

Grady Gill R
 Form 4
 September 13, 2007

FORM 4

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

OMB APPROVAL

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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, 7133
 RUTHERFORD RD
 (Street)

BALTIMORE, MD 21244

(City) (State) (Zip)

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

3. Date of Earliest Transaction (Month/Day/Year)
 09/11/2007

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	09/11/2007		X	3,000 A \$ 1.85	3,100	D	
Common Stock	09/11/2007		S	3,000 D \$ 6.4	100	D	
Common Stock	09/12/2007		X	4,500 A \$ 1.85	4,600	D	
Common Stock	09/12/2007		S	2,500 D \$ 6.45	2,100	D	
Common Stock	09/12/2007		S	2,000 D \$ 6.65	100	D	

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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	\$ 1.85	09/11/2007		X	3,000	03/22/2005	03/22/2012	Common Stock	3,000
Employee Stock Option	\$ 1.85	09/12/2007		X	4,500	03/22/2005	03/22/2012	Common Stock	4,500
Employee Stock Option	\$ 1.61					<u>(1)</u>	03/13/2013	Common Stock	55,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Grady Gill R GSE SYSTEMS 7133 RUTHERFORD RD BALTIMORE, MD 21244			Sr. Vice President	

Signatures

/s/ Gill R. Grady 09/13/2007

**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

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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