GP STRATEGIES CORP
Form DEF 14A
November 14, 2008
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 x

Filed by a Party other than the Registrant o

Check the appropriate box:

o	Preliminary Proxy Statement
o	**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x	Definitive Proxy Statement
o	Definitive Additional Materials
o	Soliciting Material Pursuant to §240.14a-12

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

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

o 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:

o Fee paid previously with preliminary materials.

o 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

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

to be held December 11, 2008

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 Westin Baltimore Washington Airport - BWI, 1110 Old Elkridge Landing Road, Baltimore, Maryland, on the 11th day of December 2008, 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, 2008.

3. Any other matters properly brought before the meeting or any adjournments 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 October 31, 2008 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.

By Order of the Board of Directors

Kenneth L. Crawford, *Secretary*

Elkridge, Maryland

November 14, 2008

THE BOARD OF DIRECTORS APPRECIATES AND ENCOURAGES YOUR PARTICIPATION IN THE COMPANY S ANNUAL MEETING. EVEN IF YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE FILL IN, DATE AND SIGN THE ENCLOSED PROXY AND RETURN IT PROMPTLY IN THE ENCLOSED POSTAGE PREPAID RETURN ENVELOPE. IF YOU ATTEND THE ANNUAL MEETING YOU MAY REVOKE YOUR PROXY AND VOTE IN PERSON.

Table of Contents

GP STRATEGIES CORPORATION

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON DECEMBER 11, 2008

TABLE OF CONTENTS

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 Westin Baltimore Washington Airport - BWI, 1110 Old Elkridge Landing Road, Baltimore, Maryland on the 11th day of December 2008, 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 November 14, 2008.

Each Proxy executed and returned by a stockholder may be revoked at any time thereafter, by written notice to that effect to the Company, attention of the Secretary, prior to the Annual Meeting, or to the Chairman, or the Inspectors of Election, at the Annual Meeting, or by the execution and return of a later-dated Proxy, except as to any matter voted upon prior to such revocation.

The Proxies in the accompanying form 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, 2008. 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.

The proposal to ratify the appointment of KPMG as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2008 (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, 2008 (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 October 31, 2008 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 October 31, 2008 consisted of 16,232,389 shares of Common Stock, each entitled to one vote per share. A quorum of the

Table of Contents

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.

PRINCIPAL STOCKHOLDERS

The following table sets forth the number of shares of Common Stock beneficially owned as of October 31, 2008 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
Pequot Capital Management, Inc. 500 Nyala Farm Road Westport, CT 06880	1,538,270 shares(1)	9.5%
Dimensional Fund Advisors LP 1299 Ocean Avenue Santa Monica, CA 90401	974,285 shares(2)	6.0%
Royce & Associates, LLC 1414 Avenue of the Americas New York, NY 10019	938,600 shares(3)	5.8%

(1) Based on a Form 13F filed by Pequot Capital Management, Inc. with the SEC on August 14, 2008.

(2) Based on a Form 13F filed by Dimensional Fund Advisors LP (Dimensional) with the SEC on October 30, 2008. Dimensional has informed the Company that the shares are owned by advisory clients of Dimensional and that Dimensional disclaims beneficial ownership of such shares.

(3) Based on a Form 13F filed by Royce & Associates, LLC with the SEC on August 11, 2008.

SECURITY OWNERSHIP OF DIRECTORS AND NAMED EXECUTIVE OFFICERS

The following table sets forth, as of October 31, 2008, 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	364,759(2)	2.2%
Marshall S. Geller	219,645	1.4%
Scott N. Greenberg	134,705(3)	*
Sue W. Kelly	2,500	*
Richard C. Pfenniger, Jr.	13,444	*
A. Marvin Strait	5,500	*
Gene A. Washington	1,500	*
Douglas E. Sharp	63,669(4)	*
Sharon Esposito-Mayer	35,733(4)	*
Karl Baer	34,948(4)	*
Directors and Executive Officers as a Group (14 persons)	963,161(5)	5.9%

Table of Contents

(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) 13,500 shares issuable upon exercise of currently exercisable stock options; (ii) 9,161 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 17,726 shares for Mr. Sharp, 9,754 shares for Ms. Esposito-Mayer, and 9,360 shares for Mr. Baer, issuable upon exercise of currently exercisable stock options; and 9,783 shares for Mr. Sharp, 7,785 for Ms. Esposito-Mayer, and 6,706 shares for Mr. Baer allocated pursuant to the provisions of our Retirement Savings Plan.

(5) Includes 79,145 shares of Common Stock issuable upon exercise of currently exercisable stock options and 55,086 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)	66	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. 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)	69	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 1st Century Bancshares, Inc., 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 (2005)	53	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 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)	72	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 of 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.
A. Marvin Strait (2007)	74	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., RAE Systems, 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)	61	Mr. Washington is the Director of Football Operations with the National Football League (NFL) in New York. He previously served as a professional sportscaster and as Assistant Athletic Director for Stanford University prior to assuming his present position with the NFL in 1994. Mr. Washington serves and has served on numerous corporate and civic boards, including serving 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.

5

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 eight meetings in 2007. 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.

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 have become 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.

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.

The Board of Directors established the Nominating/Corporate Governance Committee, which met three times in 2007. The Nominating/Corporate Governance 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. 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 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.

Table of Contents

Generally, candidates for election to the Board are suggested by existing Board members, however, the Nominating/Corporate Governance Committee will consider shareholder 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 the Company s Secretary in writing at 6095 Marshalee Drive, Suite 300, Elkridge, MD 21075. When submitting candidates for nomination to be elected at the Company s annual meeting of stockholders, stockholders must also follow the notice procedures and provide the information required by the Company s By-laws. 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 immediately preceding annual meeting of stockholders (no later than September 12, 2009 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 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.

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. The members 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 five times in 2007.

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. In 2007, the Executive Committee acted twice through unanimous written consents.

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 is required to be provided to stockholders every three fiscal years, unless amended earlier. The Audit Committee Charter was 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. The Audit Committee met five times in 2007.

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.

Table of Contents

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. 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.

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 2007.

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 continue to monitor our corporate governance guidelines to comply with rules adopted by the SEC, the NYSE and industry practice.

Communications with the Board of Directors

The Board of Directors has provided the means 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.

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, who is a mechanical engineer, 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.
Sharon Esposito-Mayer		42		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.

Table of Contents

Executive Officer	Age	Positions
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.
L. Thomas Davis	60	Mr. Davis was Executive Vice President, Homeland Security, Energy & Government, of the Company from March 2006 until June 2008 at which time he retired from the Company. He was an Executive Vice President of General Physics from 2000 to 2008 and was a Vice President of General Physics from 1988 to 1999. Mr. Davis held various other positions since joining General Physics in 1984. Mr. Davis is a graduate of the U.S. Naval Academy.
Donald R. Duquette	54	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	65	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	50	Mr. Crawford was appointed Senior Vice President, General Counsel and Secretary of the Company in 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.
Alan P. Tattersall	65	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.

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, 2008. 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, 2007 and 2006 for professional services rendered by KPMG:

	2007	2006
Audit Fees (1)	$ 1,442,000	$ 844,000
Audit-Related Fees (2)	148,000	47,000
Tax Fees (3)	391,000	59,000
All Other Fees		
Total	$ 1,981,000	$ 950,000

(1) 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. Audit fees for 2006 consisted of $811,000 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 $33,000 for statutory audit services for a foreign subsidiary.

(2) 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. Audit-related fees for 2006 consisted of the audit of the financial statements of employee benefit plans and audit-related services for subsidiaries of General Physics.

(3) Tax fees for 2007 and 2006 consisted of fees for tax compliance services, including the preparation 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, 2007, 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. 114, *The Auditor s Communication with those Charged with Governance*, relating to the conduct of the audit. The Audit Committee has received the written disclosures and the letter from KPMG required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, 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, 2007 be included in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2007 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, 2008.

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, 2008 (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, 2008.

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. The Compensation Committee is responsible for establishing and administering our policies governing the compensation for 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 2007 meetings included, but were not limited to, the following:

- Competitive compensation and 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;

- Review of promotions of non-executive officers with a rank of Vice President or above; and

- Review of employment agreements for executive officers and non-executive officers with a rank of Vice President or above.

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.

Table of Contents

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;

- Motivate and reward executives whose knowledge, skills, potential and performance are critical to our success; and

- Align the interests of our executive officers and shareholders by motivating executive officers to increase shareholder value and rewarding executive officers when shareholder 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 shareholders. 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 2007, 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 WTPF, Mercer Human Resource Consulting, Culpepper 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 50^{th} and 75^{th} 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 50^{th} or 75^{th} 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 2007, 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

Table of Contents

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.

Cash-Based Incentive Compensation (Bonus)

The annual incentive compensation award for 2007 for Ms. Esposito-Mayer, Mr. Baer and Mr. Davis 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 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. 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 2007, our EBITDA, as adjusted for the budgeted EBITDA of businesses we acquired in 2007, increased 16%. For 2007, the bonuses determined in accordance with their employment agreements (the Employment Agreement Bonuses) were $81,190 for Mr. Greenberg and $78,200 for Mr. Sharp. Their calculated bonuses for 2007 represented 23% of their respective salaries, based upon the 16% increase in EBITDA in accordance with the formula set forth above. The Compensation Committee determined that the Employment Agreement Bonuses for 2007 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 slightly below the Employment Agreement Bonuses to which they were otherwise entitled. The actual bonuses paid were $80,000 to Mr. Greenberg and $75,000 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 or restricted stock units, is designed to align the interests of our executives with our shareholders 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. 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.

Table of Contents

Stock Options

In June 2007, the Compensation Committee granted stock options to certain of our officers and key employees to purchase an aggregate of 880,000 shares of our common stock at an exercise price of $11.08 per share. The stock options, which are non-qualified stock options for tax purposes, were granted pursuant to our 2003 Incentive Stock Plan and expire on June 26, 2013. The options are subject to acceleration of vesting upon a change of control and in the case of Messrs. Greenberg and Sharp, termination of employment based on the provisions specified in their respective employment agreements. The stock options vest over the course of five years in accordance with the following vesting schedule: 10% one year after grant; an additional 15% two years after grant; an additional 20% three years after grant; an additional 25% four years after grant, and the remaining 30% five years after grant. The following named executive officers received grants of stock options in June 2007:

Name	No. of Options
Scott N. Greenberg	135,000
Douglas E. Sharp	115,000
Karl Baer	90,000
Sharon Esposito-Mayer	70,000
L. Thomas Davis	30,000

Restricted Stock and Restricted Stock Units

In March 2005, we granted Mr. Greenberg and Mr. Sharp 42,000 and 34,000 shares of restricted stock, respectively. These awards were fully vested at grant because they were attributable to their 2004 service, but the shares had a restriction on sale until December 31, 2007.

In April 2005, we also granted Ms. Esposito-Mayer, Mr. Baer and Mr. Davis 23,000 restricted stock units each, which vest over five years from the date of grant.

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. The plan requires 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 2007, we matched 50% of participants contributions in shares of our common stock, up to the first 7% of participants base compensation.

- <u>Health and Welfare Benefits:</u> 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.

- <u>Life Insurance Premiums:</u> Life insurance policies, in excess of the standard life insurance plans offered to full-time employees, are offered to the named executive officers. During 2007, the executive life insurance policies provided coverage up to three 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.

- <u>Automobile Allowances:</u> During 2007, Mr. Greenberg, Ms. Esposito-Mayer and Mr. Sharp used vehicles leased or owned by us for both business and personal use; and we provided Mr. Baer and Mr. Davis with a monthly car allowance in lieu of a vehicle leased by us.

<u>Employment Agreements, Severance Benefits and Change in Control Provisions</u>

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 each of our other named executive officers 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 June 2007, the Compensation Committee approved amendments to the employment agreements of Mr. Greenberg and Mr. Sharp. The existing

Table of Contents

employment agreements of Mr. Greenberg and Mr. Sharp, as previously amended, were due to end on June 30, 2008. The amendments to both employment agreements extended the terms of the agreements indefinitely, subject to termination upon two years notice or for cause, as provided in the employment agreements. The amendments also deleted the requirement for annual minimum mandatory salary increases. In September 2007, we also entered into new employment agreements with Ms. Esposito-Mayer and Mr. Baer, whose prior employment agreements had expired.

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 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 2007 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, 2007.

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	2007	343,250			43,575	80,000	18,149	485,244
Chief Executive Officer	2006	305,202	34,800			40,200	18,150	398,352
Sharon Esposito-Mayer	2007	232,708	50,000	34,661	22,595		14,585	354,549
Executive Vice President and Chief Financial Officer	2006	204,792	40,000	34,661	5,715		14,283	299,451
Douglas E. Sharp	2007	331,875			37,120	75,000	15,758	459,753
President	2006	336,016	31,000		25,148	39,000	15,033	446,197
Karl Baer	2007	240,000	50,000	34,661	29,050		16,390	380,726
Executive Vice President	2006	230,625	40,000	34,661	10,059		16,762	332,107
L. Thomas Davis	2007	227,433	40,000	34,661	9,683		16,591	328,368
Executive Vice President (5)	2006	220,198	35,000	34,661	10,059		15,730	315,648

(1) Discretionary bonus for 2007 and 2006. 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.

(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 14* to the Consolidated Financial Statements in our Annual Report on Form 10-K filed with the SEC on March 11, 2008.

(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	2007	7,386	7,569	3,464	18,149
	2006	7,500	7,569	3,081	18,150
Sharon Esposito-Mayer	2007	6,809	6,702	1,074	14,585
	2006	6,603	6,702	978	14,283
Douglas E. Sharp	2007	7,401	6,152	2,205	15,758
	2006	6,602	6,152	2,279	15,033
Karl Baer	2007	7,000	8,400	990	16,390
	2006	6,617	8,400	990	16,762
L. Thomas Davis (5)	2007	7,260	7,380	1,951	16,591
	2006	7,372	7,380	1,290	15,730

(5) Mr. Davis retired from the Company as Executive Vice President effective June 30, 2008.

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, 2007 to certain of our named executive officers:

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards					
Name	Grant Date	Threshold ($)	Target ($)	Maximum ($)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)
Scott N. Greenberg	n/a		81,190(1)	171,625(1)			
	6/26/2007					135,000(2)	11.08
Sharon Esposito-Mayer	6/26/2007						