

MANUGISTICS GROUP INC
Form PRER14A
May 25, 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 (Amendment No. 1)

Filed by the Registrant ☒ x

Filed by a Party other than the Registrant ☐ o

Check the appropriate box:

- | | |
|---------------------------------------|----------------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> x | Preliminary Proxy Statement |
| <input type="checkbox"/> o | Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)) |
| <input type="checkbox"/> o | Definitive Proxy Statement |
| <input type="checkbox"/> o | Definitive Additional Materials |
| <input type="checkbox"/> 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):

- | | |
|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> o | No fee required. |
| <input type="checkbox"/> 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) |
| <input checked="" type="checkbox"/> x | Fee paid previously with preliminary materials. |
| <input type="checkbox"/> 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.

Subject to Completion, Dated May 16, 2006

MANUGISTICS GROUP, INC.

9715 Key West Avenue
Rockville, Maryland 20850

[•], 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 [•], at 9:00 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 [•], 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

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 [●], 2006, and is first being mailed to stockholders on or about [●], 2006.

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

[•], 2006

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To be held [•], 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 [•],[•], 2006, at the Company s principal executive offices located at 9715 Key West Avenue, Rockville, Maryland at 9:00 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 [•],[•], 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.

By:

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

Rockville, Maryland
[•], 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, 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 [●], 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.* On April 24, 2006, 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 [●], at 9:00 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

**PROXY STATEMENT
FOR THE SPECIAL MEETING OF STOCKHOLDERS**

To be held on [●], 2006

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 [●],[●], 2006, at 9:00 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 [●], 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 [●], 2006, the record date for determination of stockholders entitled to vote at the special meeting, there were [●] shares of common stock outstanding. Each stockholder of record on [●], 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 [●], 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 [●], 2006, the Company had issued and outstanding [●] shares of common stock held by [●] 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 [●], 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 [●] shares of Manugistics common stock, held by approximately [●] 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 (or vote via the Internet or by telephone with respect to) 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 [●], 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 [●] , 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 second or 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 [●], 2006, the last full trading day prior to the date of this proxy statement, the closing price for our common stock was \$[●] 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, the special committee and 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 goals of the Company, the risk that we will not be successful in implementing our strategy and achieving our prospects, 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, 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.

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 our board of directors carefully considered all of these factors as a whole in reaching its 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 [•],[•], 2006, at 9:00 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 [•], 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 [•] shares of our common stock entitled to be voted at the special meeting. Our directors and executive officers and their affiliates own approximately 23.9% 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 director's and officer's 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.
- seeks to require the Buyer or any of its subsidiaries to divest themselves 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 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 [•], 2006, the latest practicable trading day before the printing of this proxy statement:

	MANUGISTICS COMMON STOCK CLOSING PRICE
April 24, 2006	\$ 2.36
[•], 2006	\$ [•]

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 Retail Group, Coca Cola Bottling Co., Kraft Foods, Tyson Foods, Caesars Entertainment, Great North Eastern Railway, 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 goals of the Company, the risk that we will be unsuccessful in implementing our strategy and achieving our prospects, 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;