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): February 5, 2008

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 1000, 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 February 5, 2008, Manhattan Associates, Inc. (the "Company") issued a press release providing the results for its financial performance for the fourth quarter and full fiscal year ended December 31, 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.

Non-GAAP Financial Measures in the Press Release

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, stock option expense under SFAS 123(R), the severance, settlement charges, and asset impairment charges recorded in the same period all net of income tax effects. The press release also presents our GAAP revenue, operating income and our adjusted operating, income excluding the effects of foreign currency exchange. These various measures are not in accordance with, or an alternative for, financial measures calculated in accordance with generally accepted accounting principles in the United States ("GAAP") and may be different from similarly titled non-GAAP financial measures used by other companies. In addition, excluding the effects of foreign currency exchange from financial measures is not in accordance with GAAP. 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.

Adjusted Income and Earnings Per Share

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.

- During the fourth quarter of 2006, we recorded settlement costs resulting from legal disputes over the implementation of our software. The settlements are not common occurrences due to the unusual nature of the litigation. We do not believe that these items are indicative of ongoing operating results.
- Lastly, we do not believe that the asset impairment charge recorded in the third quarter of 2006 is a common cost that results from normal operating activities. The value of the investment is beyond our control and does not relate to our core operations.

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, non-GAAP financial measures 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.

Excluding the Effect of Foreign Currency Exchange

In the press release, we have presented our GAAP revenues and our GAAP operating income and their adjusted (non-GAAP) counterparts on a 'constant currency' basis. Such constant currency financial data is not a GAAP financial measure. Constant currency removes from financial data the impact of changes in exchange rates between the U.S. dollar (our financial reporting currency) and the functional currencies of our foreign subsidiaries, by translating the current period financial data into U.S. dollars using the same foreign currency exchange rates that were used to translate the financial data for the previous period. We believe presenting certain results on a constant currency basis is useful to investors because it allows a more meaningful comparison of the performance of our foreign operations from period to period. As with our other adjusted measures, constant currency measures should not be considered in isolation or as an alternative to financial measures that reflect current period exchange rates, or to other financial measures calculated and presented in accordance with GAAP.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
99.1	Press Release, dated February 5, 2008.

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: February 5, 2008

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press Release, dated February 5, 2008.

Exhibit 99.1

Financial Contact:	Dennis Story SVP and Chief Financial Officer 678.597.7116 dstory@manh.com
Media Contact:	Terrie O'Hanlon SVP and Chief Marketing Officer 678.597.7120 tohanlon@manh.com

Manhattan Associates Reports Record Fourth Quarter

Revenue and Full Year Revenue and Earnings

Q4 GAAP EPS increased 94%; Adjusted EPS increased 19%

ATLANTA — February 5, 2008 — Leading supply chain optimization provider Manhattan Associates, Inc. (NASDAQ: MANH), today reported record fourth quarter 2007 revenue and full year 2007 revenue and earnings. Manhattan Associates' fourth quarter GAAP diluted earnings per share were $0.33, a 94% increase over the fourth quarter of 2006 on revenue of $85.0 million, a 12% increase. On a non-GAAP basis, adjusted diluted earnings per share were $0.37, a 19% increase over the fourth quarter of 2006.

FOURTH QUARTER FINANCIAL HIGHLIGHTS:

Summarized highlights of the 2007 fourth quarter results, as compared to the 2006 fourth quarter, follow:

- Consolidated revenue increased 12% to $85.0 million. Excluding the impact of currency changes, revenue increased 10%.
  - License revenue totaled $18.6 million, a 2% decrease.
  - Services revenue totaled $57.1 million, increasing 14%.
- GAAP Operating income increased 38% to $11.5 million. Excluding the impact of currency changes, GAAP operating income increased 46%;
- Operating income, on a non-GAAP basis, increased 1% to $13.3 million. Excluding the impact of currency changes, operating income on a non-GAAP basis increased 6%.
- GAAP diluted earnings per share increased 94% to $0.33.
- Adjusted diluted earnings per share increased 19% to $0.37 per share.
- Cash Flow from Operations was $15.7 million, a record fourth quarter, with Days Sales Outstanding of 79 days.
- Cash and Investments on Hand at December 31, 2007 was $72.8 million.

- The Company repurchased 896,060 common shares totaling $25 million at an average share price of $27.90 in the quarter. The Company has $25 million of remaining share repurchase authority.

FULL YEAR FINANCIAL HIGHLIGHTS:

Summarized highlights of the full year 2007, as compared to the full year of 2006, follow:

- Consolidated revenue increased 17% to $337.4 million. Excluding the impact of currency changes, revenue increased 15%.
  - License revenue was $73.0 million, a 10% increase.
  - Services revenue totaled $226.2 million, increasing 16%.
- GAAP operating income increased 40% to $43.1 million. Excluding the impact of currency changes, GAAP operating income increased 45%.
- On a non-GAAP basis, operating income increased 12% to $50.5 million. Excluding the impact of currency changes operating income on a non-GAAP basis increased 15%.
- GAAP diluted earnings per share increased 64% to $1.13.
- Adjusted diluted earnings per share, on a non-GAAP basis, increased 20% to $1.30.
- The Company repurchased 3.6 million common shares totaling $100 million at an average share price of $28.05.

"The fourth quarter of 2007 closes the most successful year in the history of the company and marks our 13th consecutive quarter of double digit revenue growth," said Pete Sinisgalli, president and CEO. "As important, during 2007 we significantly strengthened the company and improved our market position. We expect to continue to enhance our market position and improve our financial results throughout 2008."

Significant sales-related achievements during the quarter include:

- New customers such as Anna's Linens, B&R Enclosures Pty Ltd, CSS Industries, Inc. Gainey Transportation Services, Inc., J. Knipper Company, Inc., Korus Consulting (Alternativa), Metersbonwe, Olgerdin Egil Skallagrimsson ehf, Orchard Supply Hardware LLC, Promotech Research Associates, Inc., Shanghai Metersbonwe Fashion & Accessories Co., Ltd., SPAR Retail, Trading Company Brozex, Tiendas Chedraui SA de CV, Washington Metro Area Transit Authority, Whirlpool Corporation, and Vitamin Shoppe Industries, Inc,.
- Expanding partnerships with existing customers such as Aaron Rents, Inc., ABX Logistics, American Eagle Outfitters, Inc., Belk, Inc., Casual Male Retail Group, Inc., Conair Corporation, Converse, Inc., DHL / Exel Inc., Dick's Sporting Goods, Inc., Electronics for Imaging, Elektra del Milenio SA de CV, ElektroKompletServis, Fiskars Brands, Inc., GoldToeMoretz LLC, Hospira, Inc., IP Budin, John Paul Mitchell Systems, Jones Apparel Group, Inc., KGL Logistics, Kohl & Frisch, Ltd., Liberty Hardware Mfg. Corp., Matahari, McKesson Canada Corporation, NYK Logistics, Nestlé Nespresso, Production Tool Supply Company, PT Mataharii Putra Prima, Safeway, Inc., Shenzheng

Easttop Trade & Logistics, Teters Floral Products, Inc., Teva Pharmaceuticals USA, Inc., TNT Fashion Logistics BV and VWR International LLC.

- Closing three large contracts, each of which generated $1 million or more in recognized license revenue.

2008 GUIDANCE

Manhattan Associates provided the following diluted earnings per share guidance for the first quarter and full year 2008. 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				
Q1 2008 - diluted earnings per share	$0.17	$ 0.23	-11%	21%
Full year 2008 - diluted earnings per share	$1.26	$ 1.32	12%	17%
Adjusted Earnings Per Share				
Q1 2008 - diluted earnings per share	$0.22	$ 0.28	-4%	22%
Full year 2008 - diluted earnings per share	$1.47	$ 1.53	13%	18%

Manhattan Associates currently intends to publish, in each quarterly earnings release, certain expectations with respect to future financial performance. 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 March 15, 2008, 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 2008 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 or prior to the Quiet Period, and Manhattan Associates disclaims any obligation to update any previously published financial 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 April 2008.

CONFERENCE CALL

The Company’s conference call regarding its fourth quarter and year end financial results will be held at 4:30 p.m. Eastern Time on Tuesday, February 5, 2008 after the market closes. Investors are invited to listen to a live Web cast of the conference call through the investor relations section of Manhattan Associates’ Web site. To listen to the live Web cast, please go to the Web site at least 15 minutes before the call to download and install any necessary audio software. For those who cannot listen to the live broadcast, a replay will be available shortly after the call by dialing +1.800.642.1687 in the U.S. or Canada and +1.706.645.9291 outside the U.S., and entering the conference identification number 16923337, or via the Web at www.manh.com. The phone replay will be available for two weeks after the call, and the Internet broadcast will be archived at Manhattan Associates' Web site.

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. These 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 the presentation of these non-GAAP financial measures 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. We consequently believe that the presentation of these non-GAAP financial measures provides investors with useful insight into our profitability exclusive of non-GAAP adjustments. This release should be read in conjunction with our Form 8-K earnings release filing for the quarter ended December 31, 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, stock option expense under SFAS 123(R), the severance, settlement charges, and asset impairment charges recorded in the same period, all net of income tax effects. 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 continues to deliver on its 17 year heritage of providing global supply chain excellence to more than 1,200 customers worldwide that consider supply chain optimization core to their strategic market leadership. Manhattan SCOPE™ (Supply Chain Optimization from Planning to Execution) is a portfolio of software solutions and technology that helps organizations optimize their supply chains from planning through execution. SCOPE's Supply Chain Process Platform provides the foundation for five Supply Chain Solution Suites: Planning and Forecasting, Inventory Optimization, Order Lifecycle Management, Transportation Lifecycle Management and Distribution Management. Visibility, Event Management and Supply Chain Intelligence Platform Applications inform all Solution Suites, while X-Suite Solutions combine solutions or their components to address specific supply chain challenges. 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.*

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2007	2006	**2007**	2006
Revenue:				
License	**$ 18,577**	$ 19,003	**$ 73,031**	$ 66,543
Services	**57,053**	49,879	**226,153**	194,521
Hardware and other	**9,363**	6,988	**38,217**	27,804
Total Revenue	**84,993**	75,870	**337,401**	288,868
Costs and Expenses:				
Cost of license	**1,289**	1,386	**5,334**	5,796
Cost of services	**28,127**	23,519	**109,758**	93,427
Cost of hardware and other	**7,757**	6,187	**32,268**	24,515
Research and development	**11,278**	11,070	**46,594**	41,468
Sales and marketing	**13,229**	11,870	**53,406**	45,888
General and administrative	**8,440**	7,280	**33,366**	29,143
Depreciation and amortization	**3,356**	3,333	**13,617**	13,247
Settlement charges	**—**	2,856	**—**	2,856
Asset impairment charge	**—**	—	**—**	270
Acquisition-related charges	**—**	—	**—**	1,503
Total costs and expenses	**73,476**	67,501	**294,343**	258,113
Operating income	**11,517**	8,369	**43,058**	30,755
Other income, net	**1,599**	911	**4,608**	3,638
Income before income taxes	**13,116**	9,280	**47,666**	34,393
Income tax provision	**4,662**	4,466	**16,915**	15,062
Net income	**$ 8,454**	$ 4,814	**$ 30,751**	$ 19,331
Basic earnings per share	**$ 0.34**	$ 0.18	**$ 1.17**	$ 0.71
Diluted earnings per share	**$ 0.33**	$ 0.17	**$ 1.13**	$ 0.69
Weighted average number of shares:				
Basic	**25,066**	27,290	**26,174**	27,183
Diluted	**25,983**	28,642	**27,329**	27,971

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

	Three Months Ended December 31, 2007	Three Months Ended December 31, 2006	Twelve Months Ended December 31, 2007	Twelve Months Ended December 31, 2006
Operating income	**$ 11,517**	$ 8,369	**$ 43,058**	$ 30,755
Stock option expense	**799**(a)	1,192(a)	**4,274**(a)	6,643(a)
Purchase amortization	**1,083**(b)	1,217(b)	**4,653**(b)	4,868(b)
Settlement charges	**—**	2,856(c)	**—**	2,856(c)
Acquisition-related charges	**—**	—	**—**	1,503(d)
Asset impairment charge	**—**	—	**—**	270(e)
Sales tax recoveries	**(146)**(f)	(514) (f)	**(1,438)**(d)	(1,570)(f)
Adjusted operating income (Non-GAAP)	**$ 13,253**	$ 13,120	**$ 50,547**	$ 45,325
Income tax provision	**$ 4,662**	$ 4,466	**$ 16,915**	$ 15,062
Stock option expense	**283**(a)	201(a)	**1,517**(a)	1,373(a)
Purchase amortization	**385**(b)	469(b)	**1,652**(b)	1,874(b)
Settlement charges	—	312(c)	—	312(c)
Acquisition-related charges	**—**	—	**—**	579(d)
Asset impairment charge	**—**	—	**—**	104(e)
Sales tax recoveries	**(51)**(f)	(198)(f)	**(510)**(f)	(605)(f)
Adjusted income tax provision (Non-GAAP)	**$ 5,279**	$ 5,250	**$ 19,574**	$ 18,699
Net income	**$ 8,454**	$ 4,814	**$ 30,751**	$ 19,331
Stock option expense	**516**(a)	991(a)	**2,757**(a)	5,270(a)
Purchase amortization	**698**(b)	748(b)	**3,001**(b)	2,994(b)
Settlement charges	—	2,544(c)	—	2,544(c)
Acquisition-related charges	**—**	—	**—**	924(d)
Asset impairment charge	—	—	—	166(e)
Sales tax recoveries	**(95)**(f)	(316)(f)	**(928)**(f)	(965)(f)
Adjusted Net income (Non-GAAP)	**$ 9,573**	$ 8,781	**$ 35,581**	$ 30,264
Diluted EPS	**$ 0.33**	$ 0.17	**$ 1.13**	$ 0.69
Stock option expense	**$ 0.02**(a)	$ 0.03(a)	**$ 0.10**(a)	$ 0.19(a)
Purchase amortization	**$ 0.03**(b)	$ 0.03(b)	**$ 0.11**(b)	$ 0.11(b)
Settlement charges	**$ —**	$ 0.09(c)	**$ —**	$ 0.09(c)
Acquisition-related charges	**$ —**	$ —	**$ —**	$ 0.03(d)
Asset impairment charge	**$ —**	$ —	**$ —**	$ 0.01(e)
Sales tax recoveries	**$ —**(f)	$ (0.01)(f)	**$ (0.03)**(f)	$ (0.03)(f)
Adjusted Diluted EPS (Non-GAAP)	**$ 0.37**	$ 0.31	**$ 1.30**	$ 1.08
Fully Diluted Shares	**25,983**	28,642	**27,329**	27,971

(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 twelve months ended December 31, 2007 and 2006:

	Three Months Ended December 31, 2007	Three Months Ended December 31, 2006	Twelve Months Ended December 31, 2007	Twelve Months Ended December 31, 2006
Cost of services	**22**	$ (45)	**$ 343**	$ 1,564
Research and development	**171**	349	**645**	1,086
Sales and marketing	**266**	379	**1,381**	1,493
General and administrative	**340**	509	**1,905**	2,500
Total stock option expense	**$ 799**	$ 1,192	**$ 4,274**	$ 6,643

(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) The amount for 4th quarter 2006 includes legal settlements of $2.9 million pretax ($2.5 million after-tax or $.09 diluted EPS) resulting from legal disputes over the implementation of our software. We do not believe that these are common costs that result from normal operating activities.

(d) 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.

(e) During 2006, we recorded an impairment charge of $270 against a $2.0 million investment in a technology company. We made our original investment in 2003. Because of the value of the investment is beyond our control and does not relate to our core operations, we have excluded the asset impairment from adjusted non-GAAP results.

(f) 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.

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

	December 31, 2007	December 31, 2006
ASSETS		
Current Assets:		
Cash and cash equivalents	**$ 44,675**	$ 18,449
Short term investments	**17,904**	90,570
Accounts receivable, net of a $6,618 and $4,901 allowance for doubtful accounts in 2007 and 2006, respectively	**72,534**	60,937
Deferred income taxes	**6,602**	5,208
Prepaid expenses and other current assets	**8,646**	11,939
Total current assets	**150,361**	187,103
Property and equipment, net	**24,421**	15,850
Long-term investments	**10,193**	22,038
Acquisition-related intangible assets, net	**9,691**	14,344
Goodwill, net	**62,285**	70,361
Deferred income taxes	**9,846**	481
Other assets	**4,863**	4,716
Total assets	**$ 271,660**	$ 314,893
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	**$ 9,112**	$ 11,716
Accrued compensation and benefits	**19,357**	16,560
Accrued and other liabilities	**10,040**	13,872
Deferred revenue	**31,817**	29,918
Income taxes payable	**8,156**	4,006
Total current liabilities	**78,482**	76,072
Other non-current liabilities	**7,473**	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, $.01 par value; 100,000,000 shares authorized; 24,899,919 and 27,610,105 shares issued and outstanding at December 31, 2007 and December 31, 2006, respectively	**249**	276
Additional paid-in capital	**17,744**	98,704
Retained earnings	**165,189**	136,321
Accumulated other comprehensive income	**2,523**	1,839
Total shareholders' equity	**185,705**	237,140
Total liabilities and shareholders' equity	**$ 271,660**	$ 314,893

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

	Twelve Months Ended December 31, 2007	Twelve Months Ended December 31, 2006
Operating activities:		
Net income	**$ 30,751**	$ 19,331
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**13,617**	13,247
Asset impairment charge	**—**	270
Stock compensation	**6,199**	6,762
Loss on disposal of equipment	**12**	22
Tax benefit of options exercised	**1,835**	4,546
Excess tax benefits from stock based compensation	**(721)**	(2,519)
Deferred income taxes	**(2,759)**	(574)
Unrealized foreign currency gain	**(1,419)**	(317)
Changes in operating assets and liabilities:		
Accounts receivable, net	**(10,618)**	(1,617)
Other assets	**3,451**	(3,483)
Prepaid retention bonus	**—**	1,599
Accounts payable, accrued and other liabilities	**(5,339)**	3,814
Income taxes	**1,528**	367
Deferred revenue	**1,737**	2,672
Net cash provided by operating activities	**38,274**	44,120
Investing activities:		
Purchase of property and equipment	**(9,401)**	(9,641)
Net maturities (purchases) of investments	**84,517**	(38,133)
Payments in connection with various acquisitions	**—**	(126)
Net cash provided by (used in) investing activities	**75,116**	(47,900)
Financing activities:		
Payment of capital lease obligations	**—**	(147)
Purchase of common stock	**(99,931)**	(16,029)
Excess tax benefits from stock based compensation	**721**	2,519
Proceeds from issuance of common stock from options exercised	**10,910**	16,156
Net cash (used in) provided by financing activities	**(88,300)**	2,499
Foreign currency impact on cash	**1,136**	311
Net change in cash and cash equivalents	**26,226**	(970)
Cash and cash equivalents at beginning of period	**18,449**	19,419
Cash and cash equivalents at end of period	**$ 44,675**	$ 18,449
Supplemental disclosures of cash flow information- noncash investing activity:		
Tenant improvements funded by landlord	**$ 7,918**	$ —

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

	2006				2007				2006	2007
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	YTD
GAAP Diluted EPS	**$ 0.08**	**$ 0.25**	**$ 0.19**	**$ 0.17**	**$ 0.19**	**$ 0.32**	**$ 0.29**	**$ 0.33**	**$ 0.69**	**$ 1.13**
Adjustments to GAAP:										
Stock option expense	$ 0.04	$ 0.06	$ 0.05	$ 0.03	$ 0.03	$ 0.03	$ 0.03	$ 0.02	$ 0.19	$ 0.10
Purchase amortization	$ 0.03	$ 0.03	$ 0.03	$ 0.03	$ 0.03	$ 0.03	$ 0.03	$ 0.03	$ 0.11	$ 0.11
Acquisition related charges	$ 0.02	$ 0.01	$ —	$ —	$ —	$ —	$ —	$ —	$ 0.03	$ —
Settlement charges	$ —	$ —	$ —	$ 0.09	$ —	$ —	$ —	$ —	$ 0.09	$ —
Asset impairment charge	$ —	$ —	$ 0.01	$ —	$ —	$ —	$ —	$ —	$ 0.01	$ —
Sales tax recoveries	$(0.01)	$ (0.01)	$(0.01)	$(0.01)	$(0.01)	$ (0.02)	$(0.01)	$ —	$(0.03)	$(0.03)
Adjusted Diluted EPS	**$ 0.16**	**$ 0.34**	**$ 0.27**	**$ 0.31**	**$ 0.23**	**$ 0.36**	**$ 0.34**	**$ 0.37**	**$ 1.08**	**$ 1.30**

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

	2006				2007				2006	2007
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	YTD
Revenue:										
Americas	$51,143	$65,695	$60,799	$64,683	$68,446	$75,599	$69,850	$70,427	$242,320	$284,322
EMEA	6,952	6,850	6,478	7,071	5,844	9,809	10,463	10,733	27,351	36,849
Asia Pacific	4,690	5,356	5,035	4,116	3,900	4,221	4,276	3,833	19,197	16,230
	$62,785	$77,901	$72,312	$75,870	$78,190	$89,629	$84,589	$84,993	$288,868	$337,401
GAAP Operating Income (Loss):										
Americas	$ 2,467	$10,095	$ 9,131	$11,054	$ 8,734	$12,338	$ 8,894	$10,334	$ 32,747	$ 40,300
EMEA	245	3	(839)	(2,226)	(1,321)	1,145	1,432	1,166	(2,817)	2,422
Asia Pacific	401	739	144	(459)	(131)	189	261	17	825	336
	$ 3,113	$10,837	$ 8,436	$ 8,369	$ 7,282	$13,672	$10,587	$11,517	$ 30,755	$ 43,058
Adjustments (pre-tax):										
Americas:										
Stock option expense	$ 1,558	$ 1,819	$ 1,700	$ 1,177	$ 1,082	$ 1,090	$ 1,184	$ 816	$ 6,254	$ 4,172
Purchase amortization	1,217	1,217	1,217	1,217	1,195	1,195	1,180	1,083	4,868	4,653
Acquisition related charges	722	607	174	—	—	—	—	—	1,503	—
Settlement charges	—	—	—	810	—	—	—	—	810	—
Asset impairment charge	—	—	270	—	—	—	—	—	270	—
Sales tax recoveries	(267)	(465)	(324)	(514)	(373)	(650)	(269)	(146)	(1,570)	(1,438)
	$ 3,230	$ 3,178	$ 3,037	$ 2,690	$ 1,904	$ 1,635	$ 2,095	$ 1,753	$ 12,135	$ 7,387
EMEA:										
Stock option expense	$ 118	$ 125	$ 131	$ 15	$ 39	$ 40	$ 40	$ (17)	$ 389	$ 102
Settlement charges	—	—	—	2,046	—	—	—	—	2,046	—
	$ 118	$ 125	$ 131	$ 2,061	$ 39	$ 40	$ 40	$ (17)	$ 2,435	$ 102
Total Adjustments	$ 3,348	$ 3,303	$ 3,168	$ 4,751	$ 1,943	$ 1,675	$ 2,135	$ 1,736	$ 14,570	$ 7,489
Adjusted non-GAAP Operating Income (Loss):										
Americas	$ 5,697	$13,273	$12,168	$13,744	$10,638	$13,973	$10,989	$12,087	$ 44,882	$ 47,687
EMEA	363	128	(708)	(165)	(1,282)	1,185	1,472	1,149	(382)	2,524
Asia Pacific	401	739	144	(459)	(131)	189	261	17	825	336
	$ 6,461	$14,140	$11,604	$13,120	$ 9,225	$15,347	$12,722	$13,253	$ 45,325	$ 50,547

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				2006	2007

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	YTD
Professional services	$31,801	$34,376	$36,105	$34,105	$38,831	$39,865	$41,488	$38,946	$136,387	$159,130
Customer support and software enhancements	13,361	14,055	14,944	15,774	15,969	15,998	16,949	18,107	58,134	67,023
Total services revenue	$45,162	$48,431	$51,049	$49,879	$54,800	$55,863	$58,437	$57,053	$194,521	$226,153

4. Hardware and other revenue includes the following items (in thousands):

	2006				2007				2006	2007
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	YTD
Hardware revenue	$4,471	$5,424	$3,326	$4,967	$6,666	$ 7,270	$5,614	$5,661	$18,188	$25,211
Billed Travel	2,076	2,799	2,720	2,021	2,971	3,098	3,235	3,702	9,616	13,006
Total Hardware and other revenue	$6,547	$8,223	$6,046	$6,988	$9,637	$10,368	$8,849	$9,363	$27,804	$38,217

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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				2006	2007
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	YTD
Revenue	$ (853)	$ (158)	$ 251	$ 779	$ 748	$ 992	$1,049	$1,231	$ 19	$ 4,020
Costs and Expenses	(823)	(324)	53	1,030	858	1,306	1,629	1,892	(64)	5,685
Operating Income	(30)	166	198	(251)	(110)	(314)	(580)	(661)	83	(1,665)
Foreign currency gains (losses) in other income	98	275	(34)	(91)	(22)	(602)	897	892	248	1,165
	$ 68	$ 441	$ 164	$ (342)	$ (132)	$ (916)	$ 317	$ 231	$ 331	$ (500)

Manhattan Associates has a large research and development center in Bangalore, India. The following table reflects the increases (decreases) in the financial results for each period attributable to changes in the Indian Rupee exchange rate (in thousands):

	2006				2007				2006	2007
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	YTD
Operating Income	$ 53	$ 145	$ 235	$ (32)	$ (14)	$ (443)	$ (693)	(725)	$ 401	$(1,875)
Foreign currency gains (losses) in other income	(30)	25	87	(136)	(82)	(536)	(312)	(248)	(54)	(1,178)
Total impact of changes in the Indian Rupee	$ 23	$ 170	$ 322	$ (168)	$ (96)	$ (979)	$(1,005)	$ (973)	$ 347	$(3,053)

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

	2006				2007				2006	2007
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	YTD
Capital expenditures	$2,195	$2,603	$2,731	$2,112	$2,956	$3,511	$1,467	$1,467	$9,641	$9,401

7. Stock Repurchase Activity

During 2007, we repurchased 3.6 million shares of common stock totaling $100 million at an average price of $28.05. 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.