FORM SC 13D

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

Filing Date: **1999-09-10**
SEC Accession No. 0001012975-99-000144

SUBJECT COMPANY

GP STRATEGIES CORP

CIK:**70415**| IRS No.: **131926739** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **SC 13D** | Act: **34** | File No.: **005-38329** | Film No.: **99709639**
SIC: **8200** Educational services

Mailing Address
9 WEST 57TH STREET
STE 4107
NEW YORK NY 10019

Business Address
9 W 57TH ST
STE 4170
NEW YORK NY 10019
2122309500

FILED BY

VS&A COMMUNICATIONS PARTNERS III LP

CIK:**1074579**| IRS No.: **134403629**
Type: **SC 13D**

Mailing Address
350 PARK AVE
NEW YORK NY 10022

Business Address
350 PARK AVE
NEW YORK NY 10022
2129354990

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No.)*

GP Strategies Corporation

(Name of Issuer)

Common Stock, par value $0.01 per share

(Title of Class of Securities)

36225V104

(CUSIP Number)

Jeffrey T. Stevenson
c/o VS&A Communications Partners III, L.P.
350 Park Avenue
New York, New York 10022
(212) 935-4990

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

Copy to:

Bertram A. Abrams, Esq.
Proskauer Rose LLP
1585 Broadway
New York, New York 10036
(212) 969-3000

August 31, 1999

(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 ss.ss. 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box: [ ]

NOTE: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See ss. 240.13d-7(b) for other parties to whom copies are to be sent.

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP NO. 36225V104

1) Names of Reporting Persons I.R.S. Identification Nos. of Above Persons (entities only)
(i)VS&A Communication Partners III, L.P. - EIN: 13-4032659, (ii) VS&A Equities III, L.L.C., (iii) John J. Veronis, (iv) John S. Suhler, (v) Jeffrey T. Stevenson, (vi) S. Gerard Benford and (vii) Martin I. Visconti

2) Check the Appropriate Box if a Member of a Group (See instructions) (a) [ ] (b) [X]

3) SEC Use Only

4) Source of Funds (See Instructions)
Not Applicable

5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e) [ ]

6) Citizenship or Place of Organization

(i) Delaware, United States, (ii)-(vi) United States

Number of Shares Beneficially Owned by Each Reporting Person With	7) Sole Voting Power	0
	8) Shared Voting Power	0 (But, see Item 5)
	9) Sole Dispositive Power	0
	10) Shared Dispositive Power	0 (But, see Item 5)

11) Aggregate Amount Beneficially Owned By Each Reporting Person

0 (But, see Item 5)

12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See instructions) [X]

13) Percent of Class Represented by Amount in Row (11)

0

14) Type of Reporting Person (See Instructions)

PN

Item 1. Security and Issuer

The class of equity securities to which this statement relates is the common stock, par value $.01 per share (the "Common Stock"), of GP Strategies Corporation, a Delaware corporation (the "Company"), which has its principal executive offices at 9 West 57th Street, Suite 4170, New York, New York 10019.

Item 2. Identity and Background

This statement is filed by (a) VS&A Communications Partners III, L.P. ("VS&A"), a Delaware limited partnership which is an equity investment fund principally engaged in the business of acquiring, holding and disposing of securities and assets of companies engaged in various media, communications and information related businesses, (b) the General Partner (defined below) and (c) each of the managing members of the General Partner (collectively referred to herein as the "Filing Persons"). The general partner of VS&A is VS&A Equities III, L.L.C, a Delaware limited liability company (the "General Partner"). The General Partner is principally engaged in the business of serving as the general partner of VS&A and acquiring, holding and disposing of securities and other assets. The managing members of the General Partner are John J. Veronis, John S. Suhler, Jeffrey T. Stevenson, S. Gerard Benford and Martin I. Visconti (the "Managing Members"). The principal occupation of Mr. Veronis is Chairman and Co-Chief Executive Officer of Veronis Suhler & Associates, Inc., an affiliate of the General Partner and of the Filing Persons ("VS&A-Inc."). The principal occupation of Mr. Suhler is President and Co-Chief Executive Officer of VS&A-Inc. The principal occupation of Mr. Stevenson is the President and Senior Managing Member of the General Partner. The principal occupation of Mr. Benford is Managing Member and Vice President of the General Partner. The principal occupation of Mr. Visconti is Senior Vice President of VS&A-Inc. Each of the Managing Members is a citizen of the United States.

The business address of each of the Filing Persons is 350 Park Avenue, New York, New York, 10022.

During the last five years, none of the Filing Persons has been (i) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) 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 or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration

Not Applicable; See Item 4 below.

Item 4. Purpose of Transaction

On August 31, 1999, VS&A made an offer (the "Offer") to the Company to acquire by merger (the "Merger") all of the outstanding Common Stock and Class B Capital Stock, par value $.01 per share, of the Company (the "Class B Stock") for minimum prices of $13.00 per share for the Common Stock and $14.625 per share for the Class B Stock, payable in cash upon consummation of the Merger. The Offer is not conditioned upon financing.

Neither the Company nor VS&A will have any binding obligation with respect to the proposed Merger until the execution of a definitive merger agreement (the "Merger Agreement"), and the Offer is subject to the satisfactory completion of due diligence. The Offer provides that it will be considered withdrawn without further action if a definitive Merger Agreement has not been executed and delivered prior to 5:00 p.m. Eastern Daylight Savings Time on September 21, 1999.

VS&A and each of Jerome I. Feldman, Scott N. Greenberg, John C. McAuliffe, John Moran and Douglas Sharp (collectively, the "Stockholders"), who are jointly filing a Schedule 13D under the Act with respect to the matters contained herein on or about the date hereof (the "Stockholders Schedule 13D") have entered into a Stockholders Agreement dated August 31, 1999 (the "Stockholders Agreement"), pursuant to which each of the Stockholders has agreed, among other things and subject to certain exceptions, (i) solely in his capacity as a stockholder of the Company, not to encourage, solicit, engage in, or initiate discussions or negotiations with any third party concerning any merger, reorganization, share exchange, consolidation, tender offer, or similar transaction involving, or any purchase of 10% or more of the assets or any equity securities of, the Company or any of its subsidiaries (an "Acquisition Proposal"), (ii) not to engage in any discussion or negotiation with any third party with respect to any employment arrangement related to an Acquisition Proposal by a third party, (iii) solely in his capacity as a stockholder of the Company, to use his best efforts to cause the consummation of the Merger, (iv) to exercise, prior to the record date to vote on the Merger (and in the case of Messrs. McAuliffe, Moran and Sharp, only if the Company has received an Acquisition Proposal from a third party or a third party has expressed its intention to make such proposal), all of the then exercisable options he holds for the purchase of any shares of Common Stock or Class B Stock, provided that he has received a loan from VS&A in an amount equal to the aggregate exercise price and any related tax liability, (v) to vote all of his shares of Common Stock or Class B Stock in favor of the Merger and against any Acquisition Proposal from a third party and any other action or agreement that would impede, frustrate, prevent or nullify the Stockholders Agreement or the transactions contemplated by the Stockholders Agreement or the Merger Agreement, (vi) not to transfer, grant any proxy, power-of-attorney or other authorization in or with respect to, deposit into a voting trust, or enter into a voting agreement with respect to, any of his shares of Common Stock or Class B Stock, and (vii) not to take any other action that would in any way restrict, limit or interfere with the performance of his obligations under the Stockholders Agreement or with the transactions contemplated by Stockholders Agreement or the Merger Agreement. Each of the Stockholders will also be a member of the limited liability company being formed

to effectuate the Merger and will enter into an employment agreement with the Company effective upon consummation of the Merger.

As a result of the Stockholders Agreement, each of the Filing Persons may be deemed a member of a "group" with the Stockholders for purposes of Section 13d-5(b)(1) under the Securities Exchange Act of 1934, as amended (the "Act"). The filing of this Schedule 13D shall not be deemed an admission by any of the Filing Persons that it or he is a member of such a group, and the Filing Persons do not admit that they should be deemed to be a member of such a group.

Other than as described above, the Filing Persons have no present plan or proposal which relates to or would result in: (i) the acquisition by any person of additional securities of the Company, or the disposition of securities of the Company; (ii) an extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the Company or any of its subsidiaries; (iii) a sale or transfer of a material amount of assets of the Company or any of its subsidiaries; (iv) any change in the present Board of Directors or management of the Company, including any plans or proposals to change the number or term of directors or to fill any existing vacancies on the Board; (v) any material change in the present capitalization or dividend policy of the Company; (vi) any other material change in the Company's business or corporate structure; (vii) changes in the Company's charter, by-laws or instruments corresponding thereto or other actions which may impede the acquisition of control of the Company by any person; (viii) causing a class of securities of the Company to be delisted from a national securities exchange or to cease to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association; (ix) a class of equity securities of the Company becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Act; or (x) any action similar to any of those enumerated above. Item 4 disclosure provisions regarding any plans or proposals to make any changes in a company's investment policy for which a vote is required by Section 13 of the Investment Company Act of 1940 are inapplicable.

Item 5. Interest in Securities of the Issuer

Each of the Filing Persons may, pursuant to Section 13d-5(b)(1) under the Act, be deemed to be a member of a "group" as a result of the Stockholders Agreement and therefore, may be deemed to beneficially own 1,222,517 shares of Common Stock, representing 9.7% of the outstanding shares of Common Stock. (See Item 4 and see Item 5 of the Stockholders Schedule 13D.)

Information with respect to the beneficial ownership of securities of the Company by the Stockholders is contained in the Stockholders Schedule 13D, which information and all exhibits to the Stockholders Schedule 13D are hereby incorporated by reference herein.

As a result of the Stockholders Agreement, each of the Filing Persons may be deemed to have shared power with each of the Stockholders to vote and dispose of the shares of Common Stock beneficially owned by each of the Stockholders. The applicable information required by Item 2 with respect to the Stockholders is contained in the Stockholders Schedule 13D, which information is hereby incorporated by reference herein. None of the Filing Persons has purchased or sold any shares of Common Stock or securities exercisable for or convertible into Common Stock.

The Filing Persons are not responsible for the accuracy, truthfulness or completeness of information supplied in the Stockholders Schedule 13D.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

The Stockholders Agreement is described in Items 4 and 5 above.

Except for the above, the Filing Persons are not a party to any contract, arrangement, understanding, or relationship (legal or otherwise) with any person with respect to any securities of the Company, including but not limited to any agreements concerning (i) transfer or voting of any securities of the Company, (ii) finder's fees, (iii) joint ventures, (iv) loan or option arrangements, (v) puts or calls, (vi) guarantees of profits, (vii) division of profits or losses, or (viii) the giving or withholding of proxies.

Item 7. Material to be Filed as Exhibits

Exhibit 1. Joint Filing Agreement

Exhibit 2. Offer letter, dated August 31, 1999, to the Board of Directors of GP Strategies Corporation from VS&A Communications Partners III, L.P.

Exhibit 3. Stockholders Agreement, dated August 31, 1999, among VS&A Communications Partners III, L.P., Jerome I. Feldman, Scott N. Greenberg, John C. McAuliffe, John Moran, and Douglas Sharp.

SIGNATURES AND POWER OF ATTORNEY

Each of the undersigned constitutes and appoints Jeffrey T. Stevenson and S. Gerard Benford, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Statement on Schedule 13D and to file the same, with all exhibits thereto, and other documents in connection therewith (including, without limitation, any joint filing agreements), with the Securities and Exchange Commission, granting unto said attorneys- in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

After reasonable inquiry and to the best of the knowledge and belief of each of the undersigned, the undersigned each certify that the information set forth in this statement is true, complete and correct.

Signature	Date
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VS&A COMMUNICATIONS PARTNERS, III L.P.
By: VS&A Equities III, L.L.C, its general partner

By: /s/ Jeffrey T. Stevenson — September 10, 1999

Jeffrey T. Stevenson, President and
Senior Managing Member

VS&A EQUITIES III, L.L.C.

By: /s/ Jeffrey T. Stevenson — September 10, 1999

Jeffrey T. Stevenson, President and
Senior Managing Member

/s/ John J. Veronis — September 10, 1999

John J. Veronis

/s/ John S. Suhler — September 10, 1999

John S. Suhler

/s/ S. Gerard Benford — September 10, 1999

S. Gerard Benford

/s/ Jeffrey T. Stevenson — September 10, 1999

Jeffrey T. Stevenson

/s/ Martin I. Visconti — September 10, 1999

Martin I. Visconti

Exhibit 1

Joint Filing Agreement

In accordance with Rule 13d-1(f) under the Securities Exchange Act of 1934, as amended, each of the undersigned hereby agrees that the joint filing on behalf of each of them of a Statement on Schedule 13D, dated September 10, 1999, (including amendments thereto) with respect to the common stock, par value $.01 per share, of GP Strategies Corporation may be filed by VS&A Communications Partners, III L.P., and further agrees that this Joint Filing Agreement be included as an Exhibit to such joint filing.

Signature	Date

VS&A COMMUNICATIONS PARTNERS, III L.P.
By: VS&A Equities III, L.L.C, its general partner

By: /s/ Jeffrey T. Stevenson — September 10, 1999

Jeffrey T. Stevenson, President and
Senior Managing Member

VS&A EQUITIES III, L.L.C.

By: /s/ Jeffrey T. Stevenson — September 10, 1999

Jeffrey T. Stevenson, President and
Senior Managing Member

/s/ John J. Veronis — September 10, 1999

John J. Veronis

/s/ John S. Suhler — September 10, 1999

John S. Suhler

/s/ S. Gerard Benford — September 10, 1999

S. Gerard Benford

/s/ Jeffrey T. Stevenson — September 10, 1999

Jeffrey T. Stevenson

/s/ Martin I. Visconti — September 10, 1999

Martin I. Visconti

August 31, 1999

The Board of Directors
GP Strategies Corporation
9 West 57th Street, Suite 4170
New York, NY 10019

Gentlemen:

We are pleased to confirm our proposal to acquire by merger all of the outstanding Common Stock and Class B Capital Stock of GP Strategies Corporation (the "Company") for minimum prices of $13.00 per share for the Common Stock and $14.625 per share for the Class B Capital Stock, payable in cash upon consummation of the merger. Our proposal is not conditioned upon financing and we are prepared to proceed promptly to negotiate and conclude appropriate documentation as contemplated by the accompanying draft of a proposed merger agreement among the Company, VS&A Communications Partners III, L.P. ("VS&A"), a newly-formed Delaware limited liability company of which VS&A is the sole member (the "LLC"), and a newly-formed subsidiary of the LLC.

VS&A is a $1 billion equity investment fund that is affiliated with Veronis Suhler & Associates Inc. and is permitted to invest up to 20% of its capital (or $200 million) in any single portfolio company so that there is no question about VS&A's financial ability to consummate the merger.

It is contemplated that Jerome Feldman, Scott Greenberg and John McAuliffe, directors, officers and stockholders of the Company, and John Moran and Douglas Sharp, stockholders of the Company and officers of a subsidiary of the Company, will be members of the LLC and will enter into certain other arrangements with the LLC, including those set forth in the stockholders agreement among each of them and VS&A that previously has been approved by you for purposes of Section 203 of the Delaware General Corporation Law only. Pursuant to that agreement, Messrs. Feldman, Greenberg, McAuliffe, Moran and Sharp have agreed, among other things, solely in their capacities as stockholders of the Company, not to encourage, solicit, engage in or initiate discussions with any third party concerning any merger, tender offer or similar transaction involving, or any purchase of 10% or more of the assets or any equity securities of, the Company or any of its subsidiaries. Each of them also has agreed, pursuant to that agreement, to vote all of the shares in the Company owned by him in favor of the merger and, solely in his capacity as a stockholder of the Company, to use his best efforts to cause the consummation of the transaction contemplated by the proposed merger agreement.

We are hopeful that the Company's board will find VS&A's proposal satisfactory and will move expeditiously to negotiate and execute a merger agreement on the terms and substantially in the form submitted with this letter. Of course, neither the Company nor VS&A will have any binding obligation with respect to the proposed merger until the execution of a definitive merger agreement. If, however, a definitive merger agreement has not been executed and delivered prior to 5:00 p.m. Eastern Daylight Savings Time on September 21, 1999, our proposal will be considered withdrawn without further action on our part.

Our proposal is of course subject to the satisfactory completion of our due diligence investigation of the Company.

We look forward to your prompt response to our proposal. We are prepared to immediately commence negotiation of the proposed merger agreement. The confidentiality agreement previously executed by VS&A shall remain in effect.

Sincerely yours,

VS&A Communications Partners III, L.P.

By: VS&A Equities III, LLC, its general partner

By /s/ Jeffrey T. Stevenson

Jeffrey T. Stevenson
President and Senior Managing Member

Exhibit A

Agreement With Stockholders of GP Strategies Corporation

Execution Copy

AGREEMENT WITH STOCKHOLDERS of GP STRATEGIES CORPORATION

August 31, 1999

The parties to this agreement are VS&A Communications Partners III, L.P., a Delaware limited partnership ("VS&A"), and Jerome Feldman, Scott Greenberg, John McAuliffe, John Moran and Douglas Sharp, who are stockholders of GP Strategies Corporation (the "Company") and executive officers of the Company or a subsidiary of the Company and are collectively referred to below as the "Stockholders."

VS&A proposes to submit to the Company's board of directors, as soon as practicable after execution of this agreement, an offer (the "Offer") to acquire by merger all of the Company's outstanding Common Stock and Class B Capital Stock. VS&A's offer will be accompanied by a proposed merger agreement (the "Merger Agreement") among the Company, VS&A, a newly-formed Delaware limited liability company of which VS&A is the sole member (the "LLC"), and a newly-formed subsidiary of the LLC, pursuant to which the subsidiary of the LLC would be merged (the "Merger") into the Company and the Company's stockholders would be entitled to receive, upon consummation of the Merger, the minimum sums of $13 a share for the Company's Common Stock and $14.625 a share for the Company's Class B Capital Stock. A copy of the Offer and the proposed Merger Agreement is attached to this agreement.

As a condition to submission of its offer and entering into the Merger Agreement, VS&A has required that the Stockholders agree to the terms of this agreement and, as an inducement to VS&A to submit its offer and enter into the Merger Agreement and proceed with the merger contemplated thereby, the Stockholders have agreed to the terms set forth below. Capitalized terms used in this agreement and not otherwise defined shall have the meanings given to them in the Merger Agreement.

It is therefore agreed as follows:

1. The Stockholders' Obligations Relating to the Merger.

(a) No Solicitation, etc. Upon execution of this agreement, each of the Stockholders immediately shall cease any activities, discussions or negotiations with other parties with respect to any Acquisition Proposal (as defined below) or with respect to any arrangement between the Stockholder and any third party that has made or is considering making any Acquisition Proposal, and during the term of this agreement (as provided in section 5) none of the Stockholders shall, directly or indirectly, (i) encourage, solicit, or initiate

discussions or negotiations with, or provide any information to, anyone other than VS&A (and its affiliates or representatives) concerning any Acquisition Proposal or any related arrangement or (ii) engage in any discussion or negotiation with anyone other than VS&A (and its affiliates or representatives) with respect to any Acquisition Proposal or with respect to any related employment or other arrangement (including, but

not limited to, any "phantom equity," "equity rollover, " or other equity participation arrangement). During the term of this agreement, each of the Stockholders immediately shall communicate to VS&A in writing the terms of any inquiry or proposal he receives, or any discussion that he has, with respect to any Acquisition Proposal solely in his capacity as a stockholder (and not in his capacity as a director or officer of the Company) and shall immediately inform VS&A in writing of the identity of the party making such inquiry or proposal or with whom he has such a discussion. As used in this agreement, the term "Acquisition Proposal" means any proposal or offer with respect to a merger, reorganization, share exchange, tender offer, consolidation or similar transaction involving, or any purchase of 10% or more of the assets or any equity securities of, the Company or any of its subsidiaries.

(b) Best Efforts. Subject to the terms and conditions of this agreement, each of the Stockholders shall use his best efforts to cause the consummation of the transactions contemplated by this agreement and the Merger Agreement. Without limiting the generality of the foregoing, each of the Stockholders shall use his best efforts to (i) cause the Company to negotiate in good faith, and to execute and deliver, the Merger Agreement, (ii) cause the Company to perform its obligations under the Merger Agreement, and (iii) cause the fulfillment at the earliest practicable date of all of the conditions to the obligations of the parties to consummate the Merger pursuant to the Merger Agreement.

(c) Limitation on Stockholders' Obligations. Nothing in this agreement shall limit or otherwise interfere with the Stockholders' actions as directors or officers. Without limiting the generality of the foregoing, each of the Stockholders may, in his capacity as a director of the Company, vote in the manner determined by him in his sole discretion on any matter submitted to the vote of directors.

(d) Exercise of Options. Prior to the record date to be set forth in the Merger Agreement for determining the holders of outstanding shares of the Company's Common Stock, each of the Stockholders, provided that he has received the loan described in the next sentence, shall exercise all of the then exercisable options he holds for the purchase of any shares of either Common Stock or Class B Capital Stock of the Company; provided however that, Messrs.

McAuliffe, Moran and Sharp shall not be required to exercise their options unless prior to the record date the Company has received an Acquisition Proposal from a third party or a third party has expressed its intention orally or in writing to the Company or to any of its officers or directors, or in an SEC filing, or otherwise, to make an Acquisition Proposal. Upon any exercise of an option after the approval of the Merger by the special committee created by the board of directors to evaluate the Merger, VS&A shall provide to the exercising Stockholder a loan in the amount he requires to make payment of the purchase price payable for the shares to be acquired upon exercise and of any related tax liability; the loan shall be payable on June 30, 2009 (subject to acceleration in the event that the Merger is not consummated, as provided in the last sentence of this section 1(d)), shall bear interest (which shall accrue and be payable only as provided below) at the rate of 7 % a year, and shall be secured prior to the Merger by all of the shares of Common Stock or Class B Capital Stock owned by the Stockholder (subject to any liens existing on the date hereof) and after the Merger by all of the Stockholder's membership interests in the LLC (as an "Investor Member" and as a "Management Member"). Upon the consummation of the Merger, the loan by VS&A to

the Stockholders shall be acquired by the Company from VS&A and any previously outstanding loan from the Company to any Stockholder shall be amended to be on the same terms as, and consolidated into one loan with, the loan acquired by the Company from VS&A. The loans shall be full recourse prior to the Merger, but after the Merger the loans shall be recourse only to the Stockholders' membership interests in the LLC. Upon any distribution by the LLC with respect to the membership interests in the LLC, the distribution to each of the Stockholders shall be applied to repay the loan to that Stockholder. In addition, upon any sale by any of the Stockholders of any portion of the membership interests held by him as an "Investor Member" of the LLC, to the extent necessary, all or a portion of the proceeds (less the amount of income taxes payable by him as a result of the sale) shall be applied to repay the loan to the Stockholder so that after the sale and application of the proceeds, the ratio of the then outstanding amount of the loan, including accrued interest, to the fair market value of the membership interests then pledged shall be the same as that ratio was on the date of consummation of the merger. Any distribution or sale proceeds applied to repayment of any loan pursuant to this provision shall be allocated first to accrued interest, then to principal and then to any costs, fees and expenses related to the collection of the loan. If for any reason the Merger is not consummated, any loan by VS&A to a Stockholder hereunder shall be payable on the date that is 14 months after the exercise of his options pursuant to this section 1(d).

(e) Voting Agreement. Each of the Stockholders shall, at any meeting of the holders of the Company's Common Stock or in connection with any

written consent of the holders of the Company's Common Stock, vote (or cause to be voted) all of the shares in the Company then owned of record by him or which he otherwise has the right to vote (or direct the vote) (i) in favor of the Merger, the approval of the terms of the Merger Agreement and each of the other actions contemplated by the Merger Agreement and by this agreement, and any actions required in furtherance of the Merger Agreement, and (ii) against any Acquisition Proposal and against any other action or agreement that would impede, frustrate, prevent or nullify this agreement or the transactions contemplated by this agreement or the Merger Agreement. None of the Stockholders shall be required to take any action in accordance with this provision, however, to the extent that he shall have been advised by counsel in writing that the taking of any such action would be reasonably likely to violate the Stockholder's fiduciary duties to the Company's stockholders under applicable law, but if the Company enters into a definitive agreement with respect to a Superior Proposal, each of the Stockholders shall use his best efforts to cause the Company to pay to VS&A the Termination Fee. The terms "Superior Proposal" and "Termination Fee" are defined in the Merger Agreement.

(f) Exchange of Shares for Shares of the LLC. Immediately prior to the Merger, each of the Stockholders shall contribute to the LLC a portion determined by the Stockholder of the shares of the Company's Common Stock and Class B Capital Stock held of record or beneficially by him, including the shares acquired upon exercise of options, but not less than the number of such shares that represent 60% of the value of all of such shares, and each of the Stockholders shall be entitled to receive in exchange for those shares a membership interest in the LLC in the proportion that the value of the shares contributed by that Stockholder (based on the price paid for shares of that class upon consummation of the Merger) bears to the total equity of the LLC.

(g) No Transfer of Shares or Inconsistent Arrangements. Except as contemplated by this agreement or the Merger Agreement, none of the Stockholders shall (i) transfer (which term shall include, without limitation, any sale, gift, pledge or other disposition), or consent to any transfer of, any or all of the shares in the Company (or any options to acquire shares) held by him of record or beneficially on the date of this agreement or hereafter acquired by him, other than by operation of law (conversion of shares upon a merger resulting from a Superior Proposal or exercise of options not being considered a violation of this covenant), (ii) enter into any contract, option or other agreement or understanding with respect to any transfer of any or all of those shares (or options) or any interest therein, (iii) grant any proxy, power-of-attorney or other authorization in or with respect to those shares, (iv) deposit any of those shares into a voting trust or enter into a voting agreement or arrangement with respect to any of those shares, or (v) take any

other action that would in any way restrict, limit or interfere with the performance of the Stockholder's obligations under this agreement or with the transactions contemplated by this agreement or the Merger Agreement. None of the Stockholders shall request that the Company register the transfer (book-entry or otherwise) of any certificate or uncertificated interest representing any of the shares in the Company that he owns of record or beneficially, unless such transfer is made in compliance with this agreement.

(h) Waiver of Appraisal Rights. Each of the Stockholders waives any right of appraisal or right to dissent from the Merger.

(i) Further Assurances. Each of the Stockholders shall from time to time, at VS&A's request and without further consideration, take such further lawful action and execute and deliver such additional documents as may be necessary or desirable to carry out the terms of this agreement and to consummate, in the most expeditious manner practicable, the transactions contemplated by this agreement and the Merger Agreement.

2. Authorization to Disclose. Each of the Stockholders authorizes VS&A, the Company, and the LLC to publish and disclose in the documents relating to the Merger, including the Proxy Statement (and all documents and schedules filed with the SEC), his identity and ownership of the common stock, capital stock and outstanding options of the Company and the nature of his commitments, arrangements and understandings under this agreement.

3. Representations and Warranties of the Stockholder. Each of the Stockholders represents and warrants to VS&A (as to himself) as follows:

(a) Power; Binding Agreement. The Stockholder has the full right, power and authority to enter into and perform all of his obligations under this agreement; the execution, delivery and performance of this agreement by the Stockholder will not violate any other agreement to which the Stockholder is a party or by which the Stockholder is bound (including, but not limited to, any voting agreement, proxy arrangement, pledge agreement, shareholders agreement or voting trust) or violate any order, writ, injunction, decree, judgment, statute, rule or regulation applicable to the Stockholder or any of his properties or assets; and this agreement has been duly and validly executed and delivered by the Stockholder and constitutes a legal, valid and binding obligation of the Stockholder, enforceable against the Stockholder in accordance with its terms. There is no

beneficiary or holder of a voting trust certificate or other interest of any trust of which the Stockholder is a trustee whose consent is required for the execution and delivery of this agreement or the consummation by the Stockholder

of the transactions contemplated by this agreement.

(b) No Approvals. Except for filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), and any filings under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), no filing with, and no permit, authorization, consent or approval of, any governmental entity is required for the execution and delivery of this agreement by the Stockholder and the consummation by the Stockholder of the transactions contemplated by this agreement.

(c) Ownership of Shares. The Stockholder is the record and beneficial owner of the number of Common and Class B shares of the Company and options (whether or not presently exercisable) to purchase the number of Common or Class B shares of the Company set forth opposite the Stockholder's name on schedule 3(c) to this agreement, and those shares constitute all of the shares of the Company's Common Stock and Class B Capital Stock owned of record or beneficially by the Stockholder (or which the Stockholder is entitled to purchase pursuant to the exercise of options). Except as set forth on schedule 3(c), subject to applicable securities laws and the terms of this agreement, the Stockholder has sole voting power and sole power to issue instructions with respect to the matters set forth in section 1 of this agreement, sole power of disposition, sole power of conversion, sole power to demand appraisal rights, and sole power to agree to all of the matters set forth in this agreement, in each case with respect to all of the shares in the Company beneficially owned by him, with no limitations, qualifications or restrictions on those rights.

(d) Title to Shares. Except as set forth on schedule 3(c), the shares in the Company owned by the Stockholder of record or beneficially and all options held by the Stockholder are now, and at all times prior to consummation of the Merger will be, owned by the Stockholder, or by a nominee or custodian for the benefit of the Stockholder, free and clear of all liens, claims and encumbrances. All shares in the Company hereafter acquired by the Stockholder upon exercise of options will at all times from the date of acquisition to the date of consummation of the Merger be owned by the Stockholder, or by a nominee or custodian for the benefit of the Stockholder, free and clear of any claims, liens and encumbrances, except for the pledge of those shares as security for the amount borrowed by the Stockholder to finance the purchase of those shares.

(e) Litigation. There is no litigation, proceeding or governmental investigation pending or, to the best knowledge of the Stockholder, threatened, or any order, injunction or decree outstanding, against the Company or the Stockholder that would prevent or interfere with the consummation of the Merger and the transactions contemplated by this agreement.

(f) No Finder's Fees. No broker, investment banker, or financial advisor is entitled to any fee or commission in connection with the transactions contemplated by this agreement based upon arrangements made by or on behalf of the Stockholder.

4. Representations and Warranties of VS&A. VS&A represents and warrants to each of the Stockholders as follows:

(a) Power; Binding Agreement. VS&A has the partnership power and authority to enter into and perform all of its obligations under this agreement and the execution, delivery and performance of this agreement by VS&A has been duly authorized by all necessary partnership action; the execution, delivery and performance of this agreement by VS&A will not violate any other agreement to which VS&A is a party or by which VS&A is bound or violate any order, writ, injunction, decree, judgment, statute, rule or regulation applicable to VS&A or any of its properties or assets; and this agreement has been duly and validly executed and delivered by VS&A and constitutes a legal, valid and binding agreement of VS&A, enforceable against it in accordance with its terms.

(b) No Approvals. Except for filings under the HSR Act and the Exchange Act that may be required in connection with the Merger Agreement, no filing with, and no permit, authorization, consent or approval of, any governmental entity is necessary for the execution of this agreement by VS&A and the consummation by VS&A of the transactions contemplated by this agreement.

5. Term.

This agreement shall continue in effect until the earliest of (a) consummation of the Merger pursuant to the Merger Agreement, (b) August 31, 2000 and (c) if the Offer has not been submitted to the Company's board of directors by such date, September 1, 1999. If, however, at any time prior to execution and delivery of the Merger Agreement VS&A determines not to proceed with the transactions contemplated by the Offer at the prices set forth in the Offer or at higher prices (notice of which shall be given by VS&A to the Stockholders in good faith promptly after that determination), or if after execution and delivery of the Merger Agreement either party terminates the Merger Agreement and the Stockholders have not materially breached any of their obligations under Sections 1 and 3 of this agreement, this agreement shall thereupon terminate. The termination of this agreement pursuant to this provision shall not relieve any party of liability for any prior breach of its or his obligations under this agreement.

6. Investment Banking Fee; Advisory Services.

(a) Upon the consummation of the Merger, the LLC shall pay to Veronis, Suhler & Associates Inc. or its affiliate ("VS&A, Inc."), for investment banking services rendered to the LLC in connection with the Merger, an investment banking fee in an amount equal to 1% of the sum of (i) the

aggregate amount payable for the Company's shares of Common Stock and Class B Capital Stock pursuant to the Merger Agreement (assuming for this purpose that all shares of the Common Stock and Class B Capital Stock contributed to the LLC had been converted to cash on the Merger at the respective prices set forth in the Merger Agreement) and (ii) the aggregate amount of the Company's outstanding debt immediately prior to the Merger.

(b) After consummation of the Merger, for so long as VS&A, Inc. maintains a direct or indirect ownership interest in the Company, VS&A, Inc. shall be retained by the Company to provide investment banking advisory services for a fee at the rate of $200,000 a year; in addition, VS&A, Inc. shall be the exclusive advisor to the Company with respect to acquisitions, divestitures, private equity or debt issuances, mergers or consolidations or similar transactions, or the sale of all or substantially all of the Company's assets, whether in one or in a series of transactions or the sale of any material assets, and VS&A, Inc. shall be entitled to its customary fees for services in connection with each such transaction.

(c) The Stockholders shall have no personal obligation with respect to the payment of fees to VS&A for the services described in this Section 6 or to cause the Company to pay such fees.

7. Definitions.

(a) Shares. Any reference in this agreement to the shares owned of record or beneficially by a Stockholder shall be deemed to include shares hereafter acquired by the Stockholder upon any stock dividend or distribution or any change in the Company's Common Stock or Class B Capital Stock by reason of any split-up, recapitalization, combination, exchange of shares or similar corporate action or upon the exercise of any options.

(b) Beneficial Ownership. For the purpose of this agreement, beneficial ownership with respect to any shares means beneficial ownership as determined pursuant to Rule 13d-3 under the Exchange Act, including pursuant to any agreement, arrangement or understanding, whether or not in writing.

8. Miscellaneous.

(a) Reliance by VS&A. Each of the Stockholders acknowledges that he understands that, in making its proposal to the Company and undertaking the related expense, VS&A is relying upon the execution and performance by the

Stockholders of their respective obligations under this agreement.

(b) Entire Agreement; No Oral Change. This agreement contains a complete statement of all of the arrangements among the parties with respect to its subject matter, supersedes all prior agreements and understandings, written and oral, among the parties with respect to that subject matter, and cannot be changed or terminated except by an agreement in writing signed by all parties.

(c) Binding Agreement. This agreement and the obligations under this agreement shall attach to the shares owned of record and beneficially by each of the Stockholders and shall be binding upon any person or entity to which legal or beneficial ownership of those shares shall pass, whether by operation of law or otherwise, including, but not limited to, each of the Stockholders' guardians, heirs, executors, administrators or successors. The transferee of any shares shall remain liable for the performance of all obligations of the transferor under this agreement.

(d) Assignment. None of the parties may assign any of its or his rights or delegate any of its or his duties under this agreement without the prior written consent of the other parties.

(e) Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, telecopied (which has been confirmed) or sent by an overnight courier service, such as Federal Express, to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(i) if to VS&A, to:

VS&A Communications Partners III, L.P.
350 Park Avenue
New York, New York 10022
Att: Jeffrey T. Stevenson
President and
Jonathan D. Drucker, Esq.,
General Counsel

with a copy to:

Proskauer Rose LLP
1585 Broadway
New York, New York 10036
Att: Bertram A. Abrams, Esq.

(ii) if to the Stockholders, to:

Jerome Feldman
145 West Patent Road
Bedford Hills, NY 10507

with a copy to:

Rogers & Wells LLP
200 Park Avenue
New York, NY 10166-0153
Attn: L. Martin Gibbs, Esq.

Scott Greenberg
9 Eli Circle
Morganville, New Jersey 07751

John McAuliffe
4035 Log Trail Way

Reistertown, Maryland 21136

John Moran
48 Longview Avenue
Randolph, New Jersey 07869

Douglas Sharp
4410 Lantern Drive
Titusville, Florida 32796

(f) Severability. Whenever possible, each provision or portion of any provision of this agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision or portion of any provision of this agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or portion of any provision in such jurisdiction, and this agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had not been contained in this agreement.

(g) Specific Performance. Each of the Stockholders acknowledges that the Company's business is of a special, unique and extraordinary character, and that any default in the performance of his obligations under this agreement

could not be adequately compensated for by damages. Accordingly, if a Stockholder defaults in the performance of his obligations under this agreement, VS&A shall be entitled, in addition to any other remedies that it may have, to enforcement of this agreement by a decree of specific performance requiring the Stockholder to fulfill those obligations, without the necessity of showing actual damages and without any bond or other security being required.

(h) Remedies Cumulative. All rights, powers and remedies provided under this agreement or otherwise available in respect of this agreement at law or in equity shall be cumulative and not alternative, and the exercise of any right, power or remedy by any party shall not preclude the simultaneous or later exercise by that party of any other right, power or remedy.

(i) No Waiver. The failure of any party to exercise any right, power or remedy provided under this agreement or otherwise available at law or in equity, or to insist upon compliance by any other party with its obligations under this agreement, and any custom or practice of the parties at variance with the terms of this agreement, shall not constitute a waiver by that party of its right to exercise any such right, power or remedy.

(j) No Third Party Beneficiaries. This agreement is not intended to be for the benefit of, and shall not be enforceable by, any person or entity who or which is not a party to this agreement.

(k) Governing Law. This agreement shall be governed by and construed in accordance with the laws of the State of Delaware applicable to agreements made and to be performed in Delaware.

(l) Jurisdiction. The courts of the State of Delaware and the United States District Court for the Southern District of New York shall have jurisdiction over the parties with respect to any dispute or controversy among them arising under or in connection with this agreement and, by execution and delivery of this agreement, each of the parties to this agreement submits to the jurisdiction of those courts, including, but not limited to, the in personam and subject matter jurisdiction of those courts, waives any objection to such jurisdiction on the grounds of venue or forum non conveniens, the absence of in personam or subject matter jurisdiction and any similar grounds, consents to service of process by mail (in accordance with section 8(e)) or any other manner permitted by law, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this agreement. These consents to jurisdiction shall not be deemed to confer rights on any person other than the parties to this agreement.

(m) Headings. The headings in this agreement are for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this agreement.

[END OF TEXT-SIGNATURE PAGES FOLLOW]

VS&A COMMUNICATIONS PARTNERS III, L.P.

By: VS&A Equities III, LLC, its general partner

By: /s/ Jeffrey T. Stevenson

Jeffrey T. Stevenson, President and
Senior Managing Member

/s/ Jerome Feldman

Jerome Feldman

/s/ Scott Greenberg

Scott Greenberg

/s/ John McAuliffe

John McAuliffe

/s/ John Moran

John Moran

/s/ Douglas Sharp

Douglas Sharp

[Signature Page to Stockholders Agreement]

Schedule 3(c)

Stockholder	Common Stock	Class B Stock	OPTION SHARES Common	OPTION SHARES Class B
Jerome Feldman	3,360	418,750*	240,995	212,500
Scott Greenberg	13,718	___	115,875	75,000
John McAuliffe	10,570**	___	100,000	___
John Moran	2,159	___	60,000	___
Douglas Sharp	1,420	___	59,000	___

* An aggregate of 387,500 shares of Class B Stock are pledged to the Company by Mr. Feldman in connection with certain loans made by the Company to him.

** 3,414 shares of Common Stock are allocated to Mr. McAuliffe's account pursuant to the provisions of the General Physics Corporation's Profit Investment Plan.

See attached for total number of shares of common Stock and Class B Stock (on a fully-diluted basis) held by each Stockholder.