GP STRATEGIES CORP
Form 10-K
February 28, 2014

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

FORM 10-K

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

For the fiscal year ended December 31, 2013

¨ 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	**52-0845774**
(State of Incorporation)	(I.R.S. Employer Identification No.)
70 Corporate Center **11000 Broken Land Parkway, Suite 200, Columbia, MD**	**21044**
(Address of principal executive offices)	(Zip Code)

(443) 367-9600
Registrant's telephone number, including area code:

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of each exchange on which registered:**
Common Stock, $.01 par value	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ¨ No x

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 x 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 x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

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 x 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 x

The aggregate market value of the outstanding shares of the Registrant's Common Stock, par value $.01 per share, held by non-affiliates as of June 30, 2013 was approximately $350,849,000.

The number of shares outstanding of the registrant's Common Stock as of February 14, 2014:

Class	**Outstanding**
Common Stock, par value $.01 per share	19,139,568 shares

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for its 2014 Annual Meeting of Stockholders are incorporated herein by reference into Part III hereof.

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Cautionary Statement Regarding 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 "Exchange Act"). 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," "estim and similar expressions 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 under Item 1A - Risk Factors and those other risks and uncertainties detailed in our periodic reports and registration statements filed with the Securities and Exchange Commission ("SEC"). 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.

Company Information Available on the Internet

Our internet address is www.gpstrategies.com. We make available free of charge through our internet site, our annual reports on Form 10-K; quarterly reports on Form 10-Q; current reports on Form 8-K; and any amendment to those reports filed or furnished pursuant to the Exchange Act as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC.

PART I

Item 1: Business

Company Overview

GP Strategies Corporation, which is a New York Stock Exchange ("NYSE") listed company traded under the symbol GPX, 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.

We are a leading independent provider of customized training solutions focused on performance improvement initiatives for our clients. We also provide consulting, engineering and technical services which enhance our customized training capabilities and diversify our service offerings. We have global execution capabilities and provide services to a large customer base across a broad range of industries in over 45 countries. We serve leading companies

in the automotive, steel, oil and gas, power, chemical, electronics and technology, manufacturing, software, financial services, retail, healthcare and food and beverage industries, as well as government agencies. We have over four decades of experience in developing solutions to optimize workforce performance by providing services and products to our clients that assist them in successfully integrating their employees, processes and technology.

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Over the last several years, we have focused on building our custom training business through internal growth and the acquisition of complementary businesses. We began executing our acquisition strategy in 2006 and have since completed over 20 acquisitions. The primary objectives of our acquisition strategy are to strengthen our capabilities in specific training and technical service areas, expand our global presence, and increase our customer base and market sector reach. As a result, we've added product sales training and leadership training, and strengthened our e-Learning and content development expertise, while also expanding further within Europe and Asia Pacific. Our acquisitions have also expanded our market sector reach, added new customers and enhanced our service offerings through the addition of new complementary services.

Operating Segments

As of December 31, 2013, we operated through five reportable business segments: (i) Learning Solutions, (ii) Professional & Technical Services, (iii) Sandy Training & Marketing, (iv) Performance Readiness Solutions (formerly RWD), and (v) Energy Services. Our Learning Solutions segment represents an aggregation of two operating groups in accordance with the aggregation criteria in U.S. GAAP, while all of the other reportable segments each represent one operating group. 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.

Effective January 1, 2013, we made changes to our organizational structure to transfer the management responsibility of certain business units between segments, which resulted in a change in the composition of certain of our operating segments. The changes primarily consisted of: (i) the alternative fuels business unit transferred from Professional & Technical Services to Energy Services; (ii) a business unit which predominantly provides content development services to U.S. government and commercial clients transferred from Learning Solutions to Professional & Technical Services; and (iii) our foreign operations in India and China and a portion of our Canadian operations transferred from Professional & Technical Services to Learning Solutions. We have reclassified the segment financial information herein for the prior years to reflect these changes and conform to the current year's presentation.

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.

Segment Financial Information

For financial information about our business segments and geographic operations and revenue, see Note 11 to the accompanying Consolidated Financial Statements.

Services and Products

Our personnel come from varied backgrounds in the corporate, technical, military and government arenas. They use their professional knowledge to create cost-effective solutions to address modern business and governmental performance challenges. Our training, consulting and engineering services and related product offerings are discussed in more detail below.

Training. We provide custom training services and products to support our customers' existing operations, as well as the launch of new plants, products, equipment, technologies and processes. Our training services are comprehensive, covering all aspects of an organization's needs, including:

- **Content and Curriculum Development.** Services include a fundamental analysis of the client's needs, curriculum design, instructional material development (in hard copy, electronic/software or other format), information technology service support and delivery. Our instructional delivery capabilities include traditional classroom, structured on-the-job training (OJT), just-in-time methods, computer-based, web-based, video-based and the full spectrum of e-Learning technologies.

- **E-Learning.** Though part of our content development services, our e-Learning capabilities distinguish themselves because we are able to function as a single-source e-Learning solutions provider through our integration services and hosting, the development and provisioning of proprietary content and the aggregation and distribution of third party content. While considered a custom content developer in this arena, we are also the creators of GPiLearn™, a packaged, web-based training curriculum designed to equip workers with specialized maintenance, mechanical, operator and technical skills throughout the energy industry (nuclear, fossil, hydroelectric, wind farms and other power generating plants) in order to address that industry's growing needs for a skilled and multi-skilled workforce.

- **Learning & Training Outsourcing.** We offer a wide range of training business process outsourcing ("BPO") services, including design, delivery and global management of comprehensive learning programs for national and multinational businesses and government organizations. We can deliver our services individually or as a complete, integrated training solution. Solutions include the management of our customers' training departments, as well as administrative processes, such as tuition assistance program management, vendor management, call center / help desk administration and learning management system (LMS) administration. Our services encompass a wide spectrum of learning engagements ranging from focusing on a single aspect of a learning process to multi-year contracts where we manage the learning infrastructure of our customer. In addition, we automate a large amount of our customers' tuition reimbursement programs by utilizing our own proprietary software.

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- **Documentation Development.** Training-related documentation products include custom instructor and student training manuals, job aids to support technical skills development and instructional materials suitable for web-based and blended learning solutions.

- **Specialized Training Areas.** Our professionals possess diverse skills in multiple industries that enable us to address specialized training needs, including technical training, machine and equipment maintenance training, product sales training and incentive programs, leadership development training, regulatory training, environmental training and homeland security training, to name a few.

Consulting. Our consulting services include training-related consulting services as well as more traditional business management and specialized consulting, including the areas of:

- **Lean Enterprise.** Our Lean and Six Sigma experts provide high-level lean enterprise consulting services, as well as training in the concept, methods and application of lean enterprise and other quality practices, organizational development and change management.

- **Engineering.** We provide engineering consulting services to support regulatory and environmental compliance, modification of facilities and processes, plant performance improvement, reliability-centered maintenance practices and plant start-up activities.

- **Information Technology.** Consulting services include IT consulting and ERP implementation services, system selection consulting, operations continuity assessment, planning, training and procedure development.

- **Customer Loyalty.** Our Sandy Training & Marketing segment provides consultation on customer loyalty programs and supports those services with brand loyalty publications, incentive programs and customer-focused sales training. Sandy develops personalized publications for automotive clients which establish a link between the manufacturer/dealer and each customer.

- **Performance Readiness.** We offer change-management strategies to help our customer's employees accept, adopt and perform in new ways and be open to change.

- **Homeland Security and Emergency Management.** We deliver consulting services from physical security assessments to all-hazards emergency planning and preparedness. These services include training, exercises and documentation.

- **Maintenance & Reliability.** We help manufacturers develop strategies, assessments and leadership alignment tactics for maintenance and reliability programs, as well as provide the training, management systems and documentation that support an enduring culture of waste elimination and variability reduction.

Engineering and Technical Services. Our staff includes civil, mechanical and electrical engineers who are equipped to provide engineering, technical support services, consulting expertise, design capabilities and evaluation services. Our engineering customers typically operate in technically complex industries such as oil and gas, power, chemical, aerospace, transportation and manufacturing industries. Our engineering services support facilities, processes and systems in multiple capacities, including:

- **Power Plant Performance.** Our Energy Services segment delivers multiple solutions to optimize power plant assets and mitigate risk. We have also developed proprietary products to support the power industry, including our EtaPRO software, installed in nearly every electricity-generating power plant in North America, as well as our Virtual Plant™ and other software applications for the power generation industry.

- **Alternative Fueling Station Design and Engineering**. We provide engineering design, permitting and construction of alternative fuel stations, including liquefied natural gas (LNG), liquid to compressed natural gas (LCNG) and hydrogen fueling stations for private fleets and public-access stations in the United States. We also provide maintenance services for alternative fueling stations, as well as supply fuel and equipment.

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- **Technical Support.** Services in this area include procedure writing and configuration control for capital intensive facilities, plant start-up assistance, logistics support (e.g., inventory management and control), implementation and engineering assistance for facility or process modifications, facility management for high technology training environments, staff augmentation and help-desk support for standard and customized client desktop applications.

- **Environmental Services.** We help public and government manufacturing and processing plants develop strong environmental programs, assess their sites, perform remediation measures, build environmentally sensitive facilities and perform other services in regard to air and water quality, hazardous waste and the stewardship of natural resources.

Competitive Strengths

We believe our key competitive strengths include:

Independent and Single-Source Custom Training Solutions Provider. We believe we are one of the largest independent single-source custom training solutions providers in the markets in which we compete. We provide business process outsourcing solutions spanning the full life-cycle of the training process, including the management of training departments and administrative processes for our customers. We believe that the breadth of our service and product offerings, which encompass fully integrated training business process outsourcing solutions as well as discrete services, allows us to better serve the needs of our clients by providing them with a single-source solution for custom training, consulting and technical and engineering services. We believe that the integration of our services into a single platform, together with our international presence and delivery capabilities, allows our customers to leverage an enterprise-wide solution to address their performance improvement needs in a way that streamlines their internal operations, improves the speed and efficiency at which critical know-how is disseminated on a firm-wide basis, and enables them to achieve their desired performance improvement goals.

Outstanding Reputation in the Industry. We have continued to build an outstanding reputation in the training industry through the delivery of exceptional training solutions and have received numerous awards. In 2013, for the tenth consecutive year, Training Industry, Inc., an industry trade organization, selected us as one of the Top 20 Companies in Training Outsourcing. Also in 2013, Training Industry, Inc. selected us as one of the Top Sales Training Companies for the sixth consecutive year. During 2013, Training Industry, Inc. also selected us as one of the Top 20 IT Training Companies, Top 20 Workforce Development Companies, Top 20 Leadership Training Companies and Top 20 Content Development Company. We also won other industry awards including a prestigious “Learning In Practice” award from *Chief Learning Officer* Magazine and five Brandon Hall Excellence in Learning Awards.

Scalable Technology Platform. Our training programs are delivered online, in classroom settings or a combination of both. We have the ability to work with outside information technology (IT) vendors in combination with our own proprietary software in order to deliver a scalable technology platform capable of addressing training needs of various size and commitment, ranging from a one-time project to a multi-year training program.

Legacy Technical Expertise. In the 1960’s, we began providing technical services to the U.S. Navy nuclear submarine program and the nuclear electric-power generation industry, and have since maintained and expanded our reputation for providing technically complex consulting, engineering, and training services. Many of our employees have engineering degrees, technical training or years of relevant technical industry experience. Through repeat projects with industry leaders, such as ExxonMobil, Applied Materials and Pratt & Whitney, we have acquired significant industry experience in providing highly technical consulting services. We believe that our technical expertise allows us to address market opportunities for complex business challenges that require in-depth expertise and certifications typically acquired over several years of specialized training and many years of experience. We also believe that our ability to provide both training-related and business consulting services allows us to gain insight into

operations of our customers, understand the challenges they face and develop optimal solutions to meet these challenges. We also believe that the knowledge that we develop while working with our clients provides us with a significant competitive advantage as those clients look to expand the scope of services outsourced to third party service providers.

Well Positioned to Capitalize on the Large Product Sales Training Market. We believe that the introduction of new products with advanced features, combined with the growing amount and accessibility of information available to consumers, requires companies to maintain a highly skilled and technologically current sales force to most effectively capture customer interest and confidence. In-house implementation of product sales training programs can be expensive and time-consuming as these programs typically involve significant levels of face-to-face training, in some cases across a large sales force that can be located around the globe. In addition, product sales training tends to be a continuous process, as the pace of new products and features in many cases requires year-round updating of the sales force. We have what we believe to be one of the industry's leading product sales training platforms, and are well positioned to benefit from increased training outsourcing as companies look for ways to reduce costs.

Business Model Supports Visibility of Revenues. We believe the nature of our business, which includes established relationships with our clients, average project durations of one year, as well as many long term contracts with our customers, provides us with a platform from which to drive revenues and gives us visibility into our future performance. We have long-standing relationships with many of our clients, with over 60% of our top 25 clients having used our services for five or more years. Additionally, over 90% of our annual revenue is generated by clients that existed in the prior year. We also had a backlog for services under executed contracts of $239.5 million as of December 31, 2013, most of which we anticipate will be recognized as revenue during 2014.

Highly Qualified and Dedicated Employees and Tenured Management Team. Our most important asset is our people, as their wide-ranging skill set enables us to serve our diverse and expanding global client base. As a result, we are committed to the continued development of our employees. We offer our employees technical, functional, industry, managerial and leadership skill development and training throughout their careers with us. We seek to reinforce our employees' commitment to our clients, culture and values through a comprehensive performance management system and a career philosophy that rewards both individual performance and teamwork. We also benefit from the skill and experience of our executive management team, who together have in excess of 100 years of experience in the training industry and have an average tenure with our company of over 20 years.

Contracts

We currently perform under fixed price (including fixed-fee per transaction), time-and-materials and cost-reimbursable contracts. Our contracts with the U.S. Government have predominantly been cost-reimbursable contracts and fixed price contracts. We are required to comply with Federal Acquisition Regulations and Government Cost Accounting Standards with respect to services provided to the U.S. Government and its agencies. These Regulations and Standards govern the procurement of goods and services by the U.S. Government and the nature of costs that can be charged with respect to such goods and services. All such contracts are subject to audit by a designated government audit agency, which in most cases is the Defense Contract Audit Agency (the "DCAA"). The DCAA has audited our contracts and indirect rates through 2007 without any material disallowances.

The following table illustrates the percentage of our total revenue attributable to each type of contract for the year ended December 31, 2013:

Fixed price (including fixed-fee per transaction)	63	%
Time-and-materials, including fixed rate	31	
Cost-reimbursable	6	
Total revenue	100	%

Fixed price contracts provide for payment to us of pre-determined amounts as compensation for the delivery of specific products or services, without regard to the actual costs incurred. We bear the risk that increased or unexpected costs required to perform the specified services may reduce our profit or cause us to sustain a loss, but we have the opportunity to derive increased profit if the costs required to perform the specified services are less than expected.

Fixed price contracts generally permit the client to terminate the contract on written notice; in the event of such termination we would typically be paid a proportionate amount of the fixed price.

Time-and-materials contracts generally provide for billing of services based upon the hourly billing rates of the employees performing the services and the actual expenses incurred multiplied by a specified mark-up factor up to a certain aggregate dollar amount. Our time-and-materials contracts include certain contracts under which we have agreed to provide training, engineering and technical services at fixed hourly rates. Time-and-materials contracts generally permit the client to control the amount, type and timing of the services to be performed by us and to terminate the contract on written notice. If a contract is terminated, we are typically paid for the services we have provided through the date of termination.

Cost-reimbursable contracts provide for us to be reimbursed for our actual direct and indirect costs plus a fee. These contracts also are generally subject to termination at the convenience of the client. If a contract is terminated, we are typically reimbursed for our costs through the date of termination, plus the cost of an orderly termination, and paid a proportionate amount of the fee.

International

We conduct our business outside of the United States in over 45 countries through our wholly owned subsidiaries located primarily in the United Kingdom, France, Germany, Netherlands, Denmark, Canada, Mexico, Colombia, Singapore, China and India. We are continuing to create new subsidiaries as our business expands to other countries. Through these subsidiaries, we are capable of providing substantially the same services and products as are available to clients in the United States, although modified as appropriate to address the language, business practices and cultural factors unique to each client and country. In combination with our subsidiaries, we are able to coordinate the delivery to multi-national clients of services and products that achieve consistency on a global, enterprise-wide basis. Revenue from operations outside the United States represented approximately 20% of our consolidated revenue for the year ended December 31, 2013 (see Note 11 to the accompanying Consolidated Financial Statements).

Customers

During 2013, we provided services to over 500 customers. Significant customers include *multinational automotive manufacturers*, such as General Motors Company, Hyundai Motor Company, Jaguar Land Rover, Ford Motor Company and Chrysler Group; *governmental agencies*, such as the U.S. Department of Defense, U.S. Department of Commerce, U.S. Naval Undersea Warfare Center, Office of Personnel Management and the Skills Funding Agency in the United Kingdom; *U.S. Government prime contractors*, such as Bechtel National, Inc. and URS Corporation; *commercial electric power utilities*, such as Eskom, Midwest Generation and Suez Energy; and other *large multinational companies*, such as Microsoft, CIGNA Corporation, Rockwell Automation, Hewlett Packard Company, Network Appliance, Cisco Systems, Inc., Texas Instruments, Lowe's Companies, Inc., HSBC, Bank of America, General Electric, United Technologies Corporation and United States Steel Corporation. During the year ended December 31, 2013, we provided services to 152 customers in the Fortune 500 and 109 customers in the Global Fortune 500.

We have a market concentration of revenue in the automotive sector. Revenue from the automotive industry accounted for approximately 16%, 17% and 17% of our consolidated revenue for the years ended December 31, 2013, 2012 and 2011, respectively. Beginning in 2013, we also have a market concentration in the financial and insurance sector. Revenue from the financial and insurance industry accounted for approximately 11% of our consolidated revenue for the year ended December 31, 2013. We also have a concentration of revenue from the United States government. For the years ended December 31, 2013, 2012 and 2011, sales to the United States government and its agencies represented approximately 10%, 12% and 14%, respectively, of our consolidated revenue. 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 in 2013. Accounts receivable from a single automotive customer totaled $7.1 million as of December 31, 2013 and $9.0 million as of December 31, 2012, accounting for approximately 8% and 11% of our total accounts receivable as of those dates, respectively.

Employees

Our principal resource is our personnel. As of December 31, 2013, we had 3,009 employees. We also utilize additional adjunct instructors and consultants as needed. Our future success depends to a significant degree upon our ability to continue to attract, retain and integrate into our operations instructors, engineers, technical personnel and consultants who possess the skills and experience required to meet the needs of our clients.

We utilize a variety of methods to attract and retain personnel. We believe that the compensation and benefits offered to our employees are competitive with the compensation and benefits available from other organizations with which we compete for personnel. In addition, we encourage the professional development of our employees, both internally via GP University (our own internal training resource) and through third parties, and we also offer tuition reimbursement for job-related educational costs. We believe that we have good relations with our employees.

Competition

We face a highly competitive environment. The principal competitive factors are the experience and capability of service personnel, performance, quality and functionality of products, reputation and price. The training industry is large, highly fragmented and competitive, with low barriers to entry and no single competitor accounting for a significant market share. According to *Training Magazine's* 2013 Training Industry Report, U.S. training expenditures totaled $55.4 billion in 2013, including payroll and spending on external products and services. Our competitors include several large publicly traded and privately held companies, vocational and technical training schools, degree-granting colleges and universities, continuing education programs and thousands of small privately held training providers and individuals. In addition, many of our clients maintain internal training departments, which have the resources and ability to provide the same or similar services in-house. Some of our competitors offer services and products at lower prices, and some competitors have significantly greater financial, managerial, technical, marketing and other resources. Moreover, we expect to face additional competition from new entrants into the training and performance improvement market due, in part, to the evolving nature of the market and the relatively low barriers to entry. There can be no assurance that we will be successful against such competition.

Engineering and consulting services such as those that we provide are performed by many of the customers themselves, large architectural and engineering firms that have expanded their range of services beyond design and construction activities, large consulting firms, information technology companies, major suppliers of equipment and individuals and independent service companies similar to us. The engineering and construction markets are highly competitive and require substantial resources and capital investment in equipment, technology and skilled personnel. Many of our competitors for our engineering and technical consulting services have greater financial resources than we do. Competition also places downward pressure on our contract prices and profit margins. We cannot provide any assurance that we will be able to compete successfully, and the failure to do so could adversely affect our business and financial condition.

Marketing

Business development and sales resources are aligned with our operating groups to support existing customer accounts and new customer development. We use attendance at trade shows, presentations of technical papers at industry and trade association conferences, press releases, webinars and workshops given by our personnel to serve an important marketing function. We also carry out selective advertising and do targeted marketing to current and prospective clients. By staying in contact with clients and looking for opportunities to provide further services, we sometimes obtain contract awards or extensions without having to undergo competitive bidding. In other cases, clients ask us to bid competitively. In both cases, we submit proposals to the client for evaluation. The period between submission of a proposal to final award can range from 30 days or less (generally for noncompetitive, short-term contracts), to a year or more (generally for large, competitive multi-year contracts).

Backlog

Our backlog for services under executed contracts and subcontracts was approximately $239.5 million and $221.3 million as of December 31, 2013 and 2012, respectively. We anticipate that most of our backlog as of December 31, 2013 will be recognized as revenue during 2014. However, the rate at which services are performed under certain contracts, and thus the rate at which backlog will be recognized, may be at the discretion of the client and most contracts are, as mentioned above, subject to termination by the client upon written notice.

Environmental Statutes and Regulations

We provide environmental engineering services primarily to the U.S. Army in Maryland, including the development and management of site environmental remediation plans. Our activities in connection with providing environmental

engineering services may also subject us to federal, state and local environmental laws and regulations (including, without limitation, the Clean Water Act, the Clean Air Act, Superfund, the Resource Conservation and Recovery Act and the Occupational Safety and Health Act). Although we subcontract most remediation construction activities and all removal and offsite disposal and treatment of hazardous substances, we could still be held liable for clean-up or violations of such laws as an “operator” or otherwise under such federal, state and local environmental laws and regulations with respect to a site where we have provided environmental engineering and support services. We believe, however, that we are in compliance in all material respects with such environmental laws and regulations.

Item 1A: Risk Factors

The following are some of the factors that we believe could cause our actual results to differ materially from historical results and from the results contemplated by the forward-looking statements contained in this report and other public statements made by us. Additional risks and uncertainties not presently known to us, or that we currently see as immaterial, may also harm our business. Most of these risks are generally beyond our control. If any of the risks or uncertainties described below, or any such additional risks and uncertainties actually occur, our business, results of operations and financial condition could be materially and adversely affected.

Changing economic conditions in the United States, the United Kingdom and the other countries in which we conduct our operations could harm our business, results of operations and financial condition.

Our revenues and profitability are related to general levels of economic activity and employment primarily in the United States and the United Kingdom. As a result, economic recession in both of those countries could harm our business and financial condition. A significant portion of our revenues is derived from Fortune 500 companies and their non-U.S. equivalents, which historically have decreased expenditures for external training during economic downturns. If the economies in which these companies operate are weakened in any future period, these companies may reduce their expenditures on external training, and other products and services supplied by us, which could materially and adversely affect our business, results of operations and financial condition. As we expand our business globally, we might be subject to additional risks associated with economic conditions in the countries into which we enter or in which we expand our operations.

Our revenue and financial condition could be adversely affected by the loss of business from significant customers, including automotive manufacturers, the U.S. Government and other customers.

During the years ended December 31, 2013, 2012 and 2011, revenue from our customers in the automotive industry accounted for approximately 16%, 17% and 17%, respectively, of our consolidated revenue. Historically, U.S. auto manufacturers have been negatively impacted during times of economic downturns and recession, resulting in significant reductions in vehicle sales requiring the auto manufacturers to cut costs. While the condition of the automotive industry has improved in recent periods, further cost-cutting, a lack of sufficient funding or a decision to cease or reduce contract awards to us, could adversely affect our business and financial condition.

For the years ended December 31, 2013, 2012 and 2011, revenue from the U.S. Government represented approximately 10%, 12% and 14% of our consolidated revenue, respectively. However, the revenue was derived from a number of separate contracts with a variety of government agencies we regard as separate customers. Government contracts are subject to various uncertainties, restrictions and regulations, including oversight audits by government representatives and profit and cost controls. If we fail to comply with all of the applicable regulations, requirements or laws, our existing contracts with the government could be terminated and our ability to seek future government contracts or subcontracts could be adversely affected. In addition, the funding of government contracts is subject to Congressional appropriations. Budget decisions made by the U.S. Government are outside of our control and could result in a reduction or elimination of contract funding. A shift in government spending to other programs in which we are not involved or a reduction in general government spending could have a negative impact on our financial condition. The U.S. Government is under no obligation to maintain funding for or to continue to fund our contracts or subcontracts.

Substantially all of our contracts are subject to termination on written notice and, therefore, our operations are dependent upon our customers' continued satisfaction with our services and their continued inability or unwillingness to perform those services themselves or to engage other third-parties to deliver such services.

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Our successful performance of learning services under the Global Master Agreement we entered into with HSBC in July 2013 is subject to many risks.

On July 2, 2013, we entered into an agreement (the "Global Master Agreement") with HSBC Holdings plc ("HSBC") to provide global learning services. The Global Master Agreement establishes a contractual framework pursuant to which we and certain of our wholly owned subsidiaries will enter into local services agreements with certain members of HSBC's group of companies in respect of each country in which the learning services are to be provided by us. In 2013, we entered into local services agreements relating to the provision of services in the U.S., Canada, the U.K. and Hong Kong. We anticipate entering into additional local services agreements with HSBC group members in other countries through September 30, 2014. The initial term of the Global Master Agreement is three years. HSBC has the right to extend the Global Master Agreement for one additional two-year term. We anticipate that HSBC will be our largest customer when the Global Master Agreement and additional local services agreements are fully implemented.

The Global Master Agreement requires us and our subsidiaries that are parties to local services agreements to identify over $10 million in total global savings on HSBC's learning expenses, ranging from $1 million to $4 million per calendar year over the initial three year term. This obligation is applicable only if we and our subsidiaries receive, globally, revenue of at least $30 million per year for each of the first three contract years. We are required to pay HSBC the shortfall, for any calendar year, between the savings realized and the savings guaranteed for that year.

The Global Master Agreement includes certain transition milestones and minimum service level requirements that we must meet or exceed. If we fail to achieve a key transition milestone, then we may be subject to liquidated damages determined on a per diem basis up to a certain amount for each milestone. If we fail to meet a given performance standard, HSBC will, in certain circumstances, receive a credit against the charges otherwise due.

Additionally, HSBC has the right to periodically engage a third party to perform benchmark studies to determine whether our services, the level and quality to which our services are being provided and the applicable charges under the Global Master Agreement are within the top quartile for best-value-for-money for comparable services provided by our competitors. If the benchmark report states that any benchmarked service is not within the top quartile for best-value-for-money for services comparable to our benchmarked services etc., then we must implement changes as soon as reasonably practicable. HSBC has the right to conduct such benchmark studies no sooner than 12 months after the effective date of the Global Master Agreement (being July 2, 2013) and then no more than once every 12 months thereafter as to any previously benchmarked service in a particular country.

HSBC has the right to terminate the Master Global Agreement and the relevant HSBC contracting party has the right to terminate any local services agreement to which it is a party, in whole or in part, for, among other things, convenience on three months' written notice.

Our successful performance of the Global Master Agreement and the associated local services agreements, is subject to many risks, including the effect(s) that fixed prices for four years, the guaranteed savings provision, the key milestone penalties and service level credits and the benchmarking requirements may have on our ability to perform services in a profitable manner; additional currency exchange rate exposure; local tax requirements and our need to concurrently establish reliable payroll, accounting, purchasing, tax management, employment practices, project management, asset management and information technology infrastructure in many countries where we do not currently have those capabilities.

The price of our common stock is highly volatile and could decline regardless of our operating performance.

The market price of our common stock could fluctuate in response to, among other things:

- changes in economic and general market conditions;

- changes in the outlook and financial condition of certain of our significant customers and industries in which we have a concentration of business;
- changes in financial estimates, treatment of our tax assets or liabilities or investment recommendations by securities analysts following our business;
- changes in accounting standards, policies, guidance or interpretations or principles;
- sales of common stock by our directors, officers and significant stockholders;
- factors affecting securities of companies included in the Russell 3000R Index, in which our common stock is included;

- our failure to achieve operating results consistent with securities analysts' projections; and
- the operating and stock price performance of competitors.

These factors might adversely affect the trading price of our common stock and prevent you from selling your common stock at or above the price at which you purchased it. In addition, in recent periods, the stock market has experienced significant price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including ours and others in our industry. These changes can occur without regard to the operating performance of the affected companies. As a result, the price of our common stock could fluctuate based upon factors that have little or nothing to do with our company, and these fluctuations could materially reduce our share price.

A substantial portion of our assets consists of goodwill and intangible assets, which are subject to impairment. We could incur material asset impairment charges in future periods.

As of December 31, 2013, we had goodwill of $117.0 million and other intangible assets of $15.1 million in connection with acquisitions. In accordance with U.S. GAAP, goodwill is reviewed annually for impairment unless circumstances or events indicate that an impairment test should be performed sooner to determine if there has been any impairment to value. The review for impairment is based on several factors requiring judgment. A decrease in expected cash flows or change in market conditions, among other things, may indicate potential impairment of recorded goodwill. We tested our goodwill at the reporting unit level as of December 31, 2013 and 2012 and there was no indication of impairment.

Our acquisitions in recent years have not involved the acquisition of significant tangible assets and, as a result, a significant portion of the purchase price in each case was allocated to goodwill and other intangible assets. We will continue to test for impairment on an annual basis, coinciding with our fiscal year-end, or on an interim basis if events and circumstances indicate a possible impairment. However, we may incur material goodwill or other intangible asset impairment charges in the future related to past acquisitions.

Our financial results are subject to quarterly fluctuations, which may result in volatility or declines in our stock price.

We experience, and expect to continue to experience, fluctuations in quarterly operating results. Consequently, you should not deem our results for any particular quarter to be necessarily indicative of future results. Factors that may affect quarterly operating results in the future include:

- the overall level of services and products sold;
- the volume of publications shipped by our Sandy segment each quarter, because revenue and cost of publications contracts are recognized in the quarter during which the publications ship;
- fluctuations in project profitability;
- the gain or loss of material clients;
- the timing, structure and magnitude of acquisitions;
- participant training volume and general levels of outsourcing demand from clients in the industries that we serve;
- the budget and purchasing cycles of our clients, especially of the governments and government agencies that we serve;
- the commencement or completion of client engagements or services and products in a particular quarter;
- currency fluctuations; and
- the general level of economic activity.

Accordingly, it is difficult for us to forecast our growth and results of operations on a quarterly basis. If we fail to meet expectations of investors or analysts, our stock price may fall rapidly and without notice. Furthermore, the fluctuation of quarterly operating results may render less meaningful period-to-period comparisons of our operating results.

Sagard Capital Partners, L.P. ("Sagard") may exert influence over us and could delay or deter a change of control or other business combination or otherwise cause us to take actions with which other stockholders may disagree.

As of December 31, 2013, Sagard beneficially owned 3,512,274 shares or 18.4% of our outstanding common stock. In addition, until Sagard owns less than certain specified amounts of common stock or certain other conditions have been met, Sagard is entitled to designate an individual to serve on our board of directors. As a result, Sagard may exert influence over our decision to enter into any corporate transaction or with respect to any transaction that requires the approval of stockholders, regardless of whether other stockholders believe that the transaction is in their own best interests. This could have the effect of delaying, deterring or preventing a change of control or other business combination that might otherwise be beneficial to our stockholders.

We are vulnerable to the cyclical nature of the markets we serve.

The demand for our services and products is dependent upon training and marketing budgets and the existence of projects with training, engineering, procurement, construction or management needs. Although downturns can impact our entire business, the automotive, manufacturing, electronics and semiconductors, construction, alternative fuels and energy industries are examples of sectors that are cyclical in nature and have been affected from time to time by fluctuations in either national or worldwide demand for our services. Industries such as these and many of the others we serve have historically been and might continue to be vulnerable to general downturns and are and might continue to be cyclical in nature. During economic downturns, our clients might demand better terms. In addition, many of our training contracts are subject to modification in the event of certain material changes in the business or demand for our services. Our government clients also might face budget deficits that prohibit them from funding proposed and existing projects. As a result, our past results have varied considerably and could continue to vary depending upon the demand for future projects in the industries that we serve.

We may continue making acquisitions as part of our growth strategy, which subjects us to numerous risks that could have a material adverse effect on our business, financial condition and results of operations.

As part of our growth strategy, we may continue to pursue selective acquisitions of businesses that broaden our service and product offerings, deepen our capabilities and allow us to enter attractive new domestic and international markets. Pursuit of acquisitions exposes us to many risks, including that:

- acquisitions may require significant capital resources and divert management's attention from our existing business;
- acquisitions may not provide the benefits anticipated;
- acquisitions could subject us to contingent or other liabilities, including liabilities arising from events or conduct predating the acquisition of a business that were not known to us at the time of the acquisition;
- we may incur significantly greater expenditures in integrating an acquired business than had been initially anticipated;
- acquisitions may create unanticipated tax and accounting problems; and

- acquisitions may result in a material weakness in our internal controls if we are not able to successfully establish and implement proper controls and procedures for the acquired business.

Our failure to successfully accomplish future acquisitions or to manage and integrate completed or future acquisitions could have a material adverse effect on our business, financial condition or results of operations. We can provide no assurances that we:

- will identify suitable acquisition candidates;
- can consummate acquisitions on acceptable terms;

- can successfully compete for acquisition candidates against larger companies with significantly greater resources;
- can successfully integrate any acquired business into our operations or successfully manage the operations of any acquired business; or
- will be able to retain an acquired company's significant client relationships, goodwill and key personnel or otherwise realize the intended benefits of any acquisition.

In addition, acquisitions might involve our entry into new businesses that might not be as profitable as we expect. We can provide no assurances that our expectations regarding the profitability of future acquisitions will prove to be accurate. Acquisitions might also increase our exposure to the risks inherent in certain markets or industries. For example, our Sandy Training & Marketing segment's business is heavily oriented toward providing product sales training to auto manufacturers in the U.S. and, consequently, this acquisition increased our exposure to the risks of the auto manufacturing industry.

As a result of completed and possible future acquisitions, our past performance is not indicative of future performance, and investors should not base their expectations as to our future performance on our historical results.

Future acquisitions may require that we incur debt or issue dilutive equity.

Future acquisitions may require us to incur debt, under our existing credit facility or otherwise, or issue equity, resulting in additional leverage or dilution of ownership.

Difficulties in integrating acquired businesses could result in reduced revenues and income.

We might not be able to integrate successfully any business we have acquired or could acquire in the future. The integration of the businesses could be complex and time consuming and will place a significant strain on our management, administrative services personnel and information systems. This strain could disrupt our business. Furthermore, we could be adversely impacted by unknown liabilities of acquired businesses. We could encounter substantial difficulties, costs and delays involved in integrating common accounting, information and communication systems, operating procedures, internal controls and human resources practices, including incompatibility of business cultures and the loss of key employees and customers. Also, depending on the type of acquisition, a key element of our strategy may include retaining management and key personnel of the acquired business to operate the acquired business for us. Our inability to retain these individuals could materially impair the value of an acquired business. In addition, small businesses acquired by us may have greater difficulty competing for new work as a result of being part of our larger entity. These difficulties could reduce our ability to gain customers or retain existing customers, and could increase operating expenses, resulting in reduced revenues and income and a failure to realize the anticipated benefits of acquisitions.

Our business and financial condition could be adversely affected by government limitations on contractor profitability.

A significant portion of our revenue and profit is derived from contracts with the U.S. Government and subcontracts with prime contractors of the U.S. Government. The U.S. Government places limitations on contractor profitability; therefore, government-related contracts might have lower profit margins than the contracts we enter into with commercial customers.

A negative audit or other actions by the U.S. Government could adversely affect our future operating performance.

As a U.S. Government contractor, we must comply with laws and regulations relating to U.S. Government contracts and are subject to an increased risk of investigations, criminal prosecution, civil fraud, whistleblower lawsuits and other legal actions and liabilities to which companies with solely commercial customers are not subject. We are subject to audit and investigation by the DCAA and other government agencies with respect to our compliance with federal laws, regulations and standards. These audits may occur several years after the period to which the audit relates. The DCAA, in particular, also reviews the adequacy of, and our compliance with, our internal control systems and policies, including our purchasing, property, estimating, compensation and management information systems. Any payments received by us from the U.S. Government for allowable direct and indirect costs are subject to adjustment after audit by government auditors and repayment to the government if the payments exceed allowable

costs as defined in the government contracts, which could result in a material adjustment of the payments received by us under such contracts. In addition, any costs found to be improperly allocated to a specific contract will not be reimbursed. If we are found to be in violation of the law, we may be subject to civil or criminal penalties or administrative sanctions, including contract termination, the assessment of penalties and suspension or debarment from doing business with U.S. Government agencies. For example, many of the contracts we perform for the U.S. Government are subject to the Service Contract Act, which requires hourly employees to be paid certain specified wages and benefits. If the Department of Labor determines that we violated the Service Contract Act or its implementing regulations, we could be suspended for a period of time from winning new government contracts or renewals of existing contracts, which could materially and adversely affect our future operating performance.

Furthermore, our reputation could suffer serious harm if allegations of impropriety were made against us. If we are suspended or prohibited from contracting with the U.S. Government, or any significant U.S. Government agency, if our reputation or relationship with U.S. Government agencies becomes impaired or if the U.S. Government otherwise ceases doing business with us or significantly decreases the amount of business it does with us, it could materially and adversely affect our operating performance and could result in additional expenses and a loss of revenue.

We are a party to fixed price contracts and may enter into similar contracts in the future, which could result in reduced profits or losses if we are not able to accurately estimate or control costs.

A significant portion of our revenue is attributable to contracts entered into on a fixed price basis, which allows us to benefit from cost savings, but we carry the burden of cost overruns. If our initial estimates are incorrect, or if unanticipated circumstances arise, we could experience cost overruns which would result in reduced profits or even result in losses on these contracts. Our financial condition is dependent upon our ability to maximize our earnings from our contracts. Lower earnings or losses caused by cost overruns could have a negative impact on our financial results.

Under time and materials contracts, we are paid for labor at negotiated hourly billing rates and for certain expenses. Under cost-reimbursable contracts, which are subject to a contract ceiling amount, we are reimbursed for allowable costs and paid a fee, which may be fixed or performance based. However, if costs exceed the contract ceiling or are not allowable under the provisions of the contract or applicable regulations, we may not be able to obtain reimbursement for all such costs.

Our inability to successfully estimate and manage costs on each of these contract types may materially and adversely affect our financial condition. Cost overruns also may adversely affect our ability to sustain existing programs and obtain future contract awards.

Our revenues may be adversely affected if we fail to win competitively awarded contracts or to receive renewal or follow-on contracts.

We obtain many of our significant contracts, including U.S. Government contracts, through a competitive bidding process. Competitive bidding presents a number of risks, including, without limitation:

- the need to compete against companies or teams of companies that may have more financial and marketing resources and more experience in bidding on and performing major contracts than we have;
- the need to compete against companies or teams of companies that may be long-term, entrenched incumbents for a particular contract for which we are competing;
- the need to compete to retain existing contracts that have in the past been awarded to us;
- the expense and delay that may arise if our competitors protest or challenge new contract awards;
- the need to submit proposals for scopes of work in advance of the completion of their design, which may result in unforeseen cost overruns;
- the substantial cost and managerial time and effort, including design, development and marketing activities necessary to prepare bids and proposals for contracts that we may not win;
- the need to develop, introduce and implement new and enhanced solutions to our customers' needs;
- the need to locate and contract with teaming partners and subcontractors; and
- the need to accurately estimate the resources and cost structure that will be required to perform any fixed price contract that we win.

There are no assurances that we will continue to win competitively awarded contracts or to receive renewal or follow-on contracts. Renewal and follow-on contracts are important because our contracts are for fixed terms. These terms vary from shorter than one year to over five years, particularly for contracts with extension options. The loss of

revenues from our failure to win competitively awarded contracts or to obtain renewal or follow-on contracts may be significant because competitively awarded contracts account for a substantial portion of our sales.

Our backlog is subject to reduction and cancellation, which could negatively impact our future revenues or earnings.

Our backlog for services under executed contracts (including subcontracts and purchase orders) was approximately $239.5 million, $221.3 million and $203.3 million as of December 31, 2013, 2012 and 2011, respectively. There can be no assurance that the revenues projected in our backlog will be realized or, if realized, will result in profits. Further, contract terminations or reductions in the original scope of contracts reflected in our backlog might occur at any time as discussed below in more detail.

Our backlog consists of projects for which we have signed contracts from customers. The rate at which services are performed under contracts, and thus the rate at which backlog will be recognized, may be at the discretion of the client. We cannot predict with certainty when or if backlog will be performed. In addition, even where a project proceeds as scheduled, it is possible that customers could default or otherwise fail to pay amounts owed to us. Material delays, terminations or payment defaults under contracts included in our backlog could have a material adverse effect on our business, results of operations and financial condition.

In addition, most of our contracts are subject to termination by the client upon written notice. Reductions in our backlog due to termination by a customer or for other reasons could materially and adversely affect the revenues and earnings we actually receive from contracts included in our backlog. If we experience terminations of significant contracts or significant scope adjustments to contracts reflected in our backlog, our financial condition, results of operations, and cash flow could be materially and adversely impacted.

We rely on third parties, including subcontractors, suppliers and teaming partners, to perform a portion of the services we must provide to our customers and disputes with or the failure to perform satisfactorily of such a third party could materially and adversely affect our performance and our ability to obtain future business.

Many of our contracts involve subcontracts or agreements with other companies upon which we rely to perform a portion of the services we must provide to our customers. There is a risk that we may have disputes with our subcontractors, including disputes regarding the quality and timeliness of work performed by the subcontractor, customer concerns about the subcontractor, our failure to extend existing task orders or issue new task orders under a subcontract or our hiring of personnel of a subcontractor. A failure by one or more of our subcontractors to satisfactorily provide, on a timely basis, the agreed upon services may materially and adversely impact our ability to perform our obligations as the prime contractor. Subcontractor performance deficiencies could expose us to liability and have a material adverse effect on our ability to compete for future contracts and orders.

Also, from time to time we have entered, and expect to continue to enter, into joint venture, teaming and other similar arrangements which involve risks and uncertainties. These risks and uncertainties could result in reduced profits or, in some cases, significant losses for us with respect to the joint venture, teaming and other similar arrangements.

We maintain a workforce based upon anticipated staffing needs. If we do not receive future contract awards or if these awards are delayed or reduced in scope or funding, we could incur significant costs.

Our estimates of future staffing requirements depend in part on the timing of new contract awards. We make our estimates in good faith, but our estimates could be inaccurate or change based upon new information. In the case of larger projects, it is particularly difficult to predict whether we will receive a contract award and when the award will be announced. In some cases the contracts that are awarded require staffing levels that are different, sometimes lower, than the levels anticipated when the work was proposed. The uncertainty of contract award timing and changes in scope or funding can present difficulties in matching our workforce size with our contract needs. If an expected contract award is delayed or not received, or if a contract is awarded for a smaller scope of work than proposed, we could incur significant costs associated with making or failing to make reductions in staff.

Failure to continue to attract and retain qualified personnel could harm our business.

Our principal resource is our personnel. A significant portion of our revenue is derived from services and products that are delivered by instructors, engineers, technical personnel and consultants. Our consulting, technical training and engineering services require the employment of individuals with specific skills, training, licensure and backgrounds. An inability to hire or maintain employees with the required skills, training, licensure or backgrounds could have a material adverse effect on our ability to provide quality services, to expand the scope of our service offerings or to attract or retain customers or to accept contracts, which could negatively impact our business and financial condition. In order to initiate and develop client relationships and execute our growth strategy, we must continue to hire and maintain qualified salespeople. We must also continue to attract and develop capable management personnel to guide our business and supervise the use of our resources.

Similarly, our U.S. Government contracts require employment of individuals with specified skills, work experience, licensures, security clearances and backgrounds. An inability to hire or maintain employees with the required skills, work experience, licensure, security clearances or backgrounds could have a material adverse effect on our ability to win new contracts or satisfy existing contractual obligations, and could result in additional expenses or possible loss of revenue.

Competition for qualified personnel can be intense. We cannot assure you that qualified personnel will continue to be available to us or will be available to us when our needs arise or on terms favorable to us. Any failure to attract or retain qualified instructors, engineers, technical personnel, consultants, salespeople and managers in sufficient numbers could have a material adverse effect on our business and financial condition.

The loss of our key personnel, including our executive management team, could harm our business.

Our success is largely dependent upon the experience and continued services of our executive management team and our other key personnel. The loss of one or more of our key personnel and a failure to attract, develop or promote suitable replacements for them could materially and adversely affect our business, results of operation or financial condition.

Competition could materially and adversely affect our performance.

The training industry is highly fragmented and competitive, with low barriers to entry and no single competitor accounting for a significant market share. Our competitors include divisions of several large publicly traded and privately held companies, vocational and technical training schools, degree-granting colleges and universities, continuing education programs and thousands of small privately held training providers and individuals. In addition, many of our clients maintain internal training departments, which have the resources and ability to provide the same or similar services in-house. Some of our competitors offer similar services and products at lower prices, and some competitors have significantly greater financial, managerial, technical, marketing and other resources. Moreover, we expect to face additional competition from new entrants into the training and performance improvement market due, in part, to the evolving nature of the market and the relatively low barriers to entry.

The engineering and construction markets in which we compete are also highly competitive. Many of our competitors are niche engineering and construction companies. In some instances, it is necessary for us to partner with those competitors who meet the small business administration's criteria for a small business in order to win contract awards. This competition places downward pressure on our contract prices and profit margins. Intense competition is expected to continue in our training, engineering and technical services markets, presenting us with significant challenges in our ability to maintain strong growth rates and acceptable profit margins. If we are unable to meet these competitive challenges, we could lose market share to our competitors and experience an overall reduction in our profits.

We cannot provide any assurance that we will be able to compete successfully in the industries or markets in which we compete, and the failure to do so could materially and adversely affect our business, results of operations and financial condition.

Failure to keep pace with technology and changing market needs could harm our business.

Our future success will depend upon our ability to adapt to changing client needs, to gain expertise in technological advances rapidly and to respond quickly to evolving industry trends and market needs. Many of our clients are demanding that our services be available across the U.S. and worldwide. We cannot assure you that we will be able to expand our operations into all geographic areas into which our multinational clients seek to use our services or that we will be able to attract and retain qualified personnel to provide our services in all such geographic areas. We also cannot assure you that we will be successful in adapting to advances in technology or marketing our services and products in advanced formats. In addition, services and products delivered in the newer formats might not provide comparable training results. Furthermore, subsequent technological advances might render moot any successful expansion of the methods of delivering our services and products. If we are unable to develop new means of delivering our services and products due to capital, personnel, technological or other constraints, our business, results of operations and financial condition could be materially and adversely affected.

We have only a limited ability to protect the intellectual property rights that are important to our success, and we face the risk that our services or products may infringe upon the intellectual property rights of others.

Our future success depends, in part, upon our ability to protect our proprietary methodologies and other intellectual property, including our EtaPRO™ software. Existing laws of some countries in which we provide or license or intend to provide or license our services or products may offer only limited protection of our intellectual property rights. We rely upon a combination of trade secrets, confidentiality policies, non-disclosure and other contractual arrangements and copyright and trademark laws to protect our intellectual property rights. The steps we take in this regard might not be adequate to prevent or deter infringement or other misappropriation of our intellectual property, and we may not be able to detect unauthorized use or take appropriate and timely steps to enforce our intellectual property rights. Protecting our intellectual property rights might also consume significant management time and resources.

We cannot be sure that our services and products, or the products of others that we offer to our clients, do not infringe on the intellectual property rights of third parties, and we might have infringement claims asserted against us or against our clients. These claims might harm our reputation, result in financial liabilities and prevent us from offering some services or products. We have generally agreed in our contracts to indemnify our clients against expenses or liabilities resulting from claimed infringements of the intellectual property rights of third parties. In some instances, the amount of these indemnities could be greater than the revenues we receive from the client. Any claims or litigation in this area, whether we ultimately win or lose, could be time-consuming and costly, injure our reputation or require us to enter into royalty or licensing arrangements. We might not be able to enter into these royalty or licensing arrangements on acceptable terms. Any limitation on our ability to provide or license a service or product could cause us to lose revenue-generating opportunities and require us to incur additional expenses to develop new or modified solutions for future projects.

Our information technology systems are subject to risks that we cannot control.

Our information technology systems are dependent upon global communications providers, web browsers, telephone systems, and other aspects of the Internet infrastructure that have experienced system failures and electrical outages in the past. Our systems are susceptible to slow access and download times, outages from fire, floods, power loss, telecommunications failures, break-ins, and similar events. Our servers are vulnerable to computer viruses, break-ins, and similar disruptions from unauthorized tampering with our computer systems. The occurrence of any of these events could disrupt or damage our information technology systems and inhibit our internal operations, our ability to provide services to our customers, and the ability of our customers to access our information technology systems. This could result in our loss of customers, loss of revenue or a reduction in demand for our services.

A breach of our security measures could harm our business, results of operations and financial condition.

Our databases contain confidential data of our clients and our clients' customers, employees and vendors. A party who is able to circumvent our security measures could misappropriate such confidential information or interrupt our operations. Many of our contracts require us to comply with specific data security requirements. If we are unable to maintain our compliance with these data security requirements or any person, including any of our current or former employees, penetrates our network security or misappropriates sensitive data, we could be subject to significant liabilities to our clients for breaching these data security requirements or other contractual confidentiality provisions. Furthermore, unauthorized disclosure of sensitive or confidential data of our clients or other parties, whether through breach of our computer systems, systems failure or otherwise, could also damage our reputation and cause us to lose existing and potential clients. We may also be subject to civil actions for breaches related to such data or need to expend significant capital and other resources to continue to protect against security breaches or to address any problem they may cause.

Our international sales and operations expose us to various political and economic risks, which could have a material adverse effect on our business, results of operations and financial condition.

Our revenue outside of the U.S. was approximately 20%, 19% and 18% of our total revenue for the years ended December 31, 2013, 2012 and 2011, respectively. We conduct our business primarily in the U.S., Europe (primarily the United Kingdom), Canada, Mexico, Colombia and Singapore, but also in other developed and developing countries, including India and China. We will continue to expand our global operations into countries other than those in which we currently operate. It could also involve expanding into less developed countries, which may have less political, social or economic stability and less developed infrastructure and legal systems. International sales and operations might be subject to a variety of risks, including:

- greater difficulty in staffing and managing foreign operations;
- greater risk of uncollectible accounts;
- longer collection cycles;
- logistical and communications challenges;
- potential adverse changes in laws and regulatory practices, including export license requirements, trade barriers, tariffs and tax laws;
- changes in labor conditions, burdens and costs of compliance with a variety of foreign laws;
- political and economic instability;
- increases in duties and taxation;
- exchange rate risks;
- greater difficulty in protecting intellectual property;
- general economic and political conditions in these foreign markets;
- acts of war or terrorism or natural disasters, and limits on the ability of governments to respond to such acts;
- restrictions on the transfer of funds into or out of a particular country; or
- nationalization of foreign assets and other forms of governmental protectionism.

As we expand our business into new countries, we may increase our exposure to the risks discussed above. An adverse development relating to one or more of these risks could affect our relationships with our customers or could have a material adverse effect on our business, results of operations and financial condition.

We are subject to risks associated with currency fluctuations, which could have a material adverse effect on our results of operations and financial condition.

Approximately 20% of our revenue for the year ended December 31, 2013 was denominated in foreign currencies, including the British Pound Sterling, the Canadian Dollar and the Euro, and, to a lesser extent, the Mexican Peso, Colombian Peso, the Indian Rupee, the Singapore Dollar, the Chinese Yuan and the Danish Krone. British Pound Sterling-denominated revenue represented approximately 15% of our revenue for the year ended December 31, 2013. As a result, changes in the exchange rates of these foreign currencies to the U.S. Dollar will affect our reported consolidated U.S. dollar revenue, cost of revenue and operating margins and could result in exchange losses. The impact of future exchange rate fluctuations on our results of operations cannot be accurately predicted.

Business disruptions could adversely affect our future sales, financial condition, reputation or stock price or increase costs and expenses.

Our business, and that of our key suppliers and customers, may be impacted by disruptions including, but not limited to, threats to physical security, information technology attacks or failures, damaging weather or other acts of nature and pandemics or other public health crises. Such disruptions could affect our internal operations or services provided to customers, adversely impacting our sales, financial condition, reputation or stock price or increase our costs and expenses.

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We are subject to potential liabilities which are not covered by our insurance.

We engage in activities in which there are substantial risks of potential liability. We provide services involving electric power distribution and generation, nuclear power, chemical weapons destruction, petrochemical process training, pipeline operations, volatile fuels such as hydrogen and liquefied natural gas ("LNG"), environmental remediation, engineering design and construction management. We maintain a global insurance program (including general liability coverage) covering the businesses we currently own. Claims by or against any covered insured could reduce the amount of available insurance coverage for the other insureds and for other claims. In addition, certain liabilities might not be covered at all, such as deductibles, self-insured retentions, amounts in excess of applicable insurance limits and claims that fall outside the coverage of our policies.

Although we believe that we currently have appropriate insurance coverage, we do not have coverage for all of the risks to which we are subject and we may not be able to obtain appropriate coverage on a cost-effective basis in the future.

Our policies exclude coverage for incidents involving nuclear liability, and we may not be covered by U.S. laws or industry programs providing liability protection for licensees of the Nuclear Regulatory Commission (typically utilities) for damages caused by nuclear incidents; we are not a licensee and few of our contracts with clients have contained provisions waiving or limiting our liability. Therefore, we could be materially and adversely affected by a nuclear incident. In addition, certain environmental risks, such as liability under the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, ("Superfund"), also might not be covered by our insurance.

Some of our policies, such as our professional liability insurance policy, provide coverage on a "claims-made" basis covering only claims actually made during the policy period then in effect. To the extent that a risk is not insured within our then-available coverage limits, insured under a low-deductible policy, indemnified against by a third party or limited by an enforceable waiver or limitation of liability, claims could be material and could materially and adversely affect our business, results of operations and financial condition.

We could incur substantial costs as a result of violations of, or liabilities under, environmental laws.

We provide environmental engineering services, including the development and management of site environmental remediation plans. Although we subcontract most remediation construction activities, and in all cases subcontract the removal and off-site disposal and treatment of hazardous substances, we could be subject to liability relating to the environmental services we perform directly or through subcontracts. For example, if we were deemed under federal or state laws, including Superfund, to be an "operator" of sites to which we provide environmental engineering and support services, we could be subject to liability for cleanup costs or violations of applicable environmental laws and regulations at such sites. Any incurrence of any substantial Superfund or other environmental liability could materially and adversely affect our business, results of operations or financial condition by reducing profits, causing us to incur losses related to the cost of resolving such liability or otherwise.

In addition, our environmental engineering services involve professional judgments about the nature of physical and environmental conditions, including the extent to which hazardous substances are present, and about the probable effect of procedures to mitigate or otherwise affect those conditions. If the judgments and the recommendations based upon those judgments are incorrect, we may be liable for resulting damages incurred by our clients.

Our authorized preferred stock and certain provisions in our amended and restated by-laws could make a third party acquisition of us difficult.

Our restated certificate of incorporation, as amended, ("restated certificate"), allows us to issue up to 10,000,000 shares of preferred stock, the rights, preferences, qualifications, limitations and restrictions of which may be fixed by the

Board of Directors without any further vote or action by the stockholders. In addition, our amended and restated bylaws provide, among other things, that stockholders seeking to bring business before or to nominate candidates for election as directors at an annual meeting of stockholders must provide us with timely advance written notice of their proposal in a prescribed form. Our amended and restated bylaws also provide that stockholders desiring to call a special meeting for any purpose, must submit to us a request in writing of stockholders representing at least 50% of the combined voting power of all issued and outstanding classes of capital stock and stating the purpose of such meeting. The ability to issue preferred stock and such provisions in our bylaws might have the effect of delaying, discouraging or preventing a change in control that might otherwise be beneficial to stockholders and might materially and adversely affect the market price of our common stock.

In addition, some provisions of Delaware law, particularly the "business combination" statute in Section 203 of Delaware General Corporation Law, might also discourage, delay or prevent someone from acquiring us or merging with us. As a result of these provisions in our charter documents and Delaware law, the price investors might be willing to pay in the future for shares of our common stock might be limited.

Our restated certificate allows us to redeem or otherwise dispose shares of our common stock owned by a foreign stockholder if certain U.S. Government agencies threaten termination of any of our contracts as a result of such an ownership interest.

The United States Departments of Energy and Defense have policies regarding foreign ownership, control or influence over government contractors who have access to classified information, and might conduct an inquiry as to whether any foreign interest has beneficial ownership of 5% or more of a contractor's or subcontractor's voting securities. If either Department determines that an undue risk to the defense and security of the United States exists as a result of foreign ownership, control or influence over a government contractor (including as a result of a potential acquisition), it might, among other things, terminate the contractor's or subcontractor's existing contracts. Our restated certificate allows us to redeem or require the prompt disposition of all or any portion of the shares of our common stock owned by a foreign stockholder beneficially owning 5% or more of the outstanding shares of our common stock if either Department threatens termination of any of our contracts as a result of such an ownership interest. These provisions may have the additional effect of delaying, discouraging or preventing a change in control and might materially and adversely affect the market price of our common stock. In connection with the sale of shares of common stock to Sagard in December 2009, we agreed to render these provisions, as well as other anti-takeover measures, inapplicable to Sagard.

Item 1B: Unresolved Staff Comments

None.

Item 2: Properties

We do not own any significant real property, but we and our subsidiaries lease an aggregate of approximately 551,000 square feet of primarily office and related space at various locations throughout the United States, the United Kingdom, France, Germany, Netherlands, Denmark, Canada, Mexico, Colombia, India, Singapore, China and other countries in which we have operations. We occupy approximately 64,000 square feet in an office building in Columbia, Maryland for our corporate headquarters under a lease which expires in 2025, and approximately 60,000 square feet in an office building in Troy, Michigan under a lease which expires in 2018.

We believe that our properties have been well maintained, are suitable and adequate for us to operate at present levels and the productive capacity and extent of utilization of the facilities are appropriate for our existing real estate requirements. Upon expiration of these leases, we do not anticipate any difficulty in obtaining renewals or alternative space.

Item 3: Legal Proceedings

None.

Item 4: Mine Safety Disclosures

None.

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PART II

Item 5: Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock, $0.01 par value, is traded on the New York Stock Exchange. The following table presents our high and low market prices for the last two fiscal years. During the periods presented below, we have not paid any cash dividends.

	2013			
Quarter	High		Low	
First	$	24.30	$	19.87
Second		25.97		20.28
Third		27.84		23.09
Fourth		30.61		24.88

	2012			
Quarter	High		Low	
First	$	18.05	$	12.85
Second		18.49		14.58
Third		20.67		16.57
Fourth		21.44		18.26

The number of shareholders of record of our common stock as of February 14, 2014 was 857. Shares of our common stock that are registered in the name of a broker or other nominee are listed as a single shareholder on our record listing, even though they are held for a number of individual shareholders. As such, our actual number of shareholders is higher than the number of shareholders of record.

We have not declared or paid any cash dividends on our common stock during the two most recent fiscal years. We do not anticipate paying cash dividends on our common stock in the foreseeable future and intend to retain future earnings to finance the growth and development of our business.

Performance Graph

The following graph assumes $100 was invested on December 31, 2008 in GP Strategies Common Stock, and compares the share price performance with the NYSE Market Index and a peer group index which consists of the companies included in Standard Industrial Classification (SIC) 8200, Educational Services. Values are as of December 31 of the specified year assuming that all dividends were reinvested.

Company / Index Name	Year ended December 31, 2008	2009	2010	2011	2012	2013
GP Strategies Corp.	$ 100.00	$ 166.96	$ 227.05	$ 298.89	$ 457.87	$ 660.53
NYSE Market Index	100.00	128.28	145.46	139.87	162.23	204.87
Peer Group Index	100.00	100.60	84.94	79.16	47.40	75.06

Issuer Purchases of Equity Securities

The following table provides information about our share repurchase activity for the three months ended December 31, 2013:

	Issuer Purchases of Equity Securities			
Month	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced program [1]	Approximate dollar value of shares that may yet be purchased under the program
October 1-31, 2013	452 [2]	$ 27.02	-	$ 5,125,000
November 1-30, 2013	4,263 [2]	$ 29.63	-	$ 5,125,000
December 1-31, 2013	29,782 [2]	$ 28.14	28,875	$ 4,311,000

(1) Represents shares repurchased in the open market in connection with our share repurchase program under which we 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 to satisfy tax withholding obligations on restricted stock units which vested during these periods and shares surrendered to exercise stock options and satisfy the related tax withholding obligations.

Item 6: Selected Financial Data

The selected financial data presented below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 and our consolidated financial statements and the notes thereto included elsewhere in this report. Our consolidated statement of operations data for the years ended December 31, 2013, 2012, and 2011 and our consolidated balance sheet data as of December 31, 2013 and 2012 have been derived from our audited consolidated financial statements included elsewhere in this report. Our consolidated statement of operations data for the years ended December 31, 2010 and 2009 and our consolidated balance sheet data as of December 31, 2011, 2010, and 2009 have been derived from audited consolidated financial statements which are not presented in this report.

	Years ended December 31,				
Statement of Operations Data	2013	2012	2011	2010	2009
	(In thousands, except per share amounts)				
Revenue	$ 436,689	$ 401,572	$ 333,167	$ 259,926	$ 219,240
Gross profit	76,265	71,971	56,634	42,690	34,091
Goodwill and intangible asset impairment loss					10,163
Interest expense	366	269	209	236	217
Income before income taxes	38,488	35,802	28,391	20,852	3,395
Net income (loss)	23,756	22,688	17,860	12,732	(1,190)
Diluted earnings (loss) per share	1.23	1.18	0.94	0.68	(0.07)

	December 31,				
Balance Sheet Data	2013	2012	2011	2010	2009
	(In thousands, except per share amounts)				
Cash and cash equivalents	$ 5,647	$ 7,761	$ 4,151	$ 28,902	$ 10,803
Short-term borrowings	407				
Working capital	58,730	49,146	35,958	47,322	37,377
Total assets	280,156	244,434	211,576	183,196	156,701
Long-term debt, including current maturities					
Stockholders' equity	193,027	167,337	143,394	124,787	110,890

Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis provides information we believe is relevant to an assessment and understanding of our consolidated results of operations and financial condition. The discussion should be read in conjunction with the Consolidated Financial Statements and Notes thereto for the year ended December 31, 2013 which are located in Item 8 of this report.

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 December 31, 2013, we operated through five reportable business segments: (i) Learning Solutions, (ii) Professional & Technical Services, (iii) Sandy Training & Marketing, (iv) Performance Readiness Solutions (formerly RWD), and (v) Energy Services. Our Learning Solutions segment represents an aggregation of two operating groups in accordance with the aggregation criteria in U.S. GAAP, while all of the other reportable segments each represent one operating group. 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.

Effective January 1, 2013, we made changes to our organizational structure to transfer the management responsibility of certain business units between segments, which resulted in a change in the composition of certain of our operating segments. The changes primarily consisted of: (i) the alternative fuels business unit transferred from Professional & Technical Services to Energy Services; (ii) a business unit which predominantly provides content development services to U.S. government and commercial clients transferred from Learning Solutions to Professional & Technical Services; and (iii) our foreign operations in India and China and a portion of our Canadian operations transferred from Professional & Technical Services to Learning Solutions. We have reclassified the segment financial information herein for the prior years to reflect these changes and conform to the current year's presentation.

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.

We discuss our business in more detail in *Item 1.Business* and the risk factors affecting our business in *Item 1A. Risk Factors*.

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Business Strategy

We seek to increase shareholder value by pursuing the following strategies:

Continuously enhance our service offerings and capabilities. We believe the demand for learning and development services will continue to increase. In a knowledge based economy, this demand is driven by ever increasing technology, processes, products, and attrition of personnel. The rate and effectiveness of the transfer of knowledge to the workforce of our clients, their partners, and even their customers can positively impact their performance. We plan to meet this demand by continuously expanding our services and capabilities through organic growth initiatives based upon our technical expertise as well as through targeted acquisitions. Our acquisitions in recent years have added product sales training and leadership development to our services offerings, strengthened our e-Learning and custom training content development services in both the commercial and government sectors, and expanded our geographical reach. We believe that the breadth of our service and product offerings allows us to effectively compete for customers by offering a comprehensive solution for custom training, consulting, engineering and technical services. We will continue to focus on increasing our capabilities to drive incremental growth from new, as well as existing, clients.

Develop and maintain strong customer relationships. We plan to preserve and grow our business by cross-selling our services and capabilities across and within our existing client base. We have a successful track record of increasing the scope of our work for a number of our clients, many of whom we estimate currently outsource only a fraction of their training expenditures. We believe that as our clients benefit from the efficient, cost-effective and flexible training solutions and services that we provide, many of them will find it beneficial to increase the scope of training services that they outsource to third party providers. We believe that the strength of our relationships with our existing clients, including the insight and knowledge into their operations that we have developed through these relationships, when combined with the broad range of our service and product offerings, provide us with an advantage when competing for these additional expenditures. We realize that many companies have reduced their external training expenditures due to the economic downturn; however, we will strive to preserve our relationships and increase our proportion of our customers' total spend.

Leverage BPO capabilities. We have a demonstrated ability to provide training services across a wide spectrum of learning engagements from transactional multi-week assignments focused on a single aspect of a learning process to multi-year contracts where we manage the learning infrastructure of our customer. Integrated BPO engagements typically require us to assume responsibility for the development, delivery and administration of learning functions and are generally carried out under multi-year agreements. We intend to leverage our BPO capabilities to expand the customers and markets we serve.

Expand global platform. We believe international markets offer growth opportunities for our services. We intend to leverage our current international presence as well as continue pursuing our strategy of enhancing our international platform by selectively acquiring businesses in targeted geographies and following our current clients into new geographic markets. In our experience, many of our clients are seeking access to these and other attractive international markets and as such we intend to enhance our international capabilities. In order to support their business expansion we are providing employee training solutions across organizations in different countries and different languages, while maintaining quality and consistency in the overall training program. By moving into specific international markets with our existing clients, we are able to not only deepen our relationships with those clients, but are also able to develop expertise in those markets that we can leverage to additional customers. We believe that following this strategy provides us with opportunities to gain access to international markets with established client relationships in those markets.

Continue our disciplined acquisition strategy. We plan to continue to focus on evaluating compelling strategic acquisition targets to enhance our service offerings and delivery capabilities and to expand our geographic footprint. We have followed a disciplined approach to target selection and have been able to acquire complementary businesses

at what we believe are attractive valuations. Since 2006, we have acquired over 20 businesses which have expanded our e-Learning capabilities and added complementary services such as product sales training and leadership development. Over half of these businesses are located outside of the United States and have strengthened our international platform, enabling us to meet the needs of our global clients while providing additional client opportunities. We also believe that our current operating structure, which utilizes a centralized infrastructure of corporate services to support our various platforms, enhances our ability to quickly and cost-effectively integrate acquisitions. We look to identify acquisitions to augment our capabilities when we believe acquisitions are the quickest and most efficient way of expanding our platform and service offerings.

Acquisitions

Below is a summary of the acquisitions we completed during 2013, 2012 and 2011. See Note 2 to the accompanying Consolidated Financial Statements for further details, including the purchase price allocations.

2013 Acquisitions

Prospero

On May 31, 2013, we completed the acquisition of Prospero Learning Solutions ("Prospero"), a Canada-based provider of custom learning and content development solutions. The upfront purchase price for Prospero was $7.0 million which was paid in cash at closing. In addition, the purchase agreement requires up to an additional $4.7 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 acquired Prospero business is included in the Learning Solutions segment and the results of its operations have been included in the consolidated financial statements since June 1, 2013.

Lorien

On June 12, 2013, we completed the acquisition of Lorien Engineering Solutions ("Lorien"), a United Kingdom-based provider of engineering design and project management services with specific expertise in the food and beverage, manufacturing and life sciences industries. The upfront purchase price for Lorien was $6.7 million which was paid in cash at closing. In addition, the purchase agreement requires up to an additional $1.0 million of consideration, contingent upon the achievement of certain earnings targets during the first twelve months following completion of the acquisition, as defined in the purchase agreement. The acquired Lorien business is included in the Learning Solutions segment and the results of its operations have been included in the consolidated financial statements since June 12, 2013.

2012 Acquisitions

Information Horizons

Effective May 1, 2012, we entered into an Asset Purchase Agreement with Information Horizons Limited ("Information Horizons"), an independent skills training provider located in the United Kingdom, to acquire its government funded training services business. The purchase price was $0.5 million in cash at closing. Information Horizons is included in the Learning Solutions segment and its results of operations have been included in the consolidated financial statements since May 1, 2012.

Asentus

On June 29, 2012, through our wholly-owned subsidiaries in Canada and Europe, we acquired the business and operations of Asentus Consulting Group Ltd. and Asentus Europe B.V. (collectively, "Asentus"). Asentus is an international provider of IT technical training content, and live and virtual training event services, with offices in Vancouver, Canada, The Netherlands, Germany and France. The total upfront purchase price for both companies was $1.4 million, of which $1.1 million was paid in cash at closing and $0.3 million was paid during the fourth quarter of 2012 subsequent to the finalization of a working capital calculation pursuant to the purchase agreement. In addition, the purchase agreement requires up to an additional $3.7 million of consideration, contingent upon the achievement of certain earnings targets, as defined in the purchase agreement, during two successive twelve-month periods following the closing. No contingent consideration was payable in respect of the first twelve-month period following completion of the acquisition as the earnings target was not achieved. A maximum of $1.6 million would be payable subsequent

to the second twelve-month period following completion of the acquisition if the earnings targets are achieved. The acquired Asentus business is included in the Learning Solutions segment and the results of its operations have been included in the consolidated financial statements since July 1, 2012.

Rovsing Dynamics

On September 17, 2012, we entered into an Asset Purchase Agreement with Rovsing Dynamics A/S ("Rovsing"), located in Denmark, a provider of vibration condition monitoring hardware and software, and on that date acquired the business and certain operating assets. The purchase price was approximately $0.7 million in cash paid at closing. The acquired Rovsing business is included in the Energy Services segment and its results of operations have been included in the consolidated financial statements since September 17, 2012.

BlessingWhite

On October 1, 2012, we completed the acquisition of BlessingWhite, a provider of leadership development and employee engagement solutions. The purchase price was $10.8 million in cash at closing and was subsequently reduced by a $0.2 million working capital adjustment paid by the sellers. BlessingWhite is included in the Learning Solutions segment and its results of operations have been included in the consolidated financial statements since October 1, 2012.

2011 Acquisitions

Communication Consulting

On February 1, 2011, through our wholly-owned subsidiaries in Hong Kong and Shanghai, we acquired the training business and certain related assets of Cathay/Communication Consulting Limited ("Communication Consulting"), a Hong Kong-based training and consulting company with offices in Shanghai and Beijing, China, and Haryana (New Delhi) in India. Communication Consulting designs and delivers customized training solutions and specializes in the areas of leadership, communication skills, sales and customer service training. The purchase price for the acquired business and assets was $1.5 million in cash and $0.2 million of contingent consideration paid in 2012. Communication Consulting is included in the Learning Solutions segment and the results of its operations have been included in the consolidated financial statements since February 1, 2011.

Ultra Training Ltd.

On April 1, 2011, we acquired Ultra Training Ltd., an independent skills training provider located in the United Kingdom. We acquired 100% ownership of Ultra Training Ltd. for a purchase price of $3.4 million in cash. Ultra Training Ltd. is included in the Learning Solutions segment and its results of operations have been included in the consolidated financial statements since April 1, 2011.

RWD Technologies

On April 15, 2011, we completed the acquisition of certain assets of the consulting business of RWD Technologies, LLC, a Delaware limited liability company, and certain of its subsidiaries (collectively, "RWD"). RWD is a provider of human capital management and IT consulting services, business transformation and lean process improvement, end-user training, change management, knowledge management and operator effectiveness management solutions in industries such as manufacturing, energy, automotive, aerospace, healthcare, life sciences, consumer products, financial, telecommunications, services and higher education as well as the public sector. We paid $28.0 million of cash at closing. The purchase price was subsequently reduced by a working capital adjustment of $2.2 million received from the sellers in September 2011. A portion of the acquired business is reported as a separate reportable segment named Performance Readiness Solutions, and the other business units are included in the Professional & Technical Services and Sandy Training & Marketing segments. The results of RWD's operations have been included in the consolidated financial statements since April 16, 2011.

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Beneast Training Ltd.

On August 1, 2011, we acquired the share capital of TK Holdings Ltd and its subsidiary Beneast Training Ltd. (collectively, "Beneast"), an independent skills training provider located in the United Kingdom. We acquired 100% ownership of Beneast for a purchase price of $6.8 million in cash. Beneast is included in the Learning Solutions segment and its results of operations have been included in the consolidated financial statements since August 1, 2011.

Van Hee

On July 29, 2011, we entered into an Asset Purchase Agreement with Van Hee Transport Limited ("Van Hee"), an independent skills training provider located in the United Kingdom, to acquire a contract to provide government funded training services. The purchase price was $0.8 million in cash at closing and was recorded as an intangible asset which is being amortized over an estimated useful life of three years subsequent to the acquisition date.

Results of Operations

Operating Highlights

On July 2, 2013, we entered into an agreement (the "Global Master Agreement") with HSBC Holdings plc ("HSBC") to provide global learning services. The Global Master Agreement establishes a contractual framework pursuant to which we and certain of our wholly owned subsidiaries will enter into local services agreements with certain members of HSBC's group of companies in respect of each country in which the learning services are to be provided by us. During the third quarter of 2013, we entered into local services agreements relating to the provision of services in the U.S., Canada, the U.K. and Hong Kong. We anticipate entering into additional local services agreements with HSBC group members in other countries through September 30, 2014. The initial term of the Global Master Agreement is three years. HSBC has the right to extend the Global Master Agreement for one additional two-year term. We anticipate that HSBC will be our largest customer when the Global Master Agreement and additional local services agreements are fully implemented. As a result, we anticipate that this new contract award could materially impact our future results of operations when compared to corresponding prior year periods. See Part I, Item 1A for a discussion of certain risks related to our performance of the Global Master Agreement.

Year ended December 31, 2013 compared to the year ended December 31, 2012

For the year ended December 31, 2013, we had income before income taxes of $38.5 million compared to $35.8 million for the year ended December 31, 2012. The improved results are primarily due to an increase in operating income of $2.7 million, the components of which are discussed below. Included in operating income for 2013 is a $1.7 million net gain on the change in estimated fair value of contingent consideration relating to acquisitions previously completed, compared to a net loss of $0.8 million in 2012 related to acquisitions completed, which is discussed further below and in Note 2 to the Consolidated Financial Statements. Net income was $23.8 million, or $1.23 per diluted share, for the year ended December 31, 2013 compared to $22.7 million, or $1.18 per diluted share, for 2012. During the third quarter of 2012, we recognized an income tax benefit of $1.6 million on the reduction of an uncertain tax position liability. Diluted weighted average shares outstanding were 19.4 million for the year ended December 31, 2013 compared to 19.3 million for the same period in 2012. The increase in shares outstanding is primarily due to the issuance of shares for stock-based compensation 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

	Years ended December 31,	
	2013	2012
	(Dollars in thousands)	
Learning Solutions	$ 189,899	$ 158,118
Professional & Technical Services	72,577	82,447
Sandy Training & Marketing	70,699	70,243
Performance Readiness Solutions	53,882	55,794
Energy Services	49,632	34,970
	$ 436,689	$ 401,572

Learning Solutions revenue increased $31.8 million or 20.1 % during the year ended December 31, 2013 compared to 2012. The increase in revenue is due to the following:

- A $4.5 million increase attributable to the Asentus acquisition completed in June 2012;
- A $10.5 million increase attributable to the BlessingWhite acquisition completed in October 2012;
- A $7.4 million increase attributable to the Lorien acquisition completed on June 12, 2013;
- A $3.2 million increase attributable to the Prospero acquisition completed on May 31, 2013; and
- A $8.9 million increase in our U.S. Learning Solutions organization due to increased e-Learning content development and training business process outsourcing (BPO) services from contracts with new clients and expansion of work with existing clients.

These increases were offset by a net $2.7 million decrease in revenue from our Europe operations, excluding the effect of acquisitions, primarily due to a decrease in technical services for an aerospace customer, a decrease in e-Learning content development services and a decrease in UK government funded skills training revenue, partially offset by various other increases including revenue from a new contract with a financial services customer in 2013.

Professional & Technical Services revenue decreased $9.9 million or 12.0% during the year ended December 31, 2013 compared to 2012. The decrease in revenue is due to the following:

- A $4.5 million decrease in homeland security, environmental engineering and chemical demilitarization services for U.S. government clients due to contracts concluding;
- A $2.4 million decrease in technical IT services due to project completions;
- A $1.1 million decrease in e-Learning services due to the completion of projects for U.S. government clients;
- A $0.9 million decrease in lean consulting services due to project completions; and
- $1.0 million of various other net decreases in revenue in this segment during 2013 compared to 2012.

Sandy Training & Marketing revenue increased $0.5 million or 0.6% during the year ended December 31, 2013 compared to 2012. The increase in revenue is due to the following:

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A $1.9 million net increase in training services for existing U.S. automotive customers due to new vehicle training programs and an increase in dealership sales trainers; and

- A $1.9 million increase in publications and glovebox portfolio revenues; partially offset by

- A $3.3 million decrease in automotive sales training primarily due to a decrease in non-recurring vehicle launch events for a large west coast automotive customer.

Performance Readiness Solutions (formerly RWD) revenue decreased $1.9 million or 3.4% during the year ended December 31, 2013 compared to 2012 due to a net decrease in sales enablement, training development and system implementation training services due to various project completions.

Energy Services revenue increased $14.7 million or 41.9% during the year ended December 31, 2013 compared to 2012. The revenue increase was primarily due to the following:

- A $12.9 million increase in the alternative fuels business unit due to a large new contract to design and build several LNG stations for a new customer; and

- A $2.0 million of revenue attributable to the Rovsing acquisition which was completed in September 2012.

Gross profit

	Years ended December 31,					
	2013			2012		
		% Revenue			% Revenue	
	(Dollars in thousands)					
Learning Solutions	$ 33,540	17.7	%	$ 30,065	19.0	%
Professional & Technical Services	12,320	17.0	%	14,279	17.3	%
Sandy Training & Marketing	10,748	15.2	%	10,954	15.6	%
Peformance Readiness Solutions	7,515	13.9	%	7,762	13.9	%
Energy Services	12,142	24.5	%	8,911	25.5	%
	$ 76,265	17.5	%	$ 71,971	17.9	%

Learning Solutions gross profit of $33.5 million or 17.7% of revenue for the year ended December 31, 2013 increased by $3.5 million or 11.6% when compared to gross profit of $30.1 million or 19.0% of revenue for the year ended December 31, 2012. Approximately $3.2 million of the increase in gross profit is attributable to the acquisitions we completed in 2012 and 2013. The remainder of the increase in gross profit is due to the revenue increases noted above. These increases in gross profit were offset in part by a decline in gross profit and margin in our UK government funded training business due to an increase in cost of sales in this business as a percentage of revenue.

Professional & Technical Services gross profit of $12.3 million or 17.0% of revenue for the year ended December 31, 2013 decreased by $2.0 million or 13.7% when compared to gross profit of approximately $14.3 million or 17.3% of revenue for the year ended December 31, 2012. The decrease in gross profit is primarily due to the revenue decreases noted above.

Sandy Training & Marketing gross profit of $10.7 million or 15.2% of revenue for the year ended December 31, 2013 decreased by $0.2 million or 1.9% when compared to gross profit of $11.0 million or 15.6% for the year ended December 31, 2012 primarily due to the decrease in higher margin non-recurring vehicle launch events in 2012.

Performance Readiness Solutions (formerly RWD) gross profit of $7.5 million or 13.9% of revenue for the year ended December 31, 2013 decreased by $0.2 million or 3.2% when compared to gross profit of $7.8 million or 13.9% of revenue for the year ended December 31, 2012 primarily due to the revenue decreases noted above.

Energy Services gross profit of $12.1 million or 24.5% of revenue for the year ended December 31, 2013 increased by $3.2 million or 36.3% when compared to gross profit of $8.9 million or 25.5% of revenue for the year ended December 31, 2012 primarily due to the revenue increases noted above.

Selling, general and administrative expenses

Selling, general and administrative expenses increased $4.1 million or 11.5% from $35.5 million for the year ended December 31, 2012 to $39.6 million for the year ended December 31, 2013. The increase is primarily due to a $2.2 million increase in labor, benefits and other expenses due to the acquisitions we completed in 2012 and 2013 and a $0.9 million increase in intangible asset amortization expense. The remainder of the increase is due to increases in depreciation, business insurance, recruiting and other expenses related to international expansion during the year ended December 31, 2013 compared to 2012.

Gain on change in fair value of contingent consideration, net

During the year ended December 31, 2013, we recognized a net gain of $1.7 million compared to a net loss of $0.8 million for the year ended December 31, 2012 on the change in fair value of contingent consideration related to acquisitions. Accounting Standards Codification ("ASC") Topic 805, *Business Combinations* ("ASC Topic 805") requires that contingent consideration be recognized at fair value on the acquisition date and 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 will be revalued to estimated fair value and changes in fair value subsequent to the acquisitions will be reflected in operating 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 2 to the Consolidated Financial Statements for a detailed discussion of the acquisitions we have completed and the changes in fair value of contingent consideration during the year ended December 31, 2013.

Interest expense

Interest expense was $0.4 million and $0.3 million for the years ended December 31, 2013 and 2012, respectively.

Other income

Other income was $0.5 million and $0.4 million for the years ended December 31, 2013 and 2012, respectively, and consisted primarily of income from a joint venture, foreign currency gains and losses and interest income in both years.

Income taxes

Income tax expense was $14.7 million for the year ended December 31, 2013 compared to $13.1 million for the year ended December 31, 2012. The increase in income tax expense is primarily due to an increase in income before income taxes in 2013 compared to 2012. Our effective income tax rate was 38.3% and 36.6% for the years ended December 31, 2013 and 2012, respectively. During the year ended December 31, 2012, we recognized an income tax benefit of $1.6 million on the reduction of an uncertain tax position liability relating to a prior tax deduction that is now outside the applicable statute of limitations. Excluding this income tax benefit, our effective income tax rate was 41.1% for the year ended December 31, 2012. The decrease in the effective income tax rate compared to 2012 is due to a larger portion of our 2013 income being derived from foreign jurisdictions which are taxed at lower rates. See Note 8 to the accompanying Consolidated Financial Statements for further information regarding income taxes.

As of December 31, 2013, we had approximately $27.9 million of accumulated undistributed earnings generated by our foreign subsidiaries. No provision has been made for income taxes that would be payable upon the distribution of such earnings since we intend to permanently reinvest these earnings. If these earnings were distributed in the form of dividends or otherwise, the distributions would be subject to U.S. federal income tax at the statutory rate of 35 percent, less foreign tax credits available to offset such distributions, if any. In addition, such distributions may be subject to withholding taxes in the various tax jurisdictions.

Year ended December 31, 2012 compared to the year ended December 31, 2011

For the year ended December 31, 2012, we had income before income taxes of $35.8 million compared to $28.4 million for the year ended December 31, 2011. The improved results are primarily due to an increase in operating income of $7.7 million, the components of which are discussed below. Included in operating income for 2011 is a $1.0 million gain on the reversal of a deferred rent liability related to the execution of a new lease for our Troy, Michigan facility during the second quarter of 2011. Also included in operating income is a $0.8 million net loss in 2012 and a $0.5 million net gain in 2011 on the change in estimated fair value of contingent consideration during 2012 and 2011 related to acquisitions completed, which is discussed further below and in Note 2 to the Consolidated Financial Statements. Net income was $22.7 million, or $1.18 per diluted share, for the year ended December 31, 2012 compared to $17.9 million, or $0.94 per diluted share, for 2011. Included in net income is a $1.6 million income tax benefit during the third quarter of 2012 and a $0.9 million tax benefit during the fourth quarter of 2011 on the reduction of uncertain tax positions relating to periods that are now outside the applicable statute of limitations.

Diluted weighted average shares outstanding were 19.3 million for the year ended December 31, 2012 compared to 19.0 million for the same period in 2011. The increase in shares outstanding is primarily due to the issuance of shares for stock-based compensation 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

	Years ended December 31,	
	2012	2011
	(Dollars in thousands)	
Learning Solutions	$ 158,118	$ 126,177
Professional & Technical Services	82,447	83,551
Sandy Training & Marketing	70,243	54,604
Performance Readiness Solutions	55,794	40,079
Energy Services	34,970	28,756
	$ 401,572	$ 333,167

Learning Solutions revenue increased $31.9 million or 25.3% during the year ended December 31, 2013 compared to 2012. The increase in revenue is due to the following:

- A $11.5 million increase in our U.S. Learning Solutions organization due to increased e-Learning content development and training BPO services primarily due to new contracts in 2011 and 2012 with clients specializing in financial services and human resource management and expansion of work with existing clients;

- A $12.2 million increase in revenue from our Europe operations, of which approximately $5.4 million is attributable to acquisitions completed in the United Kingdom during 2011 and 2012. The remainder of the revenue increase is comprised of a $4.6 million increase in training and BPO services provided to various existing customers and a $3.0 million increase in government funded skills training during 2012 compared to 2011. These increases were offset by a $0.8 million decrease in U.S. dollar revenue recognized from our operations in Europe due to the change in currency exchange rates during 2012 compared to 2011;

- A $4.5 million increase attributable to the Asentus acquisition completed in June 2012; and

- A $3.7 million increase attributable to the BlessingWhite acquisition completed in October 2012.

Professional & Technical Services revenue decreased $1.1 million or 1.3% during the year ended December 31, 2012 compared to 2011. The decrease in revenue is due to the following:

- A $2.0 million decrease in technical services for a pharmaceutical customer due to project completions;

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- A $1.7 million decrease in revenue due to the completion of a large lean consulting contract in 2012; and
- A $0.6 million net decrease primarily due to a decline in government training and engineering services.

These decreases were offset in part by a $3.2 million increase in revenue attributable to the acquired RWD business being included for an additional 3.5 months in 2012 as the acquisition was completed on April 15, 2011.

Sandy Training & Marketing revenue increased $15.6 million or 28.6% during the year ended December 31, 2012 compared to 2011. The increase in revenue is due to the following:

- A $1.4 million increase attributable to the automotive business unit acquired from RWD in April 2011 due to there being a full year of results of 2012 compared to 8.5 months in 2011.
- A $5.0 million increase in new vehicle launch events and product sales training services for a large west coast automotive customer during 2012 compared to 2011;
- A $6.6 million net increase in training services for existing U.S. automotive customers;
- A $1.8 million increase due to certain client projects being transferred from the Performance Readiness Group to the Sandy segment at the beginning of 2012; and
- A $0.8 million increase in vehicle publications revenue, as the quantity of publications shipped during 2012 increased compared to 2011. Shipments of publications occur at various times throughout the year and the volume of publications shipped could fluctuate from quarter to quarter. Currently, publications are shipped during the second and fourth quarters of each year. Publications revenue in the Sandy Training & Marketing segment totaled $5.8 million during 2012 compared to $4.9 million during 2011.

Performance Readiness Solutions (formerly RWD) revenue increased $15.7 million or 39.2% during the year ended December 31, 2012 compared to 2011. The majority of the revenue increase, or approximately $16.1 million, is attributable to there being a full year of results in 2012 compared to only 8.5 months of results in 2011 as the acquisition of RWD was completed on April 15, 2011. In addition, as noted above, certain client projects were transferred from this segment to the Sandy segment at the beginning of 2012 which resulted in a $1.8 million revenue decrease in this segment. Excluding these items, there was a net increase in revenue of $1.4 million due to an increase in training services for various customers, partially offset by a decline in ERP implementation revenue due to project completions and a decrease in e-Learning content development services during 2012 compared to 2011.

Energy Services revenue increased $6.2 million or 21.6% during the year ended December 31, 2012 compared to 2011. The Rovsing acquisition which was completed on September 17, 2012 contributed approximately $1.3 million of revenue during 2012. The remainder of the revenue increase is due to a $2.8 million increase relating to construction projects for alternative fuel station facilities and a $1.7 million increase in EtaPRO™ software sales and related services, as well as increases in workforce development training for energy customers during 2012 compared to 2011.

Gross profit

	Years ended December 31, 2012			2011		
		% Revenue			% Revenue	
	(Dollars in thousands)					
Learning Solutions	$ 30,065	19.0	%	$ 20,432	16.2	%
Professional & Technical Services	14,279	17.3	%	15,765	18.9	%
Sandy Training & Marketing	10,954	15.6	%	8,116	14.9	%
Peformance Readiness Solutions	7,762	13.9	%	4,662	11.6	%
Energy Services	8,911	25.5	%	7,659	26.6	%
	$ 71,971	17.9	%	$ 56,634	17.0	%

Learning Solutions gross profit of $30.1 million or 19.0% of revenue for the year ended December 31, 2012 increased by $9.6 million or 47.1% when compared to gross profit of approximately $20.4 million or 16.2% of revenue for the year ended December 31, 2011. Approximately $2.3 million of the increase in gross profit is attributable to the acquisitions we completed in 2011 and 2012. In addition, $4.3 million of the increase in gross profit is attributable to the Europe operations in this segment primarily due to increased revenue and profitability on government funded skills training services in the UK which have higher margins than the other businesses in this segment. The remaining $3.0 million increase in gross profit is due to an increase in profitability in our U.S. e-Learning and BPO organizations due to the revenue growth discussed above.

Professional & Technical Services gross profit of $14.3 million or 17.3% of revenue for the year ended December 31, 2012 decreased by $1.5 million or 9.4% when compared to gross profit of approximately $15.8 million or 18.9% of revenue for the year ended December 31, 2011. Despite the net revenue increase in this segment, gross profit decreased primarily due to a decline in revenue and gross profit on a high margin lean consulting project and reduced profit margins on certain government projects during 2012 compared to 2011.

Sandy Training & Marketing gross profit of $11.0 million or 15.6% of revenue for the year ended December 31, 2012 increased by $2.8 million or 35.0% when compared to gross profit of $8.1 million or 14.9% for the year ended December 31, 2011. The increase in gross profit is primarily due to the revenue increases noted above.

Performance Readiness Solutions (formerly RWD) gross profit of $7.8 million or 13.9% of revenue for the year ended December 31, 2012 increased by $3.1 million or 66.5% when compared to gross profit of $4.7 million or 11.6% of revenue for the year ended December 31, 2011. Approximately $1.8 million of the increase in gross profit is attributable to there being a full year of results in 2012 compared to only 8.5 months of results in 2011. The remainder of the increase in gross profit is primarily due to overhead cost reductions made in early 2012.

Energy Services gross profit of $8.9 million or 25.5% of revenue for the year ended December 31, 2012 increased by $1.3 million or 16.3% when compared to gross profit of $7.7 million or 26.6% of revenue for the year ended December 31, 2011 primarily due to the revenue increases noted above.

Selling, general and administrative expenses

Selling, general and administrative expenses increased $5.3 million or 17.4% from $30.2 million for the year ended December 31, 2011 to $35.5 million for the year ended December 31, 2012. The increase is primarily due to the acquisitions we completed in 2011 and 2012 which resulted in a $2.4 million increase in labor and benefits expense, a $1.1 million increase in intangible asset amortization expense, a $1.2 million net increase in other various costs such as IT infrastructure, software, business insurance and depreciation, and a $0.6 million increase in G&A expenses related to our foreign subsidiaries during 2012 compared to 2011.

Gain on change in fair value of contingent consideration, net

During the year ended December 31, 2012, we recognized a net loss of $0.8 million compared to a net gain of $0.5 million for the year ended December 31, 2011 on the change in fair value of contingent consideration related to acquisitions. Accounting Standards Codification ("ASC") Topic 805, *Business Combinations* ("ASC Topic 805") requires that contingent consideration be recognized at fair value on the acquisition date and 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 will be revalued to estimated fair value and changes in fair value subsequent to the acquisitions will be reflected in operating 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 2 to the Consolidated Financial Statements for a detailed discussion of the acquisitions we have completed and the changes in fair value of contingent consideration during the year ended December 31, 2012.

Interest expense

Interest expense was $0.3 million and $0.2 million for the years ended December 31, 2012 and 2011, respectively.

Other income

Other income decreased $0.3 million from $0.7 million for the year ended December 31, 2011 to $0.4 million for the year ended December 31, 2012 primarily due to increased foreign currency losses during 2012 compared to 2011.

Income taxes

Income tax expense was $13.1 million for the year ended December 31, 2012 compared to $10.5 million for the year ended December 31, 2011. The increase in income tax expense is primarily due to an increase in income before income taxes in 2012 compared to 2011. Our effective income tax rate was 36.6% and 37.1% for the years ended December 31, 2012 and 2011, respectively. During the years ended December 31, 2012 and 2011, we recognized income tax benefits of $1.6 million and $0.9 million, respectively, on the reduction of uncertain tax position liabilities relating to prior tax deductions that are now outside the applicable statute of limitations. Excluding these income tax benefits, our effective income tax rate was 41.1% and 40.2% for the years ended December 31, 2012 and 2011, respectively. The increase in the effective income tax rate is due to losses in certain foreign jurisdictions for which we currently receive no income tax benefit. See Note 8 to the accompanying Consolidated Financial Statements for further information regarding income taxes.

As of December 31, 2012, we had approximately $17.7 million of accumulated undistributed earnings generated by our foreign subsidiaries. No provision has been made for income taxes that would be payable upon the distribution of such earnings since we intend to permanently reinvest these earnings. If these earnings were distributed in the form of dividends or otherwise, the distributions would be subject to U.S. federal income tax at the statutory rate of 35 percent, less foreign tax credits available to offset such distributions, if any. In addition, such distributions may be subject to withholding taxes in the various tax jurisdictions.

Liquidity and Capital Resources

Working Capital

For the year ended December 31, 2013, our working capital increased $9.6 million from $49.1 million at December 31, 2012 to $58.7 million at December 31, 2013. The increase in working capital is primarily due to an increase in working capital requirements due to an increase in the volume of business during 2013 compared to 2012. As of December 31, 2013, we had no long-term debt and $0.4 million of short-term borrowings outstanding. We believe that cash generated from operations and borrowings available under our Credit Agreement ($48.9 million of available borrowings as of December 31, 2013) will be sufficient to fund our working capital and other requirements for at least the next twelve months.

As of December 31, 2013, the amount of cash and cash equivalents held outside of the U.S. by foreign subsidiaries was $5.6 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.

Acquisition-Related Payments

During the year ended December 31, 2013, we used $13.5 million of cash to complete acquisitions (net of cash acquired) and $1.7 million of cash for contingent consideration payments related to previously completed acquisitions. In addition to the upfront purchase prices paid for acquisitions, we may be required to pay the following additional contingent consideration in connection with acquisitions we previously completed (dollars in thousands):

	As of December 31, 2013 Maximum contingent consideration due in			Recorded Liability as of
Acquisition:	2014	2015	Total	Dec. 31, 2013
Bath Consulting	$ 997	$	$ 997	$ 997
Asentus	1,600		1,600	
Prospero	2,805	1,870	4,675	1,841
Lorien	989		989	959
Total	$ 6,391	$ 1,870	$ 8,261	$ 3,797

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 statements of operations. The recorded liability shown above represents the fair value of contingent consideration as of December 31, 2013.

Significant Customers & Concentration of Credit Risk

We have a market concentration of revenue in the automotive sector. Revenue from the automotive industry accounted for approximately 16%, 17% and 17% of our consolidated revenue for the years ended December 31, 2013, 2012 and 2011, respectively. Beginning in 2013, we also have a market concentration in the financial and insurance sector. Revenue from the financial and insurance industry accounted for approximately 11% of our consolidated revenue for the year ended December 31, 2013. We also have a concentration of revenue from the United States government. For the years ended December 31, 2013, 2012 and 2011, sales to the United States government and its agencies represented approximately 10%, 12% and 14%, respectively, of our consolidated revenue. 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 in 2013. Accounts receivable from a single automotive customer totaled $7.1 million as of December 31, 2013 and $9.0 million as of December 31, 2012, accounting for approximately 8% and 11% of our total accounts receivable as of those dates, respectively.

Share Repurchase Program

We have a share repurchase program under which we 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. Repurchases are made at management's discretion in accordance with applicable federal securities law. The amount and timing of share repurchases depend on a variety of factors, including market conditions and prevailing stock prices. The share repurchase authorization does not obligate us to acquire any specific number of shares in any period, and may be modified, suspended or discontinued at any time at the discretion of our Board of Directors. During the years ended December 31, 2013, 2012 and 2011, we repurchased approximately 67,000, 180,000 and 125,000 shares, respectively, of our common stock in the open market for a total cost of approximately $1.7 million, $3.4 million and $1.4 million,

respectively. As of December 31, 2013, there was approximately $4.3 million available for future repurchases under the current buyback program. There is no expiration date for the repurchase program.

Cash Flows

Year ended December 31, 2013 compared to the year ended December 31, 2012

Our cash balance decreased $2.1 million from $7.8 million as of December 31, 2012 to $5.6 million as of December 31, 2013. The decrease in cash and cash equivalents during the year ended December 31, 2013 resulted from cash provided by operating activities of $16.3 million, cash used in investing activities of $20.2 million, cash provided by financing activities of $2.7 million and a $0.8 million negative effect due to exchange rate changes on cash and cash equivalents.

Cash provided by operating activities was $16.3 million for the year ended December 31, 2013 compared to $25.3 million in 2012. The decrease in cash provided by operating activities is primarily due to unfavorable changes in working capital items, primarily due to increases in accounts receivable, costs and estimated earnings in excess of billings on uncompleted contracts and prepaid expenses and other current assets during 2013 compared to 2012.

Cash used in investing activities was $20.2 million for the year ended December 31, 2013 compared to $14.7 million in 2012. The increase in cash used in investing activities is primarily due to a $4.2 million increase in fixed asset additions during 2013 compared to 2012 due to asset purchases in connection with the relocation of our headquarters office during the third quarter of 2013, an increase in software licenses for our financial system and an increase in computer equipment purchases by our foreign operations. In addition, we used $13.5 million of cash for acquisitions, net of cash acquired, during 2013 compared to $12.2 million in 2012.

Cash provided by financing activities was $2.7 million for the year ended December 31, 2013 compared to cash used in financing activities of $7.1 million in 2012. The increase in cash provided by financing activities is primarily due to a $5.3 million increase in negative cash book balances during the year ended December 31, 2013 compared to a $1.9 million decrease in negative cash book balances in 2012. In addition, we used $1.7 million of cash for share repurchases in 2013 compared to $3.4 million in 2012.

Year ended December 31, 2012 compared to the year ended December 31, 2011

Our cash balance increased $3.6 million from $4.2 million as of December 31, 2011 to $7.8 million as of December 31, 2012. The increase in cash and cash equivalents during the year ended December 31, 2012 resulted from cash provided by operating activities of $25.3 million, cash used in investing activities of $14.7 million, cash used in financing activities of $7.1 million and a $0.2 million positive effect due to exchange rate changes on cash and cash equivalents.

Cash provided by operating activities was $25.3 million for the year ended December 31, 2012 compared to $16.2 million in 2012. The increase in cash provided by operating activities is primarily due to an increase in net income and non-cash add-backs to net income during 2012 compared to 2011.

Cash used in investing activities was $14.7 million for the year ended December 31, 2012 compared to $40.2 million in 2011. The decrease in cash used in investing activities is primarily due to less cash used to complete acquisitions in 2012 compared to 2011 ($12.2 million of cash used for acquisitions, net of cash acquired, during 2012 compared to $36.1 million of cash used for acquisitions during 2011). Cash used for fixed asset additions also decreased by $1.4 million from $4.0 million for the year ended December 31, 2011 to $2.5 million for the year ended December 31, 2012.

Cash used in financing activities was $7.1 million for the year ended December 31, 2012 compared to $0.6 million in 2011. The increase in cash used in financing activities is primarily due to a $2.4 million increase in tax withholding payments during 2012 on behalf of employees for stock-based compensation income in exchange for shares surrendered, a $2.0 million increase in cash used for share repurchases, and a $1.9 million decrease in negative cash book balances during 2012. These decreases in cash were offset by a $1.9 million increase in income tax benefits on stock-based compensation for employee compensation realized on the exercise of stock options and the vesting of restricted stock units during 2012 compared to 2011.

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. 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 December 31, 2013, our tangible net worth was $60.9 million, our total liabilities to tangible net worth ratio was 1.43 to 1.0 and our cash flow to debt service ratio was 72.1 to 1.0, all of which were in compliance with the Credit Agreement. As of December 31, 2013, there were $0.4 million of borrowings outstanding and $48.9 million of available borrowings under the Credit Agreement.

Contractual Payment Obligations

We enter into various agreements that result in contractual obligations in connection with our business activities. These obligations primarily relate to operating leases and purchase commitments under non-cancelable contracts for certain products and services. The following table summarizes our total contractual payment obligations as of December 31, 2013 (in thousands):

	Payments due in				
	2014	2015 2016	2017 2018	After 2019	Total
Short-term borrowings	$ 407	$	$	$	$ 407
Facility lease commitments	6,263	10,727	7,896	15,388	40,274
Other operating lease commitments	1,196	745	77		2,018
Purchase commitments *	3,515	685			4,200
Total	$ 11,381	$ 12,157	$ 7,973	$ 15,388	$ 46,899

* Excludes purchase orders for goods and services entered into by us in the ordinary course of business, which are non-binding and subject to amendment or termination within a reasonable notification period.

The table above excludes contingent consideration in connection with acquisitions which may be payable to the sellers if the revenue and/or earnings targets set forth in the purchase agreements are achieved (see Note 2 to the Consolidated Financial Statements).

Off-Balance Sheet Commitments

As of December 31, 2013, we had six outstanding letters of credit totaling $0.7 million, which expire in 2014 through 2018. In addition, we have three outstanding performance bonds totaling $3.6 million relating to construction contracts scheduled to be completed in 2014. We do not have any off-balance sheet financing except for operating leases and letters of credit entered into in the normal course of business.

Management Discussion of Critical Accounting Policies

The preparation of our consolidated financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Our estimates, judgments and assumptions are continually evaluated based on available information and experience. Because of the use of estimates inherent in the financial reporting process, actual results could differ from those estimates.

Certain of our accounting policies require higher degrees of judgment than others in their application. These include revenue recognition, impairment of intangible assets, including goodwill, valuation of contingent consideration for business acquisitions, and income taxes, which are summarized below. In addition, Note 1 to the accompanying Consolidated Financial Statements includes further discussion of our significant accounting policies.

Revenue Recognition

We provide services under time-and-materials, cost-reimbursable, fixed price and fixed-fee per transaction contracts to both government and commercial customers. Each contract has different terms based on the scope, deliverables and complexity of the engagement, requiring us to make judgments and estimates about recognizing revenue. Revenue is recognized as services are performed.

Under time-and-materials contracts, as well as certain government cost-reimbursable and certain fixed price contracts, the contractual billing schedules are based on the specified level of resources we are obligated to provide. As a result, for these “level-of-effort” contracts, the contractual billing amount for the period is a measure of performance and, therefore, revenue is recognized in that amount.

Revenue under government fixed price contracts is recognized using the percentage-of-completion method. Under the percentage-of-completion method, management estimates the percentage-of-completion based upon costs incurred as a percentage of the total estimated costs.

For commercial fixed price contracts which typically involve a discrete project, such as development of training content and materials, design of training processes, software implementation, or engineering projects, the contractual billing schedules are not based on the specified level of resources we are obligated to provide. These discrete projects generally do not contain milestones or other reliable measures of performance. As a result, revenue on these arrangements is recognized using a percentage-of-completion method based on the relationship of costs incurred to total estimated costs expected to be incurred over the term of the contract. We believe this methodology is a reasonable measure of proportional performance since performance primarily involves personnel costs and services provided to the customer throughout the course of the projects through regular communications of progress toward completion and other project deliverables. In addition, the customer typically is required to pay us for the proportionate amount of work and cost incurred in the event of contract termination.

When total direct cost estimates exceed revenues, the estimated losses are recognized immediately. The use of the percentage-of-completion method requires significant judgment relative to estimating total contract revenues and costs, including assumptions relative to the length of time to complete the project, the nature and complexity of the work to be performed, and anticipated changes in estimated salaries and other costs. Estimates of total contract revenues and costs are continuously monitored during the term of the contract, and recorded revenues and costs are subject to revision as the contract progresses. When revisions in estimated contract revenues and costs are determined, such adjustments are recorded in the period in which they are first identified.

For certain commercial fixed-fee per transaction contracts, such as providing training courses, revenue is recognized during the period in which services are delivered in accordance with the pricing outlined in the contracts.

For certain fixed-fee per transaction and fixed price contracts in which the output of the arrangement is measurable, such as for the shipping of publications and print materials, revenue is recognized when the deliverable is met and the product is delivered based on the output method of performance. The customer is required to pay for the cost incurred in the event of contract termination.

Certain of our fixed price commercial contracts contain revenue arrangements with multiple deliverables. Revenue arrangements with multiple deliverables are evaluated to determine if the deliverables can be divided into more than one unit of accounting. For contracts determined to have more than one unit of accounting, we recognize revenue for each deliverable based on the revenue recognition policies discussed above. Within each multiple deliverable project, there is objective and reliable fair value across all units of the arrangement, as discounts are not offered or applied to one deliverable versus another, and the rates bid across all deliverables are consistent.

As part of our on-going operations to provide services to our customers, incidental expenses, which are commonly referred to as “out-of-pocket” expenses, are billed to customers, either directly as a pass-through cost or indirectly as a cost estimated in proposing on fixed price contracts. Out-of-pocket expenses include expenses such as airfare, mileage, hotel stays, out-of-town meals and telecommunication charges. Our policy provides for these expenses to be recorded as both revenue and direct cost of services.

In connection with our delivery of products, primarily for publications delivered by our Sandy segment, we incur shipping and handling costs which are billed to customers directly as a pass-through cost. Our policy provides for these expenses to be recorded as both revenue and direct cost of revenue.

Impairment of Intangible Assets, Including Goodwill

We review goodwill for impairment annually as of December 31 and whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. We test goodwill at the reporting unit level. A reporting unit is an operating segment, or one level below an operating segment, as defined by U.S. GAAP. Our reporting units are: (i) Learning Solutions, (ii) Europe, (iii) Professional & Technical Services, (iv) Sandy Training & Marketing, (v) Performance Readiness Solutions (formerly RWD), and (vi) Energy Services. Our Learning Solutions and Europe reporting units comprise our Learning Solutions reportable segment and all of the other reporting units each represent separate reportable segments.

Our goodwill balances as of December 31, 2013 for each reporting unit were as follows (in thousands):

Reporting Unit	
Learning Solutions U.S.	$ 35,348
Learning Solutions - Europe	24,839
Professional & Technical Services	37,690
Sandy Training & Marketing	653
Performance Readiness Solutions	9,795
Energy Services	8,662
	$ 116,987

Effective January 1, 2013, we made changes to our organizational structure to transfer the management responsibility of certain business units between segments, which resulted in a change in the composition of certain of our operating segments. The changes primarily consisted of: (i) the alternative fuels business unit transferred from Professional & Technical Services to Energy Services; (ii) a business unit which predominantly provides content development services to U.S. government and commercial clients transferred from Learning Solutions to Professional & Technical Services; and (iii) our foreign operations in India and China and a portion of our Canadian operations transferred from Professional & Technical Services to Learning Solutions. As a result of these changes, net goodwill totaling $8.0 million, which represents goodwill specifically attributable to the affected business units, was transferred from the Learning Solutions reporting unit to the Professional & Technical Services reporting unit.

During the year ended December 31, 2012, we adopted Accounting Standards Update ("ASU") 2011-08, *Testing Goodwill for Impairment* ("ASU 2011-08"). ASU 2011-08 permits an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. Previous guidance required an entity to test goodwill for impairment, on at least an annual basis, by comparing the fair value of a reporting unit with its carrying amount, including goodwill (step one). If the fair value of a reporting unit is less than its carrying amount, then the second step of the test must be performed to measure the amount of the impairment loss, if any. Under the amendments in ASU 2011-08, an entity is not required to perform step one of the goodwill impairment test for a reporting unit if it is more likely than not that its fair value is greater than its carrying amount.

If it is determined as a result of the qualitative assessment permitted by ASU 2011-08, that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, a two-step impairment test is required. In the first step, we compare the fair value of each reporting unit to its carrying value. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is not impaired and we are not required to perform further testing. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then we must perform the second step of the impairment test in order to determine the implied fair value of the reporting unit's goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit's assets and liabilities in a manner similar to a purchase price allocation, with any residual fair value allocated to goodwill. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, then we record an impairment loss equal to the difference.

Under the two-step impairment test, we determine the fair value of our reporting units using both an income approach and a market approach, and weigh both approaches to determine the fair value of each reporting unit. Under the income approach, we perform a discounted cash flow analysis which incorporates management's cash flow projections over a five-year period and a terminal value is calculated by applying a capitalization rate to terminal year projections based on an estimated long-term growth rate. The five-year projected cash flows and calculated terminal value are discounted using a weighted average cost of capital ("WACC") which takes into account the costs of debt and equity. The cost of equity is based on the risk-free interest rate, equity risk premium, industry and size equity premiums and any additional market equity risk premiums as deemed appropriate for each reporting unit. To arrive at a fair value for each reporting unit, the terminal value is discounted by the WACC and added to the present value of the estimated cash flows over the discrete five-year period. There are a number of other variables which impact the projected cash flows, such as expected revenue growth and profitability levels, working capital requirements, capital expenditures and related depreciation and amortization. Under the market approach, we perform a comparable public company analysis and apply revenue and earnings multiples from the identified set of companies to the reporting unit's actual and forecasted financial performance to determine the fair value of each reporting unit. We evaluate the reasonableness of the fair value calculations of our reporting units by reconciling the total of the fair values of all of our reporting units to our total market capitalization, and adjusting for an appropriate control premium. In addition, we make certain judgments in allocating shared assets and liabilities to determine the carrying values for each of our reporting units.

For our annual goodwill impairment tests as of December 31, 2013 and 2012, we performed a qualitative assessment as permitted by ASU 2011-08 for all of our reporting units and determined that it was more likely than not that the fair values of each of our reporting units exceeded their respective carrying values. For our annual goodwill impairment test as of December 31, 2011, we performed step one of the two-step impairment test and determined that the estimated fair value of each of our reporting units exceeded their respective carrying values, indicating the underlying goodwill of each unit was not impaired.

Determining the fair value of a reporting unit is judgmental in nature and involves the use of significant estimates and assumptions. These estimates and assumptions include revenue growth rates and operating margins used to calculate projected future cash flows, risk-adjusted discount rates, future economic and market conditions and determination of appropriate market comparables. We base our fair value estimates on assumptions we believe to be reasonable but that are unpredictable and inherently uncertain. Actual future results may differ from those estimates. In addition, we make certain judgments and assumptions in allocating shared assets and liabilities to determine the carrying values for each of our reporting units. The timing and frequency of our goodwill impairment tests are based on an ongoing assessment of events and circumstances that would indicate a possible impairment. We will continue to monitor our goodwill and intangible assets for impairment and conduct formal tests when impairment indicators are present.

Valuation of Contingent Consideration for Business Acquisitions

Acquisitions may include contingent consideration payments based on future financial measures of an acquired company. Contingent consideration is required to be recognized at fair value as of the acquisition date. We estimate the fair value of these 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 are revalued to estimated fair value and changes in fair value subsequent to the acquisition are reflected in income or expense in the consolidated statements of operations, and could cause a material impact to our operating results. Changes in the fair value of contingent consideration obligations may result from changes in discount periods and rates, 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.

Income Taxes

We account for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. In addition, assessing tax rates that we expect to apply and determining the years when the temporary differences are expected to affect taxable income requires judgment about the future apportionment of our income among the states in which we operate.

The measurement of deferred taxes often involves an exercise of judgment related to the computation and realization of tax basis. Our deferred tax assets and liabilities reflect our assessment that tax positions taken, and the resulting tax basis, are more likely than not to be sustained if they are audited by taxing authorities. We establish accruals for uncertain tax positions taken or expected to be taken in a tax return 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. A number of years may elapse before a particular matter, for which we have or have not established an accrual, is audited and finally resolved. Favorable or unfavorable adjustment of the accrual for any particular issue would be recognized as an increase or decrease to our income tax expense in the period of a change in facts and circumstances.

In assessing the realizability of our deferred tax assets, we consider whether it is more likely than not that some portion or all of the deferred tax assets may not be realized. The ultimate realization of the deferred tax assets is dependent upon the generation of future income during the periods in which temporary differences are deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based upon these factors, we believe it is more likely than not that we

will realize the benefits of our deferred tax assets, net of the valuation allowance. The valuation allowance relates to both foreign and domestic net operating loss carryforwards for which we do not believe the benefits may be realized.

The above matters, and others, involve the exercise of significant judgment. Any changes in our practices or judgments involved in the measurement of deferred tax assets and liabilities could materially impact our financial condition or results of operations.

Accounting Standards Issued and Adopted

We discuss recently issued and adopted accounting standards in Note 1 to the accompanying Consolidated Financial Statements.

Item 7A: Quantitative and Qualitative Disclosures about Market Risk

We are exposed to the impact of interest rate, market risks and currency fluctuations. In the normal course of business, we employ internal processes to manage our exposure to interest rate, market risks and currency fluctuations. Our objective in managing our interest rate risk is to limit the impact of interest rate changes on earnings and cash flows and to lower our overall borrowing costs.

We are exposed to the impact of currency fluctuations because of our international operations. We have not been a party to any exchange rate hedging programs to mitigate the effect of exchange rate fluctuations. Our investment in our foreign subsidiaries and fluctuations in foreign currency have not historically had a material impact on our financial position.

Our revenues and profitability are related to general levels of economic activity and employment, principally in the United States and the United Kingdom. As a result, any significant economic downturn or recession in one or both of those countries could harm our business and financial condition. A significant portion of our revenues is derived from Fortune 500 level companies and their non-U.S. equivalents, which historically have adjusted expenditures for training and other services during economic downturns. If the economies in which these companies operate are weakened in any future period, these companies may reduce their expenditures on training and other services, which could adversely affect our business and financial condition.

Item 8: Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
GP Strategies Corporation:

We have audited the accompanying consolidated balance sheets of GP Strategies Corporation and subsidiaries (the Company) as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of GP Strategies Corporation and subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), GP Strategies Corporation internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control Integrated Framework* (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 28, 2014 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Baltimore, Maryland
February 28, 2014

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
GP Strategies Corporation:

We have audited GP Strategies Corporation's internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control - Integrated Framework* (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). GP Strategies Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, GP Strategies Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control - Integrated Framework* (1992) issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of GP Strategies Corporation and subsidiaries as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 2013, and our report dated February 28, 2014, expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Baltimore, Maryland

February 28, 2014

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GP STRATEGIES CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2013 and 2012
(In thousands, except shares and par value per share)

	2013	2012
Assets		
Current assets:		
Cash and cash equivalents	$ 5,647	$ 7,761
Accounts and other receivables, less allowance for doubtful accounts of $1,405 in 2013 and $1,756 in 2012	94,662	83,597
Costs and estimated earnings in excess of billings on uncompleted contracts	22,706	16,979
Deferred tax assets	2,872	2,031
Prepaid expenses and other current assets	10,651	8,112
Total current assets	136,538	118,480
Property, plant and equipment, net	9,231	5,511
Goodwill	116,987	102,821
Intangible assets, net	15,129	15,872
Other assets, net	2,271	1,750
	$ 280,156	$ 244,434
Liabilities and Stockholders' Equity		
Current liabilities:		
Short-term borrowings	$ 407	$
Accounts payable and accrued expenses	55,339	47,457
Billings in excess of costs and estimated earnings on uncompleted contracts	22,062	21,877
Total current liabilities	77,808	69,334
Deferred tax liabilities	7,287	6,874
Other noncurrent liabilities	2,034	889
Total liabilities	87,129	77,097
Stockholders' equity:		
Preferred stock, par value $0.01 per share; Authorized 10,000,000 shares; no shares issued		
Common stock, par value $0.01 per share; Authorized 35,000,000 shares; issued 19,175,506 shares in 2013 and 19,175,006 shares in 2012	192	192
Additional paid-in capital	167,908	167,495
Retained earnings	27,711	3,955
Treasury stock, at cost (42,534 shares in 2013 and 125,334 shares in 2012)	(1,170)	(2,494)
Accumulated other comprehensive loss	(1,614)	(1,811)
Total stockholders' equity	193,027	167,337
	$ 280,156	$ 244,434

See accompanying notes to consolidated financial statements.

GP STRATEGIES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Operations

Years ended December 31, 2013, 2012 and 2011
(In thousands, except per share data)

	2013	2012	2011
Revenue	$ 436,689	$ 401,572	$ 333,167
Cost of revenue	360,424	329,601	276,533
Gross profit	76,265	71,971	56,634
Selling, general and administrative expenses	39,589	35,500	30,249
Gain on reversal of deferred rent liability			1,041
Gain (loss) on change in fair value of contingent consideration, net	1,676	(789)	517
Operating income	38,352	35,682	27,943
Interest expense	366	269	209
Other income (including interest income of $56 in 2013, $29 in 2012 and $57 in 2011)	502	389	657
Income before income taxes	38,488	35,802	28,391
Income tax expense	14,732	13,114	10,531
Net income	$ 23,756	$ 22,688	$ 17,860
Basic weighted average shares outstanding	19,103	18,956	18,766
Diluted weighted average shares outstanding	19,362	19,275	19,010
Per common share data:			
Basic earnings per share	$ 1.24	$ 1.20	$ 0.95
Diluted earnings per share	$ 1.23	$ 1.18	$ 0.94

See accompanying notes to consolidated financial statements.

GP STRATEGIES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

Years ended December 31, 2013, 2012 and 2011
(In thousands)

	2013	2012	2011
Net income	$ 23,756	$ 22,688	$ 17,860
Foreign currency translation adjustments	197	1,411	(995)
Comprehensive income	$ 23,953	$ 24,099	$ 16,865

See accompanying notes to consolidated financial statements.

GP STRATEGIES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity

Years ended December 31, 2013, 2012 and 2011
(In thousands, except for par value per share)

	Common stock ($0.01 par)	Additional paid-in capital	Retained earnings (accumulated deficit)	Treasury stock at cost	Accumulated other comprehensive loss	Total stockhol equity
Balance at December 31, 2010	$ 187	$ 163,422	$ (36,593)	$ (2)	$ (2,227)	$ 124,78
Net income			17,860			17,860
Foreign currency translation adjustments					(995)	(995)
Repurchases of common stock in the open market				(1,414)		(1,414)
Stock-based compensation expense		1,899				1,899
Issuance of stock for employer contributions to retirement plan		631		477		1,108
Net issuances of stock pursuant to stock compensation plans and other	1	(433)		581		149
Balance at December 31, 2011	$ 188	$ 165,519	$ (18,733)	$ (358)	$ (3,222)	$ 143,39
Net income			22,688			22,688
Foreign currency translation adjustments					1,411	1,411
Repurchases of common stock in the open market				(3,433)		(3,433)
Stock-based compensation expense		1,780				1,780
Income tax benefit from stock-based compensation		2,034				2,034
Shares withheld in exchange for tax withholding payments on stock-based compensation		(2,750)				(2,750)
Issuance of stock for employer contributions to retirement plan		538		1,297		1,835
Net issuances of stock pursuant to stock compensation plans and other	4	374				378
Balance at December 31, 2012	$ 192	$ 167,495	$ 3,955	$ (2,494)	$ (1,811)	$ 167,33
Net income			23,756			23,756
Foreign currency translation adjustments					197	197
Repurchases of common stock in the open market				(1,747)		(1,747)
Stock-based compensation expense		1,628				1,628
Income tax benefit from stock-based compensation		359				359
Shares withheld in exchange for tax withholding payments on stock-based compensation		(977)		354		(623)
Issuance of stock for employer contributions to retirement plan		322		1,723		2,045
Net issuances of stock pursuant to stock compensation plans and other		(919)		994		75
Balance at December 31, 2013	$ 192	$ 167,908	$ 27,711	$ (1,170)	$ (1,614)	$ 193,02

See accompanying notes to consolidated financial statements.

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GP STRATEGIES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended December 31, 2013, 2012 and 2011
(In thousands)

	2013	2012	2011
Cash flows from operating activities:			
Net income	$ 23,756	$ 22,688	$ 17,860
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on reversal of deferred rent liability			(1,041)
Income tax benefit on reduction of uncertain tax position liabilities		(1,602)	(891)
Loss (gain) on change in fair value of contingent consideration, net	(1,676)	789	(517)
Depreciation and amortization	8,617	7,971	6,187
Non-cash compensation expense	3,673	3,615	3,100
Deferred income taxes	(285)	716	147
Changes in other operating items, net of acquired amounts:			
Accounts and other receivables	(9,158)	(11,262)	(4,955)
Costs and estimated earnings in excess of billings on uncompleted contracts	(4,941)	(1,256)	(701)
Prepaid expenses and other current assets	(2,807)	(1,227)	(1,599)
Accounts payable and accrued expenses	1,174	4,003	(216)
Billings in excess of costs and estimated earnings on uncompleted contracts	(1,478)	3,218	168
Income tax benefit of stock-based compensation	(359)	(2,034)	(131)
Contingent consideration payments in excess of fair value on acquisition date	(708)	(602)	(721)
Other	445	295	(491)
Net cash provided by operating activities	16,253	25,312	16,199
Cash flows from investing activities:			
Additions to property, plant and equipment	(6,714)	(2,536)	(3,975)
Acquisitions, net of cash acquired	(13,505)	(12,184)	(36,077)
Other investing activities			(157)
Net cash used in investing activities	(20,219)	(14,720)	(40,209)
Cash flows from financing activities:			
Short-term borrowings	407		
Contingent consideration payments	(1,026)	(1,263)	(1,238)
Change in negative cash book balance	5,261	(1,888)	1,883
Repurchases of common stock in the open market	(1,747)	(3,433)	(1,414)
Income tax benefit from stock-based compensation	359	2,034	131
	(623)	(2,750)	(337)

Tax withholding payments for employee stock-based compensation in exchange for shares surrendered			
Proceeds from issuance of common stock	63	284	355
Other financing activities	(6)	(126)	(8)
Net cash provided by (used in) financing activities	2,688	(7,142)	(628)
Effect of exchange rate changes on cash and cash equivalents	(836)	160	(113)
Net change in cash and cash equivalents	(2,114)	3,610	(24,751)
Cash and cash equivalents at beginning of year	7,761	4,151	28,902
Cash and cash equivalents at end of year	$ 5,647	$ 7,761	$ 4,151
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	$ 179	$ 104	$ 100
Income taxes	$ 13,879	$ 12,532	$ 10,078
Non-cash investing and financing activities:			
Accrued contingent consideration	$ 4,243	$ 765	$ 112

See accompanying notes to consolidated financial statements.

GP STRATEGIES CORPORATION

Notes to Consolidated Financial Statements

(1) Description of Business and Significant Accounting Policies

Business

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.

FASB Codification

We follow generally accepted accounting principles ("GAAP") set by the Financial Accounting Standards Board ("FASB"). References to GAAP issued by the FASB in these footnotes are to the *FASB Accounting Standards Codification,* sometimes referred to as ASC.

Basis of Consolidation

The consolidated financial statements include the operations of our wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated.

Significant Customers & Concentration of Credit Risk

We have a market concentration of revenue in the automotive sector. Revenue from the automotive industry accounted for approximately 16%, 17% and 17% of our consolidated revenue for the years ended December 31, 2013, 2012 and 2011, respectively. Beginning in 2013, we also have a market concentration in the financial and insurance sector. Revenue from the financial and insurance industry accounted for approximately 11% of our consolidated revenue for the year ended December 31, 2013. We also have a concentration of revenue from the United States government. For the years ended December 31, 2013, 2012 and 2011, sales to the United States government and its agencies represented approximately 10%, 12% and 14%, respectively, of our consolidated revenue. 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 in 2013. Accounts receivable from a single automotive customer totaled $7,106,000 as of December 31, 2013 and $8,986,000 as of December 31, 2012, accounting for approximately 8% and 11% of our total accounts receivable as of those dates, respectively.

Cash and Cash Equivalents

Cash and cash equivalents consist of short-term highly liquid investments with original maturities of three months or less. Outstanding checks which have been issued but not presented to the banks for payment in excess of amounts on deposit may create negative book cash balances. We transfer cash on an as-needed basis to fund these items as they clear the bank in subsequent periods. Such negative cash balances are included in accounts payable and accrued expenses and totaled $5,261,000 and $0 as of December 31, 2013 and 2012, respectively. Changes in negative book cash balances from period to period are reported as a financing activity in the consolidated statement of cash flows.

Allowance for Doubtful Accounts Receivable

Trade accounts receivable are recorded at invoiced amounts. We evaluate the collectability of trade accounts receivable based on a combination of factors. When we are aware that a specific customer may be unable to meet its financial obligations to us, such as in the case of bankruptcy filings or deterioration in the customer's operating results or financial position, we evaluate the need to record a specific reserve for bad debt to reduce the related receivable to the amount we reasonably believe is collectible. We also record reserves for bad debt for all other customers based on a variety of factors, including the length of time the receivables are past due, historical collection experience and trends of past due accounts, write-offs and specific identification and review of past due accounts. Actual collections of trade receivables could differ from management's estimates due to changes in future economic or industry conditions or specific customers' financial conditions.

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Activity in our allowance for doubtful accounts was comprised of the following for the periods indicated:

	Year ended December 31,		
	2013	2012	2011
	(In thousands)		
Beginning balance	$ 1,756	$ 1,015	$ 701
Additions	121	782	601
Deductions	(472)	(41)	(287)
Ending balance	$ 1,405	$ 1,756	$ 1,015

Foreign Currency Translation

The functional currency of our international operations is the respective local currency. The translation of the foreign currency into U.S. dollars is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date and for revenue and expense accounts using the weighted average exchange rates prevailing during the year. The unrealized gains and losses resulting from such translation are included as a component of comprehensive income.

Revenue Recognition

We provide services under time-and-materials, cost-reimbursable, and fixed price (including fixed-fee per transaction) contracts to both government and commercial customers. Each contract has different terms based on the scope, deliverables and complexity of the engagement, requiring us to make judgments and estimates about recognizing revenue. Revenue is recognized as services are performed.

Under time-and-materials contracts, as well as certain government cost-reimbursable and certain fixed price contracts, the contractual billing schedules are based on the specified level of resources we are obligated to provide. As a result, for these “level-of-effort” contracts, the contractual billing amount for the period is a measure of performance and, therefore, revenue is recognized in that amount.

Revenue under government fixed price contracts is recognized using the percentage-of-completion method. Under the percentage-of-completion method, management estimates the percentage-of-completion based upon costs incurred as a percentage of the total estimated costs.

For commercial fixed price contracts which typically involve a discrete project, such as development of training content and materials, design of training processes, software implementation, or engineering projects, the contractual billing schedules are not based on the specified level of resources we are obligated to provide. These discrete projects generally do not contain milestones or other reliable measures of performance. As a result, revenue on these arrangements is recognized using a percentage-of-completion method based on the relationship of costs incurred to total estimated costs expected to be incurred over the term of the contract. We believe this methodology is a reasonable measure of proportional performance since performance primarily involves personnel costs and services provided to the customer throughout the course of the projects through regular communications of progress toward completion and other project deliverables. In addition, the customer typically is required to pay us for the proportionate amount of work and cost incurred in the event of contract termination.

When total direct cost estimates exceed revenues, the estimated losses are recognized immediately. The use of the percentage-of-completion method requires significant judgment relative to estimating total contract revenues and costs, including assumptions relative to the length of time to complete the project, the nature and complexity of the work to be performed, and anticipated changes in estimated salaries and other costs. Estimates of total contract revenues and costs are continuously monitored during the term of the contract, and recorded revenues and costs are subject to revision as the contract progresses. When revisions in estimated contract revenues and costs are determined, such adjustments are recorded in the period in which they are first identified.

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For certain commercial fixed-fee per transaction contracts, such as providing training courses, revenue is recognized during the period in which services are delivered in accordance with the pricing outlined in the contracts.

For certain fixed-fee per transaction and fixed price contracts in which the output of the arrangement is measurable, such as for the shipping of publications and print materials, revenue is recognized when the deliverable is met and the product is delivered based on the output method of performance. The customer is required to pay for the cost incurred in the event of contract termination.

Certain of our fixed price commercial contracts contain revenue arrangements with multiple deliverables. Revenue arrangements with multiple deliverables are evaluated to determine if the deliverables can be divided into more than one unit of accounting. For contracts determined to have more than one unit of accounting, we recognize revenue for each deliverable based on the revenue recognition policies discussed above. Within each multiple deliverable project, there is objective and reliable fair value across all units of the arrangement, as discounts are not offered or applied to one deliverable versus another, and the rates bid across all deliverables are consistent.

As part of our on-going operations to provide services to our customers, incidental expenses, which are commonly referred to as “out-of-pocket” expenses, are billed to customers, either directly as a pass-through cost or indirectly as a cost estimated in proposing on fixed price contracts. Out-of-pocket expenses include expenses such as airfare, mileage, hotel stays, out-of-town meals and telecommunication charges. Our policy provides for these expenses to be recorded as both revenue and direct cost of services.

In connection with the delivery of products, primarily for publications delivered by our Sandy Training & Marketing segment, we incur shipping and handling costs which are billed to customers directly as a pass-through cost. Our policy provides for these expenses to be recorded as both revenue and direct cost of revenue.

Contract Related Assets and Liabilities

Costs and estimated earnings in excess of billings on uncompleted contracts in the accompanying consolidated balance sheets represent unbilled amounts earned and reimbursable under contracts in progress. These amounts become billable according to the contract terms, which usually consider the passage of time, achievement of milestones or completion of the project. Generally, such unbilled amounts will be billed and collected over the next twelve months.

Billings in excess of costs and estimated earnings on uncompleted contracts in the accompanying consolidated balance sheets represent advanced billings to clients on contracts in advance of work performed. Generally, such amounts will be earned and recognized in revenue over the next twelve months.

Comprehensive Income

Comprehensive income consists of net income and foreign currency translation adjustments.

Other Current Assets

Prepaid expenses and other current assets on our consolidated balance sheet include prepaid expenditures for goods or services before the goods are used or the services are received, inventories and work in progress on customer contracts. Prepaid expenses are charged to expense in the periods the benefits are realized. Inventories are stated at

lower of cost or market. Provision is made to reduce excess and obsolete inventories to their estimated net realizable value.

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Property, Plant and Equipment

Property, plant and equipment are carried at cost (or fair value at acquisition date for assets obtained through business combinations). Major additions and improvements are capitalized, while maintenance and repairs which do not extend the lives of the assets are expensed as incurred. Gain or loss on the disposition of property, plant and equipment is recognized in operations when realized.

Depreciation of property, plant and equipment is recognized on a straight-line basis over the following estimated useful lives:

Class of assets	Useful life
Buildings and improvements	5 to 40 years
Machinery, equipment, and furniture and fixtures	3 to 10 years
Leasehold improvements	Shorter of asset life or term of lease

Impairment of Long-Lived Assets

Long-lived assets, such as property, plant, and equipment, and intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized at the amount by which the carrying amount of the asset exceeds the fair value of the asset. Impairment of long-lived assets is assessed at the lowest level for which there are identifiable cash flows that are independent from other groups of assets. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and would no longer be depreciated.

Goodwill and Intangible Assets

Our intangible assets include amounts recognized in connection with acquisitions, including customer relationships, technology, intellectual property and tradenames. Intangible assets are initially valued at fair market value using generally accepted valuation methods appropriate for the type of intangible asset. Amortization is recognized on a straight-line basis over the estimated useful life of the intangible assets. Intangible assets with definite lives are reviewed for impairment if indicators of impairment arise. Except for goodwill, we do not have any intangible assets with indefinite useful lives.

Goodwill represents the excess of costs over fair value of assets of businesses acquired. We review our goodwill for impairment annually as of December 31 and whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. We test goodwill at the reporting unit level.

During the year ended December 31, 2012, we adopted Accounting Standards Update ("ASU") 2011-08, *Testing Goodwill for Impairment* ("ASU 2011-08"). ASU 2011-08 permits an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. Previous guidance required an entity to test goodwill for impairment, on at least an annual basis, by comparing the fair value of a reporting unit with its carrying amount, including goodwill (step one). If the fair value of a reporting unit is less than

its carrying amount, then the second step of the test must be performed to measure the amount of the impairment loss, if any. Under the amendments in ASU 2011-08, an entity is not required to perform step one of the goodwill impairment test for a reporting unit if it is more likely than not that its fair value is greater than its carrying amount.

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If it is determined as a result of the qualitative assessment permitted by ASU 2011-08, that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, a two-step impairment test is required. In the first step, we compare the fair value of each reporting unit to its carrying value. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is not impaired and we are not required to perform further testing. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then we must perform the second step of the impairment test in order to determine the implied fair value of the reporting unit's goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit's assets and liabilities in a manner similar to a purchase price allocation, with any residual fair value allocated to goodwill. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, then we record an impairment loss equal to the difference.

Under the two-step impairment test, we determine the fair value of our reporting units using both an income approach and a market approach, and weigh both approaches to determine the fair value of each reporting unit. Under the income approach, we perform a discounted cash flow analysis which incorporates management's cash flow projections over a five-year period and a terminal value is calculated by applying a capitalization rate to terminal year projections based on an estimated long-term growth rate. The five-year projected cash flows and calculated terminal value are discounted using a weighted average cost of capital ("WACC") which takes into account the costs of debt and equity. The cost of equity is based on the risk-free interest rate, equity risk premium, industry and size equity premiums and any additional market equity risk premiums as deemed appropriate for each reporting unit. To arrive at a fair value for each reporting unit, the terminal value is discounted by the WACC and added to the present value of the estimated cash flows over the discrete five-year period. There are a number of other variables which impact the projected cash flows, such as expected revenue growth and profitability levels, working capital requirements, capital expenditures and related depreciation and amortization. Under the market approach, we perform a comparable public company analysis and apply revenue and earnings multiples from the identified set of companies to the reporting unit's actual and forecasted financial performance to determine the fair value of each reporting unit. We evaluate the reasonableness of the fair value calculations of our reporting units by reconciling the total of the fair values of all of our reporting units to our total market capitalization, and adjusting for an appropriate control premium. In addition, we make certain judgments in allocating shared assets and liabilities to determine the carrying values for each of our reporting units.

For our annual goodwill impairment tests as of December 31, 2013 and 2012, we performed a qualitative assessment as permitted by ASU 2011-08 for all of our reporting units and determined that it was more likely than not that the fair values of each of our reporting units exceeded their respective carrying values. For our annual goodwill impairment test as of December 31, 2011, we performed step one of the two-step impairment test and determined that the estimated fair values of each of our reporting units exceeded their respective carrying values, indicating the underlying goodwill of each unit was not impaired.

Determining the fair value of a reporting unit is judgmental in nature and involves the use of significant estimates and assumptions. These estimates and assumptions include revenue growth rates and operating margins used to calculate projected future cash flows, risk-adjusted discount rates, future economic and market conditions and determination of appropriate market comparables. We base our fair value estimates on assumptions we believe to be reasonable but that are unpredictable and inherently uncertain. Actual future results may differ from those estimates. In addition, we make certain judgments and assumptions in allocating shared assets and liabilities to determine the carrying values for each of our reporting units. The timing and frequency of our goodwill impairment tests are based on an ongoing assessment of events and circumstances that would indicate a possible impairment. We will continue to monitor our goodwill and intangible assets for impairment and conduct formal tests when impairment indicators are present.

Contingent Consideration for Business Acquisitions

Acquisitions may include contingent consideration payments based on future financial measures of an acquired company. Contingent consideration is required to be recognized at fair value as of the acquisition date. We estimate the fair value of these liabilities based on financial projections of the acquired companies and estimated probabilities of achievement. At each reporting date, the contingent consideration obligation is revalued to estimated fair value and changes in fair value subsequent to the acquisition are reflected in income or expense in the consolidated statements of operations, and could cause a material impact to our operating results. Changes in the fair value of contingent consideration obligations may result from changes in discount periods and rates, 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.

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Other Assets

Other assets primarily include certain software development and implementation costs, an investment in a joint venture, other assets obtained to fulfill customer related contract obligations and capitalized set-up costs on outsourcing contracts. We capitalize the cost of internal-use software in accordance with ASC Topic 350-40, *Internal-Use Software*. These costs consist of payments made to third parties for software development and implementation and are amortized using the straight-line method over their estimated useful lives, typically three to five years. We account for a 5% interest in a joint venture partnership under the equity method of accounting because significant influence exists due to certain factors, including representation on the partnership's Management Board and voting rights.

Certain project transition costs related to the set-up of processes, personnel and systems are deferred during the transition period and expensed on a straight-line basis over the period the outsourcing services are provided, not to exceed the term of the contract. The deferred costs are specific internal costs or incremental external costs directly related to transition or set-up activities necessary to enable the outsourced services. Unamortized set-up costs are monitored regularly for impairment. Impairment losses are recorded when projected remaining undiscounted operating cash flows of the related contract are not sufficient to recover the carrying amount of contract assets. Capitalized set-up costs were $1,178,000 and $0 as of December 31, 2013 and 2012, respectively, and are included in other assets on our consolidated balance sheet.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

We establish accruals for uncertain tax positions taken or expected to be taken in a tax return 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. Favorable or unfavorable adjustment of the accrual for any particular issue would be recognized as an increase or decrease to income tax expense in the period of a change in facts and circumstances. Interest and penalties related to income taxes are accounted for as income tax expense.

Earnings per Share

Basic earnings per share ("EPS") are computed by dividing earnings by the weighted average number of common shares outstanding during the periods. 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.

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Our dilutive common stock equivalent shares consist of stock options and restricted stock units outstanding under our stock-based incentive plans and are 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 weighted average dilutive common stock equivalent shares which were included in the computation of diluted EPS:

	Year ended December 31,		
	2013	2012	2011
	(In thousands)		
Non-dilutive instruments	28	64	115
Dilutive common stock equivalents	259	319	244

Stock-Based Compensation

Pursuant to our stock-based incentive plans which are described more fully in Note 9, we grant stock options, restricted stock, stock units, and equity to officers, employees, and members of the Board of Directors. We compute compensation expense for all equity-based compensation awards issued to employees using the fair-value measurement method. We recognize compensation expense on a straight-line basis over the requisite service period for stock-based compensation awards with both graded and cliff vesting terms. We apply a forfeiture estimate to compensation expense recognized for awards that are expected to vest during the requisite service period, and revise that estimate if subsequent information indicates that the actual forfeitures will differ from the estimate. We recognize the cumulative effect of a change in the number of awards expected to vest in compensation expense in the period of change. We do not capitalize any material portion of our stock-based compensation.

We estimate the fair value of our stock options on the date of grant using the Black-Scholes option pricing model, which requires various assumptions such as expected term, expected stock price volatility and risk-free interest rate. We estimate the expected term of stock options granted taking into consideration historical data related to stock option exercises. We use historical stock price data in order to estimate the expected volatility factor of stock options granted. The risk-free interest rate for the periods within the expected life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, we evaluate the estimates used, including but not limited to those related to revenue recognition, the allowance for doubtful accounts receivable, impairments of goodwill and other intangible assets, valuation of intangible assets acquired and contingent consideration liabilities assumed in business acquisitions, valuation of stock-based compensation awards and income taxes. Actual results could differ from these estimates.

Fair Value Estimates

ASC Topic 820, *Fair Value Measurements and Disclosure* (“Topic 820”), defines fair value, establishes a market-based framework or hierarchy for measuring fair value, and expands disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction

between market participants. The guidance within Topic 820 is applicable whenever another accounting pronouncement requires or permits assets and liabilities to be measured at fair value. The fair value hierarchy prioritizes the inputs used in valuation techniques into three levels as follows:

- Level 1 unadjusted quoted prices for identical assets or liabilities in active markets;

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- Level 2 quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs other than quoted market prices that are observable or that can be corroborated by observable market data by correlation; and

- Level 3 unobservable inputs based upon the reporting entity's internally developed assumptions which market participants would use in pricing the asset or liability.

The carrying value of financial instruments including cash equivalents, accounts receivable, accounts payable and short-term borrowings approximate estimated market values because of short-term maturities and interest rates that approximate current rates. Our fair value measurements relate to goodwill, intangible assets and contingent consideration recognized in connection with acquisitions and are valued using Level 3 inputs.

Leases

We lease various office space, machinery and equipment under noncancelable operating leases which have minimum lease obligations. Several of the leases contain provisions for rent escalations based primarily on increases in real estate taxes and operating costs incurred by the lessor. Rent expense is recognized in the statement of operations as incurred except for escalating rents, which are expensed on a straight-line basis over the terms of the leases.

Legal Expenses

We are involved, from time to time, in litigation and proceedings arising out of the ordinary course of business. Costs for legal services rendered in the course of these proceedings are charged to expense as they are incurred.

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

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(2) Acquisitions

The following tables summarize the purchase prices and purchase price allocations for the acquisitions completed during the years ended December 31, 2013, 2012 and 2011. A description of the acquired businesses during each year is summarized below each table.

2013 Acquisitions	(Dollars in thousands)	
Acquired company	Prospero	Lorien
Acquisition date	5/31/2013	6/12/2013
Cash purchase price	$ 7,028	$ 6,734
Fair value of contingent consideration	3,670	573
Total purchase price	$ 10,698	$ 7,307
Purchase price allocation:		
Cash	$	$ 23
Accounts receivable		1,856
Other assets	7	1,553
Property, plant and equipment	51	116
Intangible assets	2,801	1,715
Goodwill	8,112	5,494
Total assets	10,971	10,757
Accounts payable and accrued expenses	40	1,975
Billings in excess of costs and estimated earnings on uncompleted contracts	233	1,132
Deferred tax liability		343
Total liabilities	273	3,450
Net assets acquired	$ 10,698	$ 7,307

Prospero

On May 31, 2013, we completed the acquisition of Prospero Learning Solutions ("Prospero"), a Canada-based provider of custom learning and content development solutions. The upfront purchase price for Prospero was $7,046,000 which was paid in cash at closing and was subsequently reduced by a working capital adjustment of $18,000 received from the sellers. In addition, the purchase agreement requires up to an additional $4,675,000 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. We recorded intangible assets as a result of the acquisition, including $2,801,000 of customer-related intangible assets which are being amortized over five years subsequent to the acquisition date. The acquired Prospero business is included in the Learning Solutions segment and the results of its operations have been included in the consolidated financial statements since June 1, 2013. We expect that a portion of the goodwill recorded for financial statement purposes will be deductible for tax purposes. The

pro-forma impact of the acquisition is not material to our results of operations. The acquired Prospero business is included in our Canadian subsidiary and its functional currency is the Canadian Dollar. The purchase price allocation above was translated into U.S. dollars based on the exchange rate in effect on the date of acquisition.

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Lorien

On June 12, 2013, we completed the acquisition of Lorien Engineering Solutions ("Lorien"), a United Kingdom-based provider of engineering design and project management services with specific expertise in the food and beverage, manufacturing and life sciences industries. The upfront purchase price for Lorien was $6,734,000 which was paid in cash at closing. In addition, the purchase agreement requires up to an additional $989,000 of consideration, contingent upon the achievement of certain earnings targets during the first twelve months following completion of the acquisition, as defined in the purchase agreement. We recorded intangible assets as a result of the acquisition, including $1,715,000 of customer-related intangible assets which are being amortized over five years subsequent to the acquisition date. None of the goodwill recorded for financial statement purposes is deductible for tax purposes. The acquired Lorien business is included in the Learning Solutions segment and the results of its operations have been included in the consolidated financial statements since June 12, 2013. The pro-forma impact of the acquisition is not material to our results of operations. The acquired Lorien business is included in our United Kingdom subsidiary and its functional currency is the British Pound Sterling. The purchase price allocation above was translated into U.S. dollars based on the exchange rate in effect on the date of acquisition.

2012 Acquisitions	(Dollars in thousands)			
Acquired company	Information Horizons	Asentus	Rovsing Dynamics	Blessing White
Acquisition date	5/1/2012	6/29/2012	9/17/2012	10/1/2012
Cash purchase price	$ 531	$ 1,417	$ 720	$ 10,529
Fair value of contingent consideration		765		
Total purchase price	$ 531	$ 2,182	$ 720	$ 10,529
Purchase price allocation:				
Cash	$	$ 396	$ 20	$ 830
Accounts receivable		1,970		2,796
Other assets		411	898	527
Property, plant and equipment	26	46	5	76
Intangible assets	505	443	775	3,280
Goodwill		1,957	458	6,070
Total assets	531	5,223	2,156	13,579
Accounts payable and accrued expenses		2,708	428	1,456
Billings in excess of costs and estimated earnings on uncompleted contracts		247	1,008	282
Deferred tax liability		86		1,312
Total liabilities		3,041	1,436	3,050
Net assets acquired	$ 531	$ 2,182	$ 720	$ 10,529

Information Horizons

Effective May 1, 2012, we entered into an Asset Purchase Agreement with Information Horizons Limited ("Information Horizons"), an independent skills training provider located in the United Kingdom, to acquire its government funded training services business. The purchase price primarily consisted of a customer-related intangible asset of $505,000 which is being amortized over an estimated useful life of three years subsequent to the acquisition date. Information Horizons is included in the Learning Solutions segment and the results of its operations have been included in the consolidated financial statements since May 1, 2012. The pro-forma impact of the acquisition is not material to our results of operations.

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Asentus

On June 29, 2012, through our wholly-owned subsidiaries in Canada and Europe, we acquired the business and operations of Asentus Consulting Group Ltd. and Asentus Europe B.V. (collectively, "Asentus"). Asentus is an international provider of IT technical training content, and live and virtual training event services, with offices in Vancouver, Canada, The Netherlands, Germany and France. The total purchase price for both companies was $1,417,000, of which $1,100,000 was paid in cash at closing and $317,000 was paid during the fourth quarter of 2012 subsequent to the finalization of a working capital calculation pursuant to the purchase agreement. In addition, the purchase agreement requires up to an additional $3,700,000 of consideration, contingent upon the achievement of certain earnings targets, as defined in the purchase agreement, during two successive twelve-month periods following the closing. No contingent consideration was payable with respect to the first twelve-month period following completion of the acquisition as the earnings target was not achieved. A maximum of $1,600,000 would be payable subsequent to the second twelve-month period following completion of the acquisition if the earnings target is achieved. We recorded amortizable intangible assets as a result of the acquisition, which included $325,000 of customer-related intangible assets which are being amortized over an estimated useful life of five years and $118,000 of intellectual property which is being amortized over an estimated useful life of three years. None of the goodwill recorded for financial statement purposes is deductible for tax purposes. The acquired Asentus business is included in the Learning Solutions segment and the results of its operations have been included in the consolidated financial statements since July 1, 2012. The pro-forma impact of the acquisition is not material to our results of operations.

Rovsing Dynamics

On September 17, 2012, we entered into an Asset Purchase Agreement with Rovsing Dynamics A/S ("Rovsing"), located in Denmark, a provider of vibration condition monitoring hardware and software, and on that date acquired the business and certain operating assets. We recorded a technology-related intangible asset of $775,000 related to proprietary software acquired which is being amortized over an estimated useful life of three years subsequent to the acquisition date. All of the goodwill recorded for financial statement purposes will be deductible for tax purposes. The acquired Rovsing business is included in the Energy Services segment and the results of its operations have been included in the consolidated financial statements since September 17, 2012. The pro-forma impact of the acquisition is not material to our results of operations.

BlessingWhite

On October 1, 2012, we completed the acquisition of BlessingWhite, a provider of leadership development and employee engagement solutions. The total purchase price was $10,762,000 in cash at closing and was subsequently reduced by a $233,000 working capital adjustment received from the sellers in the first quarter of 2013. We recorded $3,280,000 of amortizable intangible assets as a result of the acquisition, which includes $1,761,000 of customer-related intangible assets which are being amortized over five years, $1,238,000 of intellectual property related to training course content which is being amortized over five years, $191,000 related to the acquired tradename which is being amortized over two years, and $90,000 related to acquired technology which is being amortized over three years from the acquisition date. None of the goodwill recorded for financial statement purposes is deductible for tax purposes. BlessingWhite is included in the Learning Solutions segment and the results of its operations have been included in the consolidated financial statements since October 1, 2012. The pro-forma impact of the acquisition is not material to our results of operations.

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2011 Acquisitions	(Dollars in thousands)			
Acquired company	Communication Consulting	Ultra Training	RWD	Beneast Training
Acquisition date	2/1/2011	4/1/2011	4/15/2011	8/1/2011
Cash purchase price	$ 1,505	$ 3,420	$ 25,760	$ 6,771
Fair value of contingent consideration	112			
Total purchase price	$ 1,617	$ 3,420	$ 25,760	$ 6,771
Purchase price allocation:				
Cash	$	$ 347	$ 81	$ 2,236
Accounts receivable		340	13,667	375
Other assets		188	2,261	104
Property, plant and equipment	16	42	573	192
Intangible assets	390	1,412	3,726	2,706
Goodwill	1,211	2,336	13,059	3,790
Total assets	1,617	4,665	33,367	9,403
Accounts payable and accrued expenses		878	6,299	1,956
Billings in excess of costs and estimated earnings on uncompleted contracts			1,308	
Deferred tax liability		367		676
Total liabilities		1,245	7,607	2,632
Net assets acquired	$ 1,617	$ 3,420	$ 25,760	$ 6,771

Communication Consulting

On February 1, 2011, through our wholly-owned subsidiaries in Hong Kong and Shanghai, we acquired the training business and certain related assets of Cathay/Communication Consulting Limited (“Communication Consulting”), a Hong Kong-based training and consulting company with offices in Shanghai and Beijing, China, and Haryana (New Delhi) in India. Communication Consulting designs and delivers customized training solutions and specializes in the areas of leadership, communication skills, sales and customer service training. The purchase price allocation includes $390,000 of intangible assets, which consists of $230,000 for intellectual property and $160,000 for customer-related intangible assets, both of which are being amortized over five years from the acquisition date. All of the goodwill recorded for financial statement purposes will be deductible for tax purposes. The acquired Communication Consulting business is included in the Learning Solutions segment and the results of its operations have been included in the consolidated financial statements since February 1, 2011. The pro-forma impact of the acquisition is not material to our results of operations.

Ultra Training Ltd.

On April 1, 2011, we acquired Ultra Training Ltd., an independent skills training provider located in the United Kingdom. The purchase price allocation includes $1,412,000 of customer-related intangible assets which are being amortized over five years from the acquisition date. None of the goodwill recorded for financial statement purposes is deductible for tax purposes. Ultra Training Ltd. is included in the Learning Solutions segment and its results of operations have been included in the consolidated financial statements since April 1, 2011. The pro-forma impact of the acquisition is not material to our results of operations.

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RWD Technologies

On April 15, 2011, we completed the acquisition of certain assets of the consulting business of RWD Technologies, LLC, a Delaware limited liability company, and certain of its subsidiaries (collectively, "RWD"). RWD is a provider of human capital management and IT consulting services, business transformation and lean process improvement, end-user training, change management, knowledge management and operator effectiveness management solutions in industries such as manufacturing, energy, automotive, aerospace, healthcare, life sciences, consumer products, financial, telecommunications, services and higher education as well as the public sector. We paid $27,980,000 of cash at closing. The purchase price was subsequently reduced by a working capital adjustment of $2,220,000 received from the sellers in September 2011. The purchase price allocation includes $3,726,000 of intangible assets, which consists of $2,935,000 for customer-related intangible assets which are being amortized over 5.9 years and $791,000 related to the acquired tradename which was amortized over two years from the acquisition date. All of the goodwill recorded for financial statement purposes will be deductible for tax purposes. A portion of the acquired business is reported as a separate reportable segment named Performance Readiness Solutions (formerly RWD), and the other business units are included in the Professional & Technical Services and Sandy Training & Marketing segments. The results of RWD's operations have been included in the consolidated financial statements since April 16, 2011.

Beneast Training Ltd.

On August 1, 2011, we acquired the share capital of TK Holdings Ltd and its subsidiary Beneast Training Ltd. (collectively, "Beneast"), an independent skills training provider located in the United Kingdom. The purchase price allocation includes $2,706,000 of customer-related intangible assets which are being amortized over five years from the acquisition date. None of the goodwill recorded for financial statement purposes is deductible for tax purposes. Beneast is included in the Learning Solutions segment and its results of operations have been included in the consolidated financial statements since August 1, 2011. The pro-forma impact of the acquisition is not material to our results of operations.

Van Hee

On July 29, 2011, we entered into an Asset Purchase Agreement with Van Hee Transport Limited ("Van Hee"), an independent skills training provider located in the United Kingdom, to acquire a contract to provide government funded training services. The purchase price was $770,000 in cash at closing and was recorded as an intangible asset which is being amortized over an estimated useful life of three years subsequent to the acquisition date. Van Hee is included in the Learning Solutions segment and its results of operations have been included in the consolidated financial statements since August 1, 2011.

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Contingent Consideration

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 completed acquisitions as of December 31, 2013 (dollars in thousands):

	Original range of potential undiscounted	As of December 31, 2013 Maximum contingent consideration due in		
Acquisition:	payments	2014	2015	Total
Bath Consulting	$0 - $2,376	$ 997	$	$ 997
Asentus	$0 - $3,700	1,600		1,600
Prospero	$0 - $4,675	2,805	1,870	4,675
Lorien	$0 - $989	989		989
Total		$ 6,391	$ 1,870	$ 8,261

Below is a summary of the changes in the recorded amount of contingent consideration liabilities from December 31, 2012 to December 31, 2013 for each acquisition (dollars in thousands):

Acquisition:	Liability as of Dec. 31, 2012	2013 Additions (Payments)	Change in Fair Value of Contingent Consideration	Foreign Currency Translation	Liability as of Dec. 31, 2013
Milsom	$ 302	$ (299)	$	$ (3)	$
Marton House	774	(759)	32	(47)	
Bath Consulting	1,464	(676)	228	(19)	997
Asentus	544	-	(533)	(11)	
Prospero		3,670	(1,727)	(102)	1,841
Lorien		573	324	62	959
Total	$ 3,084	$ 2,509	$ (1,676)	$ (120)	$ 3,797

As of December 31, 2013 and 2012, contingent consideration included in accounts payable and accrued expenses on the consolidated balance totaled $2,405,000 and $2,540,000, respectively. As of December 31, 2013 and 2012, we also had accrued contingent consideration totaling $1,392,000 and $544,000, respectively, 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.

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(3) Goodwill & Other Intangible Assets

Goodwill

Changes in the carrying amount of goodwill by reportable business segment for the years ended December 31, 2013 and 2012 were as follows (in thousands):

	Learning Solutions	Professional & Technical Services	Sandy Training & Marketing	Performance Readiness Solutions	Energy	Total
Net book value at January 1, 2012						
Goodwill	$ 39,109	$ 45,520	$ 6,161	$ 9,795	$ 8,170	$ 108,755
Accumulated impairment losses	(2,079)	(7,830)	(5,508)			(15,417)
Total	37,030	37,690	653	9,795	8,170	93,338
2012 Activity:						
Acquisitions	8,226				340	8,566
Foreign currency translation	913				12	925
Other	(8)					(8)
Net book value at December 31, 2012						
Goodwill	48,240	45,520	6,161	9,795	8,522	118,238
Accumulated impairment losses	(2,079)	(7,830)	(5,508)			(15,417)
Total	46,161	37,690	653	9,795	8,522	102,821
2013 Activity:						
Acquisitions	13,606					13,606
Purchase adjustments	(196)				117	(79)
Foreign currency translation	620				23	643
Other	(4)					(4)
Net book value at December 31, 2013						
Goodwill	62,266	45,520	6,161	9,795	8,662	132,404
Accumulated impairment losses	(2,079)	(7,830)	(5,508)			(15,417)
Total	$ 60,187	$ 37,690	$ 653	$ 9,795	$ 8,662	$ 116,987

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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):

December 31, 2013	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
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
December 31, 2012			
Customer relationships	$ 22,193	$ (9,064)	$ 13,129
Tradenames	982	(700)	282
Intellectual property and other	3,686	(1,225)	2,461
	$ 26,861	$ (10,989)	$ 15,872

Amortization expense for intangible assets was $5,354,000, $4,598,000 and $3,418,000 for the years ended December 31, 2013, 2012 and 2011, respectively. Estimated amortization expense for intangible assets included in our consolidated balance sheet as of December 31, 2013 is as follows (in thousands):

Fiscal year ending:	
2014	$ 5,404
2015	3,995
2016	2,984
2017	1,882
2018	832
Thereafter	32
Total	$ 15,129

As of December 31, 2013, our intangible assets with definite lives had a weighted average remaining useful life of 3.5 years. We have no amortizable intangible assets with indefinite useful lives.

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(4) Property, Plant and Equipment

Property, plant and equipment consisted of the following (in thousands):

	December 31, 2013	2012
Machinery, equipment and vehicles	$ 19,308	$ 15,043
Furniture and fixtures	3,295	2,274
Leasehold improvements	1,553	1,058
Buildings	404	396
	24,560	18,771
Accumulated depreciation and amortization	(15,329)	(13,260)
	$ 9,231	$ 5,511

Depreciation expense was $2,982,000, $2,636,000 and $2,146,000 for the years ended December 31, 2013, 2012 and 2011, respectively.

(5) Short-Term Borrowings

We have a $50,000,000 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 $75,000,000 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. For the year ended December 31, 2013, 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. We were in compliance with all loan covenants under the Credit Agreement as of December 31, 2013. As of December 31, 2013, there were $407,000 of borrowings outstanding and $48,931,000 of available borrowings under the Credit Agreement.

(6) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following (in thousands):

	December 31, 2013	2012
Trade accounts payable	$ 11,815	$ 11,061
Accrued salaries, vacation and benefits	15,731	16,463
Other accrued expenses	20,127	17,393
Accrued contingent consideration	2,405	2,540
Negative cash book balance	5,261	
	$ 55,339	$ 47,457

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(7) Employee Benefit Plan

We offer the GP Retirement Savings Plan (the "Plan") to our employees. Eligible employees are automatically enrolled unless they elect to not participate in the Plan, and contributions begin as soon as administratively feasible after enrollment. The Plan permits pre-tax contributions to the Plan by participants pursuant to Section 401(k) of the Internal Revenue Code (IRC). We make matching contributions at our discretion. In 2013, 2012 and 2011, we contributed 84,333, 107,728, and 93,472 shares, respectively, of our common stock directly to the Plan with a value of approximately $2,045,000, $1,835,000 and $1,108,000, respectively. In addition, we contributed cash, net of forfeitures, of $200,000, $150,000 and $334,000 to the Plan for matching contributions for the years ended December 31, 2013, 2012 and 2011, respectively. For the years ended December 31, 2013, 2012 and 2011, we recognized total compensation expense of $2,245,000, $1,985,000 and $1,442,000, respectively, in the consolidated statements of operations for matching contributions to the Plan.

(8) Income Taxes

The components of income before income taxes and income tax expense for the years ended December 31, 2013, 2012 and 2011 are as follows (in thousands):

	Years ended December 31,		
	2013	2012	2011
Income before income taxes:			
Domestic	$ 31,738	$ 27,827	$ 21,976
Foreign	6,750	7,975	6,415
Total income before income taxes	$ 38,488	$ 35,802	$ 28,391
Income tax expense:			
Current:			
Federal	$ 10,348	$ 7,846	$ 6,869
State and local	2,130	1,653	1,750
Foreign	2,539	2,899	1,765
Total current	15,017	12,398	10,384
Deferred:			
Federal	226	856	310
State and local	159	236	48
Foreign	(670)	(376)	(211)
Total deferred	(285)	716	147
Total income tax expense	$ 14,732	$ 13,114	$ 10,531

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The difference between the expense for income tax expense computed at the statutory rate and the reported amount of income tax expense is as follows:

	December 31,					
	2013		2012		2011	
Federal income tax rate	35.0	%	35.0	%	35.0	%
State and local taxes net of federal benefit	3.9		3.4		4.1	
Foreign taxes	(1.4)		(0.1)		(1.2)	
Permanent differences	1.5		1.9		2.1	
Valuation allowance adjustments					0.1	
Reduction of uncertain tax position liabilities			(4.5)		(3.1)	
Other	(0.7)		0.9		0.1	
Effective tax rate	38.3	%	36.6	%	37.1	%

Uncertain Tax Positions

During the third quarter of 2012, we recognized an income tax benefit of $1,602,000 on the reduction of an uncertain tax position liability relating to a prior tax deduction that is now outside the applicable statute of limitations. The income tax benefit included a $1,418,000 reduction in the uncertain tax position liability and the reversal of $184,000 of accrued interest and penalties. During the fourth quarter of 2011, we recognized an income tax benefit of $891,000 on the reduction of an uncertain tax position liability relating to a period that is outside the applicable statute of limitations. The income tax benefit included an $800,000 reduction in the uncertain tax position liability and the reversal of $91,000 of accrued interest and penalties. Excluding the impact of these income tax benefits in both years, our effective income tax rate was 41.1% and 40.2% for the years ended December 31, 2012 and 2011, respectively. As of December 31, 2013 and 2012, we had no uncertain tax positions reflected on our consolidated balance sheet.

We recognize interest and penalties related to unrecognized tax benefits as a component of income tax expense. For the years ended December 31, 2013, 2012 and 2011, we recognized $0, $(160,000) and $(6,000), respectively, of interest expense (income) related to these tax positions which is reflected within income tax expense in the consolidated statements of operations. We and our subsidiaries file income tax returns in the U.S. federal jurisdiction, and various state and foreign jurisdictions. We are no longer subject to U.S. federal, state and local, or non-U.S. income tax examination by tax authorities for years prior to 2009.

A reconciliation of the beginning and ending amount of unrecognized tax benefits, excluding interest, is as follows (in thousands):

	Years ended December 31,			
	2012		2011	
Unrecognized tax benefits at beginning of the year	$	1,418	$	2,218
Additions related to current year tax positions				
Additions related to prior year tax positions				
Settlements				
Reductions due to lapse of statute of limitations		(1,418)		(800)
Unrecognized tax benefits at end of the year	$		$	1,418

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Deferred Income Taxes

The tax effects of temporary differences between the financial reporting and tax basis of assets and liabilities that are included in the net deferred tax assets and liabilities are summarized as follows (in thousands):

	December 31, 2013	2012
Deferred tax assets:		
Allowance for doubtful accounts	$ 508	$ 492
Accrued liabilities	1,787	1,131
Stock-based compensation expense	629	499
Net federal, state and foreign operating loss carryforwards	922	288
Deferred tax assets	3,846	2,410
Deferred tax liabilities:		
Intangible assets, property and equipment, principally due to difference in depreciation and amortization	7,677	6,990
Net deferred tax liabilities	(3,831)	(4,580)
Less valuation allowance	(584)	(263)
Net deferred tax liabilities, net of valuation allowance	$ (4,415)	$ (4,843)

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets may not be realized. The ultimate realization of the deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences are deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based upon these factors, management believes it is more likely than not that the Company will realize the benefits of deferred tax assets, net of the valuation allowance.

As of December 31, 2013, we had utilized all of our available credit carryovers for Federal tax purposes. In addition, as of December 31, 2013, we had foreign net operating loss carryforwards of $886,000 which expire in 2014 and beyond. There is a valuation allowance of $584,000 against the foreign net operating loss carryforwards due to the uncertainty of future profitability in foreign jurisdictions.

Foreign Income

As of December 31, 2013, we had approximately $27,890,000 of accumulated undistributed earnings generated by our foreign subsidiaries. No provision has been made for income taxes that would be payable upon the distribution of such earnings since we intend to permanently reinvest these earnings. If these earnings were distributed in the form of dividends or otherwise, the distributions would be subject to U.S. federal income tax at the statutory rate of 35 percent, less foreign tax credits available to offset such distributions, if any. In addition, such distributions may be subject to withholding taxes in the various tax jurisdictions.

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(9) Stock-Based Compensation

Our shareholders approved the 2011 Stock Incentive Plan (the "2011 Plan") at our Annual Meeting of Shareholders in December 2011. The 2011 Plan replaced the 1973 Non-Qualified Stock Option Plan, as amended, and the 2003 Incentive Stock Plan (the "Prior Plans"). No new awards will be made under the Prior Plans and outstanding awards will remain outstanding under the Prior Plans until settled. Under 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. We are authorized to grant an aggregate of 1,355,764 shares under the 2011 Plan. As of December 31, 2013, there were 1,060,505 available shares for issuance of future grants of awards under the 2011 Plan. As of December 31, 2013, there were 524,456 shares representing outstanding awards under the Prior Plans and 288,875 shares representing outstanding awards under the 2011 Plan. We may issue new shares or use shares held in treasury to deliver shares to employees for our equity grants or upon exercise of non-qualified stock options.

The following table summarizes the pre-tax stock-based compensation expense included in reported net income (in thousands):

	Years ended December 31,		
	2013	2012	2011
Cost of revenue	$ 1,163	$ 1,294	$ 1,462
Selling, general and adminstrative expenses	465	497	530
Total stock-based compensation expense	$ 1,628	$ 1,791	$ 1,992

We recognized a deferred income tax benefit of $517,000, $571,000 and $645,000, respectively, during the years ended December 31, 2013, 2012, and 2011 associated with the compensation expense recognized in our consolidated financial statements. As of December 31, 2013, we had non-qualified stock options and restricted stock units outstanding under these plans as discussed below.

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Non-Qualified Stock Options

Non-qualified stock options are granted with an exercise price not less than the fair market value of our common stock at the date of grant, vest over a period up to ten years, and expire at various terms up to ten years from the date of grant.

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

Stock Options	Number of options	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value
Outstanding at December 31, 2012	624,700	$ 9.54		
Granted				
Exercised	(49,600)	10.46		
Forfeited	(4,300)	14.61		
Expired	(1,500)	13.17		
Outstanding at December 31, 2013	569,300	$ 9.41	2.45	$ 11,603,000
Stock options expected to vest	550,600	$ 9.39	2.44	$ 11,230,000
Exercisable at December 31, 2013	268,200	$ 8.57	2.27	$ 5,691,000

Summarized weighted average information for non-qualified stock options granted to certain key personnel during the years ended December 31, 2012 and 2011 is as follows (no stock options were granted during the year ended December 31, 2013):

	2012	2011
Number of options granted	54,500	157,500
Exercise price	$ 17.57	$ 13.18
Vesting term	4.5 years	5 years
Contractual term	5.5 years	6 years
Grant-date fair value	$ 6.80	$ 4.63
Black-Scholes assumptions:		
Expected term	4.2 years	4.5 years
Expected stock price volatility	48.3 %	39.3 %
Risk-free interest rate	0.61 %	1.82 %
Expected dividend yield	%	%

As of December 31, 2013, we had approximately $806,000 of unrecognized compensation cost related to the unvested portion of outstanding stock options to be recognized on a straight-line basis over a weighted average remaining service period of approximately 2.0 years.

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We received cash for the exercise price associated with stock options exercised of $63,000, $284,000, and $355,000 during the years ended December 31, 2013, 2012 and 2011, respectively. During the years ended December 31, 2013 and 2012, we settled 44,800 and 782,980 outstanding stock options, respectively, held by our employees by issuing 17,048 and 214,624 fully vested shares, respectively, which represented the fair value of those stock options upon settlement, net of required income tax withholdings. The total intrinsic value realized by participants on stock options exercised and/or settled was $703,000, $6,544,000, and $123,000 during the years ended December 31, 2013, 2012 and 2011, respectively. During the years ended December 31, 2013, 2012 and 2011, we realized income tax benefits of $359,000, $2,034,000 and $131,000, respectively, related to stock option exercises and restricted stock vesting, which are reflected as an increase to additional paid-in capital on the consolidated statements of stockholders' equity.

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 to 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:

	Year ended December 31, 2013 (In shares)	Weighted average grant date fair value (In dollars)
Outstanding and unvested, beginning of period	210,992	$ 18.40
Granted	81,575	29.17
Vested	(47,036)	17.49
Forfeited	(1,500)	19.38
Outstanding and unvested, end of period	244,031	$ 22.17
Restricted stock units expected to vest	231,217	$ 22.03

The total intrinsic value realized by participants upon the vesting of restricted stock units was $1,164,000, $1,667,000 and $1,024,000 during the years ended December 31, 2013, 2012 and 2011, respectively. As of December 31, 2013, we had unrecognized compensation cost of $4,691,000 related to the unvested portion of our outstanding restricted stock units to be recognized over a weighted average remaining service period of 4.1 years.

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(10) Common Stock

The holders of common stock are entitled to one vote per share. As of December 31, 2013, there were 19,132,972 shares of common stock issued and outstanding. In addition, as of December 31, 2013, there were 813,331 shares reserved for issuance under outstanding equity compensation awards such as stock options and restricted stock units and an additional 1,060,505 shares available for issuance for future grants of awards under the 2011 Plan.

Stock Repurchase Program

We have a share repurchase program under which we 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. During the years ended December 31, 2013, 2012 and 2011, we repurchased approximately 67,000, 180,000 and 125,000 shares, respectively, of our common stock in the open market for a total cost of approximately $1,747,000, $3,433,000 and $1,414,000, respectively. As of December 31, 2013, there was approximately $4,311,000 available for future repurchases under the buyback program. There is no expiration date for the repurchase program.

Securities Purchase Agreement

On December 30, 2009, we entered into a Securities Purchase Agreement (the "Purchase Agreement") with a single accredited investor, Sagard Capital Partners, L.P. ("Sagard"), pursuant to which we sold to Sagard, in a private placement, an aggregate of 2,857,143 shares (the "Shares") of our common stock, par value $0.01, at a price of $7.00 per share (the "Offering"), for an aggregate purchase price of $20,000,000. The Offering closed on December 30, 2009. The Purchase Agreement prohibits Sagard from acquiring beneficial ownership of more than 23% of our common stock (calculated on a fully diluted basis).

On December 30, 2011, Sagard entered into a Stock Transfer Agreement with Bedford Oak Partners, L.P. ("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, 2013, Sagard beneficially owned 3,512,274 shares or 18.4% of our outstanding common stock.

Registration Rights Agreement

In connection with the Offering, on December 30, 2009, we entered into a Registration Rights Agreement (the "Registration Rights Agreement") with Sagard. Pursuant to the Registration Rights Agreement, we agreed to prepare and file a registration statement with the Securities and Exchange Commission (the "SEC") no later than September 30, 2010 for purposes of registering the resale of the Shares and any shares of common stock issued pursuant to the preemptive rights under Section 4(l) of the Purchase Agreement (or any shares of common stock issuable upon exercise, conversion or exchange of securities issued pursuant to the preemptive rights). We agreed to use our reasonable best efforts to cause this registration statement to be declared effective by the SEC no later than December 30, 2010. If we failed to meet either of these deadlines, fail to meet filing or effectiveness deadlines with respect to any additional registration statements required by the Registration Rights Agreement, or fail to keep any registration statements continuously effective (with limited exceptions), we will be obligated to pay to the holders of the Shares liquidated damages in the amount of 1% of the purchase price for the Shares per month, up to a maximum of $2,400,000. We also agreed, among other things, to indemnify the selling holders under the registration statements

from certain liabilities and to pay all fees and expenses (excluding underwriting discounts and selling commissions and all legal fees of the selling holders in excess of $25,000) incident to our obligations under the Registration Rights Agreement. We filed the registration statement with the SEC on September 27, 2010 and it was declared effective by the SEC on October 8, 2010.

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(11) Business Segments

As of December 31, 2013, we operated through five reportable business segments: (i) Learning Solutions, (ii) Professional & Technical Services, (iii) Sandy Training & Marketing, (iv) Performance Readiness Solutions (formerly RWD), and (v) Energy Services. Our Learning Solutions segment represents an aggregation of two operating groups in accordance with the aggregation criteria in U.S. GAAP, while all of the other reportable segments each represent one operating group. 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.

Effective January 1, 2013, we made changes to our organizational structure to transfer the management responsibility of certain business units between segments, which resulted in a change in the composition of certain of our operating segments. The changes primarily consisted of: (i) the alternative fuels business unit transferred from Professional & Technical Services to Energy Services; (ii) a business unit which predominantly provides content development services to U.S. government and commercial clients transferred from Learning Solutions to Professional & Technical Services; and (iii) our foreign operations in India and China and a portion of our Canadian operations transferred from Professional & Technical Services to Learning Solutions. We have reclassified the segment financial information herein for the prior years to reflect these changes and conform to the current year's presentation.

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

Notes to Consolidated Financial Statements

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 veriety 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):

	Years ended December 31,		
	2013	2012	2011
Revenue:			
Learning Solutions	$ 189,899	$ 158,118	$ 126,177
Professional & Technical Services	72,577	82,447	83,551
Sandy Training & Marketing	70,699	70,243	54,604
Performance Readiness Solutions	53,882	55,794	40,079
Energy Services	49,632	34,970	28,756
	$ 436,689	$ 401,572	$ 333,167
Operating income:			
Learning Solutions	$ 15,210	$ 15,927	$ 8,938
Professional & Technical Services	5,810	6,868	8,390
Sandy Training & Marketing	4,672	4,897	3,018
Performance Readiness Solutions	2,688	2,548	601
Energy Services	8,296	6,231	5,438
Gain on reversal of deferred rent liability			1,041
Gain (loss) on change in fair value of contingent consideration, net	1,676	(789)	517
Operating income	38,352	35,682	27,943
Interest expense	(366)	(269)	(209)
Other income	502	389	657
Income before income tax expense	$ 38,488	$ 35,802	$ 28,391

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Notes to Consolidated Financial Statements

Additional information relating to our business segments is as follows (in thousands):

	December 31, 2013	2012
Identifiable assets:		
Learning Solutions	$ 139,744	$ 108,111
Professional & Technical Services	64,292	62,975
Sandy Training & Marketing	21,812	24,250
Performance Readiness Solutions	26,500	27,472
Energy Services	27,808	21,626
Total assets	$ 280,156	$ 244,434

Corporate and other assets which consist primarily of cash and cash equivalents, other assets, and deferred tax assets and liabilities are allocated to the segments based on their respective percentage of consolidated revenues.

	Years ended December 31, 2013	2012	2011
Additions to property, plant and equipment:			
Learning Solutions	$ 2,788	$ 1,149	$ 1,293
Professional & Technical Services	233	84	296
Sandy Training & Marketing	11	38	6
Performance Readiness Solutions	553	61	161
Energy Services	352	273	643
Corporate and other	2,777	931	1,576
	$ 6,714	$ 2,536	$ 3,975
Depreciation and amortization:			
Learning Solutions	$ 4,990	$ 3,411	$ 2,173
Professional & Technical Services	715	668	734
Sandy Training & Marketing	427	428	424
Performance Readiness Solutions	778	1,102	871
Energy Services	393	511	435
Corporate and other	1,314	1,851	1,550
	$ 8,617	$ 7,971	$ 6,187

Information about our revenue in different geographic regions, which are attributable to our wholly owned subsidiaries located in the United Kingdom, Canada, Netherlands, Denmark, Germany, France, Mexico, Colombia, Singapore, China and India is as follows (in thousands):

	Years ended December 31, 2013	2012	2011
United States	$ 347,251	$ 323,867	$ 274,010
United Kingdom	65,578	61,102	48,151
Other	23,860	16,603	11,006
	$ 436,689	$ 401,572	$ 333,167

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GP STRATEGIES CORPORATION

Notes to Consolidated Financial Statements

Information about our total assets in different geographic regions is as follows (in thousands):

	December 31, 2013	2012
United States	$ 194,285	$ 188,596
United Kingdom	56,481	40,163
Other	29,390	15,675
	$ 280,156	$ 244,434

(12) Related Party Transactions

As discussed in Note 10, Sagard purchased 350,000 shares of our common stock from Bedford Oak in January 2012. Daniel M. Friedberg, who serves on our Board of Directors, 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 arrangements or transactions involving the Company.

(13) Commitments, Guarantees, and Contingencies

Commitments

Operating Leases

We have various noncancelable leases for real property and machinery and equipment. Such leases expire at various dates with, in some cases, options to extend their terms.

Minimum rentals under long-term operating leases are as follows (in thousands):

	Real property	Machinery and equipment	Total
2014	$ 6,263	$ 1,196	$ 7,459
2015	5,477	582	6,059
2016	5,250	163	5,413
2017	4,795	77	4,872
2018	3,102		3,102
Thereafter	15,387		15,387
Total	$ 40,274	$ 2,018	$ 42,292

Certain of the leases contain provisions for rent escalation based primarily on increases in a specified Consumer Price Index, real estate taxes and operating costs incurred by the lessor. Rent expense was approximately $8,480,000, $6,914,000 and $6,615,000 for the years ended December 31, 2013, 2012 and 2011, respectively.

On February 28, 2013, we entered into a lease agreement for approximately 63,985 square feet of office space in Columbia, Maryland for our corporate headquarters, replacing our former headquarters location in Elkridge, Maryland. The lease term is twelve years and encompasses three floors of an approximately 170,000 square foot existing office building. Occupancy and rent payments commenced on approximately August 1, 2013.

GP STRATEGIES CORPORATION

Notes to Consolidated Financial Statements

During the year ended December 31, 2011, we recognized a net gain of $1,041,000 on the reversal of a deferred rent liability related to the execution of a new lease for our Troy, Michigan facility. This gain is excluded from rent expense for the year ended December 31, 2011 as disclosed above.

Other

As of December 31, 2013, we had six outstanding letters of credit totaling $662,000, which expire in 2014 through 2018. In addition, we have three outstanding performance bonds totaling $3,582,000 relating to construction contracts scheduled to be completed in 2014.

(14) Quarterly Information (unaudited)

Our quarterly financial information has not been audited but, in management's opinion, includes all adjustments necessary for a fair presentation.

(In thousands)	Three months ended				Year ended
2013	March 31	June 30	September 30	December 31	December 31
Revenue	$ 101,373	$ 104,899	$ 113,197	$ 117,220	$ 436,689
Gross profit	16,181	18,395	20,061	21,628	76,265
Net income	4,925	5,247	6,143	7,441	23,756
Earnings per share:					
Basic	$ 0.26	$ 0.27	$ 0.32	$ 0.39	$ 1.24
Diluted	$ 0.26	$ 0.27	$ 0.32	$ 0.38	$ 1.23
2012					
Revenue	$ 93,605	$ 102,311	$ 99,671	$ 105,985	$ 401,572
Gross profit	15,612	19,005	17,929	19,425	71,971
Net income	4,384	5,984	6,183	6,137	22,688
Earnings per share:					
Basic	$ 0.23	$ 0.32	$ 0.33	$ 0.32	$ 1.20
Diluted	$ 0.23	$ 0.31	$ 0.32	$ 0.32	$ 1.18

The sum of the quarterly earnings per share amounts may not equal the total for the year due to the effects of rounding and dilution as a result of issuing common shares during the year.

Item 9: Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A: Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of December 31, 2013 were effective.

(b) Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Exchange Act Rule 13a-15(f). Our internal control processes and procedures are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our consolidated financial statements in accordance with United States generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that reasonably allow us to record, process, summarize, and report information and financial data within prescribed time periods and in accordance with Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of internal control over financial reporting as of December 31, 2013 based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control Integrated Framework (1992)* ("COSO Framework"). Based upon our evaluation, we concluded that our internal control over financial reporting was effective as of December 31, 2013.

Our internal control over financial reporting as of December 31, 2013 has been audited by KPMG LLP, an independent registered public accounting firm, whose report appears in Item 8.

(c) Changes in Internal Control over Financial Reporting

During the year ended December 31, 2013, there has been 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 has materially affected, or is reasonably likely to materially affect our internal control over financial reporting.

Item 9B: Other Information

None.

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Part III

Item 10. Directors, Executive Officers and Corporate Governance

The additional information required by this item will be either set forth under the *Election of Directors* section in the Proxy Statement for the 2014 Annual Meeting of Shareholders and incorporated herein by reference or provided in an amendment to this Form 10-K to be filed no later than April 30, 2014.

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 Securities and Exchange Commission ("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 2013, we believe that during 2013 all reports applicable to our officers, directors and greater than 10% beneficial owners were filed on a timely basis.

Item 11. Executive Compensation

The information required by this item will be either set forth under the *Executive Compensation* section in the Proxy Statement for the 2014 Annual Meeting of Shareholders and incorporated herein by reference or provided in an amendment to this Form 10-K to be filed no later than April 30, 2014.

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

The additional information required by this item will be either set forth under the *Principal Stockholders* and *Security Ownership of Directors and Named Executive Officers* sections in the Proxy Statement for the 2013 Annual Meeting of Stockholders and incorporated herein by reference or provided in an amendment to this Form 10-K to be filed no later than April 30, 2014.

Equity Compensation Plan information as of December 31, 2013

Plan category:	
Equity compensation plans not approved by security holders:	
(a) Number of securities to be issued upon exercise of outstanding options	100,700
(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	468,600
(b) Weighted average exercise price of outstanding options	$ 8.60
(c) Number of securities remaining available for future issuance under equity compensation plans	1,060,505

For a description of the material terms of our stock-based compensation plans, see Note 9 to the Consolidated Financial Statements in Item 8 of this report.

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

The information required by this item will be either set forth in the *Certain Relationships and Related Transactions* section of the Proxy Statement for the 2014 Annual Meeting of Shareholders and incorporated herein by reference or provided in an amendment to this Form 10-K to be filed no later than April 30, 2014.

Item 14. Principal Accounting Fees and Services

The information required by this item will be either set forth in the *Ratification of Independent Registered Public Accounting Firm* section of the Proxy Statement for the 2014 Annual Meeting of Shareholders and incorporated herein by reference or provided in an amendment to this Form 10-K to be filed no later than April 30, 2014.

Part IV

Item 15: Exhibits and Financial Statement Schedules

(a) The following documents are filed as a part of this Report:

(1) Financial Statements of GP Strategies Corporation and Subsidiaries (Part II, Item 8):

Reports of Independent Registered Public Accounting Firm

Consolidated Balance Sheets December 31, 2013 and 2012

Consolidated Statements of Operations Years ended December 31, 2013, 2012 and 2011

Consolidated Statements of Comprehensive Income Years ended December 31, 2013, 2012 and 2011

Consolidated Statements of Stockholders' Equity Years ended December 31, 2013, 2012 and 2011

Consolidated Statements of Cash Flows Years ended December 31, 2013, 2012 and 2011

Notes to Consolidated Financial Statements

(2) Financial Statement Schedules:

Other financial statement schedules are omitted because they are not required or applicable, or the required information is shown in the financial statements or notes thereto, or contained in this report.

(3) Exhibits required by Item 601 of Regulation S-K.

Exhibit number

2.1 Asset Purchase Agreement dated March 8, 2011, and Amendment No. 1 to Asset Purchase Agreement, by and among General Physics Corporation, General Physics (UK) Ltd., RWD Technologies, LLC, RWD Technologies UK Limited, RWD Technologies Canada, Co. RWD Holdings LLC, RWD Technologies De Colombia, Ltda. and the Equity Owners of the Sellers identified on the signature pages thereto. Incorporated herein by reference to Exhibits 2.1 and 2.2 of GP Strategies Corporation's Form 8-K filed on April 21, 2011.

3.1 Composite of the Restated Certificate of Incorporation of GP Strategies Corporation including all amendments through December 31, 2011. Incorporated herein by reference to Exhibit 3.1 of GP Strategies Corporation's Form 8-K filed on January 3, 2012.

3.2 GP Strategies Corporation Amended and Restated By-Laws, including all amendments through December 31, 2011. Incorporated herein by reference to Exhibit 3.2 of GP Strategies Corporation's Form 8-K filed on January 3, 2012.

10.1 Third Amended and Restated Financing and Security Agreement, dated April 30, 2012, by and between GP Strategies Corporation as Borrower and Wells Fargo Bank, National Association, as Lender. Incorporated herein by reference to Exhibit 10.1 of GP Strategies Corporation's Form 10-Q for the quarter ended March

31, 2012.

10.2 GP Strategies Corporation 2011 Stock Incentive Plan. Incorporated herein by reference to Appendix B of GP Strategies Corporation's Definitive Proxy Statement filed on November 1, 2011.

10.3 1973 Non-Qualified Stock Option Plan of GP Strategies Corporation, as amended on December 28, 2006. Incorporated by reference to Exhibit 10.1 of GP Strategies Corporation's Form 10-K for the year ended December 31, 2006.

10.4 GP Strategies Corporation 2003 Incentive Stock Plan. Incorporated herein by reference to Exhibit 4 of GP Strategies Corporation's Form 10-Q for the quarter ended September 30, 2003.

10.5 Employment Agreement, dated as of July 1, 1999, between GP Strategies Corporation's and Scott N. Greenberg. Incorporated herein by reference to Exhibit 10.1 of GP Strategies Corporation's Form 10-Q for the quarter ended September 30, 1999.

10.6 Amendment, dated January 21, 2005, to Employment Agreement dated as of July 1, 1999 between GP Strategies Corporation and Scott N. Greenberg. Incorporated herein by reference to Exhibit 10.1 of GP Strategies Corporation's Form 8-K filed on January 25, 2005.

10.7 Amendment, dated June 20, 2007, to Employment Agreement dated as of July 1, 1999 between GP Strategies Corporation and Scott N. Greenberg. Incorporated herein by reference to Exhibit 10.1 of GP Strategies Corporation's Form 8-K filed on June 26, 2007.

10.8 Amendment, dated December 30, 2008, to Employment Agreement by and between GP Strategies Corporation and Scott N. Greenberg dated July 1, 1999. Incorporated herein by reference to Exhibit 10.1 of GP Strategies Corporation's Form 8-K filed on January 6, 2009.

10.9 Amendment, dated December 30, 2009, to Employment Agreement by and between GP Strategies Corporation and Scott N. Greenberg dated July 1, 1999. Incorporated herein by reference to Exhibit 10.3 to GP Strategies Corporation's Form 8-K filed December 31, 2009.

10.10 Amendment, dated December 30, 2011, to Employment Agreement dated as of July 1, 1999 between General Physics Corporation and Douglas E. Sharp. Incorporated herein by reference to Exhibit 10.1 of GP Strategies Corporation's Form 8-K filed on January 3, 2012.

10.11 Employment Agreement, dated as of July 1, 1999, between General Physics Corporation and Douglas E. Sharp. Incorporated herein by reference to Exhibit 10.11 of GP Strategies Corporation's Form 10-K for the year ended December 31, 2003.

10.12 Amendment, dated January 21, 2005, to Employment Agreement dated as of July 1, 1999 between General Physics Corporation and Douglas E. Sharp. Incorporated herein by reference to Exhibit 10.2 of GP Strategies Corporation's Form 8-K filed on January 25, 2005.

10.13 Amendment, dated June 20, 2007, to Employment Agreement dated as of July 1, 1999 between General Physics Corporation and Douglas E. Sharp. Incorporated herein by reference to Exhibit 10.2 of GP Strategies Corporation's Form 8-K filed on June 26, 2007.

10.14 Amendment, dated December 30, 2008, to Employment Agreement by and between General Physics Corporation and Douglas Sharp dated July 1, 1999. Incorporated herein by reference to Exhibit 10.2 of GP Strategies Corporation's Form 8-K filed on January 6, 2009.

10.15 Amendment, dated December 30, 2009, to Employment Agreement by and between General Physics Corporation and Douglas Sharp dated July 1, 1999. Incorporated herein by reference to Exhibit 10.4 to GP Strategies Corporation's Form 8-K filed December 31, 2009.

10.16 Amendment, dated December 30, 2011, to Employment Agreement dated as of July 1, 1999 between General Physics Corporation and Douglas E. Sharp. Incorporated herein by reference to Exhibit 10.3 of GP Strategies Corporation's Form 8-K filed on January 3, 2012.

10.17 Form of Employment Agreement between General Physics Corporation and certain of its executive vice presidents. Incorporated herein by reference to Exhibit 10.1 of GP Strategies Corporation's Form 8-K filed on October 4, 2007.

10.18 Form of Employment Agreement between General Physics Corporation and certain of its senior vice presidents. Incorporated herein by reference to Exhibit 10.4 of GP Strategies Corporation's Form 10-Q for the quarter ended September 30, 2007.

10.19	Amendment, dated December 30, 2011, to Form of Employment Agreement between General Physics Corporation and certain of its executive officers. Incorporated herein by reference to Exhibit 10.3 of GP Strategies Corporation's Form 8-K filed on January 3, 2012.
10.20	Form of Non-Qualified Stock Option Agreement between GP Strategies Corporation and certain officers, dated June 26, 2007. Incorporated herein by reference to Exhibit 10.1 of GP Strategies Corporation's Form 10-Q for the quarter ended June 30, 2007.
10.21	Form of Stock Unit Agreement between GP Strategies Corporation and certain officers, dated November 7, 2008. Incorporated herein by reference to Exhibit 10.15 of GP Strategies Corporation's Form 10-K for the year ended December 31, 2008.
10.22	Form of Non-Qualified Stock Option Agreement between GP Strategies Corporation and certain officers, dated January 21, 2010. Incorporated herein by reference to Exhibit 10.23 to GP Strategies Corporation's Form 10-K for the year ended December 31, 2009.
10.23	Lease Agreement, entered into as of February 28, 2013 by and between 70 CC, LLC, a Delaware limited liability company ("Landlord") and GP Strategies Corporation, a Delaware corporation ("Tenant"). Incorporated herein by reference to Exhibit 10.1 to GP Strategies Corporation's Form 8-K filed on March 5, 2013.
10.24	Securities Purchase Agreement, dated as of December 30, 2009, between GP Strategies Corporation and Sagard Capital Partners, L.P. Incorporated herein by reference to Exhibit 10.1 to GP Strategies Corporation's Form 8-K filed December 31, 2009.
10.25	Amendment, dated December 30, 2011, to Securities Purchase Agreement, dated as of December 30, 2009, between GP Strategies Corporation and Sagard Capital Partners, L.P. Incorporated herein by reference to Exhibit 10.4 of GP Strategies Corporation's Form 8-K filed on January 3, 2012.
10.26	Registration Rights Agreement, dated as of December 30, 2009, between GP Strategies Corporation and Sagard Capital Partners, L.P. Incorporated herein by reference to Exhibit 10.2 to GP Strategies Corporation's Form 8-K filed December 31, 2009.
10.27	Code of Ethics Policy. Incorporated herein by reference to Exhibit 14.1 of GP Strategies Corporation's Form 10-K for the year ended December 31, 2003.
10.28	Form of Indemnification Agreement. Incorporated herein by reference to Exhibit 10.1 of GP Strategies Corporation's Form 8-K dated December 23, 2005.
10.29	Global Outsourcing Services Agreement dated July 2, 2013 between HSBC Holdings plc and GP Strategies Managed Services Limited relating to the Provision of Global Learning Services. Incorporated herein by reference to Exhibit 10.1 of GP Strategies Corporation's Form 10-Q for the quarter ended September 30, 2013.
21	Subsidiaries of GP Strategies Corporation*
23	Consent of KPMG LLP, Independent Registered Public Accounting Firm*
31.1	Certification of Chief Executive Officer*

31.2	Certification of Chief Financial Officer*
32.1	Certification Pursuant to Section 18 U.S.C. Section 1350*
101	The following materials from GP Strategies Corporation's Annual Report on Form 10-K for the year ended December 31, 2013, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Operations; (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Stockholders' Equity; (v) Consolidated Statements of Cash Flows; and (vi) Notes to Consolidated Financial Statements.*

* Filed herewith.

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: February 28, 2014

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signatures	Title	Date
/s/ Scott N. Greenberg Scott N. Greenberg	Chief Executive Officer (Principal Executive Officer and Director)	February 28, 2014
/s/ Sharon Esposito-Mayer Sharon Esposito-Mayer	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	February 28, 2014
/s/ Harvey P. Eisen Harvey P. Eisen	Chairman of the Board of Directors	February 28, 2014
/s/ Daniel M. Friedberg Daniel M. Friedberg	Director	February 28, 2014
/s/ Marshall S. Geller Marshall S. Geller	Director	February 28, 2014
/s/ Sue W. Kelly Sue W. Kelly	Director	February 28, 2014
/s/ Richard C. Pfenniger, Jr. Richard C. Pfenniger, Jr.	Director	February 28, 2014
/s/ A. Marvin Strait A. Marvin Strait	Director	February 28, 2014