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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[Mark One]
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 1998

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM ____________ TO ____________

Commission File Number: 0-23999

MANHATTAN ASSOCIATES, INC.
(Exact Name of Registrant as Specified in Its Charter)

GEORGIA	58-2373424
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

2300 WINDY RIDGE PARKWAY, SUITE 700 Atlanta, Georgia	30339
(Address of Principal Executive Offices)	(Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (770) 955-7070

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

The number of shares of the issuer's class of capital stock as of November 12, 1998, the latest practicable date, is as follows: 23,719,174 shares of Common Stock, $0.01 par value per share.

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MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES

FORM 10-Q
QUARTER ENDED SEPTEMBER 30, 1998

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PART I
FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	September 30, 1998 (unaudited)	December 31, 1997

ASSETS		
Current Assets:		
Cash and cash equivalents	$25,835	$ 3,194
Short-term investments	9,005	--
Accounts receivable, net of allowance for doubtful accounts of $1,392 and $970 at September 30, 1998 and December 31, 1997, respectively	17,839	9,242
Deferred taxes	423	--
Prepaid expenses and other current assets	641	384
Total current assets	53,743	12,820
Property and equipment, net	5,735	1,943
Deferred taxes	147	--
Intangible and other assets	1,535	243
Total assets	$61,160	$15,006
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 7,458	$ 3,687
Note payable to stockholder	--	1,019
Deferred revenue	2,541	1,846
Total current liabilities	9,999	6,552
Stockholders' equity:		
Preferred stock, no par value; 20,000,000 shares authorized, no shares issued or outstanding at September 30, 1998 and December 31, 1997	--	--
Common stock, $.01 par value; 100,000,000 shares authorized, 23,706,674 and 20,000,008 shares issued and outstanding at September 30, 1998 and December 31, 1997, respectively	237	200
Additional paid-in capital	51,352	1,459
Retained earnings	640	7,458
Accumulated foreign currency translation adjustment	(4)	--
Deferred compensation	(1,064)	(663)
Total stockholders' equity	51,161	8,454
Total liabilities and stockholders' equity	$61,160	$15,006

See accompanying Notes to Condensed Consolidated Financial Statements.

Item 1. Financial Statements (continued)

MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1998	1997	1998	1997
Revenue:				
Software license	$ 3,898	$1,981	$ 8,899	$ 5,308
Services	9,830	3,820	22,283	9,795
Hardware	2,860	3,081	10,870	7,791
Total revenue	16,588	8,882	42,052	22,894
Cost of revenue:				
Software license	372	122	612	316
Services	4,312	1,691	10,208	4,000
Hardware	2,038	2,230	8,042	5,827
Total cost of revenue	6,722	4,043	18,862	10,143
Gross margin	9,866	4,839	23,190	12,751
Operating expenses:				
Research and development	2,058	791	5,280	1,881
Acquired research and development	--	--	1,602	--
Sales and marketing	2,692	989	6,013	2,409
General and administrative	1,884	981	4,381	1,968
Total operating expenses	6,634	2,761	17,276	6,258
Operating income	3,232	2,078	5,914	6,493
Other income, net	442	9	734	48
Income before income taxes	3,674	2,087	6,648	6,541
Income tax expense (benefit)				
Tax provision as a `C' Corporation	1,361	--	2,063	--
Deferred tax adjustment	--	--	(316)	--
Historical net income	$ 2,313	$2,087	$ 4,901	$ 6,541
Historical basic net income per share	$ 0.10	$ 0.10	$0.22	$ 0.33
Historical diluted net income per share	$ 0.09	$ 0.10	$0.19	$ 0.32
Income before pro forma income taxes	3,674	2,087	6,648	6,541
Pro forma income taxes	1,361	757	2,978	2,372

Pro forma net income	$ 2,313	$1,330	$ 3,670	$ 4,169
Pro forma basic net income per share	$ 0.10	$ 0.07	$0.17	$ 0.21
Pro forma diluted net income per share	$ 0.09	$ 0.06	$0.14	$ 0.20

See accompanying Notes to Condensed Consolidated Financial Statements

ITEM 1. Financial Statements (continued)

MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(UNAUDITED)

	Nine Months Ended September 30,	
	1998	1997
OPERATING ACTIVITIES:		
Pro forma net income	$ 3,670	$ 4,169
Adjustments to reconcile pro forma net income to net cash provided by operating activities:		
Pro forma income taxes	1,231	2,372
Depreciation and amortization	1,043	305
Stock compensation	204	75
Acquired research and development	1,602	--
Deferred income taxes	(528)	--
Accrued interest on note payable to stockholder	34	37
Changes in operating assets and liabilities:		
Accounts receivable, net	(8,503)	(4,182)
Other assets	(501)	(90)
Accounts payable and accrued liabilities	3,350	1,685
Deferred revenue	490	757
Net cash provided by operating activities	2,092	5,128
INVESTING ACTIVITIES:		
Purchase of property and equipment	(4,582)	(889)
Purchase of short-term investments	(9,005)	--
Payments in connection with the acquisition of Performance Analysis Corporation, net of cash acquired	(1,351)	--
Net cash used in investing activities	(14,938)	(889)
FINANCING ACTIVITIES:		
Distributions to stockholders	(11,720)	(4,842)
Borrowings under note payable to stockholder	900	--
Repayment of note payable to stockholder	(1,953)	--
Proceeds from issuance of common stock	48,258	--
Net cash provided by (used in) financing activities	35,485	(4,842)
Foreign currency impact on cash	2	--
Net increase (decrease) in cash and cash equivalents	22,641	(603)
Cash and cash equivalents at beginning of period	3,194	3,199
Cash and cash equivalents at end of period	$ 25,835	$ 2,596
SUPPLEMENTAL CASH FLOW DISCLOSURE:		
Issuance of common stock in connection with acquisition of Performance Analysis Corporation	$ 1,067	$ --
Cash paid for income taxes	$ 2,118	$ --

See accompanying Notes to Condensed Consolidated Financial Statements.

MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
September 30, 1998
(unaudited)

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of the Company's management, these consolidated financial statements contain all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the financial position at September 30, 1998, the results of operations for the three month and nine month periods ended September 30, 1998 and 1997 and changes in cash flows for the nine month periods ended September 30, 1998 and 1997. The interim results for the three month and nine month periods ended September 30, 1998 are not necessarily indicative of the results to be expected for the full year. These statements should be read in conjunction with the Company's financial statements for the year ended December 31, 1997, as filed in its Prospectus dated April 23, 1998.

2. PRINCIPLES OF CONSOLIDATION

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

3. COMPLETION OF INITIAL PUBLIC OFFERING AND CONVERSION

On April 23, 1998, the Company completed its initial public offering (the "Offering") of its $.01 par value per share common stock (the "Common Stock"). The Company sold 3,500,000 shares of Common Stock, excluding 525,000 shares sold by certain selling stockholders as part of the underwriters' over-allotment, for $52,500,000 less issuance costs of approximately $5,242,000.

In connection with the Offering, the assets and liabilities of Manhattan Associates, LLC ("Manhattan LLC") were contributed to the Company in exchange for Common Stock of the Company (the "Conversion"). Manhattan LLC then distributed the Common Stock of the Company received to its stockholders. Prior to the completion of the Offering, Manhattan LLC distributed all undistributed earnings, calculated on a tax basis, to the stockholders of Manhattan LLC. The amount distributed subsequent to December 31, 1997 and prior to completion of the Offering was approximately $11,720,000.

4. REVENUE RECOGNITION

Effective January 1, 1998, the Company adopted Statement of Position No. 97-2, "Software Revenue Recognition" ("SOP 97-2"), that supersedes Statement of Position No. 91-1, "Software Revenue Recognition." Under SOP 97-2, the Company recognizes software license revenue when the following criteria are met: (1) a signed contract is obtained; (2) shipment of the product has occurred; (3) the license fee is fixed and determinable; (4) collectibility is probable; and (5) remaining obligations under the license agreement are insignificant. Consulting services are generally billed on an hourly basis and revenue is recognized as the work is performed. Maintenance revenue from ongoing customer support is billed in advance for a one year period and recorded as revenue ratably over the billing period. Hardware revenue is billed and recognized upon shipment. The adoption of SOP 97-2 did not have a significant impact on the Company's financial statements for the three month or nine month periods ended September 30, 1998.

5. COMPREHENSIVE INCOME

The Company has adopted SFAS No. 130, "Reporting Comprehensive Income", which establishes standards for reporting and display of "comprehensive income"

and its components. Comprehensive income for the Company consists of net income and foreign currency translation adjustments. Total historical comprehensive income (in thousands of dollars) was $2,309 and $2,087 for the three-month periods ended September 30, 1998 and 1997, respectively. Total historical comprehensive income (in thousands of dollars) was $4,897 and $6,541 for the nine-month periods ended September 30, 1998 and 1997, respectively.

6. NOTE PAYABLE TO STOCKHOLDER

At December 31, 1997, the Company had approximately $1 million outstanding under a Grid Promissory Note (the "Note") payable to the Company's majority stockholder. In February 1998, the Company borrowed an additional $900,000 pursuant to the Note. The Company repaid the Note, together with accrued interest of approximately $131,000 during the second quarter of 1998.

7. EARNINGS PER SHARE

Subsequent to the completion of the initial public offing, historical basic net income per share is calculated using the weighted average number of shares outstanding during the period. Historical diluted net income per share is computed on the basis of the weighted average number of common shares outstanding plus the dilutive effect of outstanding stock options using the "treasury stock" method.

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

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:

	Three Months Ended September 30, 1998		Three Months Ended September 30, 1997	
	Basic	Diluted	Basic	Diluted
	Historical		Historical	
	(in thousands)			
Weighted Share	23,707	23,707	20,000	20,000
Effect of CES's	--	3,292	--	583
	23,707	26,999	20,000	20,583
	Basic	Diluted	Basic	Diluted
	Pro Forma		Pro Forma	
Weighted Shares	23,707	23,707	20,000	20,000
Distribution Shares	--	--	90	90
Effect of CES's	--	3,292	--	583
	23,707	26,999	20,090	20,673

	Nine Months Ended September 30, 1998		Nine Months Ended September 30, 1997	
	Basic	Diluted	Basic	Diluted
	Historical		Historical	
	(in thousands)			
Weighted Share	22,222	22,222	20,000	20,000
Effect of CES's	--	3,284	--	491
	22,222	25,506	20,000	20,491

	Basic	Diluted	Basic	Diluted
	Pro Forma		Pro Forma	
Weighted Shares	22,222	22,222	20,000	20,000
Shares to Minority Holder	--	17	--	--
Distribution Shares	--	30	90	90
Effect of CES's	--	3,284	--	491
	22,222	25,553	20,090	20,581

8. INCOME TAXES

Prior to the Conversion, the Company elected to report as a limited liability company that was treated as a partnership for income tax purposes (see Note 3), and as a result, the Company was not subject to federal and state income taxes. After the Conversion, the Company became subject to federal and state income taxes. In connection with the Conversion, the Company recognized a one-time benefit in April 1998 of $316,000 by recording the asset related to the future reduction of income tax payments due to temporary differences between the recognition of income for financial statements and income tax regulations. Pro forma net income amounts discussed herein include 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 periods presented. Pro forma income tax provisions reflect the Company's anticipated effective annual tax rate of 36% for the nine month period ended September 30, 1998 and the three and nine month periods ended September 30, 1997. For the three month period ended September 30, 1998, the pro forma income tax provision equals the historical income tax provision. The historical income tax provision reflects the Company's anticipated effective annual tax rate of 37% for the three month period ended September 30, 1998.

9. ACQUISITIONS

In September 1998, the Company entered into an agreement to acquire DCMS (R), the Distribution Center Management Systems software product and related assets from Kurt Salmon Associates for approximately $2.0 million and additional consideration. The Company completed the DCMS acquisition in October 1998 and the DCMS acquisition will be accounted for as a purchase.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

OVERVIEW

The Company 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.

Effective January 1, 1998, the Company adopted Statement of Position No. 97-2, "Software Revenue Recognition" ("SOP 97-2"), that supersedes Statement of Position No. 91-1, "Software Revenue Recognition." Under SOP 97-2, the Company recognizes software license revenue when the following criteria are met: (1) a signed contract is obtained; (2) shipment of the product has occurred; (3) the license fee is fixed and determinable; (4) collectibility is probable; and (5) remaining obligations under the license agreement are insignificant. Consulting services are generally billed on an hourly basis and revenue is recognized as the work is performed. Maintenance revenue from ongoing customer support is billed in advance for a one year period and recorded as revenue ratably over the billing period. Hardware revenue is billed and recognized upon shipment. The adoption of SOP 97-2 did not have a significant impact on the Company's financial statements for the three month period ended September 30, 1998.

Prior to the Conversion, the Company elected to report as a limited liability company that was treated as a partnership for income tax purposes, and as a result, the Company was not 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 was liable for federal and state income taxes as a taxable corporate entity throughout the periods 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 terminated immediately prior to the effectiveness of the Offering, and the Company will thereafter be taxed as a business corporation. See Notes to Condensed Consolidated Financial Statements.

RESULTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30, 1998 COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 1997

Revenue

Total revenue increased 87% to $16.6 million for the three months ended September 30, 1998 from $8.9 million for the three months ended September 30, 1997. 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 97% to $3.9 million for the three months ended September 30, 1998 from $2.0 million for the three months ended September 30, 1997. The increase in revenue from software licenses was primarily due to an increase in the number of licenses of the Company's PkMS product.

Services. Services revenue increased 157% to $9.8 million for the three months ended September 30, 1998 from $3.8 million for the three months ended September 30, 1997. 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 decreased 7% to $2.9 million for the three months ended September 30, 1998 from $3.1 million for the three months ended September 30, 1997. The decrease in revenue from hardware was principally a result of a higher proportional demand for hardware products during the three months ended September 30, 1997 as compared to the three months ended September 30, 1998.

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 purchased software. Cost of software license revenue increased to $372,000, or 10% of software license revenue, for the three months ended September 30, 1998 from $122,000, or 6% of software license revenue, for the three months ended September 30, 1997. Cost of software license revenue increased principally due to the amortization of purchased software from the PAC acquisition and due to an increase in royalties associated with the sale of certain products developed by third parties.

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 $4.3 million, or 44% of services revenue, for the three months ended September 30, 1998 from $1.7 million, or 44% of services revenue, for the three months ended September 30, 1997. The increase in cost of services revenue was primarily due to increased personnel as a result of the increased demand for services.

Cost of Hardware. Cost of hardware revenue decreased to $2.0 million, or 71% of hardware revenue, for the three months ended September 30, 1998 from $2.2 million, or 72% of hardware revenue, for the three months ended September 30, 1997. The decrease in the cost of hardware as a percentage of hardware revenue is principally due to an increase in the percentage of hardware products sold with relatively higher gross margins during the three month period ended September 30, 1998 as compared to sales during the three month period ended September 30, 1997.

Operating Expenses

Research and Development. Research and development expenses principally consist of salaries and other personnel-related costs. The Company's research and development expenses increased by 160% to $2.1 million, or 12% of total revenue, for the three months ended September 30, 1998 from $791,000, or 9% of total revenue, for the three months ended September 30, 1997. The increase in research and development expenses resulted from an increase in the number of research and development personnel during the three months ended September 30, 1998 as compared to the three months ended September 30, 1997. Significant product development efforts include the continued development of PkMS, the development of a client/server version of PkMS and, to a lesser extent, the continued development of SLOT-IT and the development of the Windows NT based version of SLOT-IT. 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 continue 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 172% to $2.7 million, or 16% of total revenue, for the three months ended September 30, 1998 from $989,000, or 11% of total revenue, for the three months ended September 30, 1997. The increase in sales and marketing expenses was the result of additional sales and marketing personnel and expanded marketing program activities.

General and Administrative. General and administrative expenses consist primarily of salaries and other personnel-related costs of executive, financial and human resources and administrative personnel, as well as facilities, legal, insurance, accounting and other administrative expenses. General and administrative expenses increased by 92% to $1.9 million, or 11% of total revenue, for the three months ended September 30, 1998 from $981,000, or 11% of total revenue, for the three months ended September 30, 1997. The increase in

general and administrative expenses was principally due to increased personnel 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 $1.4 million for the three months ended September 30, 1998, as compared to $757,000 for the three months ended September 30, 1997. The increase in the pro forma provision for income taxes is a result of an increase in income before income taxes for the three months ended September 30, 1998 compared to the income for the three months ended September 30, 1997.

Earnings per Share

Pro Forma Net Income per Share. Pro forma net income was $2.3 million, or $0.09 per diluted share, for the three months ended September 30, 1998, compared to pro forma net income of $1.3 million, or $0.06 per diluted share, for the three months ended September 30, 1997.

NINE MONTHS ENDED SEPTEMBER 30, 1998 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 1997

Revenue

Total revenue increased 84% to $42.1 million for the nine months ended September 30, 1998 from $22.9 million for the nine months ended September 30, 1997. 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 68% to $8.9 million for the nine months ended September 30, 1998 from $5.3 million for the nine months ended September 30, 1997. 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, to a lesser extent, new license revenue as a result of the acquisition of PAC.

Services. Services revenue increased 127% to $22.3 million for the nine months ended September 30, 1998 from $9.8 million for the nine months ended September 30, 1997. 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 40% to $10.9 million for the nine months ended September 30, 1998 from $7.8 million for the nine months ended September 30, 1997. 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 purchased software. Cost of software license revenue increased to $612,000, or 7% of software license revenue, for the nine months ended September 30, 1998 from $316,000, or 6% of software license revenue, for the nine months ended September 30, 1997. Cost of software license revenue increased principally due to the amortization of purchased software from the PAC acquisition and due to an increase in royalties associated with the sale of certain products developed by third parties.

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 $10.2 million, or 46% of services revenue, for the nine months

ended September 30, 1998 from $4.0 million, or 41% of services revenue, for the nine months ended September 30, 1997. The increase in cost of services revenue was primarily due to increased personnel as a result of increased demand for services. The increase in cost of services revenue as a percentage of services revenue is principally due to increased training and other costs related to the increase in services personnel.

Cost of Hardware. Cost of hardware revenue increased to $8.0 million, or 74% of hardware revenue, for the nine months ended September 30, 1998 from $5.8 million, or 75% of hardware revenue, for the nine months ended September 30, 1997. The decrease in the cost of hardware as a percentage of hardware revenue is principally due to an increase in the percentage of hardware products sold with relatively higher gross margins as compared to the nine months ended September 30, 1997.

Operating Expenses

Research and Development. Research and development expenses principally consist of salaries and other personnel-related costs. The Company's research and development expenses increased by 181% to $5.3 million, or 13% of total revenue, for the nine months ended September 30, 1998 from $1.9 million, or 8% of total revenue, for the nine months ended September 30, 1997. The increase in research and development expenses resulted from an increase in the number of research and development personnel during the nine months ended September 30, 1998 as compared to the nine months ended September 30, 1997.

Acquired Research and Development. In February 1998, the Company purchased all of the outstanding stock of PAC for approximately $2.2 million in cash and 106,666 shares of the Company's Common Stock valued at $10.00 per share. The acquisition has been accounted for as a purchase. In connection with this acquisition, approximately $1.6 million of the purchase price was allocated to acquired research and development and expensed during the first quarter of 1998.

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 150% to $6.0 million, or 14% of total revenue, for the nine months ended September 30, 1998 from $2.4 million, or 11% of total revenue, for the nine months ended September 30, 1997. The increase in sales and marketing expenses was the result of additional sales and marketing personnel and expanded marketing program activities.

General and Administrative. General and administrative expenses consist primarily of salaries and other personnel-related costs of executive, financial and human resources and administrative personnel, as well as facilities, legal, insurance, accounting and other administrative expenses. General and administrative expenses increased by 123% to $4.4 million, or 10% of total revenue, for the nine months ended September 30, 1998 from $2.0 million, or 9% of total revenue, for the nine months ended September 30, 1997. The increase in general and administrative expenses was principally due to increased personnel 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 for the nine months ended September 30, 1998, as compared to $2.4 million for the nine months ended September 30, 1997.

Earnings per Share

Pro Forma Net Income per Share. Pro forma net income, excluding the effect of a one-time acquired research and development charge of $1.6 million, was $5.3 million, or $0.21 per diluted share, for the nine months ended September 30, 1998, compared to pro forma net income of $4.2 million, or $0.20 per diluted share, for the nine months ended September 30, 1997. Including the effect of

the one-time acquired research and development charge, the Company's pro forma net income was $3.7 million, or $0.14 per diluted share, for the nine months ended September 30, 1998.

LIQUIDITY AND CAPITAL RESOURCES

Since inception, the Company has funded its operations primarily through cash generated from operations and an initial public offering in April 1998 (the "Offering"). In addition, the Company has also borrowed money from its majority stockholder. As of September 30, 1998, the Company had $34.8 million in cash, cash equivalents and short-term investments.

The Company's operating activities provided cash of $2.1 million for the nine months ended September 30, 1998 and $5.1 million for the nine months ended September 30, 1997. 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 was primarily the result of the Company's continued revenue growth.

Cash used for investing activities was approximately $14.9 million for the nine months ended September 30, 1998 and $889,000 for the nine months ended September 30, 1997. The Company's use of cash for the nine months ended September 30, 1998 was primarily for the purchase of short term investments, the acquisition of PAC, and the purchase of capital equipment, such as computer equipment and furniture and fixtures, to support the Company's growth.

Cash provided by financing activities was approximately $35.5 million for the nine months ended September 30, 1998. Cash used for financing activities was approximately $4.8 million for the nine months ended September 30, 1997. The principal source of cash provided by financing activities for the nine months ended September 30, 1998 was additional borrowings under a Grid Promissory Note with the majority stockholder and proceeds from the issuance of Common Stock, partially reduced by distributions to the Company's stockholders prior to the Offering and the repayment of the note payable to the majority stockholder.

The Company entered into a line of credit with Silicon Valley Bank to fund its distribution to the Company's stockholders prior to the Offering and to fund its continuing working capital needs. The line of credit does not contain any conditions or restrictive covenants that would materially affect the Company's business, financial condition or results of operations. In April 1998, the Company borrowed approximately $7 million under the line of credit. The Company repaid the borrowings and accrued interest with the proceeds from the Offering.

In April 1998, the Company completed the Offering, in which the Company received net proceeds of approximately $47.3 million after deducting underwriting discounts and offering expenses. The Company applied a portion of the net proceeds to repay all of the Company's outstanding indebtedness to Silicon Valley Bank ($7.0 million) and a note payable to the Company's Chairman of the Board, Chief Executive Officer and President ($1.9 million). Prior to the Offering, the Company made payments of $11.7 million in distributions to stockholders. The balance of the net proceeds of the Offering (approximately $34 million) have been and will continue to be utilized for general corporate purposes. Such purposes may also include possible acquisitions of, or investments in, businesses and technologies that are complementary to those of the Company. 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 or 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.

The Company anticipates that existing cash and cash equivalents will be adequate to meet its cash requirements for the next twelve months.

YEAR 2000 READINESS DISCLOSURE

Many currently installed computer systems and software products are coded to accept only two digit entries in date code fields. Beginning in the year 2000, many of these systems will need to be modified to accept four digit entries or otherwise distinguish twenty-first century dates from twentieth century dates. As a result, over the next year and one quarter, computer systems and/or software used by many companies may need to be upgraded to comply with such "Year 2000" requirements.

In September 1998, the Company formed its Year 2000 Readiness Committee to oversee the Company's Year 2000 Readiness Assessment Program, which includes establishing the Company's standard for Year 2000 Readiness, designing test parameters for its products, IT and non-IT systems, overseeing the Company's remediation program, including establishing priorities for remediation and allocating available resources, overseeing the communication of the status of the Company's efforts to its customers, and establishing contingency plans in the event the Company experiences Year 2000 disruptions.

The Company describes its products as "Year 2000 Ready" when they have been successfully tested using the procedure proscribed in its Readiness Assessment Program. This procedure defines the criteria used to design tests that seek to determine the Year 2000 readiness of a product. Under the Company's criteria, a software product is Year 2000 Ready if it: (i) will completely and accurately address, present (in a two-digit format), produce, store and calculate data involving dates beginning with January 1, 2000 and will not produce abnormally ending or incorrect results involving such dates as used in any forward or regression date based functions; and (ii) will provide that all "date"-related functionalities and data fields include the indication of century and millennium, whether shown on-screen or internally noted, and will perform calculations which involve a four-digit year field, provided that the data input into the Company's software from any other source has the same Year 2000 capabilities and is in a format which is compatible with the Company's software.

Because the latest versions of the Company's products are designed to be Year 2000 compliant, the Company's Year 2000 remediation efforts with respect to its products have focused on determining the compliance of the Company's earlier software products as implemented in the Company's installed customer base, as well as the impact of any non-compliance on the Company and its customers. The Company offers its customers the alternatives of implementing a modification to non-compliant legacy versions of its software or migrating to a later version of the software which is Year 2000 Ready. Because the Company's software is often marketed as an integrated system which includes hardware and operating or interface software from third parties over which it can assert little control, the Year 2000 Readiness Committee is evaluating the Year 2000 Readiness of such systems and their vendors and the risks associated with the failure of such third parties to adequately address the Year 2000 issue.

The Company's Year 2000 Readiness Committee is also addressing the Company's Year 2000 readiness with respect to both information technology ("IT") and non-IT systems on which the Company's operations rely. As a result of its recent rapid growth, the Company has within the last 18 months or expects to prior to year-end 1999 replace or significantly upgrade substantially all of its core IT systems, including those related to sales, customer service, human resources, finance and other enterprise resource planning functions. The Company believes that the upgraded systems are all Year 2000 Ready and has received assurances from the vendors of such systems to that effect. The Company is reviewing its remaining IT systems for Year 2000 Readiness, and expects to modify, replace or discontinue the use of non-compliant systems before the end of 1999. In addition, the Company is in the process of evaluating its Year 2000 readiness with respect to non-IT systems, including systems embedded in the Company's communications and office facilities. In many cases these facilities have been recently upgraded or are scheduled to be upgraded before year-end 1999 as a result of the Company's recent growth. Finally, because the Company relies upon relationships with third parties such as providers telecommunications and

similar infrastructure services which it can assert little control, the Year 2000 Readiness Committee is also assessing the risks associated with the failure of such third parties to adequately address Year 2000 issues.

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. In addition, Year 2000 non-compliance in the Company's internal IT systems or certain non-IT systems on which its operations rely or by the Company's business partners may have an adverse impact on the Company's business, financial condition or results of operations.

The majority of the work performed for the Company's Year 2000 Readiness Assessment Program has been completed by the Company's staff. The total costs for completing the Year 2000 Readiness Assessment Program, including modifications to the Company's software products, is estimated to be between $0.5 million and $1.0 million, funded through the Company's internal operating cash flows. This cost does not include the cost for new software, or for modifications to existing software, for the Company's core IT and non-IT systems, as these projects were not accelerated due to the Year 2000 issue.

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.

The Company's evaluation of its Year 2000 issue includes the development of contingency plans for business functions that are susceptible to a substantive risk of disruption resulting from a Year 2000 related event. Because the Company has not yet identified any business function that is materially at risk of Year 2000 related disruption, it has not yet developed detailed contingency plans specific to Year 2000 events for any business function. The Company is prepared for the possibility, however, that certain business functions may be hereafter identified as at risk and will develop contingency plans for such business functions when and if such determinations are made.

FORWARD LOOKING STATEMENTS

Certain statements contained in this filing are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including but not limited to statements related to plans for future business development activities, anticipated costs of revenues, product mix and service revenues, research and development and selling, general and administrative activities, and liquidity and capital needs and resources. Such forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. For further

information about these and other factors that could affect the Company's future results, please see Exhibit 99.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998. Investors are cautioned that any forward looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements.

PART II
OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

No events occurred during the quarter covered by the report that would require a response to this item.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS.

No events occurred during the quarter covered by the report that would require a response to this item.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

No events occurred during the quarter covered by the report that would require a response to this item.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No events occurred during the quarter covered by the report that would require a response to this item.

ITEM 5. OTHER INFORMATION.

No events occurred during the quarter covered by the report that would require a response to this item.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits.

The following exhibits are filed with this Report:

Exhibit 10.1 Executive Employment Agreement by and among the Company and Robert Bearden, effective as of August 12, 1998.

Exhibit 27.1 Financial Data Schedule.

(b) Reports to be filed on Form 8-K.

No reports on Form 8-K were filed during the quarter ended September 30, 1998.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MANHATTAN ASSOCIATES,INC.

Date: November 12, 1998

/s/ Alan J. Dabbiere

Alan J. Dabbiere
Chairman of the Board, Chief Executive Officer and President
(Principal Executive Officer)

Date: November 12, 1998

/s/ Michael J. Casey

Michael J. Casey
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

EXHIBIT 10.1

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (the "Agreement") by and between Manhattan Associates, Inc., a Georgia limited liability company ("Company"), and Robert Bearden ("Executive") is hereby entered into and effective as of the 12th day of August, 1998 (the "Effective Date").

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

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

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

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

A G R E E M E N T S :

1. Employment and Duties.

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

B. Executive shall have such duties as are set forth on EXHIBIT A ("Duties") and as may otherwise be assigned to him by the Executive Vice President, Sales and Marketing or such other executive as may be designated by the Executive Vice President, Sales and Marketing, Chief Executive Officer or Board of Directors 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.

2. Compensation.

A. Base Salary. During his employment hereunder, Company shall pay to Executive a base salary ("Base Salary") of $15,000.00 per month ($180,000.00 annualized), subject to all standard employment deductions, which amount may be increased annually at the discretion of the Chief Executive Officer or Board of Directors.

B. Signing Bonus. Executive will receive a signing bonus of

$75,000.00, which amount shall be paid with your first paycheck. If you should voluntarily terminate your employment with us within the first year for any reason, this amount shall be returned to the Company by you.

C. Performance-Related Bonus. Executive shall be eligible to receive a performance-related bonus of $175,000.00 per year, subject to all standard employment deductions, based on criteria to be agreed upon between Executive and Messrs. Greg Cronin and Alan Dabbiere. These criteria will include increasing the following Company measures:

- Number of customers
- Average sale size
- Proportion of "Tier 1" customers
- Company Revenue
- Licensing Fee
- Margins
- Sales Personnel

D. Stock Option. Executive shall receive an option (the "Option") to purchase 600,000 shares of Company at an exercise price of $13.86 per share pursuant to the Manhattan Associates, Inc. Option Plan (the "Option Plan"). The Options shall vest pursuant to the schedule on EXHIBIT B.

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 one-half the amount of Executive's base annual salary (determined as of the date of his termination) which he would normally receive during six (6) months of employment (and in no event less than Ninety Thousand Dollars ($90,000), subject to all standard deductions, payable in full within thirty (30) days of termination of employment, and you will receive COBRA payments for you and your family for medical and dental coverage. Company's obligation to make the severance payment shall be conditioned upon Executive's (i) execution of a release agreement in a form reasonably acceptable to the Company, and consistent with the terms of this Agreement, whereby Executive releases the Company from any and all liability and claims of any kind, and (ii) compliance with the restrictive covenants and all post-termination obligations contained in this Agreement. Further, in the event of a termination, other than a termination based on gross negligence or willful misconduct, Executive shall have thirty (30) in which to exercise his vested options.

5. Ownership.

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

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

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

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

6. Trade Secrets and Confidential Information.

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

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

disassemble, or transfer, directly or indirectly, in any form, or for any purpose, any Proprietary Information communicated or made available by Company to or received by Executive. Executive agrees to notify Company immediately if he discovers any unauthorized use or disclosure of the Proprietary Information.

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

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

7. Non-Solicitation.

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

with Company for any reason (the "Two Year Limitation Period"), Executive will not, without Company's prior written consent, contact, solicit or attempt to solicit, on his own or another's behalf, any Customer with whom Executive had contact in the two 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 Two Year Limitation Period, Executive will not, without Company's prior written consent, call upon, solicit, recruit, or assist others in calling upon, soliciting or recruiting any person who is or was an employee of Company during the Two Year Restrictive Period for the purpose of having such person work in any other corporation, entity, or business that is competitive with the Company Business.

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

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

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

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

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

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

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

party waiving the benefit of such term.

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

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

To Executive: Robert Bearden
580 Guildhall Place,
Alpharetta, Georgia 30022

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, Inc.

By: /s/ David K. Dabbiere, Esq.

Name: David K. Dabbiere. Esq.

Title: Vice President and General Counsel

EXECUTIVE:

/s/ Robert Bearden

Robert Bearden

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS OF MANHATTAN ASSOCIATES, INC. FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH CONSOLIDATED FINANCIAL STATEMENTS.
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