

SECURITIES AND EXCHANGE COMMISSION

FORM SC 13D/A

Schedule filed to report acquisition of beneficial ownership of 5% or more of a class of equity securities [amend]

Filing Date: **1994-08-25**
SEC Accession No. **0000909518-94-000150**

(HTML Version on secdatabase.com)

SUBJECT COMPANY

GROUND ROUND RESTAURANTS INC

CIK: **51467** | IRS No.: **135637682** | State of Incorporation: **NY** | Fiscal Year End: **0929**
Type: **SC 13D/A** | Act: **34** | File No.: **005-32601** | Film No.: **94545974**
SIC: **5812** Eating places

Mailing Address	Business Address
35 BRAINTREE HILL OFFICE PARK BRAINTREE MA 02184-9078	35 BRAINTREE HILL OFFICE PARK PO BOX 9078 BRAINTREE MA 02184-9078 6173803100

FILED BY

HM HOLDINGS INC/NJ

CIK: **860665** | State of Incorporation: **DE** | Fiscal Year End: **0930**
Type: **SC 13D/A**

Business Address
99 WOOD AVENUE SOUTH
ISELIN NJ 08830
9086036600

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934

(Amendment No. 9)

Ground Round Restaurants, Inc.

(Name of Issuer)

Common Stock, par value \$.16-2/3
per share

460200-1-8

(Title of class of securities)

(CUSIP number)

George H. Hempstead, III, c/o Hanson Industries
99 Wood Avenue South, Iselin, New Jersey 08830 (908) 603-6600

(Name, address and telephone number of person authorized to receive
notices and communications)

August 23, 1994

(Date of event which requires filing of this statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b)(3) or (4), check the following box .

Check the following box if a fee is being paid with the statement .

(A fee is not required only if the reporting person: (1) has a previous statement on file reporting beneficial ownership of more than five percent of the class of securities described in Item 1; and (2) has filed no amendment subsequent thereto reporting beneficial ownership of five percent or less of such class.) (See Rule 13d-7.)

Note: When filing this statement in paper format, six copies of this statement, including exhibits, should be filed with the Commission. See Rule 13d-1(a) for other parties to whom copies are to be sent.

(Continued on following page(s))

CUSIP No. 460200-10-8

13D

1 NAME OF REPORTING PERSON: HANSON PLC
S.S. OR I.R.S. IDENTIFICATION NO.
OF ABOVE PERSON:

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP: (a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS: Not Applicable

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e):

6 CITIZENSHIP OR PLACE OF ORGANIZATION: ENGLAND

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER:	0
	8	SHARED VOTING POWER:	3,680,000
	9	SOLE DISPOSITIVE POWER:	0
	10	SHARED DISPOSITIVE POWER:	3,680,000

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY REPORTING PERSON: 3,680,000

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES:

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11): 33.1%

14 TYPE OF REPORTING PERSON: CO

CUSIP No. 460200-10-8 13D

1 NAME OF REPORTING PERSON: HANSON HOLDINGS (1) LTD.
S.S. OR I.R.S. IDENTIFICATION NO.
OF ABOVE PERSON:

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP: (a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS: Not Applicable

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e):

6 CITIZENSHIP OR PLACE OF ORGANIZATION: ENGLAND

NUMBER OF SHARES	7	SOLE VOTING POWER:	0
BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8	SHARED VOTING POWER:	3,680,000
	9	SOLE DISPOSITIVE POWER:	0
	10	SHARED DISPOSITIVE POWER:	3,680,000

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY REPORTING PERSON: 3,680,000

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES:

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11): 33.1%

14 TYPE OF REPORTING PERSON: CO

1 NAME OF REPORTING PERSON: HANSON OVERSEAS HOLDINGS LTD.
S.S. OR I.R.S. IDENTIFICATION NO.
OF ABOVE PERSON:

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP: (a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS: Not Applicable

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e):

6 CITIZENSHIP OR PLACE OF ORGANIZATION: ENGLAND

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER:	0
	8	SHARED VOTING POWER:	3,680,000
	9	SOLE DISPOSITIVE POWER:	0
	10	SHARED DISPOSITIVE POWER:	3,680,000

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY REPORTING PERSON: 3,680,000

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES:

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11): 33.1%

14 TYPE OF REPORTING PERSON: CO

1 NAME OF REPORTING PERSON: HANSON HOLDINGS NETHERLANDS B.V.
S.S. OR I.R.S. IDENTIFICATION NO.
OF ABOVE PERSON:

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP: (a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS: Not Applicable

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e):

6 CITIZENSHIP OR PLACE OF ORGANIZATION: KINGDOM OF THE NETHERLANDS

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER:	0
	8	SHARED VOTING POWER:	3,680,000
	9	SOLE DISPOSITIVE POWER:	0
	10	SHARED DISPOSITIVE POWER:	3,680,000

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY REPORTING PERSON: 3,680,000

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES:

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11): 33.1%

14 TYPE OF REPORTING PERSON: CO

CUSIP No. 460200-10-8

13D

1 NAME OF REPORTING PERSON: HM ANGLO-AMERICAN, LTD.
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON:

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP: (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS: Not Applicable

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e):

6 CITIZENSHIP OR PLACE OF ORGANIZATION: DELAWARE

ORGANIZATION:

NUMBER OF 7 SOLE VOTING POWER: 0
SHARES
BENEFICIALLY 8 SHARED VOTING POWER: 3,680,000
OWNED BY
EACH 9 SOLE DISPOSITIVE POWER: 0
REPORTING
PERSON WITH 10 SHARED DISPOSITIVE 3,680,000
POWER:

11 AGGREGATE AMOUNT BENEFICIALLY 3,680,000
OWNED BY REPORTING PERSON:

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) [_]
EXCLUDES CERTAIN SHARES:

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11): 33.1%

14 TYPE OF REPORTING PERSON: CO

CUSIP No. 460200-10-8 13D

1 NAME OF REPORTING PERSON: HANSON AMERICA INC.
S.S. OR I.R.S. IDENTIFICATION NO.
OF ABOVE PERSON:

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP: (a) [x]
(b) [_]

3 SEC USE ONLY

4 SOURCE OF FUNDS: Not Applicable

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS [_]
REQUIRED PURSUANT TO ITEM 2(d) OR 2(e):

6 CITIZENSHIP OR PLACE OF DELAWARE
ORGANIZATION:

NUMBER OF 7 SOLE VOTING POWER: 0
SHARES
BENEFICIALLY 8 SHARED VOTING POWER: 3,680,000
OWNED BY
EACH 9 SOLE DISPOSITIVE POWER: 0
REPORTING
PERSON WITH 10 SHARED DISPOSITIVE 3,680,000

POWER:

11 AGGREGATE AMOUNT BENEFICIALLY 3,680,000
OWNED BY REPORTING PERSON:

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) [_]
EXCLUDES CERTAIN SHARES:

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11): 33.1%

14 TYPE OF REPORTING PERSON: CO

CUSIP No. 460200-10-8

13D

1 NAME OF REPORTING PERSON: HM HOLDINGS, INC.
S.S. OR I.R.S. IDENTIFICATION NO.
OF ABOVE PERSON:

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP: (a) [x]
(b) [_]

3 SEC USE ONLY

4 SOURCE OF FUNDS: Not Applicable

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS [_]
REQUIRED PURSUANT TO ITEM 2(d) OR 2(e):

6 CITIZENSHIP OR PLACE OF DELAWARE
ORGANIZATION:

NUMBER OF	7	SOLE VOTING POWER:	0
SHARES			
BENEFICIALLY	8	SHARED VOTING POWER:	3,680,000
OWNED BY			
EACH	9	SOLE DISPOSITIVE POWER:	0
REPORTING			
PERSON WITH	10	SHARED DISPOSITIVE	3,680,000
		POWER:	

11 AGGREGATE AMOUNT BENEFICIALLY 3,680,000
OWNED BY REPORTING PERSON:

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) [_]
EXCLUDES CERTAIN SHARES:

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11): 33.1%

14 TYPE OF REPORTING PERSON: CO

This Statement amends and restates the Statement on Schedule 13D filed with the Securities and Exchange Commission (the "Commission") by HM Holdings, Inc. ("HM Holdings"), Hanson America Inc. ("Hanson America", formerly known as HM Investments, Ltd.), HM Anglo-American, Ltd. ("Anglo"), Hanson Holdings Netherlands B.V. ("Netherlands"), Hanson Overseas Holdings Limited ("Overseas"), Hanson Holdings (1) Limited ("HH-1") and Hanson PLC (collectively referred to herein as the "Beneficial Owners"), with respect to their beneficial ownership of the Common Stock, par value \$.16-2/3 per share ("Common Stock") of Ground Round Restaurants, Inc., a New York corporation (the "Company"), as previously amended by Amendments Nos. 1 through 8 thereto.

Item 1. Security and Issuer.

This statement relates to the Common Stock issued by the Company. The address of the principal executive office of the Company is 35 Braintree Office Hill Park, Braintree, Massachusetts 02184-9078.

Item 2. Identity and Background.

(a) - (c), (f) HM Holdings, a Delaware corporation, is engaged principally in the business of holding investments. The outstanding capital stock of HM Holdings is owned 85.59% by Hanson America, a Delaware corporation, and 14.41% by Netherlands, a company organized under the laws of the Kingdom of the Netherlands. Hanson America is the principal holding company for Hanson PLC's operating subsidiaries in the United States. Netherlands is engaged principally in the business of holding investments.

Hanson America is a direct wholly-owned subsidiary of Anglo, a Delaware corporation. Each of Netherlands and Anglo is a direct wholly-owned subsidiary of Overseas, an English company. Overseas is a direct wholly-owned subsidiary of HH-1, an English company, which, in turn, is a direct wholly-owned subsidiary of Hanson PLC, a public limited company incorporated in England. Each of Anglo, Overseas and HH-1 is principally engaged in the business of holding investments.

Hanson PLC is an industrial management company with operating subsidiaries based principally in the United Kingdom and the United States, employing approximately 80,000 people worldwide. In

the United Kingdom, Hanson PLC's principal operating units are Imperial Tobacco Limited, which manufactures

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tobacco products; ARC Limited, which produces aggregates, coated stone and concrete products; and London Brick Company Limited and Butterley Brick Limited, which produce clay bricks. In the United States, Hanson PLC's principal operating units are Peabody Holding Company, Inc., its subsidiaries and Lee Ranch Coal Company, which produce and market coal; SCM Chemicals Inc., which produces titanium dioxide; Quantum Chemical Company, which manufactures polyethylene and other industrial chemicals; the Aggregates Group, which produces aggregates, sand and gravel; Grove North America, which manufactures hydraulic lift cranes; Suburban Propane Company, which is engaged in the retail distribution of propane gas; and Cavenham Forest Industries, which harvests and sells timber and manufactures lumber. Other Hanson PLC operating units mine coal and manufacture a wide range of chemical, building, materials handling, industrial and consumer products in the United Kingdom, the United States, Australia, South Africa and other

countries. In addition, Hanson PLC has equity interests in a number of public and private companies.

The principal business address of each of the Beneficial Owners and the name, business address, citizenship and principal occupation or employment of each director and executive officer of each of the Beneficial Owners are listed on Schedule A.

(d) - (e) Neither any of the Beneficial Owners nor, to the best of their knowledge, any of their respective directors and executive officers has, during the last five years, (i) been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors), or (ii) been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting activities subject to, federal or state securities laws or finding any violation of such laws.

Item 3. Source and Amount of Funds or Other Consideration.

Not applicable.

Item 4. Purpose of Transaction.

On August 23, 1994, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") by and among GRR, Inc. ("Parent"), GRR Acquisition Corp. ("Purchaser") and the Company. The Merger Agreement provides that, upon the terms and subject to the conditions set forth therein, Purchaser will merge with and into the Company (the "Merger") and each

share of Common Stock will be converted into the right to receive \$9.00 per share in cash. The Beneficial Owners have been advised that the business address of Parent and Purchaser is c/o 399 Ventures, Inc., 399 Park Avenue, New York, New York 10022 and that 399 Ventures, Inc. is an affiliate of Citicorp.

As a condition to their willingness to enter into the Merger Agreement, HM Holdings entered into a Shareholder Agreement, dated August 23, 1994, with Parent and Purchaser (the "Shareholder Agreement"). Pursuant to the Shareholder Agreement, HM Holdings granted Parent and Purchaser an option (the "Option") to purchase all of the shares of Common Stock owned by it (the "Option Shares") at \$9.00 per share. The Option is exercisable in whole (but not in part) at any time after (x) the Company terminates the Merger Agreement pursuant to Section 6.1(g) thereof and (y) the fair market value (as defined in the Shareholder Agreement) of the consideration with respect to the Qualifying Acquisition Proposal (as defined below) is or becomes less than or equal to \$10.50 per share of Common Stock. Pursuant to Section 6.1(g) of the Merger Agreement the Company may terminate the Merger Agreement if it receives, prior to shareholder adoption of the Merger Agreement, a proposal meeting certain criteria described in the Merger Agreement regarding an acquisition or purchase of all or a substantial portion of the Company's assets or equity, a merger or other business combination involving the Company or certain recapitalizations involving the Company (a "Qualifying Acquisition Proposal"), provided that it pays the Fee and Expenses (each as defined in the Merger Agreement) to Parent.

Pursuant to the Shareholder Agreement, Parent and Purchaser have agreed, for the benefit of the Company's shareholders, that in the event they acquire the Option Shares upon exercise of the Option and the Qualifying Acquisition Proposal is not consummated, they will to use their best efforts to consummate a merger with the Company or other similar transaction (on terms substantially similar to the Merger Agreement) as soon as practicable thereafter which results in all shareholders (other than Parent and Purchaser) receiving consideration of not less than \$9.00 per share of Common Stock in cash (the per share exercise price of the Option).

Pursuant to the Shareholder Agreement, HM Holdings agreed to vote all Option Shares in favor of the Merger and in the manner specified by Parent or Purchaser with respect to any other matter which, in Parent or Purchaser's reasonable judgment, may contradict any provision of the Shareholder Agreement or the Merger Agreement, make it more difficult for or less desirable to Parent and Purchaser to consummate the Merger or delay or hinder

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the consummation of the Merger; provided, that HM Holdings has not agreed to vote against a Qualifying Acquisition Proposal unless the Option has been exercised and the exercise price has been tendered to HM Holdings (in which event Parent and Purchaser shall have the obligation to use their best efforts to effect a merger or similar transaction involving the Company, as described in the preceding paragraph). In addition, HM Holdings granted an irrevocable proxy (the "Irrevocable Proxy") to Parent and Purchaser to vote all the Option Shares as described in the preceding sentence.

In the Shareholder Agreement, HM Holdings has also agreed not to sell, exchange, pledge, encumber or otherwise transfer or

dispose of, or agree to sell, exchange, pledge, encumber or otherwise transfer or dispose of, any Option Shares, or any interest therein, except upon exercise of the Option or pursuant to the Merger Agreement. In addition, HM Holdings agreed to certain non-solicitation provisions.

Concurrently with the execution of the Shareholder Agreement, GSB Holdings, Inc., another shareholder of the Company, entered into a substantially identical agreement with Parent and Purchaser. Parent and Purchaser agreed that they would not exercise or terminate the Option without also exercising or terminating the option granted by GSB Holdings, Inc. David H. Clarke, a director of Hanson PLC and Deputy Chairman of Hanson Industries, is an officer of GSB Holdings, Inc. and a majority shareholder of its parent corporation.

A copy of the Shareholder Agreement has been filed as Exhibit 3 to this Amendment No. 9 and is incorporated herein by reference.

Item 5. Interest in Securities of the Issuer.

(a) (i) As of the date of this Amendment, HM Holdings was the direct beneficial owner of 3,680,000 shares of Common Stock, which constitute approximately 33.1% of the 11,113,269 shares of Common Stock outstanding as of August 23, 1994.

(ii) By virtue of their ownership of 85.59% and 14.41%, respectively, of the outstanding shares of capital stock of HM Holdings, Hanson America and Netherlands may be deemed to be, for purposes of this Schedule 13D, beneficial owners of all the shares of Common Stock beneficially owned by HM Holdings.

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(iii) By virtue of its ownership of all of the outstanding capital stock of Hanson America, Anglo may be deemed to be, for purposes of this Schedule 13D, the beneficial owner of all the shares of Common Stock beneficially owned by Hanson America.

(iv) By virtue of its ownership of all of the outstanding capital stock of each of Anglo and Netherlands, Overseas may be deemed to be, for purposes of this Schedule 13D, the beneficial owner of all the shares of Common Stock beneficially owned by each of Anglo and Netherlands.

(v) By virtue of its ownership of all of the outstanding capital stock of Overseas, HH-1 may be deemed to be, for purposes of this Schedule 13D, the beneficial owner of all the shares of Common Stock beneficially owned by Overseas.

(vi) By virtue of its ownership of all of the outstanding capital stock of HH-1, Hanson PLC may be deemed to be, for purposes of this Schedule 13D, the beneficial owner of all the shares of Common Stock beneficially owned by HH-1.

(vii) Certain directors, executive officers and/or employees of the Beneficial Owners may beneficially own shares of Common Stock, directly or through individual employee savings plan accounts. The Beneficial Owners disclaim beneficial ownership of such shares.

(b) (i) Each of the Beneficial Owners, by virtue of its direct or indirect ownership of all of the outstanding capital stock of HM Holdings, is deemed to have, with HM Holdings, shared power to vote or to direct the vote and shared power to dispose or direct the disposition of the 3,680,000 shares of Common Stock directly beneficially owned by HM Holdings.

(ii) The Beneficial Owners have no power to vote, direct the vote, dispose or direct the disposition of the shares of Common

Stock owned by the persons referred to in paragraph (a) other than the Beneficial Owners.

(c) Except as set forth above, none of the Beneficial Owners has effected any transactions in the Common Stock during the past 60 days.

(d) Not applicable.

(e) Not applicable.

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Item 6. Contracts, Arrangements, Understandings or Relationships

with Respect to Securities of the Issuer.

HM Holdings and the Company are parties to a Stockholder Agreement, dated as of August 1, 1991 (the "HMH Agreement"), providing for certain rights and restrictions with respect to HM Holding's ownership of Common Stock. In the HMH Agreement, the Company agreed that, upon HM Holdings' request, the Company will use its best efforts

to nominate and cause the election to the Company's Board of Directors of two persons designated by HM Holdings for so long as HM Holdings and its corporate affiliates own 20% or more of the outstanding shares of Common Stock, and one person designated by HM Holdings for so long as HM Holdings and its corporate affiliates own less than 20%, but more than 10% of the outstanding shares of Common Stock. Messrs. Robert E. Lee and Thomas J. Russo are the current designees of HM Holdings serving on the Company's Board of Directors. HM Holdings has the right to propose for election and/or to solicit proxies in favor of the election of any number of directors of the Company, but has advised the Company that it has no present intention to seek to have additional designees elected to the Board.

In the HMM Agreement, HM Holdings agreed that neither HM Holdings nor any of its corporate affiliates will acquire, directly or indirectly, additional shares of Common Stock which would result in HM Holdings and such affiliates beneficially owning 50% or more of the outstanding shares of Common Stock unless, in such acquisition, HM Holdings and such corporate affiliates offer to acquire all outstanding shares of Common Stock not held by them upon substantially the same terms and conditions. In addition, in the HMM Agreement, HM Holdings agreed that for so long as HM Holdings and its corporate affiliates own 20% or more of the outstanding shares of Common Stock, except in certain limited circumstances, should HM Holdings or any of its corporate affiliates seek to sell or otherwise dispose of all or substantially all of the shares of Common Stock owned by it to a third party, except as may be otherwise approved by a majority of the members of the Board of Directors not designated by HM Holdings, it will use its best efforts to cause such third party to offer to purchase all other outstanding shares of Common Stock upon substantially the same terms and conditions as are available to it. HM Holdings also agreed that, if such third party fails to make such offer, HM Holdings or such corporate affiliate will not so sell or otherwise dispose of such shares unless such third party agrees to be subject to the same limitation on its ability to sell and to the requirements set forth in the immediately preceding

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paragraph with respect to the acquisition of 50% or more of the outstanding shares of the Common Stock.

In addition, in the HMH Agreement the Company agreed that, if at any time it shall propose to sell any shares of Common Stock or any other security entitling the holder thereof to vote for the election of directors of the Company, or any warrants or rights therefor or securities convertible into or exchangeable therefor, to any person or entity other than HM Holdings or its affiliates, it shall give HM Holdings the opportunity to purchase such number of shares or other securities as will permit HM Holdings and its corporate affiliates to retain their percentage of the Company's voting power.

The Company also agreed in the HMH Agreement that, as long as HM Holdings owns 5% or more of the outstanding shares of Common Stock, upon the request of HM Holdings, the Company will cause up to four registration statements to be filed with the SEC in order to permit HM Holdings or an affiliate to sell all or a portion of its shares of Common Stock. In addition, the Company agreed, if requested, to include some or all shares of Common Stock owned by HM Holdings or an affiliate in any registration statement it otherwise files (other than registration statements relating to employee stock options). The Company and HM Holdings also agreed to indemnify each other for certain liabilities that may arise in connection with any such registration statement.

It is an event of default under the Company's Credit Agreement with Citibank, N.A., as Agent, if HM Holdings does not beneficially own at least 25% of the Company's outstanding Common Stock or the Company's Board of Directors does not include two designees of HM Holdings, but if the Company raises \$10 million of additional common equity capital after October 1993, the 25% ownership

requirement is reduced to 0% and no HM Holdings nominees are required. HM Holdings has agreed that, as long as the Credit Agreement is outstanding, it will not take any action to cause its beneficial ownership to fall below such percentage and has agreed to nominate two individuals for election as directors of the Company. The Company does not have an agreement with HM Holdings or its affiliates requiring them to provide financial support in connection with the Credit Agreement.

Prior to the execution of the Shareholder Agreement described in Item 4 (the description of which is incorporated in this Item 6 by reference), the Company's Board of Directors (with HM Holdings' designees abstaining) approved HM Holdings' grant of the Option and the Irrevocable Proxy and the performance by HM Holdings of its obligations under the Shareholder Agreement.

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Except for the agreements described or referred to in this Item 6 and the Group Agreement filed as Exhibit 7 to Amendment No. 4 to this Statement on Schedule 13D, there are no contracts, arrangements, understandings or relationships (legal or otherwise) among the Beneficial Owners, as named in Item 2, or between any of the Beneficial Owners and any person, with respect to the securities of

the Company.

Item 7. Material to be Filed as Exhibits.

The following is filed herewith as an Exhibit to this Schedule 13D:

1. Group Agreement (incorporated by reference to Amendment No. 4 to this Schedule 13D).

2. Stockholder Agreement dated as of August 1, 1991 between HM Holdings and the Company (incorporated by reference to Amendment No. 8 to this Schedule 13D).

3. Shareholder Agreement, dated August 23, 1994, by and among Parent, Purchaser and HM Holdings.

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SIGNATURES

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.

Dated: August 25, 1994

HANSON PLC
HANSON HOLDINGS (1) LIMITED
HANSON OVERSEAS HOLDINGS LIMITED
HANSON HOLDINGS NETHERLANDS B.V.

By: /s/ George H. Hempstead, III

George H. Hempstead, III
Attorney-in-Fact

HM ANGLO-AMERICAN, LTD.
HANSON AMERICA INC.
HM HOLDINGS, INC.

By: /s/ George H. Hempstead, III

George H. Hempstead, III
Vice President

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Schedule A

1. HANSON PLC

Set forth below are the name, business address and position with Hanson PLC ("Hanson") and the present principal occupation or employment of each director, associate director and executive officer (as defined in the regulations of the Securities and Exchange Commission (the "Commission")) of Hanson. The principal business address of Hanson is One Grosvenor Place, London, SW1X 7JH, England, and unless otherwise indicated, the business address of each person listed below is the aforesaid address. Each person listed below whose name is followed by an asterisk is a citizen of the United Kingdom. Alexander C. Notter is a citizen of Switzerland. All others are citizens of the United States.

Name and Business Address -----	Position with Hanson and Present Principal Occupation or Employment -----
Lord Hanson*	Chairman
Derek C. Bonham*	Deputy Chairman, Chief Executive Officer and Director
Martin G. Taylor*	Vice Chairman and Director
David H. Clarke Hanson Industries 99 Wood Avenue South Iselin, NJ 08830	Vice Chairman and Director; Deputy Chairman of Hanson Industries, a division of Tillotson Commercial Motors Limited, a subsidiary of Hanson
Anthony G.L. Alexander*	Chief Operating Officer and Director
Brian A. Hellings* 2 Third Street Rumson, NJ 07760	Director
John G. Raos Hanson Industries 99 Wood Avenue South Iselin, NJ 08830	Director; President of Hanson Industries

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Schedule A

Anthony R. Cotton*	Director
Renison Goldfields Consolidated Ltd. Gold Fields House 24th Floor 1 Alfred Street Sydney NSW 2000, Australia	
Peter J. Harper*	Director
Christopher D. Collins*	Director
William M. Landuyt	Finance Director
The Hon. Robert W. Hanson*	Director
Graham Dransfield*	Legal Director
Sir Christopher Harding MA*	Non-executive Director
BET Public Limited Company Stratton House Piccadilly London W1X 6AS, England	

The Hon. Charles H. Price II . Non-executive Director
Mercantile Bank of Kansas
City
Suite 300
One West Armour Blvd.
Kansas City, Missouri 64111

The Rt. Hon. Kenneth Baker CH Non-executive Director
MP*

Sir David Hardy FCA* Non-executive Director
1 Appold Street
Broadgate
London EC2A 2HE, England

Simon L. Keswick* Non-executive Director
Matheson & Co. Limited
3 Lombard Street
London EC3V 9AQ, England

Jonathan Scott-Barrett* Non-executive Director
Centaur Communications Limited
St. Giles House
50 Poland Street
London W1V 4AX, England

Ronald S. Fulford* Senior Associate Director

Malcolm J. Ablett* Associate Director

Mark A. Alexander Associate Director

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Anthony Branson*	Associate Director
Andrew J.H. Dougal*	Associate Director and Deputy Finance Director
George H. Hempstead, III	Associate Director
Robert E. Lee	Associate Director
Karen B. Levy	Non-executive Associate Director
Kenneth J. Ludlam*	Associate Director and Chief Accountant
R. Ian Menzies-Gow*	Associate Director
Alexander C. Notter Hanson PLC 3 quai du Mont Blanc CH-1201 Geneva, Switzerland	Associate Director
John S. Oldford	Associate Director
Dorothy E. Sander	Associate Director
Craig C. Sergeant	Associate Director
Edwin Silverstone	Associate Director
David J. Snowdon*	Associate Director
Paul Spencer*	Associate Director and Treasurer (U.K.)
Peter J. Turner*	Associate Director
John F. Whitehead*	Associate Director
John H. Wimberly	Associate Director
Yvette M. Newbold*	Secretary

Management of the United States operations of Hanson is provided by Hanson Industries, a division of Tillotson Commercial

Motors Limited, a subsidiary of Hanson. Set forth below are the name, business address and position with Hanson Industries and the present principal occupation or employment of each director and executive officer (as defined in the regulations of the Commission) of Hanson Industries. The principal business address of Hanson Industries and the business address of each of the persons listed below is 99 Wood Avenue South, Iselin, New Jersey 08830, except for the Lord White of Hull, whose principal business address is 410 Park Avenue, New York, New York 10022. Each person listed below is a citizen of the United States,

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Schedule A

except for the Lord White of Hull, who is a citizen of the United Kingdom.

Name and Business Address -----	Position with Hanson Industries and Present Principal Occupation or Employment -----
The Lord White of Hull, KBE	Chairman
David H. Clarke	Director, Deputy Chairman and Chief Executive Officer
John G. Raos Operating Officer	Director, President and Chief
George H. Hempstead, III	Director, Senior Vice President and General Counsel

Mark A. Alexander	Vice President
Robert M. Brier	Vice President - Finance
A.M. (Mickey) Foster	Vice President
Robert E. Lee	Vice President and Chief Financial Officer
Frank V. Lloyd	Vice President - Taxes
George H. MacLean	Vice President
John S. Oldford	Vice President
Dorothy E. Sander	Vice President
Craig C. Sergeant	Vice President
Edwin Silverstone	Vice President
Peter J. Statile	Vice President and Controller
John H. Wimberly	Vice President
Christine Wubbolding	Treasurer

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2. HANSON HOLDINGS (1) LIMITED

Set forth below are the name, business address and position with Hanson Holdings (1) Limited ("HH-1") and the present principal occupation or employment of each director and executive officer of HH-1. The principal business address of HH-1 and the business address of each person listed below is One Grosvenor Place, London SW1X 7JH, England. Each person listed below is a citizen of the United Kingdom, except for William M. Landuyt, who is a citizen of the United States.

Name ----	Position -----	Principal Occupation or Employment -----
Malcolm J. Ablett	Director	See Part 1 of this Schedule A
Derek C. Bonham	Director	See Part 1 of this Schedule A
Anthony Branson	Director	See Part 1 of this Schedule A
Andrew J.H. Dougal	Director	See Part 1 of this Schedule A
Graham Dransfield	Director	See Part 1 of this Schedule A
Ronald S. Fulford	Director	See Part 1 of this Schedule A
William M. Landuyt	Director	See Part 1 of this Schedule A
Kenneth J. Ludlam	Director	See Part 1 of this Schedule A
R. Ian Menzies-Gow	Director	See Part 1 of this Schedule A
Martin C. Murray	Director	See Part 1 of this Schedule A
John H. Pattisson	Director	See Part 1 of this

Schedule A

David J. Snowdon	Director	See Part 1 of this Schedule A
Paul Spencer	Director	See Part 1 of this Schedule A

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Schedule A

Peter J. Turner	Director	See Part 1 of this Schedule A
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3. HANSON OVERSEAS HOLDINGS LIMITED

Set forth below are the name, business address and position with Hanson Overseas Holdings Limited ("Overseas") and present principal occupation or employment of each director and executive officer of Overseas. The principal business address is One Grosvenor Place, London SW1X 7JH, England. Each person listed below is a citizen of the United Kingdom, except for William M. Landuyt, who is a citizen of the United States.

Name	Position	Principal Occupation or Employment
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Derek C. Bonham	Director	See Part 1 of this Schedule A
Graham Dransfield	Director	See Part 1 of this Schedule A
William M. Landuyt	Director	See Part 1 of this Schedule A
Kenneth J. Ludlam	Director	See Part 1 of this Schedule A
Paul Spencer	Director	See Part 1 of this Schedule A

4. HANSON HOLDINGS NETHERLANDS B.V.

Set forth below are the name, business address, citizenship, position with Hanson Holdings Netherlands B.V. ("Netherlands") and the present principal occupation or employment of each director and executive officer of Netherlands. The principal business address of Netherlands is Schottegatwey-Oost, P.O. Box 3141, Curacao, Netherland Antilles.

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Brian A. Hellings 2 Third Street Rumson, NJ 07760	Managing Director	See Part 1 of this Schedule A
John Farell Whitehead Hirzel House, Smith Street St. Peter Port, Guernsey, Channel Islands	Managing Director	Citizen of the United Kingdom; Chief Executive Officer Hanson Island Management Limited, Hirzel House, Smith Street, St. Peter Port, Guernsey, Channel Islands
Harry Peter Felix von Aasch Kaya W F G (Jombi) Mensing 36, Curacao, Netherlands Antilles	Managing Director	Citizen of the Kingdom of the Netherlands; Joint Managing Director; Antillean Management Corporation "AMACO" Kaya W F G (Jombi) Mensing 36, Curacao, Netherlands Antilles
Edmund Franklin Promes Julianaplein 22, Willemstad, Curacao, Netherlands Antilles	Managing Director	Citizen of the Kingdom of the Netherlands; Partner of the law firm: Promies, Trenite van Doorne Julianaplein 22, Willemstad, Curacao, Netherlands Antilles

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Schedule A

5. HM ANGLO-AMERICAN, LTD.

Set forth below are the name, business address, citizenship, position with HM Anglo-American Ltd. ("Anglo") and present principal occupation or employment of each director and executive officer of Anglo. The principal business address of Anglo is 410 Park Avenue, New York, New York 10022. Unless otherwise indicated, the business address of each person listed below is 99 Wood Avenue South, Iselin, New Jersey 08830.

Name and Business Address -----	Position -----	Citizenship and Principal Occupation or Employment -----
The Lord White of Hull, KBE 410 Park Avenue New York, NY 10022	Chairman	See Part 1 of this Schedule A
David H. Clarke	Deputy Chairman,	See Part 1 of this

	Director and Chief Executive Officer	Schedule A
John G. Raos	Director, President and Chief Operating Officer	See Part 1 of this Schedule A
George H. Hempstead, III	Director, Senior Vice President and Secretary	See Part 1 of this Schedule A
Mark A. Alexander	Vice President	See Part 1 of this Schedule A
Robert M. Brier	Vice President - Finance	See Part 1 of this Schedule A
Robert E. Lee	Vice President and Chief Financial Officer	See Part 1 of this Schedule A

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Schedule A

Frank V. Lloyd	Vice President - Taxes	See Part 1 of this Schedule A
George H. MacLean	Vice President and Assistant Secretary	See Part 1 of this Schedule A
Dorothy E. Sander	Vice President	See Part 1 of this Schedule A
Peter J. Statile	Vice President and Controller	See Part 1 of this Schedule A
Christine Wubbolding	Treasurer	See Part 1 of this Schedule A

6. HANSON AMERICA INC.

Set forth below are the name, business address, citizenship, position with Hanson America Inc. ("Hanson America") and present principal occupation or employment of each director and executive officer of Hanson America. The principal business address of Hanson America is 2644 Capitol Trail, Suite B1, Newark, Delaware 19711.

Name and Business Address -----	Position -----	Citizenship and Principal Occupation or Employment -----
The Lord White of Hull, KBE	Chairman	See Part 1 of this Schedule A
David H. Clarke	Deputy Chairman, Director and Chief Executive Officer	See Part 1 of this Schedule A
John G. Raos	Director, President and Chief Operating Officer	See Part 1 of this Schedule A
George H. Hempstead, III	Director,	See Part 1 of

Senior Vice
President
and Secretary

this Schedule A

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Mark A. Alexander	Vice President	See Part 1 of this Schedule A
Robert M. Brier	Vice President - Finance	See Part 1 of this Schedule A
Robert E. Lee	Vice President and Chief Financial Officer	See Part 1 of this Schedule A
Frank V. Lloyd	Vice President - Taxes	See Part 1 of this Schedule A
George H. MacLean	Vice President and Assistant Secretary	See Part 1 of this Schedule A
Dorothy E. Sander	Vice President	See Part 1 of this Schedule A
Peter J. Statile	Vice President	See Part 1 of

and Controller this Schedule A

Christine Wubbolding Treasurer See Part 1 of this Schedule A

7. HM HOLDINGS INC.

Set forth below are the name, business address, citizenship, position with HM Holdings Inc. ("HM Holdings") and present principal occupation or employment of each director and executive officer of HM Holdings. The principal business address of HM Holdings is 99 Wood Avenue South, Iselin, NJ 08830.

Name and Business Address -----	Position -----	Citizenship and Principal Occupation or Employment -----
The Lord White of Hull, KBE	Chairman	See Part 1 of this Schedule A
David H. Clarke	Deputy Chairman, Director and Chief Executive Officer	See Part 1 of this Schedule A

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John G. Raos	Director, President and Chief Operating Officer	See Part 1 of this Schedule A
George H. Hempstead, III	Director, Senior Vice President and Secretary	See Part 1 of this Schedule A
Mark A. Alexander	Vice President	See Part 1 of this Schedule A
Robert M. Brier	Vice President - Finance	See Part 1 of this Schedule A
Robert E. Lee	Vice President and Chief Financial Officer	See Part 1 of this Schedule A
Frank V. Lloyd	Vice President - Taxes	See Part 1 of this Schedule A
George H. MacLean	Vice President and Assistant Secretary	See Part 1 of this Schedule A
John S. Oldford	Vice President	See Part 1 of this Schedule A
Dorothy E. Sander	Vice President	See Part 1 of this Schedule A
Craig C. Sergeant	Vice President	See Part 1 of this Schedule A
Edwin Silverstone	Vice President	
Peter J. Statile	Vice President and Controller	
John H. Wimberly	Vice President	
Christine Wubbolding	Treasurer	

EXHIBIT INDEX

Exhibit No.

Description

1. Group Agreement (incorporated by reference to Amendment No. 4 to this Schedule 13D).
2. Stockholder Agreement dated as of August 1, 1991 between HM Holdings and the Company (incorporated by reference to Amendment No. 8 to this Schedule 13D).
3. Shareholder Agreement, dated August 23, 1994, by and among Parent, Purchaser and HM Holdings.

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SHAREHOLDER AGREEMENT

AGREEMENT (this "Agreement"), dated August 23, 1994, by and among GRR, Inc., a Delaware corporation ("Parent"), GRR Acquisition Corp., a New York corporation ("Purchaser") , and HM Holdings, Inc., a Delaware corporation ("HMH")

RECITALS

A. Parent, Purchaser and Ground Round Restaurants, Inc., a New York corporation (the "Company"), are concurrently entering into an Agreement and Plan of Merger of even date herewith (the "Merger Agreement") which provides, among other things, that Purchaser will merge with and into the Company (the "Merger"), upon the terms and subject to the conditions set forth in the Merger Agreement.

B. As a condition to the willingness of Parent and Purchaser to enter into the Merger Agreement, HMH has agreed to grant Parent and Purchaser an option to purchase all of the shares of the Company's common stock, par value \$.16-2/3 per share (the "Common Stock"), owned by it (the "Option Shares") and an irrevocable proxy with respect to such Option Shares, upon the terms and subject to the conditions of this Agreement.

The parties therefore agree as follows:

1. Grant of Option. HMH hereby grants to Parent and

Purchaser an option (the "Option") to purchase all of the Option Shares in the manner and circumstance and at the purchase price set forth in Sections 2 and 3 of this Agreement.

2. Exercise of Option.

(a) The Option may be exercised by Parent or Purchaser in whole (but not in part) at any time after (x) the Merger Agreement has been terminated pursuant to Section 6.1(g) thereof and (y) the fair market value of the consideration with respect to the Qualifying

Acquisition Proposal (as such term is defined in the Merger Agreement) is or becomes less than or equal to \$10.50 per share (adjusted to reflect any change in the issued and outstanding Common Stock by reason of any stock dividend, split-up, recapitalization, merger or other change in the corporate or capital structure of the Company). The "fair market

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value" shall mean for non-cash consideration (x) in the event of publicly traded securities, the average closing price for the 10 trading days prior to the announcement of the Qualifying Acquisition Proposal and (y) otherwise as determined by the Company's financial advisor.

(b) As long as this Agreement and the GSB Agreement (as defined below) remain in full force and effect, Parent and Purchaser (i) may not exercise the Option without also exercising the option granted to Parent and Purchaser pursuant to that certain Shareholder Agreement, dated the date hereof, among Parent, Purchaser and GSB Holdings, Inc., a Delaware corporation (the "GSB Agreement") and (ii) may not terminate this Option without also terminating the option granted pursuant to the GSB Agreement.

(c) In the event Parent or Purchaser wishes to exercise the Option, Parent or Purchaser shall send a written notice to HMH stating that Parent or Purchaser intends to purchase the Option Shares from HMH and specifying the place, date and time (but not later than 10 business days from the date such notice is given) for the closing of such purchase. Parent's or Purchaser's obligation to purchase and pay for Option Shares upon the exercise of the Option are subject to (i)

the truth and correctness in all material respects of HMM's representations and warranties contained in this Agreement as of the date specified for the closing of such purchase as though then made, (ii) the compliance by HMM in all material respects with each covenant and agreement made by HMM in this Agreement and (iii) the expiration or termination of any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "Hart-Scott Act"). HMM's obligation to sell and deliver Option Shares upon exercise of the Option is subject to (i) the expiration or termination of any applicable waiting period under the Hart-Scott Act, (ii) the truth and correctness of the representation made in Section 5(e) and (iii) the compliance by Parent and Purchaser with their covenant and agreement in Section 2(b). Upon 5 business days prior written notice by Parent or Purchaser, HMM shall promptly take all action required to effect all necessary filings by HMM under the Hart-Scott Act.

(d) In the event Parent or Purchaser acquires the Option Shares and the Qualifying Acquisition Proposal is not consummated, Parent and Purchaser agree, for the benefit of the Company's shareholders, to use their best efforts to consummate a merger with the Company, or other similar transaction (on terms substantially similar to the Merger Agreement), as soon as practicable thereafter which results in all shareholders (other

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than Parent and Purchaser) receiving consideration of not less than \$9.00 per share in cash (adjusted to reflect any change in the issued and outstanding Common Stock by reason of any stock dividend, split-up, recapitalization, merger or other change in the corporate or capital structure of the Company).

3. Purchase of Option Shares. At the closing under

Section 2(c) of this Agreement, HMH shall deliver to Parent or Purchaser the certificate or certificates representing the number of Option Shares being purchased in proper form for transfer, and Parent or Purchaser will purchase such Option Shares at a price of \$9.00 per Option Share in cash (the "Exercise Price"). Any payment made by Parent or Purchaser pursuant to this Agreement shall be made by Parent or Purchaser by wire transfer of immediately available funds to an account designated by HMH.

4. Certain Option Adjustments. In the event of any change

in the issued and outstanding shares of Common Stock by reason of any stock dividend, split-up, recapitalization, merger or other change in the corporate or capital structure of the Company, Parent or Purchaser shall be entitled to receive, upon exercise of the Option and upon payment of the applicable Exercise Price, the stock or other securities, cash or property which HMH received or is entitled to receive as a consequence of such change.

5. Representations and Warranties of Parent and Purchaser.

Parent and Purchaser hereby represent and warrant to HMH that (a) Parent is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has the requisite corporate power to enter into and perform this Agreement; (b) Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of New York and has the requisite corporate power to enter into and perform this Agreement; (c) this Agreement has been duly authorized by all necessary corporate action on the part of Parent and Purchaser; (d) Parent and Purchaser are not subject to or obligated under any provision of (i) their respective certificate of incorporation or by-laws, (ii) any contract, (iii) any license, franchise or permit; or (iv) any law, regulation, order, judgment or decree, which would be breached or violated by its execution, delivery and performance of this Agreement and the consummation by it of the transactions contemplated hereby; (d) other than in connection with or in compliance with the provisions of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Hart-Scott Act and the securities or blue sky laws of the various states, no authorization, consent or approval of, or filing with, any public

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body, court or authority is necessary on the part of Parent or Purchaser for the consummation by Parent and Purchaser of the transactions contemplated by this Agreement; and (e) Parent and Purchaser will not dispose of any acquired Option Shares in contravention of the Securities Act of 1933, as amended, or any applicable state securities laws. Such representations and warranties shall be deemed to be made again upon and as of the date of the closing under Section 2 of this Agreement.

6. Representations and Warranties of HMM; Restriction on

Transfer. HMM represents and warrants to Parent and Purchaser that

- (a) HMM is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has the requisite corporate power to enter into and perform this Agreement, (b) this Agreement has been duly authorized by all necessary corporate action on the part of HMM, (c) HMM is not subject to or obligated under any provision of (i) its certificate of incorporation or by-laws, (ii) any contract,
- (iii) any license, franchise or permit or (iv) any law, regulation, order, judgment or decree which would be breached or violated by its execution, delivery and performance of this Agreement and the consummation by it of the transactions contemplated hereby; (d) other than in connection with or in compliance with the provisions of the

Exchange Act and the Hart-Scott Act, no authorization, consent or approval of, or any filing with, any public body or authority is necessary for consummation by HMH of the transactions contemplated by this Agreement; (e) when delivered by HMH to Parent or Purchaser upon exercise of the Option, good, legal and valid title in and to the Option Shares will be vested in Parent or Purchaser, free and clear of any claims, liens, encumbrances, security interests and charges of any nature whatsoever except for any liens, claims or encumbrances which may attach thereto by virtue of any contract, agreement or arrangement to which Purchaser or Parent may be a party; and (f) the Option Shares constitute all of the shares of the Company over which HMH possesses dispositive or voting power. Such representations and warranties shall be deemed to be made again upon and as of the date of the closing under Section 2 of this Agreement. Until and unless this Agreement has been terminated, HMH shall not sell, exchange, pledge, encumber or otherwise transfer or dispose of, or agree to sell, exchange, pledge, encumber or otherwise transfer or dispose of, any Option Shares beneficially owned by HMH, or any interest therein, except transfers to Parent and Purchaser upon exercise of the Option or pursuant to the Merger Agreement.

7. Voting Agreement. HMH shall vote, or cause to be

voted, all Option Shares held by it as follows:

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(a) in favor of the Merger at the Special Meeting (as such term is defined in the Merger Agreement; and

(b) in the manner specified by Parent or Purchaser from time to time with respect to any other matter which, in Parent's or Purchaser's reasonable judgment, may contradict any provision of this Agreement or the Merger Agreement or may make it more difficult for or less desirable to Parent and Purchaser to consummate the Merger or may delay or hinder the consummation of the Merger; provided, however, that HMH shall not vote against a

Qualifying Acquisition Proposal unless Parent or Purchaser first exercises the Option and has tendered to HMH the Exercise Price thereof.

8. Irrevocable Proxy. Additionally, HMH hereby appoints

Parent and Purchaser and the proper officers of each of Parent and Purchaser with full power of substitution in the premises, its proxies to vote all Option Shares at the Special Meeting as provided above, and hereby appoints Parent and Purchaser and the proper officers of Parent and Purchaser, with full power of substitution in the premises, its true and lawful attorneys-in-fact to execute one or more consents or other instruments from time to time in order to take such actions informally without the necessity of a meeting of the shareholders of the Company (to the extent permitted by law and the Company's certificate of incorporation and bylaws); provided, however, that

Parent or Purchaser may not use the proxy granted herein to vote against a Qualifying Acquisition Proposal unless Parent or Purchaser first exercises the Option and has tendered to HMH the Exercise Price thereof.

The proxy and power of attorney granted herein shall be

irrevocable during the term of this Agreement, shall be deemed to be

coupled with an interest and shall revoke all prior proxies granted by

HMH.

During the term of this Agreement, HMH shall not grant any

proxy to any person which conflicts with the proxy granted herein and

any attempt to do so shall be void.

9. Expenses. All costs and expenses incurred in

connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses.

10. Non-Solicitation. HMH shall immediately cease, and

cause each of its subsidiaries, representatives, agents, advisors and affiliates to terminate any existing activities, discussions or negotiations previously conducted with any parties

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other than Parent and Purchaser with respect to any Alternative Transaction (as defined in the Merger Agreement) or the sale or assignment of any Option Shares (an "Option Share Disposition"); and HMH shall not, and shall cause each of its subsidiaries, officers, directors, representatives, agents, advisors and affiliates not to, solicit or encourage inquiries or proposals with respect to, or furnish any non-public information relating to or participate in any negotiations or discussions concerning, any Acquisition Proposal (as defined in the Merger Agreement) or any Option Share Disposition. HMH shall notify Parent and Purchaser promptly if any Acquisition Proposal is received by, or any such negotiations or discussions are sought to be initiated with, HMH or any of its subsidiaries or, to the best of HMH's knowledge, any of its affiliates regarding an Acquisition Proposal or an Option Share Disposition; provided, however, that this

Section 10 shall not restrict any individual who is a designee of HMH on the Company's Board of Directors from taking any action in his capacity as a director of the Company.

11. Amendment; Assignment. This Agreement may not be

modified, amended, altered or supplemented except by a writing signed by Parent, Purchaser and HMH. No party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other parties hereto, except that the rights and obligations of Parent and Purchaser hereunder may be

assigned by Parent and Purchaser to any of their affiliates, but no such transfer shall relieve Parent and Purchaser of its obligations hereunder if such transferee does not perform such obligations.

12. Notices. All notices, requests, claims, demands and

other communications hereunder shall be in writing and shall be given (and, except as otherwise provided in this Agreement, shall be deemed to have been duly given if so given) if delivered in person, by cable, telegram or telex, or sent by registered or certified mail (postage prepaid, return receipt requested) to the respective parties as follows:

If to HMH:

HM Holdings, Inc.
99 Wood Avenue South
Iselin, New Jersey 08830
Attention: General Counsel

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If to Parent or Purchaser:

GRR Acquisition Corp.
c/o 399 Ventures, Inc.
399 Park Avenue
New York, New York 10022
Attention: Harold O. Rosser

with a copy to:

Kirkland & Ellis
Citicorp Center
153 East 53rd Street
New York, New York 10022
Attention: Kirk A. Radke, Esq.

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall only be effective upon receipt.

13. Counterparts. This Agreement may be executed in two or

more counterparts, each of which shall be deemed to be an original, but each of which together shall constitute one and the same document.

14. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND

CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICTS OF LAWS THEREOF.

15. Specific Performance. The parties hereto agree that if

any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached, irreparable damage would occur, no adequate remedy at law would exist and damages would be difficult to determine, and that the parties shall (without the posting of bond or other security), be entitled to obtain from any court of competent jurisdiction specific performance of the terms hereof, in addition to any other remedy at law or equity.

16. Binding Effect. This Agreement shall be binding upon,

inure to the benefit of, and be enforceable by the successors and assigns of the parties hereto. Nothing expressed or referred to in this Agreement is intended or shall be construed to give any person other than the parties to this Agreement, or their respective successors or assigns, any legal or equitable right, remedy or claim under or in respect of this

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Agreement or any provision contained herein other than with respect to Section 2(d).

17. Entire Agreement. This Agreement constitutes the

entire agreement between the parties hereto with respect to the subject matter hereof.

18. Termination. This Agreement shall terminate on the

first to occur of (i) the Expiration Date (as defined in the Merger Agreement), (ii) the date when all the Option Shares are purchased, (iii) the date when a Qualifying Acquisition Proposal is consummated pursuant to which all of the Company's shareholders shall become entitled to receive consideration the fair market value of which exceeds \$10.50 per share (adjusted to reflect any stock dividend, split-up, recapitalization, merger or other change in the corporate or capital structure of the Company), (iv) the valid termination of the Merger Agreement pursuant to Section 6.1(a), 6.1(b) (provided that

Parent or Purchaser is not contesting or disputing such termination or if Parent or Purchaser is so contesting or disputing such termination, the date such adjudication is completed), 6.1(c), 6.1(d), 6.1(e) (as long as HMH has not breached its obligations pursuant to Section 7 or Section 8 hereof), 6.1(f) or 6.1(h), and (v) if after exercise of the Option, Parent or Purchaser does not tender the Exercise Price to HMH

on the date specified pursuant to Section 2(c), such date. In the event of the termination of this Agreement, this Agreement shall forthwith become void and there shall be no liability on the part of Parent, Purchaser or HMM under this Agreement, except that no such termination shall affect any party's obligations if prior to such termination, Parent or Purchaser has exercised the Option and has tendered to HMM the Exercise Price thereof.

19. Severability. If any term, provision, covenant or

restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

20. Further Assurances. HMM will, upon the request of

Parent or Purchaser, execute and deliver such documents and take such action reasonably deemed by Parent or Purchaser to be necessary or desirable to more effectively complete and evidence the sale and transfer of Option Shares purchased by Parent or Purchaser pursuant to this Agreement.

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21. Miscellaneous. The headings contained in this

Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. References to Sections, subsections and clauses refer to Sections, subsections and clauses of this Agreement unless otherwise stated.

* * * * *

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SHAREHOLDER AGREEMENT

Signature Page

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed on the day and year first above written.

GRR, INC.

By:/s/ Joseph Silvestri

Name: Joseph Silvestri

Title: Vice President

GRR ACQUISITION CORP.

By:/s/ Joseph Silvestri

Name: Joseph Silvestri

Title: Vice President

HM HOLDINGS, INC.

By: /s/ George H. Hempstead, III

Name: George H. Hempstead, III

Title: Vice President

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