that if the default cannot by its nature be cured within the ten (10) day period or cannot after diligent attempts by Borrower be cured within such ten (10) day period, and such default is likely to be cured within a reasonable time, then Borrower shall have an additional reasonable period (which shall not in any case exceed thirty (30) days) to attempt to cure such default,

and within such reasonable time period the failure to have cured such default shall not be deemed an Event of Default (provided that no Advances will be required to be made during such cure period);

8.3 MATERIAL ADVERSE CHANGE. If there (i) occurs a material adverse change in the business, operations, or condition (financial or otherwise) of the Borrower, or (ii) is a material impairment of the prospect of repayment of any portion of the Obligations or (iii) is a material impairment of the value or priority of Bank's security interests in the Collateral;

8.4 ATTACHMENT. If any material portion of Borrower's assets is attached, seized, subjected to a writ or distress warrant, or is levied upon, or comes into the possession of any trustee, receiver or person acting in a similar capacity and such attachment, seizure, writ or distress warrant or levy has not been removed, discharged or rescinded within ten (10) days, or if Borrower is enjoined, restrained, or in any way prevented by court order from continuing to conduct all or any material part of its business affairs, or if a judgment or other claim becomes a lien or encumbrance upon any material portion of Borrower's assets, or if a notice of lien, levy, or assessment is filed of record with respect to any of Borrower's assets by the United States Government, or any department, agency, or instrumentality thereof, or by any state, county, municipal, or governmental agency, and the same is not paid within ten (10) days after Borrower receives notice thereof, provided that none of the foregoing shall constitute an Event of Default where such action or event is stayed or an adequate bond has been posted pending a good faith contest by Borrower (provided that no Credit Extensions will be required to be made during such cure period);

8.5 INSOLVENCY. If Borrower becomes insolvent, or if an Insolvency Proceeding is commenced by Borrower, or if an Insolvency Proceeding is commenced against Borrower and is not dismissed or stayed within 60 days (provided that no Advances will be made prior to the dismissal of such Insolvency Proceeding);

8.6 OTHER AGREEMENTS. If there is a default in any agreement to which Borrower is a party with a third party or parties resulting in a right by such third party or parties, whether or not exercised, to accelerate the maturity of any Indebtedness in an amount in excess of One Hundred Thousand Dollars ($100,000) or that could have a Material Adverse Effect;

8.7 SUBORDINATED DEBT. If Borrower makes any payment on account of Subordinated Debt, except to the extent such payment is allowed under any subordination agreement entered into with Bank;

8.8 JUDGMENTS. If a judgment or judgments for the payment of money in an amount, individually or in the aggregate, of at least Fifty Thousand Dollars ($50,000) shall be rendered against Borrower and shall remain unsatisfied and unstayed for a period of ten (10) days (provided that no Credit Extensions will be made prior to the satisfaction or stay of such judgment); or

8.9 MISREPRESENTATIONS. If any material misrepresentation or material misstatement exists now or hereafter in any warranty or representation set forth herein or in any certificate or writing delivered to Bank by Borrower or any Person acting on Borrower's behalf pursuant to this Agreement or to induce Bank to enter into this Agreement or any other Loan Document.

8.10 GUARANTY. Any guaranty of all or a portion of the Obligations ceases for any reason to be in full force and effect, or any Guarantor fails to perform any obligation under any guaranty of all or a portion of the Obligations, or any material misrepresentation or material misstatement exists now or hereafter in any warranty or representation set forth in any guaranty of all or a portion of the Obligations or in any certificate delivered to Bank in

connection with such guaranty, or any of the circumstances described in Sections 8.4, 8.5 or 8.8 occur with respect to any Guarantor.

9. BANK'S RIGHTS AND REMEDIES

9.1 RIGHTS AND REMEDIES.

Upon the occurrence and during the continuance of an Event of Default, Bank may, at its election, without notice of its election and without demand, do any one or more of the following, all of which are authorized by Borrower:

(a) Declare all Obligations, whether evidenced by this Agreement, by any of the other Loan Documents, or otherwise, immediately due and payable (provided that upon the occurrence of an Event of Default described in Section 8.5 all Obligations shall become immediately due and payable without any action by Bank);

(b) Cease advancing money or extending credit to or for the benefit of Borrower under this Agreement or under any other agreement between Borrower and Bank;

(c) Demand that Borrower (i) deposit cash with Bank in an amount equal to the amount of any letters of credit issued by the Bank for the account of Borrower remaining undrawn, as collateral security for the repayment of any future drawings under such letters of credit, and Borrower shall forthwith deposit and pay such amounts, and (ii) pay in advance all letter of credit fees scheduled to be paid or payable over the remaining term of such letters of credit;

(d) Settle or adjust disputes and claims directly with account debtors for amounts, upon terms and in whatever order that Bank reasonably considers advisable;

(e) Without notice to or demand upon Borrower, make such payments and do such acts as Bank considers necessary or reasonable to protect its security interest in the Collateral. Borrower agrees to assemble the Collateral if Bank so requires, and to make the Collateral available to Bank as Bank may designate. Borrower authorizes Bank to enter the premises where the Collateral is located, to take and maintain possession of the Collateral, or any part of it, and to pay, purchase, contest, or compromise any encumbrance, charge, or lien which in Bank's determination appears to be prior or superior to its security interest and to pay all expenses incurred in connection therewith. With respect to any of Borrower's premises, Borrower hereby grants Bank a license to enter such premises and to occupy the same, without charge;

(f) Without notice to Borrower set off and apply to the Obligations any and all (i) balances and deposits of Borrower held by Bank, or (ii) indebtedness at any time owing to or for the credit or the account of Borrower held by Bank;

(g) Ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell (in the manner provided for herein) the Collateral. Bank is hereby granted a non-exclusive, royalty-free license or other right, solely pursuant to the provisions of this Section 9.1, to use, without charge, Borrower's labels, rights of use of any name, trade names, trademarks, service marks, and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Bank's exercise of its rights under this Section 9.1, Borrower's rights under all licenses and all franchise agreements shall inure to Bank's benefit;

(h) Sell the Collateral at either a public or private sale, or both, by way of one or more contracts or transactions, for cash or on terms, in

such manner and at such places (including Borrower's premises) as Bank determines is commercially reasonable, and apply the proceeds thereof to the Obligations in whatever manner or order it deems appropriate;

(i) Bank may credit bid and purchase at any public sale, or at any private sale as permitted by law; and

(j) Any deficiency that exists after disposition of the Collateral as provided above will be paid immediately by Borrower.

(k) Bank shall have a non-exclusive, royalty-free license to use the Intellectual Property (other than Patents, Copyrights, Mask Works and trade secrets) to the extent reasonably necessary to permit Bank to exercise its rights and remedies upon the occurrence of an Event of Default.

9.2 POWER OF ATTORNEY. Effective only upon the occurrence and during the continuance of an Event of Default, Borrower hereby irrevocably appoints Bank (and any of Bank's designated officers, or employees) as Borrower's true and lawful attorney to: (a) send requests for verification of Accounts or notify account debtors of Bank's security interest in the Accounts; (b) endorse Borrower's name on any checks or other forms of payment or security that may come into Bank's possession; (c) sign Borrower's name on any invoice or bill of lading relating to any Account, drafts against account debtors, schedules and assignments of Accounts, verifications of Accounts, and notices to account debtors; (d) make, settle, and adjust all claims under and decisions with respect to Borrower's policies of insurance; (e) settle and adjust disputes and claims respecting the accounts directly with account debtors, for amounts and upon terms which Bank determines to be reasonable; and (f) to file, in its sole discretion, one or more financing or continuation statements and amendments thereto, relative to any of the Collateral without the signature of Borrower where permitted by law. The appointment of Bank as Borrower's attorney in fact, and each and every one of Bank's rights and powers, being coupled with an interest, is irrevocable until all of the Obligations have been fully repaid and performed and Bank's obligation to provide advances hereunder is terminated.

9.3 ACCOUNTS COLLECTION. Upon the occurrence and during the continuance of an Event of Default, Bank may notify any Person owing funds to Borrower of Bank's security interest in such funds and verify the amount of such Account. Borrower shall collect all amounts owing to Borrower for Bank, receive in trust all payments as Bank's trustee, and if requested or required by Bank, immediately deliver such payments to Bank in their original form as received from the account debtor, with proper endorsements for deposit.

9.4 BANK EXPENSES. If Borrower fails to pay any amounts or furnish any required proof of payment due to third persons or entities, as required under the terms of this Agreement, then Bank may do any or all of the following: (a) make payment of the same or any part thereof; (b) set up such reserves under the Committed Revolving Line as Bank deems necessary to protect Bank from the exposure created by such failure; or (c) obtain and maintain insurance policies of the type discussed in Section 6.6 of this Agreement, and take any action with respect to such policies as Bank deems prudent. Any amounts so paid or deposited by Bank shall constitute Bank Expenses, shall be immediately due and payable, and shall bear interest at the then applicable rate hereinabove provided, and shall be secured by the Collateral. Any payments made by Bank shall not constitute an agreement by Bank to make similar payments in the future or a waiver by Bank of any Event of Default under this Agreement.

9.5 BANK'S LIABILITY FOR COLLATERAL. So long as Bank complies with reasonable banking practices, Bank shall not in any way or manner be liable or responsible for: (a) the safekeeping of the Collateral; (b) any loss or damage

thereto occurring or arising in any manner or fashion from any cause; (c) any diminution in the value thereof; or (d) any act or default of any carrier, warehouseman, bailee, forwarding agency, or other person whomsoever. Except as provided in the foregoing sentence, all risk of loss, damage or destruction of the Collateral shall be borne by Borrower.

9.6 REMEDIES CUMULATIVE. Bank's rights and remedies under this Agreement, the Loan Documents, and all other agreements shall be cumulative. Bank shall have all other rights and remedies not expressly set forth herein as provided under the Code, by law, or in equity. No exercise by Bank of one right or remedy shall be deemed an election, and no waiver by Bank of any Event of Default on Borrower's part shall be deemed a continuing waiver. No delay by Bank

shall constitute a waiver, election, or acquiescence by it. No waiver by Bank shall be effective unless made in a written document signed on behalf of Bank and then shall be effective only in the specific instance and for the specific purpose for which it was given.

9.7 DEMAND; PROTEST. Borrower waives demand, protest, notice of protest, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees at any time held by Bank on which Borrower may in any way be liable.

10. NOTICES

Unless otherwise provided in this Agreement, all notices or demands by any party relating to this Agreement or any other agreement entered into in connection herewith shall be in writing and (except for financial statements and other informational documents which may be sent by first-class mail, postage prepaid) shall be personally delivered or sent by a recognized overnight delivery service, by certified mail, postage prepaid, return receipt requested, or by telefacsimile to Borrower or to Bank, as the case may be, at its addresses set forth below:

If to Borrower	Manhattan Associates Software, LLC 2300 Windy Ridge Parkway, Suite 700 Atlanta, Georgia 30339 Attn: Michael Casey FAX: (770) 955-0302
with a copy to:	Morris Manning & Martin LLP 1600 Atlanta Financial Center 3343 Peachtree Road, N.E. Atlanta, Georgia 30326 Attn: John C. Yates FAX: (404) 365-9532
If to Bank	Silicon Valley Bank 3343 Peachtree Road, N.E. East Tower, Suite 312 Atlanta, Georgia 30326 Attn: Tom Vertin FAX: (404) 261-2202

The parties hereto may change the address at which they are to receive notices hereunder, by notice in writing in the foregoing manner given to the other.

11. CHOICE OF LAW AND VENUE

The LOAN DOCUMENTS shall be governed by, and construed in accordance with, the internal laws of the State of Georgia, without regard to principles of conflicts of law. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AND BANK EACH HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF ANY OF THE LOAN DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. EACH PARTY RECOGNIZES AND AGREES THAT THE FOREGOING WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR IT TO ENTER INTO THIS AGREEMENT. EACH PARTY REPRESENTS AND WARRANTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION

WITH LEGAL COUNSEL. THE BORROWER AND THE BANK ALSO AGREE THAT ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS OR TO ENFORCE ANY JUDGMENT OBTAINED AGAINST THE BORROWER IN CONNECTION WITH THIS AGREEMENT OR SUCH OTHER LOAN DOCUMENT, MAY BE BROUGHT BY THE BANK OR BORROWER IN ANY STATE OR FEDERAL COURT SITTING IN THE COUNTY OF THE STATE IN WHICH BANK'S ADDRESS SHOWN IN SECTION 10 ABOVE IS LOCATED, OR IN ANY OTHER COURT TO THE JURISDICTION OF WHICH SUCH BORROWER OR ANY OF ITS PROPERTY IS OR MAY BE SUBJECT. EACH OF THE BORROWER AND THE BANK IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE AFORESAID STATE AND FEDERAL COURTS, AND IRREVOCABLY WAIVES ANY PRESENT OR FUTURE OBJECTION TO VENUE IN ANY SUCH COURT, AND ANY PRESENT OR FUTURE CLAIM THAT ANY SUCH COURT IS AN INCONVENIENT FORUM, IN CONNECTION WITH ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS.

12. GENERAL PROVISIONS

12.1 SUCCESSORS AND ASSIGNS. This Agreement shall bind and inure to the benefit of the respective successors and permitted assigns of each of the parties; provided, however, that neither this Agreement nor any rights hereunder may be assigned by Borrower without Bank's prior written consent, which consent may be granted or withheld in Bank's sole discretion. Bank shall have the right without the consent of or notice to Borrower to sell, transfer, negotiate, or grant participation in all or any part of, or any interest in, Bank's obligations, rights and benefits hereunder.

12.2 INDEMNIFICATION. Borrower shall, indemnify, defend, protect and hold harmless Bank and its officers, employees, and agents against: (a) all obligations, demands, claims, and liabilities claimed or asserted by any other party in connection with the transactions contemplated by the LOAN DOCUMENTS; and (b) all losses or Bank Expenses in any way suffered, incurred, or paid by Bank as a result of or in any way arising out of, following, or consequential to transactions between Bank and Borrower whether under the LOAN DOCUMENTS, or otherwise (including without limitation reasonable attorneys fees and expenses), except for losses caused by Bank's gross negligence or willful misconduct.

12.3 TIME OF ESSENCE. Time is of the essence for the performance of all obligations set forth in this Agreement.

12.4 SEVERABILITY OF PROVISIONS. Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

12.5 AMENDMENTS IN WRITING, INTEGRATION. This Agreement cannot be amended or terminated except by a writing signed by Borrower and Bank. All prior agreements, understandings, representations, warranties, and negotiations between the parties hereto with respect to the subject matter of this Agreement, if any, are merged into this Agreement and the Loan Documents.

12.6 COUNTERPARTS. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement.

12.7 SURVIVAL. All covenants, representations and warranties made in this Agreement shall continue in full force and effect so long as any Obligations remain outstanding. The obligations of Borrower to indemnify Bank with respect to the expenses, damages, losses, costs and liabilities described in Section 12.2 shall survive until all applicable statute of limitations periods with respect to actions that may be brought against Bank have run.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

MANHATTAN ASSOCIATES SOFTWARE, LLC

By: /s/ Michael J. Casey

Title: Chief Financial Officer

SILICON VALLEY BANK

By: /s/ Gerard F. Benson

Title: Assistant Vice President

EXHIBIT A

The Collateral shall consist of all right, title and interest of Borrower in and to the following:

(a) All goods and equipment now owned or hereafter acquired, including, without limitation, all machinery, fixtures, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing, and all attachments, accessories, accessions, replacements, substitutions, additions, and improvements to any of the foregoing, wherever located;

(b) All inventory, now owned or hereafter acquired, including, without limitation, all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products including such inventory as is temporarily out of Borrower's custody or possession or in transit and including any returns upon any accounts or other proceeds, including insurance proceeds, resulting from the sale or disposition of any of the foregoing and any documents of title representing any of the above;

(c) All contract rights and general intangibles now owned or hereafter acquired (other than Copyrights, Trademarks, Patents and Mask Works, each as defined below), including, without limitation, goodwill, trade styles, trade names, leases, license agreements, franchise agreements, blueprints, drawings, purchase orders, customer lists, route lists, infringements, claims, computer programs, computer discs, computer tapes, literature, reports, catalogs, design rights, income tax refunds, payments of insurance and rights to payment of any

kind;

(d) All now existing and hereafter arising accounts, contract rights, royalties, license rights and all other forms of obligations owing to Borrower arising out of the sale or lease of goods, the licensing of technology or the rendering of services by Borrower, whether or not earned by performance, and any and all credit insurance, guaranties, and other security therefor, as well as all merchandise returned to or reclaimed by Borrower;

(e) All documents, cash, deposit accounts, securities, investment property, letters of credit, certificates of deposit, instruments and chattel paper now owned or hereafter acquired and Borrower's Books relating to the foregoing;

(f) All Borrower's Books relating to the foregoing and any and all claims, rights and interests in any of the above and all substitutions for, additions and accessions to and proceeds thereof.

As used herein, the following terms shall have the following meanings:

"COPYRIGHTS" means any and all copyright rights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret, now or hereafter existing, created, acquired or held.

"MASK WORKS" means all mask work or similar rights available for the protection of semiconductor chips, now owned or hereafter acquired;

"PATENTS" means all patents, patent applications and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same.

"TRADEMARKS" means any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Assignor connected with and symbolized by such trademarks.

EXHIBIT B

LOAN PAYMENT/ADVANCE TELEPHONE REQUEST FORM
DEADLINE FOR SAME DAY PROCESSING IS 11:00 A.M., E.S.T.

TO: CENTRAL CLIENT SERVICE DIVISION DATE: _____

FAX#: (408) _____ TIME: _____

FROM: _____
BORROWER'S NAME

FROM: _____
AUTHORIZED SIGNER'S NAME

_____
AUTHORIZED SIGNATURE

PHONE: _____

FROM ACCOUNT # _____ TO ACCOUNT# _____

REQUESTED TRANSACTION TYPE	REQUEST DOLLAR AMOUNT
PRINCIPAL INCREASE (ADVANCE)	$
PRINCIPAL PAYMENT (ONLY)	$
INTEREST PAYMENT (ONLY)	$
PRINCIPAL AND INTEREST (PAYMENT)	$

OTHER INSTRUCTIONS: _____

All representations and warranties of Borrower stated in the Loan and Security Agreement are true, correct and complete in all material respects as of the date of the telephone request for an Advance confirmed by this Advance Request; provided, however, that those representations and warranties expressly referring to another date shall be true, correct and complete in all material respects as of such date.

BANK USE ONLY:
TELEPHONE REQUEST:

The following person is authorized to request the loan payment transfer/loan advance on the advance designated account and is known to me.

Authorized Requester

Authorized Signature (Bank)
Phone #

EXHIBIT C
BORROWING BASE CERTIFICATE

Borrower: Manhattan Associates Software, LLC Bank: Silicon Valley Bank

Commitment Amount: $8,000,000.00

ACCOUNTS RECEIVABLE

1. Accounts Receivable Book Value as of _____ $
2. Additions (please explain on reverse) $
3. TOTAL ACCOUNTS RECEIVABLE $

ACCOUNTS RECEIVABLE DEDUCTIONS (without duplication)

4. Amounts over 90 days due $ _____
5. Balance of 50% over 90 day accounts $

6.	Concentration Limits	$	
	Foreign Accounts	$	
7.	Governmental Accounts	$	
8.	Contra Accounts	$	
9.	Promotion or Demo Accounts	$	
10.	Intercompany/Employee Accounts	$	
11.	Other (please explain on reverse)	$	
12.	TOTAL ACCOUNTS RECEIVABLE DEDUCTIONS		$ -
13.	Eligible Accounts (#3 minus #12)	$	
14.	LOAN VALUE OF ACCOUNTS (75% of #13)		$
BALANCES			
15.	Maximum Loan Amount	$ 8,000,000	
16.	Total Funds Available [Lesser of #14 or #15		$
17.	Present balance owing on Line of Credit		$
18.	Outstanding under Sublimits ( )	$	
19.	RESERVE POSITION (#16 minus #17 and #18)		$

The undersigned represents and warrants that the foregoing is true, complete and correct, and that the information reflected in this Borrowing Base Certificate complies with the representations and warranties set forth in the Loan and Security Agreement between the undersigned and Silicon Valley Bank.

COMMENTS:

MANHATTAN ASSOCIATES SOFTWARE, LLC

By:

Authorized Signer

EXHIBIT D
COMPLIANCE CERTIFICATE

TO: SILICON VALLEY BANK

FROM: MANHATTAN ASSOCIATES SOFTWARE, LLC

The undersigned authorized officer of MANHATTAN ASSOCIATES SOFTWARE, LLC hereby certifies that in accordance with the terms and conditions of the Loan and Security Agreement between Borrower and Bank (the "Agreement"), (i) Borrower is in complete compliance for the period ending _____ with all required covenants except as noted below and (ii) all representations and warranties of Borrower stated in the Agreement are true and correct in all material respects as of the date hereof. Attached herewith are the required documents supporting the above certification. The Officer further certifies that these are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and are consistently applied from one period to the next except as explained in an accompanying letter or footnotes. The Officer expressly acknowledges that no borrowings may be requested by the Borrower at any time or date of determination that Borrower is not in compliance with any of the terms of the Agreement, and that such compliance is determined not just at the date this certificate is delivered.

PLEASE INDICATE COMPLIANCE STATUS BY CIRCLING YES/NO UNDER "COMPLIES" COLUMN.

Reporting Covenant	REQUIRED	COMPLIES	
Monthly financial statements	Monthly within 30 days	Yes	No
Annual (CPA Audited)	FYE within 90 days	Yes	No
A/R Agings	Monthly within 20 days	Yes	No

FINANCIAL COVENANT	REQUIRED	ACTUAL	COMPLIES	
Maintain on a Monthly Basis: Minimum Adjusted Quick Ratio	[1.0: 1.0 from the Closing Date through 6/30/98;1.75:1.0 thereafter]	_____:1.0	Yes	No
Maintain on a Quarterly Basis: Minimum Net Loss Income less increases in capitalized software development costs	$_____*	$_____	Yes	No

==========

BANK USE ONLY

RECEIVED BY:
_____

DATE:
_____

REVIEWED BY:
_____

COMPLIANCE STATUS: YES / NO

==========

COMMENTS REGARDING EXCEPTIONS:

Sincerely,

Date:

- _____ _____

SIGNATURE

- _____

TITLE

* Min. Net Income less increases in capitalized software development costs of [$500,000 (excluding a one-time charge of $2,100,000) for FQE ending 3/31/98; $500,000 for the FQE ending 6/30/98 and for each FQE ending thereafter].

DISBURSEMENT REQUEST AND AUTHORIZATION

Borrower: Manhattan Associates Software, LLC Bank: Silicon Valley Bank

- ---

LOAN TYPE. This is a Variable Rate, Revolving Line of Credit of a principal amount up to $8,000,000.00.

PRIMARY PURPOSE OF LOAN. The primary purpose of this loan is for business.

SPECIFIC PURPOSE. The specific purpose of this loan is: Distribution of net retained earnings as set forth in the Loan Agreement.

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Bank's conditions for making the loan have been satisfied. Please disburse the loan proceeds as follows:

Revolving Line

Amount paid to Borrower directly:	$
Undisbursed Funds	$
Principal	$

CHARGES PAID IN CASH. Borrower has paid or will pay in cash as agreed the following charges:

Prepaid Finance Charges Paid in Cash:	$20,000.00
$20,000 Loan Fee	
Other Charges Paid in Cash:	$4,596.00
$4,596.00 Outside Counsel Fees and Expenses	
Total Charges Paid in Cash	$24,596.00

AUTOMATIC PAYMENTS. Borrower hereby authorizes Bank automatically to deduct from Borrower's account numbered ---------- the amount of any loan payment. If the funds in the account are insufficient to cover any payment, Bank shall not be obligated to advance funds to cover the payment.

FINANCIAL CONDITION. BY SIGNING THIS AUTHORIZATION, BORROWER REPRESENTS AND WARRANTS TO BANK THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND CORRECT AND THAT THERE HAS BEEN NO ADVERSE CHANGE IN BORROWER'S FINANCIAL CONDITION AS DISCLOSED IN BORROWER'S MOST RECENT FINANCIAL STATEMENT TO BANK. THIS AUTHORIZATION IS DATED AS OF MARCH 30, 1998.

BORROWER:

- ----------
Authorized Officer

AGREEMENT TO PROVIDE INSURANCE

GRANTOR: Manhattan Associates Software, LLC BANK: Silicon Valley Bank

- ---

INSURANCE REQUIREMENTS. MANHATTAN ASSOCIATES SOFTWARE, LLC ("GRANTOR") understands that insurance coverage is required in connection with the extending of a loan or the providing of other financial accommodations to Grantor by Bank. These requirements are set forth in the Loan Documents. The following minimum insurance coverages must be provided on the following described collateral (the "COLLATERAL"):

Collateral:	All Inventory, Equipment and Fixtures.
Type:	All risks, including fire, theft and liability.
Amount:	Full insurable value.
Basis:	Replacement value.
Endorsements:	Loss payable clause to Bank with stipulation that coverage will not be canceled or diminished without a minimum of twenty (20) days' prior written notice to Bank.

INSURANCE COMPANY. Grantor may obtain insurance from any insurance company

Grantor may choose that is reasonably acceptable to Bank. Grantor understands that credit may not be denied solely because insurance was not purchased through Bank.

FAILURE TO PROVIDE INSURANCE. Grantor agrees to deliver to Bank, on or before closing, evidence of the required insurance as provided above, with an effective date of the Closing Date, or earlier. Grantor acknowledges and agrees that if Grantor fails to provide any required insurance or fails to continue such insurance in force, Bank may do so at Grantor's expense as provided in the Loan and Security Agreement. The cost of such insurance, at the option of Bank, shall be payable on demand or shall be added to the indebtedness as provided in the security document. GRANTOR ACKNOWLEDGES THAT IF BANK SO PURCHASES ANY SUCH INSURANCE, THE INSURANCE WILL PROVIDE LIMITED PROTECTION AGAINST PHYSICAL DAMAGE TO THE COLLATERAL, UP TO THE BALANCE OF THE LOAN; HOWEVER, GRANTOR'S EQUITY IN THE COLLATERAL MAY NOT BE INSURED. IN ADDITION, THE INSURANCE MAY NOT PROVIDE ANY PUBLIC LIABILITY OR PROPERTY DAMAGE INDEMNIFICATION AND MAY NOT MEET THE REQUIREMENTS OF ANY FINANCIAL RESPONSIBILITY LAWS.

AUTHORIZATION. For purposes of insurance coverage on the Collateral, Grantor authorizes Bank to provide to any person (including any insurance agent or company) all information Bank deems appropriate, whether regarding the Collateral, the loan or other financial accommodations, or both.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS AGREEMENT TO PROVIDE INSURANCE AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED MARCH 30, 1998.

GRANTOR: MANHATTAN ASSOCIATES SOFTWARE, LLC

x

Authorized Officer

==========

FOR BANK USE ONLY
INSURANCE VERIFICATION

DATE: PHONE:
AGENT'S NAME:
INSURANCE COMPANY:
POLICY NUMBER:
EFFECTIVE DATES:
COMMENTS:

==========

SCHEDULE
TO
LOAN AND SECURITY AGREEMENT
BETWEEN
SILICON VALLEY BANK AND MANHATTAN ASSOCIATES SOFTWARE, LLC

A. Section 1.1 Indebtedness Existing on Closing Date.

The Debtor owes $2,900,000 to Alan J. Dabbiere, the Debtor's Chief Executive Officer and President, pursuant to that certain Grid Promissory Note dated December 31, 1995.

B. Section 1.1 Investments Existing on Closing Date.

The Debtor owns all of the issued and outstanding common stock of Performance Analysis Corporation, a North Carolina corporation.

C. Section 4.1 Permitted Liens.

None.

D. Section 5.7 Existing Tradenames.

Manhattan Associates, LLC

E. Section 5.8 Litigation.

None.

EXHIBIT 10.14

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (the "Agreement") by and between Manhattan Associates, LLC, a Georgia limited liability company ("Company"), and Neil Thall ("Executive") is hereby entered into and effective as of the 25th day of November, 1997 (the "Effective Date").

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

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

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

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

A G R E E M E N T S :

1. Employment and Duties.

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

B. Executive shall have such duties as are set forth on EXHIBIT A ("Duties") and as may otherwise be assigned to him by the Chief Executive Officer of Company or such other executive as may be designated by the Chief Executive Officer or the Board of Managers of Company, from time to time.

C. Executive agrees that he shall at all times faithfully and to the best of his ability and experience perform all of the duties that may be required of him pursuant to the terms of this Agreement. Executive shall devote his full business time to the performance of his obligations hereunder, except for such other obligations or activities as may be approved by the Chief Executive Officer.

D. Neither the foregoing nor any other provision of this Agreement is intended or shall be construed as preventing Executive from devoting his time and effort to charitable and community activities substantially to the same extent as he has devoted time and

effort prior to the effective date of this Agreement, provided that such involvement with charitable and community activities does not materially interfere with the performance of his duties under this Agreement.

2. Compensation.

A. Base Salary. During his employment hereunder, Company shall pay to Executive a base salary ("Base Salary") of $16,666.67 per month ($200,000 annualized), subject to all standard employment deductions.

B. Performance-Related Bonus. Executive shall be eligible to receive a performance-related bonus of up to $40,000 per year, subject to all standard employment deductions, based on the criteria set forth on Exhibit A hereto.

C. Stock Option. Executive shall receive an option (the "Option") to purchase 75,000 shares of Company at an exercise price of $8.50 per share, pursuant to the Manhattan Associates, LLC Option Plan (the "Option Plan"). The Option shall vest according to the following schedule:

. As to 20,000 shares, the Option shall vest on Executive's first day of employment.
. The Option shall vest as to an additional 20,000 shares on each of the first and second anniversaries of Executive's first day of employment.
. As to the remaining 15,000 shares, the Option shall vest on the third anniversary of Executive's first day of employment.

D. Employee Benefits. Executive shall be entitled to participate in all employee benefit plans which Company provides for its employees at the executive level. As of the effective date of this Agreement, such benefits include those described on EXHIBIT A.

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

F. Vacation. Executive shall accrue one (1) day of paid vacation for each calendar month worked and five (5) additional days after three (3) years of employment.

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

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

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

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

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

4. Ownership.

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

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

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

5. Trade Secrets and Confidential Information.

(a) Company may disclose to Executive certain Proprietary Information. Executive agrees that the Proprietary Information is the exclusive property of Company (or a third party providing such information to Company) and Company (or such third party) owns all

worldwide copyrights, trade secret rights, confidential information rights, and all other property rights therein.

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

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

(d) Executive's obligations under this Agreement with regard to (i) Trade Secrets shall remain in effect for as long as such information remains a trade secret under applicable law, and (ii) Confidential Information shall

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

6. Non-Solicitation.

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

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

having such person work in any other corporation, entity, or business that is competitive with the Company Business.

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

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

Agreement form material consideration for this Agreement.

9. Remedy for Breach. Executive agrees that the remedies at law of Company for any actual or threatened breach by Executive of the covenants contained in Sections 4. through 7. of this Agreement would be inadequate and that Company shall be entitled to specific performance of the covenants in such paragraphs or injunctive relief against activities in violation of such paragraphs, or both, by temporary or permanent injunction or other appropriate judicial remedy, writ or order, in addition to any damages and legal expenses (including attorney's fees) which Company may be legally entitled to recover. Executive acknowledges and agrees that the covenants contained in Sections 4. through 7. of this Agreement shall be construed as agreements independent of any other provision of this or any other agreement between the parties hereto, and that the existence of any claim or cause of action by Executive against Company, whether predicated upon this or any other agreement, shall not constitute a defense to the enforcement by Company of said covenants.

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

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

12. Complete Agreement. This Agreement is not a promise of future employment. Executive has no oral representations, understandings or agreements with Company or any of its officers, directors or representatives covering the same subject matter as this Agreement. This Agreement hereby supersedes any other employment agreements or understandings, written or oral, between Company and Executive, including without limitation that certain Offer Letter from the Company executed by Executive on December 22, 1997. This written Agreement is the final, complete and exclusive statement and expression of the agreement between Company and Executive and of all the terms of this Agreement, and it cannot be varied, contradicted or supplemented by evidence of any prior or contemporaneous oral or written agreements. This written Agreement may not be later modified except by a further writing signed by a duly authorized officer of Company and Executive, and no term of this Agreement may be waived except by writing signed by the party waiving the benefit of such term.

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

To Company: Manhattan Associates, LLC
3101 Towercreek Parkway
Suite 300
Atlanta, Georgia 30339
Attention: President

With a copy to: Morris, Manning & Martin, L.L.P.
1600 Atlanta Financial Center
3343 Peachtree Road, N.E.
Atlanta, Georgia 30326
Attention: John C. Yates, Esq.

To Executive: Neil Thall
Post Office Box 4872
Santa Rosa Beach, Florida 32459

With a copy to: Neil Thall
Suite 4830
75 Fourteenth Street
Atlanta, Georgia 30309

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

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

15. Governing Law. This Agreement shall in all respects be construed according to the laws of the State of Georgia.

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

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

COMPANY:

Manhattan Associates, LLC

By: /s/ Alan J. Dabbiere

Name: Alan J. Dabbiere

Title: President

Date:

EXECUTIVE:

/s/ Neil Thall

Neil Thall

Date:

EXHIBIT A

The "Duties" of the Executive shall be those of the Vice President, Supply Chain Strategy of the Company, who is responsible for coordinating sales and marketing matters relating to the Company, to include the following:

. Promotion of Company's visibility to retailers as a resource based on our relationship with retail suppliers. Conception and promotion of ideas where Company can create barriers of entry to the market through our unique products, services, and relationships with retailers' supplier community. This includes new electronic commerce (EC) standards and integration with central merchandising systems.

. Development of a compelling marketing campaign to market to retail channels. Increase of Company's visibility as a WMS provider servicing retailers, as the only company with our economy of scale and understanding of supplier, channel, transportation, ECR and QR integrated industry initiative. Creation of a revenue generating market in providing WMS services to the retail community.

. Development of add-on products and services that add value to retail channels.

. Positioning the retail markets strategy to evolve into a strategic business unit with specific independent business functions and independent P&L reporting.

. Assistance in overall growth, acquisition, marketing, sales and recruiting for Company as a member of the executive committee.

. Such other Duties as may be agreed upon by Executive and Company's Chief Executive Officer.

Executive's performance-related bonus shall be structured as follows:

One half is objective based on revenue and earnings growth (non-acquisition related). In the event of an acquisition, the most recent sales revenue and earnings of the acquired company will be added to the base-line revenue.

0 - 25% revenue growth	Bonus is 0
25 - 75% revenue growth	Bonus is 2% of $10,000 for each 1% of growth

0 - 25% earnings growth	Bonus is 0
25 - 75% earnings growth	Bonus is 2% of $10,000 for each 1% of growth

The other half ($20,000) is subjective based on Executive's performance of the Duties set forth above.

Current benefits offered to executive employees include the following:

- comprehensive medical insurance via either a Health Maintenance Organization (HMO) or Point of Service (POS) Plan through Blue Cross/Blue Shield with coverage effective on first day of employment and no premium costs for Executive or Executive's dependents;

- comprehensive dental insurance effective on first day of employment with a small employee contribution required;

- Company-paid life and accidental death and disability insurance effective on first day of employment;

- Company-paid short and long term disability coverages effective on the first of the month following thirty (30) days of employment;

- 401(k) Plan with employer match. Eligibility for employee contributions begin on the first of the month following thirty (30) days of employment. Employer match beginning with 2nd year of participation in the plan;

- Profit Sharing and Money Purchase Plan; eligibility begins with the first of the month following one (1) year of employment;

- vacation days (see Section 2F of the Agreement);

- nine (9) paid holidays per year after a fourteen-day waiting period;

- credit union and group banking with SunTrust Bank; and

- discounted health club membership.

The "Territory" is the Atlanta, Georgia metropolitan area, consisting of the following counties: Barrow, Bartow, Carroll, Cherokee, Clayton, Cobb, Coweta, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Henry, Newton, Paulding, Pickens, Rockdale, Spalding and Walton.

EXHIBIT 10.15

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (the "Agreement") by and between Manhattan Associates, LLC, a Georgia limited liability company ("Company"), and Michael Casey ("Executive") is hereby entered into and effective as of the 10th day of November, 1997 (the "Effective Date").

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

WHEREAS, Company desires to employ executive as Chief Financial Officer and Executive desires to accept said employment by Company; and

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

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

A G R E E M E N T S :

1. Employment and Duties.

A. Company shall employ Executive as Chief Financial Officer in accordance with the terms and conditions set forth in this Agreement. Executive hereby accepts employment on the terms set forth herein. Executive shall report to the Chief Operating Officer of Company or such other executive as may be designed by the Chief Executive Officer or the Board of Managers.

B. Executive shall have such duties as are set forth on EXHIBIT A ("Duties") and as may otherwise be assigned to him by the Chief Operating Officer or such other executive as may be designated by the Chief Executive Officer or Board of Managers of Company, from time to time.

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

D. Neither the foregoing nor any other provision of this Agreement is intended or shall be construed as preventing Executive from devoting his time and effort to charitable and community activities substantially to the same extent as he has devoted time and effort prior to the effective date of this Agreement, provided that such involvement with charitable and community activities does not materially interfere with the performance of his duties under this Agreement.

2. Compensation.

A. Base Salary. During his employment hereunder, Company shall pay to

Executive a base salary ("Base Salary") of $10,000 per month ($120,000 annualized), subject to all standard employment deductions, which amount may be increased annually at the discretion of Company's Chief Operating Officer or such other executive as may be designated by the Chief Executive Officer or Board of Managers.

B. Signing Bonus. Company shall pay to Executive a one-time signing bonus of $20,000 (the "Signing Bonus"), subject to all standard employment deductions, with Executive's first paycheck following the Executive's execution of this Agreement. In the event that Executive voluntarily leaves the employ of Company within one year following the Effective Date, Executive agrees to repay Company an amount equal to the Signing Bonus less the tax liability Executive incurs in connection with Company's payment of the Signing Bonus.

C. Performance-Related Bonus. Executive shall be eligible to receive a performance-related bonus of $25,000 per year, subject to all standard employment deductions, based on criteria to be agreed upon between Executive and an executive officer of Company.

D. Stock Option. Executive shall receive an option (the "Option") to purchase 50,000 shares of Company at an exercise price of $5.00 per share pursuant to the Manhattan Associates, LLC Option Plan (the "Option Plan"). The Option shall vest as to 10,000 shares in equal portions over the first six (6) months following November 10, 1997, as to 13,334 shares on November 10, 1998, as to 13,333 shares on November 10, 1999, and as to the remaining 13,333 shares on November 10, 2000, subject to the Option Plan provisions relating to acceleration of vesting and exercisability. In addition, all unvested shares shall vest immediately upon the occurrence a transaction in which more than fifty percent (50%) of the issued and outstanding shares of the Company are acquired by persons who are not shareholders or affiliates in a single transaction or a series of transactions occurring over a period of 30 consecutive days.

E. Employee Benefits. Executive shall be entitled to participate in all employee benefit plans which Company provides for its employees at the executive level. As of the effective date of this Agreement, such benefits include those described on EXHIBIT A.

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

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

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

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

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

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

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

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

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

5. Ownership.

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

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

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

6. Trade Secrets and Confidential Information.

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

confidential information rights, and all other property rights therein.

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

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

performed on behalf of Company for the Executive's immediately prior employer if such prior employer competes with the Company Business.

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

7. Non-Solicitation.

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

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

8. Non-Competition. During the One Year Limitation Period, Executive agrees that he will not, without Company's prior written consent, perform his or her Duties for any person or entity in the territory described on EXHIBIT A hereto (the "Territory") which competes directly with the Company Business if Company is still engaged in the Company Business during such One Year Limitation

Period. The parties agree and acknowledge that (i) the definitions of Duties and Territory and period of restriction reasonably and fairly limit this noncompete restriction and are reasonably required for Company's protection because Executive must perform his or her Duties on behalf of Customers who are located throughout the Territory; and (ii) by having access to information concerning employees and Company's Customers, Executive shall obtain a competitive advantage as to such parties.

9. Acknowledgments. The parties hereto agree that: (i) the periods of restriction and Territory of restriction contained in this Agreement are fair and reasonable in that they are

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

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

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

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

13. Complete Agreement. This Agreement is not a promise of future employment. Executive has no oral representations, understandings or agreements

with Company or any of its officers, directors or representatives covering the same subject matter as this Agreement. This Agreement hereby supersedes any other employment agreements or understandings, written or oral, between Company and Executive, including without limitation that certain Offer Letter from the Company executed by Executive on October 16, 1997. This written Agreement is the final, complete and exclusive statement and expression of the agreement between Company and

Executive and of all the terms of this Agreement, and it cannot be varied, contradicted or supplemented by evidence of any prior or contemporaneous oral or written agreements. This written Agreement may not be later modified except by a further writing signed by a duly authorized officer of Company and Executive, and no term of this Agreement may be waived except by writing signed by the party waiving the benefit of such term.

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

To Company: Manhattan Associates, LLC
3101 Towercreek Parkway
Suite 300
Atlanta, Georgia 30339
Attention: President

With a copy to: Morris, Manning & Martin, L.L.P.
1600 Atlanta Financial Center
3343 Peachtree Road, N.E.
Atlanta, Georgia 30326
Attention: John C. Yates, Esq.

To Executive: Michael Casey
331 Leeward Walk Lane
Alpharetta, Georgia 30202

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

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

17. Governing Law. This Agreement shall in all respects be construed according to the laws of the State of Georgia.

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

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

COMPANY:

Manhattan Associates, LLC

By: /s/ Alan J. Dabbiere

Name: Alan J. Dabbiere

Title: President

Date:

EXECUTIVE:

/s/ Michael Casey

Michael Casey

Date:

EXHIBIT A

The "Duties" of the Executive shall be those of the Chief Financial Officer of the Company, who is responsible for coordinating financial matters relating to the Company, to include the following:

- maintain and prepare Company financial records and reports;
- prepare internal financial statements;
- coordinate audit of financial statements by auditors;
- assist in preparing financial forecasts and business plans; and
- provide financial direction on Company financings.

Current benefits offered to executive employees include the following:

- comprehensive medical insurance via either a Health Maintenance Organization (HMO) or Point of Service (POS) Plan through Blue Cross/Blue Shield with coverage effective on first day of employment and no premium costs for Executive or Executive's dependents;
- comprehensive dental insurance effective on first day of employment with a small employee contribution required;
- Company-paid life and accidental death and disability insurance effective on first day of employment;
- Company-paid short and long term disability coverages effective on the first of the month following thirty (30) days of employment;
- 401(k) Plan with employer match. Eligibility for employee contributions begin on the first of the month following thirty (30) days of employment. Employer match beginning with 2nd year of participation in the plan;
- Profit Sharing and Money Purchase Plan; eligibility begins with the first of the month following one (1) year of employment;
- vacation days (see Section 2G of the Agreement); and

. nine (9) paid holidays per year after a fourteen-day waiting period.

The "Territory" is the Atlanta, Georgia metropolitan area, consisting of the following counties: Barrow, Bartow, Carroll, Cherokee, Clayton, Cobb, Coweta, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Henry, Newton, Paulding, Pickens, Rockdale, Spalding and Walton.

EXHIBIT 10.16

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (the "Agreement") by and between Manhattan Associates, LLC, a Georgia limited liability company ("Company"), and Greg Cronin ("Executive") is hereby entered into and effective as of the 15th day of November, 1997 (the "Effective Date").

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

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

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

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

A G R E E M E N T S :

1. Employment and Duties.

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

B. Executive shall have such duties as are set forth on EXHIBIT A ("Duties") and as may otherwise be assigned to him by the Chief Executive Officer of Company or such other executive as may be designated by the Chief Executive Officer of Company, from time to time.

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

D. Neither the foregoing nor any other provision of this Agreement is intended or shall be construed as preventing Executive from devoting his time and effort to charitable and community activities substantially to the same extent as he has devoted time and effort prior to the effective date of this Agreement, provided that such involvement with charitable and community activities does not materially interfere with the performance of his duties under this Agreement.

2. Compensation.

A. Base Salary. During his employment hereunder, Company shall pay to

Executive an initial base salary ("Base Salary") of $16,667.67 per month ($200,000 annualized), subject to all standard employment deductions. Company shall annually review Executive's base salary based on his performance.

B. Signing Bonus. Company shall pay to Executive a one-time signing bonus of $100,000 (the "Signing Bonus"), subject to all standard employment deductions, with Executive's first paycheck following the Executive's execution of this Agreement. In the event that Executive voluntarily leaves the employ of Company within one year following the Effective Date, Executive agrees to repay Company an amount equal to the Signing Bonus less the tax liability Executive incurs in connection with Company's payment of the Signing Bonus.

C. Relocation Expenses. Company shall provide Executive with relocation expenses in accordance with the terms set forth on Exhibit A hereto.

D. Performance-Related Bonus. Executive shall be eligible to receive an initial performance-related bonus of up to $100,000 per year from the Effective Date, subject to all standard employment deductions, based on the criteria set forth on Exhibit A hereto. Company will annually review the bonus based on Executive's performance.

E. Stock Option. Executive shall receive an option (the "Option") to purchase 175,000 shares of Company at an exercise price not to exceed $7.00 per share, pursuant to the Manhattan Associates, LLC Option Plan (the "Option Plan"). The Option shall vest as to one-third of the underlying shares on each of the first, second and third anniversaries of the Executive's date of hire.

F. Employee Benefits. Executive shall be entitled to participate in all employee benefit plans which Company provides for its employees at the executive level. As of the effective date of this Agreement, such benefits include those described on EXHIBIT A.

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

H. Vacation. Executive shall be entitled to three (3) weeks of paid vacation per calendar year in 1998, and Chief Executive Officer will consider four (4) weeks per year thereafter.

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

Executive may consider his employment terminated if his duties or responsibilities are altered without his consent so as to diminish his Duties or responsibilities as set forth on EXHIBIT A.

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

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

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

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

4. Severance. In the event of any termination of employment, other than a Termination With Cause, as defined in the Option Plan, or voluntary termination, Executive shall receive a severance payment equal to the amount of Executive's base salary (determined as of the date of his termination) which he would normally receive during twelve (12) months of employment, subject to all standard deductions, payable in full within thirty (30) days of termination of employment. Company's obligation to make the severance payment shall be conditioned upon Executive's (i) execution of a release agreement in a form reasonably acceptable to the Company, whereby Executive releases the Company from any and all liability and claims of any kind, other than any benefits or rights, including rights under this Agreement, to which Executive is already entitled, and (ii) compliance with the restrictive covenants and all post-termination obligations contained in this Agreement.

5. Ownership.

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

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

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

6. Trade Secrets and Confidential Information.

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

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

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

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

7. Non-Solicitation.

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

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

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

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

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

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

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

13. Complete Agreement. This Agreement is not a promise of future employment. Executive has no oral representations, understandings or agreements with Company or any of its officers, directors or representatives covering the same subject matter as this Agreement. This Agreement hereby supersedes any other employment agreements or understandings, written or oral, between Company and Executive, including without limitation that certain Offer Letter from the Company executed by Executive on November 15, 1997. This written Agreement is the final, complete and exclusive statement and expression of the agreement between Company and Executive and of all the terms of this Agreement, and it cannot be varied, contradicted or supplemented by evidence of any prior or contemporaneous oral or written agreements. This written Agreement may not be later modified except by a further writing signed by a duly authorized officer of Company and Executive, and no term of this Agreement may be waived except by writing signed by the party waiving the benefit of such term.

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

To Company: Manhattan Associates, LLC
3101 Towercreek Parkway
Suite 300
Atlanta, Georgia 30339
Attention: Chief Operating Officer

With a copy to: Morris, Manning & Martin, L.L.P.
1600 Atlanta Financial Center
3343 Peachtree Road, N.E.
Atlanta, Georgia 30326
Attention: John C. Yates, Esq.

To Executive: Greg Cronin
_____
_____

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

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

16. Governing Law. This Agreement shall in all respects be construed according to the laws of the State of Georgia.

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

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of

the day and year first above written.

COMPANY:

Manhattan Associates, LLC

By: /s/ Alan J. Dabbiere

Name: Alan J. Dabbiere

Title: President

Date:

EXECUTIVE:

/s/ Greg Cronin

Greg Cronin

Date:

EXHIBIT A

The "Duties" of the Executive shall be those of the Executive Vice President, Sales and Marketing of the Company, who is responsible for coordinating sales and marketing matters relating to the Company, to include the following:

. All sales and marketing activities, subject to change upon mutual agreement

Company shall provide Executive with the following relocation expenses:

. Full cost of moving Executive's household goods and personal effects from Oconomowoc, Wisconsin by a carrier approved by Company to include insurance protection and up to ninety (90) days temporary storage.

. All reasonable expenses associated with up to four (4) trips for Executive and Executive's family to Atlanta to locate suitable housing.

. For Executive's trip to Atlanta to report to work, Company will either (i) pay the airfare for Executive and Executive's family, or (ii) automobile mileage will be reimbursed at .29 cents per mile and Executive will receive an allowance of $55.00 for each 450 miles traveled, or fraction thereof.

. If, after arriving in Atlanta, Executive is unable to move directly into his new residence, Executive will receive a daily allowance of $150.00 for up to sixty (60) days if necessary. This temporary living allowance may be extended or modified in the event Executive's home has not sold within the next sixty (60) days.

. Company will pay for reasonable closing costs involved with the sale of Executive's home in Oconomowoc, and will reimburse you for the real estate commission incurred in that sale (at the locally prevailing rate but not to exceed seven percent) if it is within one year of Executive's hire date.

. Company will reimburse Executive for the closing costs associated with the purchase of a home in the Atlanta area (to include the number of points for a

competitive loan by a large lending institution) if Executive purchases the home within one year of his hire date.

. Executive will receive a miscellaneous relocation payment of $5,000 (taxable, 28% Federal, 7.65 FICA) to be paid within three weeks of Executive's first day of employment.

. All taxable relocation expenses will be "grossed-up."

Executive's performance-related bonus shall be structured as follows:

One half is objective based on revenue and earnings growth (non-acquisition related). In the event of an acquisition, the most recent sales revenue and earnings of the acquired company will be added to the base-line revenue.

0 - 25% revenue growth	Bonus is 0
25 - 75% revenue growth	Bonus is 2% of $25,000 for each 1% of growth
0 - 25% earnings growth	Bonus is 0
25 - 75% earnings growth	Bonus is 2% of $25,000 for each 1% of growth

The other half of the bonus is subjective based on the following:

(1) Relationships
-Big six consulting firms, distribution channel influencers
-Research companies such as Gartner Group and AMR
-Partners such as Oracle, SAP, etc.
(2) Recruitment & development of sales infrastructure
(3) Recruitment & development of marketing infrastructure
(4) Providing guidance for overall company strategic direction

Current benefits offered to executive employees include the following:

. comprehensive medical insurance via either a Health Maintenance Organization (HMO) or Point of Service (POS) Plan through Blue Cross/Blue Shield with

coverage effective on first day of employment and no premium costs for Executive or Executive's dependents;

. comprehensive dental insurance effective on first day of employment with a small employee contribution required;

. Company-paid life and accidental death and disability insurance effective on first day of employment;

. Company-paid short and long term disability coverages effective on the first of the month following thirty (30) days of employment;

. 401(k) Plan with employer match. Eligibility for employee contributions begin on the first of the month following thirty (30) days of employment. Employer match beginning with 2nd year of participation in the plan;

. Profit Sharing and Money Purchase Plan; eligibility begins with the first of the month following one (1) year of employment;

. vacation days (see Section 2H of the Agreement); and

. nine (9) paid holidays per year after a fourteen-day waiting period.

The "Territory" is the Atlanta, Georgia metropolitan area, consisting of the following counties: Barrow, Bartow, Carroll, Cherokee, Clayton, Cobb, Coweta, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Henry, Newton, Paulding, Pickens, Rockdale, Spalding and Walton.

EXHIBIT 10.17

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is effective as of date set forth below ("Effective Date"), by and between Manhattan Associates, LLC, a Georgia limited liability company ("Company"), and the undersigned employee ("Employee"), an individual. This Agreement shall be construed in conjunction with that certain letter dated August 6, 1997, executed by the Company and Employee (the "Offer Letter"). For and in consideration of Employee's employment and continued employment and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. DEFINITIONS.

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

2. OWNERSHIP.

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

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

3. TRADE SECRETS AND CONFIDENTIAL INFORMATION.

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

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

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

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

4. CUSTOMER NON-SOLICITATION.

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

5. EMPLOYEE NON-SOLICITATION.

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

6. NONCOMPETE.

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

7. WARRANTIES OF EMPLOYEE.

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

8. INJUNCTIONS.

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

9. UNENFORCEABILITY.

Any holding that a provision of this Agreement is invalid or unenforceable by a court of competent jurisdiction shall not affect the enforceability of any other provisions. If for any reason the restrictions in Sections 3 through 6 are held to be invalid or unenforceable, then such restrictions shall be

interpreted or modified to include as much of the duration and scope as will render such restrictions valid and enforceable.

10. TERM.

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

11. MISCELLANEOUS.

This Agreement may not be modified except by a writing signed by both parties, except that it may be supplemented by rules and regulations described in Company employee handbook and other documents provided to Employee from time to time, and Employee agrees to follow such rules and regulations. Due to the personal nature of this Agreement, Employee may not assign his or her rights or obligations under this Agreement without the prior written consent of Company. This Agreement will be governed by the laws of the State of Georgia without regard to its rules governing conflicts of law. This Agreement represents the entire understanding of the parties concerning its subject matter and supersedes and terminates all prior communications, agreements and understandings relating to the same except the Offer Letter. In the case of any conflict or inconsistency between this Agreement and the Offer Letter, the provisions of this Agreement will control and govern. All communications concerning or required by this Agreement shall be in writing and shall be deemed given when delivered to the address listed below (as may be amended by notice), by hand, courier or express mail, or by registered or certified United States mail, return receipt requested, postage prepaid.

The parties have executed this Agreement effective as of the 11th day of August, 1997 ("Effective Date").

COMPANY:
Manhattan Associates, LLC

By: /s/ Alan J. Dabbiere

Title: President

Date:

Address: 3101 Towercreek Parkway
Suite 300
Atlanta, Georgia 30339
Attention:

EMPLOYEE:
OLIVER M. COOPER, III

/s/ Oliver M. Cooper, III
- ---
Signature

Date:

SSN:

Address: 1086 Byrnwyck Trail, Atlanta, Georgia 30319

DEFINITIONS

"Company Business" shall be the development, marketing, selling, implementation

and installation of computer software solutions specifically designed for the management of warehouse and distribution centers for consumer product manufacturers, retailers and retail and grocery suppliers and distributors.

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

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

"Duties" shall mean those duties of the Employee as set forth on Exhibit A attached hereto.

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

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

"Territory" shall mean the territory in which the Employee shall perform his or her duties as set forth on Exhibit A attached hereto.

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

"Two Year Restrictive Period" shall mean the two years prior to the end of Employee's employment with Company for any reason.

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

EXHIBIT A

The "Duties" of the Employee shall be those of the Chief Operating Officer of the Company, as set forth in the Offer Letter, the terms of which are incorporated herein by this reference. Employee agrees to devote his full time and energy to the furtherance of the business of Company and shall not during the term hereof work or perform services in any advisory or other capacity for an individual, firm, company or corporation other than the Company without the Company's prior written consent.

The "Territory" is the Atlanta, Georgia metropolitan area, consisting of the following counties: Barrow, Bartow, Carroll, Cherokee, Clayton, Cobb, Coweta, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Henry, Newton, Paulding, Pickens, Rockdale, Spalding and Walton.

CONFIDENTIAL

August 6, 1997

Mr. Oliver M. Cooper, III
1086 Byrnwyck Trail
Atlanta, Georgia 30319

Dear Oliver:

It is with pleasure that we offer you the position of Chief Operating

Officer (COO) with Manhattan Associates. Below are the pertinent details regarding our offer of employment.

AREAS OF RESPONSIBILITY:	Sales and Marketing General Administration
DIRECT REPORTS:	Sales, Marketing, Office Administration, Human Resources, Finance, General Administration
STARTING SALARY:	$14,583.33 per month ($175,000 annualized); salaried exempt $70,000.00 signing bonus payable with first paycheck after start date $75,000.00 performance-related bonus; details in paragraph below Standard employment deductions (eg. Taxes, FICA, FUCA)
START DATE:	August 11, 1997
BENEFITS:	Current Benefit Programs- -Comprehensive health insurance via either a Health Maintenance Organization (HMO) or Point of Service (POS) plan through Blue Cross/Blue Shield; coverage becomes effective on employment start date; no premium costs for employee or dependents. -Life and AD&D insurance; effective date same as for medical -401K Program with employer match; eligibility for employee contributions begin on the first of the month following 30 days of employment; employer match begins with 2nd year of participation in the plan -Profit Sharing and Money Purchase Plan; eligibility begins with the first of the month following one year of employment -One vacation day per complete month worked during the first year, as per our vacation policy -One vacation day per complete month worked (up to 12) for the year thereafter; 5 additional days after third full year of employment -9 paid holidays per year, 14 day waiting period

The performance-related bonus will be structured as follows:

One half is objective based on revenue growth (non-acquisition related). In the event of an acquisition, the most recent sales revenue of the company acquisition will be added to the base-line revenue.

0 - 25% growth	Bonus is 0
25 - 75% growth	Bonus is 2% of $37,500 for each 1% of growth

The other half is subjective based on the following:

(1) Relationships
-Big six consulting firms, distribution channel influencers
-Research companies such as Gartner Group and AMR
-Partners such as Oracle, SAP, etc.
(2) Recruitment
(3) Employee morale, turnover rate
(4) Office administration

This offer of employment also includes a grant of 100,000 options, as per our Option Plan at an exercise price of $5.00 per share. The options will vest based on employment as follows:

- 30,000 options - at the rate of 5,000 options at the end of each month for the first 6 months from the date of hire.
- 20,000 options one year from the date of hire.
- 20,000 options two years from the date of hire.
- 30,000 options three years from the date of hire.

Manhattan Associates' corporate policy states that a salary offer is considered confidential information and should not be discussed with other Manhattan Associates employees and acquaintances. Also, we have a standard employment agreement with general restrictive covenants which management is asked to sign and we will provide to you. We would appreciate your compliance with this policy.

I know you will enjoy working with Manhattan Associates. We are an aggressive, diverse company, and we are excited by the prospects of working with you while growing Manhattan Associates. As a member of our team, you can help us cement our position as the leader in helping retail suppliers achieve Quick Response success.

In the event of a termination within the first two years of employment, other than where you are Terminated With Cause (defined in the Option Plan), or you voluntarily leave the company, six months severance pay will be provided.

After this letter is signed by both of us, we will prepare and send to you the Employment Agreement and Option Plan Agreement reflecting the terms of this letter and our discussions. If you have any questions regarding these documents when you receive them, please give me a call.

Please sign the original letter and return it to me as soon as possible. The remaining copy is for your records. If you have questions, please do not hesitate to contact me at (770) 955-5533, extension 1110.

Sincerely,

/s/ Alan Dabbiere
Alan Dabbiere
President

My signature below acknowledges my acceptance of the offer as stated herein.

/s/ Oliver Cooper 6 Aug 1997

Oliver Cooper Date

cc: Deepak Raghavan, Chief Technology Officer
Brian Benson, Controller

Exhibit 10.18

LICENSE AGREEMENT

for

COMPUTER PROGRAMS

AGREEMENT made this _____day of _____, 1997 by and between Manhattan Associates, LLC ("LICENSOR"), and _____with its principal place of business located at _____ _____ ("LICENSEE").

WITNESSETH:

BACKGROUND: LICENSOR is the owner of certain proprietary technical information consisting of computer source programs and object code useful in performing various business functions on a computer system, as described on Schedule "A" hereto ("Programs"). LICENSEE is desirous of acquiring a non-exclusive license to use the programs on one machine or a network of machines per site, under the terms and conditions set forth hereinafter. The term "Machine" means the individual specific machine specified in writing by LICENSEE to LICENSOR from time to time, on which LICENSEE will use the Programs. The term "site" shall mean the physical location where the distribution process is being performed.

NOW THEREFORE, in consideration of the background, the covenants herein contained and intending to be legally bound hereby, the parties agree as follows:

1. NON-EXCLUSIVE, NON-TRANSFERABLE LICENSE. LICENSOR hereby grants to LICENSEE and LICENSEE hereby accepts from LICENSOR a non-exclusive license to use the Programs (including source codes except security source codes) selected and described in Schedule "A" at the site(s) described in Schedule "B", and LICENSEE shall have no rights to assign or transfer its rights in such license to any person or entity; provided, however, that LICENSEE may assign all its rights in the license hereby granted to a subsidiary in which it owns a majority interest, or to a purchaser of substantially all of the business and assets of LICENSEE on the condition LICENSEE retains no rights to use the Programs and that such subsidiary or purchaser agrees to be bound by the terms hereof as if it had executed this Agreement as LICENSEE (such subsidiary or purchaser is hereinafter referred to as a "Permitted Assignee"). Absent the express written consent of LICENSOR, such an assignment by LICENSEE of its rights in the license to a Permitted Assignee shall not release LICENSEE of its obligations and responsibilities hereunder and any assignment permitted hereunder shall in no event release LICENSEE of its confidentiality obligations hereunder. Permitted Assignee is not permitted to relocate, transfer or otherwise use the Programs, to a site other than those sites originally licensed by LICENSEE. Subject to Paragraph two, LICENSEE only and not a Permitted Assignee may under the license granted herein use Programs in connection with any existing or new computer equipment at licensed sites if LICENSEE notifies LICENSOR of such replacement prior thereto. No other uses are granted hereunder. All site transfers are prohibited. LICENSEE may not use the Programs to provide data processing or management information or services to any third party. LICENSEE further agrees to notify LICENSOR within thirty (30) days of any change of any sites.

2. LICENSE FEE. The license fee and payment schedule shall be in accordance with Schedule "C" for the Pickticket Management System (referred to as PkMS) Programs selected by the LICENSEE shall be as described in Schedule "A" (and attached addendum(s) if any) for any machine or network of machines at the site(s) detailed in Schedule "B". Any out of pocket expenses incurred by LICENSOR in connection with said project will be reimbursed by LICENSEE under

the terms of the Authorization for Consulting Services

Agreement herein attached and made a part of this Agreement. Invoices will be submitted by LICENSOR every two (2) weeks.

3. ENHANCEMENTS. Any enhancements, modifications, or substitutions to the Programs made by LICENSEE are to be owned by LICENSOR and may not be sold, assigned, licensed, sublicensed or otherwise transferred by LICENSEE except in connection with an assignment of all rights to the Programs to a Permitted Assignee (as defined paragraph 1 hereof). LICENSOR makes no warranty with respect to such enhancements, modifications or substitutions and shall have no responsibility or liability whatsoever with respect to any enhancements, modifications, or substitutions to the Programs made by or at the direction of LICENSEE and all such enhancements, modifications or substitutions shall, if made, be made at the sole risk and expense of the LICENSEE.

4. WARRANTIES. LICENSEE acknowledges that the Programs have been adequately described to LICENSEE and that no claims may be asserted against LICENSOR on the basis that the Programs are in any manner unsatisfactory except to the extent expressly provided below. The only warranties provided hereunder by LICENSOR are as follows: that the Programs substantially provide the functions listed on Schedule "A" hereto and that the Programs are the property of the LICENSOR and LICENSOR has the power to grant the license hereunder. Otherwise the Programs are licensed "AS IS." This Warranty is for a period of One Hundred and Eighty (180) days after the date hereof. THIS WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS OR ADEQUACY FOR A PARTICULAR PURPOSE.

5. DAMAGES. LICENSOR'S liability hereunder for damages arising out of LICENSOR'S inability to correct any failure of the Programs to substantially provide the functions set forth on Schedule "A" hereto as set forth in paragraph 4 of this Agreement shall be limited to the fees that LICENSEE has paid for the Program and/or service that failed to substantially provide such functions. LICENSOR is not liable for lost profits, consequential, indirect or special damages, or for any claim or demand against LICENSEE by any third party. No action, other than actions pursuant to paragraphs 6 and 8 below, regardless of form, arising out of the transactions under this Agreement, may be brought by LICENSEE more than ninety (90) days after the date of first commercial use of the Programs by LICENSEE. In no event shall LICENSOR be liable for any claim based upon LICENSEE'S use of any third party software or otherwise, whether or not such software was obtained from LICENSOR.

6. CONFIDENTIALITY. LICENSEE acknowledges that LICENSEE'S right to the Programs is strictly limited to the license hereunder to use the Programs and the LICENSOR'S ownership of the Programs is a valuable property right. LICENSEE will not provide, disclose or otherwise make available the Programs or any part thereof or any related materials and information, in any form to any person, firm or other entity, will keep the Programs and all related materials and information confidential and will protect LICENSOR'S property rights therein. Except for "back-up" duplicate copies, which will be LICENSOR'S property, LICENSEE will not make any duplicate copy of the Programs or any part thereof. If LICENSEE breaches any term hereof the license hereunder will immediately terminate, the license fee will be forfeited and LICENSEE must immediately return all copies of the Programs to the LICENSOR. LICENSEE agrees to inform each of its employees of the confidential nature of the Programs and all related materials and information and will use efforts to protect the confidentiality of the Programs at least commensurate with those employed by LICENSEE for the protection of LICENSEE'S own confidential information. References in this paragraph 6 to Programs include any additions to, modifications to, or substitutions for the Programs, or any part thereof.

7. NON-INTERFERENCE. LICENSEE will not interfere with LICENSOR'S business

particularly LICENSOR'S granting of other licenses for the Programs.

8. ENTICEMENT OF EMPLOYEES. Neither LICENSEE nor LICENSOR shall solicit or hire any of the other's employees (direct or indirect), former employees, employees of affiliated companies, or agents assigned through contracted means for the purpose of employment or independent consulting without the other party's prior written consent, within thirty-six (36) months of the last date of employment of such person by the other.

LICENSEE and LICENSOR acknowledge and agree that, by virtue of the nature of the services to be performed by LICENSOR pursuant to this Agreement, LICENSOR will have access to and special knowledge of LICENSEE'S business affairs and customers, and LICENSEE will have access to and special knowledge of the business and operations of LICENSOR. Accordingly, the parties acknowledge that loss and irreparable damage would be suffered by either party hereto in the event that the other party should breach or violate any of the solicitation or hiring of employees provisions of this paragraph. It is further acknowledged that any breach of such terms or provisions of this paragraph 8 would result in injury to the non-breaching party that would be difficult or impossible to accurately ascertain. Therefore, because of the impossibility of ascertaining actual damages, it is agreed that in the event of a breach of any provision of this paragraph by either party, the breaching party will pay to the other party with respect to each such breach the sum of FIFTY THOUSAND AND NO/100 DOLLARS ($50,000.00) as liquidated damages and not as a penalty. The parties hereby agree that the amount of liquidated damages specified herein represents a reasonable approximation of the damages which would be incurred as a result of a breach of this paragraph. The parties further agree that in the event of any actual or threatened breach of any of the provisions of this paragraph, the aggrieved party shall be entitled (in addition to any and all other rights and remedies at law or in equity for damages or otherwise, which rights and remedies are and shall be cumulative) to specific performance or to a temporary restraining order or an injunction to prevent such breach or contemplated breach.

9. PUBLICITY RIGHTS. Manhattan Associates, LLC may include LICENSEE's name and logo among its list of clients and may include a brief description of the services furnished by Manhattan Associates, LLC and the functions performed thereby.

10. PAYMENTS. LICENSOR'S invoices for fees and expenses shall be due and payable in full immediately upon receipt by LICENSEE. Invoices not paid within thirty (30) days from the invoice date shall bear interest from the invoice date until paid at a rate of one and one-half percent (1.5%) per month or the maximum rate permitted by applicable law, whichever is less. Time is of the essence for all payments due under this Agreement, and in the event any payment due to LICENSOR is collected at law or through an attorney-at-law, or under advice therefrom, or through a collection agency, LICENSEE agrees to pay all costs of collection, including, without limitation, all court cost and reasonable attorney's fees.

11. MISCELLANEOUS.

A. TAXES. LICENSEE will reimburse LICENSOR for any and all taxes assessed against LICENSOR resulting from this Agreement or the products or service provided hereunder except taxes based upon LICENSOR'S net income and LICENSOR'S payroll taxes. LICENSOR agrees to provide LICENSEE with any and all tax bills or receipt as evidence of any taxes assessed as provided herein.

B. NOTICES. Any notice or other communication pursuant to this Agreement must be in writing and will be deemed to have been duly given or made when personally delivered or when

mailed by registered mail, postage prepaid, return receipt requested, to the parties at the following addresses:

If to LICENSOR:

Manhattan Associates, LLC
2300 Windy Ridge Parkway, Suite 700
Atlanta, GA 30339

If to LICENSEE:

_____

_____

_____

or to such other address as each party may hereinafter specify in writing to the other.

C. BINDING EFFECT. This Agreement is binding upon and inures to the benefit of the parties hereto, their heirs, successors, personal representatives and assigns.

D. ASSIGNMENT/SUBLICENSE. Except as provided in paragraph 1, this Agreement or any of LICENSEE'S rights hereunder may not be assigned or sublicensed by LICENSEE.

E. THIRD PARTY SOFTWARE. If equipment manufactured by a third party is sold by LICENSOR to LICENSEE ("Equipment") and the Equipment includes software which is licensed by the third party to LICENSOR ("Software"), the software is hereby sublicensed or assigned by LICENSOR to LICENSEE on a nonexclusive, nontransferable basis to be used exclusively with the Equipment to which it relates. This third party software license will terminate when the Equipment is no longer being used by LICENSEE and LICENSEE shall not reverse engineer, modify, copy, distribute or otherwise disclose the Software. IN NO EVENT WILL THE THIRD PARTY EQUIPMENT MANUFACTURER BE LIABLE FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL LOSS OR DAMAGE, INCLUDING WITHOUT LIMITATION, ANY LOST PROFITS OR SAVINGS, AND ANY LOSS OR DAMAGE CAUSED BY THE LOSS OF USE OF ANY DATA OR INFORMATION OR ANY INACCURATE DATA OR INFORMATION.

F. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement between the parties and there are no representations, warranties, covenants or obligations except as set forth herein. This Agreement supersedes all prior and contemporaneous Agreements, proposals, understandings, negotiations and discussions, written or oral, of the parties hereto, relating to any transaction contemplated by this Agreement. This Agreement may be amended only in writing executed by the parties. Except as otherwise specifically provided herein, nothing in this Agreement is intended or shall be construed to confer upon or to give any person other than the parties hereto any rights or remedies under or by reason of this agreement.

G. ENUMERATION AND HEADINGS. The enumeration and headings contained in this Agreement are for convenience of the reference only.

H. GOVERNING LAW. This Agreement will be governed by and construed and enforced in accordance with the laws of and under the jurisdiction of the State of Georgia.

I. SEVERABILITY. If any of the provisions of this Agreement or portions thereof are invalid under any applicable statute or rule of law, they are to that extent to be deemed omitted, but this will not affect enforceability of the remaining portion of this Agreement.

J. TERM. The term of this License will commence on the day hereof and will continue as long as the LICENSEE desires to use the Programs.

IN WITNESS WHEREOF, the parties have executed the License Agreement, the day and year first above written.

Manhattan Associates, LLC (LICENSOR)	_____ (LICENSEE)
By: _____	By: _____
Date: _____	Date: _____

SCHEDULE A

PROGRAM FUNCTIONS

STANDARD PICKTICKET MANAGEMENT SYSTEM (PkMS) FUNCTIONS
(OUTBOUND SYSTEM)

* Ability to wand barcodes of items picked for an order during checking/packing procedures and obtain immediate information regarding the accuracy and completeness of the order.

* Select priority picktickets from the picktickets generated by the order processing system. Remaining low priority ones can be processed next day or later. The priority rules can be dynamically specified by the user (e.g. Picktickets approaching Stop ship date).

* Print quantity of picktickets according to the Distribution Center processing capacity requirements. (e.g. Number of units to be picked).

* Provides flexible grouping of picktickets by user specified rules. They can be specified from day to day or at one time. This saves the time spent in manual searching for the picktickets which need special processing (e.g. Labeling, Call first, Particular customer).

* The facility to print all the Single Style picktickets together and in the best picking sequence. By providing the best picking route through the Distribution Center, the picking efficiency is increased, and number of trips to a particular bin location is reduced. This printing can also be done on particular days of the week for better efficiency.

* Facility to generate separate picktickets for Full Case and Unit picks.

* The Styles within a pickticket are printed in the best picking sequence. This reduces the distance traveled in the Distribution Center while picking an order.

* The facility to print all the orders for a customer.

* The ability to summarize multiple picktickets onto a single document. Since this document summarizes all SKUs in the best pick sequence, warehouse personnel can pick multiple picktickets with one pass through the distribution center.

* Access and inquiry of picktickets not yet printed.

* Ability to route selected picktickets by customer, route type, consolidated shipment weight and destination zip code.

* Ability to allocate SKUs defined based on a user-defined percentage.

* Ability to predetermine shipping container increments during the pickticket selection (i.e. wave) process. This includes the ability to separate pre-packs and the ability to group SKUs based on retailer-defined criteria (e.g. "One SKU/carton," "No more than 4 SKUs/carton," "Mix colors but not styles").

* Ability to track shipping containers into a pack and hold location. The ability to pull groups of

picktickets from pack and hold based on multiple criteria (e.g. by customer, carrier ship date, etc.).

* Ability to identify picktickets to a manifest or bill of lading, and the ability to automate the generation of these standard forms.

* Ability to track all shipping containers onto the shipping vehicle and assure that all containers for the pickticket are loaded on the truck.

STANDARD INVENTORY MANAGEMENT SYSTEM (IMS) FUNCTIONS
(INVENTORY MANAGEMENT SYSTEM - INBOUND SYSTEM)

* Ability to receive finished and unfinished goods.

* Verify shipment accuracy against carton/pallet or shipment/PO ASNs. Also, the ability to receive without ASN; user creates cases/pallets upon receipt.

* Ability to load flexible immediate needs file before receipt begins to allow diversion for immediate processing (e.g. Quality Control, Direct to Active, etc.). All immediate needs are user-defined and maintained.

* Ability to receive against a pickticket and immediately print shipping labels for inbound cases as they are received (i.e. cross docking).

* Provide a suggested put-away location for each case as it is received.

* Automate replenishment of the active pick sites. For each release, or "wave" of picktickets, PkMS will calculate replenishment needs based on the specific maximums and minimums of each pick site. There are three types of replenishment calculations: pre-pick, during-pick, and post-pick.

* Automate perpetual inventory maintenance through receipt of inventory updates from PkMS.

* Perform case inquiries by case #, SKU, and location.

* Track cartons by multiple statuses through the distribution center.

* Perform cycle and physical counts. The system allows different locations to be locked for cycle counts. Options allow for one or more counts to complete a cycle.

STANDARD FREIGHT MANAGEMENT SYSTEM FUNCTIONS

* Manifest eligible picktickets to a manifest based on user defined selection criteria and generate standard manifest and bill of lading forms.

* Combine several bills of lading to form a master bill of lading.

* Load verification which requires users to scan cartons onto a shipping vehicle.

* Perform routing for a consolidated group of picktickets based on a user definable routing guide.

* Direct cartons to staging locations or pack and hold locations.

* Generate pull lists for picktickets in pack and hold based on user definable selection criteria such as a particular ship date and carrier.

* Pack and hold pull list verification which requires users to scan verify every carton on a pull list.

* Perform trailer appointment scheduling based on user definable priorities.

* Perform trailer dock door assignment based on prioritized trailer appointments.

STANDARD PARCEL SHIPPING SYSTEM FUNCTIONS
(MANIFEST SYSTEM)

* Define parcel services to include the following: carrier, service, default carton value (for insurance calculation), and additional charges. This allows PkMS to auto-discriminate cartons as they are scanned to the manifest.

* Automatically assign cartons to the open manifest. The system will create new manifests if needed. Also, the system can be set to assign certain services to separate manifests.

* Calculate carton-level freight based on carton weight, carrier rates, and zip/zone tables.

* Perform dimensional weight calculation for required services. Default the required weight value as the carton weight.

* Perform a carton weight check against the estimated carton weight. The tolerance percentage is defined at the warehouse level.

* Change the carrier to a truck carrier or a different parcel service.

* Automatically assign tracking numbers to each carton and print the tracking number on certain generic shipping labels.

* Create standard output files that can be used for EDI to UPS to eliminate paperwork at shipping.

STANDARD ASN INTERFACE (PkMS) FUNCTIONS
(ASN SYSTEM)

* Creates case level ASNs in the required format to send to PkMS.

* Validates SKU entry into the ASN to ensure that once users begin receiving

cases into PkMS, there will be no invalid SKU issues.

* Contains a next up counter file to ensure that duplicate case records are not created from one ASN interface system.

* Allows case inquiries by SKU and case number.

* Prints labels for the case ASNs created that allows receiving at the DC to only scan a case number to receive a case.

* Provides the ability to purge the case records or ASN records created using the ASN Interface.

STANDARD TASK MANAGEMENT FUNCTIONS
(TASK MANAGEMENT SYSTEM)

* Controls the automated generation of case and pallet pulls for active replenishment, full case shipments and bulk pulls.

* Allows the automated assignment of tasks to users based on vehicle type and location.

* Creates and maintains event generated cycle count tasks.

* Provides the ability to define task and vehicle specific paths of travel and drop zones.

* Controls the automated guidance for directed putaway to reserve and pack and hold locations.

* Provides system guidance to assign pallets and cases closest to their respective active pick locations.

SCHEDULE B

SITE LOCATION:

Site 1) _____

_____

_____

Site 2) _____

_____

_____

Site 3) _____

_____

_____

SCHEDULE C

PkMS Single Site License Fee

Program modules selected: (Indicate number of sites)		Single Site License Fee	
_____	Outbound Distribution System (ODS)	$35,000	$_____
_____	Radio Frequency for ODS	$10,000	$_____
_____	Inventory Management System (IMS)	$50,000	$_____
_____	Radio Frequency for IMS	$15,000	$_____
_____	Freight Management System	$10,000	$_____
_____	Parcel Shipping System	$10,000	$_____
_____	Order Allocation System	$15,000	$_____
_____	ASN Enabler System	$20,000	$_____
_____	Task Management System	$15,000	$_____
		Total	$_____

Payment Schedule: 50% payable upon execution of this Agreement;
50% payable thirty days later

As an option available for 2 years from the execution date of this Agreement, the following license fee schedule applies for additional sites where the sales effort is billed at the consulting rate: BETWEEN TWO AND FIVE SITES, 50% PER SITE; ABOVE SIX SITES, 25% PER SITE. The fee is based on the license fee in effect at the time the option is exercised and pertains to the Program modules licensed with this Agreement. For other Program modules and for additional sites when the sales effort is not billed at consulting rates, the then current license fee applies.

_____
(LICENSEE)

By: _____

Date: _____

This offer is valid for thirty days.

Prices effective as of July 1, 1997

SOFTWARE MAINTENANCE AGREEMENT

AGREEMENT made and between Manhattan Associates, LLC having its principal place of business at 2300 Windy Ridge Parkway, Suite 700, Atlanta, GA 30339

(hereinafter "LICENSOR") and _____. with its principal place of business located at _____ hereinafter "LICENSEE").

WHEREAS, LICENSOR has licensed to the LICENSEE certain systems as specified in the LICENSOR License Agreement for Computer Programs (hereinafter License Agreement) executed on or about _____ and as listed in the Software Schedule annexed hereto and the LICENSEE wishes to have perform software maintenance services on the licensed systems pursuant to the following terms and conditions:

1. TERMS OF AGREEMENT. The term of this Agreement shall commence upon first commercial use and shall continue for a period of one year (such date and each annual anniversary thereof, hereinafter called the "anniversary date"). During the term of this Agreement LICENSOR shall provide Licensor Support to the LICENSEE. At least thirty days prior to each anniversary date, LICENSOR shall notify LICENSEE of the applicable fee to be charged by LICENSOR for the succeeding year, whereupon, unless LICENSEE notifies LICENSOR in writing that this agreement shall terminate on the anniversary date, this Agreement shall be extended and renewed for an additional period of one year at the annual fee specified by LICENSOR. This Agreement may be terminated by either party on sixty (60) days prior written notice.

2. SOFTWARE SYSTEM COVERED. The software covered in this Agreement is the LICENSOR'S Software System, as more fully described in the LICENSOR License Agreement and in the Software Schedule "A" annexed thereto, and as updated with improvements or modifications furnished to the LICENSEE under the License Agreement. During the term of this Agreement, LICENSOR shall supply the LICENSEE with any improvements or modifications to the Software System modules for which the LICENSEE has purchased a license.

3. CORRECTION OR REPLACEMENT. During the term of this Agreement, LICENSOR shall use its reasonable best efforts to correct or replace the Software System, or to provide the services necessary to remedy any programming error which is attributed to LICENSOR and which significantly affects use of the Software System. Such correction, replacement, or services shall be undertaken promptly after the LICENSEE has identified and notified LICENSOR of any such error in accordance with the License Agreement.

4. LICENSOR SUPPORT.

A. LICENSOR shall provide all labor necessary to maintain the Software System in good operating condition throughout the term of this Agreement and all travel within a fifty mile radius of LICENSOR'S offices. Reasonable expense for all travel outside of this area will be at LICENSEE'S expense.

B. LICENSOR shall perform all maintenance provided pursuant to this Agreement during the hours of 8:00 A.M. to 6:00 P.M. EST, Monday through Friday (excluding holidays) hereinafter called Basic Coverage, and shall respond reasonably promptly to requests for remedial maintenance made during these hours. Optionally, at an additional fee, LICENSEE may select Extended Maintenance Coverage, hereinafter called Extended Coverage, where LICENSOR shall perform maintenance 24 hours each day, 7 days each week (excluding holidays).

C. LICENSOR shall provide LICENSEE without charge:

i) Source code with new enhancements to Software System;

ii) Up to twenty (20) hours of telephone support during the hours

of coverage;

iii) Any technical newsletters of LICENSOR; and

iv) Automatic transmittal of all LICENSOR fix announcements.

5. LICENSEE SUPPORT. The LICENSEE agrees to maintain the Software System, apply all appropriate fixes, provide LICENSOR appropriate access to the Software System, provide appropriate workspace and supplies, and to provide LICENSOR with all information including dumps, as requested, and with sufficient support and test time on the LICENSEE'S computer system to duplicate the problem, certify that the problem is with LICENSOR'S Software System, and certify that the problem has been corrected.

6. LICENSEE RESPONSIBILITY. The LICENSEE shall inform LICENSOR in writing of any modifications made by the LICENSEE to the Software System, unless otherwise agreed to in writing. LICENSOR shall not be responsible for installing software upgrades, maintaining LICENSEE modified portions of the Software System, or maintaining portions of the Software System affected by LICENSEE modified portions of the Software System. Corrections for difficulties or defects traceable to the LICENSEE'S errors or systems changes shall be billed at LICENSOR'S standard time and material charges.

7. TELECOMMUNICATIONS. If LICENSOR requests, the LICENSEE shall install and maintain for the duration of this Agreement, a modem and associated dial-up telephone line. The LICENSEE shall pay for installation, maintenance and use of such equipment and associated telephone line use charges. LICENSOR, at its option, shall use this modem and telephone line in connection with error correction. Such access by LICENSOR shall be subject to prior approval by the LICENSEE in each instance.

8. PRICE AND PAYMENT. LICENSEE shall pay to LICENSOR the annual maintenance fee identified in paragraph 16 for the Maintenance Plan selected. Renewal shall be at 15% of the then current standard license fee for Basic Coverage and 20% of the then current standard license fee for Extended Coverage for each Software System in the License Agreement. For multiple sites, the maintenance fee is calculated as the sum of the license fee percentages multiplied by the then current license fee multiplied by the maintenance plan percentage for the maintenance plan chosen. The LICENSOR maintenance fee shall be payable upon execution of this Agreement.

For example:

Site number	Percent of License Fee		Current License Fee		Maintenance Plan		Maintenance Fee
1	100%						
2	50%						
3	50%						
4	50%				Basic		
	250%	X	$115,000	X	15%	=	$43,125

9. TRAVEL EXPENSES. The LICENSEE shall reimburse LICENSOR for any out-of-pocket expenses incurred at the LICENSEE'S request, including travel to and from the LICENSEE site, lodging, meals, telephone, and shipping, as may be necessary in connection with the duties performed under this Agreement by LICENSOR.

10. ADJUSTMENTS TO TERMS AND CONDITIONS. At any time after the expiration of the initial one year term, LICENSOR may change its software maintenance fees,

terms and conditions upon 60 days written notice to the LICENSEE.

11. TITLE TO SOFTWARE SYSTEM AND CONFIDENTIALITY. Any changes, additions, and enhancements in the form of new or partial programs or documentation as may be provided under this Agreement shall remain proprietary to LICENSOR. The License Agreement referred to above shall include under its proprietary restrictions any such additional programming and documentation provided under this Agreement.

The Software System or any improvements, modifications or changes to the Software System provided hereunder and all copies thereof are proprietary to LICENSOR and title thereto remains in LICENSOR. All applicable rights to patents, copyrights, trademarks, and trade secrets in the Software System and the improvements, modifications, and changes thereto are and shall remain in LICENSOR. The LICENSEE shall not sell, transfer, publish, disclose, display, or otherwise make available the Software System or improvements, modifications, or changes thereto or copies thereof to others. The LICENSEE agrees to secure and protect each program, software product and copies thereof in a manner consistent with the maintenance of LICENSOR'S rights therein and to take appropriate action by instruction or agreement with its employees who are permitted access to each program or software product to satisfy its obligations hereunder. All copies of the Software System, or improvements, modification or change thereto made by the LICENSEE including translations, compilations, partial copies with modifications and updated works are the property of LICENSOR.

Violation of any provisions herein shall be the basis for immediate termination of this Software Maintenance Agreement. Termination of this Agreement shall be in addition to and not in lieu of any equitable remedies available to LICENSOR.

12. EXCLUSION OF LIABILITY. LICENSOR MAKES AND LICENSEE RECEIVES NO WARRANTY, EXPRESS OR IMPLIED AND THERE IS EXPRESSLY EXCLUDED ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. LICENSOR SHALL HAVE NO LIABILITY WITH RESPECT TO ITS OBLIGATIONS UNDER THIS AGREEMENT FOR CONSEQUENTIAL, EXEMPLARY, OR INCIDENTAL DAMAGES EVEN IF IT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

13. TERMINATION. In the event of termination of the permanent LICENSOR License Agreement referred to above, all maintenance fees or charges payable for the term of this Agreement shall become due and payable and LICENSOR'S obligations under this Software Maintenance Agreement shall immediately end. LICENSOR may terminate this Agreement in the event of default by the LICENSEE.

14. TAXES. LICENSEE shall, in addition to the other amounts payable under this Agreement, pay all sales and other taxes, federal, state, local or otherwise, however designated, which are levied or imposed by reason of the transactions contemplated by this Agreement. Without limiting the foregoing, LICENSEE shall promptly pay to LICENSOR an amount equal to any such items actually paid, or required to be collected and paid by LICENSOR.

15. GENERAL.

A. Each party acknowledges that it has read this Agreement, understands it, and agrees to be bound by its terms and further agrees that it is the complete and exclusive statement of the Agreement between the parties, which supersedes and merges all prior proposals, understandings and all other agreements, oral

and written, between the parties relating to this Agreement. This Agreement may not be modified or altered except by a written instrument duly executed by both parties.

B. This Agreement and performance hereunder shall be governed by and construed and enforced in accordance with the laws of the State of Georgia.

C. If any provision of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

D. The LICENSEE may not assign without the prior written consent of LICENSOR, its rights, duties or obligations under this Agreement to any person or entity, in whole or in part.

E. The waiver or failure of either party to exercise in any respect any right provided for herein shall not be deemed a waiver of any further right hereunder.

16. MAINTENANCE PLAN SELECTION. Coverage as priced below is for the following modules: Inbound (IMS), RF for IMS, Outbound (ODS) and RF for ODS, Freight, Parcel and Task Management.

PLEASE MARK SELECTED COVERAGE BELOW:	Annual Maintenance Fee
_____ Basic Coverage for one site	
_____ Extended Coverage for one site	

Manhattan Associates, LLC (LICENSOR)	_____ (LICENSEE)
By: _____	By: _____
Date: _____	Date: _____

AUTHORIZATION FOR CONSULTING SERVICES

MANHATTAN ASSOCIATES, LLC

2300 Windy Ridge Parkway, Suite 700

Atlanta, GA 30339
(770) 955-7070

CLIENT: _____

ADDRESS: _____

_____

_____

Task Description:

Consulting, Software Programming, Installation and Training

1. Phase I - Outbound Distribution System

2. Phase II - Inventory Management System

Current billing rates are:	Programming	$120 per Hour
	Consulting, Analysis, Training	$140 per Hour

Manhattan Associates, LLC	Clinet: _____
By: _____	By: _____
Title: Director of Corporate Alliances	Title: _____
Date: , 1998	Date: _____

SIGNATURE ACCEPTS CONDITIONS ON REVERSE

TERMS AND CONDITIONS

1. Cooperation. Client agrees to fully cooperate with Consultant in connection with Consultant's performance of services pursuant to this Authorization. Client further agrees to take any and all actions necessary or convenient to enable Consultant to perform the services contemplated herein in an effective and efficient manner.

2. Confidentiality. Consultant agrees to treat as confidential (i) all proprietary information of Client submitted to Consultant by Client as confidential; (ii) all proprietary information of Client acquired by Consultant in the course of performing services hereunder regarding special process or products developed by Client; and (iii) all proprietary data concerning Client's equipment, wages, prices, price lists, discounts and similar matters; provided, however, that Consultant will not be obligated to treat as confidential any information acquired by it that is either known to the general public or to the industry, or known to, or in the possession of Consultant prior to its entering into this Authorization.

3. Place of Performance. The services to be performed pursuant to this Authorization may be rendered at any one or more suitable locations selected by Consultant in its sole discretion.

4. Enticement of Employees. Neither Consultant nor Client shall solicit or hire any of the other's employees (direct or indirect), former employees, employees

of affiliated companies, or agents assigned through contracted means for the purpose of employment or independent consulting without the other party's prior written consent, within thirty-six (36) months of the last date of employment of such person by the other during the term of this Authorization, and for twenty-four (24) months after the termination of this Authorization.

Consultant and Client acknowledge and agree that, by virtue of the nature of the services to be performed by Consultant pursuant to this Authorization, Consultant will have access to and special knowledge of Client's business affairs and customers, and Client will have access to and special knowledge of the business and operations of Consultant. Accordingly, the parties acknowledge that loss and irreparable damage would be suffered by either party hereto in the event that the other party should breach or violate any of the terms or provisions of this paragraph 4. It is further acknowledged that any breach of the terms or provisions of this paragraph 4 would result in injury to the non-breaching party that would be difficult or impossible to accurately ascertain. Therefore, because of the impossibility of ascertaining actual damages, it is agreed that in the event of a breach of any provision of this paragraph 4 by either party, the breaching party will pay to the other party with respect to each such breach the sum of FIFTY THOUSAND AND NO/100 DOLLARS ($50000.00) as liquidated damages and not as a penalty. The parties hereby agree that the amount of liquidated damages specified herein represents a reasonable approximation of the damages which would be incurred as a result of a breach of this paragraph 4. The parties further agree that in the event of any actual or threatened breach of any of the provisions of this paragraph 4, the aggrieved party shall be entitled (in addition to any and all other rights and remedies at law or in equity for damages or otherwise, which rights and remedies are and shall be cumulative) to specific performance or to a temporary restraining order or an injunction to prevent such breach or contemplated breach.

5. Patents and Copyrights. Should Consultant during the term of this Authorization conceive or invent, either on the basis of information provided by or otherwise with or without the assistance of Client, any process, device or other innovation subject to patent or copyright, Consultant shall own any patent or copyright issued.

6. Time Limitation. Consultant reserves the right to redefine the description of services and estimated fees set forth on the front page hereof if this Authorization is not executed by Client within sixty (60) days after the date of Consultant's date of execution of this Authorization. Consultant also reserves the right to revise the hourly billing rates upon which the estimated fees are based in the event that the term of this Authorization exceeds one hundred eighty (180) days.

7. Fees/Expenses/Taxes. Client agrees to pay Consultant for all time incurred by Consultant in connection with the performance of services pursuant to this Authorization at Consultant's hourly billing rates in effect at the time the services are rendered including travel time billed at one half the current Billing Rate. Client further agrees to reimburse Consultant for all expenses incurred by Consultant in connection with the performance of services pursuant to this Authorization, including, without limitation, all travel expenses (including transportation, meals, lodging, relocation and all other travel-related expenses), technical support expenses, telephone expenses, and reporting expenses. All payments by Client to Consultant hereunder for fees and expenses shall be invoiced with any sales or service tax or any other tax of any kind whatsoever imposed by any governmental authority with respect to the services rendered or expenses incurred hereunder (other than a tax imposed upon the income or profits of Consultant), and Client agrees to pay any such tax whenever such tax shall be imposed by a governmental authority and to reimburse Consultant for any future payments of such tax made by Consultant to a governmental authority.

8. Payment. Consultant's invoices for fees and expenses shall be due and payable in full immediately upon receipt by Client. Invoices not paid within thirty (30) days from the invoice date shall bear interest from the invoice date until paid at a rate of one and one-half percent (1.5%) per month or the maximum rate permitted by applicable law, whichever is less. Time is of the essence for all payments due under this Authorization, and in the event any payment due to

Consultant is collected at law or through an attorney-at-law, or under advice therefrom, or through a collection agency, Client agrees to pay all costs of collection, including, without limitation, all court cost and reasonable attorney's fees.

9. Limitation of Liability. In no event shall Consultant be liable to Client whether in contract or in tort or under any other legal theory for lost profits or revenues, loss of use, or similar economic loss, or for any indirect, special, incidental, consequential or similar damages, arising out of or in connection with the performance or non-performance of this Authorization, or for any claim made against Client by any other party, even if Consultant has been advised of the possibility of such claim. In no event shall Consultant's liability under any claim exceed the total amount of fees theretofore paid by Client to Consultant under this Authorization. No action, regardless of form, arising out of or in connection with this Authorization (other than an action by Consultant) for any amount due to Consultant by Client may be brought more than one (1) year after the cause of action has arisen other than pursuant to paragraphs 2, 4, 5, and 6 above.

10. Waiver. No failure on the part of Consultant to exercise, and no delay by Consultant in exercising any right, power, or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power, or remedy by Consultant preclude any other or further exercise thereof or the exercise of any right, power, or remedy. No express waiver or assent by Consultant of any breach of or default in any term or condition of this Authorization shall constitute a waiver of or an assent to any succeeding breach of or default in the same or any other term or condition hereof.

11. Severability. All rights and restrictions contained herein may be exercised and shall be applicable and binding only to the extent that they do not violate any applicable laws and are intended to be limited to the extent necessary so that they will not render this Authorization illegal, invalid or unenforceable. If any term of this Authorization shall be held to be illegal, invalid or unenforceable by a court of competent jurisdiction, it is the intention of the parties that the remaining terms hereof shall constitute their agreement with respect to the subject matter hereof and all such remaining terms shall remain in full force and effect.

12. Termination. Either party may, at its election, upon thirty (30) days of prior written notice, terminate this Authorization, provided however, that the termination of this Authorization shall not affect any right or claim of Consultant incurred or accruing prior to the date of termination, including without limitation, any right or claim of Consultant payable for services rendered or reimbursable expenses incurred prior to such termination date. Anything herein to the contrary notwithstanding, the provisions of sections 2,4,5,7,8,9,10,11, and 13 of this Authorization shall survive the termination of this Authorization.

13. Notices. All notices and communications required or contemplated hereunder shall be in writing and shall be deemed to have been duly given upon delivery in person or upon expiration of three (3) days after the date of posting, if mailed by registered mail, postage prepaid, to the parties at the addresses appearing at the front hereof.

14. Governing Law. Regardless of the place of execution, place of performance or otherwise, this Authorization and all amendments, modifications, alterations or supplements hereto, and the rights of the parties hereunder shall be governed by and construed and enforced in accordance with the laws of and under the jurisdiction of the State of Georgia.

15. Successors. This Authorization shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

16. Headings. The headings as to the contents of particular paragraphs are inserted only for convenience and shall not be construed as a part of this Authorization or as a limitation on the scope of any of the terms or provisions of this Authorization.

17. Entire Agreement. This Authorization supersedes all prior discussions and agreements between the parties with respect to the subject matter hereof and this Authorization contains the sole and entire agreement between the parties with respect to the matters covered hereby. This Authorization shall not be modified or amended except by an instrument in writing signed by or on behalf of the parties hereto.

EXHIBIT 21.1

LIST OF SUBSIDIARIES

Upon the effectiveness of the transactions contemplated by the Contribution and Subscription Agreement, the Company's direct and indirect subsidiaries will consist of:

Performance Analysis Corporation

EXHIBIT 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our reports (and to all references to our firm) included in or made part of this Registration Statement.

ARTHUR ANDERSEN LLP

Atlanta, Georgia
March 31, 1998

EXHIBIT 99.2

Manhattan Associates, Inc.
Seventh Floor
2300 Windy Ridge Parkway
Atlanta, Georgia 30339

Re: Consent to Be Named as Director

Ladies and Gentlemen,

This will serve as my consent to my being named in the Registration Statement of Manhattan Associates, Inc. (No. 333-47095) and any amendment thereof or prospectus contained therein as a proposed director of Manhattan Associates, Inc.

March 31, 1998

/s/ Charles W. McCall

Charles W. McCall

Manhattan Associates, Inc.
Seventh Floor
2300 Windy Ridge Parkway
Atlanta, Georgia 30339

Re: Consent to Be Named as Director

Ladies and Gentlemen:

This will serve as my consent to my being named in the Registration Statement of Manhattan Associates, Inc. (No. 333-47095) and any amendment thereof or prospectus contained therein as a proposed director of Manhattan Associates, Inc.

March 31, 1998

/s/ Brian J. Cassidy

Brian J. Cassidy