

GP STRATEGIES CORP  
Form 10-Q  
May 01, 2014

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

x **Quarterly Report Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934**

For the quarterly period ended March 31, 2014

or

.. **Transition Report Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-7234

**GP STRATEGIES CORPORATION**

(Exact name of Registrant as specified in its charter)

**Delaware**  
(State of Incorporation)

**52-0845774**  
(I.R.S. Employer Identification No.)

**70 Corporate Center**  
**11000 Broken Land Parkway, Suite 200, Columbia, MD**  
(Address of principal executive offices)

**21044**  
(Zip Code)

**(443) 367-9600**

Registrant's telephone number, including area code:

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12(b)-2 of the Exchange Act).  
Yes  No

The number of shares outstanding of the registrant's common stock as of April 30, 2014 was as follows:

Class	<b>Outstanding</b>
Common Stock, par value \$.01 per share	19,160,859 shares

**Part I. Financial Information**

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**Part I. Financial Information****Item 1. Financial Statements****GP STRATEGIES CORPORATION AND SUBSIDIARIES**

## Condensed Consolidated Balance Sheets

(In thousands, except per share amounts)

	March 31, 2014 (Unaudited)	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,227	\$ 5,647
Accounts and other receivables, less allowance for doubtful accounts of \$1,373 in 2014 and \$1,405 in 2013	95,242	94,662
Costs and estimated earnings in excess of billings on uncompleted contracts	33,295	22,706
Prepaid expenses and other current assets	14,857	13,523
Total current assets	148,621	136,538
Property, plant and equipment	22,427	24,560
Accumulated depreciation	(13,243 )	(15,329 )
Property, plant and equipment, net	9,184	9,231
Goodwill	116,906	116,987
Intangible assets, net	13,701	15,129
Other assets	2,116	2,271
	\$ 290,528	\$ 280,156
Liabilities and Stockholders' Equity		
Current liabilities:		
Short-term borrowings	\$ 2,777	\$ 407
Accounts payable and accrued expenses	53,796	55,339
Billings in excess of costs and estimated earnings on uncompleted contracts	26,618	22,062
Total current liabilities	83,191	77,808
Other noncurrent liabilities	9,514	9,321
Total liabilities	92,705	87,129
Stockholders' equity:		
Common stock, par value \$0.01 per share	192	192
Additional paid-in capital	168,256	167,908
Retained earnings	32,028	27,711
Treasury stock at cost	(679 )	(1,170 )
Accumulated other comprehensive loss	(1,974 )	(1,614 )
Total stockholders' equity	197,823	193,027

\$ 290,528    \$ 280,156

See accompanying notes to condensed consolidated financial statements.

**GP STRATEGIES CORPORATION AND SUBSIDIARIES**

## Condensed Consolidated Statements of Operations

(Unaudited)

(In thousands, except per share data)

	Three months ended March 31,	
	2014	2013
Revenue	\$117,880	\$101,373
Cost of revenue	99,525	85,192
Gross profit	18,355	16,181
Selling, general and administrative expenses	11,589	9,089
Gain on change in fair value of contingent consideration, net	377	247
Operating income	7,143	7,339
Interest expense	205	100
Other income	189	229
Income before income tax expense	7,127	7,468
Income tax expense	2,810	2,543
Net income	\$4,317	\$4,925
Basic weighted average shares outstanding	19,141	19,060
Diluted weighted average shares outstanding	19,422	19,296
Per common share data:		
Basic earnings per share	\$0.23	\$0.26
Diluted earnings per share	\$0.22	\$0.26

See accompanying notes to condensed consolidated financial statements.

**GP STRATEGIES CORPORATION AND SUBSIDIARIES**

Condensed Consolidated Statements of Comprehensive Income

(Unaudited)

(In thousands)

	Three months ended March 31,	
	2014	2013
Net income	\$4,317	\$4,925
Foreign currency translation adjustments	(360 )	(1,908 )
Comprehensive income	\$3,957	\$3,017

See accompanying notes to condensed consolidated financial statements.

**GP STRATEGIES CORPORATION AND SUBSIDIARIES**

## Condensed Consolidated Statements of Cash Flows

Three months ended March 31, 2014 and 2013

(Unaudited, in thousands)

	2014	2013
Cash flows from operating activities:		
Net income	\$4,317	\$4,925
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on change in fair value of contingent consideration, net	(377 )	(247 )
Depreciation and amortization	2,408	1,958
Deferred income taxes	—	(274 )
Non-cash compensation expense	1,112	953
Changes in other operating items:		
Accounts and other receivables	(542 )	12,508
Costs and estimated earnings in excess of billings on uncompleted contracts	(10,338)	(3,887 )
Prepaid expenses and other current assets	(1,383 )	(136 )
Accounts payable and accrued expenses	1,938	(6,042)
Billings in excess of costs and estimated earnings on uncompleted contracts	4,316	(3,914)
Contingent consideration payments in excess of fair value on acquisition date	(667 )	(373 )
Other	(63 )	(155 )
Net cash provided by operating activities	721	5,316
Cash flows from investing activities:		
Additions to property, plant and equipment	(916 )	(830 )
Net cash used in investing activities	(916 )	(830 )
Cash flows from financing activities:		
Proceeds from short-term borrowings	2,370	—
Change in negative cash book balances	(1,898 )	—
Contingent consideration payments	(338 )	(602 )
Repurchases of common stock in the open market	(320 )	(451 )
Other financing activities	45	(4 )
Net cash used in financing activities	(141 )	(1,057)
Effect of exchange rate changes on cash and cash equivalents	(84 )	(143 )
Net increase in cash and cash equivalents	(420 )	3,286
Cash and cash equivalents at beginning of period	5,647	7,761
Cash and cash equivalents at end of period	\$5,227	\$11,047
Supplemental disclosures of cash flow information:		
Cash paid during the year for income taxes	\$2,999	\$1,730



See accompanying notes to condensed consolidated financial statements.

gp strategies corporation AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

March 31, 2014  
(Unaudited)

### **(1) Basis of Presentation**

GP Strategies Corporation is a global performance improvement solutions provider of training, e-Learning solutions, management consulting and engineering services. References in this report to “GP Strategies,” the “Company,” “we” and “our” are to GP Strategies Corporation and its subsidiaries, collectively.

The accompanying condensed consolidated balance sheet as of March 31, 2014 and the condensed consolidated statements of operations, comprehensive income and cash flows for the three months ended March 31, 2014 and 2013 have not been audited, but have been prepared in conformity with U.S. generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2013, as presented in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2013. In the opinion of management, this interim information includes all material adjustments, which are of a normal and recurring nature, necessary for a fair presentation. The results for the 2014 interim period are not necessarily indicative of results to be expected for the entire year. Certain prior year amounts have been reclassified to conform to current year presentation.

The condensed consolidated financial statements include the operations of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated.

### **(2) Significant Customers & Concentration of Credit Risk**

We have a market concentration of revenue in both the automotive sector and financial & insurance sector. Revenue from the automotive industry accounted for approximately 12% and 15% of our consolidated revenue for the three months ended March 31, 2014 and 2013, respectively. Revenue from the financial & insurance industry accounted for approximately 14% and 9% of our consolidated revenue for the three months ended March 31, 2014 and 2013, respectively. We also have a concentration of revenue from the United States government. For the three months ended

March 31, 2014 and 2013, sales to the United States government and its agencies represented approximately 10% of our consolidated revenue for both periods. Revenue was derived from many separate contracts with a variety of government agencies that are regarded by us as separate customers. No single customer accounted for more than 10% of our consolidated revenue for the three months ended March 31, 2014 and 2013. As of March 31, 2014, billed and unbilled accounts receivable from a single financial services customer totaled \$15.8 million, or 12% of our consolidated accounts receivable and costs and estimated earnings in excess of billings on uncompleted contracts balances.

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Notes to Condensed Consolidated Financial Statements

March 31, 2014  
(Unaudited)

**(3) Earnings Per Share**

Basic earnings per share (EPS) is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution of common stock equivalent shares that could occur if securities or other contracts to issue common stock were exercised or converted into common stock.

Our dilutive common stock equivalent shares consist of stock options and restricted stock units computed under the treasury stock method, using the average market price during the period. The following table presents instruments which were not dilutive and were excluded from the computation of diluted EPS in each period, as well as the dilutive common stock equivalent shares which were included in the computation of diluted EPS:

	Three months ended March 31, 2014      2013 (In thousands)	
Non-dilutive instruments	—	36
Dilutive common stock equivalents	281	236

**(4) Acquisitions**Effective Companies

On April 1, 2014, we completed the acquisitions of Effective-People and Effective Learning (the “Effective Companies”), providers of human capital management (HCM) solutions, including sales and support of the full SAP SuccessFactors Business Education (BizX) Platform, eLearning and blended learning solutions, as well as recruitment and employee development services. The Effective Companies are headquartered in Copenhagen, Denmark. The

upfront purchase price for Effective Companies was \$9.0 million which was paid in cash at closing. In addition, the purchase agreement requires up to an additional \$6.4 million of consideration, contingent upon the achievement of certain earnings targets during the two twelve-month periods following completion of the acquisition, as defined in the purchase agreement. The Effective Companies will operate as part of our Learning Solutions segment effective April 1, 2014.

## gp strategies corporation AND SUBSIDIARIES

## Notes to Condensed Consolidated Financial Statements

March 31, 2014  
(Unaudited)

Contingent Consideration

Accounting Standards Codification (“ASC”) Topic 805 requires that contingent consideration be recognized at fair value on the acquisition date and be re-measured each reporting period with subsequent adjustments recognized in the consolidated statement of operations. We estimate the fair value of contingent consideration liabilities based on financial projections of the acquired companies and estimated probabilities of achievement and discount the liabilities to present value using a weighted-average cost of capital. Contingent consideration is valued using significant inputs that are not observable in the market which are defined as Level 3 inputs pursuant to fair value measurement accounting. We believe our estimates and assumptions are reasonable; however, there is significant judgment involved. At each reporting date, the contingent consideration obligation is revalued to estimated fair value, and changes in fair value subsequent to the acquisitions are reflected in income or expense in the consolidated statements of operations, and could cause a material impact to, and volatility in, our operating results. Changes in the fair value of contingent consideration obligations may result from changes in discount periods, changes in the timing and amount of revenue and/or earnings estimates and changes in probability assumptions with respect to the likelihood of achieving the various earn-out criteria.

Below is a summary of the potential contingent consideration we may be required to pay in connection with previously completed acquisitions as of March 31, 2014 (dollars in thousands):

Acquisition:	Original range of potential undiscounted payments	As of March 31, 2014		
		Maximum contingent consideration due in		
		2014	2015	Total
Asentus	\$0 - \$3,700	\$ 1,600	\$ —	\$ 1,600
Prospero	\$0 - \$4,520	2,712	1,808	4,520
Lorien	\$0 - \$998	998	—	998
Total		\$ 5,310	\$ 1,808	\$ 7,118

Below is a summary of the changes in the recorded amount of contingent consideration liabilities from December 31, 2013 to March 31, 2014 for each acquisition (dollars in thousands):

Acquisition:	Liability as of December 31, 2013	Payments	Change in Fair Value of Contingent Consideration	Foreign Currency Translation	Liability as of March 31, 2014
Bath Consulting	\$ 997	(1,005 )	—	8	\$ —
Prospero	1,841	—	(400 )	(63 )	1,378
Lorien	959	—	23	8	990
Total	\$ 3,797	(1,005 )	(377 )	(47 )	\$ 2,368

As of March 31, 2014 and December 31, 2013, contingent consideration included in accounts payable totaled \$1.0 million and \$2.4 million, respectively. As of March 31, 2014 and December 31, 2013, we also had accrued contingent consideration totaling \$1.4 million related to acquisitions which is included in other long-term liabilities on the consolidated balance sheet and represents the portion of contingent consideration estimated to be payable greater than twelve months from the balance sheet date.

## gp strategies corporation AND SUBSIDIARIES

## Notes to Condensed Consolidated Financial Statements

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(Unaudited)

**(5) Intangible Assets**Goodwill

Changes in the carrying amount of goodwill by reportable business segment for the three months ended March 31, 2014 were as follows (in thousands):

	Learning & Technical Solutions	Professional & Technical Services	<b>Sandy Training &amp; Marketing</b>	Performance Readiness Solutions	Energy Services	Total
Balance as of December 31, 2013	\$ 60,187	\$ 37,690	\$ 653	\$ 9,795	\$ 8,662	\$ 116,987
Foreign currency translation	(80 )	—	—	—	(1 )	(81 )
Balance as of March 31, 2014	\$ 60,107	\$ 37,690	\$ 653	\$ 9,795	\$ 8,661	\$ 116,906

Intangible Assets Subject to Amortization

Intangible assets with finite lives are subject to amortization over their estimated useful lives. The primary assets included in this category and their respective balances were as follows (in thousands):

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	\$ 26,463	\$ (14,296 )	\$ 12,167
Tradenames	191	(143 )	48
Intellectual property and other	2,360	(874 )	1,486



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\$ 29,014      \$ (15,313    ) \$ 13,701

December 31, 2013

Customer relationships	\$ 26,470	\$ (13,070    )	\$ 13,400
Tradenames	191	(119        )	72
Intellectual property and other	2,364	(707        )	1,657
	\$ 29,025	\$ (13,896    )	\$ 15,129

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Notes to Condensed Consolidated Financial Statements

March 31, 2014  
(Unaudited)

**(6) Stock-Based Compensation**

We recognize compensation expense for stock-based compensation awards issued to employees that are expected to vest. Compensation cost is based on the fair value of awards as of the grant date. The pre-tax stock-based compensation expense included in reported net income was \$0.5 million and \$0.4 million for the three months ended March 31, 2014 and 2013, respectively.

Pursuant to our 2011 Stock Incentive Plan (the “2011 Plan”), we may grant awards of non-qualified stock options, incentive stock options, restricted stock, stock units, performance shares, performance units and other incentives payable in cash or in shares of our common stock to officers, employees or members of the Board of Directors. As of March 31, 2014, we had non-qualified stock options and restricted stock units outstanding under these plans as discussed below.

***Non-Qualified Stock Options***

Summarized information for our non-qualified stock options is as follows:

	Number of options	Weighted average exercise price	Weighted average remaining contractual term (in years)	Aggregate intrinsic value
Stock Options Outstanding at December 31, 2013	569,300	\$ 9.41		
Granted	—	—		
Exercised	(4,000 )	7.27		

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Forfeited	—	—		
Expired	—	—		
Outstanding at March 31, 2014	565,300	\$ 9.42	2.20	\$10,066,000
Exercisable at March 31, 2014	356,900	\$ 8.37	1.98	\$6,732,000

## gp strategies corporation AND SUBSIDIARIES

## Notes to Condensed Consolidated Financial Statements

March 31, 2014  
(Unaudited)

***Restricted Stock Units***

In addition to stock options, we issue restricted stock units to key employees and members of the Board of Directors based on meeting certain service goals. The stock units vest to the recipients at various dates, up to five years, based on fulfilling service requirements. We recognize the value of the market price of the underlying stock on the date of grant as compensation expense over the requisite service period. Upon vesting, the stock units are settled in shares of our common stock. Summarized share information for our restricted stock units is as follows:

	Three months ended March 31, 2014 (In shares)	Weighted average grant date fair value (In dollars)
Outstanding and unvested, beginning of period	244,031	\$ 22.17
Granted	—	—
Vested	(2,350 )	13.75
Forfeited	—	—
Outstanding and unvested, end of period	241,681	\$ 22.25

**(7) Short-Term Borrowings**

We have a \$50 million Financing and Security Agreement (the “Credit Agreement”) with a bank that expires on October 31, 2015 and is secured by certain of our assets. The Credit Agreement contains a provision to increase the maximum principal amount to \$75 million upon lender approval. The maximum interest rate on borrowings under the Credit Agreement is the daily LIBOR market index rate plus 2.25%. Based upon our financial performance, the interest rate can be reduced to a minimum of LIBOR plus 1.0%. For the three months ended March 31, 2014, the weighted average interest rate on our borrowings was 1.5%. The Credit Agreement contains covenants with respect to our minimum tangible net worth, total liabilities to tangible net worth ratio and cash flow to debt service ratio, all of which were in compliance with the Credit Agreement as of March 31, 2014. As of March 31, 2014, there were \$2.8 million of

borrowings outstanding and \$46.1 million of available borrowings under the Credit Agreement.

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Notes to Condensed Consolidated Financial Statements

March 31, 2014  
(Unaudited)

**(8) Income Taxes**

Income tax expense was \$2.8 million, or an effective income tax rate of 39.4%, for the three months ended March 31, 2014 compared to \$2.5 million, or an effective income tax rate of 34.1%, for the three months ended March 31, 2013. During the first quarter of 2013, we recorded one-time income tax benefits totaling \$373,000 for a foreign subsidiary. Excluding these discrete items recorded in the prior year quarter, the effective income tax rate was 39.1% for the first quarter of 2013. Income tax expense for the quarterly periods is based on an estimated annual effective tax rate which includes the federal, state and foreign statutory rates, permanent differences, and other items that may have an impact on income tax expense.

An uncertain tax position taken or expected to be taken in a tax return is recognized in the financial statements when it is more likely than not (i.e., a likelihood of more than fifty percent) that the position would be sustained upon examination by tax authorities that have full knowledge of all relevant information. A recognized tax position is then measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Interest and penalties related to income taxes are accounted for as income tax expense. As of March 31, 2014, we had no uncertain tax positions reflected on our consolidated balance sheet. The Company files income tax returns in U.S. federal, state and local jurisdictions, and various non-U.S. jurisdictions, and is subject to audit by tax authorities in those jurisdictions. Tax years 2010 through 2013 remain open to examination by these tax jurisdictions, with a few exceptions in certain jurisdictions which have longer statutes.

**(9) Stockholders' Equity**

Changes in stockholders' equity during the three months ended March 31, 2014 were as follows (in thousands):

	Additional	Treasury	Accumulated	Total
	Common paid-in	Retained	stock	other
				comprehensivestockholders'

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	stock	capital	earnings	at cost	loss	equity
Balance at December 31, 2013	\$ 192	\$ 167,908	\$ 27,711	\$(1,170 )	\$ (1,614 )	\$ 193,027
Net income	-	-	4,317	-	-	4,317
Foreign currency translation adjustments	-	-	-	-	(360 )	(360 )
Repurchases of common stock in the open market	-	-	-	(320 )	-	(320 )
Stock-based compensation	-	506	-	-	-	506
Issuance of stock for employer contributions to retirement plan	-	33	-	573	-	606
Other	-	(191 )	-	238	-	47
Balance at March 31, 2014	\$ 192	\$ 168,256	\$ 32,028	\$(679 )	\$ (1,974 )	\$ 197,823

gp strategies corporation AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

March 31, 2014  
(Unaudited)

### **(10) Business Segments**

As of March 31, 2014, we operated through five reportable business segments: (i) Learning Solutions, (ii) Professional & Technical Services, (iii) Sandy Training & Marketing, (iv) Performance Readiness Solutions, and (v) Energy Services. Our Learning Solutions segment represents an aggregation of two operating segments in accordance with the aggregation criteria in U.S. GAAP, while all of the other reportable segments each represent one operating segment. We are organized by operating group primarily based upon the markets served by each group and/or the services performed. Each operating group consists of business units which are focused on providing specific products and services to certain classes of customers or within targeted markets. Marketing and communications, accounting, finance, legal, human resources, information systems and other administrative services are organized at the corporate level. Business development and sales resources are aligned with operating groups to support existing customer accounts and new customer development.

Further information regarding our business segments is discussed below.

**Learning Solutions.** The Learning Solutions segment delivers training, curriculum design and development, e-Learning services, system hosting, training business process outsourcing and consulting services globally through our offices in the U.S., Europe, Asia and Canada. This segment also offers organizational performance solutions including leadership training and employee engagement tools and services. This segment serves large companies in the electronics and semiconductors, healthcare, software, financial services and other industries as well as to government agencies. The ability to deliver a wide range of training services on a global basis allows this segment to take over the entire learning function for the client, including their training personnel.

**Professional & Technical Services.** This segment has over four decades of experience providing training, consulting, engineering and technical services, including lean consulting, emergency preparedness, safety and regulatory compliance, chemical demilitarization and environmental services primarily to large companies in the manufacturing, steel, pharmaceutical and petrochemical industries, federal and state government agencies and large government contractors.



Sandy Training & Marketing. The Sandy Training & Marketing segment provides custom product sales training and has been a leader in serving manufacturing customers in the U.S. automotive industry for over 30 years. Sandy provides custom product sales training designed to better educate customer sales forces with respect to new vehicle features and designs, in effect rapidly increasing the sales force knowledge base and enabling them to address detailed customer queries. Furthermore, Sandy helps our clients assess their customer relationship marketing strategy, measure performance against competitors and connect with their customers on a one-to-one basis. This segment also provides technical training services to automotive manufacturers as well as customers in other industries.

Performance Readiness Solutions. This segment provides performance consulting and technology consulting services, including platform adoption, end-user training, change management, knowledge management, customer product training outsourcing and sales enablement solutions in industries such as manufacturing, aerospace, healthcare, life sciences, consumer products, financial, telecommunications, services and higher education as well as the public sector.

gp strategies corporation AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

March 31, 2014  
(Unaudited)

Energy Services. The Energy Services segment provides engineering services, products and training primarily to electric power generators. Our proprietary EtaPRO™ Performance and Condition Monitoring System provides a suite of real-time software solutions for power generation facilities and is installed on power generating units across the world. In addition to providing custom training solutions, this segment provides web-based training through our GPiLearn™ portal, which offers a variety of courses to power plant personnel in the U.S. and several other countries. This segment also provides services to users of alternative fuels, including designing and constructing liquefied natural gas (LNG), liquid to compressed natural gas (LCNG) and hydrogen fueling stations, as well as supplying fuel and equipment.

We do not allocate the following items to the segments: other income, interest expense, gain (loss) on change in fair value of contingent consideration and income tax expense. Inter-segment revenue is eliminated in consolidation and is not significant.

The following table sets forth the revenue and operating results attributable to each reportable segment and includes a reconciliation of segment revenue to consolidated revenue and operating results to consolidated income before income tax expense (in thousands):

	<b>Three months ended</b>	
	<b>March 31,</b>	
	2014	2013
Revenue:		
Learning Solutions	\$ 52,967	\$ 42,734
Professional & Technical Services	19,910	18,015
Sandy Training & Marketing	14,258	14,998
Performance Readiness Solutions	13,009	15,500
Energy Services	17,736	10,126
	<b>\$ 117,880</b>	<b>\$ 101,373</b>
Operating income:		

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Learning Solutions	\$ 1,048	\$ 3,212
Professional & Technical Services	2,361	1,058
Sandy Training & Marketing	577	629
Performance Readiness Solutions	501	579
Energy Services	2,279	1,614
Gain on change in fair value of contingent consideration, net	377	247
Operating income	7,143	7,339
Interest expense	205	100
Other income	189	229
Income before income tax expense	\$ 7,127	\$ 7,468

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Results of Operations

#### General Overview

We are a global performance improvement solutions provider of training, e-Learning solutions, management consulting and engineering services that seeks to improve the effectiveness of organizations by providing services and products that are customized to meet the specific needs of clients. Clients include Fortune 500 companies and governmental and other commercial customers in a variety of industries. We believe we are a global leader in performance improvement, with over four decades of experience in providing solutions to optimize workforce performance.

As of March 31, 2014, we operated through five reportable business segments: (i) Learning Solutions, (ii) Professional & Technical Services, (iii) Sandy Training & Marketing, (iv) Performance Readiness Solutions, and (v) Energy Services. Our Learning Solutions segment represents an aggregation of two operating segments in accordance with the aggregation criteria in U.S. GAAP, while all of the other reportable segments each represent one operating segment. We are organized by operating group primarily based upon the markets served by each group and/or the services performed. Each operating group consists of business units which are focused on providing specific products and services to certain classes of customers or within targeted markets. Marketing and communications, accounting, finance, legal, human resources, information systems and other administrative services are organized at the corporate level. Business development and sales resources are aligned with operating groups to support existing customer accounts and new customer development.

Further information regarding our business segments is discussed below.

**Learning Solutions.** The Learning Solutions segment delivers training, curriculum design and development, e-Learning services, system hosting, training business process outsourcing and consulting services globally through our offices in the U.S., Europe, Asia and Canada. This segment also offers organizational performance solutions including leadership training and employee engagement tools and services. This segment serves large companies in the electronics and semiconductors, healthcare, software, financial services and other industries as well as to government agencies. The ability to deliver a wide range of training services on a global basis allows this segment to take over the entire learning function for the client, including their training personnel.

Professional & Technical Services. This segment has over four decades of experience providing training, consulting, engineering and technical services, including lean consulting, emergency preparedness, safety and regulatory compliance, chemical demilitarization and environmental services primarily to large companies in the manufacturing, steel, pharmaceutical and petrochemical industries, federal and state government agencies and large government contractors.

Sandy Training & Marketing. The Sandy Training & Marketing segment provides custom product sales training and has been a leader in serving manufacturing customers in the U.S. automotive industry for over 30 years. Sandy provides custom product sales training designed to better educate customer sales forces with respect to new vehicle features and designs, in effect rapidly increasing the sales force knowledge base and enabling them to address detailed customer queries. Furthermore, Sandy helps our clients assess their customer relationship marketing strategy, measure performance against competitors and connect with their customers on a one-to-one basis. This segment also provides technical training services to automotive manufacturers as well as customers in other industries.

Performance Readiness Solutions. This segment provides performance consulting and technology consulting services, including platform adoption, end-user training, change management, knowledge management, customer product training outsourcing and sales enablement solutions in industries such as manufacturing, aerospace, healthcare, life sciences, consumer products, financial, telecommunications, services and higher education as well as the public sector.

Energy Services. The Energy Services segment provides engineering services, products and training primarily to electric power generators. Our proprietary EtaPRO™ Performance and Condition Monitoring System provides a suite of real-time software solutions for power generation facilities and is installed on power generating units across the world. In addition to providing custom training solutions, this segment provides web-based training through our GPiLearn™ portal, which offers a variety of courses to power plant personnel in the U.S. and several other countries. This segment also provides services to users of alternative fuels, including designing and constructing liquefied natural gas (LNG), liquid to compressed natural gas (LCNG) and hydrogen fueling stations, as well as supplying fuel and equipment.

### *Acquisition*

#### Effective Companies

On April 1, 2014, we completed the acquisitions of Effective-People and Effective Learning (the “Effective Companies”), providers of human capital management (HCM) solutions, including sales and support of the full SAP SuccessFactors Business Education (BizX) Platform, eLearning and blended learning solutions, as well as recruitment and employee development services. The Effective Companies are headquartered in Copenhagen, Denmark. The upfront purchase price for Effective Companies was \$9.0 million which was paid in cash at closing. In addition, the purchase agreement requires up to an additional \$6.4 million of consideration, contingent upon the achievement of certain earnings targets during the two twelve-month periods following completion of the acquisition, as defined in the purchase agreement. The Effective Companies will operate as part of our Learning Solutions segment effective April 1, 2014.

### *Operating Highlights*

**Three Months ended March 31, 2014 compared to the Three Months ended March 31, 2013**

For the three months ended March 31, 2014, we had income before income tax expense of \$7.1 million compared to \$7.5 million for the three months ended March 31, 2013. Gross profit was \$18.4 million, or 15.6% of revenue, for the first quarter of 2014 compared to \$16.2 million, or 16.0% of revenue, for the first quarter of 2013. Operating income, the components of which are discussed below by segment, decreased \$0.2 million or 2.7% to \$7.1 million for the first quarter of 2014 compared to \$7.3 million for the first quarter of 2013. The net decrease in operating income was due to a \$2.2 million increase in gross profit which was more than offset by a \$2.5 million increase in SG&A expenses primarily due to increased costs associated with global expansion. Net income was \$4.3 million, or \$0.22 per diluted share, for the three months ended March 31, 2014, compared to net income of \$4.9 million, or \$0.26 per diluted share, for the three months ended March 31, 2013. During the three months ended March 31, 2014, diluted weighted average shares outstanding increased by 0.1 million to 19.4 million shares outstanding compared to 19.3 million shares for the same period in 2013, primarily due to the issuance of shares for stock-based compensation and the employer match to our retirement savings plan and the effect of the increase in our stock price compared to the prior year on the results of the calculation of diluted weighted average shares outstanding.

*Revenue*

(Dollars in thousands)	Three months ended	
	March 31,	
	2014	2013
Learning Solutions	\$52,967	\$42,734
Professional & Technical Services	19,910	18,015
Sandy Training & Marketing	14,258	14,998
Performance Readiness Solutions	13,009	15,500
Energy Services	17,736	10,126
	\$117,880	\$101,373

Learning Solutions revenue increased \$10.2 million or 23.9% during the first quarter of 2014 compared to the first quarter of 2013. The increase in revenue is due to the following:

- A \$2.9 million increase attributable to the Lorien acquisition completed in June 2013;
- A \$1.1 million increase attributable to the Prospero acquisition completed in June 2013;
- A \$6.7 million increase in revenue from a new global outsourcing contract with a financial services client;
- A \$0.9 million net increase in e-Learning content development and training business process outsourcing (BPO) services through our U.S. Learning Solutions group, which was attributable to contracts with new clients and expansion of work with existing clients; and
- A \$0.6 million increase in leadership development training services and content licenses.

These increases were offset by a \$2.0 million net decrease in revenue from our Europe operations primarily due to a \$1.3 million decline in training and consulting services for commercial clients and a \$0.7 million decrease in UK government funded skills training services.

Professional & Technical Services revenue increased \$1.9 million or 10.5% during the first quarter of 2014 compared to the first quarter of 2013. The increase in revenue is due to the following:



- A \$0.9 million increase in training and technical services for oil and gas clients;

- A \$0.6 million one-time revenue adjustment relating to a final contract negotiation and close-out; and

A net \$0.4 million increase in revenue from U.S. government clients primarily due to an increase in chemical demilitarization services.

Sandy Training & Marketing revenue decreased \$0.7 million or 4.9% during the first quarter of 2014 compared to the first quarter of 2013. The net decrease in revenue is due to a \$1.1 million decrease due to the completion of a non-recurring project in 2013 for an automotive customer, partially offset by a \$0.4 million increase in glove-box portfolio revenue during the first quarter of 2014 compared to the first quarter of 2013.

Performance Readiness Solutions revenue decreased \$2.5 million or 16.1% during the first quarter of 2014 compared to the first quarter of 2013 due to a net decrease in sales enablement, consulting, training development and system implementation training services primarily due to a large implementation project that was completed in 2013.

Energy Services revenue increased \$7.6 million or 75.2% during the first quarter of 2014 compared to the first quarter of 2013 primarily due to a \$8.6 million increase in the alternative fuels business unit due to contracts awarded in 2013 to design and build LNG stations for a new customer and a \$0.5 million increase in training services. These increases were partially offset by a \$1.5 million decrease in software license sales and engineering services during the first quarter of 2014 compared to the first quarter of 2013.

### Gross Profit

(Dollars in thousands)	Three months ended					
	March 31, 2014		2013			
		% Revenue		% Revenue		%
Learning Solutions	\$6,603	12.5	% \$7,171	16.8		%
Professional & Technical Services	4,114	20.7	% 2,684	14.9		%
Sandy Training & Marketing	1,910	13.4	% 1,926	12.8		%
Performance Readiness Solutions	1,733	13.3	% 1,978	12.8		%
Energy Services	3,995	22.5	% 2,422	23.9		%
	\$18,355	15.6	% \$16,181	16.0		%

Learning Solutions gross profit of \$6.6 million or 12.5% of revenue for the first quarter of 2014 decreased by \$0.6 million or 7.9% when compared to gross profit of \$7.2 million or 16.8% of revenue for the first quarter of 2013. The decrease is primarily due to start-up costs incurred on the implementation of a new global outsourcing contract with a financial services client during the first quarter of 2014 and a decline in gross profit and margin in our UK government funded skills training business due to a decrease in revenue.

Professional & Technical Services gross profit of \$4.1 million or 20.7% of revenue for the first quarter of 2014 increased by \$1.4 million or 53.3% when compared to gross profit of \$2.7 million or 14.9% of revenue for the first quarter of 2013. The increase in gross profit is primarily due to the revenue increases noted above as well as a \$0.6 million one-time revenue and profit adjustment relating to a final contract negotiation and close-out.

Sandy Training and Marketing gross profit was \$1.9 million or 13.4% of revenue for the first quarter of 2014 compared to \$1.9 million or 12.8% of revenue for the first quarter of 2013 which was relatively flat quarter over quarter despite the slight revenue decline.

Performance Readiness Solutions gross profit of \$1.7 million or 13.3% of revenue for the first quarter of 2014 decreased by \$0.2 million or 12.4% when compared to gross profit of \$2.0 million or 12.8% of revenue for the first quarter of 2013 primarily due to the revenue decrease noted above.

Energy Services gross profit of \$4.0 million or 22.5% of revenue for the first quarter of 2014 increased by \$1.6 million or 64.9% when compared to \$2.4 million or 23.9% of revenue for the first quarter of 2013 primarily due to the revenue increases noted above.

*Selling, General and Administrative Expenses*

Selling, general and administrative expenses increased \$2.5 million or 27.5% from \$9.1 million for the first quarter of 2013 to \$11.6 million for the first quarter of 2014. The increase is primarily due to a \$0.7 million increase in labor and benefits expense due to international expansion, a \$0.4 million increase in expenses associated with the establishment of new foreign entities, a \$0.4 million increase in IT infrastructure costs, \$0.3 million of acquisition-related expenses and a \$0.1 million increase in amortization expense. The remainder of the increase is due to increases in business insurance, accounting, legal and facility costs during the three months ended March 31, 2014 compared to 2013.

*Change in Fair Value of Contingent Consideration*

We recognized net gains of \$0.4 million and \$0.2 million on the change in fair value of contingent consideration related to acquisitions for the three months ended March 31, 2014 and 2013, respectively. Accounting Standards Codification (“ASC”) Topic 805, *Business Combinations* (“Topic 805”) requires that contingent consideration be recognized at fair value on the acquisition date and be re-measured each reporting period with subsequent adjustments recognized in the consolidated statement of operations. We estimate the fair value of contingent consideration liabilities based on financial projections of the acquired companies and estimated probabilities of achievement. We believe our estimates and assumptions are reasonable; however, there is significant judgment involved. At each reporting date, the contingent consideration obligation is revalued to estimated fair value and changes in fair value subsequent to the acquisitions are reflected in income or expense in the consolidated statements of operations, and could cause a material impact to, and volatility in, our operating results. Changes in the fair value of contingent consideration obligations may result from changes in discount periods, changes in the timing and amount of revenue and/or earnings estimates and changes in probability assumptions with respect to the likelihood of achieving the various earn-out criteria. See Note 4 to the Condensed Consolidated Financial Statements for further details regarding the potential contingent consideration payments and the changes in fair value of the related liabilities for each acquisition during the three months ended March 31, 2014.

*Interest Expense*

Interest expense was \$0.2 million for the first quarter of 2014 compared to \$0.1 million for the first quarter of 2013.

*Other Income*

Other income was \$0.2 million for the first quarters of both 2014 and 2013 and consisted primarily of income from a joint venture and foreign currency gains and losses in both years.

*Income Tax Expense*

Income tax expense was \$2.8 million for the first quarter of 2014 compared to \$2.5 million for the first quarter of 2013. The effective income tax rate was 39.4% and 34.1% for the three months ended March 31, 2014 and 2013, respectively. During the first quarter of 2013, we recorded one-time income tax benefits totaling \$0.4 million for a foreign subsidiary. Excluding these discrete items, the effective income tax rate was 39.1% for the first quarter of 2013. Income tax expense for the quarterly periods is based on an estimated annual effective tax rate which includes

the U.S. federal, state and local, and non-U.S. statutory rates, permanent differences, and other items that may have an impact on income tax expense.

## Liquidity and Capital Resources

*Working Capital*

For the quarter ended March 31, 2014, our working capital increased \$6.7 million from \$58.7 million at December 31, 2013 to \$65.4 million at March 31, 2014 primarily due to an increase in the volume of business during 2014 compared to 2013. As of March 31, 2014, we had short-term borrowings of \$2.8 million outstanding and no long-term debt. We believe that cash generated from operations and borrowings available under our Credit Agreement (\$46.1 million of available borrowings as of March 31, 2014), will be sufficient to fund our working capital and other requirements for at least the next twelve months.

As of March 31, 2014, the amount of cash and cash equivalents held outside of the U.S. by foreign subsidiaries was \$5.2 million. At the present time, we do not anticipate repatriating these balances to fund domestic operations. We would be required to accrue for and pay taxes in the U.S. in the event we decided to repatriate these funds.

As discussed above, we acquired the Effective Companies on April 1, 2014 for an upfront cash purchase price of \$9.0 million. In connection with that acquisition, we may be required to pay up to an additional \$6.4 million of consideration, contingent upon the achievement of certain earnings targets during the two twelve-month periods following completion of the acquisition, as defined in the purchase agreement. In addition, as of March 31, 2014, we may be required to pay the following contingent consideration in connection with acquisitions we previously completed (dollars in thousands):

Acquisition:	As of March 31, 2014			Recorded Liability as of March 31, 2014
	2014	2015	Total	
Asentus	\$ 1,600	\$ —	\$ 1,600	\$ —
Prospero	2,712	1,808	4,520	1,378
Lorien	998	—	998	990
Total	\$ 5,310	\$ 1,808	\$ 7,118	\$ 2,368

*Significant Customers & Concentration of Credit Risk*

We have a market concentration of revenue in the automotive sector and in the financial & insurance sector. Revenue from the automotive industry accounted for approximately 12% and 15% of our consolidated revenue for the three months ended March 31, 2014 and 2013, respectively. Revenue from the financial & insurance industry accounted for

approximately 14% and 9% of our consolidated revenue for the three months ended March 31, 2014 and 2013, respectively. We also have a concentration of revenue from the United States government. For the three months ended March 31, 2014 and 2013, sales to the United States government and its agencies represented approximately 10% of our consolidated revenue for both periods. Revenue was derived from many separate contracts with a variety of government agencies that are regarded by us as separate customers. No single customer accounted for more than 10% of our consolidated revenue for the three months ended March 31, 2014 and 2013. As of March 31, 2014, billed and unbilled accounts receivable from a single financial services customer totaled \$15.8 million, or 12% of our consolidated accounts receivable and costs and estimated earnings in excess of billings on uncompleted contracts balances.

### ***Cash Flows***

Three months ended March 31, 2014 compared to the Three Months ended March 31, 2013

Our cash balance decreased \$0.4 million during the first quarter of 2014 from \$5.6 million as of December 31, 2013 to \$5.2 million as of March 31, 2014. The decrease in cash and cash equivalents during the first quarter of 2014 resulted from cash provided by operating activities of \$0.7 million, cash used in investing activities of \$0.9 million, cash used in financing activities of \$0.1 million and a \$0.1 million negative effect due to exchange rate changes on cash and cash equivalents.

Cash provided by operating activities was \$0.7 million for the first quarter of 2014 compared to \$5.3 million for the first quarter of 2013. The decrease in cash provided by operating activities compared to the prior year is primarily due to an increase in unbilled receivables during the first quarter of 2014.

Cash used in investing activities was \$0.9 million for the first quarter of 2014 compared to \$0.8 million for the first quarter of 2013 and consisted of fixed asset additions in both periods.

Cash used in financing activities was \$0.1 million for the first quarter of 2014 compared to \$1.1 million for the first quarter of 2013. The decrease in cash used in financing activities is primarily due to an increase in proceeds from short-term borrowings of \$2.4 million, partially offset by a \$1.9 million use of cash due to the change in negative cash book balance during the first quarter of 2014. Cash used in financing activities also included \$0.3 million of contingent consideration payments during the first quarter of 2014 compared to \$0.6 million during the first quarter of 2013 and \$0.3 million of cash used for share repurchases in the first quarter of 2014 compared to \$0.5 million in the first quarter of 2013.

### ***Short-term Borrowings***

We have a \$50 million Financing and Security Agreement (the "Credit Agreement") with a bank that expires on October 31, 2015 and is secured by certain of our assets. The Credit Agreement contains a provision to increase the maximum principal amount to \$75 million upon lender approval. The maximum interest rate on the Credit Agreement is the daily LIBOR market index rate plus 2.25%. Based upon our financial performance, the interest rate can be reduced to a minimum of LIBOR plus 1.0%. For the three months ended March 31, 2014, the weighted average interest rate on our borrowings was 1.5%. The Credit Agreement contains covenants which require us to maintain a minimum tangible net worth of no less than \$35.0 million, a total liabilities to tangible net worth ratio of no more than 3.0 to 1.0, and a cash flow to debt service ratio of no less than 3.0 to 1.0. As of March 31, 2014, our tangible net worth was \$67.2 million, our total liabilities to tangible net worth ratio was 1.4 to 1.0 and our cash flow to debt service ratio was 56.8



to 1.0, all of which were in compliance with the Credit Agreement. As of March 31, 2014, there were \$2.8 million of borrowings outstanding and \$46.1 million of available borrowings under the Credit Agreement.

### **Off-Balance Sheet Commitments**

As of March 31, 2014, we do not have any off-balance sheet commitments except for operating leases and letters of credit entered into in the normal course of business.

## Forward-Looking Statements

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward looking statements. Forward-looking statements are not statements of historical facts, but rather reflect our current expectations concerning future events and results. We use words such as “expects,” “intends,” “believes,” “may,” “will,” “should,” “could,” “anticipates,” “estimates,” “plans” and similar to indicate forward-looking statements, but their absence does not mean a statement is not forward-looking. Because these forward-looking statements are based upon management’s expectations and assumptions and are subject to risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements, including, but not limited to, those factors set forth Item 1A - Risk Factors of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2013 and those other risks and uncertainties detailed in our periodic reports and registration statements filed with the Securities and Exchange Commission. We caution that these risk factors may not be exhaustive. We operate in a continually changing business environment, and new risk factors emerge from time to time. We cannot predict these new risk factors, nor can we assess the effect, if any, of the new risk factors on our business or the extent to which any factor or combination of factors may cause actual results to differ from those expressed or implied by these forward-looking statements.

If any one or more of these expectations and assumptions proves incorrect, actual results will likely differ materially from those contemplated by the forward-looking statements. Even if all of the foregoing assumptions and expectations prove correct, actual results may still differ materially from those expressed in the forward-looking statements as a result of factors we may not anticipate or that may be beyond our control. While we cannot assess the future impact that any of these differences could have on our business, financial condition, results of operations and cash flows or the market price of shares of our common stock, the differences could be significant. We do not undertake to update any forward-looking statements made by us, whether as a result of new information, future events or otherwise. You are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in this report.

### **Item 3. Quantitative and Qualitative Disclosure About Market Risk**

The Company has no material changes to the disclosure on this matter made in its Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

### Item 4. Controls and Procedures

#### *Disclosure Controls and Procedures*

We maintain a comprehensive set of disclosure controls and procedures (as defined in Rules 13a-15(e) and under the Securities Exchange Act of 1934 (“Exchange Act”)) designed to provide reasonable assurance that information required to be disclosed in our filings under the Exchange Act is recorded, processed, summarized and reported accurately and within the time periods specified in the SEC’s rules and forms. Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures are effective in providing reasonable assurance of the achievement of the objectives described above.

***Internal Control Over Financial Reporting***

During the quarter ended March 31, 2014, there was no change in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d—15(f) under the Exchange Act) that materially affected, or is reasonably likely to materially affect our internal control over financial reporting.

**PART II. OTHER INFORMATION**

## Item 1. Legal Proceedings

None.

**Item 1A. Risk Factors**

The Company has no material changes to the disclosure on this matter made in its Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information about the Company's share repurchase activity for the three months ended March 31, 2014:

Month	Issuer Purchases of Equity Securities			Approximate dollar value of shares that may yet be purchased under the program
	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced program (1)	
January 1-31, 2014	108	(2) \$ 28.82	-	\$ 4,311,000
February 1-28, 2014	93	(2) \$ 27.46	-	\$ 4,311,000
March 1-31, 2014	11,913 <sup>(2)</sup>	\$ 28.43	11,248	\$ 3,991,000

Represents shares repurchased in the open market in connection with our share repurchase program under which we (1) may repurchase shares of our common stock from time to time in the open market subject to prevailing business and market conditions and other factors. There is no expiration date for the repurchase program.

(2) Includes shares surrendered by employees to satisfy minimum tax withholding obligations on restricted stock units which vested during the first quarter of 2014.

Item 6. Exhibits

31.1 Certification of Chief Executive Officer of the Company dated May 1, 2014 pursuant to Securities and Exchange Act Rule 13d-14(a)/15d-14(a), as adopted pursuant to Section 302 and 404 of the Sarbanes-Oxley Act of 2002.\*

31.2 Certification of Executive Vice President and Chief Financial Officer of the Company dated May 1, 2014 pursuant to Securities and Exchange Act Rule 13d-14(a)/15d-14(a), as adopted pursuant to Section 302 and 404 of the Sarbanes-Oxley Act of 2002.\*

32.1 Certification of Chief Executive Officer and Chief Financial Officer of the Company dated May 1, 2014 pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.\*

The following materials from GP Strategies Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets; (ii) Condensed Consolidated Statements of Operations; (iii) Condensed Consolidated Statements of Comprehensive Income; (iv) Condensed Consolidated Statements of Cash Flows; and (v) Notes to Condensed Consolidated Financial Statements. \*

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\*Filed herewith

SIGNATURES

Pursuant to the requirements 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

May 1, 2014 /s/ Scott N. Greenberg  
Scott N. Greenberg  
Chief Executive Officer

May 1, 2014 /s/ Sharon Esposito-Mayer  
Sharon Esposito-Mayer  
Executive Vice President and Chief Financial Officer