

Grady Gill R  
Form 4  
September 18, 2012

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
Grady Gill R

(Last) (First) (Middle)

GSE SYSTEMS, INC., 1332  
LONDONTOWN BLVD.

(Street)

SYKESVILLE, MD 21784

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
GSE SYSTEMS INC [GVP]

3. Date of Earliest Transaction  
(Month/Day/Year)  
09/13/2012

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
Sr. Vice President

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
|                                 |                                      |  | Code                           | V   | Amount  | (A) or (D)   | Price                             |
| Common Stock                    | 09/13/2012                           |  | M                              |   | 500   | A  | \$ 1.61                           |
| Common Stock                    | 09/13/2012                           |  | M                              |   | 3,400   | A  | \$ 1.61                           |
| Common Stock                    | 09/13/2012                           |  | S                              |   | 500   | D  | \$ 1.94                           |
| Common Stock                    | 09/13/2012                           |  | S                              |   | 3,400   | D  | \$ 1.93                           |
| Common Stock                    | 09/14/2012                           |  | M                              |   | 161   | A  | \$ 1.61                           |

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|              |            |   |        |   |         |        |   |
|--------------|------------|---|--------|---|---------|--------|---|
| Common Stock | 09/14/2012 | M | 100    | A | \$ 1.61 | 361    | D |
| Common Stock | 09/14/2012 | M | 2,700  | A | \$ 1.61 | 3,061  | D |
| Common Stock | 09/14/2012 | M | 25,000 | A | \$ 1.61 | 28,061 | D |
| Common Stock | 09/14/2012 | S | 161    | D | \$ 1.96 | 27,900 | D |
| Common Stock | 09/14/2012 | S | 100    | D | \$ 1.95 | 27,800 | D |
| Common Stock | 09/14/2012 | S | 2,700  | D | \$ 1.94 | 25,100 | D |
| Common Stock | 09/14/2012 | S | 25,000 | D | \$ 1.93 | 100    | D |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) |              |                            |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--------------|----------------------------|
|  |  |                                      |  | Code                           | V (A) (D)   | Date Exercisable   | Expiration Date   | Title        | Amount or Number of Shares |
| Employee Stock Option                      | \$ 1.61  | 09/13/2012                           |  | M                              | 500   | <u>(1)</u>   | 03/14/2013  | Common Stock | 500                        |
| Employee Stock Option                      | \$ 1.61  | 09/13/2012                           |  | M                              | 3,400   | <u>(1)</u>   | 03/14/2013  | Common Stock | 3,400                      |
| Employee Stock Option                      | \$ 1.61  | 09/14/2012                           |  | M                              | 161   | <u>(1)</u>   | 03/14/2013  | Common Stock | 161                        |
| Employee Stock Option                      | \$ 1.61  | 09/14/2012                           |  | M                              | 100   | <u>(1)</u>   | 03/14/2013  | Common Stock | 100                        |

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|                       |         |            |   |        |     |            |              |         |
|-----------------------|---------|------------|---|--------|-----|------------|--------------|---------|
| Employee Stock Option | \$ 1.61 | 09/14/2012 | M | 2,700  | (1) | 03/14/2013 | Common Stock | 2,700   |
| Employee Stock Option | \$ 1.61 | 09/14/2012 | M | 25,000 | (1) | 03/14/2013 | Common Stock | 25,000  |
| Employee Stock Option | \$ 3.4  |            |   |        | (2) | 10/28/2017 | Common Stock | 20,000  |
| Employee Stock Option | \$ 5.95 |            |   |        | (3) | 10/23/2018 | Common Stock | 40,000  |
| Employee Stock Option | \$ 1.85 |            |   |        | (4) | 11/11/2018 | Common Stock | 100,000 |

## Reporting Owners

| Reporting Owner Name / Address   | Relationships |           |                    |       |
|--|---------------|-----------|--------------------|-------|
|  | Director      | 10% Owner | Officer            | Other |
| Grady Gill R<br>GSE SYSTEMS, INC.<br>1332 LONDONTOWN BLVD.<br>SYKESVILLE, MD 21784 |               |           | Sr. Vice President |       |

## Signatures

/s/ Gill R. Grady                      09/18/2012

\*\*Signature of  
Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Exercisable as follows: 22,000 3/14/2007; 16,500 3/14/2008; 16,500 3/14/2009

(2) Exercisable as follows: 8,000 10/28/2011; 6,000 10/28/2012; 6,000 10/28/2013

(3) Exercisable as follows: 5,714 10/23/2009; 5,714 10/23/2010; 5,714 10/23/2011; 5,715 10/23/2012; 5,714 10/23/2013; 5,714 10/23/2014; 5,715 10/23/2015

(4) Exercisable as follows: 20,000 11/11/2012; 20,000 11/11/2013; 20,000 11/11/2014; 20,000 11/11/2015; 20,000 11/11/2016

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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