UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2015

or

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

For the transition period from to

Commission File Number 1-7234

GP STRATEGIES CORPORATION
(Exact name of Registrant as specified in its charter)

Delaware	**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:

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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

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

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

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

The number of shares outstanding of the registrant's common stock as of October 23, 2015 was as follows:

Class	Outstanding
Common Stock, par value $.01 per share	17,028,338 shares

GP STRATEGIES CORPORATION AND SUBSIDIARIES

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Part I. Financial Information

Item 1. Financial Statements

GP STRATEGIES CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(In thousands, except per share amounts)

	September 30, 2015 (Unaudited)	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$ 13,631	$ 14,541
Accounts and other receivables, less allowance for doubtful accounts of $1,897 in 2015 and $1,947 in 2014	99,516	99,638
Costs and estimated earnings in excess of billings on uncompleted contracts	39,301	30,211
Prepaid expenses and other current assets	16,308	15,967
Total current assets	168,756	160,357
Property, plant and equipment	21,142	20,837
Accumulated depreciation	(14,391)	(12,973)
Property, plant and equipment, net	6,751	7,864
Goodwill	123,129	125,757
Intangible assets, net	7,246	10,535
Other assets	1,039	939
	$ 306,921	$ 305,452
Liabilities and Stockholders' Equity		
Current liabilities:		
Short-term borrowings	$ 32,907	$ 20,799
Current portion of long-term debt	13,333	13,333
Accounts payable and accrued expenses	60,746	59,018
Billings in excess of costs and estimated earnings on uncompleted contracts	16,476	23,670
Total current liabilities	123,462	116,820
Long-term debt	14,444	24,444
Other noncurrent liabilities	10,778	12,463
Total liabilities	148,684	153,727
Stockholders' equity:		
Common stock, par value $0.01 per share	172	171
Additional paid-in capital	106,914	104,523
Retained earnings	67,346	54,809
Treasury stock at cost	(5,004)	(381)
Accumulated other comprehensive loss	(11,191)	(7,397)
Total stockholders' equity	158,237	151,725
	$ 306,921	$ 305,452

See accompanying notes to condensed consolidated financial statements.

GP STRATEGIES CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Operations

(Unaudited)

(In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenue	$ 122,931	$ 123,869	$ 363,849	$ 376,667
Cost of revenue	102,562	101,351	304,269	311,027
Gross profit	20,369	22,518	59,580	65,640
Selling, general and administrative expenses	12,253	11,863	35,859	34,914
Restructuring charges	1,195	—	1,195	—
Gain (loss) on change in fair value of contingent consideration, net	(56)	655	(314)	1,513
Operating income	6,865	11,310	22,212	32,239
Interest expense	340	117	1,011	399
Other income (expense)	(606)	(72)	(1,141)	185
Income before income tax expense	5,919	11,121	20,060	32,025
Income tax expense	2,203	3,877	7,523	12,351
Net income	$ 3,716	$ 7,244	$ 12,537	$ 19,674
Basic weighted average shares outstanding	17,117	19,131	17,151	19,138
Diluted weighted average shares outstanding	17,272	19,391	17,313	19,409
Per common share data:				
Basic earnings per share	$ 0.22	$ 0.38	$ 0.73	$ 1.03
Diluted earnings per share	$ 0.22	$ 0.37	$ 0.72	$ 1.01

See accompanying notes to condensed consolidated financial statements.

GP STRATEGIES CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)
(In thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	**2014**	**2015**	**2014**
Net income	$ 3,716	$ 7,244	$ 12,537	$ 19,674
Foreign currency translation adjustments	(2,696)	(3,674)	(3,794)	(2,446)
Comprehensive income	$ 1,020	$ 3,570	$ 8,743	$ 17,228

See accompanying notes to condensed consolidated financial statements.

GP STRATEGIES CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
Nine Months Ended September 30, 2015 and 2014
(Unaudited, in thousands)

	2015	2014
Cash flows from operating activities:		
Net income	$ 12,537	$ 19,674
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss (gain) on change in fair value of contingent consideration, net	314	(1,513)
Depreciation and amortization	6,014	7,477
Deferred income taxes	—	366
Non-cash compensation expense	4,473	3,510
Changes in other operating items:		
Accounts and other receivables	(1,418)	6,164
Costs and estimated earnings in excess of billings on uncompleted contracts	(9,914)	(15,937)
Prepaid expenses and other current assets	220	(2,725)
Accounts payable and accrued expenses	5,275	6,129
Billings in excess of costs and estimated earnings on uncompleted contracts	(6,695)	(3,778)
Income tax benefit of stock-based compensation	(435)	(1,539)
Contingent consideration payments in excess of fair value on acquisition date	(325)	(1,043)
Other	(518)	(121)
Net cash provided by operating activities	9,528	16,664
Cash flows from investing activities:		
Additions to property, plant and equipment	(1,831)	(2,315)
Acquisitions, net of cash acquired	—	(8,666)
Other investing activities	85	246
Net cash used in investing activities	(1,746)	(10,735)
Cash flows from financing activities:		
Proceeds from short-term borrowings	12,108	4,473
Repayment of long-term debt	(10,000)	—
Contingent consideration payments	(2,284)	(977)
Change in negative cash book balance	(1,865)	(2,576)
Tax withholding payments for employee stock-based compensation in exchange for shares surrendered	(650)	(1,978)
Income tax benefit of stock-based compensation	435	1,539
Repurchases of common stock in the open market	(6,535)	(3,051)
Proceeds from stock option exercises	115	81
Other financing activities	(10)	(4)
Net cash used in financing activities	(8,686)	(2,493)
Effect of exchange rate changes on cash and cash equivalents	(6)	35
Net decrease in cash and cash equivalents	(910)	3,471
Cash and cash equivalents at beginning of period	14,541	5,647
Cash and cash equivalents at end of period	$ 13,631	$ 9,118
Supplemental disclosures of cash flow information:		
Cash paid during the period for income taxes	$ 5,655	$ 14,502

See accompanying notes to condensed consolidated financial statements.

(1) Basis of Presentation

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

The accompanying condensed consolidated balance sheet as of September 30, 2015 and the condensed consolidated statements of operations, comprehensive income and cash flows for the nine months ended September 30, 2015 and 2014 have not been audited, but have been prepared in conformity with U.S. generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2014, as presented in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2014. In the opinion of management, this interim information includes all material adjustments, which are of a normal and recurring nature, necessary for a fair presentation. The results for the 2015 interim period are not necessarily indicative of results to be expected for the entire year. Certain prior year amounts have been reclassified to conform to current year presentation.

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

(2) Accounting Standard Issued

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, which provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supersede most current revenue recognition guidance. The standard’s core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. ASU 2014-9 was originally effective for annual reporting periods, and interim periods within that period, beginning after December 15, 2016 and early adoption was not permitted. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers: Deferral of the Effective Date*, to defer the effective date by one year to December 15, 2017 for interim and annual reporting periods beginning after that date and permitted early adoption of the standard, but not before the original effective date of December 15, 2016. Companies may use either a full retrospective or a modified retrospective approach to adopt ASU 2014-9. We are still in the process of evaluating the impact of adoption of this ASU on our consolidated financial statements.

(3) Significant Customers & Concentration of Credit Risk

We have a market concentration of revenue in both the automotive sector and financial services & insurance sector. Revenue from the automotive industry accounted for approximately 18% and 14% of our consolidated revenue for the nine months ended September 30, 2015 and 2014, respectively. In addition, we have a concentration of revenue from a single automotive customer, which accounted for approximately 12% of our consolidated revenue for the nine months ended September 30, 2015. As of September 30, 2015, accounts receivable from a single automotive customer totaled $9.7 million, or 10%, of our consolidated accounts receivable balance.

Revenue from the financial services & insurance industry accounted for approximately 21% and 16% of our consolidated revenue for the nine months ended September 30, 2015 and 2014, respectively. Beginning in 2015, we have a concentration of revenue from a single financial services customer, which accounted for approximately 14% of our consolidated revenue for the nine months ended September 30, 2015. As of September 30, 2015, billed and unbilled accounts receivable from a single financial services customer totaled $35.8 million, or 26%, of our consolidated accounts receivable and costs and estimated earnings in excess of billings on uncompleted contracts balances.

No other single customer accounted for more than 10% of our consolidated revenue for the nine months ended September 30, 2015 and 2014 or consolidated accounts receivable balance as of September 30, 2015.

(4) Earnings Per Share

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

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

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2015	**2014**	**2015**	**2014**
	(In thousands)			
Non-dilutive instruments	29	—	20	—
Dilutive common stock equivalents	155	260	162	271

(5) Acquisitions

Contingent Consideration

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

Below is a summary of the potential contingent consideration we may be required to pay in connection with completed acquisitions as of September 30, 2015 (dollars in thousands):

	Original range of potential undiscounted	As of September 30, 2015 Maximum contingent consideration due in		
Acquisition:	**payments**	**2015**	**2016**	**Total**
Effective Companies	$0 - $5,232	—	2,616	2,616

Below is a summary of the changes in the recorded amount of contingent consideration liabilities from December 31, 2014 to September 30, 2015 (dollars in thousands):

Acquisition:	**Liability as of December 31, 2014**	**Additions (Payments)**	**Change in Fair Value of Contingent Consideration**	**Foreign Currency Translation**	**Liability as of September 30, 2015**
Effective Companies	$ 5,083	$ (2,609)	$ 314	$ (390)	$ 2,398

As of September 30, 2015 and December 31, 2014, contingent consideration considered a current liability and included in accounts payable totaled $2.4 million and $2.7 million, respectively. As of September 30, 2015 and December 31, 2014, we also had accrued contingent consideration totaling $0 and $2.4 million, respectively, related to acquisitions which are included in other long-term liabilities on the consolidated balance sheet and represent the portion of contingent consideration estimated to be payable greater than twelve months from the balance sheet date.

(6) Intangible Assets

Goodwill

Changes in the carrying amount of goodwill by reportable business segment for the nine months ended September 30, 2015 were as follows (in thousands):

	Learning Solutions	Professional & Technical Services	Sandy	Performance Readiness Solutions	Total
Balance as of December 31, 2014	$ 53,094	$ 44,143	$ 653	$ 27,867	$ 125,757
Foreign currency translation	(2,360)	(233)	—	(35)	(2,628)
Balance as of September 30, 2015	$ 50,734	$ 43,910	$ 653	$ 27,832	$ 123,129

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):

September 30, 2015	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	$ 20,380	$ (13,916)	$ 6,464
Intellectual property and other	1,777	(995)	782
	$ 22,157	$ (14,911)	$ 7,246
December 31, 2014			
Customer relationships	$ 22,603	$ (13,042)	$ 9,561
Intellectual property and other	2,160	(1,186)	974
	$ 24,763	$ (14,228)	$ 10,535

(7) Stock-Based Compensation

We recognize compensation expense for stock-based compensation awards issued to employees that are expected to vest. Compensation cost is based on the fair value of awards as of the grant date.

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

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Non-qualified stock options	$ 55	$ 113	$ 169	$ 367
Restricted stock units	658	292	1,747	886
Board of Directors stock grants	68	86	296	245
Total stock-based compensation expense	$ 781	$ 491	$ 2,212	$ 1,498

Pursuant to our 2011 Stock Incentive Plan (the "2011 Plan"), we may grant awards of non-qualified stock options, incentive stock options, restricted stock, stock units, performance shares, performance units and other incentives payable in cash or in shares of our common stock to officers, employees or members of the Board of Directors. As of September 30, 2015, we had non-qualified stock options and restricted stock units outstanding under these plans as discussed below.

Non-Qualified Stock Options

Summarized information for the Company's 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, 2014	229,150	$ 11.54		
Granted	—	—		
Exercised	(41,900)	10.75		
Forfeited	(600)	13.17		
Expired	—	—		
Outstanding at September 30, 2015	186,650	$ 11.71	1.14	$ 2,075,000
Exercisable at September 30, 2015	148,750	$ 10.85	0.97	$ 1,780,000

Restricted Stock Units

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

	Nine Months Ended September 30, 2015	Weighted average grant date fair value
	(In shares)	*(In dollars)*
Outstanding and unvested, beginning of period	263,084	$ 25.00
Granted	82,120	36.71
Vested	(40,976)	19.14
Forfeited	(508)	25.30
Outstanding and unvested, end of period	303,720	$ 28.96

On March 30, 2015, the Compensation Committee approved an incentive program providing for the issuance to certain executives of the Company a combination of performance-based and time-based restricted stock units under the 2011 Plan. Under the program, a target level of equity compensation is set for each officer. The total equity compensation is divided into performance-based and time-based restricted stock units. Under the program, the Compensation Committee sets the performance-based goals within the first 90 days of each year.

On March 30, 2015, the Compensation Committee granted 52,476 performance-based restricted stock units ("PSU's") to certain officers of the Company. Vesting of the PSU's is contingent upon the employee's continued employment and the Company's achievement of certain performance goals during a three-year performance period. The performance goals are established by the Compensation Committee and for the 2015-2017 performance period are based on financial targets, including an average annual return on invested capital (“ROIC”) and average annual growth in earnings before interest, taxes, depreciation and amortization (adjusted to exclude the effect of acquisitions, dispositions, and certain other nonrecurring or extraordinary items) (“Adjusted EBITDA”). We recognize compensation expense, net of estimated forfeitures, for PSU's on a straight-line basis over the performance period based on the probable outcome of achievement of the financial targets. At the end of each reporting period, we estimate the number of PSU's expected to vest, based on the probability and extent to which the performance goals will be met, and take into account these estimates when calculating the expense for the period. If the number of shares expected to be earned changes during the performance period, we will make a cumulative adjustment to compensation expense based on the revised number of shares expected to be earned.

Also on March 30, 2015 in conjunction with the grant of PSU's, the Compensation Committee granted a total of 29,644 time-based restricted stock units to the same officers of the Company. Vesting of the time-based restricted stock units is subject to the employee's continued employment through December 31, 2017.

(8) Debt

On September 2, 2014, we entered into a Fourth Amended and Restated Financing and Security Agreement (the "Credit Agreement"). The Credit Agreement provides for a revolving credit facility up to a maximum principal amount of $65 million expiring on October 31, 2018 and for a term loan in the principal amount of $40 million maturing on October 31, 2017 , and is secured by substantially all of our assets.

The maximum interest rate on the Credit Agreement is the daily one-month LIBOR market index rate plus 2.50%. Based on our financial performance, the interest rate can be reduced to a minimum rate of the daily one-month LIBOR market index rate plus 1.25%, with the rate being determined based on our maximum leverage ratio for the preceding four quarters. Each unpaid advance on the revolving loan will bear interest until repaid. The term loan is payable in monthly installments equal to $1.1 million plus applicable interest, beginning on November 1, 2014 and ending on October 31, 2017. We may prepay the term loan or the revolving loan, in whole or in part, at any time without premium or penalty, subject to certain conditions. Amounts repaid or prepaid on the term loan may not be reborrowed.

The Credit Agreement contains customary affirmative and negative covenants, including covenants that limit or restrict our and our subsidiaries' (subject to certain exceptions) ability to, among other things, grant liens, make investments, incur indebtedness, merge or consolidate, dispose of assets or make acquisitions. We are also required to maintain compliance with a minimum fixed charge coverage ratio and a maximum leverage ratio. We were in compliance with all of the financial covenants under the Credit Agreement as of September 30, 2015. As of September 30, 2015, our total long-term debt outstanding under the term loan was $27.8 million. In addition, there were $32.9 million of borrowings outstanding and $31.5 million of available borrowings under the Credit Agreement. For the nine months ended September 30, 2015, the weighted average interest rate on our borrowings was 2.0%.

(9) Income Taxes

Income tax expense was $7.5 million, or an effective income tax rate of 37.5%, for the nine months ended September 30, 2015 compared to $12.4 million, or an effective income tax rate of 38.6%, for the nine months ended September 30, 2014. The decrease in the effective income tax rate is due to a larger portion of our income being derived from foreign jurisdictions which are taxed at lower rates. Income tax expense for the quarterly periods is based on an estimated annual effective tax rate which includes the U.S. federal, state and local, and non-U.S. statutory rates, permanent differences, and other items that may have an impact on income tax expense.

An uncertain tax position taken or expected to be taken in a tax return is recognized in the financial statements when it is more likely than not (i.e., a likelihood of more than fifty percent) that the position would be sustained upon examination by tax authorities that have full knowledge of all relevant information. A recognized tax position is then measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Interest and penalties related to income taxes are accounted for as income tax expense. As of September 30, 2015, we had no uncertain tax positions reflected on our consolidated balance sheet. The Company files income tax returns in U.S. federal, state and local jurisdictions, and various non-U.S. jurisdictions, and is subject to audit by tax authorities in those jurisdictions. Tax years 2012 through 2014 remain open to examination by these tax jurisdictions, and earlier years remain open to examination in certain of these jurisdictions which have longer statutes of limitations.

(10) Stockholders' Equity

Changes in stockholders' equity during the nine months ended September 30, 2015 were as follows (in thousands):

	Common stock	Additional paid-in capital	Retained earnings	Treasury stock at cost	Accumulated other comprehensive loss	Total stockholders' equity
Balance at December 31, 2014	$ 171	$ 104,523	$ 54,809	$ (381)	$ (7,397)	$ 151,725
Net income	—	—	12,537	—	—	12,537
Foreign currency translation adjustment	—	—	—	—	(3,794)	(3,794)
Repurchases of common stock	—	—	—	(6,594)	—	(6,594)
Stock-based compensation expense	—	2,212	—	—	—	2,212
Issuance of stock for employer contributions to retirement plan	—	681	—	1,359	—	2,040
Net issuances of stock pursuant to stock compensation plans and other	1	(502)	—	612	—	111
Balance at September 30, 2015	$ 172	$ 106,914	$ 67,346	$ (5,004)	$ (11,191)	$ 158,237

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 three and nine months ended September 30, 2015, we repurchased approximately 222,000 and 255,000 shares, respectively, of our common stock in the open market for a total cost of approximately $5.5 million and $6.6 million, respectively. As of September 30, 2015, there was approximately $8.4 million available for future repurchases under the buyback program.

(11) Restructuring

During the third quarter of 2015, we implemented a cost savings initiative to better align costs with revenues and improve our operating margins. The initiatives included a workforce reduction, lease exit costs and other general expense controls. We recorded severance expense of $1.1 million for the three months ended September 30, 2015 which is included in Restructuring charges on the consolidated statements of operations and is expected to be substantially paid by the end of the first quarter of 2016. We also incurred an immaterial amount of lease termination costs during the third quarter of 2015. The total remaining liability under these restructuring activities was $0.8 million as of September 30, 2015 and is included in accounts payable and accrued expenses on the consolidated balance sheet. We expect these restructuring activities to be substantially completed by the end of the first quarter of 2016.

(12) Business Segments

As of September 30, 2015, we operated through four reportable business segments: (i) Learning Solutions, (ii) Professional & Technical Services, (iii) Sandy Training & Marketing, and (iv) Performance Readiness Solutions. Each of our reportable segments represents an operating segment under U.S. GAAP. We are organized by operating groups 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, 2015, we realigned our operating groups, centralizing our service offerings to better respond to our customers' global needs, and to improve our internal efficiencies to leverage common technologies and practices across the company. This resulted in changes to our organizational structure to transfer the management responsibility of certain business units between segments, which changed the composition of certain of our operating segments. The changes primarily consisted of: (i) the Energy Services group became part of the Professional & Technical Services segment; (ii) certain business units providing leadership development offerings were transferred from the Learning Solutions segment to the Performance Readiness Solutions segment, (iii) a business unit which predominantly provides content development services to U.S. government and commercial clients transferred from the Professional & Technical Services segment to the Performance Readiness Solutions segment; and (iv) two business units providing engineering and technical services in Europe were transferred from the Learning Solutions segment to the Professional & Technical Services segment. We have reclassified the segment financial information herein for the prior year 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, eLearning services, system hosting, training business process outsourcing and consulting services globally. This segment serves large companies in the electronics and semiconductors, healthcare, software, financial services and other industries, as well as government agencies. This segment also provides apprenticeship and vocational skills training for the United Kingdom government. 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. The Professional & Technical Services segment provides 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, energy and petrochemical industries; federal and state government agencies; and large government contractors. 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 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 equipment.

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 salesforces with respect to new vehicle features and designs, in effect rapidly increasing the salesforce knowledge base and enabling them to address detailed customer queries. Furthermore, Sandy helps our clients assess their customer relationship marketing strategy and connect with their customers on a one-to-one basis, including through custom publications. 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, training content development and sales enablement solutions. This segment also offers organizational performance solutions, including leadership development training and employee engagement tools and services. Industries served include manufacturing, aerospace, healthcare, life sciences, consumer products, financial, telecommunications, services and higher education, as well as government agencies.

We do not allocate the following items to the segments: other income (expense), interest expense, restructuring charges, 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):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	**2014**	**2015**	**2014**
Revenue:				
Learning Solutions	$ 51,879	$ 49,638	$ 154,463	$ 143,578
Professional & Technical Services	30,354	36,138	90,317	118,364
Sandy Training & Marketing	22,115	15,883	62,043	50,364
Performance Readiness Solutions	18,583	22,210	57,026	64,361
	$ 122,931	$ 123,869	$ 363,849	$ 376,667
Operating income:				
Learning Solutions	$ 4,815	$ 3,300	$ 11,637	$ 8,049
Professional & Technical Services	2,731	4,426	9,716	16,577
Sandy Training & Marketing	150	1,023	1,481	3,204
Performance Readiness Solutions	420	1,906	887	2,896
Restructuring charges	1,195	—	1,195	—
Gain (loss) on change in fair value of contingent consideration, net	(56)	655	(314)	1,513
Operating income	6,865	11,310	22,212	32,239
Interest expense	340	117	1,011	399
Other income (expense)	(606)	(72)	(1,141)	185
Income before income tax expense	$ 5,919	$ 11,121	$ 20,060	$ 32,025

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

Results of Operations

General Overview

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

As of September 30, 2015, we operated through four reportable business segments: (i) Learning Solutions, (ii) Professional & Technical Services, (iii) Sandy Training & Marketing, and (iv) Performance Readiness Solutions. Each of our reportable segments represents an operating segment under U.S. GAAP. 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, 2015, we realigned our operating groups, centralizing our service offerings to better respond to our customers' global needs, and to improve our internal efficiencies to leverage common technologies and practices across the company. This resulted in changes to our organizational structure to transfer the management responsibility of certain business units between segments, which changed the composition of certain of our operating segments. The changes primarily consisted of: (i) the Energy Services group became part of the Professional & Technical Services segment; (ii) certain business units providing leadership development offerings were transferred from the Learning Solutions segment to the Performance Readiness Solutions segment, (iii) a business unit which predominantly provides content development services to U.S. government and commercial clients transferred from the Professional & Technical Services segment to the Performance Readiness Solutions segment; and (iv) two business units providing engineering and technical services in Europe were transferred from the Learning Solutions segment to the Professional & Technical Services segment. We have reclassified the segment financial information herein for the prior year 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, eLearning services, system hosting, training business process outsourcing and consulting services globally. This segment serves large companies in the electronics and semiconductors, healthcare, software, financial services and other industries, as well as government agencies. This segment also provides apprenticeship and vocational skills training for the United Kingdom government. 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. The Professional & Technical Services segment provides 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, energy and petrochemical industries; federal and state government agencies; and large government contractors. 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 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 equipment.

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 salesforces with respect to new vehicle features and designs, in effect rapidly increasing the salesforce knowledge base and enabling them to address detailed customer queries. Furthermore, Sandy helps our clients assess their customer relationship marketing strategy and connect with their customers on a one-to-one basis, including through custom publications. 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, training content development and sales enablement solutions. This segment also offers organizational performance solutions, including leadership development training and employee engagement tools and services. Industries served include manufacturing, aerospace, healthcare, life sciences, consumer products, financial, telecommunications, services and higher education, as well as government agencies.

Operating Highlights

Three Months ended September 30, 2015 Compared to the Three Months ended September 30, 2014

Our revenue decreased $0.9 million or 0.8% and our gross profit decreased $2.1 million or 9.5% during the third quarter of 2015 compared to the third quarter of 2014. The net decline is largely attributable to a $4.5 million revenue decrease due to the completion of alternative fuels projects in 2014 and a $2.8 million revenue decrease due to unfavorable changes in foreign currency exchange rates during the third quarter, partially offset by an increase in global training services. The changes in revenue and gross profit are discussed in further detail below by segment.

Operating income, the components of which are discussed below, decreased $4.4 million or 39.3% to $6.9 million for the third quarter of 2015 compared to $11.3 million for the third quarter of 2014. The net decrease in operating income was primarily due to a $2.1 million decrease in gross profit, a $0.4 million increase in SG&A expenses, and a $0.7 million decrease in the change in fair value of contingent consideration. In addition, we implemented a cost savings initiative in the third quarter of 2015 to better align costs with revenues and improve our operating margins. In connection with this initiative, we incurred $1.2 million of restructuring costs during the three months ended September 30, 2015, primarily consisting of severance expense. We estimate that our cost savings initiative will result in approximately $10 million of net annual cost reductions.

For the three months ended September 30, 2015, we had income before income tax expense of $5.9 million compared to $11.1 million for the three months ended September 30, 2014. Net income was $3.7 million, or $0.22 per diluted share, for the three months ended September 30, 2015, compared to net income of $7.2 million, or $0.37 per diluted share, for the three months ended September 30, 2014. Diluted weighted average shares outstanding were 17.3 million for the three months ended September 30, 2015 compared to 19.4 million for the three months ended September 30, 2014. The decrease in shares outstanding is primarily due to the completion of the modified "Dutch auction" tender offer in October 2014 in which we repurchased 2.1 million shares of our outstanding common stock.

Revenue

(Dollars in thousands)	Three months ended September 30, 2015	Three months ended September 30, 2014
Learning Solutions	$ 51,879	$ 49,638
Professional & Technical Services	30,354	36,138
Sandy Training & Marketing	22,115	15,883
Performance Readiness Solutions	18,583	22,210
	$ 122,931	$ 123,869

Learning Solutions revenue increased $2.2 million or 4.5% during the third quarter of 2015 compared to the third quarter of 2014. The increase in revenue is due to the following:

- A $3.5 million net increase in e-Learning content development and training business process outsourcing (BPO) services primarily attributable to a global outsourcing contract with a financial services client; and

- A $0.8 million increase in UK government funded skills training services.

These revenue increases were offset by a $2.1 million decrease in revenue due to unfavorable changes in foreign currency exchange rates.

Professional & Technical Services revenue decreased $5.8 million or 16.0% during the third quarter of 2015 compared to the third quarter of 2014. The net decrease in revenue is due to the following:

- A $4.5 million decrease due to the completion of LNG projects by our alternative fuels business in 2014;
- A $1.1 million net decrease in our Energy business primarily due to a decline in training services; and
- A $0.7 million decrease in revenue due to unfavorable changes in foreign currency exchange rates.

These decreases were partially offset by a $0.5 million net increase in training and technical services for various clients.

Sandy Training & Marketing revenue increased $6.2 million or 39.2% during the third quarter of 2015 compared to the third quarter of 2014. The net increase is primarily due to an increase in magazine publications revenue due to a new publication contract with an automotive customer which began in the second quarter of 2015.

Performance Readiness Solutions revenue decreased $3.6 million or 16.3% during the third quarter of 2015 compared to the third quarter of 2014. The net decrease is primarily due to a decline in its ERP implementation business due to project completions and a decline in training and consulting services for certain of its existing customers during the third quarter of 2015. If we continue to experience significant declines in this segment in future periods, we could incur goodwill impairment charges in the future.

Gross Profit

(Dollars in thousands)	**Three months ended September 30,**					
	2015			**2014**		
			% Revenue			% Revenue
Learning Solutions	$	9,808	18.9%	$	8,384	16.9%
Professional & Technical Services		5,527	18.2%		7,384	20.4%
Sandy Training & Marketing		2,470	11.2%		2,519	15.9%
Performance Readiness Solutions		2,564	13.8%		4,231	19.0%
	$	20,369	16.6%	$	22,518	18.2%

Learning Solutions gross profit of $9.8 million or 18.9% of revenue for the third quarter of 2015 increased by $1.4 million or 17.0% when compared to gross profit of $8.4 million or 16.9% of revenue for the third quarter of 2014. The increase in gross profit is due to the revenue increases noted above, a reduction in implementation costs incurred on a global outsourcing contract with a financial services client and an increase in gross profit and margin on UK government funded skills training services. These increases were offset by a $0.3 million decrease in gross profit due to unfavorable changes in foreign currency exchange rates.

Professional & Technical Services gross profit of $5.5 million or 18.2% of revenue for the third quarter of 2015 decreased by $1.9 million or 25.1% when compared to gross profit of $7.4 million or 20.4% of revenue for the third quarter of 2014. The decrease in gross profit and margin is primarily due to the LNG revenue decreases noted above and a $0.7 million non-recurring revenue and profit increase in the third quarter of 2014 for a project completion bonus on a government contract.

Sandy Training & Marketing gross profit of $2.5 million or 11.2% of revenue for the third quarter of 2015 was flat when compared to gross profit of $2.5 million or 15.9% of revenue for the third quarter of 2014 due to the revenue increase noted above. Gross profit as a percentage of revenue decreased during the third quarter of 2015 due to an increase in lower margin publication revenue compared to the third quarter of 2014. We anticipate that the gross margins in this segment will continue to be lower in future quarters compared to prior periods due to an increase in lower margin publications revenue that is expected to continue for the remainder of this year.

Performance Readiness Solutions gross profit of $2.6 million or 13.8% of revenue for the third quarter of 2015 decreased by $1.7 million or 39.4% when compared to gross profit of $4.2 million or 19.0% of revenue for the third quarter of 2014. The decrease in gross profit is primarily due to a decrease in revenue on higher margin projects which concluded compared to the other revenue streams in this segment. If we continue to experience significant declines in this segment in future periods, we could incur goodwill impairment charges in the future.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased \$0.4 million or 3.3% from \$11.9 million for the third quarter of 2014 to \$12.3 million for the third quarter of 2015. The increase in SG&A expenses is due to a \$0.6 million increase in labor and benefits expense due to international expansion during 2014 and a \$0.2 million net increase in IT infrastructure and various other expenses, partially offset by a \$0.4 million decrease in amortization expense during the three months ended September 30, 2015 compared to the same period in 2014 due to certain intangible assets related to previously completed acquisitions becoming fully amortized.

Restructuring charges

During the third quarter of 2015, we implemented a cost savings initiative to better align costs with revenues and improve our operating margins. The initiatives included a workforce reduction, lease exit costs and other general expense controls. We recorded severance expense of \$1.1 million for the three months ended September 30, 2015 which is included in Restructuring charges on the consolidated statements of operations and is expected to be substantially paid by the end of the first quarter of 2016. We also incurred an immaterial amount of lease termination costs during the third quarter of 2015. The total remaining liability under these restructuring activities was \$0.8 million as of September 30, 2015 and is included in accounts payable and accrued expenses on the consolidated balance sheet. We expect these restructuring activities to be substantially completed by the end of the first quarter of 2016.

Change in Fair Value of Contingent Consideration

We recognized a net loss on the change in fair value of contingent consideration related to acquisitions of \$0.1 million for the three months ended September 30, 2015 compared to a net gain of \$0.7 million for the same period in 2014. Changes in the fair value of contingent consideration obligations 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 5 to the Condensed Consolidated Financial Statements for further details regarding the potential contingent consideration payments and the changes in fair value of the related liabilities during the three months ended September 30, 2015.

Interest Expense

Interest expense increased \$0.2 million from \$0.1 million for the third quarter of 2014 to \$0.3 million for the third quarter of 2015 primarily due to an increase in borrowings under our Credit Agreement to fund the modified "Dutch auction" tender offer that was completed in October 2014.

Other Income (Expense)

Other expense was \$0.6 million for the third quarter of 2015 compared to \$0.1 million for the third quarter of 2014 and consisted primarily of income from a joint venture offset by foreign currency losses in both years. During the three months ended September 30, 2015, we had a \$0.5 million increase in foreign currency losses compared to the corresponding period in 2014. The foreign currency losses primarily relate to the effect of exchange rates on intercompany receivables and payables and third party receivables and payables that are denominated in currencies other than the functional currency of our legal entities.

Income Tax Expense

Income tax expense was \$2.2 million for the third quarter of 2015 compared to \$3.9 million for the third quarter of 2014. The effective income tax rate was 37.2% and 34.9% for the three months ended September 30, 2015 and 2014, respectively. During the third quarter of 2014, we recorded an income tax benefit of \$0.6 million resulting from a claim for a deduction under Internal Revenue Code Section 199 for the Domestic Production Deduction on our 2013 U.S. federal income tax return which was not taken in previous years. Excluding this adjustment, the effective income tax rate was 40.3% for the three months ended September 30, 2014. The decrease in the effective income tax rate during the third quarter of 2015 is primarily due to an increase in income in jurisdictions with lower tax rates. Income tax expense for the quarterly periods is based on an estimated annual effective tax rate which includes the U.S. federal, state and local, and non-U.S. statutory rates, permanent differences, and other items that may have an impact on income tax expense.

Nine Months ended September 30, 2015 Compared to the Nine Months ended September 30, 2014

Our revenue decreased $12.8 million or 3.4% and our gross profit decreased $6.1 million or 9.2% during the nine months ended September 30, 2015 compared to nine months ended September 30, 2014. The net decline is largely attributable to a $27.3 million revenue decrease due to the completion of alternative fuels projects in 2014 and an $8.5 million revenue decrease due to unfavorable changes in foreign currency exchange rates, partially offset by an increase in global training services. The changes in revenue and gross profit are discussed in further detail below by segment.

Operating income, the components of which are discussed in detail below, decreased $10.0 million or 31.1% to $22.2 million for the nine months ended September 30, 2015 compared to $32.2 million for the same period in 2014. The net decrease in operating income was primarily due to a $6.1 million decrease in gross profit, a $0.9 million increase in SG&A expenses primarily due to increased costs associated with global expansion, and a $1.8 million decrease in the change in fair value of contingent consideration. In addition, we implemented a cost savings initiative in the third quarter of 2015 to better align costs with revenues and improve our operating margins. In connection with this initiative, we incurred $1.2 million of restructuring costs during the three months ended September 30, 2015, primarily consisting of severance expense. We estimate that our cost savings initiative will result in approximately $10 million of annual cost reductions, net of additional investments in global sales initiatives.

For the nine months ended September 30, 2015, we had income before income tax expense of $20.1 million compared to $32.0 million for the nine months ended September 30, 2014. Net income was $12.5 million, or $0.72 per diluted share, for the nine months ended September 30, 2015, compared to net income of $19.7 million, or $1.01 per diluted share, for the nine months ended September 30, 2014. Diluted weighted average shares outstanding were 17.3 million for the nine months ended September 30, 2015 compared to 19.4 million for the nine months ended September 30, 2014. The decrease in shares outstanding is primarily due to the completion of the modified "Dutch auction" tender offer in October 2014 in which we repurchased 2.1 million shares of our outstanding common stock.

Revenue

(Dollars in thousands)	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Learning Solutions	$ 154,463	$ 143,578
Professional & Technical Services	90,317	118,364
Sandy Training & Marketing	62,043	50,364
Performance Readiness Solutions	57,026	64,361
	$ 363,849	$ 376,667

Learning Solutions revenue increased $10.9 million or 7.6% during the nine months ended September 30, 2015 compared to the same period in 2014. The increase in revenue is due to the following:

- A $1.9 million increase attributable to the Effective Companies acquisition completed in April 2014;
- A $12.9 million net increase in e-Learning content development and training business process outsourcing (BPO) services primarily attributable to a global outsourcing contract with a financial services client; and
- A $2.4 million increase in UK government funded skills training services.

These revenue increases were offset by a $6.3 million decrease in revenue due to unfavorable changes in exchange rates.

Professional & Technical Services revenue decreased $28.0 million or 23.7% during the nine months ended September 30, 2015 compared to the same period in 2014. The increase in revenue is due to the following:

- A $27.4 million decrease due to the completion of LNG projects by our alternative fuels business in 2014;
- A $2.7 million net decrease in revenue from U.S. government clients due to project completions in 2014; and
- A $1.9 million decrease in revenue due to unfavorable changes in exchange rates.

These decreases were partially offset by a $1.4 million increase in our Energy business due to a non-recurring revenue adjustment in 2014, a $1.3 million net increase in training and technical services for oil and gas clients, and a $1.3 million net increase in training and technical services for various clients.

Sandy Training & Marketing revenue increased $11.7 million or 23.2% during the nine months ended September 30, 2015 compared to the same period in 2014. The net increase is primarily due to an increase in magazine publications revenue due to a new publication contract with an automotive customer which began in the second quarter of 2015.

Performance Readiness Solutions revenue decreased $7.3 million or 11.4% during the nine months ended September 30, 2015 compared to the same period in 2014. The net decrease is primarily due to a decline in its ERP implementation business due to project completions and a decline in training and consulting services for certain of its existing customers during the third quarter of 2015. In addition, unfavorable changes in foreign currency exchange rates resulted in a $0.3 million decrease in revenue during the nine months ended September 30, 2015 compared to the same period in 2014. If we continue to experience significant declines in this segment in future periods, we could incur goodwill impairment charges in the future.

Gross Profit

(Dollars in thousands)	Nine months ended September 30,			
	2015		2014	
		% Revenue		% Revenue
Learning Solutions	$ 26,542	17.2%	$ 22,214	15.5%
Professional & Technical Services	17,769	19.7%	26,099	22.0%
Sandy Training & Marketing	7,873	12.7%	7,727	15.3%
Performance Readiness Solutions	7,396	13.0%	9,600	14.9%
	$ 59,580	16.4%	$ 65,640	17.4%

Learning Solutions gross profit of $26.5 million or 17.2% of revenue for the nine months ended September 30, 2015 increased by $4.3 million or 19.5% when compared to gross profit of $22.2 million or 15.5% of revenue for the same period in 2014. The increase in gross profit is due to the revenue increases noted above, a reduction in implementation costs incurred on a global outsourcing contract with a financial services client and an increase in gross profit and margin on UK government funded skills training services. These increases were offset by a $1.1 million decrease in gross profit due to unfavorable changes in foreign currency exchange rates.

Professional & Technical Services gross profit of $17.8 million or 19.7% of revenue for the nine months ended September 30, 2015 decreased by $8.3 million or 31.9% when compared to gross profit of $26.1 million or 22.0% of revenue for the same period in 2014. The decrease in gross profit and margin is primarily due to the LNG revenue decreases noted above, as well as a $0.6 million one-time revenue and profit adjustment in the first quarter of 2014 relating to a final contract negotiation and close-out and a $0.7 million non-recurring revenue and profit increase in the third quarter of 2014 for a project completion bonus on a government contract.

Sandy Training and Marketing gross profit of $7.9 million or 12.7% of revenue for the nine months ended September 30, 2015 increased by $0.1 million or 1.9% when compared to gross profit of $7.7 million or 15.3% of revenue for the same period in 2014 due to the revenue increase noted above. Gross profit as a percentage of revenue decreased during the nine months ended September 30, 2015 due to an increase in lower margin publication revenue compared to the same period in 2014. We anticipate that the gross margins in this segment will continue to be lower in future quarters compared to prior periods due to an increase in lower margin publications revenue that is expected to continue for the remainder of this year.

Performance Readiness Solutions gross profit of $7.4 million or 13.0% of revenue for the nine months ended September 30, 2015 decreased by $2.2 million or 23.0% when compared to gross profit of $9.6 million or 14.9% of revenue for the same period in 2014. The decrease in gross profit is primarily due to a decrease in revenue on higher margin projects which concluded compared to the other revenue streams in this segment. If we continue to experience significant declines in this segment in future periods, we could incur goodwill impairment charges in the future.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $0.9 million or 2.7% from $34.9 million for the nine months ended September 30, 2014 to $35.9 million for the same period in 2015. The increase is primarily due to a $1.8 million increase in labor and benefits expense due to international expansion during 2014 and a $0.2 million net increase in IT infrastructure and various other expenses. These increases were offset by a $1.1 million decrease in amortization expense during the nine months ended September 30, 2015 compared to the same period in 2014 due to certain intangible assets related to previously completed acquisitions becoming fully amortized.

Restructuring charges

During the third quarter of 2015, we implemented a cost savings initiative to better align costs with revenues and improve our operating margins. The initiatives included a workforce reduction, lease exit costs and other general expense controls. We recorded severance expense of $1.1 million for the nine months ended September 30, 2015 which is included in Restructuring charges on the consolidated statements of operations and is expected to be substantially paid by the end of the first quarter of 2016. We also incurred an immaterial amount of lease termination costs during the third quarter of 2015. The total remaining liability under these restructuring activities was $0.8 million as of September 30, 2015 and is included in accounts payable and accrued expenses on the consolidated balance sheet. We expect these restructuring activities to be substantially completed by the end of the first quarter of 2016.

Change in Fair Value of Contingent Consideration

We recognized a net loss on the change in fair value of contingent consideration related to acquisitions of $0.3 million for the nine months ended September 30, 2015 compared to a net gain of $1.5 million for the same period in 2014. Changes in the fair value of contingent consideration obligations 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 5 to the Condensed Consolidated Financial Statements for further details regarding the potential contingent consideration payments and the changes in fair value of the related liabilities during the nine months ended September 30, 2015.

Interest Expense

Interest expense increased $0.6 million from $0.4 million for the nine months ended September 30, 2014 to $1.0 million for the nine months ended September 30, 2015 primarily due to an increase in borrowings under our Credit Agreement to fund the modified "Dutch auction" tender offer that was completed in October 2014.

Other Income (Expense)

Other expense was $1.1 million for the nine months ended September 30, 2015 compared to other income of $0.2 million for the same period in 2014 and consisted primarily of income from a joint venture offset by foreign currency losses in both years. During the nine months ended September 30, 2015, we had a $1.3 million increase in foreign currency losses compared the corresponding period in 2014. The foreign currency losses primarily relate to the effect of exchange rates on intercompany receivables and payables and third party receivables and payables that are denominated in currencies other than the functional currency of our legal entities.

Income Tax Expense

Income tax expense was $7.5 million for the nine months ended September 30, 2015 compared to $12.4 million for the same period in 2014. The effective income tax rate was 37.5% and 38.6% for the nine months ended September 30, 2015 and 2014, respectively. During the third quarter of 2014, we recorded an income tax benefit of $0.6 million resulting from a claim for a deduction under Internal Revenue Code Section 199 for the Domestic Production Deduction on our 2013 U.S. federal income tax return which was not taken in previous years. Excluding this and other discrete items, the effective income tax rate was 40.2% for the nine months ended September 30, 2014. The decrease in the effective income tax rate is primarily due to an increase in income in jurisdictions with lower tax rates. Income tax expense for the quarterly periods is based on an estimated annual effective tax rate which includes the U.S. federal, state and local, and non-U.S. statutory rates, permanent differences, and other items that may have an impact on income tax expense.

Liquidity and Capital Resources

Working Capital

For the nine months ended September 30, 2015, our working capital was $45.3 million at September 30, 2015 compared to $43.5 million at December 31, 2014. As of September 30, 2015 we had $32.9 million of short-term borrowings and $27.8 million of long-term debt outstanding. We believe that cash generated from operations and borrowings available under our Credit Agreement ($31.5 million of available borrowings as of September 30, 2015) will be sufficient to fund our working capital and other requirements for at least the next twelve months.

As of September 30, 2015, the amount of cash and cash equivalents held outside of the U.S. by foreign subsidiaries was $13.6 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 repatriated these funds.

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 three and nine months ended September 30, 2015, we repurchased approximately 222,000 and 255,000 shares, respectively, of our common stock in the open market for a total cost of approximately $5.5 million and $6.6 million, respectively. As of September 30, 2015, there was approximately $8.4 million available for future repurchases under the buyback program.

Acquisition-Related Payments

We may be required to pay the following additional contingent consideration in connection with completed acquisitions (dollars in thousands):

	As of September 30, 2015 Maximum potential contingent consideration due in			Recorded Liability as of
Acquisition:	**2015**	**2016**	**Total**	**September 30, 2015**
Effective Companies	$ —	$ 2,616	$ 2,616	$ 2,398

Significant Customers & Concentration of Credit Risk

We have a market concentration of revenue in both the automotive sector and financial services & insurance sector. Revenue from the automotive industry accounted for approximately 18% and 14% of our consolidated revenue for the nine months ended September 30, 2015 and 2014, respectively. In addition, we have a concentration of revenue from a single automotive customer, which accounted for approximately 12% of our consolidated revenue for the nine months ended September 30, 2015. As of September 30, 2015, accounts receivable from a single automotive customer totaled $9.7 million, or 10%, of our consolidated accounts receivable balance. Revenue from the financial services & insurance industry accounted for approximately 21% and 16% of our consolidated revenue for the nine months ended September 30, 2015 and 2014, respectively. Beginning in 2015, we have a concentration of revenue from a single financial services customer, which accounted for approximately 14% of our consolidated revenue for the nine months ended September 30, 2015. As of September 30, 2015, billed and unbilled accounts receivable from a single financial services customer totaled $35.8 million, or 26%, of our consolidated accounts receivable and costs and estimated earnings in excess of billings on uncompleted contracts balances. No other single customer accounted for more than 10% of our consolidated revenue for the nine months ended September 30, 2015 and 2014 or consolidated accounts receivable balance as of September 30, 2015.

Cash Flows

Nine Months ended September 30, 2015 Compared to the Nine Months ended September 30, 2014

Our cash balance decreased $0.9 million from $14.5 million as of December 31, 2014 to $13.6 million as of September 30, 2015. The decrease in cash and cash equivalents during the nine months ended September 30, 2015 resulted from cash provided by operating activities of $9.5 million, cash used in investing activities of $1.7 million, and cash used in financing activities of $8.7 million.

Cash provided by operating activities was $9.5 million for the nine months ended September 30, 2015 compared to $16.7 million for the same period in 2014. The decrease in cash is primarily due to a decrease in net income during the nine months ended September 30, 2015 compared to the same period in 2014.

Cash used in investing activities was $1.7 million for the nine months ended September 30, 2015 compared to $10.7 million for the same period in 2014. The decrease in cash used is due to the completion of the Effective Companies acquisition in April 2014 in which we used $8.7 million of cash.

Cash used in financing activities was $8.7 million for the nine months ended September 30, 2015 compared to $2.5 million for the same period in 2014. The increase in cash used in financing activities is primarily due a $3.5 million increase in share repurchases and a $10.0 million increase in long-term debt repayments offset by a $7.6 million increase in proceeds from short-term borrowings in the nine months ended September 30, 2015 compared to the same period in 2014.

Debt

On September 2, 2014, we entered into a Fourth Amended and Restated Financing and Security Agreement (the "Credit Agreement"). The Credit Agreement provides for a revolving credit facility up to a maximum principal amount of $65 million expiring on October 31, 2018 and for a term loan in the principal amount of $40 million maturing on October 31, 2017, and is secured by substantially all of our assets.

The maximum interest rate on the Credit Agreement is the daily one-month LIBOR market index rate plus 2.50%. Based on our financial performance, the interest rate can be reduced to a minimum rate of the daily one-month LIBOR market index rate plus 1.25%, with the rate being determined based on our maximum leverage ratio for the preceding four quarters. Each unpaid advance on the revolving loan will bear interest until repaid. The term loan is payable in monthly installments equal to $1.1 million plus applicable interest, beginning on November 1, 2014 and ending on October 31, 2017. We may prepay the term loan or the revolving loan, in whole or in part, at any time without premium or penalty, subject to certain conditions. Amounts repaid or prepaid on the term loan may not be reborrowed.

The Credit Agreement contains customary affirmative and negative covenants, including covenants that limit or restrict our and our subsidiaries' (subject to certain exceptions) ability to, among other things, grant liens, make investments, incur indebtedness, merge or consolidate, dispose of assets, make acquisitions. We are also required to maintain compliance with a minimum fixed charge coverage ratio of 2.0 to 1.0 and a maximum leverage ratio of 2.25 to 1.0. As of September 30, 2015, our fixed coverage charge ratio was 2.1 to 1.0 and our leverage ratio was 1.3 to 1.0, all of which were in compliance with the Credit Agreement.

As of September 30, 2015, our total long-term debt outstanding under the term loan was $27.8 million. In addition, there were $32.9 million of borrowings outstanding and $31.5 million of available borrowings under the Credit Agreement. For the nine months ended September 30, 2015, the weighted average interest rate on our borrowings was 2.0%.

Off-Balance Sheet Commitments

As of September 30, 2015, we did not have any off-balance sheet commitments except for operating leases and letters of credit entered into in the normal course of business.

Accounting Standard Issued

We discuss recently issued accounting standards in Note 2 to the accompanying consolidated financial statements.

Forward-Looking Statements

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward looking statements. Forward–looking statements are not statements of historical facts, but rather reflect our current expectations concerning future events and results. We use words such as "expects," "intends," "believes," "may," "will," "should," "could," "anticipates," "estimates," "plans" and similar 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 in Item 1A - Risk Factors of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 and those other risks and uncertainties detailed in our periodic reports and registration statements filed with the Securities and Exchange Commission. We caution that these risk factors may not be exhaustive. We operate in a continually changing business environment, and new risk factors emerge from time to time. We cannot predict these new risk factors, nor can we assess the effect, if any, of the new risk factors on our business or the extent to which any factor or combination of factors may cause actual results to differ from those expressed or implied by these forward-looking statements.

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

Item 3. Quantitative and Qualitative Disclosure About Market Risk

The Company has no material changes to the disclosure on this matter made in its Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

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

Internal Control Over Financial Reporting

During the quarter ended September 30, 2015, there was no change in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d—15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

The Company has no material changes to the disclosure on this matter made in its Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

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

The following table provides information about the Company's share repurchase activity for the three months ended September 30, 2015:

	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	Approximate dollar value of shares that may yet be purchased under the program (1)
July 1 - 31, 2015	—		$ —	—	$ 13,899,000
August 1 - 31, 2015	182,287	(2)	$ 25.05	165,865	$ 9,740,000
September 1 - 30, 2015	56,109	(2)	$ 23.84	55,803	$ 8,406,000

(1) 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. There is no expiration date for the repurchase program. In February 2015, the Company's Board of Directors authorized an increase to the share repurchase program of $15 million, replacing the existing authorization.

(2) Includes shares surrendered by employees to satisfy minimum tax withholding obligations on restricted stock units which vested and shares surrendered to exercise stock options and satisfy the related minimum tax withholding obligations during the third quarter of 2015.

Item 6. Exhibits

10.1	First Amendment, dated September 28, 2015, to Fourth Amended and Restated Financing and Security Agreement, dated September 2, 2014, by and between GP Strategies Corporation as Borrower and Wells Fargo Bank, National Association, as Lender.*
31.1	Certification of Chief Executive Officer of the Company dated October 29, 2015 pursuant to Securities and Exchange Act Rule 13d-14(a)/15(d-14(a), as adopted pursuant to Section 302 and 404 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of Executive Vice President and Chief Financial Officer of the Company dated October 29, 2015 pursuant to Securities and Exchange Act Rule 13d-14(a)/15(d-14(a), as adopted pursuant to Section 302 and 404 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification of Chief Executive Officer and Chief Financial Officer of the Company dated October 29, 2015 pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101	The following materials from GP Strategies Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets; (ii) Condensed Consolidated Statements of Operations; (iii) Condensed Consolidated Statements of Comprehensive Income (Loss), (iv) Condensed Consolidated Statements of Cash Flows; and (v) Notes to Condensed Consolidated Financial Statements.*

*Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	GP STRATEGIES CORPORATION
October 29, 2015	/s/ Scott N. Greenberg
	Scott N. Greenberg *Chief Executive Officer*
October 29, 2015	/s/ Sharon Esposito-Mayer
	Sharon Esposito-Mayer *Executive Vice President and Chief Financial Officer*

FIRST AMENDMENT TO FOURTH AMENDED AND RESTATED FINANCING AND SECURITY AGREEMENT

THIS FIRST AMENDMENT TO FOURTH AMENDED AND RESTATED FINANCING AND SECURITY AGREEMENT (this "Amendment") is made this 28th day of September 2015, by GP Strategies Corporation, a Delaware corporation ("GP" or the "Borrower"), General Physics (UK) Ltd., GP Strategies Holdings Limited, GP Strategies Limited and GP Strategies Training Limited, each a company organized and existing under the laws of England and Wales (each individually, a "UK Borrower" and collectively, the "UK Borrowers") and Wells Fargo Bank, National Association (the "Lender").

RECITALS

A. The Borrower and the Lender are parties to a Fourth Amended and Restated Financing and Security Agreement dated as of September 2, 2014, as amended by this Amendment and as may be further amended, restated, supplemented or otherwise modified hereafter (the "Financing Agreement"), pursuant to which the Lender extended to the Borrower certain credit facilities consisting of (i) a revolving credit facility in the maximum principal amount of US Sixty Five Million Dollars ($65,000,000) (the "Revolving Credit Facility") with a letter of credit sub-facility in the maximum aggregate stated amount of US Five Million Dollars ($5,000,000) (the "Letter of Credit Facility") and (ii) a term loan in the original principal amount of US Forty Million Dollars ($40,000,000) (the "Term Loan"). All capitalized terms used, but not specifically defined herein, shall have the meanings given to such terms in the Financing Agreement.

B. The Borrower has requested the Lender to extend to four of its indirect UK Subsidiaries (herein identified as the "UK Borrowers") a UK revolving credit facility (the "UK Revolving Credit Facility") in the maximum principal amount of the Foreign Currency Equivalent of US Seven Million Dollars ($7,000,000) with a commensurate reduction in the amount of the Revolving Credit Committed Amount for the Dollar Equivalent of outstandings under the UK Revolving Credit Facility.

C. The Lender has agreed to extend the UK Revolving Credit Facility, subject to the terms and conditions of this Amendment, including the confirmation of the guaranty by the Borrower covering the full payment and performance of the Obligations of the UK Borrowers.

D. The Borrower and the Lender also desire to extend the Revolving Credit Expiration Date.

AGREEMENTS

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, receipt of which is hereby acknowledged, the Borrower, the UK Borrowers and the Lender agree as follows:

1. The Recitals above are a part of this Amendment.
2. Each of the Borrower and the UK Borrowers represents and warrants to the Lender as follows:

(a) It is an entity duly organized, and validly existing and, with respect to the Borrower only, in good standing under the laws of the jurisdiction in which it was organized, has all requisite power and authority to carry on its business as now conducted and is qualified to do business in every jurisdiction where such qualification is required, except where the failure to do so in such jurisdiction would not have a material adverse effect on the ability of the Borrower and the UK Borrowers taken as a whole to perform the Obligations, on the conduct of the Borrower's and the UK Borrowers' operations taken as a whole, on the Borrower's and the UK Borrowers' financial condition taken as a whole, or on the value of, or the ability of Lender to realize upon, the Collateral.

(b) It has the power and authority to execute and deliver this Amendment and perform its obligations hereunder and has taken all necessary and appropriate corporate action to authorize the execution, delivery and performance of this Amendment.

(c) The Financing Agreement, as amended by this Amendment, and each of the other Financing Documents to which it is a party remains in full force and effect, and each constitutes its valid and legally binding obligation, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' and secured parties' rights and remedies generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

3. The definitions of the following terms contained in Section 1.1 of the Financing Agreement are hereby deleted in their entirety and replaced by the following definitions:

" '<u>Additional Borrower</u>' means each of the UK Borrowers and each Person that has executed and delivered an Additional Borrower Joinder Supplement that has been accepted and approved by Lender."

" '<u>Additional Borrower Joinder Supplement</u>' means, in the case of the UK Borrowers, this Amendment, and in all other cases, an Additional Borrower Joinder Supplement in substantially the form attached to the Financing Agreement as <u>EXHIBIT A</u>, with the blanks appropriately completed and executed and delivered by the Additional Borrower and accepted by the Borrower."

" '<u>Applicable Margin</u>' means the applicable rate per annum added to either Daily One Month LIBOR for borrowing in Dollars and Sterling or Daily One Month EURIBOR for borrowings in Euros and the applicable rate per annum, as set forth in Sections 2.1.7 (Revolving Credit Unused Line Fee) and 2.6.7 (UK Revolving Credit Unused Line Fee), established as the Revolving Credit Unused Line Fee and the UK Revolving Credit Unused Line Fee, as applicable. The Applicable Margin (expressed as basis points) shall vary depending upon the Maximum Leverage Ratio, as follows:

Pricing Tier	Maximum Leverage Ratio	Applicable to Interest Rate	Applicable to Unused Line Fee
I	Less than 1.00 to 1.00	125 basis points	15
II	Greater than or equal to 1.00 to 1.00 but less than 1.50 to 1.00	175 basis points	20
III	Greater than or equal to 1.50 to 1.00 but less than 2.00 to 1.00	200 basis points	25
IV	Greater than or equal to 2.00 to 1.00	250 basis points	25

Changes in the Applicable Margin shall be made not more frequently than quarterly based on the Maximum Leverage Ratio, determined by Lender subsequent to its review of the quarterly reports required by Section 6.1.1(c) (Quarterly Statements and Certificates) and shall be effective within three (3) Business Days after receipt and satisfactory review by Lender of the quarterly reports and Compliance Certificate required under Section 6.1.1(c)."

" 'Applicable Rate' means the sum of (a) the Applicable Margin plus (b) (i) Daily One Month LIBOR for borrowings in Dollars and Sterling or (ii) Daily One Month EURIBOR for borrowings in Euros."

" 'Business Day' means (a) for purposes of payments by the Borrower, any day other than a Saturday, Sunday or other day on which commercial banks in the State are authorized or required to close; and (b) for purpose of payments by any of the UK Borrowers and for purposes of determining the Daily One Month LIBOR and Daily One Month EURIBOR rates, the term "Business Day" shall mean a London Business Day."

" 'Commitments' means the collective reference to each and every commitment to extend credit under the terms of this Agreement including, without limitation, the Revolving Credit Commitment, the Term Loan Commitment and the UK Revolving Credit Commitment."

" 'Committed Amount' means the Lender's Revolving Loan Committed Amount, the Term Loan Committed Amount or the UK Revolving Loan Committed Amount, as the case may be, and "Committed Amounts" means collectively the Revolving Loan Committed Amount, the Term Loan Committed Amount and UK Revolving Committed Amount of the Lender."

" 'Credit Facility' means each credit facility now or hereafter extended under or secured by this Agreement and "Credit Facilities" means the collective reference to any one or more of the credit facilities included as a Credit Facility. On the date of the First Amendment, the Credit Facilities include the Revolving Credit Facility (including, without limitation, the Letter of Credit Facility), the Term Loan Facility and the UK Revolving Credit Facility."

" 'Credit Parties' means, collectively, the Borrower, each of the UK Borrowers and each Person who becomes a Borrower after the date of this Agreement and each Person who at any time provides a guaranty or other credit support or collateral support of any nature whatsoever with respect to the Obligations. The term "Credit Party" means each Person included among the Credit Parties."

" '<u>LIBOR</u>' means the rate of interest per annum determined by the Lender based on the rate for United States Dollar or Sterling deposits for delivery of funds for a period of one (1) month as reported on Reuters Screen LIBOR01 page (or any successor page) at approximately 11:00 a.m., London time, or, for any day not a London Business Day, the immediately preceding London Business Day (or if not so reported, then as determined by the Lender from another recognized source or interbank quotation)."

" '<u>Loan</u>' means each of the Revolving Loan, the Term Loan, the UK Revolving Loan or each other loan now or hereafter extended under or secured by this Agreement, as the case may be, and "Loans" means the collective reference to the Revolving Loan, the Term Loan, the UK Revolving Loan and each other loan now or hereafter extended under or secured by this Agreement."

" '<u>Loan Notice</u>' has the meaning described in Sections 2.1.2 and 2.6.2 (Procedure for Making Advances)."

" '<u>Note</u>' means any promissory note that may from time to time evidence all or any portion of the Obligations and "Notes" means collectively all such promissory notes. On the date of the First Amendment, the Notes consist of the Revolving Credit Note, the Term Note and the UK Revolving Credit Note."

" '<u>Permitted Uses</u>' means (a) with respect to the Term Loan, amounts payable for Transaction Payments, (b) with respect to the Revolving Loan, amounts payable (i) for Transaction Payments, (ii) for general corporate purposes, which shall include payment of annual earn-out payments in connection with Permitted Acquisitions, and (iii) to support the issuance of Letters of Credit and (c) with respect to the UK Revolving Loan, for general corporate purposes, which shall include payment of annual earn-out payments in connection with Permitted Acquisitions."

" '<u>Prepayment</u>' means a Revolving Loan Mandatory Prepayment, a Revolving Loan Optional Prepayment, a Term Loan Mandatory Prepayment, a Term Loan Optional Prepayment, a UK Revolving Loan Mandatory Prepayment or a UK Revolving Loan Optional Prepayment as the case may be, and "Prepayments" mean collectively all Revolving Loan Mandatory Prepayments, all Revolving Loan Optional Prepayments, all Term Loan Mandatory Prepayments, all Term Loan Optional Prepayments, all UK Revolving Loan Mandatory Prepayments and all UK Revolving Loan Optional Prepayments."

" '<u>Revolving Credit Committed Amount</u>' means the principal amount of $65,000,000, <u>minus</u> the Dollar Equivalent of outstandings under the UK Revolving Credit."

" '<u>Revolving Credit Expiration Date</u>' means October 31, 2018, unless otherwise extended for successive periods if one (1) year beyond the then existing maturity date commencing as of the first anniversary date of this Agreement by Lender in the exercise of its sole and absolute discretion."

4. The following new definitions are hereby added to Section 1.1 of the Financing Agreement in alphabetical order.

" 'Daily One Month EURIBOR' means, for any day, the rate of interest equal to EURIBOR then in effect for delivery for a one (1) month period."

" 'Dollar Equivalent' means, on the date of determination, the amount of Dollars which results from the sale of a given amount of Euros or Sterling as determined by the Lender based on the arithmetical mean of the buy and sell spot rates of exchange for such currency, such amount being available for Borrowers' information on Bloomberg by following this link: http://www.bloomberg.com/markets/currencies."

" 'EURIBOR' means the rate of interest per annum determined by the Lender based on the rate for EURO deposits for delivery of funds for periods of one (1) month as reported on Reuters Screen page EURIBOR01 (or any successor page) at approximately 11:00 a.m., London time, or for any day not a London Business Day, the immediately preceding London Business Day (or if not so reported then as determined by the Lender from another recognized source or interbank quotation)."

" 'Euros' means the currency of the participating member states of the European Communities that have adopted the Euro as their lawful currency in accordance with legislation of the European Community relating to Economic and Monetary Union."

" 'First Amendment' means this First Amendment to Fourth Amended and Restated Financing and Security Agreement."

" 'Foreign Currency Equivalent' means, on any date of determination, the amount of Euros or Sterling, as appropriate, which results from the sale of a given amount of US Dollars as determined by the Lender based on the arithmetical mean of the buy and sell spot rates of exchange for such currency, such amount being available for Borrowers' information on Bloomberg by following this link: http://www.bloomberg.com/markets/currencies."

" 'London Business Day' means any date that is a day for trading by and between banks in United States Dollar, Euro or Sterling deposits in the Relevant Interbank Market."

" 'Relevant Interbank Market' means (a) as to Dollars and Sterling, the London interbank market, and (b) as to Euros, the European interbank market."

" 'Sterling' means the lawful currency of the United Kingdom."

" 'UK Borrower' means any one of the UK Borrowers."

" 'UK Borrowers' means, collectively, General Physics (UK) Ltd., GP Strategies Holdings Limited, GP Strategies Limited and GP Strategies Training Limited, each a company established and existing under the laws of England and Wales."

" 'UK Revolving Credit Commitment' means the agreement of Lender relating to the making of the UK Revolving Loan and advances thereunder subject to and in accordance with the provisions of this Agreement."

" 'UK Revolving Credit Commitment Period' means the period of time from the date of the First Amendment to the Business Day preceding the UK Revolving Credit Termination Date."

" 'UK Revolving Credit Committed Amount' means the Foreign Currency Equivalent of US $7,000,000."

" 'UK Revolving Credit Expiration Date' means October 31, 2018, unless otherwise extended for successive periods of one (1) year beyond the then existing maturity date commencing as of the first anniversary date of this Agreement, by Lender in the exercise of its sole and absolute discretion."

" 'UK Revolving Credit Facility' means the facility established by Lender pursuant to Section 2.6 (UK Revolving Credit Facility)."

" 'UK Revolving Credit Note' has the meaning described in Section 2.6.3 (UK Revolving Credit Note)."

" 'UK Revolving Credit Termination Date' means the earlier of (a) the UK Revolving Credit Expiration Date, or (b) the date on which the UK Revolving Credit Commitment is terminated pursuant to Section 7.2 (Remedies) or otherwise."

" 'UK Revolving Loan' has the meaning described in Section 2.6.1 (UK Revolving Credit Facility)."

" 'UK Revolving Loan Account' has the meaning described in Section 2.6.6 (UK Revolving Loan Account)."

" 'UK Revolving Loan Mandatory Prepayment' and "UK Revolving Loan Mandatory Prepayments" have the meanings described in Section 2.6.4 (Prepayments of UK Revolving Loan)."

" 'UK Revolving Loan Optional Prepayment' and "UK Revolving Loan Optional Prepayments" have the meanings described in Section 2.6.4 (Prepayments of UK Revolving Loan)."

5. Joinder by UK Borrowers.

(a) This Amendment constitutes an Additional Borrower Joinder Supplement with respect to the UK Borrowers to the extent provided herein.

(b) The UK Borrowers hereby acknowledge, confirm and agree that, on and as of the date of this Amendment, each of the UK Borrowers is an Additional Borrower (as that term is defined in the Financing Agreement) and is included in the definition of "Borrower" under the Financing Agreement and the other Financing Documents for all purposes thereof; provided, however, that the UK Borrowers are individually, not jointly and severally liable, only for those Obligations relating to the UK Revolving Loan. Otherwise the UK Borrowers are bound by all of the terms, provisions and conditions of the Financing Agreement from and after the date of this Amendment; provided that the covenants to provide financial statements and reports to SEC and to stockholders, financial covenants and related calculations, ERISA Compliance and covenants specifically relating to Collateral (being sections 6.1.1, 6.1.2, 6.1.10, 6.1.13, 6.1.15, 6.1.17, 6.2.10, and 6.2.13 in the Financing Agreement) shall not apply to the UK Borrowers.

(c) Without in any way implying any limitation on any of the provision of this Amendment, each of the UK Borrowers hereby represents and warrants that, except as noted on the schedules attached hereto and made a part hereof, all of the representations and warranties contained in the Financing Agreement are true and correct on and as of the date hereof as if made on and as of such date, both before and after giving effect to this Amendment, and that no Event of Default or Default has occurred had its continuing or exits or would occur or exist after giving effect to this Amendment; provided that all representations regarding the consolidated financial statements of the Borrower and its subsidiaries shall be made only by the Borrower and the UK Borrowers shall not make any representations regarding ERISA, Employee Relations, Collateral or Business Names and Addresses (being sections 4.1.11, 4.1.15, 4.1.18, 4.1.20, 4.1.22 and 4.1.23 in the Financing Agreement). Nothing in this Amendment is intended to cause any UK Borrower to make any representation or warranty regarding compliance with any U.S. law. All schedules attached to this Amendment shall be deemed to be schedules of the Financing Agreement.

(d) For administrative convenience, each Person include in the term “Borrower” hereby irrevocably appoints GP as the Borrower’s attorney-in-fact, with power of substitution (with the prior written consent of the Lender in the exercise of its sole and absolute discretion), in the name of GP or in the name of the Borrower or otherwise, to take any and all actions with respect to the Financing Agreement, the other Financing Documents, the Obligations and/or the Collateral (including, without limitation, the proceeds thereof) as GP may so elect from time to time, including, without limitation, actions to (i) request advances under the UK Revolving Loan and direct the Lender to disburse or credit the proceeds of the UK Revolving Loan directly to an account of any UK Borrower, which direction shall evidence the making of such UK Revolving Loan and shall constitute the acknowledgement by each such Person of the receipt of the proceeds of such UK Revolving Loan, (ii) enter into, execute, deliver, amend, modify, restate, substitute, extend and/or review the Financing Agreement, any Additional Borrower Joinder Supplement, any other Financing Documents, security agreements, mortgages, deposit account agreements, instruments, certificates, waivers, letter of credit applications, releases, documents and agreements from time to time, and (iii) endorse any check or other item of payment in the name of such Person or in the name of GP. The foregoing appointment is coupled with an interest, cannot be revoked without the prior written consent of the Lender, and may be exercised from time to time through GP duly authorized officer, officers or other Person or Persons designated by GP to act from time to time on behalf of GP.

(e) Without implying any limitation on the joint and several nature of the Obligations, the Lender agrees that, notwithstanding any other provision of this Agreement, the Persons included in the term “Borrower,” may create reasonable inter-company indebtedness between or among the Borrowers with respect to the allocation of the benefits and proceeds of the advances and Credit Facilities under this Agreement. The Borrowers agree among themselves, and the Lender consents to that agreement, that each Borrower shall have rights of contribution from all of the other Borrowers to the extent such Borrower incurs Obligations in excess of the proceeds of the Credit Facilities received by, or allocated to purposes for the direct benefit of, such Borrower. All such indebtedness and rights shall be, and are hereby agreed by the Borrowers to be, subordinate in priority and payment to the indefeasible repayment in full in cash of the Obligations, and, unless the Lender agrees in writing otherwise, shall not be exercised or repaid in whole or in part until all of the Obligations have been indefeasibly paid in full in cash; provided that payments of intercompany indebtedness incurred in the ordinary course of business and not in connection with the enforcement of contribution rights shall be permitted as long as no Event of Default shall have occurred and be continuing. The Borrowers agree that all of such inter-company indebtedness and rights of contribution are part of the Collateral and secure the Obligations. Each Borrower hereby waives all rights of counterclaim, recoupment and offset between or among themselves arising on account of that indebtedness and otherwise. The Borrowers will not permit any intercompany indebtedness to be secured or transferred, voluntarily or involuntarily, pledged or otherwise to any Person other than the Lender or another Borrower. Notwithstanding anything contained in this Agreement to the contrary, the amount covered by each Borrower under the Obligations shall be limited to an aggregate amount (after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Borrower in respect of the Obligations) which, together with other amounts owing by such Borrowers to the Lender under the Obligations, is equal to the largest amount that would not be subject to avoidance under the Bankruptcy Code or any applicable provisions of any applicable, comparable state or other Laws.

6. The UK Revolving Credit Facility. The following Section 2.6 is hereby added to the Financing Agreement in numerical order.

"Section 2.6 The UK Revolving Credit Facility.

2.6.1 UK Revolving Credit Facility.

Subject to and upon the provisions of this Agreement, Lender establishes a revolving credit facility in favor of the UK Borrowers in the UK Revolving Credit Committed Amount. The aggregate of all advances under the UK Revolving Credit Facility is sometimes referred to in this Agreement as the "UK Revolving Loan".

During the UK Revolving Credit Commitment Period, Lender agrees to make advances under the UK Revolving Credit Facility in accordance with the provisions of this Agreement; provided that after giving effect to any request duly made pursuant to this Agreement, the aggregate outstanding principal balance of the UK Revolving Loan would not exceed the UK Revolving Credit Committed Amount. Advances under the UK Revolving Credit Facility shall be made in minimum amounts of 100,000 Euros or Sterling, as applicable and in integral multiples of 100,000 Euros or Sterling, as applicable.

Unless sooner paid, the unpaid UK Revolving Loan, together with interest accrued and unpaid thereon, and all other related Obligations shall be due and payable in full on the UK Revolving Credit Expiration Date.

2.6.2 Procedure for Making Advances Under the UK Revolving Loan; Lender Protection Loans.

On behalf of any of the UK Borrowers, GP may request an advance under the UK Revolving Credit Facility in Euros or Sterling to be made on any Business Day. Advances under the UK Revolving Loan shall be deposited to a demand deposit account of the applicable UK Borrower with Lender (or an Affiliate of Lender) or shall be otherwise applied as directed by GP, which direction Lender may require to be in writing. No later than 11:00 a.m. (London Time) on the date which is two Business Days in advance of the date of the requested borrowing, GP shall give Lender oral or written notice (a "Loan Notice") of the amount and (if requested by Lender) the purpose of the requested borrowing. Any oral Loan Notice shall be confirmed in writing by GP within three (3) Business Days after the making of the requested advance under the UK Revolving Loan. Each Loan Notice shall be irrevocable.

In addition, each UK Borrower hereby irrevocably authorizes Lender at any time and from time to time, without further request from or notice to such UK Borrower, to make advances under the UK Revolving Loan, which Lender, in its sole and absolute discretion, deems necessary or appropriate to protect the interests of Lender, including, without limitation, advances and reserves under the UK Revolving Loan made to cover debit balances in the UK Revolving Loan Account, principal of, and/or interest on, the UK Revolving Loan, the Obligations, and/or Enforcement Costs relating to the UK Revolving Loan, prior to, on, or after the termination of other advances under this Agreement, regardless of whether the outstanding principal amount of the UK Revolving Loan that Lender may advance or reserve hereunder exceeds the UK Revolving Credit Committed Amount. Lender shall communicate to GP from time to time any action taken under this paragraph either orally or in writing.

2.6.3 UK Revolving Credit Note.

The obligation of UK Borrowers to pay the UK Revolving Loan, with interest, shall be evidenced by a UK Revolving Credit Note (as from time to time extended, amended, restated, supplemented or otherwise modified, the "UK Revolving Credit Note") substantially in the form of EXHIBIT A attached to the First Amendment and made a part thereof, with appropriate insertions. The UK Revolving Credit Note shall be payable to the order of Lender at the times provided in the UK Revolving Credit Note, and shall be in the principal amount of the UK Revolving Credit Committed Amount. The UK Borrowers acknowledge and agree that, if the outstanding principal balance of the UK Revolving Loan outstanding from time to time exceeds the face amount of the UK Revolving Credit Note, the excess shall bear interest at the Post-Default Rate for the UK Revolving Loan and shall be payable, with accrued interest, ON DEMAND. The UK Revolving Credit Note shall not operate as a novation of any of the Obligations or nullify, discharge, or release any such Obligations or the continuing contractual relationship of the parties hereto in accordance with the provisions of this Agreement.

2.6.4 Prepayments of UK Revolving Loan.

The UK Borrowers shall be required to prepay (each a "UK Revolving Loan Mandatory Prepayment" and collectively the "UK Revolving Loan Mandatory Prepayments") the UK Revolving Loan by any amount by which the outstanding UK Revolving Loan exceeds the UK Revolving Credit Committed Amount, whether due to the fluctuation in the value of Euros or Sterling to Dollars or otherwise, pro rata on the basis of outstandings to each UK Borrower.

The UK Borrowers shall have the option, at any time and from time to time, to prepay (each a "UK Revolving Loan Optional Prepayment" and collectively the "UK Revolving Loan Optional Prepayments") the UK Revolving Loan, in whole or in part in a minimum amount of not less than 100,000 Euros or Sterling, as applicable, without premium or penalty.

2.6.5 UK Revolving Loan Account.

Lender will establish and maintain a loan account on its books (the "UK Revolving Loan Account") for each UK Borrower to which Lender will (a) debit (i) the principal amount of each advance of the UK Revolving Loan made by Lender hereunder as of the date made, specifying both the currency in which the advance is made and the UK Borrower to which it is made, (ii) the amount of any interest accrued on the UK Revolving Loan as and when due, and (iii) any other amounts due and payable by the UK Borrowers to Lender from time to time under the provisions of this Agreement in connection with the UK Revolving Loan, including, without limitation, Enforcement Costs, Fees, late charges, and service, collection and audit fees relating to the UK Revolving Loan, as and when due and payable, and (b) credit all payments made by any

UK Borrower to Lender on account of the UK Revolving Loan as of the date made including, without limitation, funds credited to the UK Revolving Loan Account from the UK Collateral Account. Lender may debit the UK Revolving Loan Account for the amount of any Item of Payment that is returned to Lender unpaid. All credit entries to the UK Revolving Loan Account are conditional and shall be readjusted as of the date made if final and indefeasible payment is not received by Lender in cash or solvent credits. Any and all periodic or other statements or reconciliations, and the information contained in those statements or reconciliations, of the UK Revolving Loan Account shall be final, binding and conclusive upon the UK Borrower in all respects, absent manifest error, unless Lender receives specific written objection thereto from a UK Borrower within thirty (30) Business Days after such statement or reconciliation shall have been sent by Lender.

7. Provisions to Section 2.5 applicable to UK Revolving Loan.

The provisions of Section 2.5 shall be applicable to the UK Revolving Loan to the same extent that they apply to the Revolving Loan; provided that (a) payments in respect of the UK Revolving Loan must be received by 11:00a.m. (London time) on the due date of such payment; (b) the Lender may designate an alternate place for payment applicable to the UK Revolving Loan; (c) no Letters of Credit are available to be issued under the UK Revolving Loan; and (d) the UK Borrowers shall not guarantee any of the Obligations relating to the Revolving Loan Facility, the Letter of Credit Facility or the Term Loan Facility.

GP hereby confirms that the guaranty in Section 2.5.8 of the Financing Agreement covers all Obligations of the UK Borrowers relating to the UK Revolving Loan Facility.

8. Conditions Precedent. The Lender must have received the following as conditions precedent to the effectiveness of this Amendment, each of which must be satisfactory as to form and substance in all respects:

(a) A certificate of the Secretary of each UK Borrower covering

(i) true and complete copies of its organizational and governing documents and all amendments thereto;

(ii) true and complete copies of the resolutions of its Board of Directors and Shareholders, as appropriate, authorizing (A) the execution, delivery and performance of the Financing Documents to which it is a party, and (B) the borrowings hereunder;

(iii) the incumbency, authority and signatures of its officers authorized to sign this Amendment and the other Financing Documents to which such UK Borrower is or may become a party; and

(iv) the identity of current directors, common stockholders and other equity holders, as well as their respective percentage ownership interests.

(b) The executed UK Revolving Credit Note in substantially the form attached to this Amendment as Exhibit A.

9. After giving effect to this Amendment, the Borrower hereby ratifies and confirms the representations, warranties and covenants contained in the Financing Agreement, except that to the extent any such representation, warranty or covenant by its express terms relates to an earlier date, such representation, warranty or covenant, as applicable, was true and correct in all material respects on and as of such earlier date. The Borrower, the UK Borrowers and the Lender agree that this Amendment is not intended to and shall not cause a novation with respect to any or all of the Obligations. Except as expressly modified herein, all of the terms, conditions and provisions of the Financing Agreement shall continue in full force and effect.

10. The Borrower shall pay at the time this Amendment is executed and delivered by all of the parties hereto all fees, costs, charges and other expenses incurred by the Lender in connection with this Amendment, including, but not limited to, reasonable and properly documented fees and expenses of the counsel for the Lender.

11. This Amendment is one of the Financing Documents. This Amendment may be executed in any number of duplicate originals or counterparts, each of such duplicate originals or counterparts shall be deemed to be an original and all taken together shall constitute but one and the same agreement. Each party to this Amendment agrees that the respective signatures of the parties may be delivered by fax, ".pdf," or other electronic means acceptable to the Lender and that the parties may rely on a signature so delivered as an original. Any party who chooses to deliver its signature in such manner agrees to provide promptly to the other parties a copy of this Amendment with its inked signature, but the party's failure to deliver a copy of this Amendment with its inked signature shall not affect the validity, enforceability and binding effect of this Amendment.

[Signatures Follow on Next Page]

Signature Page 1 of 2 to

First Amendment to Fourth Amended and Restated Financing and Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

BORROWERS:

GP STRATEGIES CORPORATION

By: __/s/ Sharon Esposito-Mayer___
Name: Sharon Esposito-Mayer
Title: Executive Vice President and
Chief Financial Officer

GENERAL PHYSICS (UK) LTD.

By: __/s/ Scott Greenberg_________
Name: Scott Greenberg
Title: Director

GP STRATEGIES HOLDINGS LIMITED

By: __/s/ Scott Greenberg__________
Name: Scott Greenberg
Title: Director

GP STRATEGIES LIMITED

By: __/s/ Scott Greenberg__________
Name: Scott Greenberg
Title: Director

GP STRATEGIES TRAINING LIMITED

By: __/s/ Scott Greenberg___________
Name: Scott Greenberg
Title: Director

Signature Page 2 of 2 to
First Amendment to Fourth Amended and Restated Financing and Security Agreement

LENDER

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: ___/s/ Elizabeth M. Phelan__________
Name: Elizabeth M. Phelan
Title: Senior Vice President

Exhibit A to
First Amendment

FORM OF UK REVOLVING CREDIT NOTE

$7,000,000 Baltimore, Maryland
September 28, 2015

FOR VALUE RECEIVED, GENERAL PHYSICS (UK) LTD., GP Strategies Holdings Limited, GP Strategies Limited and GP Strategies Training Limited, each a company organized and existing under the laws of England and Wales (collectively the "UK Borrowers"), each individually, but not jointly and severally, promises to pay to the order of WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association (the "Lender"), the principal sum of SEVEN MILLION DOLLARS ($7,000,000) (the "Principal Sum"), or so much thereof as has been or may be advanced/readvanced to or for the account of such UK Borrower in Euros or Sterling pursuant to the terms and conditions of the Financing Agreement (as hereinafter defined), together with interest thereon at the rate or rates hereinafter provided, in accordance with the following:

1. Interest.

Commencing as of the date hereof and continuing until repayment in full of all sums due hereunder, the unpaid Principal Sum shall bear interest at the Applicable Rate (as defined in the Financing Agreement). The Applicable Rate shall be determined in the manner provided in the Financing Agreement. All interest payable under the terms of this Note shall be calculated on the basis of a 360-day year and the actual number of days elapsed, except for interest on LIBOR Loans in Sterling which shall be calculated on the basis of a 365-day year and the actual number of days elapsed.

2. Payments and Maturity.

The unpaid Principal Sum, together with interest thereon at the rate provided above, shall be payable as follows:

(a) Interest only on the unpaid Principal Sum shall be due and payable monthly, commencing October 1, 2015, and on the first day of each month thereafter to maturity; and

(b) Unless sooner paid, the unpaid Principal Sum, together with interest accrued and unpaid thereon, shall be due and payable in full on the UK Revolving Credit Expiration Date.

The fact that the balance hereunder may be reduced to zero from time to time pursuant to the Financing Agreement will not affect the continuing validity of this Note or the Financing Agreement, and the balance may be increased to the Principal Sum after any such reduction to zero.

Each of the UK Borrowers authorizes the Lender to debit any account with Lender designated in writing by such UK Borrowers, beginning as of the date hereof for any payments due under this Note. Each UK Borrowers further certifies that it has legitimate ownership of this account/these accounts and preauthorize this periodic debit as part of their right under said ownership.

3. Default Interest.

Upon the occurrence of an Event of Default (as hereinafter defined), the unpaid Principal Sum shall bear interest thereafter at a rate three percent (3%) per annum in excess of the Applicable Rate from time to time until such Event of Default is cured or waived.

4. Late Charges.

If any of the UK Borrowers shall fail to make any payment under the terms of this Note within fifteen (15) days after the date such payment is due, such UK Borrower shall pay to the Lender on demand a late charge equal to five percent (5%) of such payment.

5. Application and Place of Payments.

All payments, made on account of this Note shall be applied first to the payment of any late charge then due hereunder, second to the payment of any prepayment fee then due hereunder, third to the payment of accrued and unpaid interest then due hereunder, and the remainder, if any, shall be applied to the unpaid Principal Sum. All payments on account of this Note shall be paid in the currency borrowed in immediately available funds during regular business hours of the Lender at such place as the Lender may at any time and from time to time designate in writing to the UK Borrowers.

6. Prepayment.

The UK Borrowers may prepay the Principal Sum in whole or in part at any time without premium or penalty. If at any time the aggregate amount of the Principal Sum shall exceed the UK Revolving Credit Committed Amount, whether due to the fluctuation in the value of Euros or Sterling to Dollars or otherwise, the UK Borrowers shall prepay the Principal Sum in such amount as shall cause the UK Revolving Credit Committed Amount not to be exceeded, pro rata on the basis of outstandings to each UK Borrower.

7. Financing Agreement and Other Financing Documents.

This Note is the "UK Revolving Credit Note" described in the Fourth Amended and Restated Financing and Security Agreement dated as of September 2, 2014, by and between the Borrower and the Lender, as amended by the First Amendment to Fourth Amended and Restated Financing and Security Agreement among the Borrower, the UK Borrowers and the Lender (as may be further amended, modified, restated, substituted, extended and renewed at any time and from time to time, the "Financing Agreement"). The indebtedness evidenced by this Note is included within the meaning of the term "Obligations" as defined in the Financing Agreement. The term "Financing Documents" as used in this Note shall have the meaning described in the Financing Agreement.

8. Security.

This Note is secured as provided in the Financing Agreement.

9. Events of Default.

The occurrence of any one or more of the following events shall constitute an event of default (individually, an "Event of Default" and collectively, the "Events of Default") under the terms of this Note:

(a) The Lender does not receive any and all amounts payable under the terms of this Note when due; or

(b) The occurrence of an event of default (as defined therein) under the terms and conditions of any of the other Financing Documents.

10. Remedies.

Upon the occurrence and during the continuance of an Event of Default, at the option of the Lender, all amounts payable by the UK Borrowers to the Lender under the terms of this Note shall immediately become due and payable by the UK Borrowers to the Lender without notice to the UK Borrowers or any other Person, and the Lender shall have all of the rights, powers, and remedies available under the terms of this Note, any of the other Financing Documents and all applicable laws. The UK Borrowers and all endorsers, guarantors, and other parties who may now or in the future be primarily or secondarily liable for the payment of the indebtedness evidenced by this Note hereby severally waive presentment, protest and demand, notice of protest, notice of demand and of dishonor and non-payment of this Note and expressly agree that this Note or any payment hereunder may be extended from time to time without in any way affecting the liability of the UK Borrowers, guarantors and endorsers.

11. Expenses.

The UK Borrowers promise to pay to the Lender on demand by the Lender all costs and expenses incurred by the Lender in connection with the collection and enforcement of this Note, (including, without limitation, reasonable attorneys' fees and expenses and all court costs), pro rata on the basis of outstandings to each UK Borrower.

12. Notices.

Any notice, request, or demand to or upon the UK Borrowers or the Lender shall be deemed to have been properly given or made when delivered in accordance with Section 8.1 of the Financing Agreement.

13. Miscellaneous.

Each right, power, and remedy of the Lender as provided for in this Note or any of the other Financing Documents, or now or hereafter existing under any applicable law or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power, or remedy provided for in this Note or any of the other Financing Documents or now or hereafter existing under any applicable law, and the exercise or beginning of the exercise by the Lender of any one or more of such rights, powers, or remedies shall not preclude the simultaneous or later exercise by the Lender of any or all such other rights, powers, or remedies. No failure or delay by the Lender to insist upon the strict performance of any term, condition, covenant, or agreement of this Note or any of the other Financing Documents, or to exercise any right, power, or remedy consequent upon a breach thereof, shall constitute a waiver of any such term, condition, covenant, or agreement or of any such breach, or preclude the Lender from exercising any such right, power, or remedy at a later time or times. By accepting payment after the due date of any amount payable under the terms of this Note, the Lender shall not be deemed to waive the right either to require prompt payment when due of all other amounts payable under the terms of this Note or to declare an Event of Default for the failure to effect such prompt payment of any such other amount. No course of dealing or conduct shall be effective to amend, modify, waive, release, or change any provisions of this Note.

14. Partial Invalidity.

In the event any provision of this Note (or any part of any provision) is held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision (or remaining part of the affected provision) of this Note; but this Note shall be construed as if such invalid, illegal, or unenforceable provision (or part thereof) had not been contained in this Note, but only to the extent it is invalid, illegal, or unenforceable.

15. Captions.

The captions herein set forth are for convenience only and shall not be deemed to define, limit, or describe the scope or intent of this Note.

16. Applicable Law.

The UK Borrowers acknowledge and agree that this Note shall be governed by the laws of the State of Maryland, United States of America.

17. Consent to Jurisdiction.

The UK Borrowers irrevocably submit to the jurisdiction of any state or federal court sitting in the State of Maryland over any suit, action, or proceeding arising out of or relating to this Note or any of the other Financing Documents. The UK Borrowers irrevocably waive, to the fullest extent permitted by law, any objection that the UK Borrowers may now or hereafter have to the laying of venue of any such suit, action, or proceeding brought in any such court and any claim that any such suit, action, or proceeding brought in any such court has been brought in an inconvenient forum. Final judgment in any such suit, action, or proceeding brought in any such court shall be conclusive and binding upon the UK Borrowers and may be enforced in any court to which the UK Borrowers (or any of them) are subject to jurisdiction by a suit upon such judgment, provided that service of process is effected upon the UK Borrowers as provided in this Note or as otherwise permitted by applicable law.

18. Service of Process.

The UK Borrowers hereby consent to process being served in any suit, action, or proceeding instituted in connection with this Note by the mailing of a copy thereof by certified mail, postage prepaid, return receipt requested, to GP at the address provided in Section 8.1 of the Financing Agreement. The UK Borrowers irrevocably agree that such service shall be deemed in every respect effective service of process upon the UK Borrowers in any such suit, action or proceeding, and shall, to the fullest extent permitted by law, be taken and held to be valid personal service upon the UK Borrowers. Nothing in this Section shall affect the right of the Lender to serve process in any manner otherwise permitted by law or limit the right of the Lender otherwise to bring proceedings against the UK Borrowers in the courts of any jurisdiction or jurisdictions.

19. **WAIVER OF TRIAL BY JURY**.

EACH OF THE UK BORROWERS AND THE LENDER HEREBY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH THE UK BORROWERS (OR

ANY OF THEM) AND THE LENDER MAY BE PARTIES, ARISING OUT OF OR IN ANY WAY PERTAINING TO (A) THIS NOTE OR (B) THE FINANCING DOCUMENTS. IT IS AGREED AND UNDERSTOOD THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS NOTE.

THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY THE UK BORROWERS, AND THE UK BORROWERS HEREBY REPRESENT THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. THE UK BORROWERS FURTHER REPRESENT THAT THEY HAVE BEEN REPRESENTED IN THE SIGNING OF THIS NOTE AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF THEIR OWN FREE WILL, AND THAT THEY HAVE HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

20. Transferability.

Nothing in this or any other documents regarding the transaction herein shall prohibit the Lender from pledging or assigning this Note including any of the collateral therefor, to any Federal Reserve Bank in accordance with applicable law.

21. Arbitration.

(a) Arbitration. The parties hereto agree, upon demand by any party, whether made before the institution of a judicial proceeding or not more than 60 days after service of a complaint, third party complaint, cross-claim, counterclaim or any answer thereto or any amendment to any of the above, to submit to binding arbitration all claims, disputes and controversies between or among them (and their respective employees, officers, directors, attorneys, and other agents), whether in tort, contract or otherwise, in any way arising out of or relating to (i) any credit subject hereto, or this Note or any contract, instrument or document relating to this Note, and their negotiation, execution, collateralization, administration, repayment, modification, extension, substitution, formation, inducement, enforcement, default or termination; or (ii) requests for additional credit; provided, however, that subject to the subsection (c) below, nothing herein shall preclude or limit the Lender's right to confess judgment; and provided, further, that no party shall have the right to demand binding arbitration of any claim, dispute or controversy seeking to open a judgment obtained by confession. In the event of a court ordered arbitration, the party requesting arbitration shall be responsible for timely filing the demand for arbitration and paying the appropriate filing fee within 30 days of the abatement order or the time specified by the court. Failure to timely file the demand for arbitration as ordered by the court will result in that party's right to demand arbitration being automatically terminated.

(b) Governing Rules. Any arbitration proceeding will (a) proceed in a location in Maryland selected by the American Arbitration Association ("AAA"); (b) be governed by the Federal Arbitration Act (Title 9 of the United States Code), notwithstanding any conflicting choice of law provision in any of the documents between the parties; and (c) be conducted by the AAA, or such other administrator as the parties shall mutually agree upon, in accordance with the

AAA's commercial dispute resolution procedures, unless the claim or counterclaim is at least $1,000,000.00 exclusive of claimed interest, arbitration fees and costs in which case the arbitration shall be conducted in accordance with the AAA's optional procedures for large, complex commercial disputes (the commercial dispute resolution procedures or the optional procedures for large, complex commercial disputes to be referred to herein, as applicable, as the "Rules"). If there is any inconsistency between the terms hereof and the Rules, the terms and procedures set forth herein shall control. Any party who fails or refuses to submit to arbitration following a demand by any other party shall bear all costs and expenses incurred by such other party in compelling arbitration of any dispute. Nothing contained herein shall be deemed to be a waiver by any party that is a bank of the protections afforded to it under 12 U.S.C. §91 or any similar applicable state law.

(c) No Waiver of Provisional Remedies, Self-Help and Foreclosure. Nothing in this Note, including, without limitation, the arbitration requirement, shall limit the right of any party to (i) foreclose against real or personal property collateral, or exercise power of sale rights; (ii) exercise self-help remedies relating to collateral or proceeds of collateral such as setoff or repossession; (iii) obtain provisional or ancillary remedies such as replevin, injunctive relief, attachment or the appointment of a receiver; or (iv) confess judgment. This exclusion does not constitute a waiver of the right or obligation of any party to submit any dispute to arbitration or reference hereunder, including those arising from the exercise of the actions detailed in sections (i), (ii) (iii) and (in) of this paragraph.

(d) Arbitrator Qualifications and Powers. Any arbitration proceeding in which the amount in controversy is $5,000,000.00 or less will be decided by a single arbitrator selected according to the Rules, and who shall not render an award of greater than $5,000,000.00. Any dispute in which the amount in controversy exceeds $5,000,000.00 shall be decided by majority vote of a panel of three arbitrators; provided however, that all three arbitrators must actively participate in all hearings and deliberations. The arbitrator will be a neutral attorney licensed in the State of Maryland or a neutral retired judge of the state or federal judiciary of Maryland, in either case with a minimum of ten years' experience in the substantive law applicable to the subject matter of the dispute to be arbitrated. The arbitrator will determine whether or not an issue is arbitratable and will give effect to the statutes of limitation in determining any claim. In any arbitration proceeding the arbitrator will decide (by documents only or with a hearing at the arbitrator's discretion) any pre-hearing motions which are similar to motions to dismiss for failure to state a claim or motions for summary adjudication. The arbitrator shall resolve all disputes in accordance with the substantive law of Maryland and may grant any remedy or relief that a court of such state could order or grant within the scope hereof and such ancillary relief as is necessary to make effective any award. The arbitrator shall also have the power to award recovery of all costs and fees, to impose sanctions and to take such other action as the arbitrator deems necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the Maryland Rules of Civil Procedure or other applicable law. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction. The institution and maintenance of an action for judicial relief or pursuit of a provisional or ancillary remedy shall not constitute a waiver of the right of any party, including the plaintiff, to submit the controversy or claim to arbitration if any other party contests such action for judicial relief.

(e) Discovery. In any arbitration proceeding, discovery will be permitted in accordance with the Rules. All discovery shall be expressly limited to matters directly relevant to the dispute being arbitrated and must be completed no later than 20 days before the hearing date. Any requests for an extension of the discovery periods, or any discovery disputes, will be subject to final determination by the arbitrator upon a showing that the request for discovery is essential for the party's presentation and that no alternative means for obtaining information is available.

(f) Class Proceedings and Consolidations. No party hereto shall be entitled to join or consolidate disputes by or against others in any arbitration, except parties who have executed this Note or any contract, instrument or document relating to this Note, or to include in any arbitration any dispute as a representative or member of a class, or to act in any arbitration in the interest of the general public or in a private attorney general capacity.

(g) Payment Of Arbitration Costs And Fees. The arbitrator shall award all costs and expenses of the arbitration proceeding.

(h) Miscellaneous. To the maximum extent practicable, the AAA, the arbitrators and the parties shall take all action required to conclude any arbitration proceeding within 180 days of the filing of the dispute with the AAA. No arbitrator or other party to an arbitration proceeding may disclose the existence, content or results thereof, except for disclosures of information by a party required in the ordinary course of its business or by applicable law or regulation. If more than one agreement for arbitration by or between the parties potentially applies to a dispute, the arbitration provision most directly related to the documents between the parties or the subject matter of the dispute shall control. This Note may be amended or modified only in writing signed by each party hereto. This arbitration provision shall survive termination, amendment or expiration of any of the documents or any relationship between the parties.

(i) Small Claims Court. Notwithstanding anything herein to the contrary, each party retains the right to pursue in Small Claims Court any dispute within that court's jurisdiction. Further, this arbitration provision shall apply only to disputes in which either party seeks to recover an amount of money (excluding attorneys' fees and costs) that exceeds the jurisdictional limit of the Small Claims Court.

IN WITNESS WHEREOF, each of the UK Borrowers has caused this Note to be executed under seal by its duly authorized officers as of the date first written above.

GENERAL PHYSICS (UK) LTD.

By: __/s/ Scott Greenberg________ (SEAL)
Name: Scott Greenberg
Title: Director

GP Strategies Holdings Limited

By: __/s/ Scott Greenberg________ (SEAL)
Name: Scott Greenberg
Title: Director

GP STRATEGIES LIMITED

By: __/s/ Scott Greenberg________ (SEAL)
Name: Scott Greenberg
Title: Director

GP STRATEGIES TRAINING LIMITED

By: __/s/ Scott Greenberg________ (SEAL)
Name: Scott Greenberg
Title: Director

Exhibit 31.1

CERTIFICATION

I, Scott N. Greenberg, certify that:

1. I have reviewed this quarterly report on Form 10-Q of GP Strategies Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2015

/s/ Scott N. Greenberg

Scott N. Greenberg
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Sharon Esposito-Mayer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of GP Strategies Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2015

/s/ Sharon Esposito-Mayer

Sharon Esposito-Mayer
Executive Vice President and Chief Financial Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of GP Strategies Corporation (the "Company") for the quarter ended September 30, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 29, 2015

/s/ Scott N. Greenberg	/s/ Sharon Esposito-Mayer
Scott N. Greenberg	Sharon Esposito-Mayer
Chief Executive Officer	*Executive Vice President and Chief Financial Officer*