

MANHATTAN ASSOCIATES INC

Form 8-K

December 16, 2005

Item 1.01 Entry into a Material Definitive Agreement

On December 12, 2005, the Board of Directors of Manhattan Associates, Inc. (the Company) approved an Option Acceleration Agreement that will accelerate the vesting of unvested stock options held by the Company s employees with an exercise price of \$22.09 or higher. This accelerated vesting will affect options for approximately 1.9 million shares of the Company s common stock, including options for approximately 570,000 shares held by the Company s executive officers. In order to prevent unintended personal benefits to individuals resulting from the accelerated vesting of options, the Company imposed sales restrictions on shares acquired upon exercise of these options that parallel the vesting requirements of the original options.

The decision to accelerate vesting of these underwater stock options was made primarily to avoid recognizing compensation expense in the Company s future income statements upon the Company s adoption on January 1, 2006 of Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment (FAS 123R). FAS 123R will require all share-based payments to Company employees and non-management directors, including grants of stock options, to be recognized in the Company s financial statements based on their fair values. Because the options subject to the accelerated vesting are underwater, the Company believes that these options may not be offering a sufficient incentive to its employees when compared to the future compensation expense that the Company would incur under FAS 123R with respect to these options. As a result of the accelerated vesting, the Company expects to reduce the stock option expense it otherwise would be required to record in fiscal 2006 by approximately \$11.5 million.

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/ Steven R. Norton
Steven R. Norton
Senior Vice President and Chief Financial
Officer

Dated: December 16, 2005