

Hough Jeffery G
 Form 4
 December 20, 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 *
 Hough Jeffery G

(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)
 12/14/2012

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. VP & CFO

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)
				(A) or (D) Price			
Common Stock	12/14/2012		M	V Amount (D) Price \$ 1.89	64,000	D	
Common Stock	12/14/2012		F	V Amount (D) Price \$ 1.89	5,741	D	

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

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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	12/14/2012		M	64,000	<u>(1)</u>	03/14/2013	Common Stock	64,000
Employee Stock Option	\$ 5.95					<u>(2)</u>	10/23/2018	Common Stock	40,000
Employee Stock Option	\$ 3.4					<u>(3)</u>	10/28/2017	Common Stock	20,000
Employee Stock Option	\$ 1.85					<u>(4)</u>	11/11/2018	Common Stock	100,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Hough Jeffery G GSE SYSTEMS, INC. 1332 LONDONTOWN BLVD SYKESVILLE, MD 21784			Sr. VP & CFO	

Signatures

/s/ Jeffery G. Hough 12/18/2012

**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: 25,600 3/14/2007; 19,200 3/14/2008; 19,200 3/14/2009
- (2) Exercisable as follows: 5,714 10/23/2009; 5714 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

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

(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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