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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K/A
AMENDMENT NO. 1

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the year ended December 31, 1999

Commission file number 0-27824
SPAR GROUP, INC.

Delaware 33-0684451
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

580 WHITE PLAINS ROAD, SIXTH FLOOR, TARRYTOWN, NY 10591
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (914) 332-4100

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to section 12(g) of the Act: Common
Stock, par value \$.01 per share

Indicate by check mark whether the Registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
Registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days. YES[X]

Indicate by check mark if disclosure of delinquent filers pursuant to
Item 405 of Regulation S-K is not contained herein, and will not be contained,
to the best of Registrant's knowledge, in definitive proxy or information
statements incorporated by reference in Part III of this Form 10-K or any
amendment to this Form 10-K. []

The aggregate market value of the Common Stock of the Registrant held
by non-affiliates of the Registrant on March 30, 2000, based on the closing
price of the Common Stock as reported by the Nasdaq SmallCap Market on such
date, was approximately \$56,797,963. []

The number of shares of the Registrant's Common Stock outstanding as of
March 30, 2000 was 18,175,348 shares.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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INTRODUCTION

On April 14, 2000, SPAR Group, Inc. ("SPAR" or the "Company"), filed
with the Securities and Exchange Commission (the "Commission") its Annual Report
on Form 10-K for its fiscal year December 31, 1999 (the "1999 Form 10-K")
pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange
Act"). The information called for by items 10, 11, 12 and 13 of Part III of Form

10-K was not included in the body of the 1999 Form 10K as filed, but was incorporated by reference to the Company's Proxy Statement, which was expected to be filed with the Commission within the requisite 120-day period. Because the Company is not in fact filing its Proxy Statement within such 120 day period, this Form 10-K/A amends the 1999 Form 10-K by deleting the caption and first paragraph from such form and substituting for such items the following replacements for Items 10, 11, 12 and 13. In addition, Item 14 is hereby deleted and replaced with Item 14 as filed herewith.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth certain information in connection with each person who is or was at December 31, 1999, an executive and/or director for SPAR.

| NAME ---- | AGE --- | POSITION WITH SPAR GROUP, INC. ----- |
|-----------------------------|------------|---|
| Robert G. Brown | 57 | Chairman, Chief Executive Officer, President and Director |
| William H. Bartels | 56 | Vice Chairman and Director |
| Patrick W. Collins(1) | 70 | Director, (Resigned March 6, 2000) |
| Robert O. Aders(2) | 71 | Director |
| J. Christopher Lewis(1) (2) | 43 | Director |
| Charles Cimitile | 45 | Chief Financial Officer and Secretary |
| James H. Ross | 66 | Treasurer |

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- (1) Member of the Compensation Committee
 - (2) Member of the Audit Committee

Robert G. Brown serves as the Chairman, the Chief Executive Officer, the President and a Director of the Company and has held such positions since July 8, 1999 (the effective date of the Merger). Mr. Brown served as the Chairman, President and Chief Executive Officer of the SPAR Marketing Companies (SBRS since 1994, SINC since 1979, SMNEV since November 1993, and SMF since SMF acquired its assets and business in 1996).

William H. Bartels serves as the Vice Chairman and a Director of the Company and has held such positions since July 8, 1999 (the effective date of the Merger). Mr. Bartels served as the Vice-Chairman, Secretary, Treasurer and Senior Vice President of the SPAR Marketing Companies (SBRS since 1994, SINC since 1979, SMNEV since November 1993 and SMF since SMF acquired its assets and business in 1996), and has been responsible for the Company's sales and marketing efforts, as well as for overseeing joint ventures and acquisitions.

Patrick W. Collins served as a Director of SPAR since July 8, 1999 (the effective date of the Merger) and had been a member of the PIA Merchandising Services, Inc. Board since May 1998. Mr. Collins served as Chief Operating Officer of Ralphs Grocery Company for 18 years, 17 of which he served as President and one year as Vice Chairman. Mr. Collins also serves as a director of Catalina Marketing Corporation, a provider of in-store electronic marketing services, and New Bristol Farms, Inc., a gourmet food grocery chain. Mr. Collins resigned from his position of Director of SPAR Group, Inc., effective March 6, 2000.

Robert O. Aders serves as a Director of the Company and has done so since July 8, 1999. Mr. Aders has served as Chairman of The Advisory Board, Inc., an international consulting organization since 1993, as President Emeritus of the Food Marketing Institute ("FMI") since 1993, and as counsel to Collier, Shannon, Rill & Scott, a Washington, D.C. law firm since 1993. Immediately prior to his election to the presidency of FMI in 1976, Mr. Aders was Acting Secretary of Labor in the Ford Administration. Mr. Aders was the Chief Executive Officer of FMI from 1976 to 1993. He also served in the Kroger Co., in various executive positions and was Chairman of the Board from 1970 to 1974. Mr. Aders also serves as a director of FMI, the Stedman Nutrition Foundation at Duke Medical Center, Checkpoint Systems, Inc., Coinstar, Inc., Source Information Systems and

Telepanel Systems, Inc., and as a trustee of The National Urban League, Food Industry Crusade Against Hunger and St. Joseph Academy of Food Marketing.

J. Christopher Lewis serves as a Director of the Company, holding such position since July 8, 1999 (the effective date of the Merger), and had been a member of the PIA Merchandising Services, Inc. Board since April 1997. Since 1981, Mr. Lewis has been general partner of Riordan, Lewis & Haden. Mr. Lewis also serves as a director of Tetra Tech, Inc., SM&A Corporation, California Beach Restaurants, Inc., an owner and operator of restaurants, and several privately-held companies.

Charles Cimitile serves as the Chief Financial Officer and Secretary of the Company and has done so since November 24, 1999. Mr. Cimitile served as Chief Financial Officer for GT Bicycles from 1996 to 1999 and Cruise Phone, Inc. from 1995 through 1996. Prior to 1995, he served as the Vice President Finance, Treasurer and Secretary of American Recreation Company Holdings, Inc. and its predecessor company.

James H. Ross serves as the Treasurer of the Company and has held such positions since July 8, 1999 (the effective date of the Merger). Mr. Ross has been the Chief Financial Officer of the SPAR Marketing Companies since 1991, and was the General Manager of SBRS from 1994-1999.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act ("Section 16(a)") requires the Company's directors and certain of its officers and persons who own more than 10% of SPAR Common Stock (collectively, "Insiders"), to file reports of ownership and changes in their ownership of SPAR Common Stock with the Commission. Insiders are required by Commission regulations to furnish SPAR with copies of all Section 16(a) forms they file.

Based solely on its review of the copies of such forms received by it, or written representations from certain reporting persons that no Forms 5s were required for those persons, SPAR believes that

its Insiders complied with all applicable Section 16(a) filing requirements for fiscal 1999, with the exception of Mr. Charles Cimitile, who has not filed a Form 3, but does not own any stock.

ITEM 11. EXECUTIVE COMPENSATION AND OTHER INFORMATION OF SPAR GROUP, INC.
EXECUTIVE COMPENSATION

The following table sets forth all compensation received for services rendered to SPAR in all capacities for the years ended December 31, 1999, December 31, 1998 and December 31, 1997.

SUMMARY COMPENSATION TABLE(1)

| NAME AND PRINCIPAL POSITIONS | FISCAL YEAR | ANNUAL COMPENSATION | | LONG TERM COMPENSATION AWARDS | |
|--|-------------|---------------------|------------|-----------------------------------|---------------------------------|
| | | SALARY (\$) | BONUS (\$) | SECURITIES UNDERLYING OPTIONS (#) | ALL OTHER COMPENSATION (2) (\$) |
| Robert G. Brown Chief Executive Officer, Chairman of the Board, President, and Director | 1999 | 7,500 | -- | -- | -- |
| | 1998 | 125,000 | -- | -- | 791 |
| | 1997 | 46,756 | -- | -- | 553 |
| William H. Bartels Vice Chairman and Director | 1999 | 16,307 | -- | -- | -- |
| | 1998 | 75,000 | -- | -- | 1,439 |
| | 1997 | 85,089 | -- | -- | 1,724 |
| James H. Ross Treasurer and Vice President | 1999 | 111,235 | 0 | -- | 2,187 |
| | 1998 | 80,535 | 1,710 | -- | 1,897 |
| | 1997 | 106,660 | 1,295 | -- | 3,001 |

(1) For accounting purposes, the Merger is treated as an acquisition of PIA Merchandising Services, Inc. ("Old PIA"), by the SPAR Companies.

Accordingly, these figures represent the compensation paid by the Company since July 8, 1999, the effective date of the Merger, and the SPAR Companies prior to that date, but not compensation paid by Old PIA. See Item I, "Merger and Restructuring". Prior to the Merger, Terry R. Peets served as the Chief Executive Officer, the President and a Director of Old PIA, which is the same legal entity as the Company but not the same accounting entity. Subsequent to the Merger, Mr. Peets served as Vice-Chairman of SPAR until his resignation in September, 1999. Mr. Peets received \$133,354 in compensation from the Old PIA prior to the Merger (which for accounting purposes was not compensation paid by the Company) and \$124,558 in compensation (including severance payments) from SPAR after the Merger.

(2) Other compensation represents the Company's 401k contribution.

STOCK OPTION GRANTS IN LAST FISCAL YEAR

The following table sets forth information regarding each grant of stock options made during the year ended December 31, 1999, to each of the Named Executive Officers. No stock appreciation rights ("SAR's") were granted during such period to such persons.

| NAME | INDIVIDUAL GRANTS | | | | | POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION (4) | |
|--------------------|---|---|------------------------|-----------------|-----------|---|--|
| | NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED (#) | PERCENT OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN PERIOD (%) | EXERCISE PRICE (\$/SH) | EXPIRATION DATE | 5% (\$) | 10% (\$) | |
| Robert G. Brown | 382,986(1) | 16.7 | 5.500 | 07/08/09 | 3,267,753 | 4,966,835 | |
| | 382,986(2) | 16.7 | 5.500 | 07/08/09 | 3,267,753 | 4,966,835 | |
| William H. Bartels | 235,996(1) | 10.3 | 5.500 | 07/08/09 | 2,013,590 | 3,060,564 | |
| | 235,996(2) | 10.3 | 5.500 | 07/08/09 | 2,013,590 | 3,060,564 | |
| Charles Cimitile | 75,000(1) | 3.3 | 3.500 | 11/24/09 | 407,224 | 618,961 | |
| James H. Ross | 40,000(1) | 1.7 | 5.000 | 07/08/09 | 310,266 | 471,590 | |
| | 52,665(3) | 2.3 | 0.010 | 07/08/09 | 408,504 | 620,907 | |

- (1) All such options vest over four-year periods at a rate of 25% per year, beginning on the first anniversary of the date of grant.
- (2) Options will vest in full at such time as the Company's stock price for the Company's common stock, as reported on the Nasdaq SmallCap market, equals a price of \$10.00 per share.
- (3) These options are fully vested at December 31, 1999.
- (4) The potential realizable value is calculated based upon the term of the option (ten years) at its time of grant. It is calculated by assuming that the stock price on the date of grant appreciates at the indicated annual rate, compounded annually for the entire term of the option.

AGGREGATED STOCK OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR END OPTION VALUES

The following table sets forth the number and value of the exercisable and unexercisable options held by each of the Named Executive Officers at December 31, 1999. None of the Named Executive Officers exercised any options during the fiscal year ended December 31, 1999.

| NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT FISCAL YEAR-END (#) | VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT FISCAL YEAR-END (\$) (1) |
|--|---|
| ----- | ----- |

| NAME | EXERCISABLE | UNEXERCISABLE | EXERCISABLE | UNEXERCISABLE |
|--------------------|-------------|---------------|-------------|---------------|
| Robert G. Brown | 0 | 765,972 | 0 | 0 |
| William H. Bartels | 0 | 471,992 | 0 | 0 |
| Charles Cimitile | 0 | 75,000 | 0 | 0 |
| James H. Ross | 52,665 | 40,000 | 177,481 | 0 |

(1) The only in-the-money options at December 31, 1999, were owned by James H. Ross. The market value of SPAR common stock was \$3.38 as of December 31, 1999, which was greater than the exercise price of \$.01 per share.

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COMPENSATION PLANS

As a result of the reverse merger with PIA, SPAR Group, Inc., has three stock option plans: The 1990 Stock Option Plan ("1990 Plan"), the Amended and Restated 1995 Stock Option Plan ("1995 Plan") and the 1995 Director's Plan ("Director's Plan").

The 1990 plan is a nonqualified option plan providing for the issuance of up to 683,109 shares of common stock to officers, directors and key employees. The options have a term of ten years and one week and are either fully vested or will vest ratably no later than five years from the grant date. Since 1995, no options have been granted under this plan.

The 1995 Plan provides for the granting of either incentive or nonqualified stock options to specified employees, consultants and directors of SPAR Group, Inc. for the purchase of up to 3,500,000 shares of SPAR's common stock. The options have a term of ten years, except in the case of incentive stock options granted to greater than 1% stockholders of the SPAR, for which the term is five years. The exercise price of nonqualified stock options must be equal to at least 85% of the fair market value of SPAR's common stock at the date of grant, the exercise price of incentive stock options must be equal to at least the fair market value of SPAR's common stock at the date of grant. At December 31, 1999, options to purchase 500,256 shares were available for grant under this plan.

The Director's Plan is a stock option plan for nonemployee directors and provides for the purchase of up to 100,000 shares of SPAR's common stock. An option to purchase 1,500 shares of SPAR's common stock shall be granted automatically each year to each director, following SPAR's annual stockholder's meeting. The exercise price of options issued under this plan shall be not less than the fair market value of SPAR's common stock on the date of grant. Each option under this plan shall vest and become exercisable in full on the first anniversary of its grant date, provided the optionee is reelected as a director of SPAR. The maximum term of options granted under the plan is ten years and one day, subject to earlier termination following an optionee's cessation of service with SPAR. At December 31, 1999, options to purchase 86,500 shares were available for grant under this plan.

Under the Nonemployee Directors Plan, an option to purchase 1,500 shares of SPAR common stock is granted to each Eligible Director immediately following each annual meeting of stockholders of SPAR. Each option vests and becomes exercisable in full at the next annual meeting of stockholders, provided that the optionee is reelected as a director of SPAR. The maximum term of options granted under the Nonemployee Directors Plan is ten years and one day, subject to earlier termination following an optionee's cessation of service with SPAR. The exercise price of stock options granted under the Nonemployee Directors Plan will be the fair market value of the SPAR common stock on the date of grant.

COMPENSATION OF DIRECTORS

During the year ended December 31, 1999, SPAR paid to Mr. Aders and to Mr. Collins, a former director, an aggregate of \$3,000 and \$6,000, respectively, for services as members of the SPAR Board. Mr. Lewis received no compensation for his services as a director (other than the grant of options as described in the following paragraphs). Messrs. Aders, Collins and Lewis were also reimbursed for certain expenses in connection with their attendance at SPAR Board and committee

meetings. During 1999, Mr. Aders was granted an option to purchase 10,000 shares of SPAR's common stock at an exercise price of \$.01 per share. The options vest ratably over a four-year period. Mr. Lewis was granted an option to purchase 1,500 shares of SPAR common stock at an exercise price of \$5.00 per share. These options have a one-year vesting period.

SPAR 's Compensation Committee administers the Nonemployee Directors Plan. Each member of the SPAR Board who is not otherwise an employee or officer of SPAR or any subsidiary of SPAR (each, an "Eligible Director") is eligible to participate in the Nonemployee Directors Plan. Directors who are consultants of, but not otherwise employees or officers of, SPAR are Eligible Directors.

Under the Nonemployee Directors Plan, an option to purchase 1,500 shares of SPAR common stock is granted to each Eligible Director immediately following each annual meeting of stockholders of SPAR. Each option vests and becomes exercisable in full at the next annual meeting of stockholders, provided that the optionee is reelected as a director of SPAR. The maximum term of options granted under the Nonemployee Directors Plan is ten years and one day, subject to earlier termination following an optionee's cessation of service with SPAR. The exercise price of stock options granted under the Nonemployee Directors Plan will be the fair market value of the SPAR common stock on the date of grant.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

No member of the Compensation Committee was at any time during the year ended December 31, 1999, or at any other time an officer or employee of SPAR. No executive officer of SPAR serves as a member of the SPAR Board or compensation committee of any other entity, which has one or more executive officers serving as a member of the SPAR Board or Compensation Committee.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

| TITLE OF CLASS | NAME AND ADDRESS OF BENEFICIAL OWNER | NUMBER OF SHARES BENEFICIALLY OWNED | PERCENTAGE |
|----------------|--|-------------------------------------|------------|
| Common Shares | Robert G. Brown(1) | 7,591,965(2) | 39.3% |
| Common Shares | William H. Bartels(1) | 4,805,022 | 24.8% |
| Common Shares | J. Christopher Lewis 300 S. Grand Avenue, Suite 2900 Los Angeles, California 90071 | 157,477(3) | * |
| Common Shares | James H. Ross(1) | 68,865(4) | * |
| Common Shares | Patrick W. Collins(1) | 7,500(5) | * |
| Common Shares | Richard J. Riordan 300 S. Grand Avenue, Suite 2900 Los Angeles, CA 90071 | 1,209,922(6) | 6.26% |

| TITLE OF CLASS | NAME AND ADDRESS OF BENEFICIAL OWNER | NUMBER OF SHARES BENEFICIALLY OWNED | PERCENTAGE |
|----------------|--------------------------------------|-------------------------------------|------------|
|----------------|--------------------------------------|-------------------------------------|------------|

| | | | |
|---------------|--|---------------|-------|
| Common Shares | Heartland Advisors, Inc. 790 North Milwaukee Street Milwaukee, Wisconsin 53202 | 1,522,500 (7) | 7.9% |
| Common Shares | Executive Officers and Directors | 12,630,829 | 65.4% |

* Less than 1%

- (1) The address of such owners is c/o SPAR Group, Inc. 580 White Plains Road, 6th Floor, Tarrytown, New York.
- (2) Includes 1,800,000 shares held by a grantor trust for the benefit of certain family members of Robert G. Brown over which Robert G. Brown, James R. Brown, Sr. and William H. Bartels is a trustee, and 180,000 shares held by a grantor trust for the benefit of certain other family members of Robert G. Brown over which each of Robert G. Brown, James R. Brown, Sr. and William H. Bartels is a trustee.
- (3) All information regarding share ownership is taken from and furnished in reliance upon the Schedule 13G (Amendment No. 1), dated February 10, 2000, filed by J. Christopher Lewis, Patrick C. Haden, Riordan Lewis & Haden, and RVM/PIA with the Securities and Exchange Commission on March 2, 2000. Includes 95,577 shares owned by Riordan Lewis & Haden ("RLH"). Mr. Lewis, a director of SPAR, may be deemed to share voting and investment power with respect to all such shares as a general partner of RLH. One other partner of RLH has voting power or investment power with respect to such shares. Also includes 7,000 shares issuable upon the exercise of options held by Mr. Lewis.
- (4) Includes 52,665 shares issuable by in the money options as of December 31, 1999.
- (5) Includes 7,500 shares issuable upon the exercise of options.
- (6) All information regarding share ownership is taken from and furnished in reliance upon the Schedule 13G, dated February 10, 2000 and filed by Richard J. Riordan with the Securities and Exchange Commission on February 14, 2000.
- (7) All information regarding share ownership is taken from and furnished in reliance upon the Schedule 13G (Amendment No. 6), dated January 27, 2000, filed by Heartland Advisors, Inc. with the Securities and Exchange Commission on February 3, 2000.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Mr. Robert G. Brown, a director, the Chairman and the Chief Executive Officer of the Company, and Mr. William H. Bartels, a director and the Vice Chairman of the Company, are the sole stockholders and executive officers and directors of SPAR Marketing Services, Inc. ("SMS"), SPAR Management Services, Inc. ("SMSI"), SPAR Infotech, Inc. ("SIT"), and certain other companies.

SMS and SMSI (through SMS) provided field representative (through its independent contractor field force) and field management services to the SPAR Marketing Companies at a total cost of \$3.2 million in the fiscal year ended March 31, 1998, and at a total cost of \$2.8 million to the SPAR Marketing Companies for the nine months ended December 31, 1998, and \$4.1 million for the 12 months ended December 31, 1999. Under the terms of the Field Service Agreement, SMS will continue to provide the services of approximately 2,300 field representative and through SMSI will provide 37 regional and district managers to the SPAR Marketing Companies as they may request from time to time, for which SPAR has agreed to pay SMS for all of its costs of providing those

services plus 4%. However, SMS may not charge any SPAR Company for any past taxes or associated costs for which the SAI Principals have agreed to indemnify the SPAR Companies.

SMS is currently engaged in a dispute with the Internal Revenue Service over the independent contractor status of its field personnel. See Note 8 the Financial Statements.

SIT provided computer programming services to SMF at a total cost of \$0 to SMF in the fiscal year ended March 31, 1998, and at a total cost of \$0 to SMF for the nine months ended December 31, 1998 and \$608,000 for the year ended December 31, 1999. Under the terms of the programming agreement between SMF and

SIT effective as of October 1, 1998 (the "Programming Agreement"), SIT continues to provide programming services to SMF as SMF may request from time to time, for which SMF has agreed to pay SIT competitive hourly wage rates and to reimburse SIT's out-of-pocket expenses. See Note 10 to the Financial Statements.

In July 1999, SMF, SMS and SIT entered into a Software Ownership Agreement with respect to Internet job scheduling software jointly developed by such parties. In addition, STM, SMS and SIT entered into trademark licensing agreements whereby STM has granted non-exclusive royalty-free licenses to SIT and SMS for their continued use of the name "SPAR" and certain other trademarks and related rights transferred to STM in connection with the Merger.

In the event of any material dispute in the business relationships between SPAR, SMS, SMSI, or SIT, or in the course of pursuing SMS' independent contractor/employee dispute with the IRS, it is possible that Messrs. Brown and Bartels may have one or more conflicts of interest with respect to these relationships and dispute that could have a material adverse effect on SPAR Group, Inc. See Note 8 to the Financial Statements.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

1. INDEX TO FINANCIAL STATEMENTS FILED AS PART OF THIS REPORT:

| | |
|---|-----|
| Independent Auditors' Report | F-1 |
| Consolidated and Combined Balance Sheets as of December 31, 1999 and December 31, 1998 | F-2 |
| Consolidated and Combined Statements of Operations for the year ended December 31, 1999, for the nine month period ended December 31, 1998, and the year ended March 31, 1998 | F-3 |
| Consolidated and Combined Statements of Stockholders' Equity for the year ended December 31, 1999, for the nine month period ended December 31, 1998, and the year ended March 31, 1998 | F-4 |
| Consolidated and Combined Statements of Cash Flows for the year ended December 31, 1999, for the nine month period ended December 31, 1998, and the year ended March 31, 1998 | F-5 |

| | |
|-------------------------------|-----|
| Notes to Financial Statements | F-6 |
|-------------------------------|-----|

2. FINANCIAL STATEMENT SCHEDULES.

| | |
|--|------|
| Schedule II - Valuation and Qualifying Accounts for the years ended December 31, 1999 the nine month period ended December 31, 1998, and the year ended March 31, 1998 | F-39 |
|--|------|

3. EXHIBITS.

| EXHIBIT NUMBER ----- | DESCRIPTION ----- |
|----------------------------|--|
| 3.1 | Certificate of Incorporation of SPAR Group, Inc., as |

amended. (incorporated by reference to the Company's Registration Statement on Form S-1 (Registration No. 33-80429) as filed with the Securities and Exchange Commission on December 14, 1995 (the "Form S-1") and to Exhibit 3.1 to the Company's Form 10-Q for the 3rd Quarter ended September 30, 1999).

- 3.2 By-laws of PIA (incorporated by reference to the Form S-1).
- 4.1 Registration Rights Agreement entered into as of January 21, 1992 by and between RVM Holding Corporation, RVM/PIA, a California Limited Partnership, The Riordan Foundation and Creditanstalt-Bankverine (incorporated by reference to the Form S-1).
- 10.1 1990 Stock Option Plan (incorporated by reference to the Form S-1).
- 10.2 Amended and Restated 1995 Stock Option Plan (incorporated by reference of Exhibit 10.2 to the Company's Form 10-Q for the 2nd Quarter ended July 3, 1998).
- 10.3 1995 Stock Option Plan for Non-employee Directors (incorporated by reference to the Form S-1).
- 10.4+* Employment Agreement dated as of June 25, 1997 between PIA and Terry R. Peets (incorporated by reference to Exhibit 10.5 to the Company's Form 10-Q for the 2nd Quarter ended June 30, 1997)
- 10.5+* Severance Agreement dated as of February 20, 1998 between PIA and Cathy L. Wood (incorporated by reference to Exhibit 10.5 to the Company's Form 10-Q for the 1st Quarter ended April 30, 1998)
- 10.6* Severance Agreement dated as of August 10, 1998 between PIA and Clinton E. Owens (incorporated by reference to Exhibit 10.6 to the Company's Form 10-Q for the 3rd Quarter ended October 2, 1998)
- 10.7+* Amendment No. 1 to Employment Agreement dated as of October 1, 1998 between PIA and Terry R. Peets.
- 10.8+* Amended and Restated Severance Compensation Agreement dated as of October 1, 1998 between PIA and Cathy L. Wood.
- 10.9+ Loan and Security Agreement dated December 7, 1998 among Mellon Bank, N.A., PIA Merchandising Co., Inc., Pacific Indoor Display Co. and PIA.
- 10.10+ Agreement and Plan of Merger dated as of February 28, 1999 among PIA, SG Acquisition, Inc., PIA Merchandising Co., Inc., SPAR Acquisition, Inc., SPAR Marketing, Inc., SPAR Marketing Force, Inc., SPAR, Inc., SPAR/Burgoyne Retail Services, Inc., SPAR Incentive Marketing, Inc., SPAR MCI Performance Group, Inc. and SPAR Trademarks, Inc.
- 10.11+ Voting Agreement dated as of February 28, 1999 among PIA, Clinton E. Owens, RVM/PIA, California limited partnership, Robert G. Brown and William H. Bartels.
- 10.12* Amendment No. 2 to Employment Agreement dated as of February 11, 1999 between PIA and Terry R. Peets (incorporated by reference to Exhibit 10.12 to the

Company's Form 10-Q for the 2nd Quarter ended April 2, 1999).

- 10.13 Special Purpose Stock Option Plan (incorporated by reference to Exhibit 10.13 of the Company's Form 10-Q for the 2nd Quarter ended July 2, 1999.
- 10.14 Amendment No. 1 to Severance Agreement dated as of May 18, 1999 between the Company and Cathy L. Wood (incorporated by reference to Exhibit 10.14 of the Company's Form 10-Q for the 3rd Quarter ended September 30, 1999).
- 10.15++ Second Amended and Restated Revolving Credit, Term Loan and Security Agreement by and among IBJ Whitehall Business Credit Corporation with SPAR Marketing Force, Inc., SPAR Group, Inc., SPAR, Inc., SPAR/Burgoyne Retail Services, Inc., SPAR Incentive Marketing, Inc., SPAR Trademarks, Inc., SPAR MCI Performance Group, Inc., SPAR Marketing, Inc. (DE), SPAR Marketing, Inc. (NV), SPAR Acquisition, Inc., PIA Merchandising, Co., Inc., Pacific Indoor Display Co., Inc., and Pivotal Sales Company dated as of September 22, 1999.
- 10.16++ Waiver and Amendment No. 1 ("Amendment") is entered into as of December 8, 1999, by and between SPAR Marketing Force, Inc., SPAR, Inc., SPAR/Burgoyne Retail Services, Inc., SPAR Group, Inc., SPAR Incentive Marketing, Inc., SPAR Trademarks, Inc., SPAR Performance Group, Inc. (f/k/a SPAR MCI Performance Group, Inc.), SPAR Marketing, Inc. (DE), SPAR Marketing, Inc. (NV), SPAR Acquisition, Inc., PIA Merchandising Co., Inc., Pacific Indoor Display Co., Inc. and Pivotal Sales Company (each a "Borrower" and collectively, the "Borrowers") and IBJ Whitehall Business Credit Corporation ("Lender").
- 10.17** Service Agreement dated as of January 4, 1999 by and between SPAR Marketing Force, Inc. and SPAR Marketing Services, Inc.
- 10.18** Business Manager Agreement dated as of July 8, 1999 by and between SPAR Marketing Force, Inc. and SPAR Marketing Services, Inc.
- 21.1++ Subsidiaries of the Company
- 23.1++ Consent of Ernst & Young LLP
- 27.1++ Financial Data Schedule

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- + Previously filed with initial Form 10-K for the fiscal year ended January 1, 1999.
- ++ Previously filed with Form 10-K for the fiscal year ended December 31, 1999.
- * Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to applicable rules of the Securities and Exchange Commission.
- ** Filed herewith.

(B) REPORTS ON FORM 8-K.

Form 8-K dated July 8, 1999 and filed with the Commission on July 23, 1999. Form 8-K/A dated July 8, 1999 and filed with the Commission on September 20, 1999.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

SPAR GROUP, INC.

May 1, 2000

By: /s/ Charles Cimitile

Charles Cimitile
Chief Financial Officer

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EXHIBIT INDEX

| EXHIBIT NUMBER ----- | DESCRIPTION ----- |
|----------------------------|--|
| 3.1 | Certificate of Incorporation of SPAR Group, Inc., as amended. (incorporated by reference to the Company's Registration Statement on Form S-1 (Registration No. 33-80429) as filed with the Securities and Exchange Commission on December 14, 1995 (the "Form S-1") and to Exhibit 3.1 to the Company's Form 10-Q for the 3rd Quarter ended September 30, 1999). |
| 3.2 | By-laws of PIA (incorporated by reference to the Form S-1). |
| 4.1 | Registration Rights Agreement entered into as of January 21, 1992 by and between RVM Holding Corporation, RVM/PIA, a California Limited Partnership, The Riordan Foundation and Creditanstalt-Bankverine (incorporated by reference to the Form S-1). |
| 10.1 | 1990 Stock Option Plan (incorporated by reference to the Form S-1). |
| 10.2 | Amended and Restated 1995 Stock Option Plan (incorporated by reference of Exhibit 10.2 to the Company's Form 10-Q for the 2nd Quarter ended July 3, 1998). |
| 10.3 | 1995 Stock Option Plan for Non-employee Directors (incorporated by reference to the Form S-1). |
| 10.4+* | Employment Agreement dated as of June 25, 1997 between PIA and Terry R. Peets (incorporated by reference to Exhibit 10.5 to the Company's Form 10-Q for the 2nd Quarter ended June 30, 1997) |
| 10.5+* | Severance Agreement dated as of February 20, 1998 between PIA and Cathy L. Wood (incorporated by reference to Exhibit 10.5 to the Company's Form 10-Q for the 1st Quarter ended April 30, 1998) |
| 10.6* | Severance Agreement dated as of August 10, 1998 between PIA and Clinton E. Owens (incorporated by reference to Exhibit 10.6 to the Company's Form 10-Q for the 3rd Quarter ended October 2, 1998) |
| 10.7+* | Amendment No. 1 to Employment Agreement dated as of October 1, 1998 between PIA and Terry R. Peets. |
| 10.8+* | Amended and Restated Severance Compensation Agreement dated as of October 1, 1998 between PIA and Cathy L. Wood. |

- 10.9+ Loan and Security Agreement dated December 7, 1998 among Mellon Bank, N.A., PIA Merchandising Co., Inc., Pacific Indoor Display Co. and PIA.
- 10.10+ Agreement and Plan of Merger dated as of February 28, 1999 among PIA, SG Acquisition, Inc., PIA Merchandising Co., Inc., SPAR Acquisition, Inc., SPAR Marketing, Inc., SPAR Marketing Force, Inc., SPAR, Inc., SPAR/Burgoyne Retail Services, Inc., SPAR Incentive Marketing, Inc., SPAR MCI Performance Group, Inc. and SPAR Trademarks, Inc.
- 10.11+ Voting Agreement dated as of February 28, 1999 among PIA, Clinton E. Owens, RVM/PIA, California limited partnership, Robert G. Brown and William H. Bartels.
- 10.12* Amendment No. 2 to Employment Agreement dated as of February 11, 1999 between PIA and Terry R. Peets (incorporated by reference to Exhibit 10.12 to the Company's Form 10-Q for the 2nd Quarter ended April 2, 1999).
- 10.13 Special Purpose Stock Option Plan (incorporated by reference to Exhibit 10.13 of the Company's Form 10-Q for the 2nd Quarter ended July 2, 1999).
- 10.14 Amendment No. 1 to Severance Agreement dated as of May 18, 1999 between the Company and Cathy L. Wood (incorporated by reference to Exhibit 10.14 of the Company's Form 10-Q for the 3rd Quarter ended September 30, 1999).
- 10.15++ Second Amended and Restated Revolving Credit, Term Loan and Security Agreement by and among IBJ Whitehall Business Credit Corporation with SPAR Marketing Force, Inc., SPAR Group, Inc., SPAR, Inc., SPAR/Burgoyne Retail Services, Inc., SPAR Incentive Marketing, Inc., SPAR Trademarks, Inc., SPAR MCI Performance Group, Inc., SPAR Marketing, Inc. (DE), SPAR Marketing, Inc. (NV), SPAR Acquisition, Inc., PIA Merchandising, Co., Inc., Pacific Indoor Display Co., Inc., and Pivotal Sales Company dated as of September 22, 1999.
- 10.16++ Waiver and Amendment No. 1 ("Amendment") is entered into as of December 8, 1999, by and between SPAR Marketing Force, Inc., SPAR, Inc., SPAR/Burgoyne Retail Services, Inc., SPAR Group, Inc., SPAR Incentive Marketing, Inc., SPAR Trademarks, Inc., SPAR Performance Group, Inc. (f/k/a SPAR MCI Performance Group, Inc.), SPAR Marketing, Inc. (DE), SPAR Marketing, Inc. (NV), SPAR Acquisition, Inc., PIA Merchandising Co., Inc., Pacific Indoor Display Co., Inc. and Pivotal Sales Company (each a "Borrower" and collectively, the "Borrowers") and IBJ Whitehall Business Credit Corporation ("Lender").
- 10.17** Service Agreement dated as of January 4, 1999 by and between SPAR Marketing Force, Inc. and SPAR Marketing Services, Inc.
- 10.18** Business Manager Agreement dated as of July 8, 1999 by and between SPAR Marketing Force, Inc. and SPAR Marketing Services, Inc.
- 21.1++ Subsidiaries of the Company
- 23.1++ Consent of Ernst & Young LLP
- 27.1++ Financial Data Schedule
- + Previously filed with initial Form 10-K for the fiscal

year ended January 1, 1999.

++ Previously filed with Form 10-K for the fiscal year
ended December 31, 1999.

* Management contract or compensatory plan or arrangement
required to be filed as an exhibit pursuant to
applicable rules of the Securities and Exchange
Commission.

** Filed herewith.

SERVICE AGREEMENT

THIS SERVICE AGREEMENT dated as of January 4, 1999 (as the same may be supplemented, modified, amended, restated or replaced from time to time in the manner provided herein, this "Agreement"), is by and between SPAR MARKETING FORCE, INC. ("Marketing Force"), and SPAR MARKETING SERVICES, INC. ("SMS").

RECITALS

SMS has previously provided and currently provides certain field representative and management services to Marketing Force and others. Marketing Force and SMS desire to memorialize the terms and conditions on which SMS will continue to provide, on a nonexclusive basis, the services described below on behalf of Marketing Force with respect to in-store merchandising and related services at the stores and other locations of the customers of Marketing Force and such of Marketing Force's affiliates as Marketing Force may from time to time request (collectively, "Stores") within the continental United States and Canada (the "Territory").

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, the parties hereto hereby agree as follows:

1. Term This Agreement shall commence upon the date hereof, and shall continue through December 31, 2000, and shall be automatically renewed and continue for additional one year periods thereafter (the "Term"), unless (a) either party gives the other written notice at least sixty days prior to December 31 of any year (commencing in 2000) of its desire to not renew this Agreement, or (b) this Agreement is sooner terminated pursuant to Section 5 hereof.

2. Merchandising, Scheduling and Supervisory Services. During the Term, SMS shall (a) stock, restock and replenish merchandise and perform other merchandising and related activities and services requested from time to time by Marketing Force (the "Merchandising Services") in Stores within the Territory on behalf of Marketing Force and such of Marketing Force's affiliates as Marketing Force may from time to time request for the customers of Marketing Force and such affiliates, (b) operate and maintain the Internet job scheduling and other software utilized by the field managers and personnel of SMS and the field personnel of Marketing Force and such affiliates of Marketing Force as may be requested from time to time by Marketing Force (the "Scheduling Services"), and (c) manage and direct the field personnel of SMS performing the Merchandising Services and such field personnel of Marketing Force and its affiliates as may be requested from time to time by Marketing Force (the "Personnel Services", and together with the Merchandising Services and Scheduling Services, the "Services"). Any merchandise needed for the Merchandising Services shall be delivered to the Stores (or at such other location as may be mutually agreed upon by the parties with respect to any particular task) from time to time by or on behalf Marketing Force or the applicable customers, all at no cost and expense to SMS. Marketing Force and SMS shall in good faith establish and implement mutually acceptable procedures for the scheduling and coordination of the performance of the Services.

3. Cost Plus Compensation. Except as otherwise provided in the second and third sentences of this Section 3, Marketing Force shall compensate SMS for the performance of the Services in an amount equal to (a) all costs and expenses reasonably incurred by SMS in performing the Services pursuant hereto, including (without limitation) any and all independent contractor payments, wages and other employment costs of all personnel, travel and other reimbursable field and administrative out of pocket costs and expenses, purchases of equipment and supplies, depreciation and amortization, courier, postage and special mailing charges, rent, utilities, and other overhead (the "Services Costs"), plus (b) four percent of the sum of the items in clause (a), above (collectively with the Services Costs, the "Services Compensation"); provided, however, that the Services Costs shall include any payroll and employment taxes payable to field employees with respect to Services performed after the date

hereof. Marketing Force and SMS acknowledge and agree that it is presently anticipated that the stockholders of SMS will enter into a Limited Indemnification Agreement substantially in the form attached hereto as Exhibit A (the "Indemnity Agreement") in connection with the consummation of the transactions contemplated by the Merger Agreement (as such term is defined in the Indemnity Agreement). Notwithstanding the provisions of this

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Section 3 or any other provision of this Agreement, Marketing Force shall not be required to compensate SMS for or otherwise pay or reimburse (and Services Costs shall not include) any amount with respect to which the stockholders of SMS (i) would have been required to indemnify, defend and hold harmless any Merger Party (as such term is defined in the Indemnity Agreement) pursuant to the Indemnity Agreement were it executed and effective as of the date of this Agreement, or (ii) are required to indemnify, defend and hold harmless any Merger Party pursuant to the Indemnity Agreement after it is executed and becomes effective (collectively, "Indemnified Amounts").

4. Payments. Marketing Force shall pay to SMS by wire transfer a monthly retainer of \$250,000 (as adjusted from time to time by the mutual agreement of the parties) on or before the first of each month on account of the Services Compensation respecting the estimated administrative and overhead costs of performing the Services (i.e., the Services Compensation other than the field personnel costs). SMS shall invoice Marketing Force weekly for all field management and personnel costs, and such invoices shall be paid by Marketing Force by wire transfer to SMS within two business days after receipt thereof. SMS may from time to time, and at least once per quarter shall, reconcile the retainer and field personnel payments and invoice Marketing Force for any shortfall, or credit Marketing Force's future invoices for any excess, in the Services Compensation received by SMS during the calculation period. Marketing Force shall have the right at its own cost and expense to audit such costs and expenses from time to time upon reasonable notice to SMS, provided that the audit shall be conducted in a manner that is not unreasonably disruptive of SMS's business.

5. Early Termination. Notwithstanding any provision to the contrary contained herein, either party shall have the right to terminate this Agreement (i) for any reason or no reason upon six (6) months prior written notice at any time, (ii) upon ten (10) business days prior written notice to the other party in the event such other party material breaches this Agreement and fails to cure such breach within thirty (30) days after notice of such breach from the terminating party, or (iii) upon ten (10) business days prior written notice to the other party in the event of any voluntary or involuntary (A) petition or similar pleading under any bankruptcy or similar act is commenced by or against such other party, or (B) proceeding is instituted in any court or tribunal to declare either such other party insolvent or unable to pay its debts.

6. Force Majeure. SMS shall not be liable for any failure to perform or for delay in performance of its obligations caused by circumstances beyond its reasonable control, including (without limitation) communications, computer and power outages, fire, flood, ice and snow storms, earthquake, other natural disasters, war, insurrection, riot, sabotage, epidemic, labor disputes, acts of God, acts of any government or agency thereof, or judicial action.

7. Independent Contractor, Non-exclusive Status, Etc. Marketing Force acknowledges and agrees that its sole relationship with SMS is that of independent contractor, and that no term or provision of this Agreement or any related document is intended to create, nor shall any such term or provision be deemed or construed to have created, any joint venture, partnership, trust, agency or other fiduciary relationship with SMS or any of its affiliates. No term or provision of this Agreement or any related document is intended, or shall be deemed or construed, to in any way (a) limit the power, authority or discretion of SMS to conduct its business in such manner as it may choose, or (b) confer upon Marketing Force any right, power or privilege to control, direct, approve or otherwise affect any manner chosen by SMS or any of its affiliates to conduct its business, irrespective of whether any of the Services may be involved in or affected by any such conduct. Without limiting the generality of the foregoing, SMS shall have full and exclusive power, authority and discretion at any time and from time to time (i) to hire, direct and discharge from time to time any and all officers, employees, agents, brokers and other representatives of SMS (including, without limitation, the its

stockholders), (ii) to engage such independent contractors, affiliates and other subcontractors as it may deem necessary or appropriate in the performance of the Services, (iii) to exercise or otherwise enforce any of its rights, powers, privileges, remedies or interests in whole or in part, (iv) to delay, refrain from or discontinue any such exercise or other enforcement, (v) to perform the same or similar services for others and pursue any and all other continuing, new or other business opportunities of any nature or description, which may include (without limitation,) one or more of the business activities engaged in by Marketing Force or its affiliates or aspects thereof, whether independently or for or with other persons, and irrespective of location, and (vi) to allocate the time and attention and the other resources of SMS among the Services and its various other activities, provided that such allocation does not adversely affect the performance of SMS hereunder in any material respect, in each case without notice to Marketing Force (except as otherwise expressly required hereunder), for any reason or no reason whatsoever and whether intentionally or otherwise. Marketing Force shall not be required to use SMS exclusively for the

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Doc. No. 342441

provision of Services in any Stores or otherwise at any time and may purchase Services from any affiliate or other person without limitation or restriction of any kind.

8. Indemnification. (a) Marketing Force, its affiliates and their respective officers, employees, independent contractors, agents, brokers and other representatives (a "MF Indemnified Person") each shall be indemnified, reimbursed and held harmless by SMS upon demand, and defended at the expense of SMS with counsel selected by SMS (and reasonably acceptable to Marketing Force), from and against any and all claims, liabilities, expenses (including, without limitation, the disbursements, expenses and reasonable fees of their respective attorneys) and other losses that may be imposed upon, incurred by or asserted against any MF Indemnified Person resulting from, arising out of or directly or indirectly related to any Service or other activity performed by SMS or any of its representatives or any misrepresentation, omission, breach, default or wrongdoing by SMS or any of its representatives; in each case other than to the extent occasioned by the gross negligence or willful misconduct of any MF Indemnified Person as finally determined pursuant to applicable law by a governmental authority having jurisdiction.

(b) SMS, its affiliates and their respective officers, employees, independent contractors, agents, brokers and other representatives (a "SMS Indemnified Person") each shall be indemnified, reimbursed and held harmless by Marketing Force upon demand, and defended at the expense of Marketing Force with counsel selected by Marketing Force (and reasonably acceptable to SMS), from and against any and all claims, liabilities, expenses (including, without limitation, the disbursements, expenses and reasonable fees of their respective attorneys) and other losses that may be imposed upon, incurred by or asserted against any SMS Indemnified Person resulting from, arising out of or directly or indirectly related to any Service or other activity performed substantially in accordance with the directions of Marketing Force or any of its representatives or any product defect in or other condition of any merchandise provided or any misrepresentation, omission, breach, default or wrongdoing by Marketing Force or any of its representatives, but excluding any Indemnified Amounts; in each case other than to the extent occasioned by the gross negligence or willful misconduct of any SMS Indemnified Person as finally determined pursuant to applicable law by a governmental authority having jurisdiction.

9. Successors and Assigns; Assignment. This Agreement and each related document shall be binding upon and inure to the benefit of the successors, permitted assigns and legal representatives of each party (including, without limitation, any assignee of substantially all of the business or assets of any party or any successor by merger). Neither party may assign any of its rights or obligations under this Agreement or any related document to any other person without the consent of the other party; provided, however, that (i) either party may assign its rights and obligations hereunder in whole or in part to any of its affiliates (without, however, relieving the assignor of any of its obligations hereunder) by giving the other party a copy of such assignment, (ii) SMS acknowledges and agrees that Marketing Force may request (for its account hereunder) that SMS provide services for affiliates of Marketing Force without the need to formally assign any rights or obligations of Marketing Force to such affiliates, and (iii) nothing in this Section is intended, or shall be deemed or construed, to in any way limit the use of

independent contractors as field representatives or managers by SMS.

[END OF PAGE]

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10. Counterparts, Notices, Governing Law, Amendments, Etc. This Agreement shall be effective on the date as of which this Agreement shall be executed and delivered by the parties hereto. This Agreement may be executed in two or more counterpart copies of the entire document or of signature pages to the document, each of which may be executed by one or more of the parties hereto, but all of which, when taken together, shall constitute a single agreement binding upon all of the parties hereto. All notices that are required or otherwise given in connection with this Agreement shall be in writing, shall be given to a party at the address set forth below (or as most recently specified by it to the other party in writing) by personal delivery, United States express or certified mail, return receipt requested, or national overnight courier, in each case with postage or delivery prepaid, and shall be deemed to have been given on the day it was delivered or refused. This Agreement and all related documents shall be governed by and construed in accordance with the applicable laws pertaining, in the State of New York (other than those that would defer to the substantive laws of another jurisdiction). The headings contained in this Agreement or any related document are for reference purposes only and shall not affect the meaning or interpretation of this Agreement or any related document. Each and every supplement or modification to or amendment or restatement of this Agreement or any related document shall be in writing and signed by all of the parties hereto, and each and every waiver of, or consent to any departure from, any term or provision of this Agreement or any related document shall be in writing and signed by each affected party hereto. This Agreement and the other Merger Documents contain the entire agreement of the parties and supersede all other representations, warranties, agreements and understandings, oral or otherwise, among the parties with respect to the matters contained herein.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

SPAR MARKETING SERVICES, INC.,
a Nevada corporation

SPAR MARKETING FORCE, INC.
an Nevada corporation

By: /s/ Robert G. Brown

Robert G. Brown
Chairman, Chief Executive Officer,
and President

By: /s/ Robert G. Brown

Robert G. Brown
Chairman, Chief Executive Officer,
and President

Doc. No. 342441

BUSINESS MANAGER AGREEMENT

INTRODUCTION

THIS BUSINESS MANAGER AGREEMENT, dated as of July 8, 1999 (as the same may be supplemented, modified, amended, restated or replaced from time to time in the manner provided herein, this "Agreement"), is by and between SPAR INFOTECH, INC., a Nevada corporation currently having an address at 303 South Broadway, Suite 140, Tarrytown, New York 10591 ("Infotech"), SPAR MARKETING FORCE, INC., a Nevada corporation currently having an address at 303 South Broadway, Suite 140, Tarrytown, New York 10591 ("Marketing Force"), and SPAR MARKETING SERVICES, INC., a Nevada corporation currently having an address at 303 South Broadway, Suite 140, Tarrytown, New York 10591 ("SMS"). The above entities are sometimes referred to herein individually as a "Party" and collectively as the "Parties".

RECITALS

The efforts of the Parties prior to the date of this Agreement resulted in the creation of certain Confidential Information, Software and Program Documentation (collectively referred to herein as the "Joint Works"). The Parties have determined that it is in their best interests to resolve any existing or potential disputes concerning their respective rights in the Joint Works, all upon the terms and provisions and subject to the conditions set forth in this Agreement.

AGREEMENT

In consideration of the foregoing, the mutual covenants and agreements hereinafter set forth, and other good and valuable consideration (the receipt and adequacy of which is hereby acknowledged by the Parties), the Parties hereto hereby agree as follows:

Section 1. DEFINITIONS. Each use in this Agreement of a neuter pronoun shall be deemed to include references to the masculine and feminine variations thereof, and vice versa, and a singular pronoun shall be deemed to include a reference to the plural variation thereof, and vice versa, in each case as the context may permit or require. As used in this Agreement, the following capitalized terms and non-capitalized words and phrases shall have the meanings respectively assigned to them below, which meanings shall be applicable equally to the singular and plural forms of the terms so defined:

(a) "Business Competitive With Infotech" shall mean any substantial business activity in collecting, analyzing and/or disseminating scanner data, ex-factory shipment data and/or other similar information.

(b) "Business Competitive With Marketing Force" shall mean any substantial business activity conducted by any person that is competitive with any substantial business activity conducted by any SPAR Company or PIA Company at the Merger Effective Time (whether or not such person's activity is actually conducted in competition with any SPAR Company or PIA Company), excluding, however, any Business Competitive With Infotech (whether or not so conducted by any SPAR Company or PIA Company).

(c) "Confidential Information" includes all field and file definitions and source code relating to the Software and the Program Documentation (as each are hereinafter defined), including (without limitation) the designs, methods, layouts, processing procedures, programming techniques used or employed by the Parties, including combinations thereof, in conjunction therewith, and encompass interactive data entry, file handling, report generation and all other aspects of operation.

(d) "Merger Effective Time" shall mean the "Effective Time" under (and as defined in) the Agreement and Plan of Merger dated as of February 28, 1999, among the SPAR Companies and the PIA Companies (which is the time the merger thereunder takes effect and the

SPAR Companies and PIA Companies come under common control), as the same may be supplemented, modified, amended, restated or replaced from time to time in the manner provided therein.

(e) "PIA Company" and "PIA Companies" shall respectively mean any one or more of PIA MERCHANDISING SERVICES, INC., a Delaware corporation, SG ACQUISITION, INC., a Nevada corporation (which is merging into SPAR Acquisition, Inc.), PIA MERCHANDISING CO., INC., a California corporation, and their respective subsidiaries as of the Merger Effective Time.

(f) "Program Documentation" means the user manuals, handbooks and other written materials relating to the Software, and any subsequent updates or revisions to such scheduling software.

(g) "Representative" of any Party shall mean any of its directors, officers, employees, attorneys, heirs, executors, administrators, or agents, any of such Party's sublicensees, affiliates, successors and assigns, or any of their respective directors, officers, employees, attorneys, heirs, executors, administrators, or agents.

(h) "Software" means the application software program(s) respecting the "Business Manager" Internet scheduling software consisting of executable object code programs for such scheduling software and related screen formats programmed to operate on the systems of the Parties, and any subsequent updates or revisions to such scheduling software.

(i) "SPAR Company" and "SPAR Companies" shall respectively mean any one or more of SPAR ACQUISITION, INC., a Nevada corporation, SPAR MARKETING, INC., a Delaware corporation, SPAR MARKETING, INC., a Nevada corporation, SPAR MARKETING FORCE, INC., a Nevada corporation, SPAR, INC., a Nevada corporation, SPAR/BURGOYNE RETAIL SERVICES, INC., an Ohio corporation, SPAR INCENTIVE MARKETING, INC., a Delaware corporation, SPAR MCI PERFORMANCE GROUP, INC., a Delaware corporation, and SPAR TRADEMARKS, INC., a Nevada corporation.

Section 2. THE JOINT WORKS; FUTURE DEVELOPMENT; SUBLICENSES; LIMITS ON USE.

(a) The Parties as Co-Owners of the Joint Works. In consideration for the promises made to it under this Agreement, each Party hereby grants and conveys to the other any and all right, title and interest in and to the Joint Works that it may have as may be required to render any other Party a co-owner of the Joint Works. Each party hereby acknowledges and agrees that each party is now and at all times has been a co-owner of all right, title and interest in and to the Joint Works, including (without limitation), the United States and international copyright interests therein, and any and all moral rights in the Joint Works recognized by applicable law, such that the Parties each has and shall each continue to have, for any and all purposes, the right to transfer, develop, license, control and otherwise exploit the Joint Works, in whole or in any part, as each of them may see fit, in any and all media subject to the terms and conditions set forth in this Agreement. Each party covenants and agrees that it shall in all future publications of the Joint Works, refer to its author as "SPAR Infotech, Inc., SPAR Marketing Force, Inc. and SPAR Marketing Services, Inc." and state its copyright as "(C) [Date of Publication] SPAR Infotech, Inc., SPAR Marketing Force, Inc. and SPAR Marketing Services, Inc." "All rights reserved."

(b) Waiver of Claims and Rights of Participation and Accounting. Each of the Parties hereby knowingly and intentionally waives whatever claims it may now have or may ever have against the other Parties and their respective Representatives for any claim related to rights of exploitation of the Joint Works, including (without limitation) claims for authorship or copyright infringement. Each of the Parties knowingly and intentionally waives any and all claims or rights that it may have or may ever have against the other Parties and their respective Representatives for

any right of participation in, or accounting for, the revenues that the other party may derive from its use or exploitation of the Joint Works, in whole or in part, without limitation.

(c) Future Development. The Parties acknowledge and agree that any Party may engage any other Party from time to time to provide programming services, system work and other assistance in developing, revising and improving the Software and/or the Program Documentation, which shall be deemed and construed to be for the benefit of all of the Parties. The Parties agree that their respective contributions to all such improvements, revisions and developments shall be included within the scope of the term "Software" and the term "Program Documentation," respectively, as such terms are used in this Agreement and shall not be the sole property of any Party hereto.

(d) Sublicenses. Each Party from time to time may add one or more subsidiaries or affiliates (but only those under common ownership and control with the Parties) as a sublicensee under this Agreement (each a "Sublicensee" and collectively "Sublicensees"). Each Sublicensee hereby assumes and agrees to be bound by the terms, provisions and conditions as set forth in this Agreement as if it were a "Party" hereunder. In the event the control or ownership of any Sublicensee, its business or substantially all of its assets are sold or transferred so that such Sublicensee, business or assets cease to be under common ownership and control with the sublicensing Party, such subsidiary or affiliate shall automatically cease to be a Sublicensee hereunder from and after such sale or transfer, without, however, relieving or otherwise affecting any of the obligations of such former Sublicensees with respect to its obligations with respect to actions or events arising prior to such sale or transfer.

(e) Certain Limits on Use by Parties. Neither Infotech nor any of its Sublicensees shall use the Software or the Program Documentation in any material respect in any Business Competitive With Marketing Force; and neither Marketing Force nor SMS nor any of their respective Sublicensees shall use the Software or the Program Documentation in any material respect in any Business Competitive With Infotech. The Parties acknowledge and agree that such limitation shall not preclude any Party or its Sublicensees from using the Software and the Program Documentation for any other purpose whatsoever (subject to the licensing limitations of Section 5 hereof).

(f) No Unpermitted Users. No Party shall cause, suffer or permit any of its affiliates or cause or enable any other person to use the Software or the Program Documentation in any material respect unless such person is a permitted Licensee or Sublicensee hereunder.

Section 3. TERM. The term of this Agreement shall be perpetual.

Section 4. MUTUAL EXCULPATION AND RELEASE. No Party nor any of its Representatives shall incur any liability to any other Party or any of its Representatives for any acts or omissions arising out of or related directly or indirectly to any of the Software, Program Documentation or Confidential Information, any license, use or application thereof, or any claims or actions (including, without limitation, claims for malfunction or infringement) and any resulting losses or expenses with respect thereto of any Party or any of their respective Representatives of any kind or nature whatsoever, whether known or unknown, in law or equity or otherwise; and each Party (on behalf of itself and each of its Representatives) hereby expressly waives any and all such claims, actions, losses and expenses against each of the releasing Party and its Representatives ever had, now have or hereafter can, shall or may have, against the each other Party and its Representatives by reason of any matter, cause or thing whatsoever from the beginning to the end of the world; provided, however, that the foregoing release shall not apply to the Parties' respective obligations set forth in this Agreement.

Section 5. THIRD PARTY LICENSING.. Subject to the terms and conditions herein contained, each Party (but not its Sublicensees) may grant licenses to make, use or sell the

Software and Program Documentation (a "License") to one or more third parties (each a "Licensee" and collectively "Licensees") on such terms and conditions as such Party may elect, provided, however, that (a) Infotech shall not grant any

License to make, use or sell the Software or the Program Documentation to any Licensee whose business is a Business Competitive With Marketing Force; and (b) neither Marketing Force nor SMS shall grant any License to make, use or sell the Software or the Program Documentation to any Licensee whose business is a Business Competitive With Infotech.

Section 6. REPRESENTATIONS AND WARRANTIES RESPECTING THE PARTIES. Each Party represents and warrants to the each of the other Parties that, as of the date hereof that: (a) such Party is a corporation duly incorporated, validly existing and in good standing under the laws its state of incorporation; (b) such Party has the legal capacity, power, authority and unrestricted right to execute and deliver this Agreement and to perform all of its obligations hereunder; (c) the execution and delivery by such Party of this Agreement and the performance by such Party of all of its obligations hereunder will not violate or be in conflict with any term or provision of (i) any applicable law, (ii) any judgment, order, writ, injunction, decree or consent of any court or other judicial authority applicable to such Party or any material part of such Party's assets and properties, (iii) any of its organizational documents, or (iv) any material agreement or document to which such Party is a party or subject or that applies to any material part of such Party's assets and properties; (d) no consent, approval or authorization of, or registration, declaration or filing with, any governmental authority or other person is required as a condition precedent, concurrent or subsequent to or in connection with the due and valid execution, delivery and performance by such Party of this Agreement or the legality, validity, binding effect or enforceability of any of the terms and provisions of this Agreement; and (e) this Agreement is a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms and provisions.

Section 7. RELATIONSHIP AMONG THE PARTIES. No term or provision of this Agreement is intended to create, nor shall any such term or provision be deemed or construed to have created, any employment, joint venture, partnership, trust, agency or other fiduciary relationship between the Parties and no Party shall be considered as an employee, joint venturer, partner, trustee, agent or other representative for or of any other Party. No Party shall not be entitled or have any power or authority to bind or obligate any other Party in any manner whatsoever or to hold itself out as an employee, joint venturer, partner, trustee, agent or other representative of any other Party.

Section 8. WAIVER OF JURY TRIAL. In any action, suit or proceeding in any jurisdiction brought against any Party by any other Party, each Party hereby irrevocably waives trial by jury.

Section 9. CONSENT TO NEW YORK JURISDICTION AND VENUE, ETC. Each Party hereby consents and agrees that the Supreme Court of the State of New York for the County of Westchester and the United States District Court for the Southern District of New York each shall have personal jurisdiction and proper venue with respect to any dispute between the Parties; provided that the foregoing consent shall not deprive any Party of the right in its discretion to voluntarily commence or participate in any other forum having jurisdiction and venue. In any dispute, no Party will raise, and each Party hereby expressly and irrevocably waives, any objection or defense to any such jurisdiction as an inconvenient forum.

Section 10. NOTICES. Except as otherwise expressly provided, any notice, request, demand or other communication permitted or required to be given under this Agreement shall be in writing, shall be sent by one of the following means to the addressee at the address set forth above (or at such other address as shall be designated hereunder by notice to the other parties and persons receiving copies, effective upon actual receipt) and shall be deemed conclusively to have been given: (i) on the first business day following the day timely deposited with Federal

Express (or other equivalent national overnight courier) or United States Express Mail, with the cost of delivery prepaid or for the account of the sender; (ii) on the fifth business day following the day duly sent by certified or registered United States mail, postage prepaid and return receipt requested; or (iii) when otherwise actually received by the addressee on a business day (or on the next business day if received after the close of normal business hours or on any non-business day).

Section 11. FURTHER ASSURANCES. Each Party agrees to do such

further acts and things and to execute and deliver such statements, assignments, agreements, instruments and other documents as the other Party from time to time reasonably may request in order to effectuate the purpose and the terms and provisions of this Agreement, each in such form and substance as may be acceptable to the Parties. Without limiting the generality of the foregoing, each Party hereto will provide each other Party hereto, at such other Party's request and expense, with copies of the source or object code version of the Software and any and all related documentation to enable such requesting Party to develop and enhance the Software and the Program Documentation.

Section 12. INTERPRETATION, HEADINGS, SEVERABILITY, ETC. The Parties acknowledge and agree that the terms and provisions of this Agreement have been negotiated, shall be construed fairly as to all parties hereto, and shall not be construed in favor of or against any party. The section headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement. In the event that any term or provision of this Agreement (other than Section 1 hereof) shall be finally determined to be superseded, invalid, illegal or otherwise unenforceable pursuant to applicable law by a governmental authority having jurisdiction and venue, that determination shall not impair or otherwise affect the validity, legality or enforceability (a) by or before that authority of the remaining terms and provisions of this Agreement, which shall be enforced as if the unenforceable term or provision were deleted or reduced pursuant to the next sentence, as applicable, or (b) by or before any other authority of any of the terms and provisions of this Agreement. If any term or provision of this Agreement is held to be unenforceable because of the scope or duration of any such provision, the Parties agree that any court making such determination shall have the power, and is hereby requested, to reduce the scope or duration of such term or provision to the maximum permissible under applicable law so that said term or provision shall be enforceable in such reduced form.

Section 13. SUCCESSORS AND ASSIGNS; ASSIGNMENT; INTENDED BENEFICIARIES. Whenever in this Agreement reference is made to any person, such reference shall be deemed to include the successors, assigns, heirs and legal representatives of such person, and, without limiting the generality of the foregoing, all representations, warranties, covenants and other agreements made by or on behalf of any Party in this Agreement shall inure to the benefit of the successors, assigns, heirs and legal representatives of each other Party; provided, however, that nothing herein shall be deemed to authorize or permit any Party to assign any of its rights or obligations under this Agreement to any other person, and each Party covenants and agrees that it shall not make any such assignment, except as otherwise provided in Section 5 hereof or with the prior written consent of the other Parties. The representations, warranties and other terms and provisions of this Agreement are for the exclusive benefit of the Parties hereto, and, except as otherwise expressly provided herein, no other person (including creditors of any party hereto) shall have any right or claim against any Party by reason of any of those terms and provisions or be entitled to enforce any of those terms and provisions against any Party.

Section 14. NO WAIVER BY ACTION, ETC. Any waiver or consent respecting any representation, warranty, covenant or other term or provision of this Agreement shall be effective only in the specific instance and for the specific purpose for which given and shall not be deemed, regardless of frequency given, to be a further or continuing waiver or consent. The failure or delay of a Party at any time or times to require performance of, or to exercise its rights with respect to, any representation, warranty, covenant or other term or provision of this Agreement in

no manner (except as otherwise expressly provided herein) shall affect its right at a later time to enforce any such provision. No notice to or demand on any Party in any case shall entitle such Party to any other or further notice or demand in the same, similar or other circumstances. All rights, powers, privileges, remedies and other interests of each Party hereunder are cumulative and not alternatives, and they are in addition to and shall not limit (except as otherwise expressly provided herein) any other right, power, privilege, remedy or other interest of such Party under this Agreement or applicable law.

Section 15. COUNTERPARTS; NEW YORK GOVERNING LAW; AMENDMENTS; ENTIRE AGREEMENT. This Agreement shall be effective as of the date first written above when executed by all of the Parties. This Agreement may have been executed in two or more counterpart copies of the entire document or of signature pages to the document, each of which may be executed by one or more of the Parties

hereto, but all of which, when taken together, shall constitute a single agreement binding upon all of the Parties hereto. This Agreement shall be governed by and construed in accordance with the applicable laws pertaining in the State of New York (other than those that would defer to the substantive laws of another jurisdiction). Each and every modification and amendment of this Agreement shall be in writing and signed by all of the Parties, and each and every waiver of, or consent to any departure from, any representation, warranty, covenant or other term or provision of this Agreement shall be in writing and signed by each affected Party. This Agreement contains the entire agreement of the parties and supersedes all prior and other representations, agreements and understandings (oral or otherwise) between the parties with respect to the matters contained herein.

[Signature Page to Business Manager Agreement]

IN WITNESS WHEREOF, the Parties have duly executed and delivered this Agreement as of the date first above written.

SPAR INFOTECH, INC.

By: /s/ Robert G. Brown

Robert G. Brown
Chief Executive Officer

SPAR MARKETING FORCE, INC.

By: /s/ Robert G. Brown

Robert G. Brown
Chief Executive Officer

SPAR MARKETING SERVICES, INC.

By: /s/ Robert G. Brown

Robert G. Brown
Chief Executive Officer