

**TRX, INC. AND SUBSIDIARIES**  
**UNAUDITED RECONCILIATION OF GAAP FINANCIAL MEASURES**  
**TO NON-GAAP FINANCIAL MEASURES**  
(In thousands)

**Reconciliation of Net Income to EBITDA and Adjusted EBITDA**

	<b>Three Months</b>		<b>Nine Months</b>	
	<b>Ended September 30,</b>		<b>Ended September 30,</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Net income	\$ 743	\$ 797	\$ 668	\$ 1,683
Depreciation and amortization	812	993	2,809	3,073
Interest expense, net	103	167	345	513
Income tax provision (benefit)	44	(171)	283	359
EBITDA	1,702	1,786	4,105	5,628
Impairment of goodwill	84	69	236	235
Stock compensation credit	(110)	(198)	(121)	(272)
Adjusted EBITDA	<u>\$ 1,676</u>	<u>\$ 1,657</u>	<u>\$ 4,220</u>	<u>\$ 5,591</u>

**Reconciliation of Net Cash Provided by Operations to Free Cash Flow**

	<b>Nine Months</b>	
	<b>Ended September 30,</b>	
	<b>2011</b>	<b>2010</b>
Net cash provided by operating activities	\$ 4,076	\$ 917
Capital expenditures	(1,449)	(2,174)
Free cash flow	<u>\$ 2,627</u>	<u>\$ (1,257)</u>