



GP STRATEGIES CORPORATION AND SUBSIDIARIES

Non-GAAP Reconciliation – EBITDA ⁽¹⁾

(In thousands)

(Unaudited)

	Quarters ended		Nine months ended	
	September 30,		September 30,	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Net income ⁽⁴⁾	\$ 6,183	\$ 4,619	\$ 16,551	\$ 11,920
Interest expense	75	51	175	149
Income tax expense	2,061	3,054	8,999	8,132
Depreciation and amortization	2,114	1,715	5,920	4,329
EBITDA	<u>\$ 10,433</u>	<u>\$ 9,439</u>	<u>\$ 31,645</u>	<u>\$ 24,530</u>

(1) Earnings before interest, income taxes, depreciation and amortization (EBITDA) is a widely used non-GAAP financial measure of operating performance. It is presented as supplemental information that the Company believes is useful to investors to evaluate its results because it excludes certain items that are not directly related to the Company's core operating performance. EBITDA is calculated by adding back to net income interest expense, income tax expense, depreciation and amortization. EBITDA should not be considered as substitutes either for net income, as an indicator of the Company's operating performance, or for cash flow, as a measure of the Company's liquidity. In addition, because EBITDA may not be calculated identically by all companies, the presentation here may not be comparable to other similarly titled measures of other companies.

(2) Net income includes the following non-recurring or acquisition-related amounts:

- A \$1,602,000 income tax benefit on the reduction of an uncertain tax position liability during the third quarter of 2012.
- Net losses of \$792,000 and \$863,000, on the change in fair value of contingent consideration for the third quarter and nine months ended September 30, 2012, respectively, for which no income tax benefit is recognized, compared to net gains of \$303,000 and \$506,000 for the third quarter and nine months ended September 30, 2011, respectively.