

MANUGISTICS GROUP INC  
Form DEFM14A  
June 01, 2006  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934

Filed by the Registrant  x  
Filed by a Party other than the Registrant  o  
Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

**Manugistics Group, Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- o No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 

(1)	Title of each class of securities to which transaction applies: Common Stock, par value \$0.002 per share, of Manugistics Group, Inc.
(2)	Aggregate number of securities to which transaction applies: 84,142,830 shares of Manugistics Group, Inc. Common Stock outstanding as of April 30, 2006. 1,861,716 options to purchase shares of Manugistics Group, Inc. Common Stock.
(3)	Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): \$2.50 per share of Manugistics Group, Inc. Common Stock(1)
(4)	Proposed maximum aggregate value of transaction: \$211,416,471(1)
(5)	Total fee paid: \$22,621.57(1)
- x Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 

(1)	Amount Previously Paid:
(2)	Form, Schedule or Registration Statement No.:
(3)	Filing Party:
(4)	Date Filed:

(1) As of May 15, 2006, there were: (i) 84,142,830 shares of Common Stock, par value \$0.002 per share ( Common

Stock ) of Manugistics Group, Inc. outstanding and owned by stockholders other than JDA Software Group, Inc. and Stanley Acquisition Corp.; and (ii) options to purchase 1,861,716 shares of Common Stock with an exercise price of less than \$2.50 per share. The filing fee was determined by adding (i) the product of (A) the number of shares of Common Stock that are proposed to be acquired in the merger and (B) the merger consideration of \$2.50 in cash per share plus (ii) \$1,059,395.95 expected to be paid to holders of stock options with an exercise price of less than \$2.50 per share upon consummation of the merger in exchange for cancellation of such options ((i) and (ii) together, the Total Consideration ). The payment of the filing fee, calculated in accordance with Exchange Act Rule 0-11(c)(1) was calculated by multiplying the Total Consideration by 0.000107.

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MANUGISTICS GROUP, INC.

9715 Key West Avenue  
Rockville, Maryland 20850

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June 1, 2006

Dear Fellow Stockholders:

You are cordially invited to attend a special meeting of stockholders of Manugistics Group, Inc. ( Manugistics or the Company ), to be held at the Company's principal executive offices located at 9715 Key West Avenue, Rockville, Maryland on Wednesday, June 28, 2006 at 11:00 a.m., E.D.T. At the special meeting, you will be asked to consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of April 24, 2006 (the Merger Agreement ), by and between Manugistics, JDA Software Group, Inc. (the Buyer ) and Stanley Acquisition Corp., a wholly owned subsidiary of the Buyer ( Merger Sub ).

The Merger Agreement contemplates the merger of Merger Sub with and into Manugistics, with Manugistics continuing after the Merger as a wholly owned subsidiary of the Buyer (the Merger ). Upon completion of the Merger, each share of Manugistics' common stock not held by the Buyer, Merger Sub, Manugistics or any subsidiary of Manugistics or a stockholder who perfects appraisal rights in accordance with Delaware law, will be converted into the right to receive \$2.50 in cash, without interest and less any applicable withholding tax.

Under Delaware law, the affirmative vote of holders of a majority of the shares of Manugistics common stock outstanding and entitled to vote at the special meeting is necessary to adopt the Merger proposal.

On April 23, 2006, based on the unanimous recommendation of a special committee composed of three independent directors, our board of directors unanimously (1) approved and declared advisable the Merger Agreement, the Merger, and the other transactions contemplated by the Merger Agreement, (2) declared that it is advisable and in the best interests of the Company and its stockholders that the Company enter into the Merger Agreement and consummate the Merger on the terms and subject to the conditions set forth in the Merger Agreement, (3) declared that the Merger Agreement is fair to the Company and its stockholders, (4) directed that the Merger Agreement be submitted to a vote for adoption at a meeting of the Company's stockholders, and (5) recommended that the Company's stockholders adopt the Merger Agreement. **Therefore, our board of directors unanimously recommends that you vote FOR the adoption of the Merger Agreement.**

The accompanying Notice of Special Meeting and proxy statement explain the proposed Merger and provide specific information concerning the special meeting. Please read those materials carefully.

Our board of directors has fixed the close of business on May 25, 2006, as the record date for the purpose of determining stockholders entitled to receive notice of, and to vote at, the special meeting or any adjournment, postponement or continuation thereof.

Our board of directors knows of no other matters that will be presented for consideration at the special meeting. If any other matter properly comes before the special meeting, the persons named in the enclosed form of proxy or their substitutes will vote in accordance with their best judgment on such matter.

The enclosed proxy statement provides you with a summary of the Merger Agreement and the proposed Merger and provides additional information about the parties involved. The closing of the Merger will occur as promptly as practicable following the adoption of the Merger Agreement at the

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special meeting by Manugistics stockholders, subject to the satisfaction or waiver of the other conditions to the closing of the Merger, as described in the enclosed proxy statement.

**YOUR VOTE IS VERY IMPORTANT. Whether or not you plan to attend the special meeting in person, please sign and return the enclosed proxy in the envelope provided. If you attend the special meeting and desire to vote in person, you may do so even though you have previously sent a proxy. Because adoption of the Merger Agreement requires, under Delaware law, the affirmative vote of holders of a majority of the shares of Manugistics common stock, the failure to vote will have exactly the same effect as voting against the Merger proposal.**

**If your shares are held in street name by your broker, your broker will be unable to vote your shares without instructions from you. You should instruct your broker to vote your shares, following the procedures provided by your broker. Failure to instruct your broker to vote your shares will have exactly the same effect as voting against adoption of the Merger proposal.**

Sincerely,

Joseph L. Cowan  
*Chief Executive Officer*

This proxy statement is dated June 1, 2006, and is first being mailed to stockholders on or about June 2, 2006.

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MANUGISTICS GROUP, INC.  
9715 Key West Avenue  
Rockville, Maryland 20850

June 1, 2006

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**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**To be held June 28, 2006**

To Our Stockholders:

Notice is hereby given that a special meeting of stockholders of Manugistics Group, Inc., a Delaware corporation ( Manugistics or the Company ), will be held on Wednesday, June 28, 2006 at the Company s principal executive offices located at 9715 Key West Avenue, Rockville, Maryland at 11:00 a.m., E.D.T. for the following purposes:

1. To consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of April 24, 2006 (the Merger Agreement ), by and between Manugistics, JDA Software Group, Inc. ( JDA or the Buyer ) and Stanley Acquisition Corp., a wholly owned subsidiary of the Buyer ( Merger Sub ). Pursuant to the Merger Agreement, Merger Sub will be merged with and into Manugistics, with Manugistics as the resulting corporation (the Merger ). Upon completion of the Merger, each share of Manugistics common stock not held by the Buyer, Merger Sub, Manugistics, or any subsidiary of Manugistics or a stockholder who perfects appraisal rights in accordance with Delaware law, will be converted into the right to receive \$2.50 in cash, without interest and less any applicable withholding tax. A copy of the Merger Agreement is attached as Annex A to the accompanying proxy statement;
2. To approve the adjournment, postponement or continuation of the special meeting for, among other reasons, the solicitation of additional proxies in the event that there are not sufficient votes at the time of the special meeting to approve the proposal to approve the Merger Agreement; and
3. To transact any other business that may properly come before the special meeting.

Under Delaware law, the affirmative vote of holders of a majority of the shares of Manugistics common stock outstanding and entitled to vote at the special meeting is necessary to adopt the Merger proposal.

On April 23, 2006, based on the unanimous recommendation of a special committee composed of three independent directors (the special committee ), our board of directors unanimously (1) approved and declared advisable the Merger Agreement, the Merger, and the other transactions contemplated by the Merger Agreement, (2) declared that it is advisable and in the best interests of the Company and its stockholders that the Company enter into the Merger Agreement and consummate the Merger on the terms and subject to the conditions set forth in the Merger Agreement, (3) declared that the Merger Agreement is fair to the Company and its stockholders, (4) directed that the Merger Agreement be submitted to a vote for adoption at a meeting of the Company s stockholders, and (5) recommended that the Company s stockholders adopt the Merger Agreement. **Therefore, our board of directors unanimously recommends that you vote FOR the adoption of the Merger Agreement.**

Our board of directors has fixed the close of business on May 25, 2006, as the record date for the purpose of determining stockholders entitled to receive notice of and to vote at the special meeting or any adjournment, postponement or continuation thereof.

The enclosed proxy statement provides you with a summary of the Merger Agreement and the Merger, and provides additional information about the parties involved. The closing of the Merger will occur as promptly as practicable following the adoption of the Merger Agreement at the special meeting by

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Manugistics stockholders, subject to the satisfaction or waiver of the other conditions to the closing of the Merger, as described in the enclosed proxy statement.

Under Delaware law, stockholders of Manugistics can exercise appraisal rights in connection with the Merger. A stockholder that does not vote in favor of the Merger proposal and complies with all of the other necessary procedural requirements will have the right to dissent from the Merger and to seek appraisal of the fair value of his or her Manugistics shares, exclusive of any element of value arising from the expectation or accomplishment of the Merger. For a description of appraisal rights and the procedures to be followed to assert them, stockholders should review the provisions of Section 262 of the Delaware General Corporation Law, a copy of which is included as Annex B to the accompanying proxy statement.

YOUR VOTE IS VERY IMPORTANT. Whether or not you plan to attend the special meeting in person, please sign and return the enclosed proxy in the envelope provided. If you attend the special meeting and desire to vote in person, you may do so even though you have previously sent a proxy. Because adoption of the Merger Agreement requires, under Delaware law, the affirmative vote of holders of a majority of the shares of Manugistics common stock, the failure to vote will have exactly the same effect as voting against the Merger proposal.

BY ORDER OF THE BOARD OF DIRECTORS,  
MANUGISTICS GROUP, INC.

Timothy T. Smith  
*Senior Vice President,  
General Counsel and Secretary*

Rockville, Maryland  
June 1, 2006

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## SUMMARY TERM SHEET

The following summary briefly describes the material terms of the proposed Merger. While this summary describes the material terms that you should consider when evaluating the Merger, the proxy statement contains a more detailed description of these terms. We encourage you to read the proxy statement and the documents to which we refer in this proxy statement before voting your shares of Manugistics common stock. We have included section and page references to the proxy statement to direct you to a more complete description of the topics described in this summary.

- *Manugistics Group, Inc.* We are a provider of supply chain management and demand and revenue management software products and services. See *The Companies Manugistics Group, Inc.* beginning on page 20.
- *JDA Software Group, Inc.* JDA is a provider of software solutions designed to address the demand and supply chain management, business process, decision support, e-commerce, inventory optimization, collaborative planning and forecasting, and store operations requirements of the retail industry and its suppliers. See *The Companies JDA Software Group, Inc.* beginning on page 20.
- *Stanley Acquisition Corp.* Stanley is a wholly owned subsidiary of JDA, has not conducted any business operations and will be merged out of existence upon the consummation of the Merger. See *The Companies The Buyer's Merger Subsidiary* beginning on page 21.
- *The Merger.* We entered into an Agreement and Plan of Merger on April 24, 2006 with JDA Software Group, Inc., a Delaware corporation, or the Buyer, and Stanley Acquisition Corp., a Delaware corporation, or Merger Sub, pursuant to which, upon the Merger becoming effective, each outstanding share of Manugistics common stock, other than treasury shares, shares held by the Buyer or Merger Sub, and shares held by stockholders who perfect their appraisal rights (as described in *The Merger Appraisal Rights* beginning on page 35), will be converted into the right to receive \$2.50 in cash, without interest and less any applicable withholding tax. You should read *The Merger Background to the Merger* beginning on page 21.
- *Payment of Merger Consideration.*
- *Common Stock.* If the Merger is completed, each share of Manugistics common stock held by you will be converted into the right to receive a payment of \$2.50 per share, without interest and less any applicable withholding tax. You should read *The Merger Merger Consideration* beginning on page 38.
- *Stock Options.* If the Merger is completed, each unexercised Manugistics stock option that you own will become fully vested and, if the exercise price is less than \$2.50 per share, converted into the right to receive an amount in cash equal to \$2.50 less the exercise price of such stock option, and less any applicable withholding tax. You should read *The Merger Treatment of Manugistics Stock Options and Restricted Stock*, beginning on page 38.
- *Restricted Stock.* If the Merger is completed, the restrictions on each share of Manugistics restricted stock you own will lapse and each such share will become fully vested and converted into the right to receive \$2.50 in cash, without interest and less any applicable withholding tax. You should read *The Merger Treatment of Manugistics Stock Options and Restricted Stock*, beginning on page 38.
- *Sources of Funds.* The total amount of funds required to complete the Merger and the related transactions is anticipated to be approximately \$275 million, including the retirement of certain Company debt. The Buyer and Merger Sub have made representations and warranties with respect



to having entered into a commitment letter with a group of banks and a stock purchase agreement with a private equity firm that will provide the Buyer sufficient cash on hand or access to cash to fund the amounts required to complete the Merger and the related transactions. You should read Proposal No. 1 The Merger Agreement Representations and Warranties beginning on page 43.

- *After the Merger.* As a result of the Merger, the Buyer will own all of our outstanding capital stock and we will cease to be a public company. You should read The Merger Delisting and Deregistration of Manugistics Common Stock beginning on page 39.
- *Reasons for Merger and Recommendation of the Board of Directors.* In the course of reaching its decision to approve the Merger and the Merger Agreement, our board of directors considered several possible change in control transactions involving us, including the Merger, and considered a number of factors in its deliberations. The board of directors unanimously determined that the Merger Agreement and the Merger are advisable and in the best interests of the Manugistics stockholders. Our board of directors has unanimously approved the Merger Agreement, recommends its advisability and recommends that you vote **FOR** the adoption of the Merger Agreement at the special meeting. You should read The Merger Recommendation of Manugistics Board of Directors and Reasons for the Merger beginning on page 23.
- *Required Vote.* For us to complete the Merger, stockholders holding at least a majority of the shares of Manugistics common stock outstanding at the close of business on the record date of May 25, 2006 must vote **FOR** the adoption of the Merger Agreement. You should read Voting Rights and Solicitation of Proxies Votes Required beginning on page 1.

*Voting by Manugistics Directors and Executive Officers; Voting Agreements.* The directors and certain officers of Manugistics entered into a voting agreement with the Buyer to vote their common stock of Manugistics in favor of certain matters, including the Merger Agreement and the transactions contemplated by the Merger Agreement. See Proposal No. 1 the Merger Agreement Voting Agreement beginning on page 52. A more detailed description of the ownership of Manugistics common stock by certain beneficial owners and Manugistics directors and executive officers is set forth on page 55 of this proxy statement.

- *Interests of Our Officers and Directors.* In considering the recommendation of our board of directors, with respect to the Merger, you should be aware that our executive officers and directors may have interests in the Merger that are different from, or in addition to, the interests of Manugistics stockholders in general. You should read The Merger Interests of Manugistics Executive Officers and Directors in the Merger beginning on page 33.
- *Opinion of Lehman Brothers Inc.* Lehman Brothers Inc. ( Lehman Brothers ), financial advisor to our board of directors, rendered a preliminary oral opinion to our board of directors on April 23, 2006 and rendered its final oral opinion to our board of directors on April 24, 2006, which opinion was subsequently confirmed by delivery of a written opinion dated April 24, 2006, that, as of April 24, 2006 and based upon and subject to the matters stated in its opinion, the \$2.50 per share in cash consideration to be offered to the holders of Manugistics common stock in the Merger was fair, from a financial point of view, to such stockholders. Lehman Brothers provided its opinion for the information and assistance of our board of directors in connection with its consideration of the Merger. The opinion of Lehman Brothers is not a recommendation as to how any stockholder should vote or act with respect to any aspect of the Merger. We urge you to read the opinion carefully and in its entirety. You should read The Merger Opinion of Lehman Brothers Inc. beginning on page 25 and Annex C to this proxy statement.

- *Conditions to the Completion of the Merger.* The obligations of the Buyer and Merger Sub to complete the Merger are subject to a variety of closing conditions, including the adoption of the Merger Agreement by the requisite stockholder vote at the special meeting. You should read *Proposal No. 1 The Merger Agreement Conditions to Closing* beginning on page 48.
- *Termination.* The Merger Agreement may be terminated, prior to the completion of the Merger, under certain circumstances. Some of those circumstances would require Manugistics to make a payment to the Buyer of a termination fee of \$9.75 million or \$4.875 million, depending on the situation. You should read *Proposal No. 1 The Merger Agreement Termination of the Merger Agreement* and *Proposal No. 1 The Merger Agreement Termination Fee and Expenses* beginning on pages 49 and 50, respectively.
- *Tax Consequences.* The exchange of shares of Manugistics common stock for the cash Merger consideration will be a taxable transaction to our stockholders for United States federal income tax purposes. You should read *The Merger Material United States Federal Income Tax Consequences of the Merger* beginning on page 39. In addition, tax matters can be complicated, and the tax consequences of the Merger to you will depend on the facts of your own situation. We urge you to consult your own tax advisor to fully understand the tax consequences of the Merger to you.
- *Statutory Appraisal Rights.* Holders of Manugistics common stock who do not vote in favor of the Merger will have the right to demand appraisal of their shares under Delaware law, if they take certain actions necessary to perfect their rights. You should read *The Merger Appraisal Rights* beginning on page 35.
- *Antitrust Matters.* The Hart-Scott-Rodino Antitrust Improvements Act of 1976, or the HSR Act, prohibits us from completing the Merger until we have complied with the HSR Act by furnishing certain information and materials to the Antitrust Division of the U.S. Department of Justice and the Federal Trade Commission and the required waiting period has expired or been terminated. You should read *The Merger Regulatory Matters* beginning on page 40.
- *The Special Meeting of Manugistics Stockholders.* The special meeting will be held at the Company's principal executive offices located at 9715 Key West Avenue, Rockville, Maryland on Wednesday, June 28, 2006 at 11:00 a.m., E.D.T., and at any adjournment or postponement of the special meeting. The special meeting will be held to consider and vote upon the proposal to adopt the Merger Agreement and, if necessary, to vote to adjourn the special meeting for the purpose of soliciting additional proxies to vote in favor of adoption of the Merger Agreement. You should read the *Proxy Statement* beginning on page 1.

9715 Key West Avenue  
Rockville, Maryland 20850

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**PROXY STATEMENT  
FOR THE SPECIAL MEETING OF STOCKHOLDERS  
To be held on June 28, 2006**

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**General Information**

The enclosed proxy is solicited on behalf of the board of directors of Manugistics Group, Inc., a Delaware corporation, for use at the special meeting of stockholders, or the special meeting, to be held at the Company's principal executive offices located at 9715 Key West Avenue, Rockville, Maryland, on Wednesday, June 28, 2006 at 11:00 a.m., E.D.T. and at any adjournment, postponement or continuation of the special meeting. These proxy solicitation materials were first mailed on or about June 2, 2006 to all stockholders entitled to vote at the special meeting.

Except as otherwise specifically noted in this proxy statement, we, our, us and similar words in this proxy statement refer to Manugistics Group, Inc. and its subsidiaries. In addition, we sometimes refer to Manugistics Group, Inc. as Manugistics or the Company and to JDA Software Group, Inc. as JDA or the Buyer.

**Purpose of Meeting**

The specific proposals to be considered and acted upon at the special meeting are summarized in the accompanying notice of special meeting of stockholders. Each proposal is described in more detail in this proxy statement.

**VOTING RIGHTS AND SOLICITATION OF PROXIES**

The Company's common stock is the only type of security entitled to vote at the special meeting. On May 25, 2006, the record date for determination of stockholders entitled to vote at the special meeting, there were 84,116,164 shares of common stock outstanding. Each stockholder of record as of the close of business on May 25, 2006 is entitled to one vote for each share of common stock held by such stockholder on such date. All votes will be tabulated by the inspector of elections appointed for the meeting, who will separately tabulate affirmative and negative votes, withheld votes, abstentions and broker non-votes.

**Quorum Required**

The Company's Third Amended and Restated Bylaws provide that the holders of a majority of the Company's common stock issued and outstanding and entitled to vote at the special meeting, present in person or represented by proxy, shall constitute a quorum for the transaction of business at the special meeting. Abstentions, broker non-votes and votes withheld in a proxy otherwise signed and returned will be counted as present for the purpose of determining the presence of a quorum.

**Votes Required**

*Proposal No. 1.* The adoption of the Agreement and Plan of Merger, dated as of April 24, 2006 (the Merger Agreement), by and among Manugistics, the Buyer and Stanley Acquisition Corp., a wholly owned subsidiary of the Buyer (Merger Sub), requires the affirmative vote of holders of our common stock holding at least a majority of the shares of Manugistics common stock outstanding at the close of

business on the record date. Abstentions are not affirmative votes and, therefore, will have the same effect as a vote against the proposal.

**Proposal No. 2.** The approval of the adjournment, postponement or continuation of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the Merger Agreement requires the affirmative vote of a majority of those shares present, in person or represented by proxy, and entitled to vote on this proposal. Abstentions are not affirmative votes and, therefore, will have the same effect as a vote against this proposal.

**Broker Non-Votes.** Broker non-votes are not affirmative votes and, therefore, will have the same effect as a vote against the above proposals. Under applicable rules, brokers and other nominees who hold Company shares of record for their customers cannot vote on their customers' behalf on Proposal No. 1 or No. 2 unless the brokers or other nominees have timely received voting instructions from their customers. Therefore, a beneficial owner of our shares who wishes to vote on Proposal No. 1 and No. 2 should timely return voting instructions to the broker or other nominee, described further below under "Voting Rights and Solicitation of Proxies" Voting Instructions for Beneficial Owners.

#### **Proxies for Stockholders of Record**

**If your shares are registered directly in your name with the Company's transfer agent, you are a stockholder of record with respect to those shares, and a proxy card accompanies this proxy statement sent to you. You may vote your shares by mailing a completed and signed proxy card in the envelope provided with the proxy card.**

Whether or not you are able to attend the special meeting, you are urged to vote your shares by completing and returning the enclosed proxy card. Your shares will be voted as you direct on your proxy card when properly completed. In the event no directions are specified, such proxies will be voted **FOR** (i) the adoption of the Merger Agreement (as set forth in Proposal No. 1); (ii) any proposal to adjourn, postpone or continue the meeting to solicit additional proxies (as set forth in Proposal No. 2); and (iii) any recommendation of the board of directors on any matters properly brought before the special meeting for a vote.

The holders of record of shares of the Company's common stock at the close of business on May 25, 2006 are entitled to receive notice of, and to vote at, the special meeting. Each such share of the Company's common stock is entitled to one vote on each matter to come before the special meeting. As of May 25, 2006, the Company had issued and outstanding 84,116,164 shares of common stock held by 477 holders of record.

#### **Revocability of Proxies**

You may also revoke or change your proxy at any time before the special meeting. To do this, send a written notice of revocation or another signed proxy card with a later date to the Secretary of the Company at the Company's principal executive offices before the beginning of the special meeting. You may also automatically revoke your proxy by attending the special meeting and voting in person. All shares represented by a valid proxy received prior to the special meeting will be voted.

#### **Voting Instructions for Beneficial Owners**

If your Company shares are held by a stockbroker, bank, or other nominee rather than directly in your own name, you are considered a beneficial owner and not a stockholder of record. If you are a beneficial owner, your broker or other nominee has enclosed a voting instruction form which you may complete and return by mail to direct the nominee how to vote your shares. Most nominees also make Internet or by

telephone voting procedures available to their beneficial owners. Please consult your voting instruction form for the specific procedures available.

### **Proxy Solicitation**

The Company shall bear and pay the costs of printing and mailing this proxy statement and any supplement thereto. Additionally, the Company shall bear the cost of soliciting proxies. The Company has retained the services of The Altman Group, Inc., a proxy solicitation firm, to solicit proxies in connection with the special meeting, who will be paid approximately \$8,000, plus expenses. In addition, the Company may reimburse brokerage houses and other persons representing beneficial owners of shares for their expenses in forwarding solicitation materials to such beneficial owners. The Company will furnish copies of solicitation material to such brokerage houses and other representatives. Proxies may also be solicited by certain of the Company's directors, officers, and employees, without additional compensation, personally or by telephone, facsimile or email. The Company does not presently intend to solicit proxies other than as described above.

### **Householding of Special Meeting Materials**

Some banks, brokers and other nominee record holders may be participating in the practice of householding proxy statements and annual reports. This means that only one copy of our proxy statement may have been sent to multiple stockholders in each household. We will promptly deliver a separate copy of either document to any stockholder upon written or oral request to Nate Wallace, Vice President, Investor Relations, at 9715 Key West Avenue, Rockville, Maryland 20850, or at telephone number (301) 255-5059.

### **Stockholder List**

A list of our stockholders entitled to vote at the special meeting will be available for examination by any Manugistics stockholder at the special meeting. For 10 days prior to the special meeting, this stockholder list will be available for inspection during ordinary business hours at our corporate offices located at 9715 Key West Avenue, Rockville, Maryland 20850.

### **QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER**

The following discussion is intended to address briefly some commonly asked questions regarding the special meeting and the proposed Merger. These questions and answers may not address all questions that may be important to you as a Manugistics stockholder. Please refer to the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement, and the documents referred to in this proxy statement.

**Q:** What matters am I being asked to vote on at the special meeting?

**A:** You are being asked to vote on the following proposals:

- To adopt the Merger Agreement; and
- To approve the adjournment, postponement or continuation of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the Merger Agreement.

Finally, you may be asked to vote on such other business as may properly come before the special meeting or any adjournment or postponement thereof.

**Q:** How does the Company's board of directors recommend that you vote on the proposals?

**A:** Our board of directors recommends that you vote:

- **FOR** the proposal to adopt the Merger Agreement; and
- **FOR** the proposal to adjourn, postpone or continue the special meeting, if necessary or appropriate, to solicit additional proxies.

**Q:** What vote of stockholders is required for each proposal at the special meeting?

**A:** For us to complete the proposed Merger, stockholders holding at least a majority of the shares of Manugistics common stock outstanding at the close of business on the record date must vote **FOR** the adoption of the Merger Agreement. The proposal to adjourn, postpone or continue the special meeting, if necessary or appropriate, to solicit additional proxies, would require the affirmative vote of at least a majority of the shares present, in person or by proxy, at the special meeting and entitled to vote on the subject matter thereof. See Voting Rights and Solicitation of Proxies Required Vote.

**Q:** Who is entitled to vote at the special meeting?

**A:** Only stockholders of record as of the close of business on May 25, 2006, the record date for the special meeting, are entitled to receive Notice of the special meeting and to vote the shares of our common stock that they held at that time at the special meeting, or at any adjournments or postponements of the special meeting. On the record date, approximately 84,116,164 shares of Manugistics common stock, held by approximately 477 stockholders of record, were outstanding and entitled to vote. You may vote all shares you owned as of the record date. You are entitled to one vote per share.

**Q:** What should I do if I receive more than one set of voting materials?

**A:** You may receive more than one set of voting materials, including multiple copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a stockholder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date, and return each proxy card and voting instruction card that you receive. Please follow the directions for voting on each of the proxy cards that you receive to ensure that all of your shares are voted.

**Q:** How do I cast a vote?

**A:** If your shares are registered in your name, you may vote by returning a signed proxy card or voting in person at the special meeting. Proxies submitted by mail must be received by 11:59 p.m., E.D.T on June 27, 2006. To vote by mail, mark, sign and date the proxy card and return it in the postage-paid envelope provided.

If your shares are held in street name through a broker or bank, you may vote by completing and returning the voting form provided by your broker or bank, or by the Internet or by telephone through your broker or bank if such a service is provided. To vote via the Internet or by telephone through your broker or bank, you should follow the instructions on the voting form provided by your broker or bank.



**Q:** May I vote in person?

**A:** Yes. If your shares are not held in street name through a broker or bank you may attend the special meeting and vote your shares in person at the special meeting by giving us a signed proxy card or ballot before voting is closed, rather than signing and returning your proxy card via mail. If you choose to vote in person, please bring proof of identification with you to the special meeting. Even if you plan to attend the special meeting, we recommend that you vote your shares in advance as described above, so that your vote will be counted even if you later decide not to attend. If your shares are held in street name, you must get a proxy from your broker or bank in order to attend the special meeting and vote. In order to do this, you should contact your broker or bank.

**Q:** What happens if I do not return my proxy card or attend the special meeting and vote in person?

**A:** The adoption of the Merger Agreement requires the affirmative vote of the holders of a majority of the shares of our common stock outstanding at the close of business on the record date. Therefore, if you do not return your proxy card or attend the special meeting and vote in person, it will have the same effect as if you voted against adoption of the Merger Agreement. See Voting Rights and Solicitation of Proxies Votes Required above for a description of the vote required for each proposal included in this proxy statement.

**Q:** If my broker holds my shares in street name, will my broker vote my shares for me?

**A:** Your broker will not be able to vote your shares without instructions from you. You should instruct your broker to vote your shares following the procedure provided by your broker. Without instructions, your shares will not be voted on the Merger proposal, which will have the same effect as if you voted against adoption of the Merger Agreement. See Voting Rights and Solicitation of Proxies Votes Required above for a description of the effect of broker non-votes on the other proposals included in this proxy statement.

**Q:** May I change my vote after I have mailed my signed proxy card?

**A:** Yes. You may change your vote at any time before your proxy card is voted at the special meeting. You can do this in one of three ways:

- First, you can deliver to the Secretary of Manugistics a written notice bearing a date later than the proxy stating that you would like to revoke your proxy.
- Second, you can complete, execute and deliver to the Secretary of Manugistics a new, later-dated proxy card for the same shares, provided the new proxy is received by 11:59 p.m., E.D.T. on June 27, 2006.
- Third, you can attend the special meeting and vote in person. Your attendance alone will not revoke your proxy. Any written notice of revocation or subsequent proxy should be delivered to Manugistics Group, Inc. at 9715 Key West Avenue, Rockville, Maryland 20850, Attention: Secretary, or hand-delivered to our Secretary at or before the taking of the vote at the special meeting.

If you have instructed a broker to vote your shares, you must follow directions received from your broker to change those instructions. Your last vote before voting is closed at the special meeting is the vote that will be counted.

**Q:** What is a quorum?

**A:** A quorum of the holders of the outstanding shares of Manugistics common stock must be present for the special meeting to be held. A quorum is present if the holders of a majority of the outstanding shares of Manugistics common stock entitled to vote are present at the special meeting, either in person or represented by proxy. Abstentions, broker non-votes, and votes withheld in a proxy otherwise signed and returned will be counted as present for the purpose of determining the presence of a quorum.

**Q:** How are votes counted?

**A:** For the proposal relating to the adoption of the Merger Agreement, you may vote **FOR**, **AGAINST** or **ABSTAIN**. If you **ABSTAIN**, it has the same effect as if you vote **AGAINST** the adoption of the Merger Agreement. Approval of this proposal requires the affirmative vote of holders of our common stock holding at least a majority of the shares of Manugistics common stock outstanding at the close of business on the record date.

For the proposal to adjourn, postpone or continue the meeting, if necessary or appropriate, to solicit additional proxies, you may vote **FOR**, **AGAINST**, or **ABSTAIN**. If you **ABSTAIN**, it has the same effect as if you vote **AGAINST** adjournment, postponement or continuation of the meeting, if necessary or appropriate, to solicit additional proxies. Approval of this proposal requires the affirmative vote of a majority of those shares present, in person or represented by proxy, and entitled to vote on this proposal.

If you sign your proxy card without indicating your vote, your shares will be voted **FOR** the adoption of the Merger Agreement, **FOR** any proposal to adjourn, postpone or continue the special meeting, if necessary or appropriate, to solicit additional proxies, and in accordance with the recommendations of the Company's board of directors on any other matters properly brought before the special meeting for a vote.

A broker non-vote generally occurs when a broker, bank or other nominee holding shares on your behalf returns a signed proxy card voting on one or more matters but does not vote on a proposal because the nominee has not received your voting instructions and lacks discretionary power to vote the shares. Generally, nominees have the discretion to vote for directors or other routine matters, unless you instruct otherwise. Broker non-votes will count for the purpose of determining whether a quorum is present. Broker non-votes will have the same effect as a vote **AGAINST** the adoption of the Merger Agreement. Broker non-votes will not directly affect the outcome of the vote on any of the other proposals listed in this proxy statement.

**Q:** Who will bear the cost of this solicitation?

**A:** The Company shall bear and pay the cost of printing and mailing this proxy statement and any supplement thereto. Additionally, the Company shall bear the cost of soliciting proxies. The Company has retained The Altman Group, Inc., a proxy solicitation firm, to solicit proxies in connection with the special meeting, who will be paid approximately \$8,000, plus expenses. In addition, the Company may reimburse brokerage houses and other persons representing beneficial owners of shares for their expenses in forwarding solicitation materials to such beneficial owners. The Company will furnish copies of solicitation material to such brokerage houses and other representatives. Proxies may also be solicited by certain of the Company's directors, officers, and employees, without additional compensation, personally or by telephone, telecopy, or telegram. The Company does not presently intend to solicit proxies other than as described above.

## The Merger

**Q:** What is the proposed transaction?

**A:** The proposed transaction is the acquisition of Manugistics by the Buyer. The proposed acquisition would be accomplished through a merger of Stanley Acquisition Corp., a wholly owned subsidiary of the Buyer (which we sometimes refer to as merger sub), with and into Manugistics (the Merger). As a result of the Merger, Stanley Acquisition Corp. will cease to exist as a separate entity and Manugistics will continue after the Merger as a wholly owned subsidiary of the Buyer. Manugistics common stock will cease to be quoted on The NASDAQ National Market, will not be publicly traded and will be deregistered under the Securities Exchange Act of 1934, as amended, or the Exchange Act.

**Q:** What will Manugistics stockholders receive in the Merger?

**A:** As a result of the Merger, our stockholders will receive \$2.50 in cash, without interest and less any applicable withholding tax, for each share of Manugistics common stock they own. For example, if you own 100 shares of Manugistics common stock, you will receive \$250.00 in cash less any applicable withholding tax in exchange for these shares.

**Q:** What will holders of Manugistics stock options and restricted stock receive in the Merger?

**A:** Each outstanding Manugistics stock option will become fully vested and exercisable immediately before the effective time of the Merger. If the Merger is completed, each outstanding Manugistics stock option that has an exercise price less than \$2.50 per share and is not exercised before the effective time of the Merger will be converted at the effective time of the Merger into the right to receive an amount in cash equal to \$2.50, less the exercise price of such stock option, and less any applicable withholding tax. Each outstanding Manugistics stock option that has an exercise price of \$2.50 per share or more and is not exercised before the effective time of the Merger will be cancelled at the effective time of the Merger.

If an option holder exercises an outstanding Manugistics stock option before the effective time of the Merger, the holder will receive a share of Manugistics common stock that will be cashed out at the effective time of the Merger for \$2.50, without interest and less any applicable withholding tax (on the same terms that apply to Manugistics common stockholders generally).

At the effective time of the Merger, the restrictions on any share of Manugistics restricted stock will lapse at the effective time of the Merger, and such share will become fully vested and converted into the right to receive \$2.50 in cash, without interest and less any applicable withholding tax.

A holder of Manugistics stock options or restricted stock may be required to provide an approved written election or release of claims prior to receiving any payment, if any, for such stock options or restricted stock, as described above. You should read The Merger Treatment of Manugistics Stock Options and Restricted Stock, beginning on page 38.

**Q:** How will the Merger affect Manugistics employee stock purchase plan and 401(k) plan?

**A:** If the Merger is completed, all outstanding rights to purchase shares under the Company's employee stock purchase plan will terminate as of June 1, 2006 in accordance with the terms of this plan, and this plan will be terminated as of June 1, 2006. In addition, the Buyer currently intends for the Company's 401(k) plan to be merged with the Buyer's 401(k) plan on the closing date of the Merger, unless the Buyer consents otherwise in writing. You should read The Merger Treatment of Employee Stock Purchase Plan and 401(k) Plan, beginning on page 38.



**Q:** Am I entitled to appraisal rights?

**A:** Yes. As a holder of our common stock, you are entitled to appraisal rights under the Delaware General Corporation Law in connection with the Merger if you meet certain conditions, which conditions are described in this proxy statement under the caption "The Merger Appraisal Rights."

**Q:** How does Manugistics Board of Directors recommend I vote?

**A:** At a meeting held on April 23, 2006, Manugistics board of directors unanimously approved the Merger Agreement and declared the Merger Agreement and the Merger advisable and in the best interests of Manugistics stockholders. Our board of directors unanimously recommends that you vote **FOR** adoption of the Merger Agreement and **FOR** the proposal to adjourn, postpone or continue the special meeting, if necessary or appropriate, to solicit additional proxies.

**Q:** What factors did our Board of Directors consider in making its recommendation?

**A:** In making its recommendation, the special committee and our board of directors took into account, among other things: the cash consideration to be received by holders of our common stock in the Merger and the current and historical market prices of Manugistics common stock; the current and future competitive landscape in our industry; concerns about the financial viability of the Company on a standalone basis; the timing of the proposed Merger; the status and history of discussions with other potential bidders; the written opinion dated April 24, 2006 of our financial advisor, Lehman Brothers Inc.; and the terms of the Merger Agreement, including our ability to furnish information to, and conduct negotiations with, a third party should we receive a superior proposal.

**Q: What happens if I sell my shares of Manugistics common stock before the special meeting?**

**A:** The record date for the special meeting is earlier than the date of the special meeting and the date that the Merger is expected to be completed. If you transfer your shares of Manugistics common stock after the record date, but before the special meeting, you will retain your right to vote at the special meeting, but will transfer the right to receive the Merger consideration.

**Q: Will the Merger be taxable to me?**

**A:** Yes. The receipt of cash pursuant to the Merger will be a taxable transaction for U.S. federal income tax purposes, and may also be a taxable transaction under applicable state, local, or foreign income or other tax laws. Generally, for U.S. federal income tax purposes, a stockholder will recognize gain or loss equal to the difference between the amount of cash received by the stockholder in the Merger and the stockholder's adjusted tax basis in the shares of Manugistics common stock converted into cash in the Merger. If the shares of Manugistics common stock are held by a stockholder as capital assets, gain or loss recognized by such stockholder will be capital gain or loss, which will be long-term capital gain or loss if the stockholder's holding period for the shares of Manugistics common stock exceeds one year. Capital gains recognized by an individual upon a disposition of a share of Manugistics that has been held for more than one year generally will be subject to a maximum U.S. federal income tax rate of 15% or, in the case of a share that has been held for one year or less, will be subject to tax at ordinary income tax rates. In addition, there are limits on the deductibility of capital losses. Because individual circumstances may differ, you should consult your own tax advisor to determine the particular tax effects to you. See "The Merger Material United States Federal Income Tax Consequences of the Merger."



**Q: When do you expect the Merger to be completed?**

**A:** We are working toward completing the Merger as quickly as possible and expect to consummate the Merger in the third quarter of calendar year 2006. In addition to obtaining stockholder approval, we must satisfy all other closing conditions, including the receipt of regulatory approvals. See Proposal No. 1 The Merger Agreement Conditions to Closing.

**Q: Should I send in my Manugistics stock certificates now?**

**A:** No. After the Merger is completed, you will receive written instructions for exchanging your shares of our common stock for the Merger consideration of \$2.50 in cash, without interest and less any applicable withholding tax, for each share of our common stock you hold.

**Q: What do I need to do now?**

**A:** We urge you to read this proxy statement carefully and to consider how the Merger affects you. Then mail your completed, dated and signed proxy card in the enclosed return envelope as soon as possible so that your shares can be voted at the special meeting of our stockholders. Please do *not* send in your stock certificates with your proxy.

**Q: Who can help answer my questions?**

**A:** If you would like additional copies, without charge, of this proxy statement or if you have questions about the Merger, including the procedures for voting your shares, you should contact:

Manugistics Group, Inc.  
Attention: Nate Wallace  
Vice President, Investor Relations  
9715 Key West Avenue  
Rockville, Maryland 20850  
(301) 255-5059

The Altman Group, Inc.  
1275 Valley Brook Avenue  
Lyndhurst, New Jersey 07071  
(800) 499-7621

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES REGULATORY AGENCY HAS APPROVED OR DISAPPROVED THE MERGER, PASSED UPON THE MERITS OR FAIRNESS OF THE MERGER, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE DISCLOSURES IN THIS PROXY STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

**SUMMARY OF THE MERGER**

This summary highlights selected information from this proxy statement and may not contain all of the information that is important to you. To understand the Merger fully and for a more complete description of the legal terms of the Merger, you should read carefully this entire proxy statement and the documents we refer to herein. See Where You Can Find More Information. The Merger Agreement is attached as Annex A to this proxy statement. We encourage you to read the Merger Agreement as it is the legal document that governs the Merger.

## The Companies

Manugistics Group, Inc.  
9715 Key West Avenue  
Rockville, Maryland 20850  
Telephone: (301) 255-5000

Manugistics is a provider of supply chain management and demand and revenue management software products and services. The Company's solutions are configured sets of its software products that address the specific demand and supply chain business processes and revenue management practices that its clients want to improve. These solutions may also include consulting, implementation, training and client support services. The Company markets its solutions to companies throughout North, South and Central America, Europe and the Asia-Pacific region. See The Companies Manugistics Group, Inc.

JDA Software Group, Inc.  
14400 North 87th Street  
Scottsdale, AZ 85260  
Telephone: (480) 308-3000

JDA Software Group, Inc. (the Buyer) is a provider of software solutions designed to address the demand and supply chain management, business process, decision support, e-commerce, inventory optimization, collaborative planning and forecasting, and store operations requirements of the retail industry and its suppliers. The Buyer's solutions enable customers to manage and optimize their inventory flows throughout the demand chain to the consumer, and provide optimized labor scheduling for retail store operations. See The Companies JDA Software Group, Inc.

Stanley Acquisition Corp.  
14400 North 87th Street  
Scottsdale, AZ 85260  
Telephone: (480) 308-3000

Stanley Acquisition Corp., a Delaware corporation and a wholly owned subsidiary of the Buyer, has not conducted any business operations and will be merged out of existence upon the consummation of the Merger. See The Companies The Buyer's Merger Subsidiary.

## Merger Consideration

If the Merger is completed, you will receive \$2.50 in cash, without interest and less any applicable withholding tax, in exchange for each share of Manugistics common stock that you own.

After the Merger is completed, you will have the right to receive the Merger consideration, but you will no longer have any rights as a Manugistics stockholder and will have no rights as a stockholder of the Buyer. Manugistics stockholders will receive the Merger consideration after exchanging their Manugistics stock certificates in accordance with the instructions contained in the letter of transmittal to be sent to our stockholders shortly after closing of the Merger. See The Merger Merger Consideration.

## Treatment of Options Outstanding Under Our Stock Plans

Each outstanding Manugistics stock option will become fully vested and exercisable immediately before the effective time of the Merger. If the Merger is completed, each outstanding Manugistics stock option that you own that has an exercise price less than \$2.50 per share and is not exercised before the effective time of the Merger will be converted at the effective time of the Merger into the right to receive an amount in cash equal to \$2.50, less the exercise price of such stock option, and less any applicable withholding tax. Each outstanding Manugistics stock option that has an exercise price of \$2.50 per share or

more and is not exercised before the effective time of the Merger will be cancelled at the effective time of the Merger.

If an option holder exercises an outstanding Manugistics stock option before the effective time of the Merger, the holder will receive a share of Manugistics common stock that will be cashed out at the effective time of the Merger for \$2.50, without interest and less any applicable withholding tax (on the same terms that apply to Manugistics common stockholders generally).

At the effective time of the Merger, the restrictions on any share of Manugistics restricted stock you own will lapse, and such share will become fully vested and converted into the right to receive \$2.50 in cash, without interest and less any applicable withholding tax.

You may be required to provide an approved written election or release of claims prior to receiving any payment for Manugistics stock options or restricted stock. You should read "The Merger Treatment of Manugistics Stock Options and Restricted Stock," beginning on page 38.

#### **Treatment of Employee Stock Purchase Plan and 401(k) Plan**

If the Merger is completed, all outstanding rights to purchase shares under the Company's employee stock purchase plan will terminate as of June 1, 2006 in accordance with the terms of this plan. The employee stock purchase plan will be terminated as of June 1, 2006, and no further purchase rights will be granted or exercised under this plan after that date. All participants in the employee stock purchase plan will receive a refund of any unused contributions to this plan as soon as reasonably practicable after the Merger is completed. In addition, the Buyer currently intends for the Company's 401(k) plan to be merged with the Buyer's 401(k) plan on the closing date of the Merger, unless the Buyer consents otherwise in writing. You should read "The Merger Treatment of Employee Stock Purchase Plan and 401(k) Plan," beginning on page 38.

#### **Market Price and Dividend Data**

Our common stock is quoted on The NASDAQ National Market under the symbol MANU. On April 24, 2006, the last full trading day prior to the public announcement of the Merger, the closing price for our common stock was \$2.36 per share. On May 31, 2006, the last full trading day prior to the date of this proxy statement, the closing price for our common stock was \$2.49 per share. See "Market Price and Dividend Data."

#### **Material United States Federal Income Tax Consequences of the Merger**

The exchange of shares of Manugistics common stock for the cash merger consideration will be a taxable transaction to our stockholders for United States federal income tax purposes. See "The Merger Material United States Federal Income Tax Consequences of the Merger."

**Tax matters can be complicated, and the tax consequences of the Merger to you will depend on the facts of your own situation. We urge you to consult your own tax advisor to fully understand the tax consequences of the Merger to you.**

#### **Recommendation of Manugistics Board to Stockholders and Reasons for the Merger**

Our board of directors unanimously recommends that you vote **FOR** the adoption of the Merger Agreement and **FOR** the proposal to adjourn, postpone or continue the special meeting, if necessary or appropriate, to solicit additional proxies. After careful consideration and following the unanimous recommendation of the special committee, our board of directors unanimously (1) approved and declared advisable the Merger Agreement, the Merger, and the other transactions contemplated by the Merger Agreement, (2) declared that it is advisable and in the best interests of the Company and its stockholders

that the Company enter into the Merger Agreement and consummate the Merger on the terms and subject to the conditions set forth in the Merger Agreement, (3) declared that the Merger Agreement is fair to the Company and its stockholders, (4) directed that the Merger Agreement be submitted to a vote for adoption at a meeting of the Company's stockholders, and (5) recommended that the Company's stockholders adopt the Merger Agreement. In making this determination and recommendation, the special committee and our board of directors considered a number of factors, including the following:

- the business, competitive position, strategy and prospects of the Company, the risk that we will not be successful in implementing our strategy and achieving our goals, the competitive position of current and likely competitors in the industry in which we compete, and current industry, economic, and market conditions;
- the anticipated financial viability of the Company as a standalone enterprise, and the risk associated therewith;
- the fact that our discussions with other potential acquirers of the Company did not result in a superior offer to acquire us;
- the fact that the \$2.50 per share in cash to be paid as Merger consideration represents approximately a (a) 22.5% premium to the average trading price during the 90 days prior to April 24, 2006 of \$2.04 per share, and (b) 5.9% premium to the closing price on April 24, 2006, of \$2.36 per share for our common stock on The NASDAQ National Market;
- the financial analyses reviewed with our board of directors by representatives of Lehman Brothers on April 23, 2006, the preliminary oral opinion of Lehman Brothers rendered to our board of directors on April 23, 2006, and the final oral opinion of Lehman Brothers rendered to our board of directors on April 24, 2006, which opinion was subsequently confirmed by delivery of a written opinion dated April 24, 2006, that, as of April 24, 2006 and based upon and subject to the matters stated in its opinion, the \$2.50 per share in cash consideration to be offered to the holders of Manugistics common stock in the Merger was fair, from a financial point of view, to such stockholders; a copy of the full text of the Lehman Brothers opinion is attached to this proxy statement as Annex C; you are urged to read the opinion carefully and in its entirety for a description of, among other things, the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by Lehman Brothers in rendering its opinion;
- the value of the consideration to be received by our stockholders and the fact that the consideration would be paid in cash, which provides certainty and immediate value to our stockholders;
- the possible alternatives to the Merger (including the possibility of continuing to operate the Company as an independent entity and the perceived risks of that alternative), the range of potential benefits to our stockholders of the possible alternatives and the timing and the likelihood of accomplishing the goals of such alternatives, and our board of directors' assessment that none of these alternatives was reasonably likely to present superior opportunities for the Company or to create greater value for our stockholders, taking into account risks of execution as well as business, competitive, industry and market risks, as compared to the Merger; and
- the environment and trends in our industry, including industry consolidation and pricing trends.

In the course of its deliberations, the special committee and our board of directors also considered a variety of risks and other potentially negative factors, including the following:

- the fact that we will no longer exist as an independent public company and our stockholders will forego any future increase in our value that might result from our possible growth;



- the risks and contingencies related to the announcement and pendency of the Merger, including the impact of the Merger on our customers, employees, suppliers, and our relationships with other third parties, including the potential negative reaction of these parties to the fact that we would be merging with the Buyer;
- the conditions to the Buyer's obligation to complete the Merger and the right of the Buyer to terminate the Merger Agreement in certain circumstances, including for breaches by us of our representations, warranties, covenants and agreements in the Merger Agreement;
- the risk that the Merger might not receive necessary regulatory approvals and clearances to complete the Merger or that governmental authorities could attempt to condition the Merger on one or more of the parties' compliance with certain burdensome terms or conditions;
- the fact that under the terms of the Merger Agreement, we cannot solicit other acquisition proposals and must pay to the Buyer a termination fee of \$9.75 million or \$4.875 million, depending on the situation, if the Merger Agreement is terminated under certain circumstances, which, in addition to being costly, might have the effect of discouraging other parties from proposing an alternative transaction that might be more advantageous to our stockholders than the Merger;
- the fact that the income realized by stockholders as a result of the Merger generally will be taxable to our stockholders;
- the interests that certain directors and executive officers of the Company may have with respect to the Merger, in addition to their interests as stockholders of the Company generally, as described in "The Merger - Interests of Manugistics - Executive Officers and Directors in the Merger"; and
- the fact that, pursuant to the Merger Agreement, we must generally conduct our business in the ordinary course and we are subject to a variety of other restrictions on the conduct of our business prior to closing of the Merger or termination of the Merger Agreement, which may delay or prevent us from pursuing business opportunities that may arise or preclude actions that would be advisable if we were to remain an independent company.

The special committee and our board of directors did not assign any particular weight or rank to any of the positive or potentially negative factors or risks discussed in this section, and the special committee and our board of directors carefully considered all of these factors as a whole in reaching their determination and recommendation.

See "The Merger - Recommendation of Manugistics - Board of Directors and Reasons for the Merger."

#### **Opinion of Lehman Brothers Inc.**

Lehman Brothers rendered a preliminary oral opinion to our board of directors on April 23, 2006, and rendered its final oral opinion to our board of directors on April 24, 2006, which opinion was subsequently confirmed by delivery of a written opinion dated April 24, 2006, that, as of April 24, 2006 and based upon and subject to the matters stated in its opinion, the \$2.50 per share in cash consideration to be offered to the holders of Manugistics common stock in the Merger was fair, from a financial point of view, to such stockholders. See "The Merger - Opinion of Lehman Brothers Inc."

The full text of the written opinion of Lehman Brothers, dated April 24, 2006, which sets forth the assumptions made, procedures followed, matters considered and qualifications and limitations on the review undertaken by Lehman Brothers in rendering its opinion, is attached as Annex C to this proxy statement. You are urged to, and should, read the opinion carefully and in its entirety. Lehman Brothers provided its opinion for the information and assistance of our board of directors in connection with its consideration of the Merger. The Lehman Brothers opinion addresses only the fairness, from a financial



point of view, to the holders of Manugistics common stock of the cash consideration to be offered to such holders of Manugistics common stock as of the date of the Lehman Brothers opinion. The Lehman Brothers opinion does not address any other aspect or implication of the Merger or any other agreement, arrangement or understanding entered into in connection with the Merger or otherwise and does not constitute a recommendation as to how any holder of our common stock should vote or act with respect to the Merger or any other matter.

#### **The Special Meeting of Manugistics Stockholders**

*Date, Time and Place.* A special meeting of our stockholders will be held at the Company's principal executive offices located at 9715 Key West Avenue, Rockville, Maryland on Wednesday, June 28, 2006 at 11:00 a.m., E.D.T., to:

- consider and vote upon a proposal to adopt the Merger Agreement;
- consider and vote on any proposal to adjourn, postpone or continue the special meeting to a later date, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes in favor of the foregoing merger proposal; and
- in addition, you may be asked to vote on such other business as may properly come before the meeting or any adjournment, postponement or continuation thereof.

*Record Date and Voting Power.* You are entitled to vote at the special meeting if you owned shares of our common stock at the close of business on May 25, 2006, the record date for the special meeting. You will have one vote at the special meeting for each share of our common stock you owned at the close of business on the record date. There are 84,116,164 shares of our common stock entitled to be voted at the special meeting. Our directors and executive officers and their affiliates own approximately 23.8% of the shares entitled to vote at the special meeting and may have interests that are different from yours. See *The Merger Interests of Manugistics Executive Officers and Directors in the Merger*.

*Required Vote.* The adoption of the Merger Agreement requires the affirmative vote of a majority of the shares of our common stock outstanding at the close of business on the record date. Approval of any proposal to adjourn, postpone or continue the special meeting, if necessary or appropriate, to solicit additional proxies requires the affirmative vote of a majority of those shares present, in person or represented by proxy, and entitled to vote on this proposal. See *Voting Rights and Solicitation of Proxies Votes Required*.

#### **Interests of Manugistics Executive Officers and Directors in the Merger**

In considering the recommendation of our board of directors, with respect to the Merger, stockholders should be aware that our executive officers and directors may have interests in the Merger that are different from, or in addition to, the interests of Manugistics stockholders in generally.

Jeffrey Kissling, Ronald Kubera and Lori Mitchell-Keller, executive officers of Manugistics, have entered into offer letters with the Buyer. These offer letters, which are contingent upon the closing of the Merger, provide that Jeffrey Kissling, Ronald Kubera and Lori Mitchell-Keller will be entitled to receive lump sum cash payments upon the closing of the Merger, in exchange for their release of Manugistics from its obligations under their September 23, 2005 agreements with Manugistics.

In addition, certain executive officers and directors of Manugistics hold Manugistics stock options and restricted stock that, as a result of the Merger, will vest in full in connection with the closing of the Merger.

Under the Merger Agreement, the Buyer has agreed to generally indemnify the officers and directors of Manugistics to the fullest extent permitted by law and to honor Manugistics' obligations under indemnification provisions of Manugistics' certificate of incorporation and bylaws. In addition, the Buyer has agreed to maintain directors' and officers' liability insurance covering persons covered by Manugistics' directors' and officers' insurance for six years following the Merger through its purchase of a tail policy, provided that the Buyer is not required to pay more than 180% of the current premium for Manugistics' insurance. The members of the board of directors were aware of such interests when deciding to approve the Merger.

See "The Merger - Interests of Manugistics' Executive Officers and Directors in the Merger" beginning on page 33.

#### **Conditions to the Closing of the Merger**

Each party's obligation to effect the Merger is subject to the satisfaction or waiver of various conditions, which include the following:

- the proposal to adopt the Merger Agreement is approved by the requisite stockholder vote at the special meeting; and
- the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, or the HSR Act, and any other approval or waiting period under any other applicable competition, merger control, antitrust or similar law or regulation that is required to complete the Merger has been obtained or terminated or has expired.

In addition to the foregoing conditions, the Buyer will not be obligated to effect the Merger unless the following conditions are satisfied or waived:

- our representations and warranties made pursuant to the Merger Agreement are true and correct in all material respects, in each case as of the date of the Merger Agreement and as of the closing date of the Merger, except that the accuracy of representations and warranties that by their terms speak as of a specified date will be determined as of such date, and the circumstances giving rise to all inaccuracies in our representations and warranties, collectively, do not constitute a material adverse effect on us;
- we have performed in all material respects the covenants and obligations required to be performed by us under the Merger Agreement at or prior to the closing of the Merger;
- we have provided a certificate of our chief executive officer and our acting principal financial officer certifying as to our compliance with the two preceding conditions;
- we have obtained all authorizations, qualifications and orders of all governmental entities required to consummate the Merger;
- we have maintained our cash reserves in accordance with the requirements of the Merger Agreement and we have provided a certificate of our acting principal financial officer certifying to this condition;
- we have delivered to the Buyer our audited financial statements for our fiscal year ended February 28, 2006 and those audited financial statements are not inconsistent in any material respect from our unaudited financial statements for our fiscal year ended February 28, 2006, which were attached to the Merger Agreement;
- there is no pending claim, suit, action, or proceeding brought or threatened by any governmental entity that:

- challenges or seeks to restrain, prohibit or otherwise interfere with the ownership or operation by the Buyer or any of the Buyer's subsidiaries of all or any portion of the business or assets of Manugistics or its subsidiaries, or to require the Buyer or any of its subsidiaries to dispose of or hold separate any portion of the business or assets of Manugistics or its subsidiaries or of the Buyer or its subsidiaries; or
- seeks to impose limitations on the ability of the Buyer or any of its subsidiaries to exercise full rights of ownership of any shares of Manugistics stock or stock of the resulting corporation in the Merger, including full voting rights; or
- seeks to require the Buyer or any of its subsidiaries to divest themselves of any such stock of Manugistics or the resulting corporation; or
- challenges or seeks to restrain or prohibit or otherwise prevent or interfere with the Merger; or
- seeks to obtain from the Buyer or Merger Sub any damages or other relief that are material or significant to Buyer and Merger Sub, taken as a whole.
- we have not suffered a material adverse effect since the date of the Merger Agreement; and
- the Buyer shall have obtained financing of at least \$275 million pursuant to debt financing from a group of banks and a private placement of its securities to a private equity firm and its affiliates.

Our obligation to effect the Merger is further conditioned on the satisfaction or waiver of the following:

- the Buyer's and Merger Sub's representations and warranties made pursuant to the Merger Agreement are true and correct in all material respects, in each case as of the date of the Merger Agreement and as of the closing date of the Merger, except that the accuracy of representations and warranties that by their terms speak as of a specified date will be determined as of such date and the circumstances giving rise to all inaccuracies in these representations and warranties, collectively, do not constitute a material adverse effect on the Buyer and Merger Sub;
- each of the Buyer and Merger Sub has performed in all material respects all covenants and obligations required to be performed by it under the Merger Agreement at or prior to the closing date of the Merger;
- the Buyer has provided a certificate of an authorized signatory of the Buyer certifying as to its compliance with the two preceding conditions;
- the Buyer has obtained all authorizations, qualifications and orders of all governmental entities and other third parties required to consummate the Merger; and
- there is no pending claim, suit, action or proceeding brought or threatened by any governmental entity that (i) challenges or seeks to restrain, prohibit, or otherwise interfere with the consummation of the Merger or (ii) seeks to obtain from Manugistics or its subsidiaries any damages or other relief that are material to Manugistics or its subsidiaries, as a whole.

We and the Buyer have agreed to use our respective commercially reasonable efforts to take all actions that are necessary, proper or advisable to cause the closing to occur. See Proposal No. 1 The Merger Agreement Conditions to Closing.

#### **Termination of the Merger Agreement**

The Buyer and we can terminate the Merger Agreement under certain circumstances, including:

- by mutual written consent of the Buyer and us;

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- by either the Buyer or us if the Merger has not been completed by October 15, 2006, subject to certain conditions;
- by either the Buyer or us if any permanent injunction, restraint, prohibition, or other judgment, order, or decree issued by any court of competent jurisdiction or other governmental entity having the effect of preventing the closing of or prohibiting the Merger is in effect and has become final and nonappealable;
- by either the Buyer or us if our stockholders do not adopt the Merger Agreement at a duly held stockholders meeting, subject to certain conditions;
- by the Buyer if (1) our board of directors withdraws its recommendation that our stockholders approve the Merger at the special meeting, (2) our board of directors approves a proposal for a merger or similar transaction with a third party (or fails to object to an unsolicited tender offer from a third party), (3) a tender or exchange offer related to our stock has started and we do not send our stockholders a statement that our board of directors reject such offer, or (4) the Company violates the non-solicitation provision in the Merger Agreement;
- by the Buyer if (1) any of our representations and warranties contained in the Merger Agreement becomes inaccurate such as would give rise to the failure of a condition to closing and we have not cured such inaccuracy within 10 business days following written notice thereof from the Buyer, or (2) we fail to perform any covenant required to be performed by us in the Merger Agreement and such failure would give rise to the failure of a condition to closing;
- by us if (1) any of the Buyer's representations and warranties contained in the Merger Agreement becomes inaccurate such as would give rise to the failure of a condition to closing and the Buyer has not cured such inaccuracy within 10 business days following written notice thereof from us, or (2) the Buyer fails to perform any covenant required to be performed by the Buyer in the Merger Agreement and such failure would give rise to the failure of a condition to closing; or
- by us if, prior to the special meeting of our stockholders, our board of directors determines that the Company should pursue a merger or similar transaction with a third party, the Company follows the required procedures set forth in the Merger Agreement and the Company pays to the Buyer the \$9.75 million fee required under the Merger Agreement.

See Proposal No. 1 The Merger Agreement Termination of the Merger Agreement.

#### **Limitation on Considering Other Acquisition Proposals**

*No Solicitation.* We have agreed that we will not, and will not permit any of our subsidiaries to, nor will we authorize any person or permit any of our or our subsidiaries' directors, officers, or employees or any of our or their investment bankers, attorneys, accountants, or other advisors or representatives to, directly or indirectly:

- solicit, initiate, encourage, or take any other action to facilitate, any takeover proposal or the making of any inquiry or proposal that is reasonably likely to lead to a takeover proposal; or
- enter into, continue, or otherwise participate in any discussions or negotiations regarding, or furnish to any person any information with respect to, assist or participate in any effort or attempt by any person with respect to, or otherwise cooperate in any way with, any takeover proposal.

At any time prior to obtaining the stockholder approval, our board of directors may, in response to a *bona fide* written takeover proposal that is unsolicited following the date of the Merger Agreement and is not otherwise obtained in violation of the restrictions set forth in the immediately preceding bullet points and that our board of directors determines in good faith constitutes or is reasonably likely to lead to a



superior proposal, (1) furnish to the person making the takeover proposal information with respect to us and our subsidiaries pursuant to a confidentiality agreement which contains terms that are substantially equivalent to the terms of the confidentiality agreement that we and the Buyer have executed in connection with the Merger (provided that we have also furnished that information to the Buyer or we furnish it to the Buyer on a concurrent basis) and (2) participate in discussions or negotiations with the person (and its representatives) making the takeover proposal regarding the takeover proposal. See Proposal No. 1 The Merger Agreement No Solicitation of Third Parties by Manugistics for definitions of takeover proposal and superior proposal as well as a more detailed description of the no solicitation provisions in the Merger Agreement.

#### **Termination Fee and Expenses**

The Merger Agreement provides that, in general, regardless of whether the Merger is consummated, all fees and expenses incurred by the parties in connection with the Merger Agreement and the Merger will be borne by the party incurring such fees and expenses.

The Merger Agreement may be terminated, prior to the completion of the Merger, under certain circumstances. Some of those circumstances also require Manugistics to make a payment to the Buyer of a termination fee of \$9.75 million or \$4.875 million, depending on the situation. You should read Proposal No. 1 The Merger Agreement Termination of the Merger Agreement and Proposal No. 1 The Merger Agreement Termination Fee and Expenses beginning on pages 49 and 50, respectively.

#### **Regulatory Approvals**

The HSR Act prohibits us from completing the Merger until we have furnished certain information and materials to the Antitrust Division of the Department of Justice and the Federal Trade Commission and the required waiting period has ended. The Merger may be subject to review by the governmental authorities of various other jurisdictions under the antitrust laws of those jurisdictions. We will file, if required, the appropriate notifications and pursue the approval of the transaction. See The Merger Regulatory Matters.

#### **Appraisal Rights**

Our stockholders have the right under Delaware law to dissent from the approval of the Merger and to exercise appraisal rights and to receive payment in cash for the fair value of their shares of our common stock determined in accordance with Delaware law. The fair value of shares of our common stock, as determined in accordance with Delaware law, may be more or less than the Merger consideration to be paid to non-dissenting Manugistics stockholders in the Merger. To preserve their rights, stockholders who wish to exercise appraisal rights must not vote in favor of the adoption of the Merger Agreement and must follow specific procedures. Dissenting Manugistics stockholders must precisely follow these specific procedures to exercise appraisal rights, or their appraisal rights may be lost. These procedures are described in this proxy statement, and the provisions of Delaware law that grant appraisal rights and govern such procedures are attached as Annex B to this proxy statement. You are encouraged to read these provisions carefully and in their entirety. See The Merger Appraisal Rights.

#### **CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION**

This proxy statement, and the documents incorporated by reference into this proxy statement, contain forward-looking statements, as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are based on our current expectations, assumptions, beliefs, estimates and projections about our Company, the Buyer and our industry. The forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Generally, these

forward-looking statements can be identified by the use of forward-looking terminology such as anticipate, believe, estimate, expect, intend, project, should, and similar expressions. These statements include, among other things, the risk that the Merger may not be consummated in a timely manner if at all, the risk that the Merger Agreement may be terminated in circumstances which require our payment to the Buyer of a termination fee of \$9.75 million or \$4.875 million, depending on the situation, risks regarding a loss of or substantial decrease in purchases by our and the Buyer's major customers, risks regarding employee retention and other risks detailed in our and the Buyer's current filings with the Securities and Exchange Commission, including our and the Buyer's most recent filings on Form 10-K and Form 10-Q, which discuss these and other important risk factors concerning their respective operations. We caution you that reliance on any forward-looking statement involves risks and uncertainties, and that although we believe that the assumptions on which our forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could be incorrect. In light of these and other uncertainties, you should not conclude that we or the Buyer will necessarily achieve any plans and objectives or projected financial results referred to in any of the forward-looking statements. We and the Buyer do not undertake to release the results of any revisions of these forward-looking statements to reflect future events or circumstances.

#### MARKET PRICE AND DIVIDEND DATA

Our common stock is included on The NASDAQ National Market under the symbol MANU. This table shows, for the periods indicated, the range of high and low per share sales prices for our common stock as reported on The NASDAQ National Market.

	MANUGISTICS COMMON STOCK	
	High	Low
Year ended February 28, 2006		
First Quarter	\$ 2.20	\$ 1.38
Second Quarter	\$ 2.38	\$ 1.61
Third Quarter	\$ 2.30	\$ 1.66
Fourth Quarter	\$ 2.14	\$ 1.63
Year ended February 28, 2005		
First Quarter	\$ 7.34	\$ 4.25
Second Quarter	\$ 4.20	\$ 2.21
Third Quarter	\$ 2.88	\$ 2.20
Fourth Quarter	\$ 3.07	\$ 1.80

The following table sets forth the per share closing price of our common stock, as reported on The NASDAQ National Market on April 24, 2006, the last full trading day before the public announcement of the Merger, and on May 31, 2006, the latest practicable trading day before the printing of this proxy statement:

	MANUGISTICS COMMON STOCK CLOSING PRICE
April 24, 2006	\$ 2.36
May 31, 2006	\$ 2.49

Following the Merger there will be no further market for our common stock and our stock will be de-listed from The NASDAQ National Market and deregistered under the Exchange Act.

We have not declared or paid cash dividends on our common stock in our last three fiscal years. Our current policy is to retain earnings for use in our business.

## THE COMPANIES

### **Manugistics Group, Inc.**

We are a leading global provider of supply chain management and demand and revenue management software products and services. We combine these products and services to deliver solutions that address specific business needs of our clients. Our approach to client delivery is to advise clients on how best to use our solutions and other technologies across their entire demand and supply chain and in their revenue management practices to enable informed, responsive, rapid and cost and price effective decision-making throughout their own enterprise and across their extended trading network by creating a fully synchronized supply chain.

The solution sets we offer are:

- Demand Management and Pricing;
- Supply Management;
- Transportation and Logistics;
- Collaboration and Visibility;
- Contract Materials Resource Planning & Maintenance, Repair and Overhaul;
- Performance Management; and
- Revenue Management.

Our solutions are designed to increase revenue and profits for our clients by enabling them to improve customer service, reduce stock-outs, lower costs, source more efficiently, reduce inventory, optimize price, collaborate with suppliers and customers, coordinate supply and demand, manage transportation and logistics operations and improve revenue management practices. A key element of our market strategy is to offer implementation, consulting, training and support services to our clients and prospects as an integral part of our solutions.

Our solutions are built and reliant on our internal WebWORKS platform. WebWORKS is based on the Java 2 Platform and J2EE industry standards.

We have organized our sales and marketing operations under four primary business units, Retail, Consumer Goods, Government, Aerospace & Defense and Revenue Management, which we call strategic business units.

We market our solutions to companies primarily throughout North, South and Central America, Europe and the Asia-Pacific region. Among others, our clients include many of the world's leading Consumer Goods, Retail and Travel, Transportation & Hospitality organizations, and the U.S. Government, including Limited Brands, DSG International plc, Coca-Cola Bottling, Kraft Foods, Tyson Foods, Caesars Entertainment, Great North Eastern Railway (GNER), DHL and the Defense Logistics Agency.

The Company was incorporated in Delaware in 1986. Our fiscal year end is February 28th or 29th. We completed our initial public offering of common stock in 1993, a secondary public offering of common stock in 1997 and a private placement of convertible subordinated notes in 2000. We subsequently registered the convertible subordinated notes for resale early in fiscal 2002.

### **JDA Software Group, Inc.**

The Buyer is a leading provider of sophisticated software solutions designed to address the demand and supply chain management, business process, decision support, inventory transaction support, e-commerce, inventory optimization and replenishment, collaborative planning and forecasting, space and



floor planning, and store operations requirements of the retail industry and its suppliers. The Buyer's solutions enable customers to manage and optimize their inventory flows throughout the demand chain to the consumer, and provide optimized labor scheduling for retail store operations. The Buyer's customers include over 4,900 of the world's leading retail, consumer package goods (CPG) manufacturing and wholesale organizations. The Buyer believes it has the largest retail customer installed base for retail-specific systems, with approximately 1,400 retail customers in over 60 countries and more than 3,500 CPG manufacturers and wholesalers. The Buyer's customers include many of the world's leading retail, CPG manufacturing and wholesale organizations including AEON Company Ltd., American Greetings Corporation, Anheuser-Busch Companies, Inc., Carrefour SA, Chevron Corporation, Circuit City Stores, Inc., Coles Myer Ltd., CVS Corporation, Dollar General Corporation, The Estee Lauder Companies, Inc., Grupo Elektra, S.A. de C.V., H. E. Butt Grocery Company, Kohl's Corporation, Limited Brands, Inc., Meijer Stores, Mervyns LLC, Michaels Stores, Inc., The Neiman Marcus Group, Inc., PepsiCo, Inc., The Proctor & Gamble Company, Ripley Corporation and Tesco PLC. The Buyer's software solutions business is enhanced and supported by its retail and supplier specific professional services and education offerings.

The Buyer markets its JDA Portfolio software solutions to nearly 4,500 retailers worldwide with annual sales of \$100 million or more. Approximately 1,400 of these potential retail customers own at least one of the Buyer's products. The Buyer's acquisitions of the Arthur Retail Business Unit, Intactix International, Inc., E3 Corporation and Vista Software Solutions, Inc., expanded the Buyer's client base to include more than 3,500 suppliers to the retail industry and added software applications that enable business-to-business collaborative planning, forecasting and replenishment and collaborative category management between retailers and their suppliers. These acquisitions, together with the investments the Buyer has made over the past few years to increase the scalability of its products, have enabled the Buyer to pursue emerging growth opportunities in the demand chain and further expand the Buyer's target markets to include larger multi-national retail organizations and nearly 36,000 suppliers to the retail industry worldwide with annual sales of \$100 million or more.

#### **The Buyer's Merger Subsidiary**

Stanley Acquisition Corp., a Delaware corporation and a wholly owned subsidiary of the Buyer, was incorporated on June 14, 2004 and has not conducted any business operations.

#### **THE MERGER**

The following discussion summarizes certain terms of the Merger. Stockholders should read the Merger Agreement, which is attached as Annex A to this proxy statement, in its entirety.

#### **Background to the Merger**

Our board of directors and our management, in their ongoing effort to maximize stockholder value, have periodically reviewed and assessed our business strategy, a variety of strategic alternatives, and the various trends and conditions impacting our businesses generally. These industry trends include (1) the consolidation of providers in the markets in which we sell our products, (2) our major competitors increasingly being able to use their size as leverage for a competitive advantage in the market and (3) other competitive pressures, such as increased pricing pressure as a result of more competitors.

On October 10, 2005, our board of directors authorized the engagement of Lehman Brothers as our financial advisor in connection with a possible strategic transaction involving our business. During this meeting, our board of directors also established a special committee consisting of three independent directors (Messrs. Melia, Jacovini and Janeway) to review and evaluate potential strategic alternatives for the Company and to assist our board with the strategic alternatives process, particularly with respect to a possible sale of our company.

Our management, the special committee and Lehman Brothers collectively identified twenty-three possible candidates as merger partners or acquirers. The special committee and certain members of our management team had telephone conversations, initiated by Lehman Brothers, with certain of these interested parties and their representatives, over the course of several weeks. On November 1, 2005, Mr. Janeway was replaced on the special committee by Mr. Skelton because of a relationship between Mr. Janeway and a potential acquirer of the Company disclosed by Mr. Janeway to our board. On November 14, 2005, upon the request of the special committee transmitted by Lehman Brothers, eight parties submitted preliminary indications of interest in acquiring Manugistics. Over the next month, Lehman Brothers arranged follow-up, in-person management presentations and more detailed due diligence sessions with the interested parties and discussions with members of the special committee. Of the eight potential acquirers who submitted initial indications of interest, three parties emerged as potential acquirers, including JDA Software Group, Inc. ( JDA ). For the purposes of this description, these parties will be referred to as A, B, and JDA, respectively.

In November 2005, JDA submitted a tentative proposal to the Board and to the special committee under which each outstanding share of our common stock would be converted into the right to receive a certain number of shares of JDA common stock (valued at between \$2.50 and \$3.00 at then-prevailing prices for JDA stock), with several conditions, including that our board would then commit to a transaction with JDA. Given (i) our board's unwillingness to commit to JDA before entertaining proposals from parties A and B, and (ii) our board's preference for a proposal that would give cash to our stockholders in order to minimize uncertainty and maximize liquidity, JDA withdrew from the process.

During the period from November 28, 2005 through December 16, 2005, we granted parties A and B access to a data room containing information about Manugistics and, at the initiation of the special committee and Lehman Brothers, certain members of our management presented information about the Company to parties A and B in person.

On December 9, 2005, Lehman Brothers transmitted a draft merger agreement, prepared by our counsel and approved by the special committee, to parties A and B.

On December 16, 2005, parties A and B submitted tentative proposals to the special committee along with their comments to a draft merger agreement.

Party A, a financial sponsor, proposed an acquisition of Manugistics in which each outstanding share of our common stock would be converted into the right to receive \$3.00 in cash, subject to various contingencies, including further due diligence. We allowed party A further access to our data room, and following further due diligence during the period from December 23, 2005 through mid-January 2006, party A revised its proposal to \$2.50 per share, and conditioned its proposal on our willingness to agree to certain terms in the Merger Agreement that we viewed as unusual and not in the best interests of our stockholders, including an unusually burdensome expense-reimbursement provision. We were not able to reach an agreement with party A, and based on the relative weakness of their final offer, discussions with party A were terminated on January 23, 2006.

Party B, a private company backed by a financial sponsor, tentatively proposed multiple transaction structures, including making an equity investment in Manugistics, acquiring less than all of our outstanding voting stock for a mix of private party B stock and cash, and a merger in which each outstanding share of our common stock would be converted into the right to receive \$3.00 in cash. In response to our board's stated preference (transmitted to party B by Lehman Brothers) for an all-cash transaction so as to minimize the uncertainty to our stockholders and maximize their liquidity, on December 22, 2005, party B revised its proposal to a merger in which each of our common stockholders would receive \$2.70 per share. Party B was allowed further access to our data room, and conducted further due diligence during the period from December 23, 2005 through mid-January 2006. On January 25, 2006, party B revised its proposal to a hybrid structure in which each share of our common stock would be converted into the right to receive \$1.00 in cash and a certain amount of stock in party B. The special committee and our board

rejected this offer due to the substantially lower cash component and the uncertainty in valuing the stock of party B, a private company. Party B again revised its proposal so that each share of our common stock would be converted into the right to receive \$2.35 in cash. Following further negotiations with the special committee in connection with this proposal and further due diligence, party B withdrew from the process on March 13, 2006, citing its conclusion that it could not integrate Manugistics' business into its existing business within party B's desired timeframe.

On February 15, 2006, following discussions initiated by JDA, including an in-person presentation by certain members of our management to JDA regarding the Company held on January 18 and 19, JDA reentered the process. The special committee then granted JDA access to our data room. Following a due diligence investigation and through negotiations with the special committee, on March 20, 2006, JDA submitted a proposal whereby each outstanding share of our common stock would be converted into the right to receive \$2.50 in cash. On April 8, 2006, JDA and its representatives submitted a draft merger agreement to the special committee. Following negotiations of the terms of this agreement, on April 23, 2006, the special committee and our board of directors unanimously approved this agreement, and, on April 24, 2006, Manugistics and JDA entered into the Merger Agreement attached to this Proxy Statement as Annex A.

### **Recommendation of Manugistics' Board of Directors and Reasons for the Merger**

In the course of evaluating the direction of our business, our management and board of directors have periodically considered various strategic alternatives to enhance our markets and customer opportunities, including possible acquisitions of complementary businesses, commercial partnering arrangements, strategic combinations with other companies, and a sale of the Company.

Our board of directors established a special committee, comprised of three independent directors, to review and evaluate potential strategic alternatives for the Company and to assist our board with the strategic alternatives process, particularly with respect to a possible sale of our Company.

The special committee unanimously determined that the Merger Agreement and the Merger were advisable and in the best interests of our stockholders, and recommended that our board adopt the Merger Agreement and approve the Merger. Following the unanimous recommendation of the special committee, our board of directors unanimously (1) approved and declared advisable the Merger Agreement, the Merger, and the other transactions contemplated by the Merger Agreement, (2) declared that it is advisable and in the best interests of the Company and its stockholders that the Company enter into the Merger Agreement and consummate the Merger on the terms and subject to the conditions set forth in the Merger Agreement, (3) declared that the Merger Agreement is fair to the Company and its stockholders, (4) directed that the Merger Agreement be submitted to a vote for adoption at a meeting of the Company's stockholders, and (5) recommended that the Company's stockholders adopt the Merger Agreement. In connection with the foregoing, the special committee and our board each considered the opinion of Lehman Brothers, our Company's financial advisor, in making their respective recommendations. For more information on the opinion of Lehman Brothers see the section entitled "The Merger Opinion of Lehman Brothers Inc." beginning on page 25 of this proxy statement. Our board unanimously recommends that our stockholders vote "FOR" approval of the merger agreement.

Manugistics faces intense competition in our markets. As we enter new markets, we encounter additional, market-specific competitors. Increased competition is likely to result in price reductions and may result in reduced gross margins and loss of market share. Our current and potential competitors may increase their share of the markets in which we compete by strategic alliances and/or the acquisition of competing companies.

At a meeting of our board of directors on April 23, 2006, upon the unanimous recommendation of the special committee, and after careful consideration, including consultation with financial and legal advisors, our board of directors unanimously determined that the Merger Agreement and the Merger are advisable.

and in the best interests of Manugistics stockholders. On April 24, 2006, Manugistics and JDA entered into the Merger Agreement. **Our board of directors unanimously approved the Merger Agreement. Our board of directors unanimously recommends that you vote FOR adoption of the Merger Agreement and FOR the proposal to adjourn, postpone or continue the special meeting, if necessary or appropriate, to solicit additional proxies.**

In the course of reaching its decision to approve the Merger Agreement and to recommend that Manugistics stockholders vote to adopt the Merger Agreement, the special committee and our board of directors consulted with our senior management, financial advisor, and legal counsel, reviewed a significant amount of information and considered a number of factors, including, among others, the following:

- the business, competitive position, strategy and prospects of the Company, the risk that we will be unsuccessful in implementing our strategy and achieving our goals, the competitive position of current and likely competitors in the industry in which we compete, and current industry, economic, and market conditions;
- the anticipated financial viability of the Company as a standalone enterprise, and the risk associated therewith;
- the fact that our discussions with other potential acquirers of the Company did not result in a superior offer to acquire us;
- the fact that the \$2.50 per share in cash to be paid as merger consideration represents approximately a (a) 22.5% premium to the average trading price during the 90 days prior to April 24, 2006 of \$2.04 per share, and (b) 5.9% premium to the closing price on April 24, 2006, of \$2.36 per share for our common stock on The NASDAQ National Market;
- the financial analyses reviewed with our board of directors by representatives of Lehman Brothers on April 23, 2006 the preliminary oral opinion of Lehman Brothers rendered to our board of directors on April 23, 2006, the final oral opinion of Lehman Brothers rendered to our board of directors on April 24, 2006, which opinion was subsequently confirmed by delivery of a written opinion dated April 24, 2006, that, as of April 24, 2006 and based upon and subject to the matters stated in its opinion, the \$2.50 per share in cash consideration to be offered to the holders of Manugistics common stock in the Merger was fair, from a financial point of view, to such stockholders; a copy of the full text of the Lehman Brothers opinion is attached to this proxy statement as Annex C; you are urged to read the opinion carefully and in its entirety for a description of, among other things, the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by Lehman Brothers in rendering its opinion;
- the value of the consideration to be received by our stockholders and the fact that the consideration would be paid in cash, which provides certainty and immediate value to our stockholders;
- the possible alternatives to the Merger (including the possibility of continuing to operate the Company as an independent entity and the perceived risks of that alternative), the range of potential benefits to our stockholders of the possible alternatives and the timing and the likelihood of accomplishing the goals of such alternatives, and our board of directors' assessment that none of these alternatives was reasonably likely to present superior opportunities for the Company or to create greater value for our stockholders, taking into account risks of execution as well as business, competitive, industry and market risks, than the Merger; and
- the environment and trends in our industry, including industry consolidation and pricing trends.

In the course of its deliberations, the special committee and our board of directors also considered a variety of risks and other potentially negative factors, including the following:

- the fact that we will no longer exist as an independent public company and our stockholders will forego any future increase in our value that might result from our possible growth;
- the risks and contingencies related to the announcement and pendency of the Merger, including the impact of the Merger on our customers, employees, suppliers, and our relationships with other third parties, including the potential negative reaction of these parties to the fact that we would be merging with the Buyer;
- the conditions to the Buyer's obligation to complete the Merger and the right of the Buyer to terminate the Merger Agreement in certain circumstances, including for breaches by us of our representations, warranties, covenants and agreements in the Merger Agreement;
- the risk that the Merger might not receive necessary regulatory approvals and clearances to complete the Merger or that governmental authorities could attempt to condition the Merger on one or more of the parties' compliance with certain burdensome terms or conditions;
- the fact that under the terms of the Merger Agreement, we cannot solicit other acquisition proposals and must pay to the Buyer a termination fee of \$9.75 million or \$4.875 million, depending on the situation, if the Merger Agreement is terminated under certain circumstances, which, in addition to being costly, might have the effect of discouraging other parties from proposing an alternative transaction that might be more advantageous to our stockholders than the Merger;
- the fact that the income realized by stockholders as a result of the Merger generally will be taxable to our stockholders;
- the interests that certain directors and executive officers of the Company may have with respect to the Merger, in addition to their interests as stockholders of the Company generally, as described in "The Merger - Interests of Manugistics - Executive Officers and Directors in the Merger"; and
- the fact that, pursuant to the Merger Agreement, we must generally conduct our business in the ordinary course and we are subject to a variety of other restrictions on the conduct of our business prior to closing of the Merger or termination of the Merger Agreement, which may delay or prevent us from pursuing business opportunities that may arise or preclude actions that would be advisable if we were to remain an independent company.

The special committee and our board of directors did not assign any particular weight or rank to any of the positive or potentially negative factors or risks discussed in this section, and the special committee and our board of directors carefully considered all of these factors as a whole in reaching their determination and recommendation.

#### **Opinion of Lehman Brothers Inc.**

On April 23, 2006, Lehman Brothers rendered its preliminary oral opinion (subsequently made final on April 24, 2006 and confirmed in writing as of such date) to Manugistics' board of directors that as of such date and, based upon and subject to matters stated in its written opinion, from a financial point of view, the consideration to be offered to Manugistics' stockholders in the Merger is fair to such stockholders.

The full text of Lehman Brothers' opinion, dated April 24, 2006, is attached as Annex C to this proxy statement. Stockholders are urged to read such opinion carefully and in its entirety for a discussion of the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Lehman Brothers in rendering its opinion. The following summary of Lehman Brothers' opinion and the methodology that Lehman Brothers used to render its fairness opinion is qualified in its entirety by reference to the full text of such opinion.



Lehman Brothers' advisory services and opinion were provided for the information and assistance of Manugistics' board of directors in connection with its consideration of the Merger. Lehman Brothers' opinion is not intended to be and does not constitute a recommendation to any stockholder of Manugistics as to how such stockholder should vote in connection with the Merger. Lehman Brothers was not requested to opine as to, and Lehman Brothers' opinion does not in any manner address, Manugistics' underlying business decision to proceed with or effect the Merger.

In arriving at its opinion, Lehman Brothers reviewed and analyzed:

- the Merger Agreement and the specific terms of the Merger;
- publicly available information concerning Manugistics that Lehman Brothers believed to be relevant to its analyses, including Manugistics' Annual Report on Form 10-K for the fiscal year ended February 28, 2005 and Quarterly Reports on Form 10-Q for the quarters ended May 31, 2005, August 31, 2005 and November 30, 2005;
- financial and operating information with respect to the business, operations and prospects of Manugistics furnished to Lehman Brothers by Manugistics, including financial projections of Manugistics through fiscal year 2011 prepared by the management of Manugistics (the "Manugistics Projections");
- a trading history of Manugistics' common stock from the closing price as of April 22, 2003 to an intraday trading price as of noon E.D.T., April 24, 2006 and a comparison of that trading history with those of other companies that Lehman Brothers deemed relevant;
- a comparison of the historical financial results and present financial condition of Manugistics with those of other companies that Lehman Brothers deemed relevant;
- a comparison of the financial terms of the Merger with the financial terms of certain other transactions that Lehman Brothers deemed relevant;
- published estimates of independent research analysts with respect to the future price targets of Manugistics' common stock and the future financial performance of Manugistics through fiscal year 2007 and an extension of such research estimates prepared by the management of Manugistics through fiscal year 2011 (such estimates, including the extension, the "Manugistics Street Projections");
- the current and future capital requirements of Manugistics in light of its current cash balance and expected cashflows and the level of its indebtedness;
- the cash flows of the combined company relative to its capital structure, on a pro forma basis, and
- the standalone value of the tax savings expected to result from the historical net operating losses at Manugistics ("NOL Tax Savings").

In addition, Lehman Brothers had discussions with the management of Manugistics concerning its business, operations, assets, liabilities, NOL Tax Savings, financial condition and prospects and undertook such other studies, analyses and investigations as Lehman Brothers deemed appropriate.

In arriving at its opinion, Lehman Brothers assumed and relied upon the accuracy and completeness of the financial and other information used by it without assuming any responsibility for independent verification of such information and have further relied upon the assurances of management of Manugistics that they are not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to the Manugistics Projections, upon advice of Manugistics, Lehman Brothers assumed that such projections were reasonably prepared on a basis reflecting the best currently available estimates and judgments of Manugistics' management as to the future financial performance of Manugistics. However, for the purpose of its analyses, Lehman Brothers also considered the Manugistics Street Projections which reflect somewhat more conservative assumptions regarding



Manugistics' future financial performance and Manugistics agreed with the appropriateness of the use of the Manugistics Projections and the Manugistics Street Projections in performing Lehman Brothers' analyses. Upon advice of Manugistics, Lehman Brothers assumed that the expected NOL Tax Savings were reasonable. In arriving at its opinion, Lehman Brothers conducted only a limited physical inspection of the properties and facilities of Manugistics and did not make or obtain any evaluations or appraisals of the assets or liabilities of Manugistics. Lehman Brothers' opinion necessarily was based upon market, economic and other conditions as they existed on, and could be evaluated as of, the date of such letter.

Lehman Brothers' opinion should not be viewed as providing any assurance that the consideration to be offered to the stockholders of Manugistics will be in excess of the market value of the shares of Manugistics common stock owned by such stockholders at any time prior to the announcement or the completion of the Merger. Although Lehman Brothers evaluated the fairness, from a financial point of view, of the consideration to be offered to the stockholders of Manugistics in the Merger, Lehman Brothers was not requested to, and Lehman Brothers did not, recommend the specific consideration to be offered to the Manugistics stockholders in the Merger, which was determined through negotiations between Manugistics and JDA, nor should the Lehman Brothers' opinion be seen to constitute a recommendation to any Manugistics stockholder as to how such stockholder should vote with respect to the Merger.

In connection with rendering its opinion, Lehman Brothers performed certain financial, comparative and other analyses as summarized below. In arriving at its opinion, Lehman Brothers did not ascribe a specific range of value to JDA or Manugistics, but rather made its determination as to the fairness, from a financial point of view, to Manugistics stockholders of the consideration offered to such stockholders in the Merger on the basis of financial and comparative analyses. The preparation of a fairness opinion involves various determinations as to the most appropriate and relevant methods of financial and comparative analyses and the application of those methods to the particular circumstances. Therefore, such an opinion is not readily susceptible to summary description. Furthermore, in arriving at its opinion, Lehman Brothers did not attribute any particular weight to any analyses or factor considered by it, but rather made qualitative judgments as to the significance and relevance of each analyses and factor. Accordingly, Lehman Brothers believes that its analyses must be considered as a whole and that considering any portion of such analyses and factors, without considering all analyses and factors as a whole, could create a misleading or incomplete view of the process underlying its opinion. In its analyses, Lehman Brothers made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Manugistics and JDA. None of Manugistics, JDA, Lehman Brothers or any other person assumes responsibility if future results are materially different from those discussed. Any estimates contained in these analyses were not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than as set forth therein. In addition, analyses relating to the value of businesses do not purport to be appraisals or to reflect the prices at which businesses actually may be sold.

The following is a summary of the material financial analyses used by Lehman Brothers in connection with providing its opinion to the board of directors of Manugistics. Certain of the summaries of financial analyses include information presented in tabular format. In order to fully understand the financial analyses used by Lehman Brothers, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Accordingly, the analyses listed in the tables and described below must be considered as a whole. Considering any portion of such analyses and of the factors considered, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying Lehman Brothers' opinion.

### **Liquidity Analysis**

In order to evaluate the financial viability of Manugistics, Lehman Brothers reviewed the cash needs of Manugistics on a standalone basis taking into account its cash balance and outstanding debt as of February 28, 2006, including Manugistics' outstanding convertible notes which mature in November 2007. Based on Manugistics' cash and debt balances as of February 28, 2006, management estimates of Manugistics' cash needed for operations and projected cashflows through November 2007 derived from Manugistics Street Projections and Manugistics Projections, Lehman Brothers estimated that Manugistics' cash requirements through November 2007 would exceed its available cash and cashflows by approximately \$14.5 to \$24.5 million using Manugistics Street Projections of cashflows and \$4.0 to \$14.0 million using Manugistics Projections of cashflows. Lehman Brothers believes these estimates illustrated Manugistics' need to raise additional cash funding in order to fulfill its cash requirements as a standalone going concern, including the repayment of its convertible notes.

### **Stock Trading History**

Lehman Brothers considered historical data with respect to the trading price of Manugistics shares for the period from the closing price as of April 22, 2005 to an intraday price as of noon E.D.T., April 24, 2006 and the relative stock price performances during the same period of the NASDAQ Composite Index, an index of Supply Chain Management comparative companies, or the SCM Composite, and an index of Software comparable companies, or the Software Composite, each as listed below.

The SCM Composite consisted of:

- Agile Software Corp.
- Ariba Inc.
- Aspen Technology Inc.
- Chordiant Software Inc.
- DesCartes Systems Group Inc.
- i2 Technologies Inc.
- JDA Software Group Inc.
- Manhattan Associates Inc.
- Retalix Ltd.
- SSA Global Technologies, Inc.

The Software Composite consisted of:

- Autodesk Inc.
- BMC Software Inc.
- CA, Inc.
- Cognos Inc.
- Intuit Inc.
- Mercury Interactive Corp.

- Microsoft Corp.

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- Oracle Corp.
- SAP AG
- Symantec Corp.

Lehman Brothers noted that during this time period, the share price of Manugistics common stock increased 52.0%, versus the NASDAQ Composite Index, which increased 20.5%, the SCM Composite, which increased 41.1% and the Software Composite, which increased 13.0%. Lehman Brothers also considered the period from the closing price as of April 22, 2003 to an intraday price as of noon E.D.T., April 24, 2006 and noted that during this period, the share price of Manugistics common stock decreased 19.0%, versus the NASDAQ Composite Index, which increased 60.4%, the SCM Composite, which decreased 5.6% and the Software Composite, which increased 21.7%. Lehman Brothers also noted that the Merger consideration per share of \$2.50 was an 8.7% premium to Manugistics intraday price as of noon E.D.T., April 24, 2006 of \$2.30 and an 11.4% premium to an average of 30 prior trading day closing share prices of Manugistics common stock.

#### **Equity Research Analysts**

Lehman Brothers considered publicly available price targets published by various firms that publish independent research on Manugistics (including JMP Securities, CIBC World Markets, RBC Capital Markets, Southwest Securities, ThinkEquity and ICAP) in order to determine that the consideration offered to Manugistics stockholders in the Merger of \$2.50 per share was within the range of the published price targets by various brokerage firms (\$1.50 to \$3.00 per share).

#### **Comparable Company Analysis**

In order to assess how the public market values shares of publicly traded companies similar to Manugistics, Lehman Brothers reviewed and compared specific financial and operating data relating to Manugistics and 8 other companies in the supply chain management space that Lehman Brothers deemed most comparable to Manugistics in terms of operating performance as follows:

- Agile Software Corp.
- Chordiant Software Inc.
- Epicor Software Corp.
- i2 Technologies Inc.
- Lawson Software Americas, Inc.
- Manhattan Associates Inc.
- QAD Inc.
- SSA Global Technologies, Inc.

Using the Manugistics Projections and Manugistics Street Projections for Manugistics and publicly available information for the other companies, Lehman Brothers calculated and analyzed the ratios of each company's April 24, 2006 stock price as of noon E.D.T. to its projected calendar year, or CY, 2006 cash earnings per share (commonly referred to as a price earnings ratio, or P/E), and the ratios of each company's enterprise value, as described below, to certain financial criteria, including each company's projected CY 2006 revenues. The enterprise value of each company was obtained by adding its short and long-term debt to the sum of the market value of its fully diluted common stock, the value of any preferred stock (at liquidation value), the book value of any minority interest in other equity and the value of any material debt-equivalent liabilities. The results of these analyses are summarized below:

	<b>Projected CY2006 Enterprise Value/ Revenue</b>	<b>Projected CY2006 P/E</b>
<i>Supply Chain Management</i>		
Low	0.93x	9.2x
Median	1.58x	19.6x
High	2.49x	67.2x
<i>Manugistics</i>		
Current Street	1.37x	31.1x
Current Mgmt	1.40x	18.9x
Implied Transaction Street	1.48x	34.1x
Implied Transaction Mgmt	1.50x	20.7x

Given the inherent differences in the businesses, operations and prospects of Manugistics and the selected comparable companies, Lehman Brothers believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the comparable company analyses, but also made qualitative judgments concerning differences in the financial and operating characteristics and prospects of Manugistics and the selected comparable companies that could affect the public trading values of each. These qualitative judgments related primarily to the differing sizes, growth prospects, profitability levels and degree of operational risk between Manugistics and the selected comparable companies. Based upon these judgments, Lehman Brothers selected 1.30x to 1.60x revenue multiples and calculated the implied prices per share of Manugistics common stock of \$2.15 to \$2.80 and \$2.10 to \$2.75 using Manugistics Street Projections and Manugistics Projections, respectively, and selected 13.0x to 15.0x cash P/E multiples and calculated the implied prices per share of Manugistics of \$1.15 to \$1.30 and \$1.70 to \$1.90 using Manugistics Street Projections and Manugistics Projections, respectively. The implied price ranges derived from cash P/E multiples included the present value of NOL Tax Savings on a per share basis. Lehman Brothers noted that the consideration of \$2.50 per share offered in the Merger was within the range of implied prices based on projected CY 2006 revenues and above the range based on projected CY 2006 cash P/Es.

#### **Discounted Cash Flow Analysis**

Lehman Brothers performed a discounted cash flow analysis of Manugistics to calculate the estimated present value of Manugistics common stock. A discounted cash flow analysis is a traditional valuation methodology used to derive a valuation of an asset by calculating the present value of estimated future cash flows of the asset. Present value refers to the current value of future cash flows or amounts and is obtained by discounting those future cash flows or amounts by a discount rate that takes into account macro-economic assumptions and estimates of risk, the opportunity cost of capital, expected returns and other appropriate factors applicable to a particular asset. The estimated present value of Manugistics common stock was calculated by adding the estimated free cash flow projections for the twelve month periods ending February 28, 2007 through February 28, 2011 using the Manugistics Projections and

Manugistics Street Projections and the present value of the terminal value per share of Manugistics common stock at the end of 2011.

To estimate the residual value of Manugistics at the end of the forecast period, or terminal value, Lehman Brothers applied a range of terminal value multiples based on 2011 unlevered net income of 13.0x to 15.0x. Lehman Brothers discounted the unlevered free cash flows and estimated terminal value to a present value at a range of after-tax discount rates ranging from 14.0% to 18.0%. This range of discount rates was based on an analysis of Manugistics' weighted average cost of capital and those of other comparable companies.

Based on these discount rates and selected range of terminal values, the analyses resulted in a range of implied prices per share of approximately \$2.25 to \$2.65 using the Manugistics Projections and a range of implied prices per share of approximately \$1.55 to \$1.80 using the Manugistics Street Projections. The implied price ranges included the present value of NOL Tax Savings on a per share basis. Lehman Brothers noted that the consideration of \$2.50 per share offered in the Merger was above the range of implied prices based on the Manugistics Street Projections and within the range based on the Manugistics Projections.

### Premiums Paid Analysis

Lehman Brothers reviewed the one-day and thirty-day prior premiums for selected transactions with all-cash consideration valued between \$100 million and \$500 million since January 1, 2003. Lehman Brothers reviewed the premiums for all transactions and summarized the results as set forth below:

	<b>Premiums</b>	
<b>All Transactions 1 Day</b>	1st Quartile	10.5 %
	Mean	19.0 %
	Median	17.5 %
	3rd Quartile	25.4 %
Implied Premium in Proposed Transaction		8.7 %
<b>All Transactions 30 Day</b>	1st Quartile	22.7 %
	Mean	42.7 %
	Median	36.1 %
	3rd Quartile	46.9 %
Implied Premium in Proposed Transaction		11.4 %

Lehman Brothers selected a relevant range of premiums from 11% to 20% which were applied to Manugistics' stock price as of 1-day prior to announcement on April 24, 2006 and 1-day prior to January 6, 2006, and a range of premiums from 20% to 35% which were applied to Manugistics' 30-day average stock price prior to announcement on April 24, 2006 and 30-day average stock price prior to January 6, 2006. January 6, 2006 is the date when several Wall Street research reports citing Manugistics as a takeover candidate were published. These relevant ranges were selected based on premiums observed in precedent transactions. Based on the selected range of premiums paid in such transactions, Lehman Brothers calculated implied prices for Manugistics of \$2.55 to \$2.75 and \$2.70 to \$3.00 based on 1-day and 30-day average prices prior to announcement on April 24, 2006, respectively, and \$2.00 to \$2.15 and \$2.15 to \$2.40 based on 1-day and 30-day average prices prior to January 6, 2006, respectively. Lehman Brothers noted that the consideration of \$2.50 per share offered in the Merger was above the stock price of Manugistics based on the premiums on 1-day and 30-day average prices prior to January 6, 2006.

**Precedent Transactions Analysis**

Lehman Brothers reviewed and compared the purchase prices and financial multiples paid in ten acquisitions of companies that Lehman Brothers, based on its experience with merger and acquisition transactions, deemed relevant to arriving at its opinion. Lehman Brothers chose the transactions used in the comparable transaction analyses based on the similarity of the target companies in the transactions to Manugistics in the size, mix, margins and other characteristics of their businesses. Lehman Brothers reviewed the following transactions:

<b>Acquiror</b>	<b>Target</b>
Dassault Systems	MatrixOne, Inc.
Hewlett-Packard Co.	Peregrine Systems, Inc.
Oracle Corp.	Siebel Systems, Inc.
SSA Global Technologies, Inc.	E.piphany Inc.
Concerto Software Inc.	Aspect Communications Corp.
Lawson Software, Inc.	Intentia International
Oracle Corp.	Retek Inc.
Infor Global Solutions	MAPICS, Inc.
Oracle Corp.	PeopleSoft, Inc.
PeopleSoft, Inc.	JD. Edwards & Co.

Based on publicly available information, Lehman Brothers considered, among other things, the comparable companies enterprise value implied in the respective transaction as multiples of the last twelve months and forward twelve months revenues. The results of such precedent transaction analyses are summarized below:

	<b>Mean</b>	<b>Median</b>	<b>High</b>	<b>Low</b>
<i>Enterprise Value as a multiple of:</i>				
LTM Revenue	2.11x	1.99x	3.28x	1.12x
1 Year Forward Revenue	2.04x	1.76x	3.11x	1.08x

The reasons for and the circumstances surrounding each of the transactions analyzed were diverse and there are inherent differences in the business, operations, financial conditions and prospects of Manugistics, and the businesses, operations, financial conditions and prospects of the companies included in the precedent transaction analyses. Accordingly, Lehman Brothers believed that a purely quantitative comparable transaction analyses would not be particularly meaningful in the context of the Merger. Lehman Brothers believed that the appropriate use of the precedent transaction analyses required qualitative judgments concerning the differences between the characteristics of these transactions and the Merger which would affect the acquisition values of the acquired companies and Manugistics.

Based upon these judgments, Lehman Brothers selected a range of enterprise value multiples for the precedent transactions of 1.10x to 1.75x and calculated a range of implied prices for Manugistics of \$1.75 to \$3.10 using the Manugistics Street Projections, and \$1.70 to \$3.00 using the Manugistics Projections. Lehman Brothers noted that the consideration of \$2.50 per share offered in the Merger was within the range of these implied price ranges.

Because Manugistics has a lower growth profile than most of its peers, Lehman Brothers also selected a range of enterprise value multiples for relevant precedent transactions of lower growth targets of 1.10x to 1.30x, and calculated a range of implied prices for Manugistics of \$1.75 to \$2.20 using the Manugistics Street Projections, and \$1.70 to \$2.15 using the Manugistics Projections. Lehman Brothers noted that the consideration of \$2.50 per share offered in the Merger was above these implied price ranges.

### **Pro Forma Combination Analysis**

Lehman Brothers analyzed the pro forma impact of the Merger on the cash earnings per share of JDA. For the purpose of this analysis, Lehman Brothers assumed representative amounts of cash and debt used in the transaction, and the rates associated as indicated by JDA. Lehman Brothers estimated that, based on the assumptions described above, the pro forma impact of the Merger on the cash earnings per share of JDA would be dilutive in calendar year 2006 assuming no synergies, and accretive in calendar year 2006 over a range of synergies the Company and JDA deemed reasonable based on the cost structures for both companies for the purpose of this analysis.

### **Miscellaneous**

Lehman Brothers is an internationally recognized investment banking firm and, as part of its investment banking activities, is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. Manugistics' board of directors selected Lehman Brothers because of its expertise, reputation and familiarity with Manugistics and the software industry generally, and because its investment banking professionals have substantial experience in transactions comparable to the Merger.

As compensation for its services in connection with the Merger, Manugistics has agreed to pay Lehman Brothers customary fees, a portion of which is payable upon the delivery of Lehman Brothers' opinion and a substantial portion of which is contingent upon the completion of the Merger. In addition, Manugistics has agreed to reimburse Lehman Brothers for reasonable out-of-pocket expenses incurred in connection with the Merger and to indemnify Lehman Brothers for certain liabilities that may arise out of its engagement by Manugistics and the rendering of the Lehman Brothers opinion.

In addition, in the ordinary course of its business, Lehman Brothers may trade in the equity securities of Manugistics and JDA for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities.

### **Interests of Manugistics' Executive Officers and Directors in the Merger**

In considering the recommendation of our board of directors, with respect to the Merger, stockholders should be aware that our executive officers and directors may have interests in the Merger that are different from, or in addition to, the interests of Manugistics' stockholders in general. The members of the board of directors were aware of such interests when deciding to approve the Merger.

### **Board of Directors and Special Committee**

In addition to annual cash retainers and per meeting fees, each non-employee director, including the Chairman of the Board, has received initial grants of stock options upon his appointment to the Board and annual grants of stock options thereafter. In April 2005, Mr. Melia also received a discretionary grant of an option to purchase 100,000 shares of Common Stock in connection with his appointment as Chairman of the Board. If the Merger is consummated, each unexercised Manugistics stock option held by such directors will become fully vested, and, if the exercise price is less than \$2.50 per share, converted into the right to receive an amount in cash equal to \$2.50 less than exercise price of such stock option, and less any applicable withholding tax.

On October 10, 2005, the Board of Directors established a Special Committee, initially composed of Kevin Melia (Chairman of the Special Committee), Joseph Jacovini and William Janeway to provide an efficient process for the evaluation of various strategic alternatives for the assets or businesses of the Company. On November 1, 2005, Mr. Janeway resigned from the Special Committee and was replaced by Thomas Skelton. On April 23, 2006, the Corporate Governance Committee approved meeting fees for the

Special Committee. The fees for meetings actually attended are \$750 per meeting for the Chairman of the Special Committee and \$500 per meeting for the other members of the Special Committee.

### Executive Officers

During fiscal 2006, we entered into letter agreements amending the terms of employment of each of our executive officers with respect to a change in control of Manugistics. Under the terms of these letter agreements, if, within one year of a change in control of Manugistics, we terminate an executive's employment other than for cause or the executive officer terminates his or her employment for good reason, we will make severance payments to such executive in the amount of his or her base salary and benefits during the twelve-month period in the case of Jeffrey Kissling, Edward Daihl, Ronald Kubera, Timothy Smith, Lori Mitchell-Keller and Kelly Davis-Stoudt, and during the twenty-four-month period in the case of our Chief Executive Officer, Joseph L. Cowan, commencing on such executive's termination date.

In November 2005, we established a supplemental retention program, pursuant to which a total of \$130,000 in cash will be paid to certain executive officers and a total of 300,000 shares of restricted stock and stock options for 915,000 shares were granted to certain of our executive officers and employees. Of the 300,000 shares of restricted stock awarded under the program, 165,000 shares were awarded to our executive officers. Of the 915,000 stock options, 400,000 options were awarded to our executive officers. The equity awards will fully vest, and the cash awards will become payable, upon the earliest to occur of: (i) such employee's resignation for good reason or our termination of employment of such employee without cause; (ii) a change in control of Manugistics; and (iii) November 1, 2006.

Pursuant to the terms of the Merger Agreement, the parties thereto agreed that for all benefit plans (including all severance agreements, employment-related agreements, stock option plans, restricted stock plans and any and all award or other agreements associated with any benefit plan), the Merger would be deemed a change in control, would result in the full vesting of any outstanding stock option and restricted stock awards, and would also establish for certain specified individuals, including the following executive officers of Manugistics: Joseph L. Cowan, Edward Daihl, Kelly Davis-Stoudt and Timothy T. Smith a termination without cause or a resignation for good reason, unless such person waived such treatment in writing before the closing of the Merger. Further, such person would have the right to continue, at no cost to the person, any medical insurance coverage that was in effect, for such person and his or her dependents (if any), immediately before the closing of the Merger until the earlier of the expiration of such person's continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, and the date on which replacement coverage begins for such employee with another employer.

During our first quarter of fiscal 2007, our compensation committee approved, and our board of directors ratified, (1) a bonus of \$350,000 for Joseph L. Cowan in connection with and contingent upon his continued service with Manugistics through the closing of the Merger, and (2) a bonus pool of \$900,000 pursuant to which bonuses, also contingent upon continued service through the closing of the Merger and the consummation of the Merger were granted to Jeffrey Kissling, Edward Daihl, Ronald Kubera, Timothy Smith, Lori Mitchell-Keller and Kelly Davis-Stoudt in the amounts of \$195,000, \$104,500, \$55,000, \$155,000, \$45,000 and \$73,000, respectively, with the remainder of this bonus pool allocated to non-executive officers of Manugistics.

The Merger Agreement provides that our directors and officers will be indemnified in respect of their past service and that the Buyer will maintain our current directors' and officers' liability insurance, subject to certain conditions. See The Merger Agreement Indemnification and Insurance beginning on page 51.

*Offer Letters to Certain Executive Officers*

*Jeffrey Kissling, Ronald Kubera and Lori Mitchell-Keller, executive officers of Manugistics, have each executed offer letters with the Buyer which are contingent on the closing of the Merger and which provide that each of them will receive \$225,000 upon the closing of the Merger. These payments are in lieu of any amount to which they would have been entitled under their September 23, 2005 agreements with Manugistics and are in exchange for their release of Manugistics from its obligations under their September 23, 2005 agreements with Manugistics. In addition, the offer letters provide for employment positions for each of them with the Buyer following the closing of the Merger, a retention incentive payment if they remain employed with the Buyer for a period of time following the closing of the Merger, standard employee benefits of the Buyer, eligibility for equity compensation and other terms and conditions related to their employment with the Buyer after the Merger is consummated.*

**Voting by Manugistics Directors and Executive Officers; Voting Agreement**

*On May 25, 2006, the record date for the Manugistics special meeting, directors and executive officers of Manugistics and their affiliates beneficially owned 20,644,179 shares of Manugistics common stock, or approximately 23.8% of the shares of Manugistics common stock outstanding on that date. A more detailed description of the ownership of Manugistics common stock by certain beneficial owners and Manugistics directors and executive officers is set forth on page 55 of this proxy statement.*

*Manugistics directors and officers and certain of their affiliates have entered into a voting agreement with the Buyer that commit them not to sell any of their shares of Manugistics common stock prior to the earlier of the consummation of the Merger or the termination of the Merger Agreement, and to vote all of their shares of Manugistics common stock in favor of the adoption of the Merger Agreement and the transactions contemplated by the Merger Agreement and against certain other actions. The form of voting agreement entered into by Manugistics officers and directors and certain of their affiliates is included as Annex D to this proxy statement. For a summary of material provisions of the voting agreement, see Proposal No. 1 the Merger Agreement Voting Agreement beginning on page 52.*

**Appraisal Rights**

The discussion of the provisions set forth below is not a complete summary regarding your appraisal rights under Delaware law and is qualified in its entirety by reference to the text of the relevant provisions of Delaware law, which are attached to this proxy statement as Annex B. Stockholders intending to exercise appraisal rights should carefully review Annex B. Failure to follow precisely any of the statutory procedures set forth in Annex B may result in a termination or waiver of these rights.

If the Merger is consummated, dissenting holders of our common stock who follow the procedures specified in Section 262 of the Delaware General Corporation Law within the appropriate time periods will be entitled to have their shares of our common stock appraised by a court and to receive the fair value of such shares in cash as determined by the Delaware Court of Chancery *in lieu* of the consideration that such stockholder would otherwise be entitled to receive pursuant to the Merger Agreement.

The following is a brief summary of Section 262, which sets forth the procedures for dissenting from the Merger and demanding statutory appraisal rights. Failure to follow the procedures set forth in Section 262 precisely could result in the loss of appraisal rights. This proxy statement constitutes notice to holders of our common stock concerning the availability of appraisal rights under Section 262. A stockholder of record wishing to assert appraisal rights must hold the shares of stock on the date of making a demand for appraisal rights with respect to such shares and must continuously hold such shares through the effective time of the Merger.

Stockholders who desire to exercise their appraisal rights must satisfy all of the conditions of Section 262. A written demand for appraisal of shares must be filed with us before the special meeting on June 28, 2006. This written demand for appraisal of shares must be in addition to and separate from a vote

against, or an abstention from voting on, the Merger. Stockholders electing to exercise their appraisal rights must not vote for the Merger. Any proxy or vote against the Merger will not constitute a demand for appraisal (or waiver thereof) within the meaning of Section 262, nor will it be deemed to satisfy any notice requirements under Delaware law.

A demand for appraisal must be executed by or for the stockholder of record, fully and correctly, as such stockholder's name appears on the share certificate. If the shares are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, this demand must be executed by or for the fiduciary. If the shares are owned by or for more than one person, as in a joint tenancy or tenancy in common, such demand must be executed by or for all joint owners. An authorized agent, including an agent for two or more joint owners, may execute the demand for appraisal for a stockholder of record; however, the agent must identify the record owner and expressly disclose the fact that, in exercising the demand, he is acting as agent for the record owner. A person having a beneficial interest in our common stock held of record in the name of another person, such as a broker or nominee, must act promptly to cause the record holder to follow the steps summarized below and in a timely manner to perfect whatever appraisal rights the beneficial owner may have.

A Manugistics stockholder who elects to exercise appraisal rights should mail, or deliver his/her or its written demand to us at our address at 9715 Key West Avenue, Rockville, Maryland 20850, Attention: Secretary. The written demand for appraisal should specify the stockholder's name and mailing address, and that the stockholder is thereby demanding appraisal of his, her or its Manugistics common stock. Within 10 days after the effective time of the Merger, we must provide notice of the effective time of the Merger to all of our stockholders who have complied with Section 262 and have not voted for the Merger.

Within 120 days after the effective time of the Merger (but not thereafter), any stockholder who has satisfied the requirements of Section 262 may deliver to us a written demand for a statement listing the aggregate number of shares not voted in favor of the Merger and with respect to which demands for appraisal have been received and the aggregate number of holders of such shares. We, as the resulting corporation in the Merger, must mail such written statement to the stockholder no later than the later of 10 days after the stockholders' request is received by us or 10 days after the latest date for delivery of a demand for appraisal under Section 262, whichever is later.

Within 120 days after the effective time of the Merger (but not thereafter), either we or any stockholder who has complied with the required conditions of Section 262 and who is otherwise entitled to appraisal rights may file a petition in the Delaware Court of Chancery demanding a determination of the fair value of the Manugistics shares of stockholders entitled to appraisal rights. We have no present intention to file such a petition if demand for appraisal is made.

If a petition for appraisal is duly filed by a stockholder in accordance with Section 262 and a copy of the petition is delivered to us, we will be obligated, within 20 days after receiving service of a copy of the petition, to provide the Chancery Court with a duly verified list containing the names and addresses of all stockholders who have demanded an appraisal of their shares and with whom agreements as to the value of their shares have not been reached by us. If we file a petition, the petition must be accompanied by the verified list. The Register in Chancery, if so ordered by the court, will give notice of the time and place fixed for the hearing of such petition by registered or certified mail to us and to the stockholders shown on the list at the addresses therein stated, and notice will also be given by publishing a notice at least one week before the day of the hearing in a newspaper of general circulation published in the City of Wilmington, Delaware, or such publication as the court deems advisable. The forms of the notices by mail and by publication must be approved by the court, and we will bear the costs thereof. The Delaware Court of Chancery may require the stockholders who have demanded an appraisal for their shares (and who hold stock represented by certificates) to submit their stock certificates to the Register in Chancery for notation of the pendency of the appraisal proceedings and the Delaware Court of Chancery may dismiss the proceedings as to any stockholder that fails to comply with such direction.

If a petition for an appraisal is filed in a timely fashion, after a hearing on the petition, the court will determine which stockholders are entitled to appraisal rights and will appraise the shares owned by these stockholders, determining the fair value of such shares, exclusive of any element of value arising from the accomplishment or expectation of the Merger, together with a fair rate of interest to be paid, if any, upon the amount determined to be the fair value.

Manugistics stockholders considering seeking appraisal of their shares should note that the fair value of their shares determined under Section 262 could be more, the same or less than the consideration they would receive pursuant to the Merger Agreement if they did not seek appraisal of their shares. The costs of the appraisal proceeding may be determined by the court and taxed against the parties as the court deems equitable under the circumstances. Upon application of a dissenting stockholder, the court may order that all or a portion of the expenses incurred by any dissenting stockholder in connection with the appraisal proceeding, including reasonable attorneys' fees and the fees and expenses of experts, be charged *pro rata* against the value of all shares entitled to appraisal. In the absence of a determination or assessment, each party bears his, her, or its own expenses. The exchange of shares for cash pursuant to the exercise of appraisal rights will be a taxable transaction for United States federal income tax purposes and possibly state, local, and foreign income tax purposes as well. See *The Merger Material United States Federal Income Tax Consequences of the Merger*.

Any stockholder who has duly demanded appraisal in compliance with Section 262 will not, after the effective time of the Merger, be entitled to vote for any purpose the shares subject to demand or to receive payment of dividends or other distributions on such shares, except for dividends or distributions payable to stockholders of record at a date prior to the effective time of the Merger.

At any time within 60 days after the effective time of the Merger, any stockholder will have the right to withdraw his, her or its demand for appraisal and to accept the terms offered in the Merger Agreement. After this period, a stockholder may withdraw his, her, or its demand for appraisal and receive payment for his, her, or its shares as provided in the Merger Agreement only with our consent. If no petition for appraisal is filed with the court within 120 days after the effective time of the Merger, stockholders' rights to appraisal (if available) will cease. Inasmuch as we have no obligation to file such a petition, any stockholder who desires a petition to be filed is advised to file it on a timely basis. No petition timely filed in the court demanding appraisal may be dismissed as to any stockholder without the approval of the court, which approval may be conditioned upon such terms as the court deems just.

Failure by any Manugistics stockholder to comply fully with the procedures described above and set forth in Annex B to this proxy statement may result in termination of such stockholder's appraisal rights.

#### **Form of the Merger**

Subject to the terms and conditions of the Merger Agreement and in accordance with Delaware law, at the effective time of the Merger, Stanley Acquisition Corp., a Delaware corporation, a wholly owned subsidiary of the Buyer and a party to the Merger Agreement, will merge with and into us. We will continue after the Merger as a wholly owned Delaware subsidiary of the Buyer.

#### **Merger Consideration**

At the effective time of the Merger, each outstanding share of our common stock, other than treasury shares, shares held by the Buyer or Merger Sub, and shares held by stockholders who perfect their appraisal rights (as described in *The Merger Appraisal Rights*), will be converted into the right to receive \$2.50 in cash, without interest and less any applicable withholding tax. Treasury shares and shares held by the Buyer or Merger Sub will be automatically canceled at the effective time of the Merger.

As of the effective time of the Merger, all shares of our common stock will no longer be outstanding and will automatically be canceled and will cease to exist, and each holder of a certificate representing any shares of our common stock (other than stockholders who have perfected their appraisal rights) will cease to have any rights as a stockholder, except the right to receive \$2.50 per share in cash, without interest and less applicable withholding tax. The price of \$2.50 per share was determined through arm's-length negotiations between the Buyer and us.

#### **Treatment of Manugistics Stock Options and Restricted Stock**

Each outstanding Manugistics stock option will become fully vested and exercisable immediately before the effective time of the Merger. If the Merger is completed, each outstanding Manugistics stock option that you own that has an exercise price less than \$2.50 per share and is not exercised before the effective time of the Merger will be converted at the effective time of the Merger into the right to receive an amount in cash equal to \$2.50, less the exercise price of such stock option, and less any applicable withholding tax. Each outstanding Manugistics stock option that has an exercise price of \$2.50 per share or more and is not exercised before the effective time of the Merger will be cancelled at the effective time of the Merger.

If an option holder exercises an outstanding Manugistics stock option before the effective time of the Merger, the holder will receive a share of Manugistics common stock that will be cashed out at the effective time of the Merger for \$2.50, without interest and less any applicable withholding tax (on the same terms that apply to Manugistics' common stockholders generally).

At the effective time of the Merger, the restrictions on any share of Manugistics restricted stock you own will lapse, and such share will become fully vested and converted into the right to receive \$2.50 in cash, without interest and less any applicable withholding tax.

A holder of Manugistics stock options or restricted stock may be required to provide an approved written election or release of claims prior to receiving any payment, if any, for such stock options or restricted stock, as described above.

#### **Treatment of Employee Stock Purchase Plan and 401(k) Plan**

If the Merger is completed, all outstanding rights to purchase shares under the Company's employee stock purchase plan will terminate as of June 1, 2006 in accordance with the terms of this plan. The employee stock purchase plan will be terminated as of June 1, 2006, and no further purchase rights will be granted or exercised under this plan after that date. All participants in the employee stock purchase plan will receive a refund of any unused contributions to this plan as soon as reasonably practicable after the Merger is completed. In addition, the Buyer currently intends for the Company's 401(k) plan to be merged with the Buyer's 401(k) plan on the closing date of the Merger, unless the Buyer consents otherwise in writing.

#### **Effective Time of the Merger**

The Merger will become effective upon the filing of a certificate of merger with the Secretary of State of the State of Delaware or at such later time as is agreed upon by the Buyer and us and specified in the certificate of merger. The filing of the certificate of merger will occur as soon as practicable on or after the closing date, which will not be later than the first business day after satisfaction or waiver of the conditions to the closing of the Merger described in the Merger Agreement. We currently anticipate that the Merger will be completed in the third quarter of calendar year 2006; however, because the Merger is subject to regulatory approvals and other closing conditions, we cannot predict the exact timing.

### **Delisting and Deregistration of Manugistics Common Stock**

If the Merger is completed, all outstanding shares of our common stock will be exchanged for the cash consideration described in Proposal No. 1 and the Company will become a wholly owned subsidiary of the Buyer. As a result, our common stock will be delisted from and will no longer be traded on The NASDAQ National Market and will be deregistered under the Exchange Act.

### **Material United States Federal Income Tax Consequences of the Merger**

The following is a summary of certain U.S. federal income tax consequences of the Merger to stockholders of Manugistics whose shares of Manugistics common stock are converted into the right to receive cash in the Merger. The following summary is based on the Internal Revenue Code of 1986, as amended, or the Code, Treasury regulations promulgated thereunder, judicial decisions, and administrative rulings, all of which are subject to change, possibly with retroactive effect. The summary does not address all of the U.S. federal income tax consequences that may be relevant to particular stockholders in light of their individual circumstances or to stockholders who are subject to special rules, including: non-U.S. persons, U.S. expatriates, insurance companies, dealers or brokers in securities or currencies, tax-exempt organizations, financial institutions, mutual funds, pass-through entities and investors in such entities, stockholders who hold their shares of Manugistics common stock as a hedge or as part of a hedging, straddle, conversion, synthetic security, integrated investment, or other risk-reduction transaction or who are subject to alternative minimum tax or stockholders who acquired their shares of Manugistics common stock upon the exercise of employee stock options or otherwise as compensation. Further, this discussion does not address any U.S. federal estate and gift or alternative minimum tax consequences or any state, local, or foreign tax consequences relating to the Merger.

*The Merger.* The receipt of cash pursuant to the Merger will be a taxable transaction for U.S. federal income tax purposes, and may also be a taxable transaction under applicable state, local, or foreign income or other tax laws. Generally, for U.S. federal income tax purposes, a stockholder will recognize gain or loss equal to the difference between the amount of cash received by the stockholder in the Merger and the stockholder's adjusted tax basis in the shares of Manugistics common stock converted into cash in the Merger. If shares of Manugistics common stock are held by a stockholder as capital assets, gain, or loss recognized by such stockholder will be capital gain or loss, which will be long-term capital gain or loss if the stockholder's holding period for the shares of Manugistics common stock exceeds one year. Capital gains recognized by an individual upon a disposition of a share of Manugistics that has been held for more than one year generally will be subject to a maximum U.S. federal income tax rate of 15% or, in the case of a share that has been held for one year or less, will be subject to tax at ordinary income tax rates. In addition, there are limits on the deductibility of capital losses. The amount and character of gain or loss must be determined separately for each block of Manugistics common stock (*i.e.*, shares acquired at the same cost in a single transaction) converted into cash in the Merger.

*Backup Withholding.* A stockholder (other than certain exempt stockholders, including, among others, all corporations and certain foreign individuals) whose shares of Manugistics common stock are converted into the Merger consideration may be subject to backup withholding at the then applicable rate (under current law, the backup withholding rate is 28%) unless the stockholder provides the stockholder's taxpayer identification number, or TIN, and certifies under penalties of perjury that such TIN is correct (or properly certifies that it is awaiting a TIN), and certifies as to no loss of exemption from backup withholding and otherwise complies with the applicable requirements of the backup withholding rules. A stockholder that does not furnish a required TIN or that does not otherwise establish a basis for an exemption from backup withholding may be subject to a penalty imposed by the Internal Revenue Service, or the IRS. Each stockholder should complete and sign the Substitute Form W-9 included as part of the letter of transmittal that will be sent to stockholders promptly following closing of the Merger so as to provide the information and certification necessary to avoid backup withholding. Backup withholding is

not an additional tax. Rather, the amount of the backup withholding can be credited against the U.S. federal income tax liability of the person subject to the backup withholding, provided that the required information is given to the IRS. If backup withholding results in an overpayment of tax, a refund can be obtained by the stockholder by filing a U.S. federal income tax return.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET FORTH ABOVE IS FOR GENERAL INFORMATION ONLY AND IS BASED ON THE LAW IN EFFECT ON THE DATE HEREOF. STOCKHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS TO DETERMINE THE PARTICULAR TAX CONSEQUENCES TO THEM (INCLUDING THE APPLICATION AND EFFECT OF ANY STATE, LOCAL OR FOREIGN INCOME AND OTHER TAX LAWS) OF THE MERGER.

**As required by U.S. Treasury Regulations governing tax practice, you are hereby advised that any written tax advice contained herein was not written or intended to be used (and cannot be used) by any taxpayer for the purpose of avoiding penalties that may be imposed under the U.S. Internal Revenue Code.**

### **Regulatory Matters**

Under the HSR Act and the rules thereunder, certain transactions, including the Merger, may not be completed unless certain waiting period requirements have been satisfied. The Buyer and we each have filed a notification and report form pursuant to the HSR Act with the Antitrust Division of the Department of Justice and the Federal Trade Commission. Even if the waiting period is terminated, the Antitrust Division, the Federal Trade Commission, or others could take action under the antitrust laws with respect to the Merger, including seeking to enjoin the closing of the Merger, to rescind the Merger or to conditionally approve the Merger. In addition, we may be required to make filings in several foreign jurisdictions with anti-competition authorities with respect to the Merger, and in certain circumstances, receive their approval prior to consummation of the Merger. There can be no assurance that a challenge to the Merger on antitrust grounds will not be made or, if such a challenge is made, that it would not be successful.

### **Financing**

The Buyer estimates that the total amount of funds necessary to complete the proposed Merger and the related transactions is approximately \$275 million, which includes approximately \$211 million to be paid to our stockholders and holders of options to acquire our common stock, the retirement of certain Company debt, with the remaining to be applied to pay related fees and expenses in connection with the proposed Merger, the financing arrangements and the related transactions.

The Buyer has delivered to us a commitment letter for \$225 million to be made available to it, subject to certain terms and conditions under senior secured financing provided by a consortium of lenders and their affiliates, including Citicorp North America, Inc., Citigroup Global Markets Inc. and UBS Loan Finance LLC and a stock purchase agreement providing for a private equity financing of Buyer of \$50 million from affiliates of Thoma Cressey Equity Partners, Inc., subject to certain terms and conditions. The Buyer has represented to us that it will have sufficient funds to consummate the Merger if it is able to obtain the funds pursuant to the commitment letter and stock purchase agreement. The Buyer's ability to receive the funds pursuant to the commitment letter and stock purchase agreement is conditioned, among other things, upon the closing of the Merger. The commitment under the letter from the Buyer's lenders expires on October 15, 2006.

The Buyer has agreed pursuant to the Merger Agreement to use its commercially reasonable efforts to arrange the senior secured financing and private equity financing on the terms and conditions consistent with those described in the commitment letter and the preferred stock purchase agreement.

The following documents filed by the Buyer with the Securities and Exchange Commission are hereby incorporated by reference into this proxy statement to the extent not modified or superseded by documents subsequently filed (the Incorporated Documents ):

- Annual Report on Form 10-K filed by the Buyer for the fiscal year ended December 31, 2005;
- Proxy Statement for the Buyer s 2006 Annual Meeting of Stockholders filed by the Buyer on March 29, 2006; and
- Form 10-Q filed by the Buyer for the quarter ended March 31, 2006.

Any statement contained in an Incorporated Document shall be deemed to be modified or superseded for the purpose of this proxy statement to the extent that a statement contained herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this proxy statement. All information appearing in this proxy statement is qualified in its entirety by the information and financial statements (including notes thereto) appearing in the Incorporated Documents, except to the extent set forth in the immediately preceding sentence.

## PROPOSAL NO. 1 THE MERGER AGREEMENT

The following description summarizes the material provisions of the Merger Agreement. Stockholders should read carefully the Merger Agreement, which is attached as Annex A to this proxy statement.

### Effective Time

The Merger will become effective upon the filing of a certificate of merger with the Secretary of State of the State of Delaware or at such later time as is agreed upon by the Buyer and us and specified in the certificate of merger. The filing of the certificate of merger will occur as soon as practicable on or after the closing date, which will not be later than the first business day after satisfaction or waiver of the conditions to the closing of the Merger described in the Merger Agreement.

***Manugistics Certificate of Incorporation.*** As of the effective time of the Merger, Manugistics Amended and Restated Certificate of Incorporation, as amended, will be amended and restated so as to be identical to the certificate of incorporation of Merger Sub in effect immediately prior to the Merger.

***Manugistics Amended and Restated Bylaws.*** As of the effective time of the Merger, Manugistics Third Amended and Restated Bylaws, as amended, will be amended and restated so as to be identical to the bylaws of Merger Sub in effect immediately prior to the Merger.

### Conversion of Shares; Procedures for Exchange of Certificates

The conversion of our common stock into the right to receive \$2.50 per share in cash, without interest and less any applicable withholding tax, will occur automatically at the effective time of the Merger. As soon as reasonably practicable after the effective time of the Merger, the paying agent designated by the Buyer and reasonably agreed to by us will send a letter of transmittal to each former Manugistics stockholder. The letter of transmittal will contain instructions for obtaining cash in exchange for shares of our common stock.

Upon surrender of a stock certificate representing shares of our common stock, together with a duly completed and validly executed letter of transmittal, and any other documents that may be reasonably required by the paying agent, the holder of the certificate will be entitled to receive from the paying agent, on behalf of the Buyer, \$2.50 in cash, without interest and less any applicable withholding tax, for each share represented by the stock certificate, and that stock certificate will be canceled.

In the event of a transfer of ownership of our common stock that is not registered in our stock transfer books, the Merger consideration for shares of our common stock may be paid to a person other than the person in whose name the surrendered certificate is registered if:

- the certificate is properly endorsed or otherwise is in proper form for transfer, and
- the person requesting such payment:
  - pays any transfer or other taxes resulting from the payment to a person other than the registered holder of the certificate; or
  - establishes to the resulting corporation in the Merger that the tax has been paid or is not applicable.

No interest will be paid or accrue on any cash payable upon the surrender of stock certificates representing shares of our common stock. The cash paid upon conversion of shares of our common stock will be issued in full satisfaction of all rights relating to the shares of our common stock.

### **Treatment of Manugistics Stock Options and Restricted Stock**

Each outstanding Manugistics stock option will become fully vested and exercisable immediately before the effective time of the Merger. If the Merger is completed, each outstanding Manugistics stock option that you own that has an exercise price less than \$2.50 per share and is not exercised before the effective time of the Merger will be converted at the effective time of the Merger into the right to receive an amount in cash equal to \$2.50, less the exercise price of such stock option, and less any applicable withholding tax. Each outstanding Manugistics stock option that has an exercise price of \$2.50 per share or more and is not exercised before the effective time of the Merger will be cancelled at the effective time of the Merger.

If an option holder exercises an outstanding Manugistics stock option before the effective time of the Merger, the holder will receive a share of Manugistics common stock that will be cashed out at the effective time of the Merger for \$2.50, without interest and less any applicable withholding tax (on the same terms that apply to Manugistics' common stockholders generally).

At the effective time of the Merger, the restrictions on any share of Manugistics restricted stock you own will lapse, and such share will become fully vested and converted into the right to receive \$2.50 in cash, without interest and less any applicable withholding tax.

A holder of Manugistics stock options or restricted stock may be required to provide an approved written election or release of claims prior to receiving any payment, if any, for such stock options or restricted stock, as described above.

### **Treatment of Employee Stock Purchase Plan and 401(k) Plan**

If the Merger is completed, all outstanding rights to purchase shares under the Company's employee stock purchase plan will terminate as of June 1, 2006 in accordance with the terms of this plan. The employee stock purchase plan will be terminated as of June 1, 2006, and no further purchase rights will be granted or exercised under this plan after that date. All participants in the employee stock purchase plan will receive a refund of any unused contributions to this plan as soon as reasonably practicable after the Merger is completed. In addition, the Buyer currently intends for the Company's 401(k) plan to be merged with the Buyer's 401(k) plan on the closing date of the Merger, unless the Buyer consents otherwise in writing.

### **Representations and Warranties**

We made a number of representations and warranties to the Buyer and Merger Sub relating to, among other things:

- corporate organization and similar corporate matters;
- our subsidiaries;
- our capitalization;
- authorization, execution, delivery, performance and enforceability of, and required consents, approvals, orders and authorizations of, and notices to, governmental authorities and third parties relating to, the Merger Agreement and related matters with respect to Manugistics;
- documents we have filed with the Securities and Exchange Commission, the accuracy of certain specified financial statements and other information contained in documents we filed with the Securities and Exchange Commission since March 1, 2003, and our compliance with the Sarbanes-Oxley Act of 2002 and other matters with respect to our internal controls and procedures;
- accuracy of information supplied by us in connection with this proxy statement;

- absence of material adverse effects or material write-downs of our or our subsidiaries' material assets since February 28, 2006;
- absence of dividends, stock splits, combinations or reclassifications of capital stock, certain employee-related events, changes in financial or tax accounting methods, tax elections or any licensing or other agreement with regard to material intellectual property or rights thereto related to us since February 28, 2006;
- the conduct of certain business practices in accordance with the ordinary course of business consistent with past practice since February 28, 2006;
- certain outstanding, pending, and threatened litigation involving us;
- our compliance with applicable laws, judgments, and permits;
- certain of our contracts;
- absence of changes in our benefit plans, employment agreements, and labor relations;
- matters relating to Manugistics' benefit plans and agreements and compliance with the Employee Retirement Income Security Act;
- tax matters with respect to Manugistics;
- title to our material properties and tangible assets and rights to leasehold interests;
- our intellectual property;
- environmental matters with respect to Manugistics;
- our insurance policies;
- the absence of provisions in our certificate of incorporation or bylaws relating to takeover or similar restrictions relating to the Merger;
- the required vote of our stockholders;
- our receipt of a fairness opinion from Lehman Brothers;
- our engagement of, and payment of fees to, brokers, investment bankers, and financial advisors, and fees payable by us to other advisors in connection with the Merger Agreement and the Merger; and
- the amendment to our rights agreement to allow for the consummation of the Merger.

The Buyer and Merger Sub made a number of representations and warranties in the Merger Agreement relating to, among other things:

- their corporate organization and similar corporate matters;
- authorization, execution, delivery, performance, and enforceability of, and required consents, approvals, orders, and authorizations of, and notices to, governmental authorities and third parties relating to, the Merger Agreement and

related matters with respect to the Buyer and Merger Sub;

- absence of litigation involving the Buyer and Merger Sub that could reasonably be expected to delay or impede the Merger;
- their engagement of brokers, investment bankers or financial advisors;
- Merger Sub's lack of prior operating activity;

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- financing commitments sufficient to enable the Buyer to pay the aggregate Merger consideration, subject to certain conditions; and
- accuracy of information supplied by the Buyer or Merger Sub in connection with this proxy statement.

**Conduct of Business Before Closing of the Merger**

Under the Merger Agreement, we have agreed that prior to the effective time of the Merger, subject to certain exceptions, unless we obtain the Buyer's prior written consent, we will carry on our, and will cause each of our subsidiaries to carry on their, businesses in the ordinary course consistent with past practice, and use commercially reasonable efforts to comply with all applicable laws and, to the extent consistent therewith, use commercially reasonable efforts to keep available the services of our present officers and employees, preserve our assets, properties, contracts and licenses, and to preserve our relationships with customers, suppliers, licensors, licensees, distributors, creditors and others having business dealings with us. In addition, we have agreed that until the effective time of the Merger, unless expressly contemplated by the Merger Agreement or with the Buyer's prior written consent, we will comply, and will cause our subsidiaries to comply, with specific restrictions relating, among other things, to:

- the declaration, setting aside, or payment of any dividends on, or other distributions in respect of, our capital stock;
- the purchase redemption or other acquisition of our stock or rights to acquire our stock, subject to certain exceptions;
- the split, combination, or reclassification of our capital stock, the issuance of any other securities in respect of, *in lieu* of or in substitution for shares of our capital stock or other equity or voting interests, and the issuance, delivery, sale, pledge or other encumbrance of any of our or our subsidiaries' equity securities (with certain exceptions);
- the amendment or proposal to amend our or our subsidiaries' certificate of incorporation or bylaws or similar organizational documents;
- the acquisition of any business or person or division thereof, or any material asset or group of assets;
- the liquidation, dissolution, or other reorganization of Manugistics or its subsidiaries;
- the sale, lease or encumbrance of our assets;
- the incurrence, prepayment, amendment, modification, or change of any term of any indebtedness;
- loans, capital contributions to, or investments in, any person other than us or any of our direct or indirect wholly owned subsidiaries;
- the incurrence of capital expenditures;
- the settlement and discharge of claims and liabilities;
- the waiver of the right to enforce, and the release, relinquishment, transfer, or assignment of, any right of material value, or the waiver of a material benefit or granting of consent under a standstill agreement;
- the entry into, amendment, renewal, or termination of certain specified categories of contracts;



- the modification, amendment or termination of our benefit plans and benefit agreements or entrance into any new benefit plan or arrangement;
- the engagement of certain new officers and employees;
- the entry into any contract which provides that the consummation of the Merger or the compliance by us of the Merger Agreement will impair our ability to perform our obligations under the Merger Agreement or materially delay the consummation of the Merger;
- the adoption of or entry into any collective bargaining agreement or other labor union contract applicable to employees of Manugistics or its subsidiaries, or the termination, other than for cause, of the employment of any Manugistics employee;
- the change in current insurance coverage levels;
- the revaluation of any of our material assets, except as required by generally accepted accounting principles or change in our accounting and tax accounting methods;
- the entry into any transaction that could be a reportable transaction under Section 6011 of the Internal Revenue Code;
- the entry into any agreement or arrangement with any affiliate of ours;
- the compromise or settlement of any suit, investigation or other proceeding relating to our intellectual property or having a value in excess of \$100,000;
- the plant closing or mass layoff at any of our or our subsidiaries sites;
- the grant of any material refund, credits, rebates to any of our customers, resellers or distributors, other than in the ordinary course of business; and
- authorization of any of, or commitment, resolution, or agreement to take any of, the actions described in the foregoing bullet points.

Prior to the effective time of the Merger (and in the case of the last bullet under this paragraph, at the effective time), we have also agreed:

- to terminate the outstanding purchase rights under our employee stock purchase program as of June 1, 2006;
- not to amend, terminate, redeem or grant any waiver under our rights agreement after April 24, 2006;
- to commence a tender offer for all of our outstanding 5% convertible subordinate notes due November 1, 2007;
- to deliver our audited financial statements for the fiscal year ended February 28, 2006 to the Buyer no later than May 26, 2006; and
- to cooperate reasonably with the Buyer to replace certain of our existing letters of credit and to terminate our existing loan agreement.



### No Solicitation of Third Parties by Manugistics

We have agreed that we will not, and will not permit any of our subsidiaries to, nor will we authorize any person or permit any of our or our subsidiaries directors, officers, or employees or any of our or their investment bankers, attorneys, accountants, or other advisors or representatives to, directly or indirectly:

- solicit, initiate, encourage, or take any other action to facilitate, any takeover proposal or the making of any inquiry or proposal that is reasonably likely to lead to a takeover proposal; or
- enter into, continue, or otherwise participate in any discussions or negotiations regarding, or furnish to any person any information with respect to, assist or participate in any effort or attempt by any person with respect to, or otherwise cooperate in any with, any takeover proposal.

At any time prior to obtaining the stockholder approval, our board of directors may, in response to a *bona fide* written takeover proposal that is unsolicited following the date of the Merger Agreement, and is not otherwise obtained in violation of the restrictions set forth in the immediately preceding bullet points, and that our board of directors determines in good faith constitutes or is reasonably likely to lead to a superior proposal, (1) furnish to the person making the takeover proposal information with respect to us and our subsidiaries, pursuant to a confidentiality agreement which contains terms that are substantially equivalent to the terms of the confidentiality agreement that we and the Buyer have executed in connection with the Merger (provided that we have also furnished that information to the Buyer or we furnish it to the Buyer on a concurrent basis), and (2) participate in discussions or negotiations with the person (and its representatives) making the takeover proposal regarding the takeover proposal.

The Merger Agreement provides that a takeover proposal means any inquiries, proposal or offer from any person (other than the Buyer or Merger Sub) relating to, or that is reasonably likely to lead to, any direct or indirect acquisition, in one transaction or a series of transactions, including by way of any merger, consolidation, tender offer, exchange offer, stock acquisition, asset acquisition, binding share exchange, business combination, recapitalization, liquidation, dissolution, joint venture, or similar transaction, of (1) all or any part of the material assets, properties or business of us or our subsidiaries, or (2) all or any part of the outstanding shares of capital stock of us or our subsidiaries.

The Merger Agreement provides that the term superior proposal means any unsolicited, *bona fide* written proposal made by a third party (excluding the Buyer and Merger Sub) to acquire substantially all our equity securities or assets pursuant to a tender or exchange offer, a merger, a consolidation or a sale of our assets, on terms which our board determines in its good faith judgment to be materially more favorable from a financial point of view to our stockholders than the transaction contemplated by the Merger Agreement (after consulting with a nationally recognized independent financial advisor and taking into account all the terms and conditions of the proposal, the Merger Agreement and any changes to the terms of the Merger Agreement proposed by the Buyer in response to such offer or otherwise).

We have agreed to promptly advise the Buyer of any request for information that contemplates a possible takeover proposal or of any takeover proposal, or of any inquiry that is reasonably likely to lead to a takeover proposal, the terms and conditions of such request, takeover proposal, or inquiry and the identity of the person making any such request, takeover proposal, or inquiry. We have also agreed not to provide any information to or participate in any discussions or negotiations with any person regarding a superior proposal until after we have first notified the Buyer of such takeover proposal. We further agree to (a) notify the Buyer of any material change in the terms of any takeover proposal or inquiry, (b) provide the Buyer as soon as practicable after receipt or delivery, copies of all correspondence and other written material sent or provided to us from any person in connection with any takeover proposal, and (c), if the Buyer makes a counterproposal consider and cause our financial and legal advisors to consider in good faith the terms of the counterproposal.

The Merger Agreement provides that neither our board of directors nor any committee of our board will:

- withdraw or modify, or propose to withdraw or modify in a manner adverse to the Buyer or Merger Sub, the approval or recommendation by our board of directors or any committee of our board of the Merger Agreement or the Merger or adopt, approve or recommend, or propose to adopt, approve or recommend, any takeover proposal, unless our board of directors or a committee of our board determines in its good faith judgment that its fiduciary obligations require our board to take such action; provided, however, that (a) such action is prior to the stockholder meeting to approve the Merger Agreement, (b) we have complied in all material respects with our no solicitation obligations in the Merger Agreement, and (c) such action is after the second business day following the Buyer's receipt of the notice from our board requesting the withdrawal or modification of our board's recommendation for the Merger due to the existence of a superior proposal or to terminate the Merger Agreement and identifying the person making the proposal; or
- cause or permit us to enter into any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, Merger Agreement, or similar agreement constituting or related to any takeover proposal.

#### **Conditions to Closing**

Each party's obligation to effect the Merger is subject to the satisfaction or waiver of various conditions, which include the following:

- the proposal to adopt the Merger Agreement is approved by the requisite stockholder vote at the special meeting; and
- the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, or the HSR Act, and any other approval or waiting period under any other applicable competition, merger control, antitrust or similar law or regulation that is required to complete the Merger has been obtained or terminated or has expired.

In addition to the foregoing conditions, the Buyer will not be obligated to effect the Merger unless the following conditions are satisfied or waived:

- our representations and warranties made pursuant to the Merger Agreement are true and correct in all material respects, in each case as of the date of the Merger Agreement and as of the closing date of the Merger, except that the accuracy of representations and warranties that by their terms speak as of a specified date will be determined as of such date, and the circumstances giving rise to all inaccuracies in our representations and warranties, collectively, do not constitute a material adverse effect on us;
- we have performed in all material respects the covenants and obligations required to be performed by us under the Merger Agreement at or prior to the closing of the Merger;
- we have provided a certificate of our chief executive officer and our acting principal financial officer certifying as to our compliance with the two preceding conditions;
- we have obtained all authorizations, qualifications and orders of all governmental entities required to consummate the Merger;
- we have maintained our cash reserves in accordance with the requirements of the Merger Agreement and we have provided a certificate of our acting principal financial officer certifying to this condition;



- we have delivered to the Buyer our audited financial statements for our fiscal year ended February 28, 2006 and those audited financial statements are not inconsistent in any material respect from our unaudited financial statements for our fiscal year ended February 28, 2006, which were attached to the Merger Agreement;
- there is no pending claim, suit, action, or proceeding brought or threatened by any governmental entity that:
  - challenges or seeks to restrain, prohibit or otherwise interfere with the ownership or operation by the Buyer or any of the Buyer's subsidiaries of all or any portion of the business or assets of Manugistics or its subsidiaries, or to require the Buyer or any of its subsidiaries to dispose of or hold separate any portion of the business or assets of Manugistics or its subsidiaries or of the Buyer or its subsidiaries;
  - seeks to impose limitations on the ability of the Buyer or any of its subsidiaries to exercise full rights of ownership of any shares of Manugistics stock or stock of the resulting corporation in the Merger, including full voting rights, or seeks to require the Buyer or any of its subsidiaries to divest them of any such stock of Manugistics or the resulting corporation;
  - challenges or seeks to restrain or prohibit or otherwise prevent or interfere with the Merger; or
  - seeks to obtain from the Buyer or Merger Sub any damages or other relief that are material or significant to Buyer and Merger Sub, taken as a whole.
- we have not suffered a material adverse effect since the date of the Merger Agreement; and
- the Buyer shall have obtained financing of at least \$275 million pursuant to a term loan from a group of banks and a private placement from a private equity firm.

We and the Buyer have agreed to use our respective commercially reasonable efforts to take all actions that are necessary, proper or advisable to cause the closing to occur.

#### **Termination of the Merger Agreement**

The Buyer and we can terminate the Merger Agreement under certain circumstances, including:

- by mutual written consent of the Buyer and us;
- by either the Buyer or us if the Merger has not been completed by October 15, 2006 subject to certain conditions;
- by either the Buyer or us if any permanent injunction, restraint, prohibition, or other judgment, order, or decree issued by any court of competent jurisdiction or other governmental entity having the effect of preventing the closing of or prohibiting the Merger is in effect and has become final and nonappealable;
- by either the Buyer or us if our stockholders do not adopt the Merger Agreement at a duly held stockholders meeting subject to certain conditions;
- by the Buyer if (1) our board of directors withdraws its recommendation that our stockholders approve the Merger at the special meeting, (2) our board of directors approves a proposal for a merger or similar transaction with a third party (or fails to object to an unsolicited tender offer from a third party) or (3) a tender or exchange offer related to our stock has started and we do not send our stockholders a statement that our board of directors reject such offer, or (4) the Company violates the non-solicitation provision in the Merger Agreement;



- by the Buyer if (1) any of our representations and warranties contained in the Merger Agreement becomes inaccurate such as would give rise to the failure of a condition to closing and we have not cured such inaccuracy within 10 business days following written notice thereof from the Buyer, or (2) we fail to perform any covenant required to be performed by us in the Merger Agreement and such failure would give rise to the failure of a condition to closing;
- by us if (1) any the Buyer's representations and warranties contained in the Merger Agreement becomes inaccurate such as would give rise to the failure of a condition to closing and the Buyer has not cured such inaccuracy within 10 business days following written notice thereof from us, or (2) the Buyer fails to perform any covenant required to be performed by the Buyer in the Merger Agreement and such failure would give rise to the failure of a condition to closing; or
- by us if, prior to the special meeting of our stockholders, our board of directors determines that the Company should pursue a merger or similar transaction with a third party, the Company follows the required procedures set forth in the Merger Agreement and the Company pays to the Buyer the \$9.75 million fee required under the Merger Agreement.

#### **Termination Fee and Expenses**

The Merger Agreement provides that, in general, regardless of whether the Merger is consummated, all fees and expenses incurred by the parties in connection with the Merger Agreement and the Merger will be borne by the party incurring such fees and expenses.

The Merger Agreement requires, however, that we pay the Buyer a termination fee of \$9.75 million if:

- the Merger Agreement is terminated by the Buyer following (1) our board of directors' withdrawal or modifications of its recommendation that our stockholders approve the Merger at the special meeting in a manner adverse to the Buyer, (2) our board of directors' approval of a takeover proposal from a third party (or failure to object to an unsolicited tender offer from a third party) or (3) the Company's violation of the non-solicitation provision in the Merger Agreement;
- the Merger Agreement is terminated by us if, prior to the special meeting of our stockholders, our board of directors determines that the Company should pursue a merger or similar transaction with a third party and the Company follows the required procedures set forth in the Merger Agreement; or
- the Merger Agreement is terminated by either the Buyer or us following our stockholders' failure to adopt the Merger Agreement at a duly held stockholders meeting if, at or prior to the time of such failure, there shall have been publicly disclosed or announced a takeover proposal relating to the Company and, within twelve months following such termination, a takeover of the Company shall have occurred by the person who made the disclosed or announced takeover proposal or any of its affiliates (other than the Buyer or its affiliates); or
- the Merger Agreement is terminated by either the Buyer or us following our stockholders' failure to adopt the Merger Agreement at a duly held stockholders meeting if, at or prior to the time of such failure, there shall have been publicly disclosed or announced a takeover proposal relating to the Company and, within six months following such termination, a takeover of the Company shall have occurred by any person (other than the Buyer or its affiliates or the person who made the disclosed or announced takeover proposal or any of its affiliates).

The Merger Agreement further provides, that we are required to pay to the Buyer a reduced termination fee of \$4.875 million if the Merger Agreement is terminated by either the Buyer or us following our stockholders' failure to adopt the Merger Agreement at a duly held stockholders meeting if, at or prior to the time of such failure, there shall have been publicly disclosed or announced a takeover



proposal relating to the Company and, during the period beginning six months following such termination and ending twelve months after such termination, a takeover of the Company shall have occurred by any person (other than the Buyer of its affiliates or the person who made the disclosed or announced takeover proposal or any of its affiliates).

### **Indemnification and Insurance**

The Buyer will cause the resulting corporation to assume all rights to indemnification, advancement of litigation expenses and limitations of personal liabilities for acts or omissions occurring at or prior to the effective time of the Merger (and rights for advancement of expenses) now existing in favor of the current or former directors or officers of Manugistics and its subsidiaries as provided in our certificate of incorporation or bylaws as in effect on the date of the Merger Agreement.

For six years after the effective time of the Merger, the Buyer will maintain directors and officers liability insurance for acts or omissions occurring prior to the effective time of the Merger covering those persons who were, as of the date of the Merger Agreement, covered by our directors and officers liability insurance policies, on terms with respect to coverage and amounts no less favorable than those in effect on the date of the Merger Agreement. The Buyer's obligation to provide this insurance coverage is subject to a cap of 180% of the current annual premium paid by us for our existing insurance coverage. If the Buyer cannot maintain the existing or equivalent insurance coverage without exceeding the 180% cap, the Buyer is required to maintain as much insurance coverage as can be obtained by paying annual premiums that in the aggregate do not exceed the 180% cap.

### **Material Adverse Effect**

Several of our representations and warranties contained in the Merger Agreement are qualified by reference to whether the item in question is reasonably likely to have a material adverse effect on us, and the Buyer's obligation to close the Merger is conditioned on no Material Adverse Effect occurring prior to the closing of the Merger. The Merger Agreement provides that an event, violation, inaccuracy, circumstance or other matter will be deemed to have a material adverse effect on us if such event, violation, inaccuracy, circumstance or other matter had or could reasonably be expected to have a material adverse effect on (1) the business, condition, capitalization, assets, liabilities, operations or financial performance of the Company and its subsidiaries taken as a whole, (2) the ability of the Company to consummate the Merger or to perform any of its obligations under the Merger Agreement, or (3) the Buyer's ability to vote, receive dividends with respect to or otherwise exercise ownership rights with respect to the stock of the resulting corporation. However, none of the following, alone or in combination (except as noted), will be deemed to constitute a material adverse effect on us:

- changes after the date of the Merger Agreement in the U.S. or global economy or capital markets in general that do not have a materially disproportionate effect on us and our subsidiaries, taken as a whole;
- changes after the date of the Merger Agreement that affect generally the software industry but that do not have a materially disproportionate effect on us and our subsidiaries, taken as a whole;
- changes after the date of the Merger Agreement in applicable law or in generally accepted accounting principles in the U.S.;
- any decline in customer orders, or any resignation of any employees, in each case to the extent attributable to the public announcement or pendency of the Merger;
- changes in the market price or trading volume of our common stock (in and of themselves);

- failure(s) by us to meet internal operating projections or forecasts, or published revenue or earnings predictions (in and of themselves);
- any act or threat of terrorism or war, any armed hostilities or terrorist activities, any threat or escalation of armed hostilities or terrorist activities or any governmental or other response or reaction to any of the foregoing; and
- any effects resulting from any legal proceeding against us by our stockholders challenging or seeking to restrain or prohibit the consummation of the Merger.

#### **Financing**

The Buyer estimates that the total amount of funds necessary to complete the proposed Merger and the related transactions is approximately \$275 million, which includes approximately \$211 million to be paid to our stockholders and holders of options to acquire our common stock the retirement of certain Company debt, with the remaining to be applied to pay related fees and expenses in connection with the proposed Merger, the financing arrangements and the related transactions.

The Buyer has delivered to us a commitment letter for \$225 million to be made available to it, subject to certain terms and conditions, under a senior secured financing provided by a consortium of lenders and their affiliates, including Citicorp North America, Inc., Citigroup Global Markets Inc. and UBS Loan Finance LLC and a stock purchase agreement providing for a private equity financing of Buyer of \$50 million from affiliates of Thoma Cressey Equity Partners, Inc., subject to certain terms and conditions. The Buyer has represented to us that it will have sufficient funds to consummate the Merger if it is able to obtain the funds pursuant to the commitment letter and stock purchase agreement. The Buyer's ability to receive the funds pursuant to the commitment letter and stock purchase agreement is conditioned, among other things, upon the closing of the Merger.

The Buyer has agreed pursuant to the Merger Agreement to use its commercially reasonable efforts to arrange the senior secured financing and private equity financing on the terms and conditions consistent with those described in the commitment letter from its proposed lenders and the preferred stock purchase agreement from the private equity firm and its affiliates.

Subject to applicable law, we have agreed pursuant to the Merger Agreement to provide all reasonable cooperation in connection with the arrangement of any financing to be completed in order to fund the Merger consideration.

The commitment under the letter from the Buyer's lenders expires on October 15, 2006.

#### **Voting Agreement**

**Effective on April 24, 2006, the following directors and officers of Manugistics, holding an aggregate of 20,814,748 shares of Manugistics common stock, which were either outstanding as of April 24, 2006 or issuable upon the exercise of outstanding options which are exercisable within 60 days of April 24, 2006, and representing approximately 24.0% of the shares of Manugistics common stock outstanding as of April 24, 2006 and issuable upon the exercise of outstanding options which are exercisable within 60 days of April 24, 2006, entered into a voting agreement with the Buyer and Merger Sub:**

- Joseph L. Cowan;
- Edward R. Daihl;
- Kelly Davis-Stoudt;
- Lynn C. Fritz;
- William M. Gibson;
- Joseph H. Jacovini;



- William H. Janeway;
- Jeffrey L. Kissling;
- Ronald P. Kubera;
- Kevin C. Melia;
- Lori Mitchell-Keller;
- William G. Nelson;
- Steve Poplawski;
- Thomas A. Skelton;
- Timothy T. Smith;
- Janie West; and
- Mark R. Weaser.

**As of the record date, the directors and executive officers of Manugistics and their affiliates beneficially owned 20,644,179 shares of Manugistics common stock, which represents approximately 23.8% of the outstanding shares of Manugistics common stock. As of the record date, directors and executive officers of the Buyer were entitled to vote and exercise all voting rights in accordance with the terms of the voting agreement with respect to 20,877,179 outstanding shares of Manugistics common stock, which represents approximately 24% of the outstanding shares of Manugistics common stock. Holders of a majority of the outstanding shares of Manugistics common stock must vote in favor of the Merger Agreement in order for it to be adopted and the Merger in order for it to be approved.**

The following is a description of the material terms of the voting agreement. The complete form of voting agreement is attached as Annex D to this proxy statement and is incorporated into this proxy statement by reference. All Manugistics stockholders are urged to read the voting agreement carefully and in its entirety.

Under the voting agreement, the officers and directors of Manugistics and certain of their affiliates, in their capacity as Manugistics stockholders, agreed to vote, or cause the record holders of their Manugistics securities to vote, the common stock of Manugistics beneficially owned by them as of April 24, 2006, and any other securities of Manugistics that become beneficially owned by them after April 24, 2006, in the following manner:

- in favor of the adoption of the Merger Agreement, and the transactions contemplated by the Merger Agreement;
- against approval of any proposal made in opposition to or competition with consummation of the Merger and the Merger Agreement;
- against any proposal that would reasonably lead to or result in the conditions of the Buyer's or Merger Subsidiaries' obligations under the Merger Agreement not being fulfilled;
- against any proposal or offer relating to, or that is reasonably likely to lead to, a direct or indirect acquisition of Manugistics, including any Merger, consolidation, tender offer, exchange offer, stock acquisition, asset acquisition, binding share exchange, business combination, recapitalization, liquidation, dissolution, joint venture or similar transaction of (i) all or substantially all of the assets, properties and business of Manugistics and its subsidiaries or (ii)

all or any part of our outstanding shares of capital stock or other equity or voting interest in Manugistics or any of our subsidiaries; and

- against the election of a group of individuals to replace a majority or more of the individuals presently on the Manugistics board of directors.

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Under the voting agreement, each Manugistics stockholder, who is a party to the voting agreement, delivered an irrevocable proxy to the Buyer to vote the securities of Manugistics owned by such stockholder in accordance with the terms of the voting agreement.

Pursuant to the voting agreement, each of the Manugistics stockholders has agreed not to take any of the following actions until the effective time of the Merger or the termination of the Merger Agreement:

- sell, assign, transfer (including by Merger, testamentary disposition, interspousal disposition pursuant to a domestic relations proceeding or otherwise by operation of law), pledge, encumber or otherwise dispose of any or all of the securities of Manugistics held by such stockholder;
- deposit any or all of the securities of Manugistics held by such stockholder into a voting trust or enter into a voting agreement or arrangement with respect to such securities or grant any proxy or power of attorney with respect to such securities that is inconsistent with the voting agreement; or
- enter into any contract, option, agreement, commitment, understanding or other arrangement or undertaking with respect to the direct or indirect sale, assignment, transfer, pledge, encumbrance or other disposition of such securities.

The voting agreement will terminate on the earlier to occur of the effective time of the Merger, the date on which the Merger Agreement is terminated, and the date on which the Merger Agreement is amended to reduce the total consideration to be paid to any stockholder party to the voting agreement on the consummation of the Merger or change the nature of the consideration in any way, other than an amendment that does not change the amount of the cash consideration to be received by such stockholder.

#### **Extension, Waiver, and Amendment of the Merger Agreement**

Manugistics and the Buyer may amend the Merger Agreement at any time. However, after stockholder approval adopting the Merger Agreement has been obtained, no amendment can be made that by law requires further approval by our stockholders or approval by the Buyer's stockholders without such stockholders' approval.

Either Manugistics or the Buyer may extend the time for performance of any of the obligations or other acts of the other party under the Merger Agreement, waive any inaccuracies in the other party's representations and warranties, and waive compliance with any of the agreements or conditions contained in the Merger Agreement. However, after stockholder approval has been obtained, no waiver may be made by the parties that by law requires further approval by our stockholders or the Buyer's stockholders without such stockholders' approval.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE ADOPTION OF THE MERGER AGREEMENT.**

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information, as of May 25, 2006 unless otherwise indicated in the footnotes to the table, with respect to the beneficial ownership of shares of our common stock by (i) each shareholder known by the Company to be the beneficial owner of more than five percent (5%) of the outstanding shares of our common stock; (ii) each director of the Company; (iii) certain of our executive officers; and (iv) all of our executive officers and directors as a group. Except as indicated in the footnotes to the table, the persons and entities named in the table have sole voting and investment power with respect to all shares of Common Stock which they respectively own beneficially. Beneficial ownership is based on 84,116,164 outstanding shares of Common Stock as of May 25, 2006. Under applicable rules promulgated under the Exchange Act, a person is deemed to be the beneficial owner of shares of Common Stock if, among other things, he or she directly or indirectly has or shares voting power or investment power with respect to such shares. A person is also considered to beneficially own shares of Common Stock which he or she does not actually own but has the right to acquire presently or within sixty (60) days of May 25, 2006, by exercise of stock options or otherwise. Mr. Rajaji resigned as the Company's Executive Vice President, Treasurer and Chief Financial Officer on November 4, 2005.

The address of each person who is an officer or director of the Company is 9715 Key West Avenue, Rockville, MD 20850.

<b>Name and Address of Beneficial Owner</b>	<b>Number of Shares Beneficially Owned</b>	<b>Percent of Class</b>
Joseph L. Cowan(1)	1,303,575	1.5 %
Lynn C. Fritz(2)	186,100	*
William M. Gibson(3)	8,600,525	10.2 %
Joseph H. Jacovini(4)	246,272	*
William H. Janeway(5)	7,649,800	9.1 %
Kevin C. Melia(6)	75,250	*
William G. Nelson(7)	363,600	*
Thomas A. Skelton(8)	1,096,562	1.3 %
Ed Daihl(9)	60,000	*
Jeff Kissling(10)	103,333	*
Ronald P. Kubera(11)	287,578	*
Lori Mitchell-Keller(12)	285,008	*
Raghavan Rajaji	5,000	*
Warburg Pincus Private Equity VIII, L.P.(13)	7,619,800	9.1 %
J.P.Morgan Chase & Co.(14)	4,645,800	5.5 %
Wentworth Hauser & Violich, Inc.(15)	5,472,466	6.5 %
Directors and executive officers as a group (14 persons)(16)	20,644,179	23.8 %

\* Less than 1% of the outstanding Common Stock.

(1) Includes 950,000 shares issuable upon exercise of options.

(2) Includes 177,600 shares issuable upon exercise of options.

(3) Includes 20,625 shares issuable upon exercise of options, 676,000 shares held by his wife, 510,000 shares held in a non-profit corporation, with respect to which Mr. Gibson shares voting and dispositive control, and 7,393,900 shares held in a family limited partnership. Mr. Gibson serves as the sole general partner of the limited partnership and, in such capacity, has sole voting and dispositive control of the shares held in the partnership.

- (4) Includes 177,600 shares issuable upon exercise of options, 2,672 shares held by his wife and 36,000 shares held in an individual retirement plan.
- (5) Includes 30,000 shares issuable upon exercise of options held by Mr. Janeway and a total of 7,619,800 shares held by Warburg Pincus Private Equity VIII, L.P, including two affiliated partnerships ( WP VIII ). Warburg Pincus Partners, LLC, a subsidiary of Warburg Pincus & Co. ( WP ), is the sole general partner of WP VIII. WP VIII is managed by Warburg Pincus LLC ( WPLLC ). The address of the Warburg Pincus entities is 466 Lexington Avenue, New York, NY 10017. Mr. Janeway is a Partner of WP and Vice Chairman and Member of WP LLC. Mr. Janeway disclaims beneficial ownership of the shares held by WP VIII.
- (6) Includes 50,250 shares issuable upon exercise of options and 25,000 shares held by the Kevin C. Melia Irrevocable Trust II for the benefit of Mr. Melia's wife and children..
- (7) Includes 147,600 shares issuable upon exercise of options and 216,000 shares held jointly with his wife.
- (8) Includes 177,600 shares issuable upon exercise of options, 539,813 shares held jointly with his wife, 170 shares held by his wife and 96,299 shares held in a family limited partnership.
- (9) Includes 35,000 shares issuable upon exercise of options and 25,000 shares of restricted stock issued under the Company's stock option plan.
- (10) Includes 73,333 shares issuable upon exercise of options and 30,000 shares of restricted stock issued under the Company's stock option plan.
- (11) Includes 191,883 shares issuable upon exercise of options and 55,000 shares of restricted stock issued under the Company's stock option plan.
- (12) Includes 214,796 shares issuable upon exercise of options, 65,000 shares of restricted stock issued under the Company's stock option plan and 839 shares held by her husband.
- (13) The shareholder is WP VIII. Mr. Janeway, a Director of the Company, a Partner of WP and Vice Chairman and Member of WP LLC, disclaims beneficial ownership of all shares owned by the Warburg Pincus entities. Charles R. Kaye and Joseph P. Landy are Managing General Partners of WP and Managing Members and Co-Presidents of WP LLC and may be deemed to control the Warburg Pincus entities. Messrs. Kaye and Landy disclaim beneficial ownership of all shares held by the Warburg Pincus entities. The address of the Warburg Pincus entities is 466 Lexington Avenue, New York, NY 10017.
- (14) Based on a Schedule 13G filed with the Securities and Exchange Commission on February 10, 2006, by JPMorgan Chase & Co. filed on behalf of JPMorgan Chase & Co. and its wholly owned subsidiary, J.P. Morgan Investment Management Inc. JPMorgan Chase & Co. has sole power to vote or direct the vote of 4,252,700 shares and sole power to dispose or direct the disposition of 4,645,800 shares. The address of JPMorgan Chase & Co. is 270 Park Ave., New York, NY 10017.
- (15) Based on a Schedule 13G filed with the Securities and Exchange Commission on February 7, 2006, by Wentworth Hauser & Violich, Inc. The address of Wentworth Hauser & Violich, Inc. is 353 Sacramento Street, Suite 600, San Francisco, CA 94111.
- (16) Includes 2,513,753 shares issuable upon exercise of options and 285,000 shares of restricted stock issued under the Company's stock option plan.



**PROPOSAL NO. 2 ADJOURNMENT, POSTPONEMENT OR CONTINUATION OF THE SPECIAL MEETING**

The Company may ask its stockholders to vote on a proposal to adjourn, postpone or continue the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt the Merger Agreement.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE ADJOURNMENT, POSTPONEMENT OR CONTINUATION OF THE SPECIAL MEETING, IF NECESSARY OR APPROPRIATE, TO SOLICIT ADDITIONAL PROXIES.**

**OTHER MATTERS**

We know of no other matters to be submitted at the special meeting. If any other matters properly come before the special meeting, it is the intention of the persons named in the enclosed proxy card to vote the shares they represent as our board of directors may recommend.

It is important that your shares be represented at the special meeting, regardless of the number of shares which you hold. Therefore, we urge you to mark, sign, date, and return the accompanying proxy card as promptly as possible in the postage-prepaid envelope enclosed for that purpose or to vote via the Internet or by telephone.

**FUTURE STOCKHOLDER PROPOSALS**

If the proposed Merger is completed, we will not have public stockholders and there will be no public participants in any future stockholder meetings. However, if the proposed Merger is not completed, we plan to hold our 2006 Annual Meeting.

In order to have been considered for inclusion in our Proxy Statement and Proxy Card relating to the 2006 Annual Meeting, any proposal by a stockholder submitted pursuant to Rule 14a-8 of the Exchange Act were required to have been received by us not later than February 22, 2006.

Under the Company's Bylaws, stockholder proposals which are not submitted for inclusion in the Company's Proxy Statement for the 2006 Annual Meeting of Shareholders must be received by the Secretary of the Company: (i) 60 days in advance of such meeting if the meeting is to be held on a day which is within 30 days preceding the anniversary of the 2006 Meeting, or (ii) 90 days in advance of such meeting if the meeting is to be held on a day which is on or after the anniversary of the 2006 Meeting. Stockholder proposals not submitted for inclusion in the Company's proxy statement relating to an annual meeting to be held 30 days or more prior to the anniversary of the preceding year's annual meeting or relating to a special meeting must be received no later than the close of business on the tenth day following public announcement of the meeting date. All notices must briefly describe the business desired to be brought before the meeting, the stockholder's name and address as appearing on the Company's books, the class and number of shares owned and any material interest of the stockholder in such matter.

**WHERE YOU CAN FIND MORE INFORMATION**

The Buyer and we file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission. You may read and copy any reports, statements or other information that the Buyer and we file with the Securities and Exchange Commission at the Securities and Exchange Commission's public reference room at the following location:

Public Reference Room  
100 F Street, N.E.  
Washington, D.C. 20549

## Edgar Filing: MANUGISTICS GROUP INC - Form DEFM14A

Please call the Securities and Exchange Commission at 1-800-SEC-0330 for further information on the public reference room. These Securities and Exchange Commission filings are also available to the public from commercial document retrieval services and at the Internet World Wide Web site maintained by the Securities and Exchange Commission at <http://www.sec.gov>. Reports, proxy statements and other information concerning us may also be inspected at the offices of The NASDAQ Stock Market, One Liberty Plaza, 165 Broadway, New York, NY 10006.

You may obtain any of the documents we file with the SEC, without charge, by requesting them in writing or by telephone from us at the following address:

Manugistics Group, Inc.  
Attention: Nate Wallace  
Vice President, Investor Relations  
9715 Key West Avenue  
Rockville, Maryland 20850  
Telephone number (301) 255-5327  
Manugistics website is <http://www.manugistics.com>.

Manugistics makes the following filings available on its website as soon as reasonably practicable after they are electronically filed with or furnished to the Securities and Exchange Commission: our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to those reports filed or furnished under applicable provisions of the Securities Exchange Act of 1934, as amended and Securities and Exchange Commission rules. You may access these filings on our website at <http://www.manugistics.com>. All of the filings and governance documents available on our website are free of charge.

The following documents filed by the Buyer with the Securities and Exchange Commission are incorporated by reference into this proxy statement to the extent not modified or superseded by documents subsequently filed:

- Annual Report on Form 10-K filed by the Buyer for the fiscal year ended December 31, 2005;
- Proxy Statement for the Buyer's 2006 Annual Meeting of Stockholders filed by the Buyer on March 29, 2006; and
- Form 10-Q filed by the Buyer for the quarter ended March 31, 2006.

You may obtain any of the above documents, and any document the Buyer files with the Securities and Exchange Commission, without charge, by requesting them in writing or by telephone from the Buyer at the following address:

JDA Software Group, Inc.  
Attention: Kris Magnuson  
Executive Vice President and Chief Financial Officer  
14400 N. 87th Street  
Scottsdale, AZ 85260  
Telephone number 1-800-479-7382  
The Buyer's website is <http://www.jda.com>.

The Buyer makes the following filings available on its website as soon as reasonably practicable after they are electronically filed with or furnished to the Securities and Exchange Commission: its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to those reports filed or furnished under applicable provisions of the Securities Exchange Act of 1934, as amended and Securities and Exchange Commission rules. You may access these filings on the

Buyer's website at <http://www.jda.com>. All of the filings and governance documents available on the Buyer's website are free of charge.

If you have any questions about this proxy statement, the special meeting or the Merger or need assistance with voting procedures, you should contact:

The Altman Group, Inc.  
1275 Valley Brook Avenue  
Lyndhurst, New Jersey 07071  
(800) 499-7621

If you request any documents from us, we will mail them to you by first class mail, or another equally prompt method, within one business day after we receive your request.

Manugistics has supplied all information relating to Manugistics, and the Buyer has supplied all information contained in this proxy statement relating to the Buyer and Merger Sub.

You should not send in your Manugistics certificates until you receive the transmittal materials from the paying agent. Our stockholders of record who have further questions about their share certificates or the exchange of our common stock for cash should contact the paying agent.

You should rely only on the information contained in this proxy statement. We have not authorized anyone to provide you with information that is different from what is contained in this proxy statement. This proxy statement is dated June 1, 2006. You should not assume that the information contained in this proxy statement is accurate as of any date other than that date (or as of an earlier date if so indicated in this proxy statement). Neither the mailing of this proxy statement to stockholders nor the issuance of cash in the Merger creates any implication to the contrary. This proxy statement does not constitute a solicitation of a proxy in any jurisdiction where, or to or from any person to whom, it is unlawful to make a proxy solicitation.

**BY ORDER OF THE BOARD OF DIRECTORS  
OF MANUGISTICS GROUP, INC.**

Rockville, Maryland  
June 1, 2006

**WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, PLEASE COMPLETE, SIGN, DATE AND PROMPTLY RETURN THE ACCOMPANYING PROXY IN THE ENCLOSED POSTAGE-PAID ENVELOPE. YOU MAY REVOKE YOUR PROXY AT ANY TIME PRIOR TO THE SPECIAL MEETING. IF YOU DECIDE TO ATTEND THE SPECIAL MEETING AND WISH TO CHANGE YOUR PROXY VOTE, YOU MAY DO SO AUTOMATICALLY BY VOTING IN PERSON AT THE SPECIAL MEETING.**

**THANK YOU FOR YOUR ATTENTION TO THIS MATTER. YOUR PROMPT RESPONSE WILL GREATLY FACILITATE ARRANGEMENTS FOR THE SPECIAL MEETING.**

**ANNEX A**

**AGREEMENT AND PLAN OF MERGER**

**BY AND BETWEEN**

**JDA SOFTWARE GROUP, INC.,**

**STANLEY ACQUISITION CORP.**

**AND**

**MANUGISTICS GROUP, INC.**

**April 24, 2006**

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