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TECHTEAM GLOBAL INC
Form 11-K
June 26, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the fiscal year ended December 31, 2002.

or

TRANSITION REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the transition period from _____ to _____.

Commission File Number (File Number)

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

TECHTEAM GLOBAL, INC. 401 (k) RETIREMENT SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

TechTeam Global, Inc.
27335 W. 11 Mile Road
Southfield, MI 48034

FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE
TechTeam Global, Inc. 401(k) Retirement Savings Plan
December 31, 2002 and 2001 and
Year ended December 31, 2002
with Report of Independent Auditors

TechTeam Global, Inc. 401(k) Retirement Savings Plan

Financial Statements and Supplemental Schedule

December 31, 2002 and 2001 and
Year ended December 31, 2002

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Report of Independent Auditors

Plan Administrator
TechTeam Global, Inc. 401(k) Retirement Savings Plan

We have audited the accompanying statements of assets available for benefits of the TechTeam Global, Inc. 401(k) Retirement Savings Plan as of December 31, 2002 and 2001 and the related statement of changes in assets available for benefits for the year ended December 31, 2002. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, information regarding the Plan's assets available for benefits at December 31, 2002 and 2001 and the changes in its assets available for benefits for the year ended December 31, 2002, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets

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(held at end of year) as of December 31, 2002 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young, LLP
Detroit, MI

June 6, 2003

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TechTeam Global, Inc. 401(k) Retirement Savings Plan

Statements of Net Assets Available for Benefits

	DECEMBER
	2002

ASSETS	
Investments:	
Mutual funds	\$ 5,886,345
TechTeam Global, Inc. common stock	4,312,386
Participant loans	197,587
Cash	63,082

	10,459,400

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Contributions receivables:	
Participants	52,151
Employer	10,825

Total receivables	62,976

Assets available for benefits	\$ 10,522,376
	=====

See accompanying notes.

TechTeam Global, Inc. 401(k) Retirement Savings Plan
Statement of Changes in Assets Available for Benefits
Year ended December 31, 2002

ADDITIONS	
Investment Income:	
Dividend and interest	\$ 68,791
Net appreciation in fair value of investments	1,421,811

	1,490,602
Contributions:	
Participants	1,480,464
Employer	318,257

	1,798,721

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Total additions	3,289,323
DEDUCTIONS	
Benefits paid to participants	1,341,673
Administrative fees	55,080

Total deductions	1,396,753

Net increase	1,892,570
Net assets available for benefits at beginning of year	8,629,806

Net assets available for benefits at end of year	\$ 10,522,376
	=====

See accompanying notes.

TechTeam Global, Inc. 401(k) Retirement Savings Plan

Notes to the Financial Statements

December 31, 2002

1. DESCRIPTION OF THE PLAN

The following description of TechTeam Global, Inc. (the Company) 401(k) Retirement Savings Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a complete description of the Plan's provisions.

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GENERAL

The Plan is a defined contribution plan covering all eligible full-time employees of the Company and its domestic subsidiaries. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

CONTRIBUTIONS

Participants may contribute up to 50% of pretax annual compensation, as defined in the Plan document, subject to the legislated limitations. Participants may also contribute amounts representing distributions from other qualified plans. The Company matches 35% of the first 4% of base compensation. Company contributions are made in the form of Company stock and cannot be redirected to other fund options.

A participant may direct their contributions to any of the Plan's fund options.

PARTICIPANT ACCOUNTS

Each participant's account is credited with the participant's contributions and allocations of the Company's contributions and Plan earnings. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the vested value of the participant's account.

VESTING

Participants are immediately vested in their contributions. Participants become fully vested in Company contributions upon completion of one year of service. Full vesting also occurs upon death, disability, or retirement at designated ages.

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FORFEITURES

During 2002, no forfeitures were used to reduce the Company's contribution to the Plan. At December 31, 2002 and 2001, forfeited account balances totaled \$66,724 and \$20,035, respectively.

LOANS TO PARTICIPANTS

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum of the lesser of \$50,000 or 50% of their vested account balance. Loan transactions are treated as a transfer from (to) the investment funds to (from) the loan fund. Loan terms range from 1-5 years or up to 25 years for the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined quarterly by the Plan administrator. Principal and interest are paid ratably through monthly payroll deductions.

PAYMENT OF BENEFITS

On termination of service, a participant may receive a lump-sum amount equal to the value of his or her account, or upon death, disability or retirement, elect to receive annual installments over a ten-year period. The benefit to which a participant is entitled is the benefit that can be provided from the vested value of the participant's account.

PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of termination, the amount in each participant's account would become 100% vested and be distributed to each participant in accordance with distribution policies set forth in the Plan.

FEES AND EXPENSES

Administration fees are paid by the Plan.

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TechTeam Global, Inc. 401(k) Retirement Savings Plan

Notes to the Financial Statements

2. SUMMARY OF ACCOUNTING POLICIES

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates that affect the amounts reported and disclosed in the financial statements and accompanying notes. Actual results could differ from those estimates.

INVESTMENTS

Investments (including mutual funds, TechTeam Global, Inc. common stock and cash) are stated at fair value based on quoted market prices as of the close of business on the last day of the Plan year. Participant loans are valued at their outstanding balances, which approximate fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest and dividend income are recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

3. INVESTMENTS

Investments that represent 5% or more of fair value of the Plan's assets available for benefits are as follows:

	DECEMBER 31,	
	2002	2001

CCTC Stable Value Pension Fund	\$ 1,461,729	\$ 1,256,866
Fidelity Spartan US Equity Index	598,278	848,725
Fundamental Investors Fund	823,186	1,174,299
Strong Opportunity Fund	875,177	1,277,785
TechTeam Global, Inc. Stock Fund *	4,312,386	1,771,665

*Denotes non-participant directed investment.

TechTeam Global, Inc. 401(k) Retirement Savings Plan

Notes to the Financial Statements

During 2002, the Plan's investments appreciated (depreciated) in fair value as determined by quoted market prices:

Mutual funds	\$ (1,167,634)
TechTeam Global, Inc. Stock Fund	2,589,445

	\$ 1,421,811
	=====

4. NONPARTICIPANT-DIRECTED INVESTMENT

Information about the significant components of changes in assets relating to the nonparticipant-directed investment is as follows:

	2002

Employer contributions	\$ 318,257
Participant contributions	92,349
Net appreciation in fair value	2,589,445
Benefits paid to participants	(435,407)
Transfers Out	(23,923)

5. TAX STATUS

The Plan has received a determination letter from the Internal Revenue Service dated February 3, 1993, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. The Plan has been amended subsequent to receipt of this letter. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan Administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan, as amended, is qualified and the related trust is tax exempt.

Supplemental Schedule

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TechTeam Global, Inc. 401(k) Retirement Savings Plan

EIN 38-2774613 Plan-001

Schedule H, Line 4(i)--Schedule of Assets (Held at End of Year)

December 31, 2002

IDENTITY OF ISSUE, BORROWER OR SIMILAR PARTY	DESCRIPTION OF INVESTMENT INCLUDING MATURITY D RATE OF INTEREST, COLLATERAL, PAR OR MATURITY
American Funds	American Balanced Fund American Europacific Growth Fund Investment Company of America American Funds--New Perspective Fund
Calvert Funds	Calvert Income Fund Class A
* Circle Trust Company Funds	CCTC Stable Value Pension Fund
Fidelity Funds	Fidelity Blue Chip Growth Fund Fidelity Growth Company Fidelity Overseas Fund Fidelity Spartan US Equity Index Fundamental Investors Fund
Invesco Funds	Invesco High Yield Fund
Janus Funds	Janus Enterprise Fund Janus Investment Fund
Legg Mason Funds	Legg Mason Value Fund
Strong Funds	Strong Opportunity Fund
Van Kampen Funds	Van Kampen Emerging Growth A Fund
* Participants	Loans to participants at interest rates ranging from 8% to 11%, various maturity dates
Cash	
** TechTeamGlobal, Inc.	TechTeam Global Stock Fund
Total	

* Party-in-interest.

** Party-in-interest, non-participant directed funds.

There were no investment assets reportable as both acquired and disposed of within the plan year.

SIGNATURES

The Plan.

Pursuant to the requirements of the Securities Exchange Act of 1934, the Trustee of the TechTeam Global, Inc. 401(k) Retirement Savings Plan has duly caused this annual Report to be signed on its behalf by the undersigned hereunto duly authorized, in the City of Southfield and the State of Michigan, this 25th day of June 2003.

TECHTEAM GLOBAL, INC.

By: /s/ Heidi K. Hagle

Vice President, Human Resources

Typed Name: Heidi K. Hagle

Title: Vice President, Human Resources

Exhibit Index

Number

Description

23.1

Certification

23.2

Consent of Independent Auditors