NBG RADIO NETWORK INC
Form 10QSB
July 19, 2002

United States
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB
Quarterly Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the Quarterly Period Ended May 31, 2002 Commission File Number:0-24075

NBG RADIO NETWORK, INC.
(Exact name of small business issuer as specified in its charter)

Nevada	88-0362102
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

520 SW Sixth Avenue, Suite 750

Portland, Oregon	97204
(Address of principal executive offices)	(Zip Code)

(503) 802-4624
(Issuer's telephone number, including area code)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [X] No [ ]

The registrant has one class of Common Stock with 14,585,651 shares outstanding as of July 12, 2002.

Transitional Small Business Issuer Disclosure Format (check one):Yes [ ] No [X].

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

NBG RADIO NETWORK, INC.
BALANCE SHEETS

ASSETS

	May 31 (Unaudited) 2002	May 31 (Unaudited) 2001
CURRENT ASSETS		
Cash and cash equivalents	$ 136,026	$ 548,832
Receivables:		
Accounts receivable, net of allowance for doubtful accounts of $60,000 in 2002 and in 2001	3,360,603	4,766,069
Unbilled receivable	-	152,865
Note receivable	-	167,200
Related-party receivables	229,354	5,790
Barter exchange receivables	-	81,880
Sales representation agreements, net of amortization	216,805	2,243,920
Prepaid expenses and other current assets	30,295	457,539
Total current assets	3,973,083	8,424,095
PROPERTY AND EQUIPMENT, net of accumulated depreciation and amortization	155,592	170,482
GOODWILL, net of amortization	2,496,881	903,203
INTANGIBLE ASSETS, net of amortization	669,561	160,243
OTHER ASSETS	122,500	-
Total assets	$ 7,417,617	$ 9,658,023

LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY

CURRENT LIABILITIES		
Line of credit	$ -	$ 500,000
Accounts payable	1,526,286	536,490
Accrued liabilities	319,220	3,216
Barter exchange payables	19,243	-
Sales representation agreement liabilities	1,242,461	1,751,915
Current portion of long-term debt	600,000	-
Total current liabilities	3,707,210	2,791,621
LONG-TERM DEBT	3,844,167	-
STOCKHOLDERS' (DEFICIT) EQUITY		
Preferred stock, $.001 par value, 5,000,000 authorized and unissued	-	-
Common stock, $.001 par value; 50,000,000 common shares		

authorized 14,585,651, 14,321,651, and 14,385,651 common shares issued and outstanding at May 31, 2002, May 31, 2001, and November 30, 2001 respectively	14,586	14,326
Additional paid-in-capital	11,450,411	9,016,882
Retained deficit	(11,379,495)	(1,937,266)
Stock subscription receivable	(219,262)	(227,540)
Total stockholders' (deficit) equity	(133,760)	6,866,402
Total liabilities and stockholders' (deficit) equity	$ 7,417,617	$ 9,658,023

See Accompanying Notes

NBG RADIO NETWORK, INC.
STATEMENTS OF OPERATIONS

	THREE MONTHS ENDED MAY 31, 2002 and MAY 31, 2001 (Unaudited)		SIX M MAY 31, 200 (
	2002	2001	2002
REVENUES			
Advertising income	$ 3,046,420	$ 3,322,821	$ 5,754,973
Kiosk income	147,703	432,684	489,866
Total revenues	3,194,123	3,756,036	6,244,839
DIRECT COSTS	2,133,288	2,780,662	4,483,579
GROSS MARGIN	1,060,835	975,374	1,761,260
GENERAL AND ADMINISTRATIVE EXPENSES			
Wages and employee benefits	518,219	921,620	1,015,614
Travel and entertainment	32,984	81,099	60,800
Consulting and professional	178,936	394,528	978,396
Advertising	7,197	9,198	22,314
Depreciation and amortization	381,622	107,648	763,244
Postage and printing	34,443	31,355	68,433
Rent	42,458	15,893	87,937
Office supplies	10,014	10,253	27,704
Telephone	19,972	27,965	32,891
Other expenses	50,864	34,909	131,763
Total general and administrative expenses	1,276,709	1,634,468	3,189,096
Loss before provision for other expense			

and provision for income taxes	(215,874)	(659,094)	(1,427,836
OTHER INCOME (EXPENSE)			
Interest income	480	-	2,055
Interest expense	(326,700)	(4,357)	(642,359
Total other income (expense)	(326,220)	(4,357)	(640,304
Loss before provision for income taxes	(542,094)	(663,451)	(2,068,140
Provision for income taxes	4,548	(125,000)	4,548
Net loss	$ (546,642)	$ (538,451)	$ (2,072,688
Basic and diluted loss per share of common stock	$ (0.04)	$ (0.04)	$ (0.14
Weighted average number of shares outstanding - basic and diluted	14,519,651	13,897,275	14,452,316

See Accompanying Notes

NBG RADIO NETWORK, INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS' (DEFICIT) EQUITY

	Common Stock		Additional Paid-In Capital	Retained Deficit	Su R
	Shares	Amount			
BALANCE, November 30, 2000 (audited)	12,321,831	$ 12,322	$ 6,795,719	$ (922,926)	$
Issuance of common shares	1,351,920	1,352	1,800,568	-	
Exercise of options	577,900	578	312,458	-	
Issuance of common shares and common share subscription for services	134,000	134	231,866	-	
Services provided for payment of subscribed shares	-	-	-	-	
Allocated value of warrants issued in debt financing	-	-	2,150,000	-	
Net loss for the year	-	-	-	(8,383,881)	

BALANCE November 30, 2001 (audited)	14,385,651	$ 14,386	$11,290,611	$(9,306,807)	$
Issuance of common shares	200,000	200	159,800	-	
Service provided for payment of subscribed shares	-	-	-	-	
Net loss for the period	-	-	-	(2,072,688)	
BALANCE May 31, 2002 (unaudited)	14,585,651	$ 14,586	$11,450,411	$(11,379,495)	$

See Accompanying Notes

NBG RADIO NETWORK, INC.
STATEMENTS OF CASH FLOWS

	SIX MONTHS ENDED MAY 31, (Unaudited)	
	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	$ (2,072,688)	$ (1,014,
Adjustments to reconcile net loss to cash from operating activities:		
Depreciation and amortization	763,244	215,
Amortization of discount on long-term debt	215,000	
Sales representation contract agreement amortization	185,832	946,
Services provided in payment of subscribed shares	3,135	14,
Changes in assets and liabilities:		
Accounts receivable	585,200	(852,
Unbilled receivable	-	42,
Related party receivable	(10,000)	76,
Barter exchange receivable/payable	(10,096)	
Prepaid expenses and other current assets	853	(329,
Net change in programming contract liabilities	39,366	(1,287,
Accounts payable	87,904	(44,
Accrued liabilities	(31,689)	(160,
Net cash from operating activities	(180,561)	(2,394,
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(4,815)	(6,
Net cash from investing activities	(4,815)	(6,
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common stock	-	1,714,
Stock options exercised	-	280,
Net advances on line of credit	-	100,

Net cash from financing activities	-	2,095,
NET DECREASE IN CASH AND CASH EQUIVALENTS	(185,376)	(305,
CASH, beginning of year	321,402	854,
CASH, end of year	$ 136,026	$ 548,

NBG RADIO NETWORK, INC.
STATEMENTS OF CASH FLOWS

	SIX MONTHS ENDED MAY 31, (Unaudited)	
	2002	2001
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 642,359	$ 20,
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Capitalization of programming contract assets and recognition of related liabilities	$ -	$ 288,
Issuance of common stock in payment of accrued expenses	$ 160,000	$

See Accompanying Notes

NOTE 1 - ORGANIZATION AND BUSINESS ACTIVITY

NBG Radio Network, Inc. ("NBG" or "the Company") was organized under the laws of the State of Nevada on March 27, 1996, with the name of Nostalgia Broadcasting Corporation. In January 1998, the stockholders approved the Company's name change to NBG Radio Network, Inc. The Company creates, produces, distributes and is a sales representative for national radio programs and offers other related services to the radio industry. The Company offers radio programs to radio stations in exchange for advertising time on those stations, which the Company then sells to national advertisers.

In June 2001, NBG Radio Network, Inc., completed the acquisition of Glenn Fisher Entertainment Corporation ("GFEC") (see Note 5), which became a wholly-owned subsidiary of the Company involved in the creation, production, and distribution of national radio programs. The Company also owns and operates NBG Solutions, Inc. a wholly owned subsidiary involved in providing design, installation, and support for interactive kiosks. All significant inter-company accounts and transactions have been eliminated in the preparation of the consolidated financial statements.

NOTE 2 - PRINCIPLES OF CONSOLIDATION

The interim consolidated financial statements include the accounts of NBG Radio Network, Inc. and its wholly owned subsidiaries, NBG Solutions, Inc., and GFEC, after elimination of inter-company transactions and balances.

The interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. The financial information included in this interim report has been prepared by management without audit by independent public accountants. The Company's annual report contains audited financial statements. In the opinion of management, all adjustments, including normal recurring accruals necessary for fair presentation of results of operations for the interim periods included herein have been made. The results of operations for the six months ended May 31, 2002 are not necessarily indicative of results to be anticipated for the year ending November 30, 2002.

NOTE 3 - REVENUE RECOGNITION

The Company recognizes revenues from the sale of advertising after the commercial advertisements are broadcast. This is generally billed monthly. If the Company is required to guarantee a certain rating as a condition of the sale, then revenue is not recognized until the advertisement is broadcast and the Company has confirmed it delivered the required rating. Revenues recognized from the design, installation, and support for interactive kiosks produced through NBG Solutions, Inc., are recognized when the product is delivered or services performed.

NOTE 4 - LOSS PER COMMON SHARE

Basic and diluted loss per common share is calculated by dividing net loss by the weighted average basic and diluted shares outstanding, respectively.

NOTE 5 - ACQUISITION OF GLENN FISHER ENTERTAINMENT CORPORATION

On June 29, 2001, the Company acquired all of the common stock of GFEC for $5,280,425 and, as of the date of the acquisition, GFEC became a wholly owned subsidiary of the Company.

The acquisition was accounted for as a purchase. Accordingly, the excess of the fair value of assets acquired over liabilities assumed was recognized as goodwill, and is being amortized over its expected useful life of five years. In addition, identifiable intangible assets (sales representation contract rights) have been recognized and will be amortized over the lives of the underlying assets, which have a weighted average life of 2.5 years. The following summarizes the fair value of the assets acquired and liabilities assumed in the Company's purchase of GFEC.

Goodwill	$ 4,332,443
Identifiable intangibles (sales representation contract rights)	1,518,688
Assets acquired	733,287
Liabilities assumed	(764,239)
Non-refunded prepayments on contracts with GFEC terminated at acquisition	(539,754)
Total cash paid for GFEC	$ 5,280,425

Prior to the acquisition transaction, NBG and GFEC entered into a number of joint business transactions. In its transactions with NBG, GFEC sold to NBG its rights to employment and syndication agreements with radio program personalities or producers pursuant to sales representation agreements. The sales representation agreements were recorded by GFEC as contracts receivable and deferred revenues when the determinable amount of noncancellable agreements were identified. In its transactions with GFEC, NBG recognized its liabilities to GFEC in accordance with the acquired sales representation agreements. The costs of the sales representation agreements were deferred by NBG until such time that they were matched with related programming revenues.

At the time of acquisition, the contracts receivable and deferred revenue balances recognized by GFEC and the unamortized sales representation agreement costs of $1,653,228 and contract liabilities of $1,113,474 recognized by the Company were eliminated for consolidation purposes, resulting in the recognition of an additional $539,754 in goodwill. Accordingly, the total amount of goodwill recognized by the Company in its acquisition of GFEC was $4,332,443.

As part of the acquisition by NBG, Glenn Fisher, the former president and sole shareholder of GFEC, entered into a three-year consulting agreement with NBG. Terms of the consulting agreement provided for monthly payments of $16,667 to Mr. Fisher for the three-year period covered by the agreement. The Company and Mr. Fisher agreed to terminate Mr. Fisher's consulting agreement on June 1, 2002.

The following pro forma condensed financial information has been prepared using the purchase method of accounting and is based on the historical financial statements of the Company and GFEC assuming the acquisition had been concluded at the beginning of the periods presented. The pro forma condensed financial information combines GFEC's statements of operations for the six months ended June 30, 2001, with the statement of operations of the Company for the six months ended May 31, 2001, and GFEC's year ended December 31, 2001 with the statement of operations of the Company for the year ended November 30, 2001. Certain amounts in the historical financial statements of GFEC have been reclassified and adjusted to conform with the

Company's historical financial presentation. All inter-company transactions have been eliminated.

	Six Months Ended May 31,		Years Ended November 3	
	2001 Historical	2001 Pro Forma	2001 Historical	Pro
Revenues	$ 6,671,903	$ 6,696,128	$ 13,546,176	$
Net loss	$ (1,014,341)	$ (2,665,103)	$ (8,383,881)	$ (
Net loss per share (diluted)	$ (0.08)	$ (0.20)	$ (0.60)	$

NOTE 6 -- ABILITY TO CONTINUE AS A GOING CONCERN

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. However, the Company incurred significant losses in 2001, the first two quarters of 2002, and had incurred additional losses in other years since its inception in 1996 such that, as of May 31, 2002, the Company had recorded an accumulated deficit of $11,379,495.

Furthermore, the Company is subject to several restrictive borrowing covenants, which are contained in its Credit Facility Agreement with MCG Finance Corporation ("MCG") dated June 29, 2001. If it is unable to meet the borrowing covenants on the predetermined measurement dates, repayment of the Company's outstanding indebtedness to MCG may be accelerated and the Company may be unable to meet the accelerated repayment requirements.

In addition to the benefit that a national economic recovery will have in improving its sales revenues, the Company is seeking to increase income and cash flow by also increasing sales to existing customers and through sales and marketing efforts to new customers. In addition, the Company has successfully negotiated with selected creditors more favorable repayment terms that will assist in maintaining appropriate levels of cash flow to sustain operating activities.

However, the Company's ability to operate as a going concern is dependent on its ability to regain and sustain profitable operations; to comply with existing debt covenants; and, to generate sufficient cash flow from operations to meet it obligations as they become payable. Although no assurances can be given, management believes that the Company will be able to continue operations into the future. Accordingly, no adjustment has been made to the accompanying consolidated financial statements in anticipation of the Company not being able to continue as a going concern.

Item 2. Management's Discussion and Analysis or Plan of Operation

Forward Looking Statements

The information set forth below relating to matters that are not historical facts are "forward looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934 and involve risks and uncertainties which could cause actual results to differ materially from those contained in such forward looking statements. Such risks and uncertainties include, but are not limited to, the following:

- A decline in national and regional advertising
- Preference by customers of other forms of advertising such as newspapers and magazines, outdoor advertising, network radio advertising, yellow page directories and point of sale advertising
- Loss of executive management personnel
- Ability to maintain and establish new relations with radio stations to air its programs
- Ability to maintain relationships with program hosts and ability to attract new program hosts

o Ability to predict public taste with respect to entertainment programs

Three Months and Six Months Ended May 31, 2002 and 2001

Reference is made to Item 6, "Management's Discussion and Analysis or Plan of Operation" included in the Company's annual report on Form 10-KSB for the year ended November 30, 2001, as amended, on file with the Securities and Exchange Commission. The following discussion and analysis pertains to the Company's results of operations for the three and six month periods ended May 31, 2002, compared to the results of operations for the three and six month periods ended May 31, 2001, and to changes in the Company's financial condition from November 30, 2001 to May 31, 2002.

REVENUES. Total revenues for the three months ended May 31, 2002 were $3,194,123 compared to revenues of $3,756,036 for the same period in 2001, representing a decrease of $561,913, or 15%. For the six months ended May 31, 2002, total revenues were $6,244,839 representing a decrease of $427,064, or 6% compared to the same period in 2001. Revenues generated from the sale of advertising time related to radio programs produced by the Company were $3,204,902 for the six-month period ending May 31, 2002. Revenues generated from the sale of advertising related to sales representation contracts were $2,550,071 for the six months ending May 31, 2002. The Company's decline in revenue resulted from three factors. First, advertising rates have fallen significantly in 2002 compared to the rates seen in the first and second quarters in 2001. Second, in 2001 the Company cancelled three programs that failed to maintain adequate ratings. In 2002, the Company has not developed or otherwise acquired new programs to fill the inventory lost as a result of the cancellation of these programs. As a result, the Company had less inventory available for sale in 2002 compared to 2001. Finally, the Company's kiosk subsidiary's total sales decreased from $432,684 for the three months ended May 31, 2001 to $147,703 for the three months ended May 31, 2002. The main reason for this was the lack of development of new clients and a reduction in orders from current clients.

DIRECT COSTS. Direct costs for the three months ended May 31, 2002 and 2001 were $2,133,288 and $2,780,662, respectively, representing a decrease of $647,374, or 23%. For the six months ended May 31, 2002 direct costs decreased $401,937, or 8% compared to the same

period last year. Several factors contributed to the reduction in the Company's direct costs. First, most of the Company's agreements with its hosts and program producers are structured to compensate the host or producers based on a percentage of revenue generated from the respective program. As the Company's revenues declined as a result of the drop in advertising rates, so did its obligations to compensate its hosts and producers. Second, the Company renegotiated the contracts with several of its hosts and producers to reflect the depressed economic conditions in the radio industry. In most cases, these hosts or producers agreed to switch from a guaranteed payment to a payment based on a percentage of the program's revenues. Third, in response to the economic conditions in the industry, the Company cut its program productions costs on the programs that it produces internally. The combination of these factors have allowed the Company to control its costs in declining economic conditions.

GROSS MARGIN. Gross margin for the three months ended May 31, 2002 was $1,060,835, an increase of $85,461, or 9%, compared to the same period 2001. For the six months ended May 31, 2002 gross margin decreased $25,127, or 1% compared to the same period last year. The Company's gross margin was hurt by the difficult economic conditions in the radio industry. Advertising rates have fallen significantly since last year. The Company was able to offset much of the decrease in advertising rates by renegotiating its contracts with its program hosts and producers. The renegotiated contracts have significantly reduced the amount of guaranteed payments by the Company.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative expenses for the three months ended May 31, 2002 was $1,276,709, representing a decrease of $357,759, or 22% over the same period in 2001. The decrease resulted from:

(1) a reduction in staff size,

(2) pay cuts for all remaining employees,

(3) reductions in the budgets for travel and entertainment, and

(4) a reduction in the Company's investor relations campaign.

A portion of these savings were offset by an increase in depreciation and amortization expenses resulting from amortization of assets acquired in the GFEC acquisition. For the six months ended May 31, 2002 general and administrative expenses were $3,189,096 representing an increase of $384,250, or 13%. The increase resulted from fees paid to the Company's lender which were recorded in the first quarter of the 2002 fiscal year and increased depreciation and amortization expenses. The lender fees included a $200,000 amendment fee charged to amend the covenants in the Company's Credit Facility Agreement and a $400,000 advisory fee paid to the Company's lender. Depreciation and amortization expense increased $548,080 primarily due to an increase in amortization expense from the acquisition of GFEC on June 29, 2001.

OTHER INCOME (EXPENSES). In the three months ending on May 30, 2002, the Company included $326,220 in other expenses, which were primarily a result of interest payments made to the Company's lender under its Credit Facility Agreement.

INCOME TAXES. In the second quarter of 2002, the Company paid $4,548 in estimated taxes due resulting from the GFEC acquisition in 2001. For the same period in 2001 the Company received a refund of $125,000.

NET LOSS AND EARNINGS PER SHARE. Net loss for the three months ended May 31, 2002 was $546,642, or $.04 per share. Net loss for the three months ended May 31, 2001 was $538,451, or $.04 per share. For the six months ended May 31, 2002 and May 31, 2001, net loss was $2,072,688 and $1,014,341 respectively. The loss for 2002 was due to the reduction of advertising rates arising from the current economic conditions, to the increase in non-recurring consulting and professional fees of $600,000, and to $548,080 in depreciation and amortization expense primarily due to the increase in amortization from the acquisition of GFEC on June 29, 2001.

Basic and dilutive earnings per share are based upon a weighted average of 14,452,316 and 13,500,106 shares outstanding on May 31, 2002 and May 31, 2001, respectively.

Liquidity and Capital Resources

Historically, the Company has financed its cash flow requirements through cash flows generated from operations and financing activities. The Company's working capital at May 31, 2002 was $265,873 compared to $5.63 million at May 31, 2001. The decrease in working capital was due to:

(1) the elimination of sales representation contracts as a result of the GFEC acquisition on June 29, 2001,

(2) the reduction of accounts receivable due to lower advertising rates, and

(3) an increase in accounts payable, and the debt the Company incurred to finance the GFEC acquisition.

The Company has renegotiated the payment terms with several of its vendors allowing for repayment of its accounts over the course of the next twelve months with little or no interest. In addition, $600,000 or 39% of the Company's accounts payable are attributable to the lender's amendment fee and advisory fee. These fees become payable if the Company closes a corporate development or financing transaction, such as a merger or acquisition, before November 30, 2002. If the Company does not close on such a transaction before November 30, 2002, then the Company is required to make a payment to its lender equal to the lesser of 25% of (1) the amount of the fees, or (2) its excess cash flow for the trailing twelve-month period ending November 30, 2002. If the Company does not generate sufficient cash flows to pay the lender the entire amount of fees owed, then the remaining balance of the fees owed will be added to the outstanding principal balance of the Company's credit facility.

In January 2001 the Company completed a private placement of 547,000 units at $1.00 per unit. Each unit consisted of one share of common stock and one warrant to purchase one share of common stock, exercisable immediately. The warrants are exercisable for $1.50 and expire on January 19, 2003. The Company received proceeds of $547,000 from the private placement.

In March of 2001, the Company completed another private placement of 204,920 units at $1.00 per unit. Each unit consisted of one share of common stock and one warrant to purchase one share of common stock, exercisable beginning September 5, 2001. The warrants are exercisable for $1.50 and expire on March 5, 2003. The Company received proceeds of $204,920 from the private placement.

In March of 2001, the Company completed another private placement of 600,000 units at $1.75 per unit. Each unit consisted of one share of common stock and one warrant to purchase one share of common stock exercisable immediately. The warrants are exercisable for $2.00 and expire on March 31, 2003. The Company received $1,050,000 from the private placement.

On June 29, 2001, the Company acquired GFEC for approximately $5.3 million in cash. The acquisition was financed through a $6.2 million credit facility with MCG Finance Corporation ("MCG"). The credit facility was amended on February 28, 2002 and subsequently on July 19, 2002. The surplus funds from the credit facility were used to retire the Company's $500,000 line of credit with Western Bank, pay various fees and costs associated with the acquisition, and increase the Company's working capital. The credit facility is secured by all of the Company's assets, including its intellectual property and the stock of its subsidiaries. The credit facility is structured to allow for the possibility of an additional $10 million in future financing. The interest rate on the amounts outstanding under the credit facility is comprised of two parts; a deferred fixed rate of 3.0% and a variable rate. On May 31, 2002, the variable interest rate equaled 10.03% per annum. The variable portion of the interest rate is due quarterly while the deferred fixed portion is due upon the termination of the credit facility. The credit facility terminates in June 2006 unless prepaid earlier by the Company.

The terms of the credit facility require the Company to comply with several affirmative and negative covenants. These covenants include interest coverage ratios, total charge coverage ratios, cash flow leverage ratios, maximum programming obligations and affiliate stations expenses, minimum adjusted operating cash flow, maximum capital expenditures, restrictions on the issuance of equity instruments or additional indebtedness, as well as other elements. These covenants are typically measured on a quarterly basis. On May 31, 2002, the Company failed to meet the minimum adjusted operating cash flow covenant and the minimum adjusted operating cash flow covenant. MCG waived these covenant violations and modified one of the Company's future covenant requirements without charge (except for a $500 documentation fee) in an agreement dated July 19, 2002. Accordingly, because a waiver has been obtained for existing covenant violations and management's analysis indicates the Company should be in compliance at future measurement dates, the long-term portion of the Company's credit facility remains classified as long-term in the Company's consolidated balance sheets dated May 31, 2002. If the Company is not able to meet the future covenants on the predetermined measurement dates, the lender may refuse to grant a waiver and could accelerate the entire balance of the credit facility.

In addition to the financial covenants, the credit facility also places restrictions on the Company's ability to issue equity instruments, pay dividends, repurchase its stock, and incur indebtedness. The terms of an Option and Warrant Agreement between the Company and MCG provide MCG with certain antidilution provisions, which may further complicate the Company's ability to issue additional equity securities in the future.

As part of the consideration for the credit facility, the Company issued an option to acquire warrants to purchase shares of common stock to MCG. To exercise the option to acquire warrants, MCG must agree to forgo collection of one-half of the fixed portion of the interest rate. The option is exercisable immediately and will expire upon the termination of the credit facility. If the option to acquire warrants is exercised, MCG will receive warrants to acquire 4,850,235 shares of the Company's common stock. The warrants provide that 4,084,408 of these common shares may be acquired at an exercise price of $1.20 per share and the remaining 765,827 common shares may be acquired at an exercise price of $3.00 per share. The warrants become immediately exercisable and will expire on June 30, 2011.

Despite the unfavorable operating results for 2001 and the first two quarters of 2002, management believes that its operating cash flows will be sufficient to meet its prospective needs for working capital for the next twelve months. However, if the Company does not perform as management expects, then it may become necessary to seek additional or alternative sources of financing. There is no assurance that the Company will be able to locate a source of financing willing to offer terms satisfactory to the Company. In addition, the Company's indebtedness presents other risks to investors, including the possibility that the Company may be unable to generate cash sufficient to make the principal and interest payments when due or comply with financial covenants. Should the Company fail to make such a payment or fail to comply with the financial covenants, then the entire balance of the Company's credit facility may become due and immediately payable. These actions would likely have a material adverse effect on the Company.

Recently Issued Accounting Standards

In April 2002, the Financial Accounting Standards Board (FASB) issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." This Statement rescinds FASB Statement No. 4, "Reporting Gains and Losses from Extinguishment of Debt," and an amendment of that Statement, FASB Statement No. 64, "Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements." This Statement also rescinds FASB Statement No. 44, "Accounting for Intangible Assets of Motor Carriers." This Statement amends FASB Statement No. 13, "Accounting for Leases," to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. This Statement also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions. The Company's management does not expect that the application of the provisions of this statement will have a material impact on the Company's consolidated financial statements.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 clarifies the accounting for the impairment of long-lived assets and for long-lived assets to be disposed of, including the disposal of business segments and major lines of business. SFAS No. 144 will be effective for the Company in the first quarter of the fiscal year end November 30, 2002. The Company's management does not expect that the application of the provisions of this statement will have a material impact on the Company's consolidated financial statements.

In July 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 addresses the accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. SFAS No. 143 will be effective for the Company in the first quarter of 2002. The Company's management does not expect that the application of the provisions of this statement will have a material impact on the Company's consolidated financial statements.

In July 2001, the FASB also issued SFAS No. 141, "Business Combinations," and No. 142, "Goodwill and Other Intangible Assets." These standards change the accounting for business combinations by, among other things, prohibiting the prospective use of pooling-of-interests accounting and requiring companies to cease amortizing goodwill and certain intangible assets with an indefinite useful life created by business combinations accounted for using the purchase method of accounting. Instead, goodwill and intangible assets deemed to have an indefinite useful life will be subject to an annual review for impairment. Implementation of SFAS No. 141 had no

effect on the Company's 2001 and 2000 consolidated financial statements. The new standards of SFAS No. 142 will be effective for the Company in the first quarter of the fiscal year ending November 30, 2003.

On December 1, 2002, the Company will no longer amortize goodwill. Based on the current recorded balance of goodwill, this accounting change will reduce annual amortization expense by approximately $829,000. The impact of ceasing to record goodwill amortization will be an increase in the Company's annual net income, after taxes, of approximately $557,000.

Goodwill will, however, be subject to an annual review for impairment upon adoption of SFAS No. 142. The Company is in the process of determining whether any such impairment would be required upon adoption of the new accounting standard. If the Company concludes that a charge for goodwill impairment is necessary, such a charge would be reported as a cumulative effect of an accounting change.

PART II - OTHER INFORMATION

Item 1. Exhibits and Reports on Form 8-K

(a) The following exhibit is attached:

10.1 Waiver and Amendment Number Two to Credit Facility Agreement dated July 19, 2002.

(b) No reports on form 8-K were required to be filed during the quarter ended May 31, 2002.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NBG RADIO NETWORK, INC.,
a Nevada corporation

Date: July 19, 2002 By: /s/ John J. Brumfield

John J. Brumfield, Chief Financial Officer
Vice President, Finance
(Principal Financial and Accounting Officer)

in New York State.

Deborah T. Ung has been Senior Vice President of GP Strategies since December 31, 2011 effective with the merger of General Physics and GP Strategies, and was Vice President, RWD, since April 2011, when GP Strategies acquired the consulting business of RWD. Prior to joining GP Strategies, Ms. Ung was a Vice President of RWD from 2006 to

2011 and from 1997 to 2001, and held various operational and leadership roles after joining RWD in 1989. From 2002 to 2005, she was President of Accelera Corporation, an education services provider for the life sciences industry. Ms. Ung received a Bachelor of Science degree in Environmental Health/Health Physics from Purdue University.

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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 ("NYSE"), and to furnish us with such reports. Based solely on a review of copies of such reports for 2012, we believe that during 2012 all reports applicable to our officers, directors and greater than 10% beneficial owners were filed on a timely basis.

Audit Committee

Our Audit Committee assists our Board in fulfilling its oversight responsibility with respect to our auditing, accounting, financial reporting and internal control functions as set forth in its charter. The Audit Committee also approves the services provided by our independent registered public accounting firm, and monitors and evaluates its performance, the fees paid, and the compatibility of the non-audit services provided by the firm with maintaining the firm's independence. Our Audit Committee currently consists of A. Marvin Strait, Chairman, Daniel M. Friedberg, Sue W. Kelly, Richard C. Pfenniger, Jr. and Gene A. Washington. The Board of Directors has determined that Mr. Strait and Mr. Pfenniger both qualify as "audit committee financial experts" under applicable SEC regulations and that all five members of the Audit Committee are independent under the NYSE listing standards.

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.gpstrategies.com under the "Corporate Governance" page of the "Investors" section. A copy of this document is also available in print, without charge, upon request to our Corporate Secretary. 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.gpstrategies.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.gpstrategies.com under the "Corporate Governance" page of the "Investors" section. A copy of this document is also available in print, without charge, upon request to our Corporate Secretary. We did not implement any changes to our process for stockholder recommendations of director nominees during 2012.

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Item 11. Executive Compensation

Compensation Committee

The Compensation Committee of our Board of Directors consists of five 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 our 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 certain key non-executive officer employees.

Topics discussed by the Compensation Committee during 2012 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 the Executive Management Team and non-executive officers with a rank of Vice President or above and certain other key employees;
- Review of compensation policy for officers and employees in general; and
- Review and approval of stock awards to key employees in connection with acquisitions.

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

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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.

At our 2012 annual meeting of stockholders held on September 12, 2012, we provided our stockholders the opportunity to vote to approve, on an advisory basis, the compensation of our named executive officers in 2011 as disclosed in the proxy statement for that meeting. Our stockholders overwhelmingly approved the compensation of our named executive officers, with 15,124,076 shares voting in favor, 370,187 shares voting against, 255,750 shares abstaining and 1,348,658 shares held by brokers not voting. As this vote was held after the Compensation Committee had determined compensation to be paid to the named executive officers for 2012, the Compensation Committee and the Board did not take such results into account in determining executive compensation for 2012. However, the results of the 2012 shareholder advisory vote on executive compensation, particularly the strong support expressed by the stockholders, will be one of many factors considered in future decisions. Our compensation policies and procedures remain consistent with the policies and procedures in effect in 2011.

Compensation Philosophy and Objectives

The Compensation Committee seeks to provide compensation programs designed to:

- 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 typically 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 Kenexa and Western Management Group which provide base salary and bonus compensation data. 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 at similarly sized companies, 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 outside the 50^{th} to 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.

In addition, to assist management and the Compensation Committee in assessing and determining competitive compensation packages, at times we have engaged an independent compensation consultant to evaluate the compensation of certain executive officers and other key employees. In 2012, we engaged Frederic W. Cook & Co., Inc. (the "compensation consultant") to assess the competitiveness of compensation levels for certain of our officers, including our named executive officers, relative to peer group and survey market data. The Company determined that the compensation consultant was independent. Management, in conjunction with the compensation consultant, identified a peer group of companies in the consulting and professional services industries which were similar in size in terms of market capitalization, number of employees, revenue and certain other financial data. The peer group, which was approved by the Compensation Committee, consisted of: CBIZ, Computer Task Group, Corporate Executive Board, Franklin Covey, Hackett Group, Huron Consulting Group, ICF International, Learning Tree International, Lionbridge Technologies, Resources Connection and Virtusa. Our revenue was between the 25^{th} percentile and median of the peer group, our market capitalization and net income were approximately equal to the median of the peer group and our total assets and number of employees were slightly below the median of the peer group. Our one and three-year total shareholder returns as calculated by the compensation consultant were above the 75^{th} percentile of peer group.

The compensation consultant prepared an analysis (the "Executive Compensation Analysis") which evaluated the base salaries, annual cash incentives and long-term equity incentives for our named executive officers compared to corresponding data in the 25^{th} percentile, 50^{th} percentile and 75^{th} percentile for executives in similar positions in the peer group and in the survey market data. The results of the Executive Compensation Analysis showed that overall compensation levels for our named executive officers were below the 25^{th} percentiles of the peer group and survey market data analyzed. This is primarily the result of below market annual cash bonuses and the irregular granting of equity awards. Base salaries for the named executive officers were also below the median levels relative to the peer group.

Based on the Compensation Committee's evaluation of the Executive Compensation Analysis and the performance of the Company and the named executive officers, the Compensation Committee recommended increasing the salaries of the named executive officers (which was approved by the full Board of Directors, with Mr. Greenberg abstaining) in September 2012 and approved the granting of restricted stock units to the named executive officers in August 2012, which are detailed further below. 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

General

Salaries 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.

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2012 Base Salary Adjustments

In 2012, the Compensation Committee utilized the Executive Compensation Analysis to assist in determining the appropriate adjustment to each executive's annual base salary. As noted above, the Executive Compensation Analysis showed that overall compensation levels, including base salaries, for our named executive officers were below competitive levels. As a result, the Compensation Committee recommended the following salary increases for our named executive officers (which was approved by the Board of Directors, with Mr. Greenberg abstaining) which became effective in October 2012:

Name	Salary prior to increase	Peer group median base salary	Adjusted salary	% Increase	
Scott N. Greenberg	$ 402,000	$ 618,000	$472,000	17.4	%
Sharon Esposito-Mayer	$ 273,000	$ 309,000	$310,000	13.6	%
Douglas E. Sharp	$ 365,000	$ 412,000	$425,000	16.4	%
Donald R. Duquette	$ 285,000	$ 322,000	$300,000	5.3	%
Karl Baer	$ 273,000	$ 311,000	$300,000	9.9	%

Cash-Based Incentive Compensation (Bonus)

Bonuses to our Chief Executive Officer and President

The employment agreements with our Chief Executive Officer and our President contain formulas for determining their annual cash bonuses. 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 from our audited financial statements by adding back interest expense, income tax expense, depreciation and amortization to net income, and adjusting for certain non-recurring items such as gains or losses on the change in fair value of contingent consideration. 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 2012, our EBITDA, as adjusted for acquisitions in 2011 and 2012 and other nonrecurring items, increased 23%. For 2012, the bonuses determined in accordance with their employment agreements (the “Employment Agreement Bonuses”) were $208,000, or 44% of salary, for Mr. Greenberg, and $187,000, or 44% of salary, for Mr. Sharp. The Employment Agreement Bonuses for fiscal 2012 are reflected in the column entitled “Non-Equity Incentive Plan Compensation” in the Summary Compensation Table. For the fiscal years ended December 31, 2011 and 2010, the Compensation Committee approved discretionary bonuses in addition to the Employment Agreement Bonuses to Mr. Greenberg and Mr. Sharp based upon our financial and operating performance as well as other factors not deemed to be adequately represented in the employment agreement formulas. These additional discretionary bonuses are reflected in the column entitled “Bonuses” in the Summary Compensation Table.

Bonuses to our other Named Executive Officers

Our Cash Bonus Plan (the "Bonus Plan") provides for the payment of cash bonuses to eligible employees and executive officers, including the named executive officers except for Scott Greenberg, Chief Executive Officer, and Douglas Sharp, President, who are not currently eligible to participate in the Bonus Plan as their bonuses fall under their individual employment agreements, as detailed above.

The Bonus Plan contains separate formulas and incentives for the executive team, business unit leaders and all other employees. Each part of the plan sets forth, among other things, (1) which levels of executives or employees are eligible to participate in that part of the plan, (2) the method of determining the amount of bonuses available for distribution under that part of the plan, and (3) performance criteria to be used in determining the amount, if any, of each participant's bonus. For purposes of the Bonus Plan, our executive team includes the aforementioned named executive officers and certain other executive and senior vice presidents. The total bonus pool that may be allocated among the executive team will not exceed 50% of the executive team's total base salaries and is determined by using a formula based on our revenue growth and pre-tax income growth over the prior year's results. Once the bonus pool is established, the amount of each executive team member's potential cash bonus, if any, is determined using a score (up to 100 points) given to each executive team member based upon the attainment of the performance objectives recommended by the Chief Executive Officer and approved by the Compensation Committee of the Board of Directors. Performance objectives include specific corporate level, group level (or for executive team members who are not group leaders, additional corporate level) and individual objectives. Corporate level and group level objectives are based on revenue and pre-tax income growth of the Company and the operating group within the Company for which the executive is responsible, compared to the prior fiscal year results, adjusted for acquisitions during the year and other non-recurring items when deemed appropriate.

Except for the Chief Financial Officer and any executive who does not manage an operating group, executive team members could achieve maximum scores of 15 points under the Bonus Plan for corporate revenue growth of 10% or more and 15 additional points for corporate pre-tax income growth of 20% or more, and maximum scores of 25 points under the Bonus Plan for group revenue growth of 15% or more and 25 additional points for group gross profit growth of 30% or more. Achievement of individual goals may add up to 20 more points to each executive team member's score.

The table below sets forth the various thresholds of financial performance and the resulting number of points for each performance measure for executives under the Bonus Plan for the year ended December 31, 2012 (results are interpolated). The minimum number of points for each performance measure is zero and the maximum is as set forth in the table. We do not establish target levels for the performance measures.

Bonus Plan Scoring System

Performance Measures for Executives

Managing Operating Groups

Corporate revenue growth of 0% = 0 points
Corporate revenue growth of 2% = 3 points
Corporate revenue growth of 4% = 6 points
Corporate revenue growth of 6% = 9 points
Corporate revenue growth of 8% = 12 points
Corporate revenue growth of 10% = 15 points

Corporate pre-tax income growth of 0% = 0 points
Corporate pre-tax income growth of 5% = 3.75 points
Corporate pre-tax income growth of 10% = 7.5 points
Corporate pre-tax income growth of 15% = 11.25 points
Corporate pre-tax income growth of 20% = 15 points

Group revenue growth of 0% = 0 points

Group revenue growth of 5% = 10 points

Group revenue growth of 10% = 20 points

Group revenue growth of 15% = 25 points

Group gross profit growth of 0% = 0 points

Group gross profit growth of 10% = 10 points

Group gross profit growth of 20% = 20 points

Group gross profit growth of 30% = 25 points

Performance Measures for Chief Financial Officer

and non-operations Executives

Corporate revenue growth of 0% = 0 points
Corporate revenue growth of 2% = 5 points
Corporate revenue growth of 4% = 10 points
Corporate revenue growth of 6% = 15 points
Corporate revenue growth of 8% = 20 points
Corporate revenue growth of 10% = 25 points

Corporate pre-tax income growth of 0% = 0 points
Corporate pre-tax income growth of 5% = 6.25 points
Corporate pre-tax income growth of 10% = 12.5 points
Corporate pre-tax income growth of 15% = 18.75 points
Corporate pre-tax income growth of 20% = 25 points

US G&A expense increases over prior year by 7% or > = 0 points

US G&A expense increases over prior year by 6% or < = 6 points

US G&A expense increases over prior year by 5% or < = 12 points

US G&A expense increases over prior year by 4% or < = 18 points

US G&A expense increases over prior year by 3% or < = 24 points

US G&A expense increases over prior year by 2% or < = 30 points

Achievement of individual strategic objectives to be set individually by the CEO or President for each executive team member to equal = 20 possible points.	Achievement of individual strategic objectives to be set individually by the CEO or President for each executive team member to equal = 20 possible points.
Total potential score = 100 points	Total potential score = 100 points

The table below summarizes the points earned under the Bonus Plan by Sharon Esposito-Mayer, Donald R. Duquette and Karl Baer for the year ended December 31, 2012 (out of a total maximum of 100 points).

	Scoring Against Performance Measures						
Executive Officer	**Corporate revenue growth** (1)	**Corporate pre-tax income growth** (2)	Group revenue growth	Group gross profit growth	G&A expense increase over prior year	**Individual objectives** (3)	Total points earned
Sharon Esposito-Mayer	25	25	N/A	N/A	9 (4)	15	74
Donald R. Duquette	15	15	22 (5)	16 (5)	N/A	15	83
Karl Baer	15	15	0 (6)	0 (6)	N/A	4	34

(1) Based on consolidated organic revenue growth of 10% for the year ended December 31, 2012.

(2) Based on consolidated organic pre-tax income growth of 30% for the year ended December 31, 2012.

(3) The Compensation Committee did not establish specific individual objectives or point values at the beginning of 2012 and points were granted based on the subjective evaluation of the Chief Executive Officer and President of each individual's performance against their strategic objectives.

(4) Based on a 5.6% increase in U.S. G&A expenses for the year ended December 31, 2012.

(5) Based on 13% organic revenue growth and 19% organic gross profit growth for the Learning Solutions group for the year ended December 31, 2012.

(6) Based on a decline in revenue and pre-tax income for the Professional & Technical Services group for the year ended December 31, 2012.

The total bonus pool for the executive team, which included seven executives, was $881,000 and the total of all executive team members' scores earned was 457 points for the year ended December 31, 2012. Each executive team member's calculated bonus is equal to the amount of the bonus pool multiplied by the percentage determined by dividing such executive team member's score by the total of all executive team members' scores. For the year ended December 31, 2012, the bonus amounts payable as calculated under the Bonus Plan based on the achievement of the above performance measures were $143,000 for Ms. Esposito-Mayer, $160,000 for Mr. Duquette and $65,000 for Mr. Baer. The Compensation Committee approved total bonuses of $143,000 for Ms. Esposito-Mayer and $160,000 for Mr. Duquette, which equaled their calculated amounts under the Bonus Plan. For Mr. Baer, the Compensation Committee approved a total bonus of $80,000, which included a $15,000 discretionary bonus in addition to his calculated amount under the Bonus Plan, based upon additional factors not deemed to be adequately represented in the Bonus Plan formula. Annual bonuses for 2012 were paid in cash after review and approval by the Compensation Committee in March 2013.

Long-term Equity Incentive Compensation

Our Compensation Committee also grants to the named executive officers equity compensation under our 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 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 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 or other regular basis. 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 August 2012, the Compensation Committee granted a total of 184,500 restricted stock units to certain of our officers and key employees (of which 83,000 were granted to the named executive officers). This was the only long-term equity incentive compensation granted to the named executive officers in 2012. The restricted stock units were granted pursuant to our 2011 Stock Incentive Plan and vest 20% annually over five years subsequent to the grant date. The following named executive officers were granted restricted stock units in 2012:

Name	Number of Stock Units	Grant Date Fair Value	Peer Group Median Annual Long-Term Incentive Compensation
Scott N. Greenberg	23,000	$ 445,740	$ 939,000
Sharon Esposito-Mayer	15,000	$ 290,700	$ 396,000
Douglas E. Sharp	19,000	$ 368,220	$ 556,000
Donald R. Duquette	13,000	$ 251,940	$ 358,000
Karl Baer	13,000	$ 251,940	$ 315,000

Other Benefits

We also provide our named executive officers with the following other benefits as 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 in which all eligible employees may participate. The company may make matching contributions under the 401(k) Plan at its discretion equal to a uniform percentage of the first 7% of base compensation for eligible employees.

- 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 2012, 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.

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- Automobile Allowances: During 2012, each of the named executive officers either used a vehicle leased or owned by us for both business and personal use or received a monthly car allowance in lieu of using a vehicle leased or owned by us.

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.

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 years ended December 31, 2012, 2011 and 2010. 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, 2012.

Name and principal position	Year	Salary ($)	**Bonus ($)** [1]	**Stock Awards ($)** [2]	**Option Awards ($)** [2]	Non-Equity Incentive Plan Compensation ($)		**All Other Compensation ($)** [5]	Total ($)
Scott N. Greenberg	2012	416,583	—	445,740	—	208,000	(3)	19,725	1,090,048
Chief Executive	2011	402,000	20,700	—	—	129,300	(3)	18,098	570,098
Officer	2010	377,125	25,200	—	381,096	74,800	(3)	10,298	868,519
Sharon Esposito-Mayer	2012	280,708	—	290,700	—	143,000	(4)	17,594	732,002
Executive Vice President	2011	273,000	29,300	—	—	70,700	(4)	11,658	384,658
and Chief Financial Officer	2010	258,750	—	—	137,480	75,000	(4)	12,254	483,484
Douglas E. Sharp	2012	377,500	—	368,220	—	187,000	(3)	19,880	952,600
President	2011	365,000	17,600	—	—	117,400	(3)	20,519	520,519
	2010	353,125	27,100	—	333,459	67,900	(3)	16,017	797,601
Donald R. Duquette	2012	288,125	—	251,940	—	160,000	(4)	23,624	723,689
Executive Vice	2011	285,000	46,400	—	—	23,600	(4)	22,162	377,162
President	2010	273,125	—	—	137,480	75,000	(4)	18,774	504,379
Karl Baer	2012	278,625	15,000	251,940	—	65,000	(4)	18,820	629,385
Executive Vice	2011	273,000	16,500	—	—	68,500	(4)	17,510	375,510
President	2010	265,083	—	—	76,378	60,000	(4)	14,885	416,346

(1) Discretionary bonus paid for the respective years.

(2) Reflects the grant date fair value for financial statement reporting for awards of restricted stock units or stock options in the year they were granted. For assumptions used in computing the fair value of stock-based compensation awards, see *Note 10* to the Consolidated Financial Statements in Item 8 of our Annual Report on Form 10-K filed with the SEC on February 26, 2013.

(3) Bonus pursuant to Mr. Greenberg's and Mr. Sharp's employment agreements. See *Compensation Discussion & Analysis*.

(4) Bonus pursuant to the Company's Cash Bonus Plan. See *Compensation Discussion & Analysis*.

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(5) All other compensation includes matching contributions 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	2012	6,800	4,540	8,385	19,725
	2011	5,712	4,163	8,223	18,098
	2010	1,650	4,163	4,485	10,298
Sharon Esposito-Mayer	2012	6,433	8,725	2,436	17,594
	2011	2,617	6,707	2,334	11,658
	2010	2,616	8,150	1,488	12,254
Douglas E. Sharp	2012	6,800	8,595	4,485	19,880
	2011	7,636	8,398	4,485	20,519
	2010	3,134	8,398	4,485	16,017
Donald R. Duquette	2012	7,823	8,625	7,176	23,624
	2011	6,668	8,399	7,095	22,162
	2010	3,604	8,398	6,772	18,774
Karl Baer	2012	6,687	8,426	3,707	18,820
	2011	5,699	8,181	3,630	17,510
	2010	2,982	8,388	3,515	14,885

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, 2012 to our named executive officers:

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards 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	—	208,000	(1)	236,000	(1)	—	—	—
Sharon Esposito-Mayer	n/a	—	143,000	(2)	n/a	(3)	—	—	—
Douglas E. Sharp	n/a	—	187,000	(1)	212,500	(1)	—	—	—
Donald R. Duquette	n/a	—	160,000	(2)	n/a	(3)	—	—	—
Karl Baer	n/a	—	65,000	(2)	n/a	(3)	—	—	—

(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*).

(2) Bonuses calculated under the terms of the Bonus Plan (see *Compensation Discussion & Analysis).* The actual bonus payment to Mr. Baer for 2012 was $80,000, which includes a $15,000 discretionary bonus in addition to the amount calculated pursuant to the Bonus Plan (see *Compensation Discussion & Analysis).*

(3) Total bonus payments to the executive team under the Bonus Plan are capped at 50% of the executive team's total base salaries. There is not a specified maximum bonus amount for any individual executive team member due to the calculation being dependent on the individual's score as a percentage of the total executive team's score which is then applied to the calculated bonus pool. As a result, the actual bonus calculated for an individual executive covered by the Bonus Plan could exceed 50% of his/her salary.

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, 2012:

	Option Awards				Stock Awards	
Name	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	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	48,000	72,000	7.57	1/8/2016	23,000 (2)	474,950
Sharon Esposito-Mayer	18,000	27,000	7.27	1/21/2016	15,000 (2)	309,750
Douglas E. Sharp	42,000	63,000	7.57	1/8/2016	19,000 (2)	392,350
Donald R. Duquette	18,000	27,000	7.27	1/21/2016	13,000 (2)	268,450
Karl Baer	—	15,000	7.27	1/21/2016	13,000 (2)	268,450

(1) Market value is based on the closing market price of our Common Stock on December 31, 2012 of $20.65 per share.

(2) Represents unvested stock units granted on August 6, 2012 which vest 20% annually over five years subsequent to the grant date.

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 2012.

Name	Option Awards Number of shares acquired on exercise (#)	Value realized on exercise ($)	Stock Awards Number of shares acquired on vesting (#)	**Value realized on vesting ($)** [(1)]
Scott N. Greenberg	135,000	1,199,800	5,000	102,350
Sharon Esposito-Mayer	70,120	582,854	3,333	68,227
Douglas E. Sharp	115,000	954,500	4,375	89,556
Donald R. Duquette	85,120	678,861	3,125	63,969
Karl Baer	100,240	677,543	3,125	63,969

(1) Represents stock units which vested during 2012. Value realized upon vesting is based on the closing market price of our Common Stock on each vesting date.

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 provide for termination by either party on two years' notice, except that the earliest date the employment agreements may terminate is December 31, 2012, unless sooner terminated:

- by the executive's death or disability;
- by the executive for "good reason," as defined below;
- by us for "cause," as defined below; or
- by mutual agreement between us and the executive.

The employment agreements between us and each of Ms. Esposito-Mayer, Mr. Duquette and Mr. Baer have an initial term which ended 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.

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

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:

o *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. Duquette and Mr. Baer 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.

o *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. Duquette or Mr. Baer 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.

o *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. Duquette or Mr. Baer – 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.

o *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. Duquette and Mr. Baer 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:

· 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.

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, 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 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. Duquette and Mr. Baer

If during the term of either Ms. Esposito-Mayer's, Mr. Duquette's or Mr. Baer'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, 2012 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 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	$ 472,000	(1)	—		—		—	
Severance	—		$ 1,653,708	(2)	$ 1,653,708	(2)	$ 1,102,472	(3)
Bonus [4]	—		208,000		208,000		208,000	
Stock options	—		—		1,569,600	(5)	1,569,600	(5)
Benefits continuation	—		26,662	(6)	26,662	(6)	18,057	(7)
Total	$ 472,000		$ 1,888,370		$ 3,457,970		$ 2,898,129	
Sharon Esposito-Mayer								
Salary	$ 51,667	(8)	$ 387,500	(9)	—		—	
Stock units [10]	—		—		$ 309,750		$ 309,750	
Benefits continuation	—		11,394	(11)	—		—	
Total	$ 51,667		$ 398,894		$ 309,750		$ 309,750	
Douglas E. Sharp								
Salary	$ 425,000	(1)	—		—		—	
Severance	—		$ 1,512,625	(2)	$ 1,512,625	(2)	1,008,417	(3)
Bonus [4]	—		187,000		187,000		187,000	
Stock options	—		—		1,373,400	(5)	1,373,400	(5)
Benefits continuation	—		26,662	(6)	26,662	(6)	9,173	(12)
Total	$ 425,000		$ 1,726,287		$ 3,099,687		$ 2,577,990	
Donald R. Duquette								
Salary	$ 50,000	(8)	$ 375,000	(9)	—		—	
Stock units [10]	—		—		$ 268,450		$ 268,450	
Benefits continuation	—		11,394	(11)	—		—	
Total	$ 50,000		$ 386,394		$ 268,450		$ 268,450	
Karl Baer								

Salary	$ 50,000	(8)	$ 375,000	(9)	—	—
Stock units (10)	—		—		$ 268,450	$ 268,450
Benefits continuation	—		11,394	(11)	—	—
Total	$ 50,000		$ 386,394		$ 268,450	$ 268,450

(1) Represents one year of current salary as of December 31, 2012.

(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.

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(4) Represents bonus earned during the year ended December 31, 2012 which would be due to the executive if any of the applicable triggering events occurred on December 31, 2012.

(5) Pursuant to Messrs. Greenberg and Sharp's employment agreements, in the event of a change in control of the Company, they can elect to surrender their 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 Messrs. Greenberg and Sharp's outstanding options as of December 31, 2012 based on the closing price of our common stock on December 31, 2012 of $20.65.

(6) Represents an estimate of the incremental cost to the Company for benefits continuation for three years subsequent to termination date.

(7) Represents an estimate of the incremental cost to the Company for benefits continuation for two years subsequent to termination date.

(8) Represents two full calendar months of current salary as of December 31, 2012.

(9) Represents the current salary for fifteen months that would have been paid or accrued if the triggering event occurred as of December 31, 2012.

(10) 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, 2012 of $20.65.

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

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

Director Compensation

Our Board of Directors has adopted guidelines for the compensation of our non-employee directors. Effective April 1, 2012, the Board approved the following annual compensation payable to our non-employee directors:

- Base annual fee of $45,000 (increased from $25,000 in 2011);
- Additional annual fee of $40,000 for serving as Chairman of the Board (no change from 2011);
- Additional annual fee of $15,000 for serving on the Executive Committee, excluding the Chairman (increased from zero in 2011);
- Additional annual fee of $20,000 for serving as Chairman of the Audit Committee (increased from $15,000 in 2011);
- Additional annual fee of $8,000 for serving on the Audit Committee (increased from $5,000 in 2011);
- Additional annual fee of $7,000 for serving as Chairman of the Compensation Committee (increased from $5,000 in 2011);
- Additional annual fee of $5,000 for serving on the Compensation Committee (increased from $2,500 in 2011); and
- 500 fully vested shares of our common stock per quarter (decreased from 900 shares in 2011).

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

Directors Compensation Table

The following table shows the compensation earned by each individual who served as a director during the year ended December 31, 2012 (excluding Mr. Greenberg, whose compensation as Chief Executive Officer is shown above in the Summary Compensation Table):

Name	Fees earned or paid in cash ($)	Stock awards ($)	All other compensation ($)	Total ($)
Harvey P. Eisen	85,688	53,408	—	139,096
Daniel M. Friedberg (1)	73,375	44,970	—	118,345
Marshall S. Geller	66,000	44,970	—	110,970
Sue W. Kelly	58,500	44,970	—	103,470
Richard C. Pfenniger, Jr.	71,250	44,970	—	116,220
A. Marvin Strait	75,875	44,970	—	120,845
Gene A. Washington	64,625	44,970	—	109,595

(1) Daniel Friedberg’s compensation for service on the Board of Directors was paid directly to Sagard Capital Partners, L.P.

Compensation Committee Interlocks and Insider Participation

Members of the Compensation Committee of our Board of Directors are Harvey P. Eisen, Daniel M. Friedberg, 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 during 2012 (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

Daniel M. Friedberg

Marshall S. Geller

A. Marvin Strait

Gene A. Washington

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth the number of shares of our common stock beneficially owned as of March 31, 2013 by each person who is known by us to beneficially own more than 5% of our outstanding common stock. As of March 31, 2013, there were 19,069,261 shares of our common stock issued and outstanding.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Owner		Percent of Class	
Sagard Capital Partners, L.P. 325 Greenwich Avenue Greenwich, CT 06830	3,510,774 shares	(1)	18.4	%
Wellington Management Company LLP 280 Congress Street Boston, MA 02210	1,282,058 shares	(2)	6.7	%
Manatuck Hill Partners, LLC 1465 Post Road East Westport, CT 06880	1,162,770 shares	(3)	6.1	%
Dimensional Fund Advisors LP Palisades West, Building One 6300 Bee Cave Road Austin, TX 78746	1,006,606 shares	(4)	5.3	%

(1) Based on a Form 4 filed by Sagard Capital Partners, L.P. with the SEC on April 1, 2013.

(2) Based on a Form 13G filed by Wellington Management Co. LLP with the SEC on February 14, 2013.

(3) Based on a Form 13G/A filed by Manatuck Hill Partners, LLC with the SEC on February 14, 2013.

(4) Based on a Schedule 13G/A filed by Dimensional Fund Advisors LP ("Dimensional") with the SEC on February 11, 2013. Dimensional has informed the Company that the shares are owned by advisory clients of Dimensional and that Dimensional disclaims beneficial ownership of such shares.

Security Ownership of Directors and Executive Officers

The following table sets forth, as of March 31, 2013, 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	47,728		*	
Daniel M. Friedberg	3,510,774	(2)	18.4	%
Marshall S. Geller	210,578		1.1	%
Scott N. Greenberg	272,372	(3)	1.4	%
Sue W. Kelly	20,433		*	
Richard C. Pfenniger, Jr.	31,377		*	
A. Marvin Strait	23,433		*	
Gene A. Washington	21,433		*	
Douglas E. Sharp	152,967	(4)	*	
Sharon Esposito-Mayer	87,539	(4)	*	
Donald R. Duquette	30,550	(4)	*	
Karl Baer	90,612	(4)	*	
Directors and Executive Officers as a group (18 persons)	4,618,891	(5)	24.0	%

* 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) The amount reported by Daniel M. Friedberg represents the beneficial ownership of the Company’s securities by Sagard Capital Partners, L.P., a Delaware limited partnership ("Sagard Capital"). Mr. Friedberg is the President and Chief Executive Officer of Sagard Capital Partners Management Corporation ("Sagard Management"), the investment manager of Sagard Capital, and is the President and Chief Executive Officer of Sagard Capital Partners GP, Inc., the general partner of Sagard Capital. Mr. Friedberg disclaims beneficial ownership of such securities, by virtue of his position as the President and Chief Executive Officer of Sagard Management.

(3) Includes (i) 72,000 shares issuable upon exercise of currently exercisable stock options; (ii) 14,025 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 63,000 shares for Mr. Sharp, 27,000 shares for Ms. Esposito-Mayer, 5,000 shares for Mr. Baer and 27,000 shares for Mr. Duquette, issuable upon exercise of currently exercisable stock options; and 15,356 shares for Mr. Sharp, 9,578 shares for Ms. Esposito-Mayer, 9,999 shares for Mr. Baer and 14,357 shares for Mr. Duquette allocated pursuant to the provisions of our Retirement Savings Plan.

(5) Includes 222,800 shares of Common Stock issuable upon exercise of currently exercisable stock options and 88,259 shares of Common Stock allocated to accounts pursuant to the provisions of our Retirement Savings Plan.

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Equity Compensation Plan Information as of December 31, 2012

Plan category:	
Equity compensation plans not approved by security holders:	
(a) Number of securities to be issued upon exercise of outstanding options	114,100
(b) Weighted average exercise price of outstanding options	$13.18
(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in row (a))	-
Equity compensation plans approved by security holders:	
(a) Number of securities to be issued upon exercise of outstanding options	510,600
(b) Weighted average exercise price of outstanding options	$8.73
(c) Number of securities remaining available for future issuance under equity compensation plans	1,147,780

For a description of the material terms of our stock-based compensation plans, see Note 10 to the Consolidated Financial Statements in Item 8 of the Original Filing.

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Item 13. Certain Relationships and Related Transactions, and Director Independence

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 WISH (formerly NPDC). Scott N. Greenberg is currently a Director of WISH and was Chief Financial Officer of WISH until August 2007. Harvey P. Eisen is Chairman of the Board and Chief Executive Officer of WISH and Managing Member of Bedford Oak Partners L.P. ("Bedford Oak"). Collectively, Mr. Eisen and Bedford Oak beneficially own approximately 37.3% of the issued and outstanding shares of WISH and less than 1% of our Common Stock.

Stock Transfer Agreement

On December 30, 2011, Sagard entered into a Stock Transfer Agreement with Bedford Oak to privately purchase 350,000 shares of our common stock from Bedford Oak for a purchase price of $12.30 per share, or an aggregate purchase price of $4,305,000. The transaction closed in January 2012. In addition, Sagard purchased an additional 173,353 and 101,478 shares of our common stock in the open market during the years ended December 31, 2012 and 2011, respectively. As of December 31, 2012, Sagard beneficially owned 3,509,774 shares or 18.4% of our outstanding common stock.

Daniel M. Friedberg has been President and CEO of Sagard Capital Partners Management Corporation, the investment manager of Sagard, since its founding in 2005. Harvey P. Eisen, the Chairman of our Board of Directors, is also the Chairman and Managing Member of Bedford Oak Advisors, LLC, the investment manager of Bedford Oak. Except as described above, neither Mr. Friedberg nor Mr. Eisen is a party to any other material arrangements or transactions involving the Company.

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, Daniel M. Friedberg, 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.

Item 14. Principal Accounting Fees and Services

Independent Registered Public Accountant Fees

The following table sets forth the fees billed to us for the years ended December 31, 2012 and 2011 for professional services rendered by our independent registered public accountants, KPMG LLP:

	2012	2011
Audit Fees (1)	$939,000	$1,010,000
Audit-Related Fees (2)	23,000	28,000
Tax Fees (3)	248,000	210,000
All Other Fees	9,000	4,000
Total	$1,219,000	$1,252,000

(1) Audit fees for 2012 consisted of $834,000 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 SEC reporting matters, and $105,000 for statutory audit services for a foreign subsidiary. Audit fees for 2011 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 SEC reporting matters, $100,000 for the audit of the acquired consulting business of RWD Technologies, and $99,000 for statutory audit services for a foreign subsidiary.

(2) Audited-related fees for 2012 consisted of the audit of the financial statements of employee benefit plans. Audit-related fees for 2011 consisted of the audit of the financial statements of employee benefit plans and consultations regarding financial reporting matters.

(3) Tax fees for 2012 and 2011 consisted of fees for tax compliance services, including the preparation of tax returns, and tax consulting services including technical research.

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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.

Part IV

Item 15: Exhibits and Financial Statement Schedules

(a)

1. and 2. No financial statements or schedules are filed with this report on Form 10-K/A.

3. Exhibits

A list of the exhibits filed or furnished with this report on Form 10-K/A is provided in the Exhibit Index beginning on page 34 of this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GP STRATEGIES CORPORATION

Dated: April 30, 2013

By: /s/ Scott N. Greenberg
Scott N. Greenberg
Chief Executive Officer

/s/ Sharon Esposito-Mayer
Sharon Esposito-Mayer
Executive Vice President and Chief Financial Officer

Exhibit Index

Index No.	
31.1	Certification of Chief Executive Officer*
31.2	Certification of Chief Financial Officer*

* Filed herewith