



GP STRATEGIES CORPORATION AND SUBSIDIARIES

Non-GAAP Reconciliation – EBITDA ⁽¹⁾

(In thousands)

(Unaudited)

	Quarters ended September 30,		Nine months ended September 30,	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Net income	\$ 7,244	\$ 6,143	\$ 19,674	\$ 16,315
Interest expense	117	90	399	256
Income tax expense ⁽²⁾	3,877	4,111	12,351	9,994
Depreciation and amortization	2,526	2,305	7,477	6,255
EBITDA	<u>\$ 13,764</u>	<u>\$ 12,649</u>	<u>\$ 39,901</u>	<u>\$ 32,820</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 a substitute 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) Income tax expense for the third quarter of 2014 includes a \$0.6 million income tax benefit resulting from a claim for a deduction under Internal Revenue Code Section 199 for the Domestic Production Deduction on the Company's 2013 U.S. federal income tax return which was not taken in previous years. The Company is currently evaluating whether a deduction is available for prior years in which the statute of limitations is open and may recognize an income tax benefit in future periods.