

# SPAR GROUP INC

## FORM SC13E4F

(Issuer tender offer statement filed pursuant to Rule 13(e)(4) by foreign issuers)

Filed 08/25/09

Address	560 WHITE PLAINS ROAD SUITE 210 TARRYTOWN, NY 10591
Telephone	914-332-4100
CIK	0001004989
Symbol	SGRP
SIC Code	7389 - Business Services, Not Elsewhere Classified
Industry	Business Services
Sector	Services
Fiscal Year	12/31

**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**  
**SCHEDULE TO**  
**TENDER OFFER STATEMENT UNDER SECTION 14(d)(1) OR 13(e)(1)**  
**OF THE SECURITIES EXCHANGE ACT OF 1934**

**SPAR GROUP, INC.**

(Name of Subject Corporation (Issuer) and Filing Persons (Offeror))

**Stock Options to Purchase Common Stock, \$0.01 Par Value**  
 (Title of Classes of Securities)

784933103

(CUSIP Number of Class of Securities Underlying Options)

Notices and Communications to:	Copies to:
James R. Segreto Chief Financial Officer, Treasurer and Secretary SPAR Group, Inc. 560 White Plains Road, Suite 210 White Plains, New York 10591 (914) 332-4100	Lawrence David Swift, Esq. Troutman Sanders LLP The Chrysler Building 405 Lexington Avenue New York, New York 10174-0700 (212) 704-6000

(Name, Address and Telephone Number of Person Authorized to Receive Notices  
 and Communications on Behalf of Filing Persons)

**CALCULATION OF FILING FEE**

Transaction Valuation*	Amount of Filing Fee
\$650,172	\$ 36.28

Calculated solely for purposes of determining the filing fee. This amount assumes that stock options to purchase 2,077,185 shares of common stock of SPAR Group, Inc. having an aggregate value of \$650,172 as of August 6, 2009, will be exchanged or cancelled pursuant to this offer. The aggregate value of such securities was calculated based on the Black-Scholes option pricing model. The amount of the filing fee, calculated in accordance with the Securities Exchange Act of 1934, as amended, equals \$55.80 for each \$1,000,000 of the value of this transaction.

Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid:	<u>Not Applicable</u>	Filing Party:	<u>Not Applicable</u>
Form or Registration No.:	<u>Not Applicable</u>	Date Filed:	<u>Not Applicable</u>

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

third-party tender offer subject to Rule 14d-1.

issuer tender offer subject to Rule 13e-4.

going-private transaction subject to Rule 13e-3.

amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

If applicable, check the appropriate box(es) below to designate the appropriate rule provision(s) relied upon:

Rule 13e-4(i) (Cross-Border Issuer Tender Offers).

Rule 14d-1(d) (Cross-Border Third-Party Tender Offers).

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<b>EXHIBIT INDEX</b>		
EX-99	(a)(1)(A) Offer to Exchange Certain Outstanding Stock Options for New Stock Options dated August 24, 2009 (the "Exchange Offer")	
EX-99	(a)(1)(B) Form of email notice/reminder/cover letter (which will be attached as Exhibit A to the Exchange Offer)	
EX-99	(a)(1)(C) Election Form Sample (which will be attached as Exhibit B to the Exchange Offer)	
EX-99	(a)(1)(D) Revocation Form (which will be attached as Exhibit C to the Exchange Offer)	
EX-99	(a)(1)(E) Outside Directors Share Exchange Rate Schedule (which will be attached as Exhibit D to the Exchange Offer)	
EX-99	(a)(1)(F) Exchange Offer Q&A's (which will be attached as Exhibit E to the Exchange Offer)	
EX-99	(a)(1)(G) Summary Description and Prospectus dated August 24, 2009, respecting the SPAR Group, Inc. 2008 Stock Compensation Plan, as amended	

This Tender Offer Statement on Schedule TO relates to an offer by **SPAR Group, Inc.**, a Delaware corporation (“SGRP” or the “Corporation”), being made to the directors, officers (including executive officers) and employees of and consultants to the Corporation and its subsidiaries and certain affiliates (“Eligible Participants”), which includes several persons who are in “Retirement” as contemplated in the Corporation’s 2008 Stock Compensation Plan, as amended through May 28, 2009 (the “2008 Plan”). The Eligible Participants hold existing stock option contracts (“Existing Option Contracts”) evidencing nonqualified stock options (the “Eligible Options”) to purchase shares of the Corporation’s common stock, par value \$0.01 per share (the “SGRP Shares”), in the maximum aggregate amount of 2,077,185 SGRP Shares (without regard to vesting), which have exercise prices substantially in excess of the current market price for the SGRP Shares. The Corporation is offering to grant new nonqualified stock options having a new lower exercise price of \$0.40 per share (the “New Stock Options”) and exchange them for the Existing Option Contracts and Eligible Shares held by the Eligible Participants (at their respective options) upon the terms and provisions and subject to the conditions set forth in (i) the Exchange Offer attached hereto as Exhibit (a)(1)(A), (ii) the form of letter that will be used for emails, document transmittals and reminders attached hereto as Exhibit (a)(1)(B) (the “Cover Letter”), which will be attached to the Exchange Offer as Exhibit A, (iii) a sample of the Election Form attached hereto as Exhibit (a)(1)(C) (the “Election Form”), which will be attached to the Exchange Offer as Exhibit B, (iv) the sample Revocation Form attached hereto as Exhibit (a)(1)(D) (the “Revocation Form”), which will be attached to the Exchange Offer as Exhibit C, (v) the Outside Directors Share Exchange Rate Schedule attached hereto as Exhibit (a)(1)(E) (“Outside Director Schedule”), which will be attached to the Exchange Offer as Exhibit D, and (vi) the Exchange Offer Q&A’s attached hereto as Exhibit (a)(1)(F) (the “Q&A’s”), which will be attached to the Exchange Offer as Exhibit E. The documents listed in items (i) through (vi), above, as each may be supplemented or amended from time to time in the required manner, may be referred to individually as an “Exchange Document” and collectively as the “Exchange Documents”). The Corporation has also made available to the Eligible Participants a copy of the Summary Description and Prospectus dated August 24, 2009, respecting the SPAR Group, Inc. 2008 Stock Compensation Plan, as amended, attached hereto as Exhibit (a)(1)(G) (the “2008 Plan Prospectus”).

The following disclosure materials also are available to all on the Corporation’s website, [www.sparinc.com](http://www.sparinc.com): (1) each of the Exchange Documents; (2) the 2008 Plan and 2008 Plan Prospectus; (3) the Corporation’s by-laws, committee charters, ethics code and trading policies; (4) the Corporation’s Annual Report on form 10-K for the year ended December 31, 2008, as filed with the SEC on April \_\_, 2009 (the “2008 Annual Report”); (5) the Corporation’s annual Proxy Statements in accordance with Schedule 14A for its 2009 Annual Meeting of Stockholders as filed with the SEC on April 29, 2009 (the “2009 Proxy Statement”), including the portions incorporated by reference into the 2008 Annual Report; and (6) the Corporation’s Quarterly Report on Form 10-Q at and for the period ended June 30, 2009, as filed with the SEC on August 14, 2009 (the “6-30-09 Quarterly Report”). The documents listed in items (1) through (6), above, as each may be supplemented or amended from time to time in the required manner, may be referred to individually as an “Disclosure Document” and collectively as the “Disclosure Documents”).

The information in the Disclosure Documents, including all schedules and exhibits to the Disclosure Documents, is incorporated herein by reference to answer the items required in this Schedule TO.

#### **Item 1. Summary Term Sheet**

The information set forth in the Exchange Offer under the CAPTION “*SUMMARY OF EXCHANGE OFFER*” and in the Cover Letter and Q&A’s is incorporated herein by reference.

#### **Item 2. Subject Corporation Information.**

##### **(a) Name and Address**

SPAR Group, Inc., is the issuer of the securities subject to the Exchange Offer. The address of the Corporation’s principal executive office is 560 White Plains Road, Suite 210, Tarrytown, New York 10591, and the telephone number at that address is (914) 332-4100.

##### **(b) Securities.**

The subject class of securities consists of the Eligible Options to purchase an aggregate maximum of 2,077,185 SGRP Shares (without regard to vesting) currently held by the Eligible Participants under their respective Existing Option Contracts. The actual number of SGRP Shares that will be covered by the New Stock Options to be issued in the Exchange Offer will depend on the number of Eligible Participants who voluntarily elect to participate and the number of their Existing Option Contracts (and the Eligible Options evidenced by them) they elect to surrender for cancellation and exchange, but will not exceed 2,077,185 SGRP Shares.

The information set forth in the Exchange Offer under the following CAPTIONs and sub-captions is hereby incorporated herein by reference: "SUMMARY OF EXCHANGE OFFER"; "GENERAL TERMS OF THE EXCHANGE OFFER" - "Exchange Consideration" and "Maximum New Option Shares and Estimated Additional Compensation Expense"; and "OUR COMMON STOCK" - "Price Range of Our Common Stock", "Dividends", "Issuer Purchases of Equity Securities, and "Security Ownership of Certain Beneficial Owners and Management" (in which "SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT" is incorporated by reference from our 2008 Annual Report and our 2009 Proxy Statement).

**(c) Trading Market and Price.**

The information set forth in the Exchange Offer under the following CAPTION and sub-caption is hereby incorporated herein by reference: "OUR COMMON STOCK" - "Price Range of Our Common Stock".

**Item 3 . Identity and Background of Filing Person**

**(a) Name and Address.**

The filing person is the SGRP, the issuer. The information set forth under Item 2(a) above is hereby incorporated in this Item 3(a) by reference.

The information set forth in the Exchange Offer contained under the CAPTION and sub-caption "OUR FINANCIAL CONDITON, MANAGEMENT, ETC ." - "Annual Report" is hereby incorporated herein by reference, which in turn incorporates by reference from SGRP's 2008 Annual Report the following relevant items (among others): "Item 10 - Directors, Executive Officers and Corporate Governance" (incorporated by reference from our 2009 Proxy Statement) and "Item 12 - Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" (incorporated by reference from our 2009 Proxy Statement), which items contains information regarding the Corporation's directors, named executive officers and principal shareholders.

**Item 4 . Terms of the Transaction.**

**(a) Material Terms.**

The information set forth in the Exchange Offer under the following CAPTIONs and all sub-captions under each such CAPTION (or such individual sub-captions as are listed if less than all) is hereby incorporated herein by reference: "SUMMARY OF EXCHANGE OFFER"; "INTRODUCTION"; "GENERAL TERMS OF THE EXCHANGE OFFER"; "NEW STOCK OPTION TERMS"; "ELECTING TO VOLUNTARILY PARTICIPATE"; "NON-PARTICIPATION, REVOCATIONS AND DEEMED REVOCATIONS"; "RISK FACTORS RESPECTING THIS EXCHANGE OFFER"; "CONDITIONS TO THE EXCHANGE"; "OUR COMMON STOCK"; "OUR FINANCIAL CONDITON, MANAGEMENT, ETC."; "CERTAIN FEDERAL TAX CONSIDERATIONS RESPECTING THE EXCHANGES"; and "INCORPORATION OF DOCUMENTS BY REFERENCE".

**(b) Purchases.**

All directors and officers (including executive officers) of SGRP are Eligible Participants and may (to the extent they hold Eligible Options) voluntarily participate in the Exchange Offer, although its Outside Directors (as defined in the Exchange Offer) would if they participate receive somewhat less than the one-for-one exchange with the others who participate.

The information set forth in the Exchange Offer under the following CAPTIONs and all sub-captions under each such CAPTION (or such individual sub-captions as are listed if less than all) is hereby incorporated herein by reference is hereby incorporated herein by reference: "SUMMARY OF EXCHANGE OFFER"; "GENERAL TERMS OF THE EXCHANGE OFFER" - "Eligible Participants", "Outside Directors" and "Exchange Consideration"; "NEW STOCK OPTION TERMS" - "One-for-One Exchange", "Outside Directors Receive Less than "One-for-One", "New Ten Year Terms Starting on the Grant Date", "New Stock Option Exercise Price of \$0;40 Per Share", "New Stock Option's New Four Year Vesting Schedule", and "Other Terms of New Stock Options Substantially Unchanged"; "ELECTING TO VOLUNTARILY PARTICIPATE" - "Additional Conditions for Outside Directors and "Your Elections will become Enforceable and Your Surrendered Options will be Cancelled on the Closing Date"; "RISK FACTORS RESPECTING THIS EXCHANGE OFFER" - "Risk of Not Signing and Delivering Your New Option Contract On Time", "Risk of No Longer Being an Eligible Participant at Issuance or Vesting" and "Risks of a Nasdaq Delisting"; and "OUR FINANCIAL CONDITON, MANAGEMENT, ETC ." - "Annual Report", which in turn incorporates by reference from SGRP's 2008 Annual Report the following relevant items (among others): "Item 10 - Directors, Executive Officers and Corporate Governance" (incorporated by reference from our 2009 Proxy Statement) and "Item 12 - Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" (incorporated by reference from our 2009 Proxy Statement).

**Item 5. Past Contracts, Transactions, Negotiations and Arrangements.**

**(e) Agreements Involving the Subject Corporation's Securities.**

The information set forth in the Exchange Offer contained under the CAPTION and sub-caption "OUR FINANCIAL CONDITION, MANAGEMENT, ETC." - "Annual Report" is hereby incorporated herein by reference, which in turn incorporates by reference from SGRP's 2008 Annual Report the following relevant items (among others): "Item 5 - (subpart) Creation and Sale of Unregistered Preferred Stock"; "Item 10 - Directors, Executive Officers and Corporate Governance" (which Item 10 is incorporated by reference from our 2009 Proxy Statement); "Item 12 - Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" (which Item 12 is incorporated by reference from our 2009 Proxy Statement); and "Item 13 - Certain Relationships and Related Transactions, and Director Independence" (which Item 13 is incorporated by reference from our 2009 Proxy Statement).

**Item 6. Purposes of Transaction and Plans or Proposals.**

**(a) Purposes.**  
The information set forth in the Exchange Offer under the following CAPTIONS and all sub-captions under each such CAPTION (or such individual sub-captions as are listed if less than all) is hereby incorporated herein by reference: "SUMMARY OF EXCHANGE OFFER"; "GENERAL TERMS OF THE EXCHANGE OFFER" - "Approval and Purpose of this Exchange Offer", "Conditions, Cancellations and Exchanges", "Eligible Participants", "Eligible Options and Existing Option Contracts", "Outside Directors", "Exchange Consideration", "Maximum New Option Shares and Estimated Additional Compensation Expense" and "No Adverse Impact on Award Availability".

**(b) Use of Securities Acquired.**  
The information set forth in the Exchange Offer under the following CAPTIONS and all sub-captions under each such CAPTION (or such individual sub-captions as are listed if less than all) is hereby incorporated herein by reference: "SUMMARY OF EXCHANGE OFFER"; "GENERAL TERMS OF THE EXCHANGE OFFER" - "Approval and Purpose of this Exchange Offer", "Conditions, Cancellations and Exchanges", "Eligible Participants", "Eligible Options and Existing Option Contracts", "Outside Directors", "Exchange Consideration", "Maximum New Option Shares and Estimated Additional Compensation Expense" and "No Adverse Impact on Award Availability"; and "ELECTING TO VOLUNTARILY PARTICIPATE" - "Delivery of Original Selected Contract or Indemnification of SGRP Required" and "Your Elections will become Enforceable and Your Surrendered Options will be Cancelled on the Closing Date".

**(c) Plans.**  
The information set forth in the Exchange Offer under the following CAPTIONS and all sub-captions under each such CAPTION (or such individual sub-captions as are listed if less than all) is hereby incorporated herein by reference: "SUMMARY OF EXCHANGE OFFER"; "INTRODUCTION" - "Our 2008 Plan and Your Stock Options Under It" and "Our Plans and Proposals"; "GENERAL TERMS OF THE EXCHANGE OFFER" - "Approval and Purpose of this Exchange Offer"; and "OUR FINANCIAL CONDITION, MANAGEMENT, ETC" (which incorporates by reference our 2008 Annual Report, our 2009 Proxy Statement, our 6-30-09 Quarterly Report and our other SEC Reports).

**Item 7. Sources and Amount of Funds or Other Consideration.**

**(a) Sources of Funds.**  
The information set forth in the Exchange Offer under the following CAPTIONS and all sub-captions under each such CAPTION (or such individual sub-captions as are listed if less than all) is hereby incorporated herein by reference: "SUMMARY OF EXCHANGE OFFER"; "GENERAL TERMS OF THE EXCHANGE OFFER" - "Approval and Purpose of this Exchange Offer", "Conditions, Cancellations and Exchanges", "Outside Directors", "Exchange Consideration", and "Maximum New Option Shares and Estimated Additional Compensation Expense"; and "ELECTING TO VOLUNTARILY PARTICIPATE" - "Your Elections will become Enforceable and Your Surrendered Options will be Cancelled on the Closing Date".

**(b) Conditions.**  
The information set forth in the Exchange Offer under the following CAPTIONS and all sub-captions under each such CAPTION (or such individual sub-captions as are listed if less than all) is hereby incorporated herein by reference: "SUMMARY OF EXCHANGE OFFER"; "GENERAL TERMS OF THE EXCHANGE OFFER" - "Approval and Purpose of this Exchange Offer", "Risks and other Considerations", "Exchange Period; Extensions in Our Discretion", "Conditions, Cancellations and Exchanges", "Amendments, Terminations, Determinations, Rejections and Waivers in Our Discretion and Without Notice", "Eligible Participants", "Eligible Options and Existing Option Contracts", "Outside Directors", "Exchange Consideration", and "Delivery of Required Elections and Documents"; "NEW STOCK OPTION TERMS" - "New Option Contract Signature and Return Required", "New Option Contract Subject to 2008 Plan, Etc", "One-for-One Exchange", "Outside Directors Receive Less than One-for-One", and "New Stock Option's New Four Year Vesting Schedule"; "ELECTING TO VOLUNTARILY PARTICIPATE"; - "Completing, Signing and Delivering Your Exchange Elections during the Exchange Period", "Selection of the Existing Option Contracts for Exchange in Your Exchange Form", "Excluding Designated Existing Option Contracts from Your Exchanges", "Selecting Additional Existing Option Contracts for Exchange in Additional Exchange Forms", "Exercised or Expired Portions of Options Excluded", "Additional Conditions for Outside Directors", "Delivery of Original Selected Contract or Indemnification of SGRP Required", "No Effective Exchange Election without Proper Delivery of Your Exchange Form" and "Your Elections will become Enforceable and Your Surrendered Options will be Cancelled on the Closing Date"; "NON-PARTICIPATION, REVOCATIONS AND DEEMED REVOCATIONS" - "No Response, No Exchange", "Electing to Not Participate in Any Exchange", "No Revocation Form Delivered, No Effect on Exchange Election" and "Not Eligible Participant, or Other Conditions Not Satisfied, No Exchange of Eligible Options"; "CONDITIONS TO THE EXCHANGE" - "Specific Conditions Applicable to Each Eligible Participant" and "General Conditions Applicable to All Exchanges".

**(d) Borrowed Funds.**

Not applicable.

**Item 8. Interest in Securities of the Subject Corporation.**

**(a) Securities Ownership.**

The information set forth in the Exchange Offer contained under the CAPTION and sub-caption " *OUR FINANCIAL CONDITON, MANAGEMENT, ETC.* " - " *Annual Reports* " is hereby incorporated herein by reference, which in turn incorporates by reference from SGRP's 2008 Annual Report the following relevant items (among others): "Item 5 - (subpart) Creation and Sale of Unregistered Preferred Stock"; "Item 10 - Directors, Executive Officers and Corporate Governance" (which Item 10 is incorporated by reference from our 2009 Proxy Statement); "Item 11 - Executive Compensation" (which Item 11 is incorporated by reference from our 2009 Proxy Statement, which includes the relevant table entitled "Outstanding Equity Awards at Fiscal Year-End"); "Item 12 - Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" (which Item 12 is incorporated by reference from our 2009 Proxy Statement); and "Item 13 - Certain Relationships and Related Transactions, and Director Independence" (which Item 13 is incorporated by reference from our 2009 Proxy Statement).

**(b) Securities Transactions.**

In addition to the grant of the replacement options for this Exchange Offer, Stock Options (the subject securities) were granted to certain Eligible Participants in the normal course by the Compensation Committee at its meeting on August 6, 2009. Other than such grant and this Exchange Offer, and except for stock options exercised in the normal course, the Corporation has not engaged, and to its knowledge none of its directors or executive officers has engaged, in any transaction respecting any such stock option.

**Item 9 . Person/Assets, Retained, Employed, Compensated or Used.**

**(a) Solicitations or Recommendations.**

Not applicable.

**Item 10. Financial Statements.**

**(a) Financial Information.**

The information set forth in the Exchange Offer contained under the CAPTION and sub-caption " *OUR FINANCIAL CONDITON, MANAGEMENT, ETC.* " - " *Annual Report* " is hereby incorporated herein by reference, which in turn incorporates by reference from SGRP's 2008 Annual Report the following relevant items (among others): "Item 6 - Selected Financial Data"; "Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources"; "Item 9A - Controls and Procedures"; "Item 11 - Executive Compensation" (which Item 11 is incorporated by reference from our 2009 Proxy Statement, which includes the relevant table entitled "Outstanding Equity Awards at Fiscal Year-End"); "Item 14 - Principal Accountant Fees and Services"; and "Item 15 - Financial Statements".

The information set forth in the Exchange Offer contained under the CAPTION and sub-caption " *OUR FINANCIAL CONDITON, MANAGEMENT, ETC.* " - " *Quarterly Reports* ", is hereby incorporated by reference, which in turn incorporates by reference from SGRP's Quarterly Report on Form 10-Q at and for the period ended June 30, 2009 (the "6-30-09 Quarterly Report"), the following relevant items (among others): "PART I, Item 1 - Financial Statements"; "PART I, Item 2 - Management's Discussion and Analysis of Financial Condition, Results of Operations, Liquidity and Capital Resources"; "PART I, Item 3 - Quantitative and Qualitative Disclosures about Market Risk"; and "PART I, Item 4 - Controls and Procedures";

**(b) Pro Forma Information.**

Not applicable.

**Item 11 . Additional Information.**

**(a) Agreements, Regulatory Requirements and Legal Proceedings.**

The information set forth under Item 6(c) above is hereby incorporated in this Item 3(a) by reference. In additions, the information set forth in the Exchange Offer contained under the CAPTION and sub-caption " *OUR FINANCIAL CONDITON, MANAGEMENT, ETC.* " - " *Annual Reports* " is hereby incorporated herein by reference, which in turn incorporates by reference from SGRP's 2008 Annual Report the following relevant items (among others): "Item 3 - Legal Proceedings"; "Item 10 - Directors, Executive Officers and Corporate Governance" (which Item 10 is incorporated by reference from our 2009 Proxy Statement); "Item 11 - Executive Compensation" (which Item 11 is incorporated by reference from our 2009 Proxy Statement); and "Item 13 - Certain Relationships and Related Transactions, and Director Independence" (which Item 13 is incorporated by reference from our 2009 Proxy Statement).

**(b) Other Material Information.**

None other than as disclosed in the Exchange Offer, the 2008 Plan Prospectus and the SEC Reports.

**Item 12 . Exhibits.**

The Exhibit Index attached to this Schedule TO is incorporated herein by reference.

**Item 13. Information Required by Schedule 13E-3.**

Not applicable.

**SIGNATURE**

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

**SPAR GROUP, INC.**

By: /s/ James R. Segreto  
Name: James R. Segreto  
Title: Chief Financial Officer, Secretary and Treasurer

Date: August 24, 2009

EXHIBIT INDEX

<b>Exhibit No.</b>	<b>Description of Exhibit</b>
(a)(1)(A)	Offer to Exchange Certain Outstanding Stock Options for New Stock Options dated August 24, 2009 (the "Exchange Offer")
(a)(1)(B)	Form of email notice/reminder/cover letter (which will be attached as Exhibit A to the Exchange Offer)
(a)(1)(C)	Election Form Sample (which will be attached as Exhibit B to the Exchange Offer)
(a)(1)(D)	Revocation Form (which will be attached as Exhibit C to the Exchange Offer)
(a)(1)(E)	Outside Directors Share Exchange Rate Schedule (which will be attached as Exhibit D to the Exchange Offer)
(a)(1)(F)	Exchange Offer Q&A's (which will be attached as Exhibit E to the Exchange Offer)
(a)(1)(G)	Summary Description and Prospectus dated August 24, 2009, respecting the SPAR Group, Inc. 2008 Stock Compensation Plan, as amended

**SPAR Group, Inc.****Offer to Exchange Certain Outstanding Stock Options for New Stock Options**

This document is part of a prospectus relating to the SPAR Group, Inc. 2008 Stock Compensation Plan, as amended, covering securities registered under the Securities Act of 1933, as amended. Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of this transaction or passed upon the fairness or merits of this transaction or the accuracy or adequacy of the information contained in this Exchange Offer or such prospectus.

The date of this Exchange Offer is August 24, 2009

The following summary is qualified by, subject to and uses capitalized and other terms defined in the balance of this Offer to Exchange Certain Outstanding Stock Options for New Stock Options (this "Exchange Offer").

**SUMMARY OF EXCHANGE OFFER**

- Our outstanding stock options have exercise prices substantially in excess of the current market price of our common stock and no longer provide the desired values, encouragement and incentives to their holders. As permitted by our 2008 Plan, our Compensation Committee (all outside directors) and Board approved this repricing Exchange Offer to try to provide such values, encouragement and incentives through repriced replacement options.
- We are offering for a limited time to exchange the existing eligible options held by eligible participants in return for new stock options from us with lower exercise prices pursuant to the terms and conditions of this Exchange Offer.
- We are providing this Exchange Offer to assist you in making your own informed decision, but we will not give you any advice, assurance or recommendation in this regard or any additional information not in this Exchange Offer. You are encouraged to seek further advice from your own tax, financial and legal advisors.
- You are eligible to participate if you are a director, officer or employee of or consultant to any SPAR Company.
- Participation in this Exchange Offer is completely voluntary. You do not need to respond to this offer to keep your Existing Option Contracts. You also can elect to exchange some of those contracts and not others. You will keep all of your Existing Option Contracts (and all Eligible Options thereunder) that you do not exchange. No changes will be made to the contracts and options you keep and you will not receive any repriced replacements for them.
- All of your unexercised Eligible Stock Options covered by a Selected Contract are automatically included in your Exchanges and cannot be split. If you try to do so, you could invalidate your Exchange Form.
- You can designate your Selected Contracts for exchange by signing, completing and returning your Election Form, which we included in your package. We must receive it by the end of the Exchange Period for it to be effective.
- You can change your mind later and revoke an earlier election, or select additional Existing Option Contracts for exchange, if you complete, sign and deliver the requisite Revocation Form or Election Form as provided in the Exchange Offer. A change is not effective unless we receive the proper form during the Exchange Period.
- If you want to participate in this Exchange Offer, we must receive your signed Election Form by 5:00 pm on the last day of the Exchange Period, although you can send it to us as soon as you are ready to do so. Our Exchange Offer expires and the Exchange Period ends at 5:00 pm on the last day of the Exchange Period, which is currently expected to be September 23, 2009. We may extend the Exchange Offer and Exchange Period in our discretion.
- If you voluntarily participate and submit Selected Contracts (and the Eligible Options they evidence) for exchange and cancellation, and we accept them, you will receive a New Option Contract on the following terms:
  - o Your New Stock Option will give you the right to purchase the same total number of our Common Stock shares as your surrendered Selected Contracts; i.e., this is a "one-for-one" exchange.
  - o Your exercise price will be \$0.40 for each share of our Common Stock, which was its closing sale price on August 6th, 2009, as determined in accordance with our 2008 Plan.
  - o Your New Stock Option will vest over four years, with 1/4th of your new share amount vesting on August 6 of each year, starting in 2010. You will not receive any credit for past vesting under your surrendered contracts.
  - o Your New Option Contract will be issued under and subject to the terms of our current 2008 Plan.
  - o The terms of your New Option Contract will otherwise be substantially the same as your surrendered contracts.
- If you are one of our Outside Directors, several terms of your New Stock Option will be somewhat different:
  - o You must select to exchange either (1) all of your Existing Option Contracts having exercise prices in excess of \$0.50 per share, or (2) none of them. You cannot elect to exchange some of those contracts and not others.
  - o You will receive somewhat less than a one-for-one exchange, as provided in Exhibit D to this Exchange Offer.
  - o Your New Stock Option will vest immediately, like any new stock option awarded to any Outside Director.
- You must return a signed copy of your New Stock Contract to us within 30 days or it will become void and you will never receive your New Stock Options. Your surrendered Selected Contracts will be cancelled automatically.
- We believe your Exchanges should be treated as a nontaxable exchange and should not result in the recognition of any taxable income for U.S. federal income tax purposes. However, this is general information and is not tax, financial or legal advice. You are urged to seek further advice from your own tax, financial and legal advisors.
- We have the right to determine in our discretion the due authorization, validity, form, eligibility (including time of receipt), selections, sufficiency, completeness, regularity, legality or effectiveness of your elections, tenders, revocations or other instructions and whether to accept or reject them based on those determinations.

## **INTRODUCTION**

SPAR Group, Inc., a Delaware corporation (“SGRP”, “we”, “us”, “our” or the like), and its subsidiaries (together with SGRP, the “Company”), is a supplier of merchandising and other marketing services throughout the United States and internationally. The Common Stock issued by SGRP, \$.01 par value (the “Common Stock”), is currently listed and traded on the Nasdaq Stock Exchange (“Nasdaq”) and currently registered under Section 12(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and SGRP is currently a “smaller reporting company” (as defined in Rule 12b-2 of the Exchange Act) for the purposes of the periodic reports required under the Exchange Act that it files with the Securities and Exchange Commission (the “SEC”). SGRP has issued various stock options pursuant to the SPAR Group, Inc. 2008 Stock Compensation Plan, as amended (the “2008 Plan”), and previously, the 2000 Stock Option Plan, as amended (the “2000 Plan”), and the Amended and Restated 1995 Stock Option Plan, as amended (the “1995 Plan”).

**Our 2008 Plan and Your Stock Options Under It.** For information respecting the 2008 Plan and Stock Options and other Awards thereunder, see the Summary Description and Prospectus respecting the 2008 Plan (the “2008 Plan Prospectus”) as well as the 2008 Plan itself, each of which is incorporated herein by reference. You should consult and review the full text of the 2008 Plan and each Stock Option or other Award Contract that may be issued to you (each a “Contract”) respecting any matter you may deem important. The descriptions of the 2008 Plan and the Award Forms in the 2008 Plan Prospectus are only summaries of select provisions, are not comprehensive or complete, and are qualified in their entirety by the text of the most recent version of the 2008 Plan and each Contract signed and returned by you, which are incorporated by reference into the 2008 Plan Prospectus and this Exchange Offer (see “*INCORPORATION OF DOCUMENTS BY REFERENCE*” below). Capitalized terms used and not otherwise defined in this Exchange Offer shall have the meanings respectively assigned to them in the 2008 Plan Prospectus or 2008 Plan, as applicable.

**Our Plans and Proposals .** In June 2009, we engaged the investment banking firm Jesup & Lamont, Inc. to assist us with growth initiatives, including (without limitation) identifying acquisition or merger candidates or other expansion opportunities on a global basis, raising additional capital and assisting in related activities. On their recommendation, we are preparing to file a S-3 shelf registration respecting our Common Stock in order to have shares readily available for sale or other use, under which we would be limited under current S-3 rules to a maximum of approximately 1,700,000 shares, and we also are considering filing a preliminary S-1 registration in the near future to prepare for a larger stock issuance than we would be permitted to issue under an S-3 should the need for such additional capital arise.

Except for those pending and potential securities filings, this Exchange Offer and the other matters (if any) disclosed in our SEC Reports, we presently have no plans or proposals that relate to or would result in:

- any merger, reorganization, liquidation or other extraordinary corporate transaction involving us or any of our material subsidiaries;
- any purchase, sale or transfer of a material amount of the assets of us or any of our subsidiaries;
- any material change in our present dividend policy or our indebtedness or capitalization;
- any change in our present Board or its Committees, our senior management or their material terms of employment;
- any other material change in our corporate structure or business;
- our common stock not being authorized for listing on the Nasdaq Stock Exchange;
- our common stock becoming eligible for termination of registration pursuant to Section 12(g) of the Exchange Act;
- the suspension of our obligation to file reports pursuant to Section 15(d) of the Exchange Act;
- the acquisition by any person of any of our securities or the disposition by any person of any of our securities, other than in connection with our 2008 Plan, our employee and consultant stock purchase plans and our 401(k) plan; or
- any change to our certificate of incorporation, bylaws or committee charter, or any action that may make it more difficult for any person to acquire control of us.

**Obtaining and Reviewing Applicable Documents and Information .** At SGRP’s web site, [www.sparinc.com](http://www.sparinc.com), you can review and download the most current versions of this Exchange Offer, the 2008 Plan and Award Forms, and the 2008 Plan Prospectus under the Investor Relations tab and the most recent Annual Report and Proxy Statement, as updated (and in some cases amended or superseded) by subsequent SEC Reports, under the Investor Relations tab. You also can obtain free copies of any document incorporated by reference into this Prospectus, as well as a current list of such incorporated documents and any additional information or help you may need respecting any Award or Contract (as defined below) you may receive, from SGRP’s Human Resources Department, which you may contact by mail at SPAR Group, Inc., 1910 Opdyke Court, Auburn Hills, MI 48326, by phone at 248-364-7727, by fax at 248-364-8600, or by email at [hsavage@sparinc.com](mailto:hsavage@sparinc.com).

**Reliance.** You should rely only on the express contents of this Exchange Offer (including the provisions of the 2008 Plan, 2008 Plan Prospectus and other documents expressly incorporated by reference) and any new stock option contract you may receive; no one is authorized or permitted to give you any other information or assurance of any kind or nature whatsoever; and you will not receive any right, remedy or interest from, and you cannot act or rely on, any such other information or assurance, regardless of source.

## **GENERAL TERMS OF THE EXCHANGE OFFER**

SGRP is offering for a limited time to permit eligible participants to elect to surrender their eligible option contracts for exchange and cancellation in return for new repriced stock option contracts in accordance with and subject to the terms, provisions and conditions of this Offer to Exchange Certain Outstanding Stock Options for New Stock Options (this "Exchange Offer") and the 2008 Plan.

**Approval and Purpose of this Exchange Offer.** SGRP's Board of Directors (our "Board") and its Compensation Committee (our "Compensation Committee") determined that most of the outstanding stock options issued under our 2008 Plan and its predecessors (covering approximately 2.1 million shares of our Common Stock) have exercise prices significantly higher than the current market price of our Common Stock. Accordingly, as permitted by 2008 Plan's Repricing Amendment, they approved this Exchange Offer on August 6, 2009 (the "Grant Date"), to permit eligible participants to elect to surrender their eligible option contracts for exchange and cancellation in return for new stock options with lower exercise prices in accordance with this Exchange Offer, which the Board and Compensation Committee believe will have greater value and appreciation potential for the holders and will be more likely to restore and provide the originally intended performance incentives and value.

**Risks and other Considerations.** Although our Board and Compensation Committee have approved this Exchange Offer, we realize that your decision to tender Eligible Options for exchange is an individual one. Participation in this Exchange Offer involves a number of potential risks and uncertainties, including those described below, in the 2008 Plan Prospectus and in our most recent Annual Reports and subsequent SEC Filings as incorporated by reference (and defined) below. See "*RISK FACTORS RESPECTING THIS EXCHANGE OFFER*", below. We strongly recommend that you consult with your personal legal, financial and tax advisors before deciding whether to participate in this Exchange Offer. We are not recommending whether you should (or should not) participate.

**Exchange Period; Extensions in Our Discretion .** This Exchange Offer commenced on August 24, 2009, and is currently scheduled to end at 5 P.M. on September 23, 2009, and is subject to extension or termination as described in this Exchange Offer, including (without limitation) in the event of material changes in this Exchange Offer, the occurrence of certain other events, or the extension or termination of this Exchange Offer by the Board or Compensation Committee (if and as so extended, the "Exchange Period"). You must make your exchange decisions and we must receive your signed written elections and revocations on the required forms during the Exchange Period. See "*Completing, Signing and Delivering Your Exchange Elections during the Exchange Period*" and "*Revoking Your Previous Election to Participate during the Exchange Period*", below. We may extend the Exchange Period and delay accepting any Existing Option Contracts identified and surrendered to us in our sole discretion at any time, and from time to time.

This is a one-time offer, and we will strictly enforce the Exchange Period, subject only to such extensions as we may grant in our sole discretion.

**Conditions, Cancellations and Exchanges .** Your voluntary election to surrender your Existing Stock Contracts and the Eligible Options evidenced by them for cancellation, their cancellation (the "Cancellations"), and the subsequent issuance of your replacement option contract and, upon our receipt of your signed new option contract, the effectiveness of your new stock options (the "Exchanges"), in each case are subject to the terms, provisions and conditions of this Exchange Offer. For example, see "*Eligible Participants*", "*Eligible Options and Existing Option Contracts*", "*ELECTING TO VOLUNTARILY PARTICIPATE*", "*Specific Conditions Applicable to Each Eligible Participant*" and "*General Conditions Applicable to All Exchanges*", below. Your Cancellations will become effective on the first business day after the end of Exchange Period that we finalize all pending determinations and confirm the satisfaction of all of the other applicable conditions (the "Closing Date"), which we hope will occur on the first business day following the end of the Exchange Period or shortly thereafter. Your Exchange will become effective when we receive the return of your signed New Option Contract (see below), which will then be effective as of the Grant Date.

**Amendments, Terminations, Determinations, Rejections and Waivers in Our Discretion and Without Notice .** We may amend, terminate or withdraw this Exchange Offer in our sole discretion at any time, and from time to time. We will determine and resolve, in our sole discretion, all questions and matters respecting any Existing Option Contract, any Eligible Option evidenced by such contract or any Common Stock that may be purchased thereunder, and your elections, tenders, revocations or other instructions respecting any such contract, including (without limitation) the validity of each of your Existing Option Contracts and the Eligible Options they evidence, the number of shares of Common Stock that remain available under each of your Eligible Options, and the due authorization, validity, form, eligibility (including time of receipt), selections, sufficiency, completeness, regularity, legality or effectiveness of any of your elections, tenders, revocations or other instructions. We may reject any or all such elections, revocations or other instructions that we determine to be deficient or otherwise defective, or waive any such deficiency or defect or otherwise accept any such election, revocation or election as submitted, in our sole discretion at any time, and from time to time, but subject to compliance (if and to the extent applicable) with Rule 13e-4 under the Exchange Act or other applicable law. Subject to an applicable non-applicable determination by a court of competent jurisdiction that is final and binding on all parties, our determination of these and other matters will be final and binding on all parties.

**Reminders From Us.** We reserve the right, but are not obligated, to send by email one or more general reminders to you and all of the other Eligible Participants using the form of original cover letter attached hereto as Exhibit A and adding a new heading or preamble noting the date and time the Exchange Offer and the Exchange Period are then schedule to expire and the number of days then remaining for delivery to us of an Election Form or Revocation Form.

**No Notice of any Extension, Amendment, Termination, Determination, Rejection, Waiver or other Act or Decision.** We do not intend to give any public or private announcement, oral or written notice or other communication of any extension, amendment, termination, determination, rejection, waiver or other action taken or decision made by us as permitted or contemplated under this Exchange Offer or applicable law, except as we may be required to give by Rule 13e-4(e) under the Exchange Act or any other applicable law, or we may choose to give in our sole discretion.

**Eligible Participants.** You are eligible to participate in this Exchange Offer (and you are an "Eligible Participant") if you are a director, officer (including its executive officers) or employee of or consultant to SGRP, any of its subsidiaries or any of its affiliated companies (including SPAR Management Services, Inc., and SPAR Infotech, Inc.), or if you left such position due to your "Retirement" (as defined in the 2008 Plan) and continue to be in such Retirement.

**Eligible Options and Existing Option Contracts.** This Exchange Offer applies to each of the unexercised nonqualified stock options issued under the 2008 Plan, 2000 Plan or 1995 Plan and currently held by you as an Eligible Participant, whether or not vested ("Eligible Options"), which are evidenced by stock option contracts between you and us (each an "Existing Option Contract"), excluding, however, every option that either is scheduled to expire within the Exchange Period or is not evidenced by an Existing Option Contract. We believe the Eligible Participants currently hold Eligible Options to purchase an aggregate maximum of 2,077,185 shares of our Common Stock (without regard to vesting) under their respective Existing Option Contracts. The actual number of SGRP Shares covered by the New Stock Options to be issued in the Exchange Offer will depend on the number of Eligible Participants electing to participate and the number of their Existing Option Contracts (and the Eligible Options evidenced by them) they elect to exchange.

**Outside Directors.** The Eligible Participants include each of our four current and one retired directors deemed to be "independent" under Nasdaq rules (each an "Outside Director"). The Outside Directors are (and were) all of the members of our Compensation Committee, which is charged by its Charter, Nasdaq rules and applicable law with overseeing and (subject to permitted delegations) administering our 2008 Plan and the Awards thereunder. At the insistence of the Compensation Committee and the Board, the exchange ratio will be somewhat less than one-to-one ( e.g. , less favorable) to the Outside Directors, as provided in Exhibit D, to avoid our incurrence of any additional compensation expense from their exchanges. See " *Outside Directors Receive Less than "One-for-One"*  ", below.

**Exchange Consideration.** In consideration of the surrender of your Selected Contracts (as defined below), which includes all of the Eligible Options they evidence, and their delivery to us for exchange and their cancellation on the Closing Date pursuant to this Exchange Offer, we will deliver a New Option Contract to you that (upon your return of a signed copy to us as provided below) will evidence your New Stock Options. No cash payments are currently contemplated. Exchanges will be made on a "one-for-one basis" for all Eligible Participants other than our Outside Directors (who have a lower exchange rate).

**Maximum New Option Shares and Estimated Additional Compensation Expense .** If 100% of the Eligible Participants elect to exchange all of their Eligible Options, under which we believe they could currently purchase an aggregate maximum of 2,077,185 shares of our Common Stock (without regard to vesting or other conditions), we expect that:

- The aggregate maximum shares of our Common Stock that could be purchased under their New Stock Options (without regard to vesting or other conditions) will be less than such 2,077,185 share amount due to the somewhat lower exchange rates for our Outside Directors. See " *Exchange Consideration* ", above.
- We estimate that our maximum additional compensation expense will be approximately \$93,000 (based on current Black-Scholes computation factors), recognizable ratably over the four year vesting period through August 6, 2013, assuming the holders continue to be Eligible Participants throughout such period (other than through retirement).

**No Adverse Impact on Award Availability .** Our current remaining availability for new Awards under the 2008 Plan will not be adversely affected, whether or not you participate in this Exchange Offer. Under our 2008 Plan, when Stock Options are cancelled, the number of shares covered by them are "recycled" and added back to our remaining availability. Your Selected Contracts and corresponding Eligible Options will be cancelled on the Closing Date and the shares they covered will offset the shares to be covered by your New Option Contract and New Stock Option.

**Delivery of Required Elections and Documents.** You may deliver your signed Election Forms, Selected Contracts, Revocation Forms or New Option Contract to us in any reasonable manner, including faxing such document (other than your original signed Selected Contract, which you must physically return to us). Please send it to us as follows and allow sufficient time for delivery:

Human Resources Department, SPAR Group, Inc., 1910 Opdyke Court, Auburn Hills, MI 48326.

Or you can fax such document (other than your original signed Selected Contract, which you must physically return to us) at 248-364-8600, attention Human Resources Department.

#### **NEW STOCK OPTION TERMS.**

Following the Closing Date (if it occurs), if you have satisfied the applicable conditions for participation and exchange, you will be eligible to receive a new stock option contract (the "New Option Contract") on the following terms and conditions in exchange for the Existing Option Contracts that you effectively elected to surrender for exchange and cancellation and did not revoke as permitted below (each a "Selected Contract"):

- **New Option Contract Signature and Return Required** . We will send you the proposed New Option Contract within 30 days after the Closing Date. However, you must sign your New Option Contract and return it to us within 30 days after we send it to you in order for your New Option Contract, your new stock option evidenced by such contract (the "New Stock Option") and your Exchanges to ever become effective. See "*Risk of Not Signing and Delivering Your New Option Contract On Time*", below.
- **New Option Contract Subject to 2008 Plan, Etc.** Your New Stock Option and New Option Contract will be issued under, governed by and subject to the 2008 Plan, whether or not your Selected Contracts were subject to the 2008 Plan. The 2008 Plan is described, together with certain cautions and other information, in the 2008 Plan Prospectus
- **"One-for-One Exchange"**. This is a "one-for-one" exchange based on the number of shares of our Common Stock covered, without regard to vesting, by all of your Eligible Options under your Selected Contracts ("Selected Exchange Shares"), and you will receive a New Stock Option to purchase the same number of such shares ("New Option Shares") as the number of your Selected Exchange Shares, unless you are an Outside Director (see below).
- **Outside Directors Receive Less than "One-for-One"**. However, if you are an Outside Director, you will receive New Option Shares in the amount shown for you in Exhibit D hereto, which is less than the number of your Selected Exchange Shares. The number of your New Option Shares was calculated (based on current Black-Scholes computation factors) so that there will be no incremental compensation expense to the Company from your participation in the repricing exchange. If all Outside Directors participate, we expect the average exchange rate to be approximately 0.83 New Option Share for each Selected Exchange Share.
- **New Ten Year Terms Starting on the Grant Date** . Your New Stock Options will be dated as of the Grant Date, which is the date they were granted by the Compensation Committee to you (subject to your voluntary participation and the other terms, provisions and conditions of this Exchange Offer), and will have a ten year term scheduled to expire on the tenth anniversary of the Grant Date ( *i.e.* , August 6, 2019).
- **New Stock Option Exercise Price of \$0.40 Per Share**. The exercise price under your New Stock Options will be \$0.40 per share, the closing sale price of the Common Stock as reported by Nasdaq on the Grant Date.
- **New Stock Option's New Four Year Vesting Schedule**. None of your New Stock Options will be vested on issuance (unless you are an Outside Director – see below). Instead, they will vest over four years, with your option to purchase 1/4<sup>th</sup> of your total New Option Shares vesting on each anniversary of your Grant Date, August 6, 2009 (which is the same way your existing stock options vested and any new stock option issued to you would vest). You will lose any vested status you may have had under your existing Eligible Options. If you leave and stop being an Eligible Participant before portions of your New Stock Options vest, you will forfeit the unvested portions of such stock options pursuant to the 2008 Plan and your New Options Contract. However, if you are an Outside Director, your New Stock Options will vest immediately (which is the same way your recently issued stock options have vested and any new stock options issued to you would vest as an Outside Director). Retired Eligible Participants who participate also will receive New Stock Options that vest immediately in accordance with the 2008 Plan.
- **Other Terms of New Stock Options Substantially Unchanged** . Except for the new ten year term, new exercise price, and new four year vesting schedule (if applicable), the terms and conditions of the New Stock Options and New Option Contracts will be substantially the same as the existing Eligible Options and Surrendered Option Contracts issued under the 2008 Plan.

#### **ELECTING TO VOLUNTARILY PARTICIPATE.**

You may elect to voluntarily exchange each of your Existing Option Contracts that you designate as a Selected Contract (and all of the Eligible Options evidenced by such contract) by compliance with the terms, provisions and conditions of this Exchange Offer, including (without limitation) the following, and not revoking such election as permitted below:

- **Completing, Signing and Delivering Your Exchange Elections during the Exchange Period** . You must complete and sign an exchange election substantially in the same form as Exhibit B to this Exchange Offer (an "Election Form") specifying each Existing Option Contract that you elect to surrender as Selected Contracts (together with all Eligible Options evidenced by such contract) for exchange and cancellation, and deliver your completed and signed form and your applicable original Selected Contracts to us during the Exchange Period. You may deliver your signed Election Form(s) and applicable Selected Contracts to us in any reasonable manner, including the delivery of such form by fax (but not your original signed Selected Contract, which you must physically return to us), as provided in "*Delivery of Required Elections and Documents*", above. We have no obligation to inform you that we either have or have not received any signed Election Form or Selected Contract from you. You must allow sufficient time to ensure timely delivery.
- **Selection of the Existing Option Contracts for Exchange in Your Exchange Form** . We have included in your offer package an Election Form that already lists each of your outstanding Existing Option Contracts containing Eligible Options and the number of option shares covered by each. You must check the "EXCHANGE" box for each of your Eligible Option Contracts that you elect to surrender as a Selected Contract (together with all Eligible Options evidenced by such contract) for exchange and cancellation in accordance with the Exchange Offer. To select all of your Existing Option Contracts for exchange, check all of their "EXCHANGE" boxes. You may specify less than all of your Existing Option Contracts for exchange, but you will be deemed to have elected to exchange all of your existing Eligible Options covered by each Selected Contract.

- **Excluding Designated Existing Option Contracts from Your Exchanges.** You should check the "DO NOT Exchange" box for each of your Eligible Option Contracts that you elect to keep without change and not exchange. If you do not wish to participate in the Exchange Offer at all, you can either check all of the "DO NOT Exchange" boxes or you can keep and never return your Election Form.
- **Keep a Copy of Your Completed Election Form.** Please keep a copy of your completed Election Form. You may need your contact numbers and other information in the event you wish to revoke any of your elections.
- **Selecting Additional Existing Option Contracts for Exchange in Additional Exchange Forms.** If you specified less than all of your Existing Option Contracts for exchange in your prior Exchange Form(s), you may complete, sign and deliver to us within the Exchange Period an additional Election Form electing to exchange such additional Existing Option Contract(s) (and all of the Eligible Options evidenced by such additional contracts) as you specify in that additional form. You may obtain additional Exchange Forms from our Human Resources Department, which you may contact as provided in " *Delivery of Required Elections and Documents* ", above. If you deliver more than one Exchange Form, selection of an Existing Option Contract on any of your Exchange Forms will be sufficient to include such contract (and all of the Eligible Options evidenced by it) as a Selected Contract in your exchange elections (subject to your effective revocation, below), irrespective of whether such contract is specified in any of your other Exchange Forms.
- **Exercised or Expired Portions of Options Excluded .** If you partially exercised an Eligible Option, you may elect to exchange the remaining unexercised portion of your Existing Option Contract under this Exchange Offer. However, you cannot exchange Eligible Options (or the portions thereof) that you have already exercised, have expired or are scheduled to expire during the Exchange Period.
- **Additional Conditions for Outside Directors.** If you are an Outside Director, you must exchange either (1) all of your Existing Option Contracts with Eligible Options having strike prices in excess of \$0.50 per share or (2) none of those contracts.
- **Delivery of Original Selected Contract or Indemnification of SGRP Required. .** If we do not receive any applicable original Selected Contract from you during the Exchange Period, you will nevertheless be deemed to have surrendered and delivered it to us and directed us to proceed with the Cancellation and Exchange of that Selected Contract, and you will be obligated to indemnify and reimburse us for all losses and expenses (including attorneys fees and expenses) that we may incur as a result of canceling and exchanging any Selected Contract you did not return. We have no obligation to inform you that we either have or have not received any such contract.
- **No Effective Exchange Election without Proper Delivery of Your Exchange Form .** If we do not receive your signed and completed Election Form within the Exchange Period (unless in our sole discretion we choose to accept delivery of your Election Form after the Exchange Period and before 5 pm on the Closing Date), whether or not you have completed or sent such form, your election to participate in the Exchange Offer will not be effective and you will be deemed to have chosen to keep all of your Existing Option Contracts and the underlying Eligible Options without change. We have no obligation to inform you that we either have or have not received any such item.
- **Your Elections will become Enforceable and Your Surrendered Options will be Cancelled on the Closing Date .** If you delivered your signed Election Form and applicable Existing Option Contracts to us during the Exchange Period, if you did not duly revoke your election to exchange the such contracts, and if we did not terminate this Exchange Offer, then on the Closing Date (if and when we declare it has occurred), your election and surrender of your Selected Contracts ("Surrendered Contracts") and the Eligible Options covered by them (each a "Surrendered Option") becomes a final and binding contract with us for exchange and cancellation pursuant to this Exchange Offer, you will have no longer have any right or interest in any Surrendered Contract or Surrendered Option, and all of your Surrendered Contracts and Surrendered Options will be automatically cancelled, in each case whether or not you ever sign and return your New Option Contract, whether or not your New Stock Option or New Option Contract ever become effective, and whether or not you become ineligible to receive them.

**NON-PARTICIPATION, REVOCATIONS AND DEEMED REVOCATIONS.**

You may choose to keep some or all Existing Option Contracts (and all of the Eligible Options evidenced by each such contract), and not exchange them, and those you do not exchange, and those that do not qualify for exchange or are otherwise excluded, will continue unchanged in accordance with their existing pricing, vesting and other terms, respectively.

- **No Response, No Exchange** . If you do nothing, you will be deemed to have chosen to not participate in this Exchange Offer and to keep all of your Existing Option Contracts and the underlying Eligible Options they evidence without change.
- **Electing to Not Participate in Any Exchange** . You may also affirmatively choose to keep all of your Existing Option Contracts by checking every “DO NOT Exchange” box on your Exercise Form, signing it and returning it to us as provided above.
- **Non-Selected Contracts Are Not Subject to Exchange and Continue Unchanged** . Each of your Existing Option Contracts you marked as “DO NOT Exchange”, and each of those you did not mark as either “EXCHANGE” or “DO NOT Exchange”, in your Election Form(s) and remaining that way after the end of the Exchange Period (“Excluded Contracts”), will be excluded from the Cancellations and Exchanges, and you will keep each Excluded Contract and all Eligible Options evidenced by such contract without change.
- **Revoking Your Previous Election to Participate During the Exchange Period** . You may change your mind and revoke (in whole or in part) your previous election to exchange all or selected Existing Option Contracts of yours by completing the form of election revocation attached to this Exchange Offer as Exhibit C (a “Revocation Form”), signing it and delivering it to us at any time during the Exchange Period. If you wish to revoke the exchange of less than all of your Existing Option Contracts covered by your previous election(s), you must specify those contracts you no longer wish to exchange in your Revocation Form. You may deliver your signed Revocation Form to us in any reasonable manner, including fax, as provided in “*Delivery of Required Elections and Documents*”, above. We have no obligation to inform you that we have received or have not received any signed Revocation Form from you. You must allow sufficient time to ensure timely delivery.
- **No Revocation Form Delivered, No Effect on Exchange Election** . If we do not receive any signed and completed Revocation Form from you within the Exchange Period that revokes your exchange election with respect to a previously Selected Contract (unless in our sole discretion we choose to accept delivery of your Revocation Form after the Exchange Period and before 5 pm on the Closing Date), whether or not you have completed or sent such Revocation Form, your previous election to include that Selected Contract in your Exchange Offer participation will not be revoked or be any less effective. We have no obligation to inform you that we either have or have not received any such item.
- **Not Eligible Participant, or Other Conditions Not Satisfied, No Exchange of Eligible Options**. If you are not an Eligible Participant on the last day of the Exchange Period or on the date your New Option Contract would be sent to you, or if you have not otherwise satisfied any of the conditions applicable to you under this Exchange Offer (see “*Specific Conditions Applicable to Each Eligible Participant*”, below) before the end of the Exchange Period or Closing Date (subject to our right to make determinations and grant waivers in our sole discretion), even though you may have delivered your signed and completed Exchange Form and applicable Existing Option Contracts within the required periods, your election to exchange your Selected Contracts and the Eligible Options evidenced by such contracts in this Exchange Offer will not be effective, and you will be deemed to have instead revoked your election to exchange such contracts and options and chosen to keep that contract and the underlying Eligible Options without change.
- **Return of Delivered Selected Contracts upon Effective or Deemed Revocation** . If we received a Selected Contract from you, and that exchange election shall (in accordance with this Exchange Offer) have been either effectively revoked by you or deemed to have been revoked under the terms hereof before the end of the Exchange Period, we will return such Existing Option Contract to you in the normal course after the Closing Date.

**RISK FACTORS RESPECTING THIS EXCHANGE OFFER**

- **Risk of Not Signing and Delivering Your New Option Contract On Time**. Your New Stock Option and New Option Contract will expire and you will never receive them, your Selected Contracts will still be cancelled ( *i.e.*, you will never get them back), and you will receive nothing in exchange for your Cancellations if you do not return your signed New Option Contract to us within 30 days after we sent it to you, whether or not we have signed it, unless in our sole discretion we choose to accept a justifiably late delivery.
- **Risk of No Longer Being an Eligible Participant at Issuance or Vesting**. If you stop being an Eligible Participant after the Closing Date and before you have returned your signed New Option Contract to us, your New Stock Option and New Option Contract will expire and you will never receive them, your Selected Contracts will still be cancelled ( *i.e.* , you will never get them back), and you will receive nothing in exchange for your Cancellations. If you stop being an Eligible Participant after you returned your signed New Option Contract to us, your unvested New Stock Options evidenced by that contract will expire without vesting and you will never have an opportunity to exercise those expired unvested options and your Selected Contracts will have been already cancelled (and you can never get them back).

- **Risks of a Nasdaq Delisting.** SGRP's common stock is currently trading, has recently traded and could continue to trade for less than \$1.00 per share, which is below Nasdaq's minimum trading price for continued listing on the Nasdaq stock market. In response to market conditions, late last year Nasdaq temporarily suspended the enforcement of its rules requiring a minimum \$1.00 closing bid price (and related minimum required market value of publicly held shares) for all its listed companies, but that enforcement suspension expired on August 2, 2009. There can be no assurance that SGRP will be in compliance in the future with Nasdaq's continued listing requirements. If SGRP's stock continues to trade below \$1.00, Nasdaq may give SGRP notice of non-compliance, which starts a six month cure period during which SGRP may endeavor to once again satisfy Nasdaq's continued listing requirements, and if SGRP continues to be in non-compliance after such six month cure period ends, Nasdaq may commence delisting procedures against SGRP (during which SGRP will have additional time of up to six months to appeal and correct its non-compliance). If SGRP's shares were ultimately delisted by Nasdaq, the market liquidity of SGRP's common stock could be adversely affected and its market price could decrease, even though such shares may continue to be traded "over the counter", due to (among other things) the potential for increased spreads between bids and asks, lower trading volumes and reporting delays in over-the-counter trades and the negative implications and perceptions that could arise from such a delisting. *(Repeated for your convenience from our 6-30-09 Quarterly Report at and for the period ended June 30, 2009.)*
- **Company Risk Factors.** You should carefully review the risk factors described in "Risk Factors" (see *Item 1A – Risk Factors*) and each other cautionary statement in our most recent Annual Report and each subsequent Quarterly Report (see "*SEC Report*", below). To date, those Risk Factors are set forth in "Item 1A – Risk Factors" in our 2008 Annual Report and our 6-30-09 Quarterly Report. In that Quarterly Report, we added the Nasdaq Risk Factor we repeated for your convenience above.

#### **CONDITIONS TO THE EXCHANGE**

##### ***Specific Conditions Applicable to Each Eligible Participant***

We may reject your election to participate in the Exchange Offer if we determine in our discretion that you have failed to satisfy any of the following conditions.

- You are an Eligible Participant, and you will be an Eligible Participant at the end of the Exchange Period and when you sign and return your New Option Contract;
- You have properly completed and signed your Election Form and delivered to us during the Exchange Period, and you have not effectively revoked elections to exchange your Selected Contracts;
- Each of your Selected Contracts covers only Eligible Options;
- You have the unrestricted right and legal capacity to participate in the Exchange Offer and surrender and exchange the Selected Contracts;
- You are the record and beneficial owner and holder of the Selected Contracts, you have not assigned, pledged or granted any other right in any of them to anyone else, and you have not agreed with anyone else that you would not assign, exchange or transfer any Selected Contract (i.e., you haven't given anyone a "negative pledge" of any them);
- You surrendered and delivered to us each of your original executed Selected Contracts or have made a good faith effort to find and return them to us, and you will indemnify and reimburse us for any and all losses and expenses (including attorneys fees and expenses) we may incur from cancelling any Selected Contract you failed to return;
- You will execute and deliver all such additional documents as may be reasonably requested by SGRP in connection with such cancellation; or
- You do not live in a state that requires registration of this Exchange Offer under its securities law.

We may rely without inquiry on your certification in your Exchange Form that those conditions have been satisfied.

### **General Conditions Applicable to All Exchanges**

We may terminate or amend this Exchange Offer, or postpone our acceptance or cancellation of any option or contract designated or surrendered to us, or the issuance of any New Stock Option, in each case, subject to Rule 13e-4(f)(5) promulgated under the Exchange Act, if at any time prior to the Closing Date, we determine that any of the following events has occurred and, in our reasonable judgment, it is inadvisable for us to proceed with this Exchange Offer as described herein:

- Any changes, events or circumstances occur or exist that, in our reasonable judgment, could materially and adversely affect our accounts, assets, business, cash flow, credit, expenses, financing, income, indebtedness, investments, liabilities, liens, liquidity, material agreements, operations, permits, properties, prospects, reputation, solvency, strategies, taxation or financial or other condition, or those of any of our material subsidiaries, or materially impair our ability to create better performance incentives for our Eligible Participants through this Exchange Offer, whether individually or in the aggregate with other events or circumstances (each a "Material Adverse Effect")
- any action or proceeding by any government agency, authority or tribunal or any other person, domestic or foreign, is pending before any court, authority, agency or tribunal that directly or indirectly challenges the making of this Exchange Offer, the acquisition of some or all of the designated or surrendered Eligible Options, or the grant of the New Stock Options, or that otherwise relates to this Exchange Offer or that, in our reasonable judgment, could have a Material Adverse Effect;;
- any action is pending or taken, or any approval is withheld, by any court or any authority, agency or tribunal that, in our reasonable judgment, would or might directly or indirectly: (i) make it illegal for us to accept some or all of the designated or surrendered Eligible Options or to issue some or all of the New Stock Options or otherwise restrict or prohibit consummation of this Exchange Offer or otherwise relate to this Exchange Offer; (ii) delay or restrict our ability, or render us unable, to accept the designated or surrendered Eligible Options for exchange or to issue some or all of the New Stock Options for some or all of the designated or surrendered Eligible Options; or (iii) have a Material Adverse Effect;
- there is any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or in the over-the-counter market;
- the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States, whether or not mandatory;
- there shall have occurred any change, development, clarification or position taken in generally accepted accounting principles that could or would require us to record an additional compensation expense against our earnings in connection with this Exchange Offer for financial reporting purposes;
- another person publicly makes or proposes a tender or exchange offer for some or all of our Common Stock, or an offer to merge with or acquire us, or we learn that: (i) any person, entity or "group", within the meaning of Section 13(d)(3) of the Exchange Act, has acquired or proposed to acquire beneficial ownership of more than 5% of the outstanding shares of our Common Stock, or any new group is formed that beneficially owns more than 5% of the outstanding shares of our Common Stock, other than any such person, entity or group that has filed a Schedule 13D or Schedule 13G with the SEC on or before the date of this Exchange Offer; (ii) any such person, entity or group that has filed a Schedule 13D or Schedule 13G with the SEC on or before the date of this Exchange Offer has acquired or proposed to acquire beneficial ownership of an additional 2% or more of the outstanding shares of our Common Stock; or (iii) any person, entity or group shall have filed a Notification and Report Form under the Hart- Scott-Rodino Antitrust Improvements Act of 1976, as amended, or made a public announcement that it intends to acquire us or any of our assets or securities; or
- any prohibition from granting New Stock Options to you by applicable law or regulation (such prohibitions could result from changes in the rules, regulations or policies of the SEC or our Nasdaq listing requirements).

The conditions to this Exchange Offer are for our benefit. We may assert them in our sole discretion prior to the Closing Date, and we may waive them at any time and from time to time prior to the Closing Date, whether or not we waive any other condition to this Exchange Offer. Our failure to exercise any of these rights is not a waiver of any of these rights, and the waiver of any of these rights with respect to particular facts and circumstances is not a waiver with respect to any other facts and circumstances. You may challenge our determination of these matters, but only a court of competent jurisdiction may render a final and binding determination. Subject to any order or decision by a court of competent jurisdiction, any determination we make concerning the events described in this section will be final and binding upon all of our employees, our subsidiaries' employees and our non-employee directors eligible to participate in this Exchange Offer.

## OUR COMMON STOCK

### **Price Range of Our Common Stock**

The following table sets forth the reported high and low sales prices of our Common Stock for the indicated calendar quarters as reported by Nasdaq.

	2009		2008		2007	
	High	Low	High	Low	High	Low
First Quarter	\$ 0.75	\$ 0.45	\$ 1.50	\$ 0.62	\$ 1.30	\$ 0.95
Second Quarter	0.70	0.37	1.45	0.61	1.23	0.89
Third Quarter	N/A	N/A	1.20	0.62	1.50	0.95
Fourth Quarter	N/A	N/A	0.90	0.22	1.02	0.54

On June 30, 2009, there were 19,139,365 shares of our Common Stock outstanding. As of December 31, 2008, there were approximately 1,000 beneficial shareholders of our Common Stock.

### **Dividends**

We have never declared or paid any cash dividends on our Common Stock and do not anticipate paying cash dividends on our Common Stock in the foreseeable future. While our recently issued Preferred Stock accrues a 10% dividend payable in either cash or common stock when authorized by the Board, we do not anticipate paying such dividend in the foreseeable future. We currently intend to retain future earnings to finance our operations and fund the growth of our business. Any payment of future dividends will be at the discretion of our Board and will depend upon, among other things, our earnings, financial condition, capital requirements, level of indebtedness, contractual restrictions in respect to the payment of dividends and other factors that our Board deems relevant. Our Credit Facility with Webster Business Credit Corporation restricts the payment of dividends without its prior consent (see Note 4 to our Consolidated Financial Statements – Lines of Credit – in our 2008 Annual Report).

### **Issuer Purchases of Equity Securities**

During the fiscal year ended December 31, 2008, we did not repurchase any of our equity securities.

### **Security Ownership of Certain Beneficial Owners and Management**

Please see “SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT” in our 2009 Proxy Statement, which is incorporated herein by reference.

### **OUR FINANCIAL CONDITON, MANAGEMENT, ETC.**

**SEC Reports.** Our consolidated financial statements and descriptions of (among other things) our business, governance, management and affiliated transactions, as well as various risk factors pertaining to us, our business and investments in our Common Stock, are contained in SGRP’s filings with the SEC after January 1, 2009 (the “SEC Reports”), including (i) our Annual Reports on Form 10-K for the referenced years (each an “Annual Report”), beginning with the our Annual Report for the year ended December 31, 2008 (our “2008 Annual Report”), (ii) our annual Proxy Statements in accordance with Schedule 14A for the referenced years (each a “Proxy Statement”), beginning with our Proxy Statement for our 2009 Annual Meeting of Stockholders (our “2009 Proxy Statement”), including the portions incorporated by reference into the Annual Report filed immediately preceding such Proxy Statement, (iii) our Quarterly Reports on Form 10-Q for the reference quarter and interim period following the year reported in the most recent Annual Report (each a “Quarterly Report”), and (iv) our Current Reports on Form 8-K (other than those reporting our earnings press releases) containing various informational updates and supplements following the year reported in the most recent Annual Report (each a “Current Report”), and our SEC Reports become part of this Prospectus at the same time they are filed with the SEC, and may supplement, amend or supersede earlier SEC Reports, because the SEC Reports and other documents have been incorporated by reference into this Exchange Offer, to the extent and as more fully described below (see “INCORPORATION OF DOCUMENTS BY REFERENCE” below).

**Existing Risk Factors** . You should carefully review the risk factors described in “Risk Factors” (see *Item 1A – Risk Factors* ) and each other cautionary statement in our 2008 Annual Report and each subsequent Quarterly Report and other SEC Report, all of which are incorporated herein by reference.

**Annual Report s.** You should also review the following other items in our 2008 Annual Report, all of which are incorporated herein by reference, for a better understanding of our business, governance, management, affiliated transactions and financial condition:

Item 1	Business;
Item 3	Legal Proceedings;
Item 5	(subparts) "Corporation Performance" and "Creation and Sale of Unregistered Preferred Stock";
Item 6	Selected Financial Data;
Item 7	Management's Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources;
Item 9A	Controls and Procedures;
Item 10	Directors, Executive Officers and Corporate Governance;
Item 11	Executive Compensation;
Item 12	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters;
Item 13	Certain Relationships and Related Transactions, and Director Independence;
Item 14	Principal Accountant Fees and Services; and
Item 15	Financial Statements.

Items 10, 11, 12, 13 and 14 are incorporated by reference into our 2008 Annual Report from our 2009 Proxy Statement. Please see our 2009 Proxy Statement for the full text of our Items 10, 11, 12, 13 and 14.

**Quarterly Reports .** You should also review the following other items in each of our Quarterly Reports covering periods in 2009, including our Quarterly Report at and for the period ended June 30, 2009 (our "6-30-09 Quarterly Report"), all of which are incorporated herein by reference for interim financial statements and updated information respecting material changes (if any) in our business, governance, management, affiliated transactions and financial condition:

PART I	FINANCIAL INFORMATION:
Item 1	Financial Statements;
Item 2	Management's Discussion and Analysis of Financial Condition, Results of Operations, Liquidity and Capital Resources;
Item 3	Quantitative and Qualitative Disclosures about Market Risk; and
Item 4	Controls and Procedures.
PART II	OTHER INFORMATION:
Item 1	Legal Proceedings.

#### **CERTAIN FEDERAL TAX CONSIDERATIONS RESPECTING THE EXCHANGES**

**Summary Only – Not Legal Advice.** The following is a brief summary of certain general federal income, employment, gift and estate tax considerations respecting your Exchanges under this Exchange Offer. This summary does not purport to be complete or authoritative, and you are directed, and reference is hereby made, to all applicable federal statutes and regulations (which to the extent existing at the date of this document served as the basis for this summary), which are all subject to modification and reinterpretation at any time by the federal government or applicable courts. This summary for informational purposes only and is not intended (and shall not be deemed or construed) to be tax or legal advice.

**Consult with Your Tax, Legal and Financial Advisors.** You are urged to consult with your own tax, legal and financial advisors respecting the applicable federal, state, local and other tax laws, regulations and rules, whether income, gift, estate or other taxes (collectively, "Tax Laws"), applicable to your Exchanges under this Exchange Offer and the timing, extent and consequences of their taxability, as Tax Laws are very complex and the tax consequences could be severe and will likely depend upon your particular circumstances. For example, taxable events under could occur on your receipt, vesting or exercise of your New Stock Options, on your receipt of distributions and Common Stock and on their disposition, or on your contribution, gift or bequest of any New Stock Option to any family trust, family partnership or family member, and you could suffer severe consequences if you do not comply with and otherwise take into account the applicable Tax Laws. In addition, your tax advisor may be able to advise you respecting the likely risks and consequences of particular transactions, tax strategies and positions. Finally, your tax consequences under applicable state, local or other law may not be the same as under federal income tax laws, so it is important to consult with a tax advisor who is also knowledgeable with the non-federal tax law applicable to you.

**Federal Tax Consequences of your Option Exchanges and Retentions .** We believe that the exchange of your designated Eligible Options for your New Stock Options should not be a federally taxable event, although the IRS is not precluded from taking a contrary position. The New Stock Options will be Nonqualified Stock Options and will not qualify as Incentive Stock Options within the meaning of Section 422 of the Code. If you did not exchange some of our Eligible Options, your retention of those unmodified existing Eligible Options should not be a federally taxable event.

**General Tax Considerations Applicable to All Nonqualified Stock Options.** For the federal tax considerations applicable to all Nonqualified Stock Options (like the New Stock Options), please see the following topics in the tax section of the 2008 Plan Prospectus: " *Nonqualified Stock Options*", " *Exercising Stock Options With Shares Of SGRP's Common Stock*", " *Nonqualified Deferred Compensation and Code Section 409A*", " *Performance Awards And Code Section 162(m)*", " *Federal Employment Tax Consequences*", " *Federal Income Tax Consequences for Gifted Stock Options*", " *Federal Gift Tax Consequences for Gifted Stock Options*", and " *Federal Estate Tax Consequences for Gifted Stock Options*".

**Circular 230 Disclaimer** . The following disclaimer is provided in accordance with Treasury Department Circular 230: You are hereby notified that (a) the summary above is not intended or written to be used, and cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer under the Internal Revenue Code, (b) the summary above was written to support the promotion or marketing (within the meaning of Circular 230) of the transaction(s) or matter(s) addressed by this communication, and (c) each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

**WE URGE YOU CONSULT WITH YOUR OWN TAX, LEGAL AND FINANCIAL ADVISORS RESPECTING ALL POTENTIAL TAX CONSIDERATIONS AND CONSEQUENCES THAT MAY BE INVOLVED IN MAKING YOUR EXCHANGES UNDER THIS EXCHANGE OFFER, WHETHER UNDER ANY APPLICABLE FEDERAL, STATE, LOCAL OR OTHER LAW, AND WHETHER INVOLVING ANY APPLICABLE INCOME, GIFT, ESTATE OR OTHER TAX.**

**INCORPORATION OF DOCUMENTS BY REFERENCE**

Securities Law permits SGRP to "incorporate by reference" certain information from other specified documents into this Exchange Offer and its filings with the SEC, which means SGRP can disclose important information in this Exchange Offer or such filings by referring to those documents and the important information they may contain. The "information incorporated" by reference is considered to be part of this Exchange Offer and the 2008 Plan Registration, and later information filed with the SEC will update and supersede this information, as more fully described below. This means you must review the documents incorporated by reference for you to understand the 2008 Plan and the Company and its business and financial condition to the same degree as if all of the important information contained in those incorporated documents had been repeated in this Exchange Offer.

The 2008 Plan, the 2008 Plan Prospectus, the SEC Reports and the other documents specified above have all been incorporated by reference into this Exchange Offer, each document incorporated by reference into the SGRP's Filing on Schedule TO respecting the Exchange Offer (as amended, "Schedule TO"), or into SGRP's Registration Statements on Form S-8 respecting the 2008 Plan (as amended, the "2008 Plan Registration") pursuant to Item 3 or any other provision of the 2008 Plan Registration, are hereby incorporated by reference into this Exchange Offer (to the extent not already so incorporated), and each document so "incorporated by reference" into this Exchange Offer may be referred to as an "Incorporated Document". The SEC Reports and the documents listed in such Item 3 include all documents filed by SGRP with the SEC after January 1, 2009, pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, other than those "furnished", rather than "filed", with SEC pursuant to certain items of Form 8-K, and shall be deemed to be incorporated by reference into and to become part of this Exchange Offer and the 2008 Plan Registration upon such filing.

Any information contained or deemed contained at any time in this Exchange Offer, the 2008 Plan Prospectus or the 2008 Plan Registration, including any information incorporated by reference, repeated or summarized from any Incorporated Document, will from time to time be automatically and simultaneously updated and modified, restated, replaced or superseded by the corresponding or other applicable information contained (i) in this Exchange Offer, Schedule TO or the 2008 Plan Registration, as most recently amended, or (ii) in any later filed Incorporated Document ("Modified Information"). This Exchange Offer, Schedule TO and the 2008 Plan Registration shall be deemed to include such Modified Information, as and when filed and to the extent applicable, and thereafter shall not include or be deemed to include the older information to the extent so modified, restated, replaced or superseded by such updated information.

At SGRP's web site, [www.sparinc.com](http://www.sparinc.com), you can review and download the most current 2008 Plan and Award Forms, as well as the most current version of this Exchange Offer, under the Investor Relations tab, and you can review and download the most recent Annual Report and Proxy Statement, as updated (and in some cases amended or superseded) by subsequent SEC Reports, under the Investor Relations tab. You also can obtain free copies of any document incorporated by reference into this Exchange Offer, Schedule TO or the 2008 Plan Registration, as well as a current list of the Incorporated Documents and any additional information or help you may need respecting any Award or Contract (as defined below) you may receive, from SGRP's Human Resources Department, which you may contact by mail at SPAR Group, Inc., 1910 Opdyke Court, Auburn Hills, MI 48326, by telephone at 248-364-7727, by fax at 248-364-8600, or by email at [hsavage@sparinc.com](mailto:hsavage@sparinc.com).

In making your investment decisions respecting your participation in this Exchange Offer, you should rely only on the express contents of this Exchange Offer and any New Option Contract you may receive, including the provisions of the 2008 Stock Plan, SEC Reports and other Incorporated Documents, in each case as and to the extent most recently updated.



*Merchandising \* Market Research \* In-Store Events*  
**Services Defined by the Return They Generate**

Re: SPAR Group, Inc. -- Offer to Exchange Certain Outstanding Stock Options for New Stock Options

SPAR Option Holder:

We are pleased to inform you that at the August 6, 2009, SPAR Board Meeting, both the Board and Compensation Committee approved the Offer to Exchange Certain Outstanding Stock Options for New Stock Options.

This offer provides you with the ability to voluntarily exchange all or some of your existing stock options (in accordance with the **Exchange Offer** document described below for new SPAR Group, Inc. Options valued at \$0.40 per share.

This offer is available for a Limited Time Only and we strongly recommend that read all materials we are distributing on this matter and make sure you return your signed **Election Form** (attached) to SPAR's HR Department on or before the September 23, 2009, Expiration Date.

Assuming you qualify and elect to exchange some or all of your existing stock option contracts you will, shortly after the Expiration date, receive a new stock option contract having a new lower exercise price of \$0.40 per share, covering the same number of shares of SPAR common stock as those you exchanged (a "one-for-one" exchange), and the normal four year vesting period will start over again. These conditions are more fully provided in the Exchange Offer.

As part of this offer, we also are sending you a "hard copy" of this letter today together with copies of the following:

1. **Exchange Offer** : Our "Offer to Exchange Certain Outstanding Stock Options for New Stock Options" dated August 24, 2009. The Exchange Offer describes this offer in considerable detail, including (without limitation) directions for completing and submitting your Exchange Form, the details of the new stock options we are offering to issue to you in exchange, contract details, and some important disclosures and legal language required for exchanges like this ( e.g . disclosures under our SEC filings that are always available on SPAR's main web site.)
2. **Election Form** : This document shows the Options you hold that are eligible for exchange and has instructions for selecting exchanges on an option contract by contract basis. While the exchange period isn't scheduled to end until September 23, 2009, you have the option to take the full period to consider this offer, or you can complete this form and return it to us at any time with the understanding that you are permitted to change your mind and resubmit your election provided it is received by the expiration Date as outlined in the Exchange Offer.
3. **2008 Plan Prospectus** :This document is Our Summary Description and Prospectus respecting the SPAR Group, Inc. 2008 Stock Compensation Plan, as amended, dated August 24, 2009 (the "2008 Plan Prospectus"). The 2008 Plan Prospectus describes in considerable detail our 2008 Stock Compensation Plan, as amended (the "2008 Plan"), and the general terms of the stock option and other awards issued by SPAR. If you voluntarily participate, your new stock option will be subject to our 2008 Plan.

If you go to our website, sparinc.com, you can view and download our Exchange Offer and our 2008 Plan Prospectus, which will also be attached to our SEC filing on Form Schedule TO for this Exchange Offer, as filed on August 24, 2009, as well as our SEC Reports and other related documents included in our Exchange Offer by reference.

Very truly yours,

SPAR Group, Inc.

**Using Tomorrow's Tools to Solve Today's Challenges**

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**SPAR Group, Inc. Corporate Office \* 560 White Plains Road \* Suite 210 \* Tarrytown, NY 10591-5198**

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SPAR Group, Inc. ID 33-0684451 / 560 White Plains Road, Tarrytown, NY 10591

**Election Form Instructions****Re : Offer to Exchange Certain Outstanding Stock Options for New Stock Options.**

This document is the official "Election Form" to be utilized in making your voluntary selections under the SPAR Group, Inc. Offer to Exchange Certain Outstanding Stock Options for New Stock Options dated August 24, 2009, as amended (the "Exchange Offer"). The form is divided into two parts: 1) this Election Form, agreement and Instructions page; and 2) the actual Election Form page to make your voluntary selection of your current options you wish to exchange (as detailed and in accordance with all of the terms, provisions and conditions of the Exchange Offer). Both parts will need to be signed by you and returned to us as confirmation that you have received these instructions and you have made your exchange selections. Capitalized terms used and not otherwise defined in this election form shall have the meanings respectively assigned to them in the Exchange Offer.

Below is part 2 and provides your personal options summary listing each of your Existing Option Contracts that you may elect to exchange. Please read each line carefully and then check the "EXCHANGE" box for each Existing Option Contract you **want** to submit for exchange and cancellation (as checked, a "Selected Contract"). By electing to submit a Selected Contract, you are electing to exchange and cancel all Eligible Options evidenced by that Selected Contract once the Exchange Period has expired. Check "DO NOT EXCHANGE" box on each Existing Option Contract that you do **not** wish to submit for exchange and cancellation. SGRP must receive this Election Form no later than 5:00 p.m., Eastern Time on September 23, 2009, as provided in the Exchange Offer. You can add or revoke your selection of Selected Contracts during the Exchange Period as provided in the Exchange Offer.

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**ALL CONTRACTS NOT CHECKED IN ANY WAY BY YOU, AND ALL CONTRACTS CHECKED "DO NOT EXCHANGE" BY YOU, WILL NOT BE EXCHANGED OR CANCELLED BY SGRP AND NEW OPTIONS WILL NOT BE ISSUED IN EXCHANGE FOR SUCH OPTIONS**

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You acknowledge to and agree with SGRP that: (1) you have received and reviewed and understand the Exchange Offer; (2) you have executed this election form and elected to submit the Selected Contracts for exchange and cancellation under the Exchange Offer intending to be legally bound after the end of the Exchange Period, subject to your right to revoke during the Exchange Period as provided in the Exchange Offer; (3) you have satisfied each of the conditions and you hereby make and confirm each of the representations and acknowledgments applicable to you under the Exchange Offer; (4) the Selected Contracts will be cancelled, and you will no longer have any right to or interest in them, after the end of the Exchange Period; (5) you have the unrestricted right and legal capacity to participate in the Exchange Offer and surrender and exchange the Selected Contracts; (6) you are the record and beneficial owner and holder of the Selected Contracts and have not pledged or granted any other right in any of them to anyone else; (7) you will make a good faith effort to deliver to SGRP all of your original executed Selected Contracts (although failure to do so will not change your election to exchange and cancel any such contract); (8) you will indemnify and reimburse SGRP for any and all losses and expenses (including attorneys fees and expenses) SGRP may incur from its cancellation of any Selected Contract you failed to deliver to SGRP; and (9) you will execute and deliver all such additional documents as may be reasonably requested by SGRP in connection with such cancellation.

SGRP anticipates that on or shortly after September 23, 2009, it will send to you a New Option Contract in Exchange for your cancelled options that, when signed and returned, will grant to you, effective as of August 6, 2009, a new nonqualified stock option under the 2008 Plan that (i) has an exercise price of \$0.40 (40 cents) per share, (ii) covers the same aggregate number of shares of SGRP Common Stock as were covered by your Selected Contracts, below, and (iii) vest 1/4<sup>th</sup> per year over the next four anniversaries of your grant date in accordance with your New Option Contract. You agree and understand that your New Stock Contract will become void and you will not receive your New Stock Options if you do not sign and return that contract within 30 days to SGRP.

Please confirm your elections below to submit for exchange and cancellation your Selected Contracts and your other acknowledgments to and agreements with SGRP by signing below and faxing all pages of this election form to: 248.364.8600 - ATTN: OPTION EXCHANGE, or mailing to: HR Dept. 1910 Opdyke Ct., Auburn Hills, MI 48236 - ATTN: OPTION EXCHANGE.

Very truly yours, **SPAR Group, Inc.**

ACKNOWLEDGED AND AGREED (Optionee / Date):

\_\_\_\_\_  
Exhibit B - Page 1

\_\_\_\_\_  
SGRP Election Form Rev 8/24/09

Joe Employee  
 123 Main Street  
 Bronxville, NY United States 10708-1917

**I want to exchange the following  
 SGRP stock options contracts  
 under the Exchange Offer.**

**STOCK OPTIONS**

Grant												EXCHANGE:	DO NOT Exchange
Number	Date	Plan	Type	Granted	Price	Exercised	Vested	Cancelled	Unvested	Outstanding	Exercisable		
000681	8/2/2001	2000	NQ	2,000	\$0.0000	0	2,000	0	0	2,000	2,000	<input type="checkbox"/>	<input type="checkbox"/>
000786	8/2/2001	2000	NQ	17,000	\$0.0000	0	17,000	0	0	17,000	17,000	<input type="checkbox"/>	<input type="checkbox"/>
001401	5/19/2004	2000	NQ	4,500	\$0.0000	0	4,500	0	0	4,500	4,500	<input type="checkbox"/>	<input type="checkbox"/>
001554	4/14/2005	2000	NQ	8,000	\$0.0000	0	8,000	0	0	8,000	8,000	<input type="checkbox"/>	<input type="checkbox"/>
001698	11/9/2005	2000	NQ	10,000	\$0.0000	0	7,500	0	2,500	10,000	7,500	<input type="checkbox"/>	<input type="checkbox"/>
001745	3/1/2006	2000	NQ	9,000	\$0.0000	0	6,750	0	2,250	9,000	6,750	<input type="checkbox"/>	<input type="checkbox"/>
002069	11/8/2007	2000	NQ	10,000	\$0.0000	0	2,500	0	7,500	10,000	2,500	<input type="checkbox"/>	<input type="checkbox"/>
002084	12/14/2007	2000	NQ	15,000	\$0.0000	0	3,750	0	11,250	15,000	3,750	<input type="checkbox"/>	<input type="checkbox"/>
002197	11/6/2008	2008	NQ	20,000	\$0.0000	0	0	0	20,000	20,000	0	<input type="checkbox"/>	<input type="checkbox"/>
				95,500		0	52,000	0	43,500	95,500	52,000		

ACKNOWLEDGED AND AGREED (Optionee / Date):

\_\_\_\_\_ / \_\_\_\_\_

**REVOCATION FORM**

I am submitting this revocation form (this "Revocation Form") to **SPAR Group, Inc.** ("SGRP", "you", "your" or the like) in accordance with your **Offer to Exchange Certain Outstanding Stock Options for New Stock Options** dated August 24, 2009, as amended (the "Exchange Offer"). The Exchange Offer is incorporated by reference into this Revocation Form and will control in the event of any conflict or inconsistency with this Revocation Form. Capitalized terms used and not otherwise defined in this election form shall have the meanings respectively assigned to them in the Exchange Offer.

I previously submitted to you one or more Election Forms (each a "Prior Election") in which I selected the checked Existing Option Contracts (and all of the Eligible Options respectively evidenced by them) for exchange and cancellation under the Exchange Offer (each a "Selected Contract").

**INSTRUCTION: To choose whether to revoke some or all of your previously Selected Contracts under your Prior Elections, please check one of the two boxes below, list your previously Selected Contracts you now want to exclude from exchange, if less than all, and return this signed Revocation Form to SGRP.**

- Revoke and Exclude ALL:** I hereby elect to revoke ALL of my Prior Elections for, and I now elect to exclude, ALL of my previously Selected Contracts, and all of the Eligible Options evidenced by them, from exchange and cancellation in accordance with the Exchange Offer.
- Revoke and Exclude SOME:** I hereby elect to revoke my Prior Elections for, and now elect to withdraw from exchange and exclude, the previously Selected Contracts I have listed below ("Listed Selected Contracts"), and all of the Eligible Options evidenced by them, from exchange and cancellation in accordance with the Exchange Offer:

Contract No.	Grant Date	Exercise Price	Unexercised Option Shares

I acknowledge to and agree with you that: (1) I have received and reviewed and understand the Exchange Offer and this Revocation Form; (2) I have executed this Revocation Form and delivered it to you, intending to be legally bound hereby; (3) if I checked " *Revoke and Exclude ALL* ", I have elected and hereby elect to revoke all of my Prior Elections and withdraw and exclude all of my previously Selected Contracts (and all of the Eligible Options evidenced by them) from exchange and cancellation under the Exchange Offer; (4) if I checked " *Revoke and Exclude SOME* ", I have elected and hereby elect to revoke my Prior Elections to the extent they pertain to my Listed Selected Contracts and to withdraw and exclude all of my Listed Selected Contracts (and all of the Eligible Options evidenced by them) from exchange and cancellation under the Exchange Offer; (5) I will keep all of my previously Selected Contracts that I have withdrawn from exchange under (3) or (4) above, no changes will be made in or to those contracts, and I will not receive any repriced replacements for them; (6) my revocation and withdrawal not be effective for any Listed Selected Contract that you cannot readily identify from my Revocation Form; (7) this Revocation Form will not be effective if you receive it after 5:00 p.m., Eastern Time, on the last day of the Exchange Period ; (8) I have the unrestricted right and legal capacity to execute and deliver this Revocation Form and revoke my Prior Elections to exchange those Selected Contracts; and (9) I will execute and deliver all such additional documents as may be reasonably requested by you in connection with such revocation.

SGRP must receive this Revocation Form no later than 5:00 p.m., Eastern Time, on the last day of the Exchange Period, which is currently scheduled to end on September 22, 2009, but such period may be extended by SGRP in its discretion. If you miss this deadline, you will not be permitted to participate in this Exchange Offer.

\_\_\_\_\_   
 Print Your Name Here

\_\_\_\_\_   
 Sign Your Name Here

Daytime Phone #:

Date Signed:

Cell Phone #:

SPAR ID #:

**SPAR Group, Inc.**

**Offer to Exchange Certain Outstanding Stock Options for New Stock Options**  
Dated August 24, 2009 (the "Exchange Offer").

**Outside Directors Share Exchange Rate Schedule**

<b>Outside Director's Name</b>	<b>Exchange Rate</b> (New Stock Option shares as a percentage of Surrendered Option shares)
<b>Robert O. Aders</b> (retired)	<b>81%</b>
<b>Jerry B Gilbert</b>	<b>81%</b>
<b>Lorrence T. Kellar</b>	<b>85%</b>
<b>Chester Manly Molpus</b>	<b>98%</b>
<b>Jack W. Partridge</b>	<b>83%</b>

Exhibit D

**SPAR Group, Inc.****Offer to Exchange Certain Outstanding Stock Options for New Stock Options**

Dated August 24, 2009 (the "Exchange Offer"). The Exchange Offer is incorporated by reference into this Exchange Offer Q&A's and will control in the event of any conflict or inconsistency with this Exchange Offer Q&A's. Capitalized terms used and not otherwise defined in this Exchange Offer Q&A's shall have the meanings respectively assigned to them in the Exchange Offer.

***EXCHANGE OFFER Q&A's****Why is SPAR Group making the Exchange Offer?*

We believe that an effective and competitive incentive program is imperative for the success of our business. We rely on our experienced and productive plan participants and their efforts to help us achieve our business objectives. Our stock options constitute an important component of our incentive and retention programs because we believe that equity compensation encourages plan participants to act like owners of the business, motivating them to work toward our success and rewarding their contributions by allowing them to benefit from increases in the value of our shares.

Our plan participants currently hold stock options with exercise prices substantially in excess of the current market price of our common stock, which we believe no longer offers the desired encouragement and incentives to them. As permitted by our 2008 Plan, our Compensation Committee (all outside directors) and Board approved this repricing Exchange Offer to try to provide such encouragement and incentives to our plan participants.

*Do I have to exchange my existing stock option contracts?*

No. Participation in this Exchange Offer is completely voluntary. If you decide not to surrender any of your eligible stock option contracts for exchange in this Exchange Offer, you do not need to respond to this offer or do anything else. You also can elect to exchange some of those contracts and not others in this Exchange Offer. You will keep all of your existing stock option contracts that you did not elect to exchange, and all of the stock options evidenced by such contracts (including those eligible for the Exchange Offer), no changes will be made to the terms of any of them, and you will not receive any new stock options in replacement of those you retained.

*When do I have to respond to this Exchange Offer?*

If you want to participate, we must receive your signed election form by 5:00 pm on the last day of the Exchange Period, although you can send us your election form as soon as you are ready to do so. Our Exchange Offer expires and the Exchange Period ends at 5:00 pm on the last day of the Exchange Period, which is currently expected to be September 23, 2009. No exceptions will be made to this deadline. Although we do not currently intend to do so, we may, in our sole discretion, extend the expiration date of the Exchange Offer and Exchange Period at any time.

*Can I change my mind later?*

Yes, you can revoke an earlier election, or select additional contracts for exchange you excluded in an earlier Election Form, if you complete, sign and deliver the requisite forms as provided in the Exchange Offer and we receive them during the Exchange Period. A change is not effective if we receive it after the Exchange Period is over.

*How many option shares would I receive in an exchange?*

If you choose to voluntarily participate in the Exchange Offer and surrender eligible stock option contracts for exchange and cancellation, and if we accept your surrendered eligible stock options, you will receive a new stock option contract that gives you the option to purchase the same number of shares of our common stock as were covered by your exchanged contracts

*What will be the exercise price per share of the new stock options?*

The exercise price for the shares of our common stock covered by the proposed new stock options will be equal to \$0.40 per share, which was the closing sale price of our common stock as of August 6<sup>th</sup>, 2009, and was determined in accordance with our 2008 Plan.

*How will the new stock options vest?*

The proposed new stock options will have a new four year vesting period, like any new stock option awarded to you. 1/4<sup>th</sup> of the amount of the shares covered by each new stock option contract amount will vest on August 6 of each year, the anniversary of the grant date, starting in 2010.

*Will all plan participants have substantially the same exchange terms and conditions?*

Yes, except that our four current and one retired outside directors' exchanges, if they participate, will have three differences:

- they must select to exchange either (1) all of their existing stock option contracts having exercise prices in excess of \$0.50 per share, or (2) none of them - in other words, outside directors cannot make the same contract by contract decision available to all other plan participants;
- they will receive somewhat less than a one-for-one exchange, which the Compensation Committee and Board required so as to try to eliminate any additional compensation costs to us from their exchanges; and
- their new stock option contracts will vest immediately, like any new stock option awarded to them.

Retired Eligible Participants who exchange also will receive options that vest immediately in accordance with the 2008 Plan.

*Are there any other differences between the proposed new stock option contract and the existing stock option contracts that may be submitted in the Exchange Offer?*

The proposed new stock option contracts will have substantially the same terms and conditions as the contracts you surrendered for cancellation and exchange, except for such new exercise price and vesting and its issuance under and subject to the terms of our current 2008 Plan, even though some of your existing contracts may have been issued under earlier plans.

*If I elect to participate and my selected existing option contracts and the eligible stock options they evidence are accepted for exchange, when will I receive my new stock option contract?*

We expect to prepare and send your new stock option contract on the first Business Day after the Exchange Period expires (which we currently expect to expire on September 23, 2009, unless we extend it), or as soon as reasonably practicable thereafter. However, all of the existing stock option contracts you selected for exchange will be cancelled automatically after the end of the Exchange Period and you will have no further rights in them.

*Can I choose to exchange some of my existing stock option contracts and not others?*

Yes. You can select some of your existing stock option contracts for exchange and not others (unless you are an outside director). However, please note that in selecting a particular existing stock option contract for you exchange, you are automatically electing to exchange all of your unexercised eligible stock options covered by that contract.

*Can I exchange part and keep part (like the vested part) of my eligible stock options granted under the same contract?*

No. You cannot split eligible stock options or shares covered by your same existing stock option contract. If you select a particular existing stock option contract for you exchange, you are automatically electing to exchange all of your unexercised eligible stock options covered by that contract. We will reject any attempt to split an existing stock option contract or select less than all of the eligible stock options evidenced by an existing stock option contract, you will be deemed to have excluded such contract from your exchange selections, and we may in our discretion reject your entire Election Form without notice to you.

*How should I decide whether to exchange my eligible stock options for new stock options?*

We are providing as much information as possible in the Exchange Offer to assist you in making your own informed decision. You are encouraged to seek further advice from your own tax, financial and legal advisors. We have authorized, and will not authorize, any of our officers or other representatives to give you any advice, assurance, recommendation or additional information in this regard, or to give you any assurance, commitment, option or other contract terms, or other information not contained in our Exchange Offer.

*Will I owe taxes if I participate in the Exchange Offer?*

Generally, for U.S. federal income tax purposes, we believe the exchange of your eligible stock options for your newly granted stock options pursuant to the Exchange Offer should be treated as a nontaxable exchange and should not result in any federally taxable income being recognized from such exchange. However, this is general information and is not tax, financial or legal advice. You are encouraged to seek further advice from your own tax, financial and legal advisors.

*How do I elect to participate in the Exchange Offer?*

If you are an eligible participant under the Exchange Offer and you decide to submit some or all of your existing stock option contracts for exchange and cancellation pursuant to the Exchange Offer, sign, complete and return your Election Form and we must receive it before the end of the Exchange Period. You may deliver your completed and signed Election Form to us by any reasonable method, including by fax, to the number or mailing or other shipment to the address specified in the Election Form and Exchange Offer. Please allow sufficient time for delivery, as we must receive it before the end of the Exchange Period for it to be effective.

*Will you accept all exchange elections that you received during the Exchange Period (and not revoked)?*

There are conditions to the completion of our specific exchanges and all of the exchanges generally, which are specified in the Exchange Offer. For example (and without limitation), you must be an Eligible Participant, you must hold and own existing stock option contracts free and clear of liens and other claims, you must have unexercised Eligible Stock Options under those contracts, and your Election Form must be signed and properly completed and we must receive it during the Election Period. If that is the case, we expect that we would be able to accept most, if not, all of your Selected Contracts and the Eligible Options they evidence for exchange under the Exchange Offer.

We have the right to make those and all other determinations in our discretion, including determinations of due authorization, validity, form, eligibility (including time of receipt), selections, sufficiency, completeness, regularity, legality or effectiveness of any of your elections, tenders, revocations or other instructions, and we have the right to accept or reject any of your selected exchanges based on those determinations.

*When and how can I withdraw previously surrendered eligible stock options?*

If you elect to exchange existing stock option contracts and later change your mind, you may withdraw your election to exchange some or all of your previously selected existing stock option contracts by completing, signing and sending to us a Revocation Form pursuant to the Exchange Offer, in which you list the specific contracts (if less than all of them) that you now want to keep unchanged and exclude from the Exchange Offer. You may deliver your completed and signed Revocation Form to us by any reasonable method, including by fax, to the number or mailing or other shipment to the address specified in the Election Form and Exchange Offer. Please allow sufficient time for delivery, as we must receive it before the end of the Exchange Period for your revocation to be effective.

**SUMMARY DESCRIPTION AND PROSPECTUS****SPAR Group, Inc.*****SPAR Group, Inc. 2008 Stock Compensation Plan, as amended***

This document is part of a prospectus relating to the SPAR Group, Inc. 2008 Stock Compensation Plan, as amended, covering securities registered under the Securities Act of 1933, as amended. Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of such plan, any awards issued under it or any securities purchasable under any such award or passed upon the fairness or merits of any of them or the accuracy or adequacy of the information contained in such prospectus.

The date of this prospectus is August 24, 2009

SPAR Group, Inc., a Delaware corporation (the "Corporation" or "SGRP"), and its subsidiaries (together with the Corporation, the "SPAR Group" or the "Company"), is a supplier of merchandising and other marketing services throughout the United States and internationally. The Common Stock issued by the Corporation, \$.01 par value (the "Common Stock"), is currently listed and traded on the Nasdaq Stock Exchange ("Nasdaq") and currently registered under Section 12(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Corporation is currently a "smaller reporting company" (as defined in Rule 12b-2 of the Exchange Act) for the purposes of the periodic reports required under the Exchange Act that it files with the Securities and Exchange Commission (the "SEC").

This Summary Description and Prospectus (including the provisions of the other documents expressly incorporated by reference into this document, this "Prospectus") covers the shares of the Common Stock that may be received (directly or beneficially) by an eligible person pursuant to incentive stock options, nonqualified stock options, restricted stock, restricted stock units, stock appreciation rights and other stock-based awards (each an "Award") that from time to time may be granted by the Corporation in its discretion to such eligible person under the SPAR Group, Inc. 2008 Stock Compensation Plan, as amended (the "2008 Plan"), and may be evidenced by documents based on the applicable forms of Award Contracts then used by the Corporation (each a "Award Form").

**Summary Only - Full Texts Controls.** You should consult and review the full text of the 2008 Plan and each Stock Option or other Award Contract that may be issued to you (each a "Contract") respecting any matter you may deem important. The descriptions of the 2008 Plan and the Award Forms in this Prospectus are only summaries of select provisions, are not comprehensive or complete, and are qualified in their entirety by the text of the most recent version of the 2008 Plan and each Contract signed and returned by you, which are incorporated by reference into this Prospectus (see "INCORPORATION OF DOCUMENTS BY REFERENCE" below).

**The Company's Financial Information, Risk Factors and other required material descriptions and disclosures are in its SEC Reports and are made part of this Prospectus through incorporation by reference.** The Company's consolidated financial statements and descriptions of (among other things) its business, governance, management and affiliated transactions, as well as various risk factors pertaining to the Company, its business and investments in the Common Stock, are contained in the Corporation's filings with the SEC after January 1, 2009 (the "SEC Reports"), including (i) its Annual Reports on Form 10-K for the referenced years (each an "Annual Report"), beginning with the 2008 Annual Report, (ii) its annual Proxy Statements in accordance with Schedule 14A for the referenced years (each a "Proxy Statement"), beginning with the Proxy Statement for its 2009 Annual Meeting of Stockholders, including the portions incorporated by reference into the Annual Report filed immediately preceding such Proxy Statement, (iii) Quarterly Reports on Form 10-Q for the reference quarter and interim period following the year reported in the most recent Annual Report (each a "Quarterly Report"), and (iv) Current Reports on Form 8-K (other than those reporting its earnings press releases) containing various informational updates and supplements following the year reported in the most recent Annual Report (each a "Current Report"), and the SEC Reports become part of this Prospectus at the same time they are filed with the SEC, and may supplement, amend or supersede earlier SEC Reports, because the SEC Reports and other documents have been incorporated by reference into this Prospectus, to the extent and as more fully described below (see "INCORPORATION OF DOCUMENTS BY REFERENCE" below).

You should carefully review the risk factors described in "Risk Factors" (see *Item 1A – Risk Factors*) and each other cautionary statement in the most recent Annual Report and each subsequent Quarterly Report and other SEC Report.

**Obtaining and Reviewing Applicable Documents and Information.** At the Corporation's web site, [www.sparinc.com](http://www.sparinc.com), you can review and download the most current versions of the 2008 Plan and Award Forms and this Prospectus under the Investor Relations tab and the most recent Annual Report and Proxy Statement, as updated (and in some cases amended or superseded) by subsequent SEC Reports, under the Investor Relations tab. You also can obtain free copies of any document incorporated by reference into this Prospectus, as well as a current list of such incorporated documents and any additional information or help you may need respecting any Award or Contract (as defined below) you may receive, from the Corporation's Human Resources Department, which you may contact by mail at SPAR Group, Inc.,

**Reliance.** You should rely only on the express contents of this Prospectus and any Contract you may receive (including the provisions of the 2008 Stock Plan, SEC Reports and other documents expressly incorporated in them by reference); no one is authorized or permitted to give you any other information or assurance of any kind or nature whatsoever ; and you will not receive any right, remedy or interest from, and you cannot act or rely on, any such other information or assurance, regardless of source.

#### **SUMMARY OF THE 2008 PLAN**

**Introduction, History and Purpose.** The Corporation from time to time in its discretion may grant incentive stock options, nonqualified stock options, restricted stock, restricted stock units, stock appreciation rights and other stock-based Awards under the 2008 Plan to one or more of those persons who are then directors, officers and employees of and consultants to the Company (each an "Eligible Participant"), although to date the Corporation has not issued any permissible form of Award other than stock options. Those consultants include the officers and employees of and consultants to SPAR Management Services, Inc. ("SMSI"), SPAR Infotech, Inc. ("SIT"), and other non-subsidiary affiliates of the Corporation (together with SMSI and SIT, the "SPAR Affiliates"). The Corporation, its subsidiaries and the SPAR Affiliates may be referred to individually as a "SPAR Company" and collectively as the "SPAR Companies".

The 2008 Plan was originally approved by the Corporation's Board of Directors (the "Board") and its Compensation Committee (the "Compensation Committee") on March 27, 2008, and by its stockholders on May 29, 2008, when the 2008 Plan became effective. The 2008 Plan was amended by the Board and the Compensation Committee on April 20, 2009, which amendments consisted of the addition of Section 12(a) (the "Repricing Amendment"), and certain clarifying amendments deemed immaterial in the aggregate by the Board (the "Other Amendments"), and those amendments all took effect on May 28, 2009, when the Corporation's stockholders approved the Repricing Amendment. The 2008 Plan is not subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and is not qualified under Section 401(a) of the Internal Revenue Code, as amended (the "Code"). The 2008 Plan replaced the Corporation's 2000 Stock Option Plan, as amended (the "2000 Plan"), which previously replaced the Corporation's Amended and Restated 1995 Stock Option Plan, as amended (the "1995 Plan").

The purpose of the 2008 Plan is to promote the interests of the Corporation and its stockholders by providing share-based incentives to those Eligible Participants selected under the 2008 Plan in order to strengthen the mutuality of interest between those Participants and the Corporation, which the Corporation believes fosters a proprietary interest in pursuing the Corporation's long-term growth and financial success. In addition, by allowing participation in its success, the Corporation believes it is better able to attract, retain and reward quality employees, directors, officers and consultants. In selecting the Eligible Participants to receive Awards and determining the Awards to be granted to them in its discretion, the Corporation gives consideration to factors such as employment position, duties and responsibilities, ability, productivity, length of service, morale, interest in the Corporation's business and affairs and recommendations of supervisors.

**Plan does Not Give You Any Rights Except for Those Under a Signed Contract respecting your Award .** The existence of the 2008 Plan does not give you or any other person any legal or equitable right against any Administrator or SPAR Company (as defined below), except as expressly provided in the 2008 Plan with respect to a particular Contract between you and the Corporation and the underlying Award. The 2008 Plan does not constitute a contract, inducement or consideration for the present or future employment of or provision of services, or the continuation or retention thereof, by any director, officer or employee of or consultant to the Corporation or any other SPAR Company.

**Plan Administration.** The 2008 Plan is administered under the authority of the Compensation Committee as provided in the Charter of the Compensation Committee and the 2008 Plan. The Compensation Committee consists solely of directors who are "independent directors" in accordance with Nasdaq rules and "non-employees" and "outside directors" in accordance with the Code. The Compensation Committee (acting through the proper officer(s) of the Corporation) has appointed the Corporation's Chief Executive Officer, Chief Financial Officer and Human Resources Director, and from time to time may appoint one or more other officers, employees and independent contractors (including, to the extent applicable, the Compensation Committee and the Corporation's Chief Executive Officer, Chief Financial Officer and Human Resources Director, each an "Administrator"), to assist in the administration of the 2008 Plan, and has delegated the day to day management of the 2009 Plan, and from time to time may delegate (in whole or in part) its other powers and authority under the 2008 Plan to the other Administrators, and thereafter modify or withdraw such delegations, to the maximum extent such delegation is permitted by the following (collectively, the "Applicable Constraints"): the 2008 Plan, its committee charter, the By-Laws of the Corporation (the "By-Laws"), the Code, ERISA, any applicable provision of any "Securities Law", "Exchange Rules" or "Accounting Standards" (as such terms are defined in the 2008 Plan), or any other applicable law, including any applicable regulation, ruling or interpretation of any governmental or regulatory body, and as each may have been amended.

The 2008 Plan gives the power and authority to the Compensation Committee, subject to the Applicable Constraints, to (among other things) from time to time in its sole discretion determine, and to delegate to the other Administrators the power and authority to determine in their discretion: (i) the Eligible Participants who will be selected for and granted Awards under the 2008 Plan (as so selected, each a "Participant"); (ii) when they will receive Awards and the applicable grant dates; (iii) whether an Award granted will be an Incentive Stock Option ("ISO"), a Nonqualified Stock Option ("NQSO"), a Stock Appreciation Right ("SAR"), Restricted Stock and/or Restricted Stock Unit ("RSU"); (iv) the class, type (i.e., voting or non-voting) and number of shares of stock to be subject to specific Awards; (v) the scheduled expiration (i.e., term) of each Award, if earlier than the maximum permitted under the 2008 Plan, and any provisions for early termination or forfeiture in addition to those specified in the 2008 Plan; (vi) the method or formula for determining (A) the date each Stock Option or Stock Appreciation Right will become exercisable or restrictions on Restricted Stock or RSUs will lapse (i.e., when such an Award will vest), including any provisions for early vesting in addition to those specified in the 2008 Plan, (B) whether and when an Award will vest or be otherwise exercisable in whole or in installments, and (C) if in installments, (1) the number of SGRP Shares to be subject to each installment, (2) whether the installments shall be cumulative and (3) the date each installment will become exercisable or vest; (vii) whether to accelerate the date of exercise or vesting of any Award or installment; (viii) whether SGRP Shares may be issued upon the exercise of a Stock Option as partly paid, and, if so, the method or formula for determining the dates when future installments of the exercise price will become due and the amounts of such installments; (ix) the form of payment of the exercise price for any Stock Option; (x) the method or formula for determining (A) the exercise price of each Stock Option, (B) the base value (as defined below) of each SAR, and (C) the fair market value of a SGRP Share; (xi) whether and under what conditions to further restrict or permit the pledge, sale or other disposition of any Award or , the SGRP Shares acquired upon the exercise of a Stock Option or SAR or vesting and settlement of Restricted Stock or RSUs; (xii) the performance goals and other conditions and restrictions (if any) to establish respecting the exercise or vesting of all or any portion of an Award , including (without limitation) restrictions or conditions relating to (A) execution of a written covenant not to compete with the SPAR Companies, (B) financial objectives for the Corporation, any of its subsidiaries, a division, a product line or other category and/or (C) the period of continued employment or consulting of the Participant with the SPAR Companies, and in each case to determine whether such restrictions or contingencies have been met; (xiii) the method or formula for determining the amount, if any, necessary to satisfy the obligation of the Corporation, any of its subsidiaries or any parent of the Corporation to withhold taxes or other amounts; (xiv) whether a Participant retires or has a disability; (xv) whether to cancel or modify an Award, either with or without the consent of the Participant or as provided in the Contract, so long as the modified provision is permitted at the time under Applicable Constraints; (xvi) how to construe the respective Contracts and the 2008 Plan; and (xvii) the policies, rules and regulations relating to the 2008 Plan and how and when to prescribe, amend and rescind the same.

**Maximum Award Shares Permitted Under the 2008 Plan.** The 2008 Plan limits the number of shares of Common Stock ("SGRP Shares") that may be covered by Awards ("Outstanding Covered Shares") to 5,600,000 SGRP Shares in the aggregate (the "Maximum Covered Shares"), which Outstanding Covered Shares for this purpose consist of the sum of (i) the SGRP Shares covered by all Awards issued under the 2008 Plan on or after May 29, 2008 ("New Awards"), plus (ii) and the SGRP Shares covered by all stock options issued at any time under the 2000 Plan or 1995 Plan to the extent they were still outstanding on May 29, 2008 ("Continuing Awards"). SGRP Shares covered by New Awards or Continuing Awards that expire, lapse, terminate, are forfeited, become void or otherwise cease to exist (other than as a result of exercise) are no longer Outstanding Covered Shares, are added back to remaining availability under the Maximum Covered Shares and thus become available for new Award grants, while those SGRP Shares covered by exercised New Awards or Continuing Awards continue to be Outstanding Covered Shares and are not added back and thus continue to reduce the remaining availability under the Maximum Covered Shares under the 2008 Plan. The Outstanding Covered Shares and Maximum Covered Shares (as well as the SGRP Shares covered by a particular Award) are subject to certain adjustments that may be made by the Compensation Committee upon the occurrence of certain changes in the Corporation's capitalization or structure (see " *Capital Adjustments* ", below). Except for the adjustments described above, an increase in the Maximum Covered Shares requires the consent of the SGRP stockholders under the terms of the 2008 Plan and Exchange Rules.

**Duration of the 2008 Plan.** Unless terminated sooner by the Administrators, the 2008 Plan will terminate on May 28, 2018, which is ten years from the 2008 Plan Effective Date, and no further Awards may be made under it. However, any existing Awards made prior to such termination will continue in accordance with their respective terms and will continue to be governed by the 2008 Plan.

**Amendment, Suspension and Early Termination of the 2008 Plan, Award Repricing.** At any time and from time to time the Compensation Committee may suspend, terminate, supplement, modify, amend or restate the 2008 Plan (in whole or part), and pursuant to the Repricing Amendment may reduce the exercise price, base price or similar component of such outstanding Awards and underlying Contracts as it may select on such exchange and other terms and conditions as it may require, in each case as it may deem advisable in its discretion and without stockholder approval except to the extent that such stockholder approval is required by any Applicable Constraint (such as the stockholder vote required by the 2008 Plan and Exchange Rules to increase the Maximum Covered Shares as described above). Each Award and Contract is automatically modified by each change in the 2008 Plan. However, no termination,

amendment or modification of the 2008 Plan and no repricing or similar amendment of any Award or Contract can in any way adversely affect any existing Award without the written consent of the Participant who received such Award.

#### **AWARDS GENERALLY**

**Types of Awards.** The 2008 Plan is flexible and gives the Corporation broad discretion to fashion the terms of Awards to provide Participants with such share-based and performance-related incentives as may be deemed appropriate by the Administrators (See " *Plan Administration*", above ). The 2008 Plan permits the issuance of Awards in a variety of forms, including stock options to purchase Common Stock ("Stock Options"), stock appreciation rights ("SARs"), restricted Common Stock ("Restricted Stock"), and restricted Common Stock units ("RSUs"). However, to date the Corporation has only issued Stock Options under the 2008 Plan and its predecessors.

**Grant of Awards.** All Awards and Award decisions are purely discretionary, and the discretionary decisions include (among other things) the selection of each Eligible Participant to receive an Award (as so selected, each a "Participant") and the kind and terms of such Award. Any Eligible Participant could be considered for an Award, as eligibility is based on whether the definition of Eligible Participant applies at the time of grant and issuance, and no action is required by any Eligible Participant to be among those possibly considered for a discretionary Award. However, an Eligible Participant has no right and should have no expectation to be considered for or receive any Award.

All Awards are granted by the Compensation Committee. Award recommendations are generally made by the Corporation's management to the Compensation Committee for its consideration at a regular quarterly meeting, and if and to the extent approved by the Compensation Committee, the approved options are generally granted in the same meeting. The grant date for an Award is generally the date the Award is approved by the Compensation Committee. However, the Compensation Committee may in its discretion specify a later grant date in its approval, which it may do in order to (among other things) coordinate the grant date with a new employee's start date or permit public dissemination of a pending earnings press release. Multiple grants of Awards may be made in any calendar year to the same Participant, but no Participant can during any calendar year be granted Awards that cover more than 1,000,000 SGRP Shares in the aggregate or be granted certain ISOs that have aggregate grant date values of more than \$100,000.

**Consideration for Awards.** Participants receive Awards in return for the past and future services and are not required to pay the Corporation for such Awards, in each case except for payment of any exercise or other purchase price established by the Administrators and provided in the applicable Contract, and for payment of applicable tax withholding as and when due.

**Duration (Term) of Awards.** Awards generally have a maximum term of ten years under the Applicable Constraints, except the maximum term is limited to five years in the case of incentive stock options granted to greater than 10% stockholders. The Corporation may in its discretion provide that a particular Award have (among other things) a shorter term and additional automatic or other termination events, as specified in the corresponding Contract. The 2008 Plan provides for the automatic expiration or termination of certain Awards and rights under specified circumstances, including the termination of unvested and certain other Awards and exercise periods following the Participant's departure from the SPAR Companies other than through Retirement, death or disability in certain cases. See *Termination, Retirement, Etc.*, below.

**Vesting.** The Administrators may determine the vesting schedule (if any) for any Award (including those involving exercise or other rights), which may be contingent on continued employment over a period of time or on the satisfaction or achievement of performance or other goals. Stock Options issued to officers, employees and consultants typically vest annually and ratably over four years (assuming continued employment), while those issued to the outside directors typically vest immediately. See also *Termination, Retirement, Etc.*, below.

**Contracts, Notices, Signature Required, Etc.** Each Award granted to you under the 2008 Plan will be evidenced by a corresponding contract in form and substance approved by the Administrators (each, a "Contract") and will become effective when you and the Corporation have each signed the applicable Contract and you have returned a signed copy to the Corporation. The Corporation may notify you that you have been granted an Award, which it may send before or with the corresponding Contract, but you will have no right or interest in any such Award unless and until you have received and signed the corresponding Contract and returned a signed copy to the Corporation.

If you do not sign the corresponding Contract and return it to the Corporation within the specified time period, or cease being an Eligible Participant before you sign and return the Contract, the Award will automatically expire (unless the Administrators consent to an extension in their discretion) and the underlying SGRP Shares will no longer be considered Outstanding Covered Shares, will be added back to remaining availability under the Maximum Covered Shares and thus become available for new Award grants.

Each Contract is subject to the 2008 Plan and will contain the additional terms, provisions and conditions pertaining to the applicable Award, including (as applicable) exercise price or base price (as defined below), vesting provisions, duration, number of SGRP Shares, and other applicable conditions. The Administrators may, at any time and from time to time, vary any of the terms, provisions and conditions pertaining to the Awards, including the same category of Award or Participant, but in each case subject to the Applicable Constraints. Each Contract will contain a termination date, which will not be later

than the maximum term then permitted from the date such Award is granted, and will be subject to earlier termination or forfeiture as provided in the 2008 Plan or as otherwise set forth in a particular Contract.

**Share and other Capital Adjustments.** The Outstanding Covered Shares, Maximum Covered Shares and related components, the number and class of SGRP Shares subject to each outstanding Award, the exercise price (if applicable), and the annual limits on and the aggregate number and class of SGRP Shares for which Awards thereafter may be made shall be proportionately, equitably and appropriately adjusted in such manner as the Administrators shall determine in order to retain the economic value or opportunity to reflect any stock dividend, stock split, recapitalization, merger, consolidation, reorganization, reclassification, combination, exchange of SGRP Shares or similar event in which the number or class of SGRP Shares is changed without the receipt or payment of consideration by the Company. No adjustment shall be made, however, if such adjustment (i) would cause the 2008 Plan to fail to comply with Section 409A or 422 of the Code or with Rule 16b-3 of the Exchange Act (if applicable to such award), or (ii) would be considered as the adoption of a new plan requiring stockholder approval.

**Awards Generally Not Transferable.** Except for authorized family transfers or as otherwise permitted by the Administrators in their discretion, no Award or interest therein can be sold, assigned, conveyed, gifted, pledged, hypothecated or otherwise transferred in any manner, other than by will or the laws of descent and distribution. However, SGRP Shares received on the exercise of Stock Options or under other Awards (other than shares that continued to be Restricted Stock) are no longer "Awards or interests therein" subject to such restrictions.

As a condition to the effectiveness of any permitted transfer, the transferee must agree in writing to be bound by all of the terms, provisions and conditions of the 2008 Plan and the Contract for such Award, including (without limitation) those pertaining to or triggered by the death, disability, termination or retirement of the original transferor.

If permitted by the Administrators in their discretion, all or part of an Award (other than an Incentive Stock Option) may be transferred without consideration by gift or capital contribution to immediate family members, family trusts or family partnerships as contemplated in the 2008 Plan. However, no transfer of a Nonqualified Stock Option or any part thereof by gift to a family member or trust will be effective until the Corporation receives written notice of such transfer in a form acceptable to it.

If and to the extent the Board in its discretion has given its express written consent, and subject to such conditions as the Board may require, Awards (other than Incentive Stock Options) may be pledged to (and sold in the exercise of its security interests by) a financial institution, which Awards shall continue to be subject to the 2008 Plan and applicable Contract and such additional terms, provisions and conditions as the Board may specify in its consent.

**Termination, Retirement, Etc.** Unless otherwise provided in the Contract pertaining to an Award or a Participant's written employment, consulting or termination contract with the applicable SPAR Company, in the event that the original recipient of an Award is no longer an eligible Participant for any reason, other than Retirement, death or disability in the case of a Stock Option or Stock Appreciation Right, then the unvested portion of such Award (if any) will automatically expire and revert (at no cost) to the Corporation, the vested portion of such Award will three months after such change in status automatically expire and revert (at no cost) to the Corporation, and the holder will have such three month period to exercise any such vested portion. On Retirement, death or disability of the original recipient of a Stock Option or Stock Appreciation Right, the unvested portion of such Award (if any) will automatically become fully vested, and the entire such Award will continue in full force and effect for its full stated term without regard to such Retirement, death or disability. The Administrators may include provisions in a Contract dealing with the termination of a Participant's employment or consulting services on such basis more favorable to the Participant (than the default provisions under the 2008 Plan) as the Administrators deem appropriate, including (without limitation) provisions for dealing with leaves of absence and for vesting, exercise and other matters upon a change in control, death, disability, or retirement.

**Monitoring Your Own Awards and their Status; Annual Statements.** You are responsible for monitoring the status of your Awards, including (without limitation) your prompt execution and return of each Award contract you receive (which will require that you sign and return a copy to the Corporation within the specified period for your Award to be effective), your prompt review of your Awards, contracts and statements as you receive them, and your prompt confirmation of the amounts, exercise prices, vesting, scheduled expirations and other terms of those Awards, contracts and statements. For your convenience, the Corporation currently prepares and sends to you an annual statement listing (to its knowledge) each of your outstanding Awards and its status. The Corporation may in its discretion at any time, and from time to time, change those statements in any way, including (without limitation) changes in availability, form, substance or timing, or discontinue such statements entirely.

#### ***STOCK OPTIONS***

Stock Options are Awards and generally are subject to the matters described in "AWARDS GENERALLY", above.

**Incentive and Nonqualified Stock Options.** The 2008 Plan permits the granting of both Stock Options that qualify under Section 422 of the United States Internal Revenue Code of 1986, as amended (the "Code"), for treatment as

incentive stock options ("Incentive Stock Options"), which are sometimes called "ISOs"), and Stock Options that do not qualify under the Code as Incentive Stock Options ("Nonqualified Stock Options"), which are sometimes called "NQSOs". Incentive Stock Options may be granted only to employees of the Corporation or its subsidiaries. The Corporation has typically issued Nonqualified Stock Options.

**Stock Option Contracts.** Each Stock Option will be evidenced by a Contract that specifies the exercise price per share, the vesting schedule, the duration (term) of the Stock Option, the number of SGRP Shares to which the Stock Option pertains, any conditions imposed upon the exercisability of the Stock Option in the event of retirement, death, disability or other termination of employment or service, and such other provisions as the Administrators may determine.

**Exercise Price Determination.** The exercise price for SGRP Shares under a Nonqualified Stock Option is determined by the Administrators, but under the 2008 Plan and applicable law the exercise price generally cannot be less than 100% of the fair market value of the SGRP Shares on the date such option is granted. Pursuant to the 2008 Plan and applicable law, the exercise price for SGRP Shares under an Incentive Stock Option must equal 100% of the fair market value of such SGRP Shares (110% in the case of a Participant that owns more than 10% of the outstanding SGRP Shares) on the date such option is granted. The fair market value of such SGRP Shares on the date such option is granted is (i) the closing sale price per share of the SGRP Shares on such grant date as reported by the Nasdaq Stock Exchange or other applicable national securities exchange, or (ii) the average of the closing bid and asked prices per share for the SGRP Shares on such grant date as reported by the OTC Bulletin Board Service, National Quotation Bureau, Incorporated, or comparable service if the principal market for the SGRP Shares on such date is not a national securities exchange. As noted above, the grant date for a Stock Option or other Award is generally the date the Award is approved by the Administrators.

**Exercise and Payment.** You may exercise a Stock Option granted to you, to the extent vested, by payment to the Corporation of the specified exercise price for the applicable SGRP Shares in full in cash, by cashier's or certified check, by surrender of outstanding SGRP Shares previously acquired by the Participant, or with the approval of the Administrators in their discretion, by the sale of part of the SGRP Shares covered by the Stock Option through a "cashless" exercise (i.e., an approved concurrent brokerage transaction). Stock Options granted to a Participant are not transferable during the individual's lifetime, and may be transferred in the event of death only by will or the laws of descent and distribution, except for Nonqualified Stock Options, which, with the consent of the Administrators in their discretion, may be transferred to the employee's immediate family members, a trust for their exclusive benefit of such family members, or a partnership in which such family members are the only partners.

#### **OTHER AWARDS**

Stock Appreciation Rights, Restricted Stock and Restricted Stock Units are Awards and generally are subject to the matters described in "AWARDS GENERALLY", above.

**Stock Appreciation Rights (SARs)** . Each SAR Award will be evidenced by a Contract that specifies the base value, the duration of the SAR, the number of SGRP Shares to which the SAR pertains, any conditions imposed upon the exercisability of the SAR in the event of retirement, death, disability or other termination of employment or service, and such other provisions as the Administrators may determine. SARs granted under the 2008 Plan will be exercisable at such times and be subject to such restrictions and conditions as the Administrators may determine, which need not be the same for all Participants consistent with the 2008 Plan. If a SAR grant is intended to vest based on performance, the performance goal and performance period will be set forth in a Contract or in a subplan of the 2008 Plan that is incorporated by reference into such Contract and the requirements to satisfy or achieve the performance goal as so provided therein will be considered to be restrictions under the 2008 Plan.

In no event may the term of any SAR granted under the 2008 Plan exceed ten years from the grant date. A SAR may be exercised only when the fair market value of a share of Common Stock exceeds the base value.

Upon exercise, the holder of a SAR is entitled to receive, without any payment to the Corporation (other than applicable taxes), cash or SGRP Shares (which may be restricted stock or unrestricted stock) or a combination thereof (as determined by the Administrators) equivalent in value to (i) an amount equal to the excess of the fair market value on the exercise date of the SGRP Shares represented by the SAR over (ii) the fair market value per share of Common Stock on the grant date or any amount greater than the fair market value stated as the "base value" in the Contract. Payment may be made upon exercise or, if provided for in the Contract, on a delayed basis either on an elective or non-elective basis. If paid on a delayed basis, the amount the Participant receives may be adjusted for deemed interest or earnings on such basis, if any, as the Administrators may provide.

**Restricted Stock.** Each Restricted Stock Award will be evidenced by a Contract that specifies the period of restriction, the number of shares of Restricted Stock granted, and the applicable restrictions (whether service-based restrictions, with or without performance acceleration, and/or performance-based restrictions) and such other provisions as the Administrators may determine. If an Award of Restricted Stock is intended to be a performance-based compensation Award, the terms and conditions of such Award, including the performance goal and performance period, will be set

forth in the Contract or in a subplan of the 2008 Plan that is incorporated by reference into such Contract and the requirements to satisfy or achieve the performance goal as so provided therein will be considered to be restrictions under the 2008 Plan.

Unless otherwise determined by the Administrators, custody of shares of Restricted Stock maintained in certificated form will be retained by the Corporation until the termination of the restrictions pertaining thereto.

Unless otherwise provided by the Administrators, Participants holding Restricted Stock have voting and dividend rights with respect to the restricted shares with dividends paid in cash or property other than SGRP Shares paid currently to the Participant and with dividends paid in SGRP Shares accumulated and subject to the Restricted Stock's vesting rules.

**Restricted Stock Units (RSUs)** Each RSU Award will be evidenced by a Contract that specifies the period of restriction, the number of RSUs granted, and the applicable restrictions (whether service-based restrictions, with or without performance acceleration, and/or performance-based restrictions) and such other provisions as the Administrators may determine. If an Award of RSUs is intended to be a performance-based compensation Award, the terms and conditions of such Award, including the performance goal and performance period, will be set forth in a Contract or in a subplan of the 2008 Plan that is incorporated by reference into such Contract, and the requirements to satisfy or achieve the performance goal as so provided therein will be considered to be restrictions under the 2008 Plan.

Unless otherwise provided by the Administrators, holders of RSUs have no dividend rights with respect to SGRP Shares represented by the units except that dividends payable in SGRP Shares will be deemed converted to additional RSUs and will be subject to the underlying RSUs' vesting rules. Holders of RSUs have no voting rights.

Payment for vested RSUs may be made when the restrictions lapse or, if provided for in the Contract, on a delayed basis either on an elective or non-elective basis. If paid on a delayed basis, the amount the Participant receives may be adjusted for deemed interest or earnings on such basis, if any, as the Administrators may provide.

#### **FEDERAL SECURITIES LAW CONSIDERATIONS AND AVAILABLE INFORMATION**

**Resale Restrictions.** The SGRP Shares issuable under the 2008 Plan are registered under the Securities Act of 1933, as amended (the "Securities Act"), on Form S-8 for their sale to the Participants. A Participant may resell SGRP Shares acquired under the 2008 Plan without restriction at any time unless he or she is an "affiliate" of the Corporation. An "affiliate" is a person that directly or indirectly controls, is controlled by, or is under common control with, the Corporation. "Affiliates" include SGRP's directors and executive officers, other persons who can direct the Corporation's policies, and certain relatives of those directors, officers and other persons. Affiliates may resell SGRP Shares pursuant to Rule 144 of the Securities Act, subject to (among other things) quarterly volume limits, the public availability of current Company information and the filing of sales notices with the SEC, or pursuant to a separate registration statement or exemption from registration. No re-offer prospectus has been or will be filed by the Corporation as a part of the registration statement covering the 2008 Plan.

**Short Swing Profits from Certain Purchases and Sales, or Sales and Purchases, within 6 month periods.** Under Section 16(b) of the Exchange Act, any profits (called "short swing profits") from purchases and sales, or sales and purchases, of SGRP Shares within any period of less than 6 months by the Corporation's directors, executive officers and 10%+ shareholders ("insiders") may be recovered by the Corporation. Under current Securities Law, the acquisition of SGRP Shares through the exercise of a Stock Option or certain other derivatives, or through certain benefit plans, by those insiders would not be considered a "purchase" within the meaning of Section 16(b). Therefore, such an insider may acquire SGRP Shares through a Stock Option exercise or eligible benefit plan Award and sell such SGRP Shares within 6 months of the exercise so long as such insider had no other "purchases" of SGRP Shares within 6 months of such sale (as such sale could be "matched" against any other purchase).

#### **CERTAIN FEDERAL TAX CONSIDERATIONS RESPECTING AWARDS UNDER THE 2008 PLAN**

**Summary Only – Not Legal Advice.** The following is a brief summary of certain general federal income, employment, gift and estate tax considerations respecting Awards under the 2008 Plan. This summary does not purport to be complete or authoritative, and you are directed, and reference is hereby made, to all applicable federal statutes and regulations (which to the extent existing at the date of this document served as the basis for this summary), which are all subject to modification and reinterpretation at any time by the federal government or applicable courts. This summary for informational purposes only and is not intended (and shall not be deemed or construed) to be tax or legal advice.

**Consult with Your Tax Advisor.** You are urged to consult with your own tax advisor respecting the applicable federal, state, local and other tax laws, regulations and rules, whether income, gift, estate or other taxes (collectively, "Tax Laws"), applicable to your Awards and the timing, extent and consequences of their taxability, as Tax Laws are very complex and the tax consequences could be severe and will likely depend upon your particular circumstances. For example, taxable events under could occur on your receipt, vesting or exercise particular Awards, on your receipt of distributions and SGRP Shares and on their disposition, or on your contribution, gift or bequest of any Award to any family trust, family partnership or family member, and you could suffer severe consequences if you do not comply with

and otherwise take into account the applicable Tax Laws. In addition, your tax advisor may be able to advise you respecting the likely risks and consequences of particular transactions, tax strategies and positions. Finally, your tax consequences under applicable state, local or other law may not be the same as under federal income tax laws, so it is important to consult with a tax advisor who is also knowledgeable with the non-federal tax law applicable to you.

**Incentive Stock Options** . No taxable income will be recognized by a Participant upon the grant or, if the Participant meets certain employment requirements, at the exercise of an Incentive Stock Option under the 2008 Plan (even though there will be a charge to earnings at the time of grant – see " *Accounting Treatment of Awards Under the 2008 Plan* ", below). However, the excess (if any) of the fair market value on the date of exercise of SGRP Shares acquired on exercise over the exercise price is a tax preference item for purposes of determining such a Participant's alternative minimum tax. The Corporation will not be entitled to any income tax deduction as the result of the grant or exercise of an Incentive Stock Option. Any gain or loss resulting from the subsequent sale of stock acquired upon exercise of an Incentive Stock Option will be long-term capital gain or loss if such sale is made after the later of (a) two years from the date of the grant of the Stock Option or (b) one year from the transfer of such stock to the Participant upon exercise. If the subsequent sale of stock is made prior to the expiration of such two-year or one-year periods, the Participant will recognize ordinary income in the year of sale in an amount equal to the excess (if any) of the fair market value of the stock on the date of exercise over the exercise price. Furthermore, if such sale is a transaction in which a loss (if sustained) would have been recognized by the Participant, the amount of ordinary income recognized by the Participant will not exceed the excess (if any) of the amount realized on the sale over the exercise price. The Corporation (or the Participant's actual employer) will then be entitled to an income tax deduction in the amount of the amount of ordinary income that the Participant recognizes. Any excess gain recognized by the Participant upon such sale would then be taxable as capital gain, either long-term or short-term, depending upon whether the stock had been held for more than one year prior to sale. If the sale of SGRP Shares received upon exercise of an Incentive Stock Option qualifies for long-term capital gain treatment, the capital gain from such sale would be taxed at the then current maximum federal tax rate on capital gains. Ordinary income is currently taxed at the Participant's maximum federal income tax marginal rate. If an Incentive Stock Option is not or ceases to be treated as an Incentive Stock Option under the Code for any reason, its taxation will thereupon be determined based on the rules described for Nonqualified Stock Options below.

**Nonqualified Stock Options** . Generally, at the time of the grant of any Nonqualified Stock Option under the 2008 Plan, no taxable income will be recognized by the Participant and the Corporation will not be entitled to a deduction for federal income tax purposes (even though there will be a charge to earnings at the time of grant – see " *Accounting Treatment Of Awards Under The 2008 Plan* ", below). Upon the exercise of such Stock Option, the Participant generally will recognize ordinary income, and the Corporation (or the Participant's actual employer) will then be entitled to a deduction, in the amount by which the then fair market value of the shares of the Corporation's Common Stock issued to such Participant exceeds the exercise price. Income recognized by the Participant upon exercise of a Nonqualified Stock Option will be taxed as ordinary income up to the Participant. Upon the subsequent disposition of SGRP Shares acquired upon the exercise of the Stock Option, the Participant will recognize capital gain or loss in an amount equal to the difference between the proceeds received upon disposition and the fair market value of such SGRP Shares at the time of exercise. If such SGRP Shares have been held for more than one year at the time of such disposition, the capital gain or loss will be long-term.

**Exercising Stock Options With Shares Of The Corporation's Common Stock** . To the extent a Participant pays all or part of the exercise price by tendering SGRP Shares owned by the Participant, the tax consequences described above generally would apply. However, the number of SGRP Shares received (upon exercise) equal to the number of SGRP Shares surrendered in payment of the aggregate exercise price will have the same basis and tax holding period as the SGRP Shares surrendered. The additional Shares received upon such exercise will have a tax basis equal to the amount of ordinary income recognized and any cash paid on such exercise and a holding period, which commences on the date of exercise. If a Participant exercises a Stock Option by tendering SGRP Shares previously acquired on the exercise of an Incentive Stock Option, a disqualifying disposition will occur if the applicable holding period requirements have not been satisfied with respect to the surrendered stock. The consequences of such a disqualifying disposition are that the Participant may recognize ordinary income at the time.

**SARs** . A SAR Award results in no federal taxable income to the Participant receiving the Award or deduction to the Corporation at the time of grant (even though there will be a charge to earnings at the time of grant – see " *Accounting Treatment of Awards Under the 2008 Plan* ", below). A Participant who exercises a SAR will realize ordinary compensation income in an amount equal to the amount of cash and the fair market value of any SGRP Shares received. The Corporation (or the Participant's actual employer) will be entitled to a corresponding deduction for federal income tax purposes at that time. If the Participant receives SGRP Shares upon exercise of a SAR, the taxation of the post-exercise appreciation or depreciation is treated as either a short or long-term capital gain or loss, depending upon the length of time the Participant held the Shares.

**Restricted Stock** . A Restricted Stock Award generally results in no taxable income to the Participant receiving the Award or deduction to the Corporation at the time of grant (even though there will be a charge to earnings at the time of grant – see " *Accounting Treatment of Awards Under the 2008 Plan* ", below). A Participant receiving Restricted Stock

generally will recognize ordinary compensation income in the amount of the fair market value of the Restricted Stock at the time the stock is no longer subject to forfeiture, less the consideration (if any) paid for the stock. However, a Participant may elect, under Section 83(b) of the Code within 30 days of the grant of the Restricted Stock, to recognize ordinary compensation income on the date of grant equal to the excess of the fair market value of the shares of Restricted Stock (determined without regard to the restrictions) over the purchase price (if any) of the Restricted Stock. Thereafter, if the SGRP Shares are forfeited, the Participant will be entitled to a deduction, refund, or loss, for tax purposes only, in an amount equal to any purchase price of the forfeited SGRP Shares regardless of whether the Participant made a Section 83(b) election. With respect to the sale of SGRP Shares after the forfeiture period has expired, the holding period to determine whether any gain or loss is short or long-term begins when the restriction period expires, and the tax basis for such SGRP Shares will generally be based on the fair market value of such SGRP Shares on such date. However, if the Participant makes an election under Section 83(b), the holding period will commence on the date of grant, the tax basis will be equal to the fair market value of SGRP Shares on such date (determined without regard to restrictions), and the Corporation (or the Participant's actual employer) will be entitled to a deduction equal to the amount that is taxable as ordinary compensation income to the Participant in the year that such income is taxable. Dividends paid on Restricted Stock generally will be treated as compensation that is taxable as ordinary income to the Participant, and will be deductible by the Corporation (or the Participant's actual employer), when paid. If, however, the Participant makes a Section 83(b) election, the dividends will be taxable as ordinary income to the Participant and will not be deductible by the Corporation (or the Participant's actual employer).

**RSUs** . A Participant will not realize income in connection with the grant of a RSU or the credit of any dividend equivalents to his or her account (even though there will be a charge to earnings at the time of grant – see " *Accounting Treatment of Awards Under the 2008 Plan* ", below). When SGRP Shares and/or cash is delivered to the Participant, the Participant will generally be required to include as ordinary compensation income in the year of receipt, an amount equal to the amount of cash and the fair market value of any SGRP Shares received. The Corporation (or the Participant's actual employer) will be entitled to a deduction at that time and in the amount included in the Participant's income by reason of the receipt. For each share of Common Stock received in respect of a RSU, the taxation of the post exercise appreciation or depreciation is treated as either a short or long term capital gain or loss, depending upon the length of time the Participant held the SGRP Shares.

**Tax Withholding** . As discussed above, you may recognize taxable ordinary income or capital gains (or losses) from your receipt, vesting or exercise of certain kinds of Awards. Ordinary compensation income recognized by employees on the taxation of an Award (other than an Incentive Stock Option) constitutes "wages" with respect to which your SPAR Company employer is required to deduct and withhold federal, state, and local income taxes. Such deductions will be made from the wages, salary, bonus or other income to which the Participant would otherwise be entitled and, at the your SPAR Company employer's election, the Participant may be required to pay to your SPAR Company employer any amount not so deducted but required to be so withheld. The Corporation may permit the Participant to elect to surrender, or authorize the Corporation to withhold, shares of the Corporation's Common Stock (valued at their fair market value on the date of surrender or withholding of such shares) in satisfaction of the Corporation's withholding obligation.

**Nonqualified Deferred Compensation and Code Section 409A** : Under Section 409A of the Code (first enacted in 2004), any "nonqualified deferred compensation" must, among other things, meet specific election timing and payment timing requirements. Failure to meet these requirements causes the nonqualified deferred compensation to be taxed when vested, to be subject to an additional 20% federal income tax at that time and to be subject to interest on federal underpayments from the year the compensation vests. Under current IRS guidance, certain Awards to certain Participants under the 2008 Plan are excluded from the nonqualified deferred compensation to which Section 409A applies. The Participants that qualify for such exclusions generally consist of the employees of and those persons providing consulting services to the Corporation and its subsidiaries ("Qualified Participants"), who include those receiving W-2s as employees and 1099s as consultants from the Corporation and its subsidiaries. The excluded Awards to the Qualified Participants include Stock Options under which SGRP Shares are issued (or cash in lieu thereof) with an exercise price which is at least equal to fair market value on the date of grant, SARs under which SGRP Shares are issued with a base value which is at least equal to fair market value on the date of grant, Restricted Stock, and RSUs that are paid at or shortly after vesting. Awards under the 2008 Plan received by Participants who are not Qualified Participants ("Nonqualified Participants") could be treated as nonqualified deferred compensation to which Section 409A applies. However, it is generally the Corporation's intent (and the 2008 Plan provides) that such Awards comply with the election timing, payment timing and other requirements of Section 409A, and accordingly Nonqualified Participants may receive, or be deemed to have received, Awards that comply with such requirements, and those Awards would not have certain of the election, payment and other features of the Awards granted to Qualified Participants.

**Performance Awards And Code Section 162(m)** . The Administrators is authorized to condition any type of Award on one or more performance measures or goals set by the Administrators in its discretion for each performance Award. For purposes of the 2008 Plan, performance measures may be particular to a Participant; may relate to the performance of a

subsidiary, operating segment, division, branch, strategic business unit, or line of business, which employs the Participant; or may be based on the performance of the Corporation generally. Performance measures may be based on Common Stock value or increases therein; earnings per share or earnings per share growth; net earnings, earnings, or earnings growth (before or after one or more of taxes, interest, depreciation, and/or amortization); operating profit; operating cash flow; operating or other expenses; operating efficiency; return on equity, assets, capital, or investment; sales or revenues or growth thereof; working capital targets or cost control measures; regulatory compliance; gross, operating, or other margins; credit ratings; productivity; customer satisfaction; satisfactory internal or external audits; improvement of financial ratings; achievement of balance sheet or income statement objectives; quality measures; and any component or components of the foregoing (including, without limitation, determination thereof with or without the effect of discontinued operations and dispositions of business segments, non recurring items, material extraordinary items that are both unusual and infrequent, special charges, and/or accounting changes), or implementation, management, or completion of critical projects or processes or other measurement determined by the Administrators. Performance measures may include a threshold level of performance below which no payment or vesting may occur, levels of performance at which specified payments or specified vesting will occur, and a maximum level of performance above which no additional payment or vesting will occur. Performance measures may be absolute in their terms or measured against or in relationship to a market index; a group of other companies comparably, similarly, or otherwise situated; or a combination thereof. Each of the performance measures shall be determined, where applicable and except as provided herein or in the applicable Contract, in accordance with generally accepted accounting principles applied in the United States of America.

The Administrators, in its sole and absolute discretion and at any time but subject to any limitations under Section 162(m) of the Code in the case of an Award intended to qualify as "performance-based compensation" under Section 162(m) of the Code, may adjust any performance measure and any evaluation of performance under a performance measures to take into account any of the following events that occurs during a performance period: (i) asset write-downs, (ii) litigation or claim judgments or settlements, (iii) the effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results, (iv) accruals for reorganization and restructuring programs, and (v) any extraordinary non-recurring items as described in Accounting Principles Board Opinion No. 30 (or in any amendment or replacement thereof) and/or in management's discussion and analysis of financial condition and results of operations appearing in the Corporation's annual report to stockholders for the applicable year. In addition, in the case of an Award not intended to qualify as "performance-based compensation" under Section 162(m) of the Code, the Administrators, in its sole and absolute discretion and at any time, may adjust any performance measure and any evaluation of performance under a performance measure on such basis and for such reason as it may determine. Prior to the payment of any compensation under an Award intended to qualify as "performance-based compensation" under Section 162(m) of the Code, the Administrators shall determine and certify the extent to which any performance measure and any other material terms under such Award have been satisfied (other than in cases where such relate solely to the increase in the value of Common Stock). Under Section 162(m) of the Code, compensation paid to the Chief Executive Officer and any other executive officer reported in the summary compensation table in a tax year is not deductible if it exceeds \$1,000,000 unless it is "performance based" compensation. Stock Options and SARs are deemed to be performance based compensation if the exercise price or base value of the SGRP Shares to which the Award relates is at least equal to fair market value of those SGRP Shares on the date of the Award and if the maximum number of SGRP Shares available for Awards is disclosed to and approved by shareholders. Other Awards may be performance-based compensation if based on achievement of objective performance goals set by the Administrators and the material terms of the compensation or benefit to be paid, including the performance goals which may be used and the maximum which may be paid to any employee, must be disclosed to and approved by shareholders before payment. The Administrators must certify that the applicable performance goals and any other material terms are in fact satisfied.

**Federal Employment Tax Consequences** . Ordinary compensation income recognized by an employee in connection with Awards under the 2008 Plan is normally considered wages for federal employment tax (FICA and Medicare). However, the ordinary compensation income recognized on a disqualifying disposition of Shares acquired on exercise of an Incentive Stock Option is not considered wages for employment tax purposes.

Ordinary compensation income recognized by a non-employee service provider and non-employee director in connection with Awards under the 2008 Plan is considered income subject to self-employment income taxation.

**Federal Income Tax Consequences for Gifted Stock Options** . The gift by a Participant of a Nonqualified Stock Option to a family member, family trust or family partnership should not result in recognition of income to the Participant for federal income tax purposes at the time of the gift. However, the exercise by a family member, family trust or family partnership of a Nonqualified Stock Option received as a gift will result in recognition of ordinary compensation income by the Participant (and not by the family member, family trust or family partnership) in the same amount as if the Participant had not transferred the option but had exercised it when the family member, family trust or family partnership exercised it. If the Participant dies before the exercise by the family member, family trust or family partnership, the Participant's estate will be considered to recognize the ordinary compensation income attributable to the option exercise and will be liable for the income tax attributable to any exercise of the option.

Following exercise, the family member, family trust or family partnership will have a tax basis in the acquired Shares equal to the sum of the exercise price and the amount of ordinary compensation income recognized on the option exercise (i.e., the same basis as the basis the Participant would have if he or she had not transferred the option but had exercised it when the family member, family trust or family partnership exercised it).

***Federal Gift Tax Consequences for Gifted Stock Options*** . The gift by a Participant of a Nonqualified Stock Option to a family member, family trust or family partnership will be considered a gift for federal gift tax purposes in an amount equal to the value of the option the date the gift is considered made for federal gift tax purposes. A gift is considered made for federal gift tax purposes when the donor has completely parted with all "dominion and control" over the option (or the portion transferred). According to the Internal Revenue Service, in the case of the gift of an option, the gift is complete at the later of (i) the date the transfer is made or (ii) the date the option is no longer conditioned on the performance of services by the Participant.

A gift of a Nonqualified Stock Option, when complete, may qualify as a gift of a present interest for purposes of entitling the donor to come within the annual gift tax exclusion. Qualification for the annual gift tax exclusion may require that the option be exercisable and contain no restrictions on the transferee's right to current enjoyment of the option.

***Federal Estate Tax Consequences for Gifted Stock Options*** . If the transfer of a Nonqualified Stock Option by a Participant to a family member, family trust or family partnership is complete for federal gift tax purposes and there is no retention by the Participant of any interest in, or right to a reversion of, the option or the Shares acquired on exercise, of any right to alter, amend or revoke the transfer and of a general power of appointment over the option or Shares acquired on exercise, neither the transferred option nor the Shares acquired by the family member, family trust or family partnership on exercise of the option should be includable in the Participant's estate for federal estate tax purposes. Otherwise, the option should be included in the Participant's estate for federal estate tax purposes.

***Circular 230 Disclaimer*** . *The following disclaimer is provided in accordance with Treasury Department Circular 230:* You are hereby notified that (a) the summary above is not intended or written to be used, and cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer under the Internal Revenue Code, (b) the summary above was written to support the promotion or marketing (within the meaning of Circular 230) of the transaction(s) or matter(s) addressed by this communication, and (c) each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

***WE URGE YOU CONSULT WITH YOUR OWN TAX, LEGAL AND FINANCIAL ADVISORS RESPECTING ALL POTENTIAL TAX CONSIDERATIONS AND CONSEQUENCES THAT RELATING TO YOUR RECEIPT, VESTING OR EXERCISE OF CERTAIN KINDS OF AWARDS, WHETHER UNDER ANY APPLICABLE FEDERAL, STATE, LOCAL OR OTHER LAW, AND WHETHER INVOLVING ANY APPLICABLE INCOME, GIFT, ESTATE OR OTHER TAX.***

#### **ACCOUNTING TREATMENT OF AWARDS UNDER THE 2008 PLAN**

Under FASB Statement No. 123 (revised 2004), Share-Based Payment ("SFAS 123R"), the Corporation is required to measure and record the cost of employee services received in exchange for share-based payments, including stock options, stock appreciation rights, restricted share Awards and restricted share units, in its financial statements based on the grant date fair value of the equity incentive Award. For purposes of determining the amount of compensation cost to be recognized, the fair value of an equity incentive Award at its grant date is estimated using the Black-Scholes pricing model utilizing various factors and assumptions that include the exercise price of the equity incentive Award, the market price of the underlying ordinary shares, the expected term of the equity incentive Award, the expected volatility of the Corporation's ordinary shares and other factors. The compensation cost will be recognized in the financial statements over the period during which an employee is required to provide service in exchange for the equity incentive Award. These costs are likely to be expensed before they become deductible for federal income tax purposes as described above.

#### **INCORPORATION OF DOCUMENTS BY REFERENCE**

Securities Law permits the Corporation to "incorporate by reference" certain information from other specified documents into this Prospectus and its filings with the SEC, which means the Corporation can disclose important information in this Prospectus or such filings by referring to those documents and the important information they may contain. The "information incorporated" by reference is considered to be part of this Prospectus and the 2008 Plan Registration, and later information filed with the SEC will update and supersede this information, as more fully described below. This means you must review the documents incorporated by reference for you to understand the 2008 Plan and the Company and its business and financial condition to the same degree as if all of the important information contained in those incorporated documents had been repeated in this Prospectus.

The 2008 Plan, the SEC Reports and the other documents specified above have all been incorporated by reference into this Prospectus, each document incorporated by reference into the SGRP's Registration Statements on Form S-8 respecting the 2008 Plan (as amended, the "2008 Plan Registration") pursuant to Item 3 or any other provision of the 2008 Plan Registration are hereby incorporated by reference into this Prospectus (to the extent not already so incorporated), and each document so "incorporated by reference" into this Prospectus may be referred to as an "Incorporated Document". The SEC Reports and the documents listed in such Item 3 include all documents filed by SGRP with the SEC after January 1, 2009, pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, other than those "furnished", rather than "filed", with SEC pursuant to certain items of Form 8-K, and shall be deemed to be incorporated by reference into and to become part of this Prospectus and the 2008 Plan Registration upon such filing.

Any information contained or deemed contained at any time in this Prospectus or the 2008 Plan Registration, including any information incorporated by reference, repeated or summarized from any Incorporated Document, will from time to time be automatically and simultaneously updated and modified, restated, replaced or superseded by the corresponding or other applicable information contained (i) in this Prospectus or the 2008 Plan Registration, as most recently amended, or (ii) in any later filed Incorporated Document ("Modified Information"). This Prospectus and the 2008 Plan Registration shall be deemed to include such Modified Information, as and when filed and to the extent applicable, and thereafter shall not include or be deemed to include the older information to the extent so modified, restated, replaced or superseded by such updated information.

At the Corporation's web site, [www.sparinc.com](http://www.sparinc.com), you can review and download the most current 2008 Plan and Award Forms, as well as the most current version of this Prospectus, under the Investor Relations tab, and you can review and download the most recent Annual Report and Proxy Statement, as updated (and in some cases amended or superseded) by subsequent SEC Reports, under the Investor Relations tab. You also can obtain free copies of any document incorporated by reference into this Prospectus or the 2008 Plan Registration, as well as a current list of the Incorporated Documents and any additional information or help you may need respecting any Award or Contract (as defined below) you may receive, from the Corporation's Human Resources Department, which you may contact by mail at SPAR Group, Inc., 1910 Opdyke Court, Auburn Hills, MI 48326, by telephone at 248-364-7727, by telecopy at 248-364-8600, or by email at [hsavage@sparinc.com](mailto:hsavage@sparinc.com).

In making your investment decisions respecting your Awards, you should rely only on the express contents of this Prospectus and any Contract you may receive, including the provisions of the 2008 Stock Plan, SEC Reports and other Incorporated Documents, in each case as and to the extent most recently updated.