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CANAL-RANDOLPH CORPORATION

EXECUTIVE OFFICE
277 PARK AVENUE
NEW YORK, N. Y. 10017

January 30, 1981

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Canal-Randolph Corporation to be held in the 13th Floor Auditorium, 55 Water Street, New York, N.Y., 2:00 P.M., on Wednesday, March 11, 1981.

At the Meeting, you are being asked to elect directors for the coming year, approve the selection of auditors, approve a Non-Qualified Stock Option Plan and consider a proposal expected to be presented by certain stockholders relating to auditors' fees.

You are requested to give your prompt attention to these matters which are more fully described in the accompanying proxy statement. For the reasons set forth therein, your Board of Directors recommends a vote FOR items 1, 2 and 3 and AGAINST item 4.

It is important that your shares be represented at the meeting whether or not you personally plan to be present. Accordingly, you are urged to sign, date and mail the enclosed proxy in the envelope provided at your earliest convenience.

Thank you for your cooperation.

Sincerely,



RAYMOND FRENCH
President

CANAL-RANDOLPH CORPORATION

Notice of Annual Meeting of Stockholders to be held March 11, 1981

New York, New York
January 30, 1981

To the Stockholders,
CANAL-RANDOLPH CORPORATION

Please take notice that the Annual Meeting of Stockholders of CANAL-RANDOLPH CORPORATION will be held on Wednesday, March 11, 1981 at 2:00 o'clock P.M., New York time in the Auditorium on the 13th floor of 55 Water Street, New York, New York for the purpose of: (1) electing six directors, (2) selecting auditors for the Corporation, (3) considering approval of a Non-Qualified Stock Option Plan, (4) considering a proposal expected to be presented by certain stockholders relating to auditors' fees and (5) transacting such other business as may properly come before the meeting.

The Board of Directors has fixed the close of business on January 21, 1981 as the record date for the determination of stockholders entitled to notice of and to vote at such meeting and any adjournments thereof.

If you cannot be present in person, please date and sign the enclosed proxy and return it to the Corporation in the self-addressed postage prepaid envelope enclosed for that purpose.

By order of the Board of Directors,

ROBERT W. HUNT
Secretary

(Please Sign and Return the Enclosed Proxy)

CANAL-RANDOLPH CORPORATION

277 Park Avenue
New York, New York 10017

PROXY STATEMENT

Annual Meeting of Stockholders to be held March 11, 1981

This proxy statement is furnished in connection with the solicitation by the Corporation's Board of Directors of proxies for the Annual Meeting of Stockholders of Canal-Randolph Corporation, a Delaware corporation, to be held on March 11, 1981. This proxy statement and the form of proxy mailed herewith are first being mailed to stockholders commencing approximately January 30, 1981. The Board of Directors is soliciting proxies in connection with the election of directors, the selection of Arthur Andersen & Co. as auditors for the Corporation, the approval of a Non-Qualified Stock Option Plan and a proposal expected to be presented by certain stockholders relating to auditors' fees. The cost of the solicitation will be borne by the Corporation.

Stockholders may attend in person or may be represented by proxy. If the form of proxy which accompanies this proxy statement is executed and returned, it may be revoked at any time prior to the voting thereof.

The number of outstanding shares of common stock of the Corporation entitled to vote at the meeting for the election of directors and upon all other matters is 1,545,610. With respect to the election of directors, each stockholder is entitled to as many votes as equal the number of his shares, multiplied by the number of directors to be elected (6), and he can cast all of such votes for a single director or distribute them among the number to be voted for, or any two or more of them, as he may see fit. With respect to all other matters each share is entitled to one vote.

Only stockholders of record at the close of business on January 21, 1981 are entitled to vote at the meeting.

The proxies will be voted in accordance with the instructions of the persons executing the same but, unless instructed to the contrary, the proxies will be voted "FOR" the election of the Board of Directors nominees as directors, "FOR" the selection of Arthur Andersen & Co. as auditors, "FOR" the approval of the Non-Qualified Stock Option Plan and "AGAINST" the proposal expected to be presented by certain stockholders relating to auditors' fees. The Proxy Committee reserves the right to vote cumulatively the shares represented by the Board of Directors proxies for the election of all, or less than all, of the nominees named.

The Proxy Committee reserves the right not to vote any proxies which are altered in any respect from the form submitted by the Board of Directors.

ELECTION OF DIRECTORS

If any nominee for the office of director shall unexpectedly become unavailable for election, the Proxy Committee reserves the right to cast votes in its discretion for a substitute nominee. The Corporation has no reason to believe that any of the nominees will be unavailable.

All nominees are to be elected to serve until the Annual Meeting of Stockholders of the Corporation in 1982 and until their successors are duly elected and qualified.

INFORMATION CONCERNING DIRECTORS, NOMINEES AND SHARE OWNERSHIP

<u>Name</u>	<u>(1) Principal Occupation or Employment and (2) Other Directorships (a)</u>	<u>Has Served as Director Since</u>	<u>Age</u>	<u>Shares Beneficially Owned on January 15, 1981 (b)</u>	<u>Percentage of Common Stock</u>
Raymond French (c)(d)(e)	(1) President of the Corporation for more than five years. (2) Director, Blue Ridge Real Estate Company and Big Boulder Corporation.	January 5, 1962	60	30,550	1.98%
Ian Jay (d)	(1) Managing Director, Cocoa Merchants Limited, commodity brokers and merchants, London, England since January 1, 1978; Managing Director, Rea Brothers, Ltd., bankers, London, England until January 1, 1978 and for more than five years prior thereto.	March 11, 1970	48	1,000	.06%
A. B. Robbs, Jr. (c)(d)(e)	(1) Chairman, Continental Bank, Phoenix, Arizona for more than five years. (2) Director, Continental Bank.	March 13, 1974	59	2,400	.16%
Walter H. Salomon (c)(e)	(1) Chairman of the Board of Directors of the Corporation and Chairman, Rea Brothers, Ltd., bankers, London, England for more than five years.	June 15, 1959	74	1,000	.06%
Alfred D. Timm	(1) Managing Director, Otto Sternberg GmbH, a company primarily engaged in the repair of electrical machinery and diesel generating systems, Hamburg, Germany for more than five years.	December 4, 1979	47	200	.01%
Dwight D. Sutherland	(1) Partner and Chief Executive Officer of Sutherland Lumber Co., a retail lumber chain, Kansas City, Missouri for more than five years. (2) Director, First National Charter Corp. and ERC Corporation	September 9, 1980	58	—	—
All current directors and officers as a group (14 persons) including shares listed above (f)				47,973(g)	3.10%

(a) Includes only directorships held in public companies which are subject to certain requirements under the federal securities laws.

(b) Under regulations of the SEC, a person who has or shares the power to direct the voting or disposition of stock is considered a "beneficial owner". Each director and officer referred to in the above table has the sole power to direct the voting and disposition of the shares shown.

(c) Member of the Executive Committee.

(d) Member of the Audit Committee.

(e) Member of the Compensation Committee.

(f) Includes Kurt H. Grunebaum and Henry A. Lambert, who are currently directors of the Corporation but are not standing for reelection. Mr. Grunebaum is a member of each of the committees referred to above.

(g) Includes 3,404 shares owned by Mr. Grunebaum, 1,000 shares with respect to which Mr. Grunebaum acts as trustee, and 1,000 shares owned by Mr. Lambert. Does not include 2,300 shares owned by Mr. Grunebaum's wife. Mr. Grunebaum disclaims beneficial ownership with respect to his wife's shares and the shares as to which he acts as trustee.

The Corporation has been informed that none of the directors or their associates beneficially owns 5 percent or more of its outstanding stock. The nominees have stated that there is no arrangement or agreement of any kind between them or any other person or persons relating to their election as directors, except to the extent that such nominees have agreed to serve as directors of the Corporation, if elected. All of the nominees are presently serving as directors and, except for Mr. Sutherland, were elected at the Annual Meeting of Stockholders in 1980. Mr. Sutherland was elected by the Board of Directors on September 9, 1980.

On January 15, 1981, Cede & Co., a nominee for the Depository Trust Company which acts as a securities depository in connection with its system for the central handling of securities, held of record, but not beneficially, 747,502 shares of common stock or approximately 48 percent of the outstanding stock of the Corporation. The Corporation has been informed that 289,087 of these shares are held for the benefit of customers of Brown Brothers Harriman & Co. (private bankers and members of the New York Stock Exchange), none of whom owns as much as 5 percent of the outstanding stock of the Corporation except that Brown Brothers Harriman & Co. holds 270,128 shares for the benefit of Rea Brothers, Ltd., an English banking house. Rea Brothers, Ltd. has advised the Corporation that: (1) all of this stock is held for the benefit of customers of Rea Brothers, Ltd.; (2) no customer of Rea Brothers, Ltd. owns, through Rea Brothers, Ltd., as much as 5 percent of the outstanding stock of the Corporation except for The Scottish and Mercantile Investment Company, Ltd. referred to below; and (3) Rea Brothers, Ltd. has no knowledge that any customer of Rea Brothers, Ltd. owns, in the aggregate, as much as 5 percent of the outstanding stock of the Corporation except for The Scottish and Mercantile Investment Company, Ltd.

The following are the only persons known to the Corporation who owned beneficially more than 5 percent of the Corporation's common stock as of January 15, 1981:

	<i>Shares Beneficially Owned</i>	<i>Percentage of Common Stock</i>
The Scottish and Mercantile Investment Company, Ltd. 36/37 King Street London EC2, England	85,000	5.5%
John C. Cushman III† Cushman Realty Corporation Suite 2900 515 South Flower Street Los Angeles, California 90071	108,200	7.0%
Etablissement Dolder* 7 Pradafant Street Vaduz, Liechtenstein	152,000	9.8%

† This information is taken from the latest amendment to Schedule 13D filed by Mr. Cushman with the SEC.

* This information is taken from the latest amendment to Schedule 13D filed by Etablissement Dolder with the SEC. According to such Schedule 13D, Etablissement Dolder is a Liechtenstein corporation whose sole stockholder is Alexander Goren, 30 Yizhak Street, Tel Aviv, Israel.

REMUNERATION AND CERTAIN TRANSACTIONS WITH MANAGEMENT

The following table sets forth the remuneration, for services to the Corporation and its subsidiaries during fiscal 1980, of each executive officer or director of the Corporation whose aggregate non-contingent remuneration exceeded \$50,000 and of all officers and directors as a group:

<i>Name of Individual or Identity of Group</i>	<i>Capacities in Which Served</i>	<i>Salaries and Directors' Fees</i>	<i>Other Non-Contingent Remuneration*</i>
Raymond French	President and Director of the Corporation and subsidiaries.	\$ 126,167	\$ 16,000
Robert W. Hunt	Vice-President and Secretary of the Corporation and Executive Vice-President and Secretary of United Stockyards Corporation, a subsidiary.	\$ 63,500	\$ 5,300
Charles E. Liggio	Vice-President and Treasurer of the Corporation and subsidiaries.	\$ 53,500	—
All 14 officers and directors as a group	Officers and directors of the Corporation and subsidiaries.	\$433,083	\$ 29,100

* The amounts set forth under "Other Non-Contingent Remuneration" represent the amounts amortized during fiscal 1980 with respect to the Key Executive Incentive Restricted Stock Plan, which was approved by the stockholders on March 11, 1970 and which expired on December 31, 1979.

The Corporation has a pension plan which covers employees of the Corporation and subsidiaries other than United Stockyards Corporation, which has a separate pension plan covering its employees. All officers

of the Corporation are covered by the Corporation's plan, except for Mr. Hunt, who is covered by the United Stockyards plan. Contributions to each plan are determined on an actuarial basis, without individual allocation. The remuneration covered by the Corporation's plan consists of all compensation reported on Form W-2 except for incentive compensation such as bonuses and commissions, and the remuneration covered by the United Stockyards plan consists of salaries only. All of the remuneration to officers under "Salaries and Directors' Fees" in the above table is remuneration covered by the plans, and the benefits payable under the plans are not subject to any deduction for Social Security or other offset amounts.

The following table sets forth the estimated annual pensions payable under the Corporation's pension plan, upon retirement at age 65, to employees at various compensation levels and in representative years-of-service classifications:

<i>Average Annual Compensation</i>	<i>Estimated Annual Pension Based on Years of Credited Service at Age 65</i>			
	<i>10 years</i>	<i>20 years</i>	<i>30 years</i>	<i>40 years</i>
\$ 20,000	\$ 3,760	\$ 7,520	\$11,280	\$15,040
50,000	9,760	19,520	29,280	39,040
100,000	19,760	39,520	59,280	79,040
125,000	24,760	49,520	74,280	99,040

The following table sets forth the estimated annual pensions payable under the United Stockyards pension plan, upon retirement at age 65, to employees at various salary levels (average of highest ten years) and in representative years-of-service classifications:

<i>Average Annual Salary for Highest 10 Years</i>	<i>Estimated Annual Pension Based on Years of Credited Service at Age 65*</i>		
	<i>10 years</i>	<i>15 years</i>	<i>20 years and thereafter</i>
\$20,000	\$ 3,500	\$ 5,250	\$ 7,000
40,000	7,000	10,500	14,000
60,000	10,500	15,750	21,000
75,000	13,125	19,688	26,250

* As a result of revisions to the United Stockyards pension plan in 1975 to conform with ERISA, employees hired after 1975 have to serve somewhat longer periods in order to receive benefits equal to those indicated in the table.

Mr. French has 17 years, Mr. Hunt has 27 years and Mr. Liggio has no years of credited service under the respective pension plans.

Directors who are not officers of the Corporation receive a fee of \$400 for each meeting of the Board of Directors attended. Prior to March 14, 1980, this fee was \$200. During fiscal 1980, Mr. Jay, a director of the Corporation, received \$3,600 for his services as Acting Secretary at Board of Directors and Audit Committee meetings, Mr. Salomon received a salary of \$25,000 for his services as Chairman of the Board of Directors and Mr. Grunebaum received a salary of \$13,500 for his services as Vice Chairman of the Board of Directors. Messrs. Salomon and Grunebaum did not receive the directors' fees referred to above.

As of October 31, 1980, Mr. French, President and a director of the Corporation, was indebted to the Corporation in the amount of \$35,000, of which \$20,000 was an advance against business expenses. No interest is being charged on this advance. The remaining \$15,000 arose out of the purchase of shares of common stock pursuant to the Key Executive Incentive Restricted Stock Plan which was approved by the stockholders on March 11, 1970 and is represented by an unsecured note bearing interest of 4% per annum. One other current employee also purchased shares of common stock pursuant to the Key Executive Incentive Restricted Stock Plan and is indebted to the Corporation, on identical terms, as a result of such purchase. The indebtedness of Mr. French set forth above represents the largest amount of indebtedness to the Corporation owed by him during the 1980 fiscal year.

Rea Brothers, Ltd., an English banking house, has provided investment banking services to the Corporation for a number of years and is currently providing such services. During the past fiscal year, the Corporation paid a monthly management fee of \$3,166 for such services. Mr. Salomon is Chairman and a 10.56% stockholder of Rea Brothers, Ltd., and Mr. Timm is a director of Rea Brothers, Ltd.

During fiscal 1979, a subsidiary of the Corporation entered into a joint venture with Continental Cities Company, Inc., a subsidiary of Reliance Group, Incorporated, to construct and operate an office building in Birmingham, Alabama. During fiscal 1979, the Corporation's subsidiary and Continental Cities Company each contributed \$403,000 towards the purchase price of certain property (acquired jointly with the City of Birmingham) and during fiscal 1980, each invested an additional \$173,000 for the development of the property. On November 6, 1980, the property was sold to the City of Birmingham, and the Corporation's subsidiary and Continental Cities Company each received \$647,000 as their share of the purchase price. Mr. Lambert, who is a director of the Corporation, is President of Continental Cities Company.

SELECTION OF AUDITORS

The Board of Directors, upon the recommendation of its Audit Committee, again proposes the designation of Arthur Andersen & Co. as auditors of the Corporation for the fiscal year ending October 31, 1981. Arthur Andersen & Co. is a well-known and well-qualified firm of independent public accountants and has served as auditors of the Corporation since its formation in 1955. Representatives of Arthur Andersen & Co. are expected to be present at the Annual Meeting. They will have an opportunity to address the meeting if they so desire and they are expected to be available to respond to appropriate questions.

The auditing services provided in fiscal 1980 include (1) the examination of annual consolidated financial statements, (2) the examination of the financial statements of certain subsidiaries and joint ventures, (3) the review of unaudited quarterly financial information, (4) the review of the Form 10-K annual report for filing with the SEC, (5) the certification to certain mortgagees regarding debt compliance, and (6) other certifications and consultation where required.

During fiscal 1980, the Corporation also engaged Arthur Andersen & Co. to render certain tax (non-audit) professional services with the aggregate fees for such non-audit services approximating 54% of auditing service fees. Such non-audit services consisted of (1) assistance in connection with the filing of the Corporation's 1979 consolidated Federal income tax return and partnership returns as required under certain partnership and joint venture agreements (equal to 19% of auditing service fees) and (2) research and assistance in connection with evaluating various prospective property, business and corporate transactions (equal to 35% of auditing service fees). These non-audit services and fees were approved by management and were ratified by the Audit Committee which concluded that such services were ordinary and necessary and did not impair the independence of the auditors.

APPROVAL OF 1981 NON-QUALIFIED STOCK OPTION PLAN

Description of the Plan

On January 9, 1981, the Board of Directors of the Corporation adopted, subject to approval by the holders of a majority of the outstanding shares of the Corporation, a Non-Qualified Stock Option Plan for officers and key employees of the Corporation and its subsidiaries (the "1981 Plan"). The 1981 Plan is set forth in full as Exhibit A to this Proxy Statement. The summary below does not purport to be complete and is subject to the text of the 1981 Plan to which reference is hereby made.

The Board of Directors believes that approval of the 1981 Plan by the stockholders will be in the best interests of the Corporation and its stockholders because it will better enable the Corporation to attract and retain people of experience and ability and the Corporation will benefit from the added interest its employees will have in, and the support they will give to, the affairs and business of the Corporation as a result of their increased stock ownership.

The total number of shares which may be issued pursuant to options under the 1981 Plan is 100,000 shares of authorized unissued or reacquired common stock of the Corporation. The 1981 Plan is to be administered by a Committee of at least three directors of the Corporation appointed by the Board, none of whom may be an officer or employee of the Corporation eligible to participate in the Plan. The Committee will, from time to time, designate the officers and key employees of the Corporation and its subsidiaries to whom options may be granted and shall determine the number of shares (as to which there is no limitation in the Plan) to be covered by each such option, and the terms and provisions of the respective options (which need not be identical).

The purchase price as to any option granted under the 1981 Plan generally may not be less than 100% of the fair market value of the stock subject to the option on the date the option is granted, but the Committee may, in instances of especially meritorious service, authorize a purchase price that is less than 100% but not less than 50% of such fair market value. In no event may the purchase price be less than the par value of the stock. The Committee will determine fair market value.

The purchase price of the stock must be paid for in full in cash at the time of exercise, unless the Committee determines that an optionee may pay for the stock by (a) a cash payment of not less than 10% of the purchase price (but in no event less than the par value of the stock) and (b) a promissory note for the balance of the purchase price. The Corporation may also make a loan, evidenced by a promissory note, to the optionee for an amount equal to any income taxes due as a result of the option exercise. Promissory notes must be full recourse promissory notes secured by a pledge of the stock being purchased, bear interest of at least the minimum rate necessary to avoid imputed interest for Federal income tax purposes, be payable in such manner as the Committee shall determine but in any event no later than 12 months after termination of employment for any reason, and be in such form as is satisfactory to the Corporation's counsel.

Options may be granted under the 1981 Plan from time to time until March 10, 1991. Each option will expire not later than ten years after the date the option is granted. Options may not be exercised at all during the first year after their grant and thereafter may be exercised in installments to the extent of 25% of the number of shares covered during the second year and to the extent of an additional 25% of the number of shares covered during each of the next three subsequent years. The installments shall be cumulative and exercisable during the remainder of the term of the option. An optionee's options will continue to become exercisable as set forth above only so long as he remains an employee of the Corporation or a subsidiary. The Committee may accelerate the period over which the options become exercisable.

Options granted under the 1981 Plan may be exercised during the lifetime of an optionee only by the optionee. Options which became exercisable prior to the termination of an optionee's employment may be exercised up to 12 months after the optionee shall have ceased to be an employee (but not later than the termination date of the option). No option may be exercised after an optionee's employment has been terminated for dishonesty or wrongful conduct. In the event of the death of an optionee while in the employ of the Corporation or a subsidiary, the optionee's legal representatives, legatees or distributees may exercise, within a period of 12 months following the optionee's death (but not later than the termination date of the option), any of the optionee's options which became exercisable prior to the optionee's death. In the event of the death of an optionee after the optionee's employment by the Corporation or a subsidiary has terminated, such optionee's legal representatives, legatees or distributees shall have the right to exercise the optionee's options during the remainder of the 12-month period.

In the event of a stock split, stock dividend or other change in the shares of the common stock of the Corporation, adjustments will be made, if necessary, proportionate to such change in the number and kind of shares authorized by the 1981 Plan, in the number and kind of shares covered by the options granted and in the option price.

At the present time there has been no determination as to the number of persons who may be expected to participate in the 1981 Plan, the individuals to whom options may be granted under the 1981 Plan, the number of shares to be subject to any option, the members of the Committee or any other term or condition which under the 1981 Plan is discretionary.

The Corporation is advised that under the Internal Revenue Code, the granting of a non-qualified stock option generally is not a taxable event. However, upon the exercise of a non-qualified option, the optionee will realize ordinary income for Federal income tax purposes in an amount equal to the excess of the fair market value of the shares purchased over their option price, and the Corporation will be entitled to a deduction in the same amount. Ordinary income realized upon exercise of a non-qualified option will be subject to the 50% maximum tax on personal service income.

The closing price for one share of the Corporation's common stock as recorded on the New York Stock Exchange's Composite Transaction Quotation on January 15, 1981 was \$26.25.

Stock Option and Other Incentive Plans Since November 1, 1975

Set forth below is information concerning certain stock option and other incentive plans of the Corporation in effect since November 1, 1975. The Corporation has no stock option plan currently in effect.

On January 12, 1967, the Corporation adopted an Employees' Stock Purchase Plan ("1967 Plan"), the right to make grants under which expired on October 31, 1976. Under the 1967 Plan, the option price per share was to be not less than 85% of the fair market value of the Corporation's common stock on the date of grant or on the date of exercise, whichever was lower. Payment for the shares was made through payroll deductions over a 24-month period, and the date of exercise was 10 days after payment was completed. All grants were made under the 1967 Plan prior to November 1, 1975, but during the 1976 fiscal year, employees of the Corporation acquired an aggregate of 10,846 shares which had been previously granted (including 450 shares by Mr. Hunt and 100 shares by another current officer). The option price for these shares, which was 85% of the fair market value of the Corporation's common stock on the date of exercise, was \$7.12 per share.

On March 11, 1970, the stockholders approved a Key Executive Incentive Restricted Stock Plan, which expired on December 31, 1979. Pursuant to this Plan, options were granted to certain officers (some of whom

were also directors) of the Corporation for a purchase price of \$1.00 per share. Each purchaser borrowed the aggregate amount of the purchase price of his shares from the Corporation at an interest rate of 4% per annum. Shares covered by the grants were vested in the officers from time to time in the discretion of the committee administering the plan, and the shares had certain restrictions on transferability which lapsed five years after vesting. All options were granted prior to November 1, 1975, but, since that date, 5,600 shares were vested in Mr. French, 2,900 shares were vested in Mr. Hunt and the five-year transfer restrictions lapsed with respect to certain other shares previously vested in officers and directors of the Corporation.

Since November 1, 1975, Mr. French has sold 3,300 shares (none of which were acquired pursuant to the option plans described above), Mr. Hunt has sold 2,775 shares and the other current officer of the Corporation who acquired shares pursuant to the 1967 Plan has sold no shares.

In addition, United Stockyards Corporation (a subsidiary of the Corporation) and its subsidiaries adopted identical Incentive Compensation and Profit Sharing Plans ("Incentive Plan") which became effective in 1962, pursuant to which certain key employees of United Stockyards Corporation and its subsidiaries receive incentive payments for the encouragement of greater effort to promote and operate more profitably and efficiently the Corporation's stockyards and related facilities. Eligible employees are the presidents, managers and other key employees who, in each case, have primary responsibility for the business of a specific facility owned and operated by United Stockyards Corporation or one of its subsidiaries, and no officer or director of the Corporation participates in the Incentive Plan.

Compensation under the Incentive Plan is an additional percentage of total annual salary ranging from 0 to 18 per cent and is based upon improved results for each year over the results achieved during the prior year, computed on a point system relating to operating data and observed conditions. The amount of incentive compensation is computed by a committee whose members are not participants in the Incentive Plan. During the past five fiscal years, the following amounts have been paid pursuant to the Incentive Plan:

<u>Year Ended October 31:</u>	<u>No. of Employees</u>	<u>Amount</u>
1976	40	\$72,076
1977	44	\$65,160
1978	40	\$53,520
1979	42	\$69,385
1980	41	\$70,410

Salaried employees are eligible to participate in the pension plans described under "Remuneration and Certain Transactions With Management" after two years of regular employment. The Corporation also makes payments as required by union contracts to non-contributory union pension funds.

Neither the Corporation nor any of its subsidiaries has had in effect since November 1, 1975 any other pension, bonus, profit sharing or other remuneration or incentive plans.

STOCKHOLDER PROPOSAL CONCERNING AUDITORS' FEES

Messrs. Lewis D. Gilbert and John J. Gilbert, 1165 Park Avenue, New York, New York, each of whom is the owner of 12 shares of common stock of the Corporation and who state that they represent an additional family interest of 22 shares and act as co-trustees of a trust owning 110 shares, and Mr. David Brown, 1869 83rd Street, Brooklyn, New York, who is the owner of 10 shares, have informed the Corporation that one or more of them will propose the following resolution, which management opposes, from the floor at the Annual

Meeting. In accordance with applicable regulations, the proposed resolution and the supporting statement prepared by the Messrs. Gilbert and Mr. Brown, for which the management and the Corporation accept no responsibility, are set forth below:

"RESOLVED: That the stockholders of Canal-Randolph Corporation, assembled in annual meeting in person and by proxy, hereby request that the Board of Directors take the steps necessary to disclose the amount of the fees paid to the auditors in the proxy statement.

"REASONS: Last year 413 owners of 56,456 shares voted in favor of our similar resolution. The vote against included the unmarked proxies.

"Companies now giving this information in the proxy statement are: General Motors, Celanese, Pfizer, Bristol-Myers, Bethlehem Steel, Lehman, Chessis System, W.R. Grace, Xerox, United Technologies, Foremost-McKesson, Koppers, Richardson-Merrell, Litton Industries and LFE, as well as a number of others.

"Your attention is also called to the fact that Rea Brothers, a British corporation of which Mr. Salomon is Chairman of the Board, gives the information (£28,000) in the annual report.

"If you agree, please mark your proxy for this resolution; otherwise it is automatically cast against it."

THE MANAGEMENT RECOMMENDS A VOTE AGAINST THIS RESOLUTION. In 1980, the stockholders of the Corporation, by more than 93% of the votes cast, overwhelmingly rejected the same resolution proposed by the same stockholders. Management believes that nothing has transpired in the past year which would make the proposed resolution more suitable for the Corporation or more attractive to stockholders.

Management believes that the information requested by this resolution would not be particularly meaningful and would provide little, if any, benefit to the Corporation's stockholders beyond the information already made available in the proxy statement. It should be further noted that when the Securities and Exchange Commission adopted the current requirements respecting auditors in 1978, it considered and expressly rejected requiring the inclusion of the information called for by this proposal.

Management selects auditors for the Corporation on the basis of their professional competence and ability. Management and the Audit Committee of the Corporation's Board of Directors review and approve all services and the appropriateness of all fees of the Corporation's auditors. This review involves a myriad of factors, including the nature, complexity and competency of the services rendered, the hours of work involved, the fees charged for comparable services by other auditing firms, etc. In management's opinion, it is not meaningful and may, in fact, be misleading to disclose the amount of auditors' fees without discussing all other relevant factors.

Management, of course, complies fully with all federal securities laws and regulations regarding disclosure to stockholders. This proxy statement already provides stockholders with information regarding the nature of the audit and non-audit services provided by the Corporation's auditors and the percentages that the various non-audit services rendered during the past fiscal year bear to the audit services rendered. Management does not believe that disclosure of the amount of auditors' fees, which is not required by federal law, would provide additional useful information.

Accordingly, management recommends that stockholders vote "AGAINST" the suggested resolution.

The affirmative vote of the holders of a majority of the outstanding shares of common stock present in person or by proxy at the meeting is required to approve the proposed stockholder resolution.

ADDITIONAL INFORMATION

Committees and Meetings

The Board of Directors has established a Compensation Committee, an Audit Committee and an Executive Committee to assist it in discharging its responsibilities. The members of these Committees are indicated above in the table presenting information concerning nominees.

The Compensation Committee reviews and determines the compensation of the Corporation's officers. The Audit Committee reviews the results of the audit of the Corporation's financial statements by the Corporation's independent accountants and reviews, monitors and approves the nature and extent of auditing services and related fees. The Executive Committee has among its functions the recommendation to the Board of Directors of nominees for election as directors. The Executive Committee will consider nominees recommended by stockholders provided the stockholder submits the nominee's name in writing addressed to the Secretary of the Corporation by November 1 together with the written consent of the nominee and a resume listing the nominee's qualifications.

During the last fiscal year, the Board of Directors held four meetings, the Audit Committee held two meetings, the Compensation Committee held two meetings and the Executive Committee held four meetings. Messrs. Robbs and Jay each did not attend one meeting of the Board of Directors and one meeting of each of the committees of which he is a member.

Stockholder Proposals for 1982 Annual Meeting

Stockholder proposals for the 1982 Annual Meeting must meet applicable SEC requirements and must be received by the Corporation at its principal executive offices in New York not later than November 2, 1981.

Miscellaneous

It is contemplated that brokerage houses and other custodians and fiduciaries holding stock of record for beneficial owners will be requested to forward solicitation material to the owners of the stock, and the Corporation intends to reimburse them for their out-of-pocket expenses in connection therewith. D.F. King & Co., Inc. has been retained to assist in soliciting proxies at a fee estimated at \$5,000, plus expenses. Directors, officers and some regular employees of the Corporation may also solicit proxies personally or by telephone and telegraph but will not receive additional compensation for doing so.

The Corporation knows of no matters other than as set forth in the notice of meeting and this proxy statement that may come before the Annual Meeting. However, if other matters do come before the Annual Meeting, the Proxy Committee will vote the proxies in accordance with its best judgment.

Annual Report

The Annual Report of the Corporation for the fiscal year ended October 31, 1980 is enclosed herewith. Such report is not a part of this proxy statement.

In addition, each stockholder can obtain a copy, without charge, of the Corporation's Annual Report on Form 10-K for the fiscal year ended October 31, 1980, including the financial statements and the schedules thereto, by written request mailed to the Corporation's New York Office, 277 Park Avenue, New York, New York 10017, to the attention of the Treasurer of the Corporation.

By order of the Board of Directors.

ROBERT W. HUNT
Secretary

New York, New York
January 30, 1981