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

	Year Ended December 31, 2013	2014	2015	2016	2017
GAAP Operating income	$ 101,287	$ 127,124	$ 161,446	**$ 194,307**	**$ 185,645**
Equity-based compensation [a]	7,325	9,671	14,528	**15,934**	**16,229**
Purchase amortization [c]	6	165	432	**430**	**430**
Restructuring charge [d]	-	-	-	**-**	**2,921**
Adjusted operating income (Non-GAAP)	$ 108,618	$ 136,960	$ 176,406	**$ 210,671**	**$ 205,225**
GAAP Income tax provision	$ 35,813	$ 45,998	$ 59,366	**$ 71,873**	**$ 68,352**
Equity-based compensation [a]	2,602	3,574	5,385	**5,789**	**5,964**
Tax benefit of stock awards vested [b]	-	-	-	**-**	**1,911**
Purchase amortization [c]	2	61	160	**156**	**158**
Restructuring charge [d]	-	-	-	**-**	**1,073**
U.S. Tax Cuts and Jobs Act impact [e]	-	-	-	**-**	**(2,825)**
Adjusted income tax provision (Non-GAAP)	$ 38,417	$ 49,633	$ 64,911	**$ 77,818**	**$ 74,633**
GAAP Net income	$ 67,296	$ 82,000	$ 103,475	**$ 124,234**	**$ 116,481**
Equity-based compensation [a]	4,723	6,096	9,143	**10,145**	**10,265**
Tax benefit of stock awards vested [b]	-	-	-	**-**	**(1,911)**
Purchase amortization [c]	4	104	272	**274**	**272**
Restructuring charge [d]	-	-	-	**-**	**1,848**
U.S. Tax Cuts and Jobs Act impact [e]	-	-	-	**-**	**2,825**
Adjusted net income (Non-GAAP)	$ 72,023	$ 88,201	$ 112,890	**$ 134,653**	**$ 129,780**

On December 19, 2013, our Board of Directors approved a four-for-one stock split of the Company's Common Stock, effected in the form of a stock dividend. All references made to shares or per share amounts have been restated to reflect the effect of this four-for-one stock split for all periods presented.

	2013	2014	2015	2016	2017
GAAP Diluted EPS	$ 0.86	$ 1.08	$ 1.40	**$ 1.72**	**$ 1.68**
Equity-based compensation [a]	0.06	0.08	0.12	**0.14**	**0.15**
Tax benefit of stock awards vested [b]	-	-	-	-	(0.03)
Purchase amortization [c]	-	-	-	-	-
Restructuring charge [d]	-	-	-	-	0.03
U.S. Tax Cuts and Jobs Act impact [e]	-	-	-	-	0.04
Adjusted diluted EPS (Non-GAAP)	$ 0.92	$ 1.16	$ 1.52	**$ 1.87**	**$ 1.87**
Fully diluted shares	77,932	75,841	74,038	**72,060**	**69,424**

(a) Adjusted results exclude all equity-based compensation to facilitate comparison with our competitors and peers. The equity-based compensation is included in the following GAAP operating expense lines for the year ended December 31, 2013, 2014, 2015, 2016 and 2017 as follow:

	Year Ended December 31, 2013	2014	2015	2016	2017
Cost of services	$ 1,235	$ 1,839	$ 2,548	**$ 3,794**	**$ 3,994**
Research and development	1,110	1,541	2,128	**2,489**	**3,208**
Sales and marketing	975	1,563	2,577	**2,431**	**2,240**
General and administrative	4,005	4,728	7,275	**7,220**	**6,787**
Total equity-based compensation	$ 7,325	$ 9,671	$ 14,528	**$ 15,934**	**$ 16,229**

(b) During the first quarter of 2017, we adopted Accounting Standards Update (ASU) 2016-09, Compensation – Stock Compensation: Improvements to Employee Share-Based Payment Accounting, to improve the accounting for employee share-based payments. Under the new guidance, all excess tax benefits and certain tax deficiencies are recognized as income tax expense or benefit in the income statements on a prospective basis, rather than recorded in additional paid-in capital. The adjustment represents the excess tax benefits and tax deficiencies of the stock awards vested during the period. Excess tax benefits (deficiencies) occur when the amount deductible for an award of equity instruments on our tax return is more (less) than the cumulative compensation cost recognized for financial reporting purposes, respectively. As discussed above, we excluded equity-based compensation from adjusted non-GAAP results to be consistent with other companies in the software industry. Therefore, we also excluded the related tax benefit (expense) generated upon their vesting.

(c) Adjustments represent purchased intangibles amortization from a prior acquisition. Such amortization is excluded from adjusted results to facilitate comparison with our peers and to facilitate comparisons of the results of our core operations from period to period.

(d) In May 2017, we eliminated about 100 positions due to the headwinds in the retail sector and to align our services capacity with demand. This action does not impair or alter our strategic investment plans in innovation and sales and marketing to increase market share and extend our competitive advantage. As a result of this initiative, we recorded a charge of approximately $2.9 million in 2017. The charge primarily consists of employee severance and employee transition and outplacement costs. We do not believe that the charge is a cost resulting from normal operating activities. Consequently, we have excluded this charge from adjusted non-GAAP results.

(e) The enactment of the Tax Cuts and Jobs Act in December 2017 resulted in a provisional net one-time tax of $2.8 million in the fourth quarter of 2017 based on a reasonable estimate of the income tax effects, primarily from a tax on accumulated foreign earnings and the remeasurement of deferred tax assets. As this was a one-time charge, we have excluded this charge from adjusted non-GAAP results. We continue to finalize the analysis of the tax reform provisions in 2018.