

## **Use of Non-GAAP Financial Measures in our Earnings Conference Call**

Our fourth quarter earnings conference call contained certain non-GAAP financial measures that were not in our press release, including the following on a non-GAAP basis: services gross margin, cost of maintenance and support services, gross margin, research and development expense, sales and marketing expense, general & administrative expense and operating margin. The Company defines these non-GAAP measures as the measure on a GAAP basis excluding the impact of stock-based compensation expense, recapitalization retention expense, New Mountain advisory and transaction fees and amortization of intangibles. In addition to these items, the Company used adjusted EBITDA as a measure of performance. Adjusted EBITDA is defined as GAAP net income before interest expenses (net of interest income), provision for income taxes, depreciation, amortization, stock-based compensation, retention payments associated with the Company's 2005 recapitalization and New Mountain Capital fees.

The Company believes that the presentation of these non-GAAP financial measures provides useful information to its investors and lenders because they provide further insight into the overall understanding of the Company's financial performance on a comparative basis. The Company believes that by providing this information, it provides insight and consistency in its financial reporting and presents a basis for comparison of its business operations between current, past and future periods. In addition, the measures provide a basis for the Company to compare its financial results to those of other comparable publicly traded companies and are used by its management team to plan and forecast its business.

Adjusted EBITDA is also used as the basis for the Company's calculations to determine compliance with its debt covenants and to assess its ability to borrow additional funds to finance or expand its operations.

Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance which are prepared in accordance with U.S. GAAP and may be different from non-GAAP financial measures used by other companies. Investors are encouraged to review the reconciliations of our GAAP to non-GAAP net income and adjusted EBITDA, which are set forth below.

**DELTEK, INC.**  
**RECONCILIATION OF GAAP SERVICES GROSS MARGIN**  
**TO NON-GAAP SERVICES GROSS MARGIN**

(in thousands)  
(unaudited)

	Three Months Ended				Twelve Months Ended			
	December 31,				December 31,			
	2007		2006		2007		2006	
Services Gross Margin - GAAP	\$ 2,511	11.3%	\$ 4,599	22.2%	\$ 10,794	12.9%	\$ 11,897	17.9%
Plus: Stock-based Compensation and Recapitalization Retention Expense	406		131		1,239		395	
Plus: Amortization of Acquired Intangibles	19		-		59		-	
Services Gross Margin - Non-GAAP	<u>\$ 2,936</u>	13.2%	<u>\$ 4,730</u>	22.8%	<u>\$ 12,092</u>	14.5%	<u>\$ 12,292</u>	18.5%
Consulting Services Revenue	<u>\$ 22,307</u>		<u>\$ 20,727</u>		<u>\$ 83,353</u>		<u>\$ 66,573</u>	

**RECONCILIATION OF GAAP COST OF MAINTENANCE AND SUPPORT SERVICES**  
**TO NON-GAAP COST OF MAINTENANCE AND SUPPORT SERVICES**

(in thousands)  
(unaudited)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2007	2006	2007	2006
Cost of Maintenance and Support Services - GAAP	\$ 5,210	\$ 4,151	\$ 17,387	\$ 15,483
Less: Stock-based Compensation and Recapitalization Retention Expense	268	28	396	114
Less: Amortization of Acquired Intangibles	-	-	-	-
Cost of Maintenance and Support Services - Non-GAAP	<u>\$ 4,942</u>	<u>\$ 4,123</u>	<u>\$ 16,991</u>	<u>\$ 15,369</u>

**RECONCILIATION OF GAAP GROSS MARGIN  
TO NON-GAAP GROSS MARGIN**

(in thousands)  
(unaudited)

	Three Months Ended				Twelve Months Ended			
	December 31,				December 31,			
	2007		2006		2007		2006	
Gross Margin - GAAP	\$ 50,072	65.0%	\$ 44,717	66.6%	\$ 175,169	63.0%	\$ 146,608	64.2%
Plus: Stock-based Compensation and Recapitalization Retention Expense	675		159		1,638		511	
Plus: Amortization of Acquired Intangibles	449		426		1,771		1,144	
Gross Margin - Non-GAAP	<u>\$ 51,196</u>	66.5%	<u>\$ 45,302</u>	67.5%	<u>\$ 178,578</u>	64.2%	<u>\$ 148,263</u>	65.0%
Total Revenues	<u>\$ 77,019</u>		<u>\$ 67,132</u>		<u>\$ 278,246</u>		<u>\$ 228,268</u>	

**RECONCILIATION OF GAAP RESEARCH AND DEVELOPMENT EXPENSE  
TO NON-GAAP RESEARCH AND DEVELOPMENT EXPENSE**

(in thousands)  
(unaudited)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2007	2006	2007	2006
Research and Development - GAAP	\$ 11,272	\$ 10,457	\$ 42,925	\$ 37,293
Less: Stock-based Compensation and Recapitalization Retention Expense	447	190	1,543	697
Less: Amortization of Acquired Intangibles	-	-	160	300
Research and Development - Non-GAAP	<u>\$ 10,825</u>	<u>\$ 10,267</u>	<u>\$ 41,222</u>	<u>\$ 36,296</u>

**RECONCILIATION OF GAAP SALES AND MARKETING EXPENSE  
TO NON-GAAP SALES AND MARKETING EXPENSE**

(in thousands)  
(unaudited)

	<b>Three Months Ended</b>		<b>Twelve Months Ended</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Sales and Marketing - GAAP	\$ 13,098	\$ 11,436	\$ 45,299	\$ 37,807
Less: Stock-based Compensation and Recapitalization Retention Expense	416	148	1,269	474
Less: Amortization of Acquired Intangibles	640	652	2,473	2,317
Sales and Marketing - Non-GAAP	<u>\$ 12,042</u>	<u>\$ 10,636</u>	<u>\$ 41,557</u>	<u>\$ 35,016</u>

**RECONCILIATION OF GAAP GENERAL AND ADMINISTRATIVE EXPENSE  
TO NON-GAAP GENERAL AND ADMINISTRATIVE EXPENSE**

(in thousands)  
(unaudited)

	<b>Three Months Ended</b>		<b>Twelve Months Ended</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
General and Administrative - GAAP	\$ 8,895	\$ 7,787	\$ 30,619	\$ 26,622
Less: Stock-based Compensation and Recapitalization Retention Expense	842	240	2,408	811
Less: Amortization of Acquired Intangibles	19	18	73	32
Less: NMC Advisory and Transaction Fees	-	125	250	2,500
General and Administrative - Non-GAAP	<u>\$ 8,034</u>	<u>\$ 7,404</u>	<u>\$ 27,888</u>	<u>\$ 23,279</u>

**RECONCILIATION OF GAAP OPERATING MARGIN  
TO NON-GAAP OPERATING MARGIN**

(in thousands)  
(unaudited)

	Three Months Ended				Twelve Months Ended			
	December 31,				December 31,			
	2007		2006		2007		2006	
Operating Margin - GAAP	\$ 16,807	21.8%	\$ 15,037	22.4%	\$ 56,326	20.2%	\$ 44,886	19.7%
Plus: Stock-based Compensation and Recapitalization Retention Expense	2,380		737		6,858		2,493	
Plus: Amortization of Acquired Intangibles	1,108		1,096		4,477		3,793	
Plus: NMC Advisory and Transaction Fees	-		125		250		2,500	
Operating Margin - Non-GAAP	<u>\$ 20,295</u>	26.4%	<u>\$ 16,995</u>	25.3%	<u>\$ 67,911</u>	24.4%	<u>\$ 53,672</u>	23.5%
Total Revenues	<u>\$ 77,019</u>		<u>\$ 67,132</u>		<u>\$ 278,246</u>		<u>\$ 228,268</u>	

**RECONCILIATION OF GAAP NET INCOME TO ADJUSTED EBITDA**

(in thousands)  
(unaudited)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2007	2006	2007	2006
Net Income (GAAP Basis)	\$ 7,125	\$ 6,367	\$ 22,519	\$ 15,298
NMC Advisory and Transaction Fees	-	125	250	2,500
Stock-based Compensation	2,258	579	6,134	1,686
Recapitalization Retention Expense	122	158	724	807
Depreciation	855	708	3,271	2,484
Amortization	1,427	1,481	5,970	5,613
Interest Expense, net	4,425	4,593	18,198	19,701
Income Tax Expense	5,120	4,134	15,477	9,969
Adjusted EBITDA	<u>\$ 21,332</u>	<u>\$ 18,145</u>	<u>\$ 72,543</u>	<u>\$ 58,058</u>