

GP STRATEGIES CORP
Form DEF 14A
September 29, 2009
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 14a-11c or Rule 14a-12

GP Strategies Corporation
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
 - (5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:

Table of Contents

GP STRATEGIES CORPORATION

6095 Marshalee Drive

Elkridge, Maryland 21075

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

to be held November 12, 2009

To our Stockholders:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders (the Annual Meeting) of GP Strategies Corporation (the Company) will be held at the Intercontinental Harbor Court Hotel, 550 Light Street, Baltimore, Maryland, on the 12th day of November 2009, at 10:30 a.m., local time, for the following purposes:

1. To elect seven persons to the Board of Directors of the Company to serve until their respective successors are elected and qualified.
2. To vote upon a proposal to ratify the appointment of KPMG LLP (KPMG) as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2009.
3. Any other matters properly brought before the meeting or any adjournments or postponements thereof.

The foregoing items of business are described more fully in our Proxy Statement.

Only stockholders of record as of the close of business on September 14, 2009 are entitled to receive notice of and to vote at the Annual Meeting. A quorum of the stockholders is constituted by the presence, in person or by proxy, of holders of record of Common Stock representing a majority of the number of votes entitled to be cast as of the record date. A list of such stockholders shall be open to the examination of any stockholder, for any purpose germane to the Annual Meeting, during ordinary business hours, for a period of ten days prior to the meeting, at the offices of the Company at 6095 Marshalee Drive, Suite 300, Elkridge, Maryland.

Whether or not you plan to attend the Annual Meeting, please vote as soon as possible. As an alternative to voting in person at the Annual Meeting, you may vote via the Internet, by telephone or, if you receive a paper proxy card in the mail, by mailing a completed proxy card. For detailed information regarding voting instructions, please refer to the section entitled "Voting via the Internet, by Telephone or by Mail" on page 2 of the Proxy Statement. You may revoke a previously delivered proxy at any time prior to the Annual Meeting. If you decide to attend the Annual Meeting and wish to change your proxy vote, you may do so automatically by voting in person at the Annual Meeting.

By Order of the Board of Directors

Kenneth L. Crawford, *Secretary*

Elkridge, Maryland
September 29, 2009

INTERNET AVAILABILITY OF PROXY MATERIALS

This year, in accordance with new U.S. Securities and Exchange Commission rules, we are using the Internet as our primary means of furnishing proxy materials to stockholders. Consequently, most stockholders will not receive paper copies of our proxy materials. We will instead send these stockholders a Notice of Internet Availability of Proxy Materials with instructions for accessing the proxy materials, including our proxy statement and annual report, and voting via the Internet. The Notice of Internet Availability of Proxy Materials also provides information on how stockholders may obtain paper copies of our proxy materials if they so choose. We believe this new rule will make the proxy distribution process more efficient, less costly and help in conserving natural resources. If you previously elected to receive our proxy materials electronically, these materials will continue to be sent via email unless you change your election.

Table of Contents

GP STRATEGIES CORPORATION

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON NOVEMBER 12, 2009

TABLE OF CONTENTS

<u>INFORMATION CONCERNING SOLICITATION AND VOTING</u>	1
<u>Required Votes</u>	1
<u>Record Date</u>	1
<u>Voting via the Internet, by Telephone or by Mail; Revoking Earlier Vote</u>	2
<u>PRINCIPAL STOCKHOLDERS</u>	3
<u>SECURITY OWNERSHIP OF DIRECTORS AND NAMED EXECUTIVE OFFICERS</u>	4
<u>PROPOSAL 1. ELECTION OF DIRECTORS</u>	5
<u>Required Vote and Board Recommendation</u>	6
<u>Corporate Governance</u>	7
<u>Corporate Governance Guidelines</u>	7
<u>Code of Business Conduct and Ethics</u>	7
<u>Director Independence</u>	7
<u>Executive Sessions of Non-Management Directors</u>	7
<u>Nominating/Corporate Governance Committee</u>	7
<u>Stockholder Recommendations for Board Nominees</u>	8
<u>Compensation Committee</u>	8
<u>Executive Committee</u>	9
<u>Audit Committee</u>	9
<u>Communications with the Board of Directors</u>	9
<u>Identification of Executive Officers</u>	10
<u>PROPOSAL 2. RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	12
<u>Independent Registered Public Accounting Firms Fees</u>	12
<u>Policy on Pre-Approval of Services Provided by Independent Auditor</u>	12
<u>Audit Committee Report</u>	13
<u>Required Vote and Board Recommendation</u>	13
<u>EXECUTIVE COMPENSATION</u>	14
<u>Compensation Committee</u>	14
<u>Compensation Discussion & Analysis</u>	14
<u>Potential Payments Upon Termination or Change in Control</u>	22
<u>Director Compensation</u>	26
<u>Compensation Committee Interlocks and Insider Participation</u>	26
<u>Compensation Committee Report</u>	27
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	28
<u>Review & Approval Process for Related Person Transactions</u>	28
<u>Related Transactions</u>	28
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	29
<u>ADDITIONAL INFORMATION</u>	30
<u>Compliance with Section 16(a) of the Exchange Act</u>	30

<u>Stockholder Proposals</u>	30
<u>Annual Report</u>	30
<u>General</u>	30
<u>Cost of Solicitation</u>	30

Table of Contents

GP STRATEGIES CORPORATION

6095 Marshalee Drive

Elkridge, Maryland 21075

PROXY STATEMENT

INFORMATION CONCERNING SOLICITATION AND VOTING

The accompanying Proxy is solicited by and on behalf of the Board of Directors of the Company, for use only at the Annual Meeting to be held at the Intercontinental Harbor Court Hotel, 550 Light Street, Baltimore, Maryland on the 12th day of November 2009, at 10:30 a.m., local time, and at any adjournments or postponement thereof. The approximate date on which this Proxy Statement and the accompanying Proxy were first given or sent to security holders was September 29, 2009.

Properly delivered Proxies will be voted in accordance with the specifications made and where no specifications are given, such Proxies will be voted FOR the proposal to elect seven persons to the Board of Directors of the Company to serve until their respective successors are elected and qualified and FOR the proposal to ratify the appointment of KPMG as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2009. In the discretion of the proxy holders, the Proxies will also be voted FOR or AGAINST such other matters as may properly come before the Annual Meeting. The management of the Company is not aware of any other matters that are to be presented for action at the Annual Meeting. If any other matters are properly brought before the Annual Meeting, the persons named in your proxies will vote in accordance with their best judgment. Although it is intended that the Proxies will be voted for the nominees named herein, the holders of the Proxies reserve discretion to cast votes for individuals other than such nominees in the event of the unavailability of any such nominee. The Company has no reason to believe that any of the nominees will become unavailable for election. The Proxies may not be voted for a greater number of persons than the number of nominees named.

Required Votes

In the election of directors (Proposal 1), you may either vote for each nominee or expressly withhold your vote with respect to a nominee. The directors are elected by a plurality of the votes of the holders of shares of Common Stock present in person or represented by proxy at the Annual Meeting, which means the seven director nominees receiving the highest number of votes will be elected. Accordingly, shares not present and shares present but not voted (because such vote is expressly withheld or is simply not cast) will have no effect on the voting outcome with respect to the election of directors.

Edgar Filing: GP STRATEGIES CORP - Form DEF 14A

The proposal to ratify the appointment of KPMG as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2009 (Proposal 2) requires the affirmative vote of a majority of the shares of Common Stock present in person or represented by proxy at the Annual Meeting. For Proposal 2, abstentions will be counted as present and will have the same legal effect as a negative vote.

Because the election of directors (Proposal 1) and the ratification of the appointment of KPMG as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2009 (Proposal 2) are each a routine proposal, if you hold your shares in street name and do not give your broker or nominee instructions as to how to vote your shares with respect to Proposal 1 or Proposal 2, your broker or nominee will have discretionary authority to vote your shares under applicable rules.

Record Date

The Board of Directors has fixed the close of business on September 14, 2009 as the record date for the determination of stockholders entitled to receive notice of and to vote at the Annual Meeting. The issued and outstanding capital stock of the Company on September 14, 2009 consisted of 15,656,165 shares of Common Stock, each entitled to one vote per share. A quorum of the stockholders is constituted by the presence, in person or by proxy, of holders of record of Common Stock, representing a majority of the number of votes entitled to be cast.

Table of Contents

Voting via the Internet, by Telephone or by Mail; Revoking Earlier Vote

As an alternative to voting in person at the Annual Meeting, stockholders whose shares are registered in their own names may vote via the Internet, by telephone or, for those stockholders who receive a paper proxy card in the mail, by mailing a completed proxy card. The Notice of Internet Availability of Proxy Materials provides instructions on how to access your proxy card, which contains instructions on how to vote via the Internet or by telephone. For those stockholders who receive a paper proxy card, instructions for voting via the Internet or by telephone are set forth on the proxy card. Those stockholders who receive a paper proxy card and voting instructions by mail, and who elect to vote by mail, should sign and return the mailed proxy card in the prepaid and addressed envelope that was enclosed with the proxy materials, and your shares will be voted at the Annual Meeting in the manner you direct.

If your shares are registered in the name of a bank or brokerage firm (your record holder), you will receive instructions from your record holder that must be followed in order for your record holder to vote your shares per your instructions. Many banks and brokerage firms have a process for their beneficial holders to provide instructions via the Internet or over the telephone. If Internet or telephone voting is unavailable from your bank or brokerage firm, please complete and return the enclosed voting instruction card in the addressed, postage paid envelope provided. If you hold shares through a bank or brokerage firm and wish to be able to vote in person at the Annual Meeting, you must obtain a legal proxy from your brokerage firm, bank or other holder of record and present it to the inspector of elections with your ballot.

You may revoke or change a previously delivered proxy at any time before the Annual Meeting by delivering another proxy with a later date, by voting again via the Internet or by telephone, or by delivering written notice of revocation of your proxy to GP Strategies Corporation's Secretary at its principal executive offices before the beginning of the Annual Meeting. You may also revoke your proxy by attending the Annual Meeting and voting in person, although attendance at the Annual Meeting will not, in and of itself, revoke a valid proxy that was previously delivered. If you hold shares through a bank or brokerage firm, you must contact that bank or brokerage firm to revoke any prior voting instructions. You may also vote in person at the Annual Meeting if you obtain a legal proxy as described in the preceding paragraph.

Table of Contents**PRINCIPAL STOCKHOLDERS**

The following table sets forth the number of shares of Common Stock beneficially owned as of September 14, 2009 by each person who is known by the Company based on their filings with the Securities and Exchange Commission (SEC) to own beneficially more than 5% of the Company's outstanding Common Stock.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Owner	Percent of Class
Royce & Associates, LLC 1414 Avenue of the Americas New York, NY 10019	1,539,900 shares(1)	9.8%
Manatuck Hill Partners, LLC 1465 Post Road East Westport, CT 06880	1,522,570 shares(2)	9.7%
Dimensional Fund Advisors LP 1299 Ocean Avenue Santa Monica, CA 90401	1,005,905 shares(3)	6.4%
Delaware Charter Guarantee & Trust Company dba Principal Trust Company as Trustee for the GP Retirement Savings Plan 1013 Centre Road Wilmington, DE 19805	852,554 shares(4)	5.4%
Renaissance Technologies LLC 800 Third Avenue New York, NY 10022	782,400 shares(5)	5.0%

(1) Based on a Form 13F filed by Royce & Associates, LLC with the SEC on August 4, 2009.

(2) Based on a Form 13G filed by Manatuck Hill Partners, LLC with the SEC on July 10, 2009.

(3) Based on a Form 13F filed by Dimensional Fund Advisors LP (Dimensional) with the SEC on August 10, 2009. Dimensional has informed the Company that the shares are owned by advisory clients of Dimensional and that Dimensional disclaims beneficial

Edgar Filing: GP STRATEGIES CORP - Form DEF 14A

ownership of such shares.

- (4) Based on a Schedule 13G filed by Principal Trust Company with the SEC on January 26, 2009. The GP Retirement Savings Plan (Plan) is subject to the Employee Retirement Income Security Act of 1974 (ERISA). Delaware Charter Guarantee & Trust Company dba Principal Trust Company acts as the Trustee for the 401(k) Plan Trust. The securities reported include all shares held of record by the Trustee as trustee of the Trust. The Trustee follows the directions of the Issuer and/or Plan participants with respect to voting and disposition of shares. The Trustee, however, is subject to fiduciary duties under ERISA. The Trustee disclaims beneficial ownership of the reported shares of common stock held.
- (5) Based on a Form 13F filed by Renaissance Technologies LLC with the SEC on August 13, 2009.

Table of Contents**SECURITY OWNERSHIP OF DIRECTORS AND NAMED EXECUTIVE OFFICERS**

The following table sets forth, as of September 14, 2009, the beneficial ownership of Common Stock, by each director, each of the named executive officers, and all directors and executive officers as a group.

Name of Beneficial Owner	Amount and Nature of Beneficial Owner	Percent of Class(1)
Harvey P. Eisen	376,466(2)	2.4%
Marshall S. Geller	225,678	1.4%
Scott N. Greenberg	178,813(3)	1.1%
Sue W. Kelly	8,533	*
Richard C. Pfenniger, Jr.	19,477	*
A. Marvin Strait	11,533	*
Gene A. Washington	8,533	*
Douglas E. Sharp	102,640(4)	*
Sharon Esposito-Mayer	58,574(4)	*
Karl Baer	60,511(4)	*
Donald R. Duquette	65,089(4)	*
Directors and Executive Officers as a Group (14 persons)	1,209,373(5)	7.6%

* Less than one percent.

- (1) Assumes for each beneficial owner and directors and executive officers as a group that all currently exercisable options are exercised in full only by the named beneficial owner or members of the group and no other options are exercised.
- (2) Includes 350,000 shares of Common Stock beneficially owned by Bedford Oak Partners, L.P. (Bedford Oak). Mr. Eisen is deemed to have beneficial ownership of such shares by virtue of his position as managing member of Bedford Oak Advisors, LLC, the investment manager of Bedford Oak.
- (3) Includes (i) 33,750 shares issuable upon exercise of currently exercisable stock options; (ii) 13,019 shares of Common Stock allocated to Mr. Greenberg's account pursuant to the provisions of our Retirement Savings Plan and (iii) 4,000 shares of Common Stock held by members of his family. Mr. Greenberg disclaims beneficial ownership of the 4,000 shares of Common Stock held by members of his family.
- (4) Includes 34,976 shares for Mr. Sharp, 20,254 shares for Ms. Esposito-Mayer, 22,860 shares for Mr. Baer and 26,399 shares for Mr. Duquette, issuable upon exercise of currently exercisable stock options; and 14,004 shares for Mr. Sharp, 8,444 shares for Ms. Esposito-Mayer, 7,692 shares for Mr. Baer and 13,031 shares for Mr. Duquette allocated pursuant to the provisions of our Retirement Savings Plan.
- (5) Includes 172,895 shares of Common Stock issuable upon exercise of currently exercisable stock options and 69,578 shares of Common Stock allocated to accounts pursuant to the provisions of our Retirement Savings Plan.

Table of Contents**PROPOSAL 1. ELECTION OF DIRECTORS**

Seven directors will be elected at the Annual Meeting to hold office until the next Annual Meeting of Stockholders and until their respective successors are elected and qualify. The Proxies solicited by this proxy statement may not be voted for a greater number of persons than the number of nominees named. Each nominee has consented to being named in this proxy statement and has agreed to serve if elected. It is intended that these Proxies will be voted for the following nominees, but the holders of these Proxies reserve discretion to cast votes for individuals other than the nominees for Director named below in the event of the unavailability of any such nominee. Set forth below are the names of the nominees, the year in which first elected a Director of the Company, the principal occupation of each nominee, and certain other information.

Name and Year First Elected as Director	Age	Principal Occupation and Business Experience During the Past Five Years
Scott N. Greenberg (1987)	52	Mr. Greenberg has been Chief Executive Officer since April 2005 and was the President of the Company from 2001 until February 2006. He was Chief Financial Officer from 1989 until December 2005, Executive Vice President from 1998 to 2001, Vice President from 1985 to 1998, and has held various other positions since joining the Company in 1981. From 1999 to 2008 he was a Director of GSE Systems, Inc. (GSE), a global provider of real-time simulation and training solutions and a former majority-owned subsidiary of the Company which was spun off in 2005. Mr. Greenberg has also been a Director of National Patent Development Corporation (NPDC), a holding company with interests in optical plastics, paint and hardware distribution services, since 2004, when NPDC, formerly a wholly-owned subsidiary of the Company, was spun off. Mr. Greenberg was also Chief Financial Officer of NPDC from 2004 until August 2007.
Harvey P. Eisen (2002)	67	Mr. Eisen has been the Chairman of the Board since April 2005. He has been Chairman and Managing Member of Bedford Oak Advisors, LLC since 1998. Prior thereto, Mr. Eisen served as Senior Vice President of Travelers, Inc. and of Primerica prior to its merger with Travelers in 1993. Mr. Eisen has over thirty years of asset management experience. Mr. Eisen is a Trustee of the University of Missouri Business School, where he established the first accredited course on the Warren Buffet Principles of Investing, and of Johns Hopkins University. Mr. Eisen has also been a Director of NPDC since August 2004 and became Chairman of the Board of NPDC in May 2007.
Marshall S. Geller (2002)	70	Mr. Geller is Founder and Senior Managing Director of St. Cloud Capital, a Los Angeles based private equity fund formed in December 2001. He has spent more than 40 years in corporate finance and investment banking, including 21 years as a Senior Managing Partner of Bear, Stearns & Co., with oversight of all operations in Los Angeles, San Francisco, Chicago, Hong Kong and the Far East. Mr. Geller is currently a Director on the boards of National Holdings Corporation, California Pizza Kitchen, Inc., and Guidance Software, Inc., and is on the Board of Governors of Cedars Sinai Medical Center, Los Angeles. Mr. Geller also serves on the Dean's Advisory Council for the College of Business & Economics at California State University, Los Angeles, and on the Little Hoover Commission, an independent California state oversight agency.

Table of Contents

Name and Year First Elected as Director	Age	Principal Occupation and Business Experience During the Past Five Years
Richard C. Pfenniger, Jr. (2005)	54	Mr. Pfenniger is the Chairman of the Board, President, and Chief Executive Officer of Continucare Corporation, a provider of primary care physician services. Mr. Pfenniger was appointed President and Chief Executive Officer of Continucare in October 2003 after having served as a member of the board of Continucare since March 2002 and as Chairman since September 2002. Mr. Pfenniger was the Chief Executive Officer and Vice Chairman of Whitman Education Group, Inc., a provider of career-oriented higher education, from 1997 until June 2003. From 1994 to 1997, Mr. Pfenniger served as the Chief Operating Officer of IVAX Corporation, and from 1989 to 1994 he served as the Senior Vice President-Legal Affairs and General Counsel of IVAX Corporation, a multi-national pharmaceutical company. Mr. Pfenniger currently serves as a Director of Safestitch Medical, Inc. and Opko Health, Inc.
Sue W. Kelly (2007)	73	Mrs. Kelly is currently President and Chief Executive Officer of Kelly Consulting LLC, an investment and consulting firm. From 1995 to January 2007 she was a member of the U.S. House of Representatives, representing the 19th Congressional District of New York. While in Congress she served on the Board of Visitors of the U.S. Military Academy at West Point and on the House Financial Services Committee, among other assignments. Prior to becoming a Congresswoman, she worked in a variety of positions in business and education. Ms. Kelly also currently serves as a Director of Magna Carta Companies, Inc.
A. Marvin Strait (2007)	75	Mr. Strait presently practices as a Certified Public Accountant under the name A. Marvin Strait, CPA. He has practiced in the field of public accountancy in Colorado for over 40 years. He presently serves as a member of the Board of Trustees of the Colorado Springs Fine Arts Center Foundation, the Sam S. Bloom Foundation, The Penrose-St. Francis Health Foundation and Pikes Peak Educational Foundation. He also presently serves as a member of the Board of Directors and Chairman of the Audit Committee of Sturm Financial Group, Inc. and Continucare Corporation, and on the Community Advisory Panel of American National Bank. Mr. Strait previously served as the Chairman of the Board of Directors of the American Institute of Certified Public Accountants (AICPA), as President of the Colorado Society of Certified Public Accountants and the Colorado State Board of Accountancy, and serves as a permanent member of the AICPA Governing Council.
Gene A. Washington (2007)	62	Mr. Washington was the Director of Football Operations with the National Football League (NFL) in New York from 1994 until his retirement in March 2009. He previously served as a professional sportscaster and as Assistant Athletic Director for Stanford University prior to joining the NFL. Mr. Washington has served on numerous corporate and civic boards, and currently serves as a Director for several NYSE-listed companies including dELiA*s, Goodrich Petroleum Corporation and the former New York Bancorp, Inc.

Required Vote and Board Recommendation

In the election of directors (Proposal 1), you may either vote for each nominee or expressly withhold your vote with respect to a nominee. The directors are elected by a plurality of the votes of the holders of shares of Common Stock present in person or represented by proxy at the Annual Meeting, which means the seven director nominees receiving the highest number of votes will be elected.

The Board of Directors recommends that you vote FOR the election of each of the seven nominees.

Table of Contents

Corporate Governance

The Board of Directors has the responsibility for establishing broad corporate policies and for the overall performance of the Company, although it is not involved in day-to-day operating details. Members of the Board of Directors are kept informed of the Company's business by various reports and documents sent to them as well as by operating and financial reports made at Board and Committee meetings. The Board of Directors held thirteen meetings in 2008. All of the Directors attended at least 75% of the total number of meetings of the Board of Directors and of Committees of the Board on which they served. We do not have an official policy with regard to Board members' attendance at annual meetings of stockholders. However, we encourage all Directors to attend and typically schedule a meeting of the Board of Directors later on the same day as our meeting of stockholders and in 2008, all Directors except for one attended the annual meeting of stockholders.

Corporate Governance Guidelines

Our Board of Directors, on the recommendation of the Nominating and Corporate Governance Committee, adopted a set of corporate governance guidelines, a copy of which is available on our website at www.gpworldwide.com under the Corporate Governance page of the Investors section. We will provide a copy of such guidelines to any stockholder who requests one by contacting our Secretary, 6095 Marshalee Drive, Suite 300, Elkridge, MD 21075. We continue to monitor our corporate governance guidelines to comply with rules adopted by the SEC, the NYSE and industry practice.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics for our directors, officers and employees, including, but not limited to, the Chief Executive Officer and the Chief Financial Officer and other senior managers in our accounting and finance departments. A copy of this Code of Business Conduct and Ethics can be found on our website at www.gpworldwide.com under the Corporate Governance page of the Investors section. We will provide a copy of such code to any stockholder who requests one by contacting our Secretary, 6095 Marshalee Drive, Suite 300, Elkridge, MD 21075. If we make any substantive amendments to the Code of Ethics for our executive officers or directors or grant any waiver from a provision of the Code of Ethics for our executive officers or directors, we will within four (4) business days disclose the nature of such amendment or waiver in a Report on Form 8-K or on our website at www.gpworldwide.com.

Director Independence

The Board of Directors reviews the independence of its members on an annual basis. No Director will be deemed to be independent unless the Board affirmatively determines that the Director in question has no material relationship with the Company, directly or as an officer, stockholder, member or partner of an organization that has a material relationship with the Company. The Board has not adopted any categorical standards of Director independence, however, the Board of Directors employs the standards of independence of the New York Stock Exchange (NYSE) rules currently in effect in making its determination that a Director qualifies as independent. In its annual review of Director independence, the Board considers all commercial, banking, consulting, legal, accounting, charitable or other business relationships any Director may have with the Company. As a result of its annual review, the Board of Directors has determined that Harvey P. Eisen, Marshall S. Geller, Sue W. Kelly, Richard C. Pfenniger, Jr., A. Marvin Strait and Gene A. Washington are independent and that Scott N. Greenberg is not independent. The Company has Nominating/Corporate Governance, Compensation and Audit Committees and based on these standards, all

current members of such Committees are independent. The Company also has an Executive Committee, of which Mr. Greenberg is a member.

Executive Sessions of Non-Management Directors

The non-management Directors meet periodically in executive session. The executive sessions of non-management Directors are presided over by the Director who is the Chairman of the Committee responsible for the issue being discussed. Beginning in 2008, executive sessions became a part of meetings of the Audit Committee. The Board intends to schedule at least two executive sessions of non-management Directors each year. However, any Director may request additional executive sessions of non-management Directors to discuss any matter of concern.

Nominating/Corporate Governance Committee

The Nominating/Corporate Governance Committee of the Board of Directors acts under a written charter, which may be viewed online on the Company's website at www.gpworldwide.com under the Corporate Governance page of the Investors section. We

Table of Contents

will provide a copy of such charter to any stockholder who requests one by contacting our Secretary, 6095 Marshalee Drive, Suite 300, Elkridge, MD 21075. The members of the Nominating/Corporate Governance Committee are Harvey P. Eisen, Marshall S. Geller, Sue W. Kelly and Richard C. Pfenniger, Jr. All members of such committee satisfy the independence requirements of the NYSE rules currently in effect. The Nominating/Corporate Governance Committee did not meet in 2008. The principal functions of the Nominating/Corporate Governance Committee are to:

- (i) develop policies on the size and composition of the Board of Directors;
- (ii) identify individuals qualified to become members of the Board of Directors;
- (iii) recommend a slate of nominees to the Board of Directors annually;
- (iv) ensure that the Audit, Compensation and Nominating/Corporate Governance Committees of the Board of Directors have the benefit of qualified and experienced independent Directors;
- (v) review and reassess the adequacy of the Board of Directors corporate governance principles (which principles may be viewed online on the Company's website at www.gpworldwide.com under the Corporate Governance page of the Investors section); and
- (vi) advise the full Board of Directors on corporate governance matters.

When the Board of Directors decides to recruit a new member, it seeks strong candidates who possess qualifications and expertise that will enhance the composition of the Board of Directors. The criteria for selecting new Directors can be viewed online on the Company's website at www.gpworldwide.com under the Corporate Governance page of the Investors section. The Board of Directors will consider any such strong candidate provided he or she possesses integrity and ethical character. If the Board of Directors does not believe that a candidate possesses the above personal characteristics, that candidate will not be considered. In recommending candidates for election to the Board of Directors, the Nominating/Corporate Governance Committee considers nominees recommended by Directors, officers, employees, stockholders and others, using the same criteria to evaluate all candidates. Upon selection of a qualified candidate, the Nominating/Corporate Governance Committee would recommend the candidate for consideration by the full Board of Directors.

Generally, candidates for election to the Board are suggested by existing Board members, however, the Nominating/Corporate Governance Committee will consider stockholder recommendations for candidates to the Board. To recommend a prospective nominee for the Nominating/Corporate Governance Committee's consideration, stockholders should submit the candidate's name and qualification to our Secretary in writing at 6095 Marshalee Drive, Suite 300, Elkridge, MD 21075. When submitting candidates for nomination to be elected at our annual meeting of stockholders, stockholders must also follow the notice procedures and provide the information required by our By-laws. Our By-laws provide that any stockholder wishing to nominate a candidate for Director or to propose other business at an annual meeting of stockholders must give written notice that is received by our Secretary not less than 90 days prior to the anniversary date of the proxy statement

relating to the immediately preceding annual meeting of stockholders (no later than July 1, 2010 with respect to the 2010 Annual Meeting of Stockholders); provided that in the event that the annual meeting is called for a date that is not within 30 days before or after such anniversary date, such notice must be received not less than 90 days prior to the date of the meeting or, if the first public announcement of the meeting date is less than 100 days before such meeting date, not later than the close of business on the tenth day following the day on which public disclosure of the date of the annual meeting was first made. Such notice must provide certain information specified in our By-laws. Copies of our By-laws are available to stockholders without charge upon request to our Secretary at the address set forth above.

Stockholder Recommendations for Board Nominees

Our Nominating/Corporate Governance Committee identifies individuals qualified to be Board members, evaluates any stockholder recommendations for Board membership, and develops and recommends corporate governance policies and procedures. The charter for our Nominating/Corporate Governance Committee is available on our website at www.gpworldwide.com under the Corporate Governance page of the Investors section. We did not implement any changes to our process for stockholder recommendations of director nominees during 2008.

Compensation Committee

The Compensation Committee acts under a written charter, which may be viewed online on the Company's website at www.gpworldwide.com under the Corporate Governance page of the Investors section. We will provide a copy of such charter to any stockholder who requests one by contacting our Secretary, 6095 Marshalee Drive, Suite 300, Elkridge, MD 21075. The members

Table of Contents

of the Compensation Committee are Harvey P. Eisen, Marshall S. Geller, A. Marvin Strait and Gene A. Washington. All members of such committee satisfy the independence requirements of the NYSE rules currently in effect. The principal function of the Compensation Committee is to assist the Board of Directors in discharging its responsibilities in respect of the Company's executive officers by:

(i) evaluating the Chief Executive Officer's performance and setting the Chief Executive Officer's compensation based on such evaluation; and

(ii) developing guidelines and reviewing the compensation and performance of officers of the Company. The Compensation Committee administers the Company's Stock Option Plan and Incentive Stock Plan.

The Compensation Committee met twice in 2008.

Executive Committee

The Executive Committee meets on call and has authority to act on most matters during the intervals between Board meetings and acts as an advisory body to the Board of Directors by reviewing various matters prior to submission to the Board. The members of the Executive Committee are Scott N. Greenberg, Harvey P. Eisen, Marshall S. Geller and Douglas E. Sharp, who is a non-voting member.

Audit Committee

The members of the Audit Committee are A. Marvin Strait, Chairman, Sue W. Kelly, Richard C. Pfenniger, Jr. and Gene A. Washington. All members satisfy the independence and experience requirements of the SEC and the NYSE rules currently in effect. The Board of Directors has determined that A. Marvin Strait and Richard C. Pfenniger, Jr. are Audit Committee financial experts. The Audit Committee acts under a written charter which was last amended by the Audit Committee on May 4, 2006 and approved by the Board of Directors at its July 26, 2006 meeting. The Audit Committee charter may be viewed online on the Company's website at www.gpworldwide.com under the Corporate Governance page of the Investors section. We will provide a copy of such charter to any stockholder who requests one by contacting our Secretary, 6095 Marshalee Drive, Suite 300, Elkridge, MD 21075. The Audit Committee met seven times in 2008.

The charter sets forth the responsibilities of the Audit Committee, which include:

(i) reviewing the independence, qualifications, services, fees and performance of the independent auditors;

- (ii) appointing, replacing and discharging the independent auditors;

- (iii) approving the professional services provided by the independent auditors;

- (iv) reviewing the scope of the annual audit and quarterly reports and recommendations submitted by the independent auditors;
and

- (v) reviewing the Company's financial reporting, the system of internal financial controls, and accounting policies, including any significant changes, with management and the independent auditors.

Communications with the Board of Directors

The Board of Directors has provided a process by which stockholders and other interested parties may send communications to the Board or to individual members of the Board. Such communications should be directed to the Secretary of the Company, 6095 Marshalee Drive, Suite 300, Elkridge, MD 21075, or by email at kcrawford@gpworldwide.com, who will forward them to the intended recipients. Relevant communications are distributed to the Board, or to any individual director or directors as appropriate, depending on the facts and circumstances outlined in the communication. In that regard, the Board has requested that certain items that are unrelated to the duties and responsibilities of the Board should be excluded, such as: business solicitations or advertisements; junk mail and mass mailings; new product or service suggestions; product or service complaints; product or service inquiries; resumes and other forms of job inquiries; spam; and surveys. In addition, material that is unduly hostile, threatening, illegal or similarly unsuitable will be excluded. Any communication that is filtered out must be made available to any outside director upon request.

Table of Contents**Identification of Executive Officers**

Set forth below is certain information regarding the positions and business experience of each executive officer who is not also a director.

Executive Officer	Age	Positions
Douglas E. Sharp	50	Mr. Sharp has been President of the Company since February 2006 and President of the Company's principal operating subsidiary, General Physics Corporation (General Physics), since 2002. Mr. Sharp had served as Chief Operating Officer of General Physics prior to becoming President and has held various other positions since joining General Physics in 1981. He is a member of the American Society of Training and Development, American Society of Mechanical Engineers and the American Institute of Chemical Engineers. He was a Director of GSE from 2003 to 2006. He currently serves on the Managing Board of Aerospace Testing Alliance, a joint venture partnership of General Physics, and serves as a Director of General Physics' foreign subsidiaries. Mr. Sharp holds a Bachelor of Science in Mechanical Engineering from University of Maryland.
Sharon Esposito-Mayer	43	Ms. Esposito-Mayer has been Executive Vice President and Chief Financial Officer of the Company since December 2005. She has been Executive Vice President of General Physics since 2004 and was Vice President of Finance of General Physics from 2001 until 2004 and Director of Finance of General Physics from 1997 to 2000. Ms. Esposito-Mayer held various financial positions prior to joining General Physics in 1995. Ms. Esposito-Mayer holds a Bachelor of Science in Accounting from Pennsylvania State University and a MBA from Loyola College.
Karl Baer	49	Mr. Baer has been Executive Vice President, Manufacturing, of the Company since March 2006. He has been an Executive Vice President of General Physics since 2004 and was a Vice President of General Physics from 1998 until 2004. Mr. Baer has held various other positions since joining General Physics in 1987. Prior to joining General Physics, Mr. Baer served in the U.S. Navy's nuclear submarine force for over nine years.
Donald R. Duquette	55	Mr. Duquette was appointed Executive Vice President of the Company in September 2008. He has been Senior Vice President, E-Business & Learning Solutions, of General Physics since September 2004. He was a Vice President of General Physics from 1989 to 2004 and held various other positions since joining General Physics in 1979. Mr. Duquette holds a Bachelor of Science degree in Mechanical Engineering from Johns Hopkins University and an Executive MBA from Loyola College.
Fredric H. Strickland	66	Mr. Strickland was appointed Executive Vice President of the Company in September 2008. He has been Senior Vice President, Sandy Corporation—a division of General Physics (Sandy) since January 2007, when General Physics acquired Sandy from ADP, Inc. He has been President of Sandy since 2000, and served in various sales and operations leadership roles since joining Sandy in 1980. Mr. Strickland holds Bachelor of Arts and Master of Arts degrees in English from the Ohio State University and is a graduate of Harvard Business School's 11-week Advanced Management Program.
Kenneth L. Crawford	51	Mr. Crawford has been Senior Vice President, General Counsel and Secretary of the Company since April 2007. He has been a Senior Vice President of General Physics since March 2006, was a Vice President from 1991 to March 2006, and has been General Counsel since 1991 and Secretary since 1990. Mr. Crawford joined General Physics in 1987. Prior to

			that he was engaged in the private practice of law. Mr. Crawford is a graduate of the University of Michigan Law School.
--	--	--	--

Table of Contents

Executive Officer		Age	Positions
Alan P. Tattersall		66	<p>Mr. Tattersall was appointed Senior Vice President of the Company in September 2008. He has been Senior Vice President, Process & Aerospace Group since September 2004 and was a Vice President from 2002 to 2004. Between 1994 and 2002 he was an independent consultant in the nuclear electric power generation industry. He also served as Senior Vice President of General Physics from 1989 until 1994, was a Vice President of General Physics from 1984 to 1989 and held various other positions after originally joining General Physics in 1981. Mr. Tattersall is a graduate of the United States Naval Academy.</p>

Table of Contents**PROPOSAL 2. RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has recommended, and the Board of Directors has selected, KPMG as the independent registered public accounting firm for the Company and its subsidiaries for the fiscal year ending December 31, 2009. KPMG has informed the Company that it does not have any financial interest in the Company and that neither it nor any members or employees have any connection with the Company in the capacity of promoter, underwriter, voting trustee, director, officer or employee. The stockholders' ratification of the appointment of KPMG will not impact the Audit Committee's responsibility pursuant to its charter, to appoint, replace and discharge the Company's independent registered public accounting firm. In the event the stockholders fail to ratify this selection, it is expected that the matter of the selection of the Company's independent registered public accounting firm will be reconsidered by the Board of Directors.

A representative of KPMG is expected to be present at the Annual Meeting, will have the opportunity to make a statement if he or she so desires and is expected to be available to respond to appropriate questions from stockholders.

Independent Registered Public Accounting Firms' Fees

The following table sets forth the fees billed to the Company for the years ended December 31, 2008 and 2007 for professional services rendered by KPMG:

	2008	2007
Audit Fees (1)	\$ 862,000	\$ 1,442,000
Audit-Related Fees (2)	123,000	148,000
Tax Fees (3)	187,000	391,000
All Other Fees		
Total	\$ 1,172,000	\$ 1,981,000

-
- (1) Audit fees for 2008 consisted of \$804,000 for the audit of our consolidated financial statements, including quarterly review services, fees with respect to the audit of internal control over financial reporting, and review of SEC reporting matters, and \$58,000 for statutory audit services for a foreign subsidiary. Audit fees for 2007 consisted of \$825,000 for the audit of our consolidated financial statements including quarterly review services, fees with respect to the audit of internal control over financial reporting and review of SEC reporting matters, \$559,000 for the audit of Sandy Corporation (a significant acquired company in 2007) required by SEC Rule 3-05 of Regulation S-X, and \$58,000 for statutory audit services for a foreign subsidiary.
 - (2) Audit-related fees for 2008 consisted of the audit of the financial statements of employee benefit plans and audit-related services for subsidiaries of General Physics. Audit-related fees for 2007 consisted of the audit of the financial statements of employee benefit plans, attestation services and SAS 70 report relating to internal controls for our Business Process Outsourcing operations, and audit-related services for subsidiaries of General Physics.
 - (3) Tax fees for 2008 and 2007 consisted of fees for tax compliance services, including the review of tax returns, and tax consulting services including technical research.

Policy on Pre-Approval of Services Provided by Independent Auditor

Pursuant to the requirements of the Sarbanes-Oxley Act of 2002, the terms of the engagement of KPMG are subject to specific pre-approval policies of the Audit Committee. All audit and permitted non-audit services to be performed by KPMG require pre-approval by the Audit Committee in accordance with pre-approval policies established by the Audit Committee. The procedures require all proposed engagements of KPMG for services of any kind be directed to the Company's Chief Financial Officer and then submitted for approval to the Audit Committee prior to the beginning of any service.

Table of Contents

Audit Committee Report

During the year ended December 31, 2008, the Audit Committee reviewed and discussed the Company's annual report on Form 10-K, quarterly reports on Form 10-Q, the Company's earnings releases and the Company's audited financial statements with management and with KPMG, prior to their release. The Audit Committee discussed with KPMG the matters required to be discussed by Statement of Auditing Standards No. 61 as amended (AICPA, Professional Standards, Vol. 1 AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T, relating to the conduct of the audit. The Audit Committee has received the written disclosures and the letter from KPMG required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence and has discussed with KPMG their independence and satisfied itself as to KPMG's independence.

Based on the Audit Committee's review of the audited financial statements and the review and discussions described in the foregoing paragraph, the Audit Committee recommended to the Board of Directors that the audited financial statements for the fiscal year ended December 31, 2008 be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 for filing with the SEC. In addition, the Audit Committee approved KPMG as the independent registered public accounting firm for the Company and its subsidiaries for the fiscal year ending December 31, 2009.

Notwithstanding anything to the contrary set forth in any of the Company's previous filings under the Securities Act of 1933, as amended (the Securities Act) or the Securities Exchange Act of 1934, as amended, (the Exchange Act) that might incorporate future filings made by the Company under either the Securities Act or the Exchange Act, in whole or in part, this report shall not be deemed to be incorporated by reference into any such filings, nor will this report be incorporated by reference into any future filings made by the Company under either the Securities Act or the Exchange Act.

Audit Committee

A. Marvin Strait, Chairman
Sue W. Kelly
Richard C. Pfenniger, Jr.
Gene A. Washington

Required Vote and Board Recommendation

Approval of the proposal to ratify the appointment of KPMG as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2009 (Proposal 2) requires the affirmative vote of the holders of shares of Common Stock entitled to cast a majority of the votes present in person or represented by proxy at the Annual Meeting.

The Board of Directors recommends a vote FOR the proposal to ratify the appointment of KPMG as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2009.

Table of Contents

EXECUTIVE COMPENSATION

Compensation Committee

The Compensation Committee of our Board of Directors consists of four non-employee directors. The charter of the Compensation Committee may be viewed by accessing the Corporate Governance page of our website and clicking on Committee and Charter Info. A copy of this document is also available in print, without charge, upon request to GP Strategies Corporate Secretary. The Compensation Committee is responsible for establishing and administering our policies governing the compensation of our executive officers and directors. The responsibilities of the Compensation Committee include the following:

- Develop guidelines and review and approve corporate goals relevant to the compensation of the Chief Executive Officer, evaluate the Chief Executive Officer's performance in light of these goals and objectives, and set the Chief Executive Officer's compensation based on this evaluation;
- Produce an annual report on executive compensation for inclusion in our proxy statement, in accordance with applicable rules and regulations;
- Make recommendations to the Board with respect to the compensation of our executive officers and incentive-compensation plans and equity-based plans, and establish criteria for the granting of stock-based compensation to our officers and other employees, and review and approve the granting of stock-based compensation in accordance with such criteria;
- Review director compensation levels and practices, and recommend from time to time, changes in such compensation levels and practices to the Board, with equity ownership in the Company encouraged;
- Annually review and reassess the adequacy of the charter of the Compensation Committee and recommend any proposed changes to the Board for approval; and
- Make recommendations to the Board with respect to (a) committee member qualifications, (b) committee member appointments and removals, (c) committee structure and operations, and (d) committee reporting to the Board.

The Compensation Committee is responsible for making compensation decisions regarding the Executive Management Team, which includes the Chief Executive Officer, the President, the Chief Financial Officer and our other executive officers. The Compensation Committee is also involved in making compensation decisions regarding non-executive officers of our principal operating entity, General Physics, with a rank of

Vice President or above.

Topics discussed by the Compensation Committee during 2008 meetings included, but were not limited to, the following:

- Competitive compensation and stock awards for the Executive Management Team and our non-employee directors;
- Review and approval of stock awards, bonus awards and salary changes for non-executive officers with a rank of Vice President or above; and
- Review of compensation policy for officers and employees in general.

None of the members of the Compensation Committee is a current or former officer or employee of ours.

Compensation Discussion & Analysis

Overview

This Compensation Discussion and Analysis explains our compensation philosophy, policies and practices with respect to our Chief Executive Officer, Chief Financial Officer, and the other three most highly-compensated executive officers, who are collectively referred to as the named executive officers. This discussion focuses on the information contained in the following tables and related footnotes and narrative discussions for primarily the last completed fiscal year, but we also describe compensation actions taken before or after the last completed fiscal year to the extent they enhance the understanding of our executive compensation disclosure.

Compensation Philosophy and Objectives

The Compensation Committee's overall goals with respect to executive officers are to provide compensation programs designed to achieve the following objectives:

- Attract and retain talented and dedicated executives;

Table of Contents

- Motivate and reward executives whose knowledge, skills, potential and performance are critical to our success; and
- Align the interests of our executive officers and stockholders by motivating executive officers to increase stockholder value and rewarding executive officers when stockholder value increases.

The Compensation Committee believes that the most effective compensation program is one that provides competitive base pay, rewards the achievement of goals and objectives, and provides an incentive for retention. The principal elements of our executive compensation program are base salary, annual cash incentives, long-term equity incentives (the vesting of which may accelerate upon termination of employment and/or a change in control), other benefits and perquisites and post-termination severance compensation.

Setting Executive Compensation

Each year we evaluate whether the elements of our executive compensation program are aligned with our compensation philosophy and objectives, while also promoting the interests of our stockholders. As part of this evaluation, we subscribe annually to a number of compensation data resources to evaluate the compensation of our executive officers compared to similar positions in the marketplace, including resources published by CompAnalyst, Western Management Group and the Institute of Management & Administration. The surveys provide base salary and bonus compensation data. In addition, in 2008, to assist management and the Compensation Committee in assessing and determining competitive compensation packages, we engaged an independent compensation consultant to evaluate our base compensation and bonus structure for certain executive officers and other key employees. The compensation consultant prepared an analysis (the Compensation Benchmark Analysis) comparing the base level salary and bonus compensation structure of our executive officers and other key employees to those of executives in similar positions with similar responsibilities as described in executive compensation surveys obtained from Economic Research Institute, Mercer Human Resource Consulting, Watson Wyatt and others. The consultant determined relevant similar positions based on business focus, executive job descriptions and size of company based on revenue. The surveys analyzed by the consultant to prepare the Compensation Benchmark Analysis provided base salary and bonus compensation data for similarly sized companies, but did not identify the component companies by name. The Compensation Benchmark Analysis compared the base salary and total compensation for certain of our executive officers to corresponding data in the 25th percentile, 50th percentile and 75th percentile for executives in similar positions covered by the surveys.

In general, our objective is to compensate our executive officers at levels between the 50th and 75th percentiles for executives in similar positions, which we believe usually allows us to satisfy the objectives described above. The Compensation Committee has sometimes deemed it appropriate to compensate certain executives at levels exceeding the 50th or 75th percentile for executives in similar positions due to the executives' experience and the market for executives with similar experience, scope of responsibility, accountability and impact on our operations, and the impact their departure could potentially have on our performance.

Except as described below, our Compensation Committee has not adopted any formal or informal policies or guidelines for allocating compensation between long-term and currently paid out compensation, between cash and non-cash compensation, or among different forms of non-cash compensation.

Elements of Compensation

Base Salary

Salary levels are typically considered annually as well as upon promotion or other change in job responsibility. The Compensation Committee, with input from the Chief Executive Officer, considers competitive, individual and company performance data in order to make compensation decisions that will incentivize, retain and maintain a competitive standing for each executive officer. The Compensation Committee considers several factors when adjusting an executive's salary, including individual and company performance, the executive's market value and prospective value to us, the knowledge, experience and accomplishments of the executive, the executive's level of responsibility, the recommendation of the Chief Executive Officer and the compensation levels for individuals with similar credentials. In 2008, the Compensation Committee also utilized the Compensation Benchmark Analysis to assist in determining the appropriate adjustment to each executive's annual base salary. The Compensation Benchmark Analysis compared the base salaries for our executives with those of executives in similar positions with similar responsibilities at a number of similarly sized companies, analyzing various factors including revenues, responsibilities and markets served. The Compensation Committee compared compensation of our executive officers to that of executives in comparable positions with comparable responsibilities to ensure the compensation of our executive officers was competitive with that of the relevant marketplace. Our Chief Executive Officer recommended salary adjustments for the executive officers, including himself, to the Compensation Committee and provided the Compensation Committee with supporting documentation from the Compensation Benchmark Analysis.

Table of Contents***Cash-Based Incentive Compensation (Bonus)***

The annual incentive compensation award for 2008 for Ms. Esposito-Mayer, Mr. Baer and Mr. Duquette was a discretionary cash bonus based on our performance against our financial and operational performance objectives for the year. The discretionary annual bonus is paid in cash after review and approval by the Compensation Committee, with advice from the Chief Executive Officer, in March or April following completion of each fiscal year. The annual discretionary bonus is ordinarily paid in a single installment shortly after being approved by the Compensation Committee. Information provided by the Compensation Benchmark Analysis is considered when determining bonus awards, along with performance of the business unit(s) for which the executive is responsible (viewed on the basis of financial performance against budget and achievement of employee training, appraisal and retention goals), our overall financial performance, and the executive's individual performance.

Our Chief Executive Officer and our President receive cash bonuses based upon a formula contained in their employment agreements. The formula ties the bonus payable to them to increases in our earnings before income taxes, depreciation and amortization (EBITDA) compared to the prior year, as adjusted for acquisitions and dispositions and other extraordinary or unusual nonrecurring items as defined in their employment agreements. EBITDA is a widely used non-GAAP financial measure of operating performance. EBITDA is calculated by adding back interest expense, income tax expense, depreciation and amortization to net income, and adjusting for certain non-recurring items such as the non-cash goodwill impairment loss incurred in 2008. Under their employment agreements, the Chief Executive Officer's and President's bonuses are (a) 1% of base salary for each 1% increase in EBITDA, up to a 10% increase; (b) then 2% of base salary for each 1% increase in EBITDA, up to a 15% increase; (c) then 3% of base salary for each 1% increase in EBITDA, up to a 25% increase; subject to a maximum bonus for any calendar year of 50% of his base salary for that year. In calculating the bonus for Mr. Greenberg and Mr. Sharp, for any year in which we acquire any business, the formula set forth in their employment agreements requires that EBITDA for the prior year be adjusted to reflect the budgeted EBITDA of the acquired business (as set forth in the budget numbers on which the acquisition was based) for the period from the date of the acquisition to the end of the calendar year in which the acquisition takes place. For 2008, our EBITDA, as adjusted for acquisitions in 2008 and 2007 and other nonrecurring items, increased 6%. For 2008, the bonuses determined in accordance with their employment agreements (the Employment Agreement Bonuses) were \$21,780 for Mr. Greenberg and \$21,000 for Mr. Sharp. Their calculated bonuses for 2008 represented 6% of their respective salaries, based upon the 6% increase in EBITDA in accordance with the formula set forth above. The Compensation Committee determined that the Employment Agreement Bonuses for 2008 adequately compensated the Chief Executive Officer and the President for their respective performance. However, at the Chief Executive Officer's request, the Compensation Committee approved bonuses for the Chief Executive Officer and President that were lower than the Employment Agreement Bonuses to which they were otherwise entitled. The actual bonuses paid were \$17,000 to Mr. Greenberg and \$17,000 to Mr. Sharp.

The Compensation Committee has in the past awarded additional discretionary cash bonuses (the Discretionary Bonuses) based upon our financial and operational performance and individual performance achievements. The Employment Agreement Bonuses and the Discretionary Bonuses are reflected in the columns of the Summary Compensation Table entitled Non-Equity Incentive Plan Compensation and Bonuses, respectively.

Long-term Equity Incentive Compensation

Our Compensation Committee also grants to the named executive officers equity compensation under our 1973 Non-Qualified Stock Option Plan and our 2003 Incentive Stock Plan. Equity compensation for the named executive officers, which has historically taken the form of stock options and restricted stock units, is designed to align the interests of our executives with our stockholders as well as to retain the executives. Equity grants are also intended to drive long term performance, in that the value ultimately realized is linked to stock price appreciation. Option grants have no value without stock price appreciation, and restricted stock has value at grant that can increase with stock price appreciation and decrease with stock price declines. Thus, the Compensation Committee believes that equity grants should motivate management to enhance the

value of our common stock.

We do not have a formal policy for issuing equity compensation and do not always grant equity awards on an annual basis. Occasionally, the Compensation Committee awards equity compensation to supplement our executive officers' compensation to ensure that total compensation is competitive in the marketplace and to align compensation with our long term goals and objectives.

In November 2008, the Compensation Committee granted restricted stock units to certain of our officers and key employees. The restricted stock units were granted pursuant to our 2003 Incentive Stock Plan and vest 25% annually over four years subsequent to the grant date. The following named executive officers were granted restricted stock units in November 2008:

Table of Contents

Name	Number of Stock Units
Scott N. Greenberg	20,000
Sharon Esposito-Mayer	13,333
Douglas E. Sharp	17,500
Karl Baer	12,500
Donald R. Duquette	12,500

Other Benefits

We also provide our named executive officers with the following other benefits which are part of our overall compensation program and which we believe are consistent with the types of benefits offered by competitors:

- **Retirement Savings Plan:** We maintain a defined contribution 401(k) plan which permits all eligible employees to participate. For the year ended December 31, 2008, the plan required us to match at least 25% of the participants' contributions, up to the first 7% of base compensation for employees who have completed one year of service. We may make additional matching contributions at our discretion. In 2008, we matched 50% of participants' contributions in shares of our common stock, up to the first 7% of participants' base compensation. Effective January 1, 2009, we amended the Plan to no longer require an employer matching contribution, and announced to our employees that matching contributions would be reduced from 50% to 10% as part of our cost reduction strategy.
- **Health and Welfare Benefits:** All full-time employees, including our named executive officers, may participate in our health and welfare benefit programs, including medical, dental and vision care coverage, disability insurance and life insurance.
- **Life Insurance Premiums:** Life insurance policies, in excess of the standard life insurance plans offered to full-time employees, are offered to the named executive officers. During 2008, the executive life insurance policies provided coverage up to five times the executive's annual base salary. The premiums are fully paid by us. A policy may, at the executive's election, be transferred to the executive upon termination of employment.
- **Automobile Allowances:** During 2008, each of the named executive officers used vehicles leased by us for both business and personal use.

Employment Agreements, Severance Benefits and Change in Control Provisions

All of our named executive officers have written employment agreements which provide for separation payments and benefits upon termination of employment under certain circumstances. Post-termination payments with respect to these executives are set forth in their respective employment agreements. The termination provisions for these executives are summarized in the Potential Payments upon Termination or Change in Control section later in this report. In December 2008, the Board approved amendments to the employment agreements of

Edgar Filing: GP STRATEGIES CORP - Form DEF 14A

Mr. Greenberg and Mr. Sharp. The amendments were intended to bring such arrangements into compliance with, or otherwise be exempt from, Section 409A of the Internal Revenue Code of 1986, as amended (the Code) and any regulations and Treasury guidance promulgated thereunder (Section 409A), and to ensure that such arrangements meet the requirements for avoiding accelerated taxes and penalties under Section 409A of the Code. The amended employment agreements provide that any compensation or benefit payable to Messrs. Greenberg or Sharp that constitutes non-qualified deferred compensation subject to the requirements of Section 409A will be delayed for a six-month period following the date of termination of his employment. The amendments did not otherwise materially modify or otherwise affect the economic terms of their employment agreements.

Tax Deductibility of Executive Compensation

Limitations on deductibility of compensation may occur under Section 162(m) of the Internal Revenue Code, which generally limits the tax deductibility of compensation paid by a public company to its chief executive officer and certain other highly compensated executive officers to \$1 million in the year the compensation becomes taxable to the executive officer. There is an exception to the limit on deductibility for performance-based compensation that meets certain requirements. We intend that compensation paid under our incentive plans be generally fully deductible for federal income tax purposes. However, the

Table of Contents

Compensation Committee may approve compensation that exceeds the \$1 million limitation in order to ensure competitive levels of total compensation for our executive officers.

Summary Compensation Table

The following table sets forth all compensation earned by each of the named executive officers for the 2008 fiscal year. The named executive officers are the Chief Executive Officer and the Chief Financial Officer, and the three other most highly compensated officers who were serving as executive officers at December 31, 2008.

Name and principal position	Year	Salary (\$)	Bonus (\$ (1))	Stock Awards (\$ (2))	Option Awards (\$ (2))	Non-Equity Incentive Plan Compensation (\$ (3))	All Other Compensation (\$ (4))	Total (\$)
Scott N. Greenberg	2008	354,250		4,435	84,833	17,000	17,345	477,863
Chief Executive Officer	2007	343,250			43,575	80,000	18,419	485,244
	2006	305,202	34,800			40,200	18,150	398,352
Sharon Esposito-Mayer Executive Vice President and Chief Financial Officer	2008	241,875	15,000	37,808	43,987		16,241	354,911
	2007	232,708	50,000	34,661	22,595		14,585	354,549
	2006	204,792	40,000	34,661	5,715		14,283	299,451
Douglas E. Sharp President	2008	341,250		3,881	72,265	17,000	17,698	452,094
	2007	331,875			37,120	75,000	15,758	459,753
	2006	336,016	31,000		25,148	39,000	15,033	446,197
Karl Baer Executive Vice President	2008	256,000	12,000	37,624	56,555		18,263	380,442
	2007	252,625	50,000	34,661	29,050		16,390	382,726
	2006	230,625	40,000	34,661	10,059		16,762	332,107
Donald R. Duquette Executive Vice President (5)	2008	243,750	20,000	27,017	53,413		18,292	362,472

(1) Discretionary bonus paid for the respective years. For Mr. Greenberg and Mr. Sharp, the amounts indicated for 2006 reflect the dollar amounts in excess of the bonus amounts payable under their respective employment agreements, which amounts are shown as Non-Equity Incentive Plan Compensation.

Edgar Filing: GP STRATEGIES CORP - Form DEF 14A

- (2) Reflects the dollar amount expensed for financial statement reporting in accordance with Statement of Financial Accounting Standards No. 123 Revised, *Share-Based Payment* (SFAS No. 123R), with the exception that the amount shown in the table assumes no forfeitures of unvested stock units or stock options. For assumptions used in computing the fair value of stock-based compensation awards, see *Note 12* to the Consolidated Financial Statements in our Annual Report on Form 10-K filed with the SEC on March 4, 2009.
- (3) Bonus pursuant to employment agreement. See *Compensation Discussion & Analysis*.

Table of Contents

(4) All other compensation includes GP Strategies' matching contributions of cash and GP Strategies' Common Stock under our Retirement Savings Plan, automobile lease payments and/or allowances, and life insurance premiums. A breakdown of these amounts is as follows:

Name	Year	Company Matching Contributions to 401(k) Plan (\$)	Automobile Payments or Allowance (\$)	Life Insurance Premiums (\$)	Total (\$)
Scott N. Greenberg	2008	7,750	5,268	4,327	17,345
	2007	7,386	7,569	3,464	18,419
	2006	7,500	7,569	3,081	18,150
Sharon Esposito-Mayer	2008	7,107	7,788	1,346	16,241
	2007	6,809	6,702	1,074	14,585
	2006	6,603	6,702	978	14,283
Douglas E. Sharp	2008	7,750	5,621	4,327	17,698
	2007	7,401	6,152	2,205	15,758
	2006	6,602	6,152	2,279	15,033
Karl Baer	2008	7,750	8,391	2,122	18,263
	2007	7,000	8,400	990	16,390
	2006	7,372	8,400	990	16,762
Donald R. Duquette (5)	2008	7,275	7,895	3,122	18,292

(5) Mr. Duquette was appointed an executive officer of the Company on September 1, 2008.

Table of Contents**Grants of Plan-Based Awards**

The following table sets forth certain information with respect to non-equity incentive plan awards granted during the year ended December 31, 2008 to certain of our named executive officers:

Name	Grant Date	Threshold (\$)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards		All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)
			Target (\$)	Maximum (\$)			
Scott N. Greenberg	n/a 11/7/2008		21,780(1)	177,125(1)	20,000(2)		
Sharon Esposito-Mayer	11/7/2008				13,333(2)		
Douglas E. Sharp	n/a 11/7/2008		21,000(1)	170,625(1)	17,500(2)		
Karl Baer	11/7/2008				12,500(2)		
Donald R. Duquette	11/7/2008				12,500(2)		

(1) The amounts represent the target and maximum bonus payment levels payable pursuant to a formula in Mr. Greenberg's and Mr. Sharp's employment agreements. The formula is based upon EBITDA of GP Strategies and subsidiaries and is capped, for each executive, at 50% of his base salary (see *Compensation Discussion & Analysis*). The actual bonus payments for 2008 were \$17,000 for Mr. Greenberg and \$17,000 for Mr. Sharp and are included in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.

(2) Represents stock units granted on November 7, 2008 pursuant to our 2003 Incentive Stock Plan and vest 25% annually over four years subsequent to the grant date.

Table of Contents**Outstanding Equity Awards at Fiscal Year-End**

The following table sets forth certain information with respect to the value of all unexercised options and/or unvested restricted stock units previously awarded to our named executive officers as of December 31, 2008:

Name	Option Awards					Stock Awards	
	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Equity incentive plan awards: number of securities underlying unexercised unearned options (#)	Option exercise price (\$)	Option expiration date	Number of shares or units of stock that have not vested (#)	Market value of shares or units of stock that have not vested (\$) (1)
Scott N. Greenberg	13,500	121,500		11.08	6/26/2013	20,000(2)	90,200
Sharon Esposito-Mayer	7,000	63,000		11.08	6/26/2013	22,533(3)	101,624
	2,394			4.33	2/24/2010		
	120			3.85	2/1/2011		
	120			3.01	2/7/2012		
	120			3.93	12/10/2012		
Douglas E. Sharp	11,500	103,500		11.08	6/26/2013	17,500(2)	78,925
	5,986			4.33	2/24/2010		
	120			3.85	2/1/2011		
	120			3.01	2/7/2012		
Karl Baer	9,000	81,000		11.08	6/26/2013	21,700(4)	97,867
	120			3.85	2/1/2011		
	120			3.01	2/7/2012		
	120			3.93	12/10/2012		
Donald R. Duquette	8,500	76,500		11.08	6/26/2013	18,900(5)	85,239
	4,789			4.33	2/24/2010		

Edgar Filing: GP STRATEGIES CORP - Form DEF 14A

120	3.85	2/1/2011
120	3.01	2/7/2012
120	3.93	12/10/2012

-
- (1) Market value is based on the closing market price of our Common Stock on December 31, 2008 of \$4.51 per share.
- (2) Represents unvested stock units granted on November 7, 2008 which vest 25% annually over four years subsequent to the grant date.
- (3) Represents the following: (i) 13,333 unvested stock units granted on November 7, 2008 which vest 25% annually over four years subsequent to the grant date and (ii) 9,200 unvested stock units granted on April 5, 2005 which vest 20% annually over five years subsequent to the grant date.
- (4) Represents the following: (i) 12,500 unvested stock units granted on November 7, 2008 which vest 25% annually over four years subsequent to the grant date and (ii) 9,200 unvested stock units granted on April 5, 2005 which vest 20% annually over five years subsequent to the grant date.
- (5) Represents the following: (i) 12,500 unvested stock units granted on November 7, 2008 which vest 25% annually over four years subsequent to the grant date and (ii) 6,400 unvested stock units granted on April 5, 2005 which vest 20% annually over five years subsequent to the grant date.

Table of Contents**Option Exercises and Stock Vested**

The table below sets forth the number of shares issued upon option exercises, the value realized on option exercises, the number of shares of restricted stock vested, and the realized value upon vesting of the restricted stock by our named executive officers during fiscal year 2008.

Name	Option Awards		Stock Awards	
	Number of shares acquired on exercise (#)	Value realized on exercise (\$)	Number of shares acquired on vesting (#)	Value realized on vesting (\$) (1)
Scott N. Greenberg				
Sharon Esposito-Mayer			4,600	41,538
Douglas E. Sharp				
Karl Baer			4,600	41,538
Donald R. Duquette			3,200	28,896

(1) Represents stock units which vested on April 5, 2008. Value realized upon vesting is based on the closing market price of our Common Stock on April 4, 2008 of \$9.03 per share.

Potential Payments Upon Termination or Change in Control

Description of Termination Provisions in Employment Agreements

We have employment agreements with all five of the named executive officers. These agreements provide for various payments and benefits to be made to them if their employment with us is terminated for certain reasons. The circumstances in which payments may be made and the potential amounts of those payments are described in this section. We believe that the payments provided for in these agreements are reasonable and appropriate as part of the total compensation packages available for our named executive officers. The following description of certain terms of the employment agreements with our named executive officers is a summary and is subject to, and qualified in its entirety by, the agreements, which have been filed as exhibits to our filings with the SEC. The employment agreements between us and each of Messrs. Greenberg and Sharp do not have definite terms. Each of their employment agreements will continue in effect until terminated:

- by the executive's death or disability;
- by the executive for good reason, as defined below;
- by us for cause, as defined below;
- by us or the executive by giving the other not less than two (2) years notice; or
- by mutual agreement between us and the executive.

The employment agreements between us and each of Ms. Esposito-Mayer, Mr. Baer and Mr. Duquette had an initial term ending on February 28, 2009 but the term automatically extends unless the agreement is terminated by us or the executive by giving the other notice of a decision to terminate the agreement prior to a date determined by the agreements. As such dates have passed for each of the executives, the agreements have been extended and now will continue in effect until terminated:

- by the executive's death or disability;
- by the executive for just cause, as defined below;
- by us for cause, as defined below;
- by us or the executive by giving the other a period of required notice, as defined below; or

- by mutual agreement between us and the executive.

Table of Contents

The required notice period is one month for each year of service with us but not more than fifteen months, which means thirteen months for Ms. Esposito-Mayer and fifteen months for Mr. Baer and Mr. Duquette.

The discussion and tables below reflect the estimated termination benefits that would be paid or accrue to each of the named executive officers in the event of the following termination scenarios:

- Termination for Cause If we terminate the employment of one of the named executives for cause, as defined below, such executive would be entitled to unpaid base salary and continuation of benefits through the date of termination only.

Cause is defined under the employment agreements of Messrs. Greenberg and Sharp as follows:

- Willful and continued failure to substantially perform his duties or obligations under the employment agreement (after notice and failure to cure); or
- Willful engaging in misconduct which is materially monetarily injurious to us.

Cause as defined under the employment agreements of Ms. Esposito-Mayer, Mr. Baer and Mr. Duquette exists if such executive shall:

- Be convicted, plead guilty, or enter a plea of nolo contendere to a felony or a crime involving moral turpitude; or
- Commit any act or omit to take any action in bad faith and to our detriment; or
- Willfully and continually fail to perform his or her duties or obligations under any provision of the employment agreement in any material respect, and shall not correct such failure within ten days after receipt of written notice thereof; or
- Fail to perform his or her duties or obligations pursuant to the non-compete and confidential information provisions of his or her employment agreement in any material respect.

- Termination upon disability We may terminate the employment of a named executive officer in the event of such executive's incapacity due to extended physical or mental illness. In the case of disability, the affected executive would be entitled to his or her unpaid base salary and continuation of benefits through the date of termination only. If Mr. Greenberg or Mr. Sharp has been absent from his duties on a full-time basis for the entire period of six consecutive months due to physical or mental illness, we may terminate his employment thirty days after giving him notice of termination if he has not returned to the performance of his duties on a full-time basis within those thirty days. If Ms. Esposito-Mayer, Mr. Baer or Mr. Duquette is unable fully to discharge his or her duties for a period of ninety consecutive days due to a serious health condition (as defined in the Family and Medical Leave Act of 1993) and after giving effect to any reasonable accommodation required by law, we may terminate his or her employment as of a date specified in a notice of termination given to such employee.
- Termination upon death In the event of death, each of the named executive officers is entitled to his or her full salary through the date of death and we are required to pay his or her spouse or estate the following: for Messrs. Greenberg and Sharp an amount equal to his full salary for one year after the date of death; and for Ms. Esposito-Mayer, Mr. Baer or Mr. Duquette his or her full salary through the end of the calendar month within which termination occurred plus his or her full salary for the following two calendar months, and for purposes of the vesting of any stock units outstanding and unvested as of the date of termination of his or her employment, he or she shall be deemed to have been employed through the remaining period under the employment agreement.
- Termination without cause, or for good reason or just cause If we terminate a named executive officer's employment without cause or a named executive officer terminates his or her employment for good reason or just cause, as defined below, then the named executive officer would be entitled to certain compensation discussed in detail below.

Good reason is defined under the employment agreements of Messrs. Greenberg and Sharp as follows:

- A change in control as defined in his employment agreement; or
- A management change in control as defined in his employment agreement; or
- A failure by us to comply with any material provision of the employment agreement which has not been cured within ten days after notice of such noncompliance has been given to us by the executive; or
- Any purported termination of the executive's employment by us which is not effected pursuant to a notice of termination satisfying the requirements of the employment agreement.

Ms. Esposito-Mayer, Mr. Baer and Mr. Duquette shall be deemed to have resigned for just cause, under the terms of their employment agreement, in the event that he or she resigns within sixty days following either:

Table of Contents

- Our imposition, without express written consent of the executive, of any significant change in his or her function, duties, or responsibilities that is not consistent with him or her being an executive, unless we rescind or modify such change within ten business days after receipt of written notice from the executive; or
- Our failure to make any material payment, or provide any material benefit to the executive pursuant to the employment agreement, unless we correct any such deficiency within ten business days after receipt of written notice from the executive; or
- Our breach of any other term of the employment agreement, unless we correct such failure or breach within thirty days after written notice from the executive.

Termination Payments under Mr. Greenberg's Employment Agreement

If we terminate Mr. Greenberg's employment without cause, or if he terminates his employment for good reason other than as a result of a management change in control, we are obligated to pay him his full salary and provide his benefits through the date of termination, pay his full bonus for the calendar year in which the date of termination occurs, and pay as severance an amount equal to his average annual cash compensation received from us during the three full calendar years immediately preceding the termination date, multiplied by the greater of (i) the number of years that would have been remaining in the employment period if his employment had not been terminated and (ii) three. In addition, all options to purchase common stock granted to him shall become fully vested and we must provide him with continued benefits for three years under all employee benefit plans and programs in which he was entitled to participate prior to the termination.

If Mr. Greenberg terminates his employment as a result of a management change in control, we are obligated to pay him his full salary and provide his benefits through the date of termination, pay his full bonus for the calendar year in which the date of termination occurs, and pay as severance an amount equal to his average annual cash compensation received from us during the three full calendar years immediately preceding the termination date, multiplied by two. In addition, all options to purchase common stock granted to him shall become fully vested and we must provide him with continued benefits for two years under all employee benefit plans and programs in which he was entitled to participate prior to the termination.

Termination Payments under Mr. Sharp's Employment Agreement

If we terminate Mr. Sharp's employment without cause, or if he terminates his employment for good reason other than as a result of a management change in control, we are obligated to pay him his full salary and provide his benefits through the date of termination, pay his full bonus for the calendar year in which the date of termination occurs, and pay as severance an amount equal to his average annual cash compensation received from us during the three full calendar years immediately preceding the termination date, multiplied by the greater of (i) the number of years that would have been remaining in the employment period if his employment had not been terminated and (ii) three. In addition, all options to purchase common stock granted to him shall become fully vested and we must provide him with continued benefits for three years under all employee benefit plans and programs in which he was entitled to participate prior to the termination.

Edgar Filing: GP STRATEGIES CORP - Form DEF 14A

If Mr. Sharp terminates his employment as a result of a management change in control, we are obligated to pay him his full salary and provide his benefits through the date of termination, pay his full bonus for the calendar year in which the date of termination occurs, and pay as severance an amount equal to his average annual cash compensation received from us during the three full calendar years immediately preceding the termination date. In addition, all options to purchase common stock granted to him shall become fully vested and we must provide him with continued benefits for one year under all employee benefit plans and programs in which he was entitled to participate prior to the termination.

Termination Provisions of Employments Agreement with Ms. Esposito-Mayer, Mr. Baer and Mr. Duquette

If during the term of either Ms. Esposito-Mayer's, Mr. Baer's or Mr. Duquette's employment agreement we terminate his or her employment without cause or any of them terminates his or her employment for just cause and he or she is in full compliance with his or her obligations under the employment agreement, we are obligated to pay the executive his or her base annual salary at the rate in effect on the date of such termination, and the executive will continue to be eligible to receive such benefits as he or she would have been entitled to had his or her employment not terminated, for a period of time after termination equal to the length of the required notice. In addition, upon the occurrence of a Change in Control or Sale of the Company, as defined in each of their employment agreements, all stock options to purchase common stock granted to him or her shall immediately become fully vested and exercisable, and all stock units granted to him or her must immediately be paid in unrestricted shares of common stock.

The amounts shown in the table below assume that the noted triggering events occurred on December 31, 2008 with respect to the five named executive officers. Other relevant assumptions and explanations are provided in the footnotes following the table. The amounts shown reflect only the additional payments or benefits that a named executive officer would have received upon the occurrence of the respective triggering events listed below; they do not include the value of payments or benefits that would have been earned, or any

Table of Contents

amounts associated with equity awards that would have vested absent the triggering event. As discussed above, none of the named executive officers receive additional compensation in the event of voluntary or involuntary termination for cause or in the event of disability.

Potential Post-Employment Payments

Name / Element of Compensation	Termination due to Death	Termination Without Cause or for Good Reason, Excluding Change in Control	Termination due to Change in Control	Termination due to Management Change in Control
Scott N. Greenberg				
Salary	\$ 363,000(1)			
Severance		\$ 1,174,702(2)	\$ 1,174,702(2)	\$ 783,135(3)
Bonus (4)		17,000	17,000	17,000
Benefits continuation		25,283(5)	25,283(5)	17,342(6)
Total	\$ 363,000	\$ 1,216,985	\$ 1,216,985	\$ 817,477
Sharon Esposito-Mayer				
Salary	\$ 42,500(7)	\$ 276,250(8)		
Stock units (9)			\$ 101,624	\$ 101,624
Benefits continuation		9,667(10)		
Total	\$ 42,500	\$ 285,917	\$ 101,624	\$ 101,624
Douglas E. Sharp				
Salary	\$ 350,000(1)			
Severance		\$ 1,171,141(2)	\$ 1,171,141(2)	\$ 390,380(11)
Bonus (4)		17,000	17,000	17,000
Stock options			1,337(12)	1,337(12)
Benefits continuation		25,283(5)	25,283(5)	8,923(13)
Total	\$ 350,000	\$ 1,213,424	\$ 1,214,761	\$ 417,640
Karl Baer				
Salary	\$ 43,833(7)	\$ 328,750(14)		
Stock units (9)			\$ 97,867	\$ 97,867
Benefits continuation		11,028(15)		
Total	\$ 43,833	\$ 339,778	\$ 97,867	\$ 97,867
Donald R. Duquette				
Salary	\$ 45,000(7)	\$ 337,500(14)		
Stock units (9)			\$ 85,239	\$ 85,239
Benefits continuation		11,028(15)		
Total	\$ 45,000	\$ 348,528	\$ 85,239	\$ 85,239

(1) Represents one year of current salary as of December 31, 2008.

Edgar Filing: GP STRATEGIES CORP - Form DEF 14A

- (2) Represents severance payment pursuant to employment agreement which equals the average of his cash compensation for the last three calendar years multiplied by three.
- (3) Represents severance payment pursuant to employment agreement which equals the average of his cash compensation for the last three calendar years multiplied by two.
- (4) Represents bonus earned during the year ended December 31, 2008 which would be due to the executive if any of the applicable triggering events occurred on December 31, 2008.
- (5) Represents an estimate of the incremental cost to the Company for benefits continuation for three years subsequent to termination date.
- (6) Represents an estimate of the incremental cost to the Company for benefits continuation for two years subsequent to termination date.
- (7) Represents two full calendar months of current salary as of December 31, 2008.
- (8) Represents the current salary for thirteen months that would have been paid or accrued if the triggering event occurred as of December 31, 2008.
- (9) Represents the value of the number of stock units deemed to have vested for each triggering event. Value is based on the closing price of our common stock on December 31, 2008 of \$4.51.

Table of Contents

(10) Represents an estimate of the incremental cost to the Company for benefits continuation for thirteen months subsequent to the termination date.

(11) Represents severance payment pursuant to employment agreement which equals the average of his cash compensation for the last three calendar years.

(12) Pursuant to Mr. Sharp's employment agreement, in the event of a change in control of the Company, he can elect to surrender his outstanding stock options for a cash payment equal to the excess of the fair market value on the termination date of the common stock issuable upon exercise of the options over aggregate exercise price of the options surrendered. The amount included in the table represents the fair value of Mr. Sharp's outstanding options as of December 31, 2008 based on the closing price of our common stock on December 31, 2008 of \$4.51.

(13) Represents an estimate of the incremental cost to the Company for benefits continuation for one year subsequent to the termination date.

(14) Represents the current salary for fifteen months that would have been paid or accrued if the triggering event occurred as of December 31, 2008.

(15) Represents an estimate of the incremental cost to the Company for benefits continuation for fifteen months subsequent to the termination date.

Director Compensation

Our Board of Directors has adopted guidelines for the compensation of our non-employee directors. Our non-employee directors are paid a retainer of \$25,000 per year. In addition, the Chairman of the Board receives an additional \$40,000 per year; the Chairman of the Audit Committee receives an additional \$15,000 per year; members of the Audit Committee receive an additional \$5,000 per year; the Chairman of the Compensation Committee receives an additional \$5,000 per year; and members of the Compensation Committee receive an additional \$2,500 per year. These annual fees are prorated and paid on a quarterly basis. At the option of the directors, up to one-half of the fees may be paid in shares of our common stock. In addition, we issue shares of our common stock to our non-employee directors on a quarterly basis as additional compensation for their services as a director. For the first three quarters of 2008, we issued each non-employee director 500 shares per quarter, and for the fourth quarter of 2008 we increased the quarterly stock issuance to 900 shares per director due to the decline in the price of our common stock.

In addition to the annual retainers, each non-employee director receives \$1,500 for each Board meeting attended and \$750 for each committee meeting attended, but only if the committee meeting is held on a different date than the Board meeting.

Edgar Filing: GP STRATEGIES CORP - Form DEF 14A

On November 7, 2008, we granted to each non-employee director 3,333 shares of restricted stock, which vest 25% annually over four years subsequent to the grant date.

Directors Compensation Table

The following table shows the compensation earned by each individual who served as a director during the year ended December 31, 2008 (excluding Mr. Greenberg, whose compensation as Chief Executive Officer is shown above in the Summary Compensation Table):

Name	Fees earned or paid in cash (\$)	Stock awards (\$) (1)	All other compensation (\$)	Total (\$)
Harvey P. Eisen	51,000	52,127		103,127
Marshall S. Geller	50,250	18,373		68,623
Sue W. Kelly	47,250	18,373		65,623
Richard C. Pfenniger, Jr.	52,500	18,373		70,873
A. Marvin Strait	66,500	18,373		84,873
Gene A. Washington	56,500	18,373		74,873

(1) Reflects the dollar amount expensed for financial statement reporting for the year ended December 31, 2008 in accordance with SFAS No. 123R for quarterly director fees paid in shares of our common stock and restricted stock awards granted on November 7, 2008.

Compensation Committee Interlocks and Insider Participation

Members of the Compensation Committee of our Board of Directors are Harvey P. Eisen, Marshall S. Geller, Chairman, A. Marvin Strait and Gene A. Washington. Harvey P. Eisen is the Chairman of the Board and Chief Executive Officer of NPDC and Scott N. Greenberg, our Chief Executive Officer, is a Director of NPDC. None of the members of the Compensation Committee

Table of Contents

during 2008 (a) was an officer or employee of the Company, (b) was a former officer of the Company or (c) had any relationship requiring disclosure by the Company under any paragraph of Item 404 of Regulation S-K.

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis included in this proxy statement. Based upon this review and discussion, the Compensation Committee recommended to our Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement filed with the SEC in connection with the Company's annual meeting of stockholders.

COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

Harvey P. Eisen

Marshall S. Geller

A. Marvin Strait

Gene A. Washington

Table of Contents

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Review & Approval Process for Related Person Transactions

Our Corporate Governance Guidelines (a copy of which may be viewed on our website and is available in print, without charge, upon request to GP Strategies' Corporate Secretary) require each director to avoid any action, position or interest that conflicts with an interest of the Company or gives the appearance of a conflict. Although there is no formal written procedure in those Guidelines for handling such situations when they arise, in practice our Board of Directors, or a committee thereof, is responsible for reviewing and approving, all related person transactions. A related person transaction is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which the Company and any related person are participants. A related person is an executive officer, director, or more than 5% stockholder of the Company, including any of their immediate family members, and any entity owned or controlled by such persons.

Our Conduct of Business Policy (a copy of which may be viewed on our website and is available in print, without charge, upon request to GP Strategies' Corporate Secretary) governs related person transactions involving executive officers and the Company. It prohibits activities or relationships which are incompatible with employment by the Company or which places the executive in a position where there is a conflict between the executive's private interests and the interests of the Company, its subsidiaries or affiliates. Executives are required to immediately disclose such situations to their supervisor, the Company's Ethics Program Compliance Officer, or the Company's General Counsel for a determination of appropriate action. The Company maintains a telephone hotline for employees to confidentially report questionable activities or seek advice in handling ethics-related issues.

Related Transactions

Directorships

Certain of our Directors have also served as Directors of NPDC and GSE. Scott N. Greenberg is currently a Director of NPDC, was a Director of GSE until May 2008, and was Chief Financial Officer of NPDC until August 2007. Harvey P. Eisen is Chairman of the Board of NPDC and Managing Member of Bedford Oak Partners LP, which owns approximately 20.9% of the issued and outstanding shares of NPDC.

Guarantees

Subsequent to the spin-off of NPDC, we guaranteed certain operating leases for Five Star's New Jersey and Connecticut warehouses, totaling approximately \$1,589,000 annually through March 31, 2007. The leases have been extended and now expire in the first quarter of 2010. In connection with our spin-off of NPDC, NPDC agreed to assume our obligation under such guarantees, to use commercially reasonable efforts to cause us to be released from such guaranty and to hold us harmless from all claims, expenses and liabilities connected with the leases or NPDC's breach of any agreements effecting the spin-off. In March 2009, we received confirmation from the landlord that we were released from the guarantee on the Connecticut warehouse lease. We have not received confirmation that we have been released from the guarantee of the New Jersey warehouse. The annual rent obligation is currently approximately \$1,600,000.

We also guaranteed the repayment of a debt obligation of MXL Industries, Inc. (MXL), a former subsidiary of NPDC, until June 2008, at which time MXL paid the obligation in full and our guarantee expired.

Table of Contents**EQUITY COMPENSATION PLAN INFORMATION**

The following is information as of December 31, 2008 about shares of our Common Stock that may be issued upon the exercise of options, warrants and rights under our 1973 Non-Qualified Stock Option Plan, which was not approved by security holders, and 2003 Incentive Stock Plan, which was approved by security holders. For a description of the material terms of these plans, see Note 12 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2008, filed with the SEC on March 4, 2009.

	Non- Qualified Stock Option Plan	Incentive Stock Plan
Plan category:		
Equity compensation plans not approved by security holders:		
(a) Number of securities to be issued upon exercise of outstanding options(1)	107,654	
(b) Weighted average exercise price of outstanding options (1)	\$ 3.93	
(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in row (a))	1,425,744	
Equity compensation plans approved by security holders:		
(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights		846,900
(b) Weighted average exercise price of outstanding options, warrants and rights	\$	11.08
(c) Number of securities remaining available for future issuance under equity compensation plans		492,387

(1) Does not include shares of common stock that may be issued to directors of the Company in lieu of cash for payment of quarterly director fees.

Table of Contents

ADDITIONAL INFORMATION

Compliance with Section 16(a) of the Exchange Act

Section 16(a) of the Exchange Act requires our officers and directors, and persons who own more than 10% of a registered class of our securities, to file reports of ownership and changes in ownership with the SEC and the New York Stock Exchange, and to furnish us with such reports.

Based solely on a review of copies of such reports for 2008, we believe that during 2008 all reports applicable to our officers, directors and greater than 10% beneficial owners were filed on a timely basis.

Stockholder Proposals

Stockholders may present proposals for inclusion in the Company's proxy statement for the 2010 Annual Meeting of Stockholders provided they are received by the Company no later than June 1, 2010 (or, if the date of the 2010 Annual Meeting of Stockholders is changed by more than 30 days from the date of the 2009 Annual Meeting of Stockholders, a reasonable time before the Company begins to print and mail its proxy materials for the 2010 Annual Meeting of Stockholders) and are otherwise in compliance with applicable SEC regulations. In addition to the above requirements, the Company's By-laws provide that any stockholder wishing to nominate a candidate for Director or to propose other business at an annual meeting of stockholders of the Company must give written notice that is received by the Secretary of the Company not less than 90 days prior to the anniversary date of the proxy statement relating to the immediately preceding annual meeting of stockholders (no later than July 1, 2010 with respect to the 2009 Annual Meeting of Stockholders); provided that in the event that the annual meeting is called for a date that is not within 30 days before or after such anniversary date, such notice must be received not less than 90 days prior to the date of the meeting or, if the first public announcement of the meeting date is less than 100 days before such meeting date, not later than the close of business on the tenth day following the day on which public disclosure of the date of the annual meeting was first made. Such notice must provide certain information specified in the Company's By-laws. Copies of the Company's By-laws are available to stockholders without charge upon request to the Company's Secretary at the Company's address set forth above.

Annual Report

The Company's Annual Report for the fiscal year ended December 31, 2008, which is not a part of the proxy soliciting materials, was mailed to the Company's stockholders on approximately April 30, 2009.

General

So far as is now known, there is no business other than that described above to be presented for action by the stockholders at the Annual Meeting, but it is intended that the Proxies will be voted upon any other matters and proposals that may legally come before the meeting and any adjournments thereof in accordance with the discretion of the persons named therein.

Cost of Solicitation

The cost of solicitation of proxies will be borne by the Company. It is expected that the solicitations will be made primarily by mail, but employees or representatives of the Company may also solicit proxies by telephone and in person, and arrange for brokerage houses and other custodians, nominees and fiduciaries to send proxy material to their principals at the expense of the Company.

By Order of the Board of Directors,

Kenneth L. Crawford, *Secretary*

September 29, 2009

