UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 19, 2007

MANHATTAN ASSOCIATES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Georgia	**0-23999**	**58-2373424**
(State or Other Jurisdiction of Incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

2300 Windy Ridge Parkway, Suite 700, Atlanta, Georgia
30339
(Address of Principal Executive Offices)
(Zip Code)

(770) 955-7070
(Registrant's telephone number, including area code)

NONE
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing in intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

On July 24, 2007, Manhattan Associates, Inc. (the "Company") issued a press release providing the results for its financial performance for the second quarter ended June 30, 2007. A copy of this press release is attached as Exhibit 99.1. Pursuant to General Instruction B.2 of Form 8-K, this exhibit is "furnished" and not "filed" for purposes of Section 18 of the Securities Exchange Act of 1934.

The press release includes, as additional information regarding our operating results, our adjusted operating income, adjusted net income and adjusted earnings per share, which excludes the impact of acquisition-related costs and the amortization thereof, the recapture of previously recognized transaction tax expense and stock option expense under SFAS 123(R), all net of income tax effects. Adjusted operating income, adjusted net income and adjusted earnings per share are not in accordance with, or an alternative for, operating income, net income and earnings per share under generally accepted accounting principles in the United States ("GAAP") and may be different from non-GAAP operating income, net income and earnings per share measures used by other companies. Non-GAAP financial measures should not be used as a substitute for, or considered superior to, measures of financial performance prepared in accordance with the GAAP.

We believe that these adjusted (non-GAAP) results provide more meaningful information regarding those aspects of our current operating performance that can be effectively managed, and consequently have developed our internal reporting, compensation and planning systems using these measures.

- Because we sporadically engage in acquisitions, we incur acquisition-related costs that consist primarily of expenses from accounting and legal due diligence, whether or not we ultimately proceed with the transaction. Additionally, we might assume and incur certain unusual costs, such as employee retention benefits, that result from arrangements made prior to the acquisition. These acquisition costs are practically difficult to predict and do not correlate to the expenses of our core operations. The amortization of acquisition-related intangible assets is commonly excluded from the GAAP operating income, net income and earnings per share by companies in our industry, and we therefore exclude these amortization costs to provide more relevant and meaningful comparisons of our operating results with that of our competitors.
- Because we have recognized the full potential amount of the transaction (sales) tax expense in prior periods, any recovery of that expense resulting from the expiration of the state sales tax statutes or the collection of the taxes from our customers would overstate the current period net income derived from our core operations as the recovery is not a result of anything occurring within our control during the current period.
- Because stock option expense under SFAS 123(R) is determined in significant part by the trading price of our common stock and the volatility thereof, over which we have no direct control, the impact of such expense is not subject to effective management by us. Excluding the impact of SFAS 123(R) in adjusted operating income, adjusted net income and adjusted earnings per share is consistent with similar practice by our competitors and other companies within our industry.

For these reasons, we have developed our internal reporting, compensation and planning systems using non-GAAP measures which adjust for these amounts.

We believe the reporting of adjusted operating income, adjusted net income and adjusted earnings per share facilitates investors' understanding of our historical operating trends, because it provides important supplemental measurement information in evaluating the operating results of our business, as distinct from results that include items that are not indicative of ongoing operating results, and thus provide the investors with useful insight into our profitability exclusive of unusual adjustments. While these adjusted items may not be considered as non-recurring in nature in a strictly accounting sense, the management regards those items as infrequent and not arising out of the ordinary course of business and finds it useful to utilize a non-GAAP measure in evaluating the performance of our underlying core business.

We also believe that adjusted operating income, adjusted net income and adjusted earnings per share provides a basis for more relevant comparisons to other companies in the industry, enables investors to evaluate our operating performance in a manner consistent with our internal basis of measurement and also presents our investors our operating results on the same basis as that used by our management. Management refers to adjusted operating income, adjusted net income and adjusted earnings per share in making operating decisions because they provide meaningful supplemental information regarding our operational performance and our ability to invest in research and development and fund acquisitions and capital expenditures. In addition, adjusted operating income, adjusted net income and adjusted earnings per share facilitate management's internal comparisons to our historical operating results and comparisons to competitors' operating results. Further, we rely on adjusted operating income, adjusted net income and adjusted net income per share information as primary measures to review and assess the operating performance of our company and our management team in connection with our executive compensation and bonus plans. Since most of our employees are not directly involved with decisions surrounding acquisitions or severance related activities and other items that are not central to our core operations, we do not believe it is appropriate and fair to have their incentive compensation affected by these items. By adjusting those items not indicative of ongoing operating results, the non-GAAP financial measure could serve as an alternative useful measure to evaluate our prospect for future performance because our investors are able to more conveniently predict the results of our operating activities on an on-going basis when excluding these less common items.

Investors should be aware that these non-GAAP measures have inherent limitations, including their variance from certain of the financial measurement principals underlying GAAP, should not be considered as a replacement for operating income, net income and earnings per share, respectively, and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP. For instance, we exclude the charges of the acquisition-related costs and the related amortization while we still retain the acquisition-related benefits and revenue in calculation of the non-GAAP adjusted operating income, net income and earnings per share. In addition, we exclude a portion of employee compensation, which is commonly considered integral to a company's operational performance. This supplemental non-GAAP information should not be construed as an inference that the Company's future results will be unaffected by similar adjustments to net earnings determined in accordance with GAAP.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On July 19, 2007, the Company and its President and Chief Executive Officer, Peter F. Sinisgalli, entered into a modification (the "Modification") to the Executive Employment Agreement by and between the Company and Mr. Sinisgalli dated February 25, 2004 (the "Original Agreement"). The Compensation Committee of the Board of the Directors of the Company negotiated the Modification with Mr. Sinisgalli, and approved the final terms, conditions and form of the Modification, and the Board of Directors ratified the Compensation Committee's actions.

The term of the Original Agreement, pursuant to which Mr. Sinisgalli is employed as the Company's President and Chief Executive Officer, ends on April 12, 2008. The Modification extends the term of Mr. Sinisgalli's employment pursuant to the Original Agreement until April 12, 2012.

In consideration of his agreement to continue in his offices with the Company, Mr. Sinisgalli is entitled under the Modification to an annual salary of $440,000, subject to annual review, and will continue to be eligible to receive a performance-based bonus as determined by the Compensation Committee. The Modification also provides for the grant to Mr. Sinisgalli, on the date of execution of the Modification, of (1) options to purchase 200,000 shares of the Company's Common Stock, at an exercise price of $25.52 a share, expiring on the seventh anniversary of the grant date, and (2) 66,667 shares of restricted stock, both pursuant to the Company's 2007 Stock Incentive Plan. The options and restricted shares vest in 16 equal quarterly installments beginning April 4, 2008. In the event Mr. Sinisgalli is terminated or constructively terminated, other than for cause, within two years following a change of control of the Company, all unvested equity incentives granted pursuant to the Modification immediately vest.

This summary of the terms and conditions of the Modification is qualified in its entirety by the reference to the full text of the Modification, which is filed herewith as Exhibit 10.1, and incorporated by reference herein.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

10.1 Modification dated July 19, 2007 by and between the Company and Peter F. Sinisgalli to the Executive Employment Agreement dated February 25, 2004

99.1 Press Release, dated July 24, 2007.

SIGNATURES

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

Manhattan Associates, Inc.

By: /s/ Dennis B. Story
Dennis B. Story
Senior Vice President and Chief Financial Officer

Dated: July 24, 2007

EXHIBIT INDEX

Exhibit Number	Description
10.1	Modification dated July 19, 2007 by and between the Company and Peter F. Sinisgalli to the Executive Employment Agreement dated February 25, 2004
99.1	Press Release, dated July 24, 2007.

EXHIBIT 10.1

EXECUTIVE EMPLOYMENT AGREEMENT MODIFICATION

The purpose of this letter is to modify and amend the Executive Employment Agreement (the "Agreement") by and between Manhattan Associates, Inc, a Georgia corporation ("Company"), and Peter F. Sinisgalli ("Executive") that was entered into the 25th day of February, 2004. This modification to the Agreement (the "Modification) shall be effective as of July 19, 2007. In the event of a conflict between this Modification and the Agreement, the terms of this Modification shall control. Capitalized terms not defined herein shall have the meanings ascribed to them in the Agreement.

Executive has agreed to continue in the position of President and Chief Executive Officer through April 12, 2012. In consideration of this, Company has agreed to modify the Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the parties agree as follows:

1. Employment and Duties.

A. Company shall continue to employ Executive as President and Chief Executive Officer. Executive hereby accepts employment on the terms set forth herein and in the Agreement as modified hereby. Executive shall continue to report to the Board of Directors.

B. Executive shall continue with the duties that have been established and as are normally associated with the duties of President and Chief Executive Officer. Specifically, Executive shall have overall primary responsibility for the functions of the Company.

2. Compensation.

A. Base Salary. During his employment hereunder, Company shall continue to pay Executive a base salary ("Base Salary") of $18,333.33 semi-monthly ($440,000.00 annualized), subject to all standard employment deductions. Company and Executive agree that this amount shall be reviewed on an annual basis.

B. Performance-Related Bonus. Executive shall continue to be eligible to receive a performance-related bonus as determined by the Compensation Committee in its discretion.

C. Stock Options. In consideration of Executive's continued duties and responsibilities, Executive shall receive an option pursuant to the Manhattan Associates, Inc. Option Plan (the "Option Plan") and the terms of the Agreement to purchase 200,000 shares of the Company's common stock with a seven year term at an exercise price of $28.52 (which is the closing price of the Company's common stock for the day preceding the effective date of this Modification) and a grant of 66,667 restricted shares, on the date of this Modification. All of the options and restricted shares set forth above will vest in 16 equal quarterly installments beginning April 4, 2008. Executive will continue to receive restricted shares and the option to purchase additional shares of the Company's common stock on an annual basis as determined by the Compensation Committee. All options and restricted shares will be subject to the other terms in accordance with the stock option and restricted certificates or award agreements, respectively, provided for each grant.

In the event of a Change of Control and provided Executive is terminated other than for Cause or is terminated by a Constructive Termination and such termination or Constructive Termination occurs within two (2) years of such Change of Control, all options granted under this Modification whether vested or non-vested shall vest as of the date of the termination.

Definitions:

Change of Control shall mean the happening of an event that shall be deemed to have occurred upon the earliest to occur of the following events: (i) the date the stockholders of the Company (or the Board, if stockholder action is not required) approve a plan or other arrangement pursuant to which the Company will be dissolved or liquidated; (ii) the date the stockholders of the Company (or the Board, if stockholder action is not required) approve a definitive agreement to sell or otherwise dispose of all or substantially all of the assets of the Company; or (iii) the date the stockholders of the Company (or the Board, if stockholder action is not required) and the stockholders of the other constituent corporations (or their respective boards of directors, if and to the extent that stockholder action is not required) have approved a definitive agreement to merge or consolidate the Company with or into another corporation, other than, in either case, a merger or consolidation of the Company in which holders of shares of the Company's voting capital stock immediately prior to the merger or consolidation will have at least fifty percent (50%) of the ownership of voting capital stock of the surviving corporation immediately after the merger or consolidation (on a fully diluted basis), which voting capital stock is to be held by each such holder in the same or substantially similar proportion (on a fully diluted basis) as such holder's ownership of voting capital stock of the Company immediately before the merger or consolidation.

Cause shall include but not be limited to an act or acts or an omission to act by the Executive involving (i) willful and continual failure to substantially perform his duties with the Company (other than a failure resulting from the Executive's Disability) and such failure continues after written notice to the Executive providing a reasonable description of the basis for the determination that the Executive has failed to perform his duties, (ii) indictment for a criminal offense other than misdemeanors not disclosable under the federal securities laws, (iii) breach of this Agreement in any material respect and such breach is not susceptible to remedy or cure or has not already materially damaged the Company, or is susceptible to remedy or cure and no such damage has occurred, is not cured or remedied reasonably promptly after written notice to the Executive providing a reasonable description of the breach, or (iv) conduct that the Board of Directors of the Company has determined, in good faith, to be dishonest, fraudulent, unlawful or grossly negligent or which is not in compliance with the Company's Code of Conduct or similar applicable set of standards or conduct and business practices set forth in writing and provided to the Executive prior to such conduct.

Constructive Termination For purposes of this Agreement, Constructive Termination shall mean a situation after a Change of Control where the failure by the Company to provide the Executive with compensation and benefits substantially comparable, in the aggregate, to those provided for under the employee benefit plans, programs and practices in effect immediately prior to the Change of Control.

All other terms of the "Terms and Conditions for Stock Options" shall remain the same. This provision is in addition to, and not in lieu of any provision in your Agreement relating to options.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on July 19, 2007.

COMPANY:

Manhattan Associates, Inc.

By: /s/ John Huntz
Name: John Huntz
Title: Chairman

Date: 7/19/07

EXECUTIVE:

/s/ Peter F. Sinisgalli
Peter F. Sinisgalli

Date: 7/19/07

EXHIBIT 99.1

FOR IMMEDIATE RELEASE

Contact: Dennis Story
SVP and Chief Financial Officer
678.597.7116
dstory@manh.com

Financial Contact: Dennis Story
SVP and Chief Financial Officer
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SVP and Chief Marketing Officer
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Manhattan Associates Reports Record Revenue and Earnings

Company posts Q2 license revenue of $23.4 million and raises full year EPS guidance

ATLANTA – July 24, 2007 – Leading supply chain solutions provider Manhattan Associates, Inc. (NASDAQ: MANH), today reported record revenue and earnings in the second quarter of 2007. Second quarter GAAP diluted earnings per share were $0.32, a 28% increase over the second quarter of 2006 on license revenue of $23.4 million and total revenue of $89.6 million. On a non-GAAP basis, adjusted diluted earnings per share were $0.36, a 6% increase over the second quarter of 2006.

SECOND QUARTER FINANCIAL HIGHLIGHTS:

Summarized highlights of the 2007 second quarter results, as compared to the 2006 second quarter, are:

- Consolidated revenue increased 15% to $89.6 million;
  - License revenue totaled $23.4 million, an increase of 10%;
  - Services revenue totaled $55.9 million, an increase of 15%;
- GAAP operating income increased 26% to $13.7 million;
- Operating income, on a non-GAAP basis, increased 9% to $15.3 million;
- GAAP diluted earnings per share increased 28% to $0.32;
- Adjusted diluted earnings per share increased 6% to $0.36 per share;
- Currency appreciation, principally the Rupee, negatively impacted GAAP and adjusted EPS by $0.03 in the quarter. On a constant currency basis, GAAP EPS grew 40% and adjusted EPS grew 15% over Q2 2006;
- Cash Flow from Operations was $13.3 million with DSO of 72 days;

- The Company repurchased 968,560 common shares totaling $27.8 million at an average share price of $28.67 in the quarter;
- Cash and investments on hand at June 30, 2007 was $95.6 million.

FIRST HALF FINANCIAL HIGHLIGHTS:

Summarized highlights of the first half of 2007, as compared to the first half of 2006, are:

- Consolidated revenue increased 19% to $167.8 million;
  - License revenue was $37.2 million, an increase of 15%;
  - Services revenue totaled $110.7 million, an 18% increase;
- GAAP operating income increased 50% to $21.0 million;
- On a non-GAAP basis, operating income increased 19% to $24.6 million;
- GAAP diluted earnings per share increased 50% to $0.51;
- Adjusted earnings per share, on a non-GAAP basis, increased 16% to $0.59;
- Currency appreciation, principally the Rupee, negatively impacted GAAP and adjusted EPS by $0.03 in the year. On a constant currency basis, GAAP EPS grew 59% and adjusted EPS grew 22% over the first half of 2006.

"We are pleased with our second quarter financial results," said Pete Sinisgalli, president and chief executive officer of Manhattan Associates. "Our Q2 license revenue was quite strong, even when compared to a very strong quarter in the prior year. Our EMEA operations had a terrific quarter, posting license revenue more than three times greater than in the prior year. We believe our second quarter results position us well for the balance of 2007 and are therefore increasing our EPS guidance for the full year by 2 cents per share."

Significant sales-related achievements during the quarter include:

- Signing new customers such as Bally Technologies, Crocs, East Bay, Lakeshore Equipment Company, Ozburn-Hessey Logistics, Volcom, Laura Ashley Limited, Rhenus AG & Co. KG, Mitsubishi Corporation LT, Inc., Seiwa Kaiun Co., Ltd., Fashion Biz and GraysOnline.
- Expanding relationships with existing customers such as American Eagle Outfitters, Donaldson Europe BVBA, Ergon SCM de Mexico SA de CV, Panalpina Management AG, Stride Rite Children's Group Inc. and Wincanton plc.
- Closing six large contracts, each of which generated $1 million or more in recognized license revenue.

2007 GUIDANCE

Manhattan Associates provided the following diluted earnings per share guidance for the third quarter and full year 2007. The GAAP diluted earnings per share includes the impact of stock options expense under SFAS 123(R). A full reconciliation of GAAP to non-GAAP diluted earnings per share is included in the supplemental attachments to this release.

	Fully Diluted EPS			
	Per Share range		% Growth range	
GAAP Earnings Per Share				
Q3 2007 - diluted earnings per share	$ 0.24	$ 0.29	26%	53%
Full year 2007 - diluted earnings per share	$ 1.08	$ 1.12	57%	62%
Adjusted Earnings Per Share				
Q3 2007 - diluted earnings per share	$ 0.29	$ 0.34	7%	26%
Full year 2007 - diluted earnings per share	$ 1.27	$ 1.31	18%	21%

Manhattan Associates currently intends to publish, in each quarterly earnings release, certain expectations with respect to future financial performance. The statements regarding future financial performance are based on current expectations, which include a modestly improving general economic and information technology spending environment over the course of the current year. These statements are forward-looking. Actual results may differ materially, especially in the current uncertain economic environment. These statements do not reflect the potential impact of mergers, acquisitions or other business combinations that may be completed after the date of this release.

Manhattan Associates will make its earnings release and published expectations available on its Web site (www.manh.com). Beginning September 15, 2007, Manhattan Associates will observe a "Quiet Period" during which Manhattan Associates and its representatives will not comment concerning previously published financial expectations. Prior to the start of the Quiet Period, the public can continue to rely on the expectations published in this 2007 Guidance section as still being Manhattan Associates' current expectation on matters covered, unless Manhattan Associates publishes a notice stating otherwise. During the Quiet Period, previously published expectations should be considered historical only, speaking only as of prior to the Quiet Period and Manhattan Associates disclaims any obligation to update any previously published expectations during the Quiet Period. The Quiet Period will extend until the date when Manhattan Associates' next quarterly earnings release is published, currently scheduled for the fourth week of October 2007.

CONFERENCE CALL

The Company's conference call regarding its second quarter financial results will be held at 4:30 p.m. EDT today. Investors are invited to listen to a live web cast of the conference call through the Investor Relations section of the Manhattan Associates website. To listen to the live web cast, please go to www.manh.com at least 15 minutes before the call to download and install necessary audio software. For those who cannot listen to the live broadcast, a replay will be available shortly after the call. Dial +1.800.642.1687 in the U.S. or Canada and +1.706.645.9291 outside the U.S. and refer to reservation number 5060222. The replay will be available for two weeks after the call. The web cast will be archived on Manhattan Associates website, www.manh.com.

GAAP VERSUS NON-GAAP PRESENTATION

The Company provides adjusted operating income, adjusted net income and adjusted earnings per share in this press release as additional information regarding the Company's operating results. The measures are not in accordance with, or an alternative for, GAAP and may be different from non-GAAP operating income, non-GAAP net income and non-GAAP earnings per share measures used by other companies. The Company believes that this presentation of adjusted operating income, adjusted net income and adjusted earnings per share facilitates investors' understanding of our historical operating trends. It provides important supplemental measurement information in evaluating the operating results of our business, as distinct from results that include items that are not indicative of ongoing operating results and thus provide the investors with useful insight into our profitability exclusive of unusual adjustments. This release should be read in conjunction with our Form 8-K earnings release filing for the quarter ended June 30, 2007.

The non-GAAP adjusted operating income, adjusted net income and adjusted earnings per share exclude the impact of acquisition-related costs and the amortization thereof, the recapture of previously recognized sales tax expense and stock option expense under SFAS 123(R). A reconciliation of our GAAP financial measures to non-GAAP adjustments is included in the supplemental attachment to this release.

About Manhattan Associates, Inc.

Manhattan Associates® provides global supply chain solutions to organizations that consider supply chain software, processes and technology strategic to market leadership. The company's software portfolio includes five key Supply Chain Solution Suites: Planning and Forecasting, Inventory Optimization, Order Lifecycle Management, Transportation Lifecycle Management and Distribution Management. These solution suites are enhanced by Platform Applications – including Supply Chain Intelligence, Supply Chain Visibility and Supply Chain Event Management - that organize and deliver the information and processes needed to optimize supply chains across functions and locations within and outside an enterprise. A Supply Chain Process Platform provides a unifying architecture that fosters agility and scalability while minimizing solution implementation, evolution and support costs. More than 1,200 customers worldwide use Manhattan Associates' global supply chain solutions to enhance profitability and build sustainable competitive advantage. For more information, please visit www.manh.com.

This press release may contain "forward-looking statements" relating to Manhattan Associates, Inc. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements. Among the important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are delays in product development, undetected software errors, competitive pressures, technical difficulties, market acceptance, availability of technical personnel, changes in customer requirements, risks of international operations and general economic conditions. Additional risk factors are set forth in Item 1A. of the Company's Annual Report on Form 10-K for the year ended December 31, 2006. Manhattan Associates undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in future operating results.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	**2007**	2006
Revenue:				
License	**$ 23,398**	$ 21,247	**$ 37,151**	$ 32,323
Services	**55,863**	48,431	**110,663**	93,593
Hardware and other	**10,368**	8,223	**20,005**	14,770
Total Revenue	**89,629**	77,901	**167,819**	140,686
Costs and Expenses:				
Cost of license	**1,303**	1,846	**2,446**	3,010
Cost of services	**27,284**	23,661	**53,283**	45,677
Cost of hardware and other	**8,864**	7,432	**17,225**	12,972
Research and development	**12,278**	10,522	**23,429**	20,633
Sales and marketing	**14,491**	12,475	**27,098**	22,611
General and administrative	**8,383**	7,259	**16,529**	13,967
Depreciation and amortization	**3,354**	3,262	**6,855**	6,537
Acquisition-related charges	**—**	607	**—**	1,329
Total costs and expenses	**75,957**	67,064	**146,865**	126,736
Operating income	**13,672**	10,837	**20,954**	13,950
Other income, net	**298**	1,251	**1,390**	2,097
Income before income taxes	**13,970**	12,088	**22,344**	16,047
Income tax provision	**4,959**	5,103	**7,932**	6,774
Net income	**$ 9,011**	$ 6,985	**$ 14,412**	$ 9,273
Basic earnings per share	**$ 0.34**	$ 0.26	**$ 0.53**	$ 0.34
Diluted earnings per share	**$ 0.32**	$ 0.25	**$ 0.51**	$ 0.34
Weighted average number of shares:				
Basic	**26,555**	27,305	**26,953**	27,302
Diluted	**27,761**	27,480	**28,149**	27,558

MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES
RECONCILIATION OF SELECTED GAAP TO NON-GAAP MEASURES
(unaudited and in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	**2007**	2006
Operating income	**$ 13,672**	$ 10,837	**$ 20,954**	$ 13,950
Stock option expense	**1,130**(a)	1,944(a)	**2,251**(a)	3,620(a)
Purchase amortization	**1,195**(b)	1,217(b)	**2,390**(b)	2,434(b)
Acquisition-related charges	**—**	607(c)	**—**	1,329(c)
Sales tax recoveries	**(650)**(d)	(465)d)	**(1,023)**(d)	(732)(d)
Adjusted operating income (Non-GAAP)	**$ 15,347**	$ 14,140	**$ 24,572**	$ 20,601
Income tax provision	**$ 4,959**	$ 5,103	**$ 7,932**	$ 6,774
Stock option expense	**402**(a)	302(a)	**799**(a)	801(a)
Purchase amortization	**424**(b)	469(b)	**848**(b)	937(b)
Acquisition-related charges	**—**	234(c)	**—**	512(c)
Sales tax recoveries	**(231)**(d)	(179)(d)	**(363)**(d)	(282)(d)
Adjusted income tax provision (Non-GAAP)	**$ 5,554**	$ 5,929	**$ 9,216**	$ 8,742
Net income	**$ 9,011**	$ 6,985	**$ 14,412**	$ 9,273
Stock option expense	**728**(a)	1,642(a)	**1,452**(a)	2,819(a)
Purchase amortization	**771**(b)	748(b)	**1,542**(b)	1,497(b)
Acquisition-related charges	**—**	373(c)	**—**	817(c)
Sales tax recoveries	**(419)**(d)	(286)(d)	**(660)**(d)	(450)(d)
Adjusted Net income (Non-GAAP)	**$ 10,091**	$ 9,462	**$ 16,746**	$ 13,956
Diluted EPS	**$ 0.32**	$ 0.25	**$ 0.51**	$ 0.34
Stock option expense	**$ 0.03**(a)	$ 0.06(a)	**$ 0.05**(a)	$ 0.10(a)
Purchase amortization	**$ 0.03**(b)	$ 0.03(b)	**$ 0.05**(b)	$ 0.05(b)
Acquisition-related charges	**$ —**	$ 0.01(c)	**$ —**	$ 0.03(c)
Sales tax recoveries	**$ (0.02)**(d)	$ (0.01)(d)	**$ (0.02)**(d)	$ (0.02)(d)
Adjusted Diluted EPS (Non-GAAP)	**$ 0.36**	$ 0.34	**$ 0.59**	$ 0.51
Fully Diluted Shares	**27,761**	27,480	**28,149**	27,558

(a) SFAS 123(R) requires us to expense stock options issued to employees. Because stock option expense is determined in significant part by the trading price of our common stock and the volatility thereof, over which we have no direct control, the impact of such expense is not subject to effective management by us. Thus, we have excluded the impact of this expense from adjusted non-GAAP results. The stock option expense is included in the following GAAP operating expense lines for the three and six months ended June 30, 2007 and 2006:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	**2007**	2006
Cost of services	$ 110	$ 522	$ 213	$ 1,063
Research and development	159	233	314	476
Sales and marketing	383	377	740	709
General and administrative	478	812	984	1,372
Total stock option expense	$ 1,130	$ 1,944	$ 2,251	$ 3,620

(b) Adjustments represent purchase amortization from prior acquisitions. Such amortization is commonly excluded from GAAP net income by companies in our industry and we therefore exclude these amortization costs to provide more relevant and meaningful comparisons of our operating results to that of our competitors.

(c) In conjunction with the Evant acquisition, we paid $2.8 million into escrow for employee retention bonuses to be paid upon completion of up to 12 months of service with us. During 2006, we completed the Evant retention bonus program and paid out the final bonuses. The 2006 adjustment represents the current period expense associated with these retention bonuses. We have excluded these costs because they do not correlate to the expenses of our core operations.

(d) Adjustment represents recoveries of previously expensed sales tax resulting primarily from the expiration of the sales tax audit statutes in certain states. Because we have recognized the full potential amount of the sales tax expense in prior periods, any recovery of that expense resulting from the expiration of the statutes or the collection of tax from our customers would overstate the current period net income derived from our core operations as the recovery is not a result of any event occurring within our control during the current period. Thus, we have excluded these recoveries from adjusted non-GAAP results.

(e) Amount represents the impact of the above adjustments on the income tax provision. The GAAP effective tax rate for 2006 is higher than the adjusted non-GAAP rate primarily due to stock compensation expense recorded on incentive stock options that is not deductible for tax purposes.

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

	June 30, 2007	December 31, 2006
ASSETS		
Current Assets:		
Cash and cash equivalents	**$ 28,203**	$ 18,449
Short term investments	**51,486**	90,570
Accounts receivable, net of a $5,892 and $4,901 allowance for doubtful accounts in 2007 and 2006, respectively	**70,791**	60,937
Deferred income taxes	**5,802**	5,208
Prepaid expenses and other current assets	**9,061**	11,939
Total current assets	**165,343**	187,103
Property and equipment, net	**25,859**	15,850
Long-term investments	**15,862**	22,038
Acquisition-related intangible assets, net	**11,955**	14,344
Goodwill, net	**70,369**	70,361
Deferred income taxes	**492**	481
Other assets	**5,441**	4,716
Total assets	**$295,321**	$ 314,893
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	**$ 11,793**	$ 11,716
Accrued compensation and benefits	**16,597**	16,560
Accrued and other liabilities	**10,446**	13,872
Deferred revenue	**32,426**	29,918
Income taxes payable	**6,366**	4,006
Total current liabilities	**77,628**	76,072
Other non-current liabilities	**9,072**	1,681
Shareholders' equity:		
Preferred stock, no par value; 20,000,000 shares authorized, no shares issued or outstanding in 2007 or 2006	**—**	—
Common stock, $.01 par value; 100,000,000 shares authorized, 26,284,068 shares issued and outstanding in 2007 and 27,610,105 shares issued and outstanding in 2006	**261**	276
Additional paid-in capital	**56,361**	98,704
Retained earnings	**148,851**	136,321
Accumulated other comprehensive income	**3,148**	1,839
Total shareholders' equity	**208,621**	237,140
Total liabilities and shareholders' equity	**$295,321**	$ 314,893

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

	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
Operating activities:		
Net income	**$ 14,412**	$ 9,273
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**6,855**	6,537
Stock compensation	**3,155**	3,688
Gain on disposal of equipment	**(3)**	(28)
Tax benefit of options exercised	**1,188**	1,632
Excess tax benefits from stock-based compensation	**(519)**	(1,345)
Deferred income taxes	**—**	(513)
Unrealized foreign currency loss	**(52)**	415
Changes in operating assets and liabilities:		
Accounts receivable, net	**(9,439)**	6,994
Other assets	**2,321**	(1,363)
Prepaid retention bonus	—	1,219
Accounts payable, accrued and other liabilities	**(4,633)**	(2,018)
Income taxes	**(65)**	2,908
Deferred revenue	**2,988**	4,044
Net cash provided by operating activities	**16,208**	31,443
Investing activities:		
Purchase of property and equipment	**(6,467)**	(4,798)
Net (purchases) maturities of investments	**45,239**	(24,646)
Net cash (used in) provided by investing activities	**38,772**	(29,444)
Financing activities:		
Payment of capital lease obligations	—	(72)
Purchase of common stock	**(52,768)**	(8,960)
Excess tax benefits from stock-based compensation	**519**	1,345
Proceeds from issuance of common stock from options exercised	**6,100**	1,372
Net cash provided by (used in) financing activities	**(46,149)**	(6,315)
Foreign currency impact on cash	**923**	(838)
Net change in cash and cash equivalents	**9,754**	(5,154)
Cash and cash equivalents at beginning of period	**18,449**	19,419
Cash and cash equivalents at end of period	**$ 28,203**	$ 14,265
Supplemental disclosures of cash flow information - noncash investing activity:		
Tenant improvements funded by landlord	$ 7,918	$ —

MANHATTAN ASSOCIATES, INC.
SUPPLEMENTAL INFORMATION

1. GAAP and Adjusted Earnings per share by quarter are as follows:

	2006					2007		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	**1st Qtr**	**2nd Qtr**	**YTD**
GAAP Diluted EPS	**$ 0.08**	**$ 0.25**	**$ 0.19**	**$ 0.17**	**$ 0.69**	**$ 0.19**	**$ 0.32**	**$ 0.51**
Adjustments to GAAP:								
Stock option expense	$ 0.04	$ 0.06	$ 0.05	$ 0.03	$ 0.19	$ 0.03	$ 0.03	$ 0.05
Purchase amortization	$ 0.03	$ 0.03	$ 0.03	$ 0.03	$ 0.11	$ 0.03	$ 0.03	$ 0.05
Acquisition-related charges	$ 0.02	$ 0.01	$ —	$ —	$ 0.03	$ —	$ —	$ —
Write-off of receivable and settlement charges	$ —	$ —	$ —	$ 0.09	$ 0.09	$ —	$ —	$ —
Asset impairment charge	$ —	$ —	$ 0.01	$ —	$ 0.01	$ —	$ —	$ —
Sales tax recoveries	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.03)	$ (0.01)	$ (0.02)	$ (0.02)
Adjusted Diluted EPS	**$ 0.16**	**$ 0.34**	**$ 0.27**	**$ 0.31**	**$ 1.08**	**$ 0.23**	**$ 0.36**	**$ 0.59**

2. Revenues and operating income (loss) by reportable segment are as follows (in thousands):

	2006					2007		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	**1st Qtr**	**2nd Qtr**	**YTD**
Revenue:								
Americas	$ 51,143	$ 65,695	$ 60,799	$ 64,683	$242,320	$ 68,446	$ 75,600	$144,046
EMEA	6,952	6,850	6,478	7,071	27,351	5,844	9,809	15,653
Asia Pacific	4,690	5,356	5,035	4,116	19,197	3,900	4,220	8,120
	$ 62,785	$ 77,901	$ 72,312	$ 75,870	$288,868	$ 78,190	$ 89,629	$167,819
GAAP Operating Income (Loss):								
Americas	$ 2,467	$ 10,095	$ 9,131	$ 11,054	$ 32,747	$ 8,734	$ 12,338	$ 21,072
EMEA	245	3	(839)	(2,226)	(2,817)	(1,321)	1,145	(176)
Asia Pacific	401	739	144	(459)	825	(131)	189	58
	$ 3,113	$ 10,837	$ 8,436	$ 8,369	$ 30,755	$ 7,282	$ 13,672	$ 20,954
Adjustments (pre-tax):								
Americas:								
Stock option expense	$ 1,558	$ 1,819	$ 1,700	$ 1,177	$ 6,254	$ 1,082	$ 1,090	$ 2,172
Purchase amortization	1,217	1,217	1,217	1,217	4,868	1,195	1,195	2,390
Acquisition-related charges	722	607	174	—	1,503	—	—	—
Settlement charges	—	—	—	810	810	—	—	—
Asset impairment charge	—	—	270	—	270	—	—	—
Sales tax recoveries	(267)	(465)	(324)	(514)	(1,570)	(373)	(650)	(1,023)
	$ 3,230	$ 3,178	$ 3,037	$ 2,690	$ 12,135	$ 1,904	$ 1,635	$ 3,539
EMEA:								
Stock option expense	$ 118	$ 125	$ 131	$ 15	$ 389	$ 39	$ 40	$ 79
Write-off of receivable and settlement charges	—	—	—	2,046	2,046	—	—	—
	$ 118	$ 125	$ 131	$ 2,061	$ 2,435	$ 39	$ 40	$ 79
Total Adjustments	$ 3,348	$ 3,303	$ 3,168	$ 4,751	$ 14,570	$ 1,943	$ 1,675	$ 3,618
Adjusted non-GAAP Operating Income (Loss):								
Americas	$ 5,697	$ 13,273	$ 12,168	$ 13,744	$ 44,882	$ 10,638	$ 13,973	$ 24,611
EMEA	363	128	(708)	(165)	(382)	(1,282)	1,185	(97)
Asia Pacific	401	739	144	(459)	825	(131)	189	58
	$ 6,461	$ 14,140	$ 11,604	$ 13,120	$ 45,325	$ 9,225	$ 15,347	$ 24,572

3. Our services revenue consists of fees generated from professional services and customer support and software enhancements related to our software products as follows (in thousands):

	2006					2007		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	**1st Qtr**	**2nd Qtr**	**YTD**
Professional services	$ 31,801	$ 34,376	$ 36,105	$ 34,105	$136,387	$ 38,831	$ 39,865	$ 78,696

Customer support and software enhancements	13,361	14,055	14,944	15,774	58,134	15,969	15,998	31,967
Total services revenue	$ 45,162	$ 48,431	$ 51,049	$ 49,879	$194,521	$ 54,800	$ 55,863	$110,663

4. Capital expenditures are as follows (in thousands):

	2006					**2007**		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	**1st Qtr**	**2nd Qtr**	**YTD**
Capital expenditures	$ 2,195	$ 2,603	$ 2,731	$ 2,112	$ 9,641	$ 2,956	$ 3,511	$ 6,467

5. Impact of Currency Fluctuation

The following table reflects the increases (decreases) in the results of operations for each period attributable to the change in foreign currency exchange rates from the prior period as well as foreign currency gains (losses) included in other income, net for each period (in thousands):

	2006					**2007**		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	**1st Qtr**	**2nd Qtr**	**YTD**
Revenue	$ (853)	$ (158)	$ 251	$ 779	$ 19	$ 748	$ 992	$ 1,740
Costs and Expenses	(823)	(324)	53	1,030	(64)	858	1,306	2,164
Operating Income	(30)	166	198	(251)	83	(110)	(314)	(424)
Foreign currency gains (losses) in other income	98	275	(34)	(91)	248	(22)	(602)	(624)
	$ 68	$ 441	$ 164	$ (342)	$ 331	$ (132)	$ (916)	$ (1,048)

6. Stock Repurchase Activity

During the first six months of 2007, we repurchased 1.9 million shares of common stock totaling $53 million at an average price of $28.42. In 2006 for the full year, we repurchased 0.8 million shares of common stock totaling $16.0 million at an average cost of $20.73.