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CANAL-RANDOLPH CORPORATION

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

May 19, 1983

Dear Stockholder:

I am pleased to report to you that the proxy contest involving Asher B. Edelman and the Board of Directors of Canal-Randolph Corporation has been settled, along with the related litigation. As a result of this settlement, which is more fully described under the caption "Settlement of Proxy Contest" in the enclosed new proxy materials, it is necessary again to reschedule the Annual Meeting of Stockholders for which new proxies will be required.

The rescheduled meeting will be held on Wednesday, June 15, 1983 at 2:00 P.M. in the Auditorium, 7th Floor, Chemical Bank Building, 277 Park Avenue, New York, New York. I regret any inconvenience caused by this change, but I encourage you to attend the Annual Meeting.

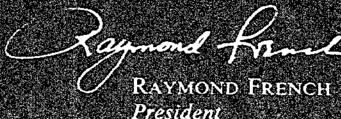
As part of the settlement, the Board of Directors elected Mr. Edelman, Burton Lehman and Charles P. Stevenson, Jr. directors of Canal-Randolph on April 20, 1983. Prior to this time, Alfred D. Timm, Dwight D. Sutherland and A. B. Robbs, Jr. resigned as directors. On May 5, 1983, Wolfgang Traber also resigned as a director, and Hans J. Frank was elected by the Board of Directors effective May 9, 1983 as his replacement. On behalf of the Board, I wish to extend our sincere appreciation to the former directors for their years of faithful service to Canal-Randolph and its stockholders.

The new Board of Directors now consists of Asher B. Edelman, Hans J. Frank, Raymond French, Burton Lehman, Sir Walter Salomon and Charles P. Stevenson, Jr., all of whom are being nominated for full terms at the rescheduled Annual Meeting.

PLEASE NOTE THAT NONE OF THE PROXIES SENT IN FOR THE MEETING PREVIOUSLY SCHEDULED FOR MAY 6, 1983, WHETHER SENT TO CANAL-RANDOLPH OR TO MR. EDELMAN, ARE VALID. Whether or not you plan to attend the Annual Meeting personally, it is important that your shares are represented and voted at the rescheduled meeting. Please sign, date and mail the enclosed proxy today in the self-addressed postage-paid envelope enclosed for your convenience.

On behalf of the entire Board of Directors, I express our thanks to you for your support.

Sincerely yours,



RAYMOND FRENCH
President

CANAL-RANDOLPH CORPORATION

Notice of Rescheduled Annual Meeting of Stockholders to be held June 15, 1983

New York, New York
May 19, 1983

To the Stockholders of
CANAL-RANDOLPH CORPORATION:

Please take notice that the rescheduled Annual Meeting of Stockholders of CANAL-RANDOLPH CORPORATION will be held on Wednesday, June 15, 1983 at 2:00 o'clock P.M., New York time in the Auditorium on the 7th Floor of the Chemical Bank Building, 277 Park Avenue, New York, New York for the purpose of:

(1) electing six directors,

(2) selecting auditors for the Corporation,

(3) considering a proposal expected to be presented by certain stockholders relating to formation of a nominating committee, and

(4) transacting such other business as may properly come before the meeting.

The Board of Directors has fixed the close of business on May 6, 1983 as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting and any adjournments thereof.

Whether or not you plan to attend the meeting, please sign and date 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, Date and Mail the Enclosed Proxy

CANAL-RANDOLPH CORPORATION

277 Park Avenue
New York, New York 10017

PROXY STATEMENT

Rescheduled Annual Meeting of Stockholders
to be held June 15, 1983

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, which has been rescheduled to be held on June 15, 1983. This proxy statement and the form of proxy mailed herewith are first being mailed to stockholders commencing approximately May 19, 1983. The Board of Directors is soliciting proxies in connection with (i) the election of directors, (ii) the selection of Arthur Andersen & Co. as auditors for the Corporation, and (iii) a proposal expected to be presented by certain stockholders relating to formation of a nominating committee.

In connection with the agreement described under the caption "SETTLEMENT OF PROXY CONTEST" on page 2, the United States District Court for the District of Delaware has entered an order permitting the Corporation to reschedule the Annual Meeting to June 15, 1983 and to fix May 6, 1983 as the new record date for the rescheduled meeting.

Stockholders may attend the Annual Meeting 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 in writing 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 is 1,546,305. In accordance with an order of the District Court referred to above, cumulative voting will apply with respect to the election of directors at the Annual Meeting. See "1981 AMENDMENT TO CERTIFICATE OF INCORPORATION RELATING TO CUMULATIVE VOTING" on page 3. Accordingly, each share is entitled to one vote respecting each matter, except that in connection with the election of directors each stockholder will be entitled to as many votes as equal the number of his shares multiplied by the number of directors (6) to be elected, and each stockholder will be able to cast all of his votes for a single nominee or distribute them among any two or more nominees to be elected, as such stockholder may see fit. For a stockholder to distribute his votes on a cumulative basis in a particular manner, such stockholder must indicate the manner of such distribution of such votes in the space provided on the proxy. Unless such manner of distribution is so indicated, such shares will be voted cumulatively in the discretion of the Proxy Committee of the Board of Directors so as to elect the maximum number of the Board's nominees. 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. Only stockholders of record at the close of business on May 6, 1983 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 and "AGAINST" the proposal

expected to be presented by certain stockholders relating to formation of a nominating committee. **None of the proxies received by the Corporation or by Asher B. Edelman for the original March 18, 1983 meeting date or the May 6, 1983 meeting date will be counted at the meeting on June 15, 1983.**

SETTLEMENT OF PROXY CONTEST

Settlement Agreement. An agreement, dated April 18, 1983, (the "Settlement Agreement") was entered into among the Corporation, Rea Brothers Plc., a United Kingdom private bank ("Rea"), Sir Walter Salomon, Chairman of the Board of the Corporation and Chairman of the Board of Rea, Mr. Asher B. Edelman and three limited partnerships controlled by him, pursuant to which the Federal Action (as such term is defined on page 12) has been discontinued and the proxy contest in connection with the Annual Meeting has been ended. A copy of the Settlement Agreement is annexed as an exhibit to the Corporation's Current Report on Form 8-K filed with the Securities and Exchange Commission ("SEC") on May 4, 1983.

The Settlement Agreement provides for, among other things, (i) the reconstitution of the Board of Directors of the Corporation and the committees thereof as described under "Recent Management Changes" below, (ii) the termination of the Federal Action with prejudice and without costs, and (iii) the cessation of independent solicitation by the parties of proxies for the Annual Meeting. The Settlement Agreement also provides that, to the extent permissible by law, the Corporation will bear the proper costs and expenses with respect to the proxy solicitation and litigation of the participants in the solicitation. See "Solicitation" on page 21. An order dismissing the Federal Action, and permitting the rescheduling of the Annual Meeting and of the record date therefor, was entered by the United States District Court for the District of Delaware on April 25, 1983.

Recent Management Changes. On April 11, 1983, Dwight D. Sutherland resigned as a director of the Corporation. On April 15, 1983, A. B. Robbs, Jr. and Alfred D. Timm also resigned as directors. In accordance with the Settlement Agreement, the Board of Directors, at a meeting held on April 20, 1983, elected Mr. Edelman, Burton Lehman and Charles P. Stevenson, Jr. (the "New Nominees") to the Board of Directors of the Corporation. Mr. Edelman was also elected Vice Chairman of the Board and Chairman of the Executive Committee. The Settlement Agreement provides that the committees of the Board of Directors will be reconstituted prior to the Annual Meeting to provide for four members, two of whom to be nominated by Mr. Edelman (or his designee) and two of whom to be nominated by Sir Walter Salomon (or Mr. French). At a meeting of the Board of Directors held on May 5, 1983, the current members of the committees of the Board of Directors were elected as indicated in the table on page 5, also in accordance with the Settlement Agreement, currently leaving a vacancy on the Compensation and on the Stock Option Plan Committees which may be filled by nominees of Sir Walter Salomon. The Settlement Agreement provides further that the present Board of Directors will be nominated for reelection at the Annual Meeting, and that in the event that, prior to the Annual Meeting, any of the New Nominees becomes unavailable for election, Mr. Edelman will have the right to designate a replacement nominee, and if any of the other nominees becomes unavailable for election, Sir Walter Salomon will have the right to designate a replacement nominee. In view of the foregoing, it is possible that the Board of Directors may have deadlock votes on controversial matters. Wolfgang Traber resigned as a director on May 5, 1983 and, pursuant to the Settlement Agreement, Hans J. Frank was elected to fill the vacancy effective May 9, 1983.

ELECTION OF DIRECTORS

A Board of six directors is to be elected at this meeting. The Board's nominees are Asher B. Edelman, Hans J. Frank, Raymond French, Burton Lehman, Sir Walter Salomon and Charles P. Stevenson, Jr., all of whom are currently members of the Board of Directors. Messrs. French and Salomon were elected by the

stockholders at the last annual meeting of stockholders. Messrs. Edelman, Lehman and Stevenson were elected to the Board of Directors on April 20, 1983 and Mr. Frank was elected effective May 9, 1983 in accordance with the Settlement Agreement described under the caption "SETTLEMENT OF PROXY CONTEST" on page 2. In view of the fact that they have been directors of the Corporation for only a short period of time, Messrs. Edelman, Lehman, Stevenson and Frank have not yet become sufficiently familiar with the affairs of the Corporation to be able to take responsibility for the information contained in this proxy statement except for information pertaining specifically to them, their shareholdings and, except for Mr. Frank, the settlement of the proxy contest. All nominees are to be elected to serve until the Annual Meeting of Stockholders of the Corporation in 1984 and until their successors are duly elected and qualified.

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

In view of the number of shares held for the order of Rea and its subsidiaries on behalf of customers and by Mr. Edelman and the partnerships he controls, the election of the Board's nominees seems assured.

1981 AMENDMENT TO CERTIFICATE OF INCORPORATION RELATING TO CUMULATIVE VOTING

Previous Action. At the Special Meeting of Stockholders of the Corporation held on October 5, 1981 (the "1981 Special Meeting") the stockholders of the Corporation, upon the unanimous recommendation of the Board of Directors, purportedly adopted an amendment (the "1981 Amendment") to the Certificate of Incorporation of the Corporation which provided, among other things, for the elimination of cumulative voting in the election of directors. At the 1981 Special Meeting, 57.8% of the outstanding shares of the Corporation (constituting 80.3% of the shares present at the meeting) voted in favor of the elimination of cumulative voting.

In connection with the 1981 Special Meeting, on September 4, 1981, the Corporation distributed management's proxy statement (the "1981 Proxy Statement") soliciting stockholder approval of the 1981 Amendment. The 1981 Proxy Statement indicated that all directors and officers of the Corporation, as a group, "beneficially owned" only 2.82% of the Corporation's common stock and that Sir Walter Salomon, Chairman of the Board of the Corporation, was the beneficial owner of 1,000 shares. The term "beneficially owned" was defined in the 1981 Proxy Statement which stated that "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'".

The 1981 Proxy Statement did not indicate that 425,000 shares of the Corporation's common stock were held by customers of Rea nor that Sir Walter Salomon is the Chairman of the Board of Rea and its controlling stockholder. The 1981 Proxy Statement also did not describe the arrangements governing the voting of the shares of the Corporation held by Rea nor did it indicate that Rea had a defeasible right of disposition with respect to such shares. See "The Rea 13D" on page 9 and "The Investment Companies 13D" on page 10.

At the 1981 Special Meeting, the shares of the common stock of the Corporation held by Rea and its subsidiaries, Rea Brothers (Guernsey) Limited ("Guernsey") and Rea Brothers (Isle of Man) Limited ("I.o.M."), including those owned by the Investment Companies (as such term is defined on page 8), were voted in favor of the elimination of cumulative voting. For information respecting Rea, Guernsey, I.o.M. and the Investment Companies, see "CERTAIN BENEFICIAL OWNERS" on page 7 and "CERTAIN LEGAL PROCEEDINGS" on page 12.

In 1981, Sir Walter Salomon, Raymond French and representatives of Montagu Investment Management Limited ("MIM"), a United Kingdom investment adviser, met to discuss MIM's position with respect to the 1981 Amendment (which included a then proposed amendment to institute a classified board of directors in addition to the amendment eliminating cumulative voting). The Corporation understands that, subsequent to such discussions, and with the consent of MIM's clients, MIM agreed to vote all shares of the Corporation's common stock held by it on behalf of its clients in favor of the 1981 Amendment, and, in return for such agreement, Sir Walter Salomon would seek to vote the shares of the Corporation's common stock held by Rea, Guernsey and I.o.M. on behalf of their respective customers at the March 1982 Annual Meeting of Stockholders in favor of an amendment eliminating the classified board (the "MIM Agreement"). The MIM Agreement was not set forth in the 1981 Proxy Statement or any supplement thereto. At the 1981 Special Meeting, the shares held by MIM on behalf of its clients were voted in favor of the 1981 Amendment. Thereafter, at the March 1982 Annual Meeting of Stockholders, the shares held by Rea, Guernsey and I.o.M. on behalf of their respective customers were voted in favor of an amendment eliminating the classified board of directors. In the fall of 1982, after it was known that Mr. Edelman might commence a proxy battle for control of the Corporation, Rea (through Sir Walter Salomon) reached an arrangement with MIM whereby Rea would purchase shares of the Corporation and then sell certain of such shares to MIM and retain the remainder of such shares for its customers. On March 16, 1983, MIM sold the shares of the Corporation's common stock held by it on behalf of its clients to Mr. Edelman. For information concerning MIM and its previous holdings of the Corporation's shares, see "The Edelman 13D" on page 11.

In connection with certain litigation described under the caption "CERTAIN LEGAL PROCEEDINGS" on page 12, the United States District Court for the District of Delaware ruled that the 1981 Amendment was null and void because of deficiencies in the 1981 Proxy Statement. The Court held that the 1981 Proxy Statement should have disclosed the number of shares owned by customers of Rea over which Rea had discretionary management authority. As indicated above, at the time of the 1981 Special Meeting there were 425,000 such shares. The Court also ruled that the 1981 Proxy Statement should have disclosed the MIM Agreement, as well as the facts relating to Sir Walter Salomon's control of Rea. The Court also ruled that the Proxy Statement mailed to stockholders of the Corporation on February 25, 1983 in connection with the 1983 Annual Meeting (the "February Proxy Statement") was deficient in the manner in which it presented the cumulative voting question to stockholders and the manner in which it described the stockholder vote on the 1981 Amendment. The District Court directed that cumulative voting should be utilized in future elections of directors of the Corporation unless and until there is a duly adopted charter amendment eliminating it.

Position of the Board. The February Proxy Statement stated that the Board of Directors of the Corporation (as then constituted) had determined that, in view of the Delaware Action (as such term is defined on page 12) and the earlier notice of a then proposed precatory stockholder resolution with respect to cumulative voting, it was appropriate and in the best interests of the Corporation to give stockholders an opportunity to reconsider the matter of cumulative voting. A resolution to reinstate cumulative voting in connection with the election of directors by further amendment of the Certificate of Incorporation was therefore proposed. In the February Proxy Statement, the Board of Directors recommended that stockholders vote against the then proposed amendment and stated its belief that the election of directors by simple majority vote added stability to the Corporation and was, therefore, in the best interests of the stockholders.

However, subsequent to the mailing of the February Proxy Statement and a supplement thereto, the District Court ruled that the 1981 Amendment was null and void and, therefore, cumulative voting would be in effect unless and until there is a duly adopted charter amendment eliminating it. The Board of Directors has determined not to submit a proposal to stockholders to eliminate cumulative voting.

INFORMATION CONCERNING DIRECTORS, NOMINEES AND SHARE OWNERSHIP

Name	(1) Principal Occupation or Employment and (2) Other Directorships (a)	Has Served as Director Since	Age	Shares Beneficially Owned on May 6, 1983 (b)	Percentage of Common Stock
Raymond French (c)(d)	(1) President of the Corporation, 277 Park Avenue, New York, New York, for more than five years. (2) Director, Blue Ridge Real Estate Company and Big Boulder Corporation.	January 5, 1962	62	30,550(g)	1.98%
Asher B. Edelman (c)(e)(f)	(1) Vice Chairman of the Board of Directors of the Corporation since April 20, 1983; General Partner, Plaza Securities Company since July, 1979 and Arbitrage Securities since January, 1977, broker-dealers, 717 Fifth Avenue, New York, New York. (2) Director, Datatrak, Inc.	April 20, 1983	43	443,300(h)	28.67%
Sir Walter Salomon (c)(d)(e)(f)	(1) Chairman of the Board of Directors of the Corporation and Chairman, Rea Brothers Plc., bankers, King's House, 36-37 King Street, London, EC2V 8DR, England, for more than five years.	June 15, 1959	77	1,000(i)	(i)(j)
Burton Lehman (d)(k)	(1) Attorney, partner in Schulte Roth & Zabel, law firm, 460 Madison Avenue, New York, New York, for more than five years.	April 20, 1983	42	200	(j)
Hans J. Frank	(1) Attorney, partner in Fried, Frank, Harris, Shriver & Jacobson, law firm, One New York Plaza, New York, New York, for more than five years.	May 9, 1983	71	—	—
Charles P. Stevenson, Jr. (c)(d)(e)(f)	(1) President of Capcor, Inc., diversified financial activities, 10 Oak Street, P. O. Box 1390, Southampton, New York, since 1982; President, Stevenson Capital Management Corp., financial services, 45 Rockefeller Plaza, New York, New York, since 1975; Managing Partner, Zebra Associates, investment partnership, 45 Rockefeller Plaza, New York, New York, February, 1972 to December, 1978.	April 20, 1983	36	1,000(l)	(j)
All current directors and officers as a group (13 persons) including shares listed above				483,594	31.27%

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

(b) Under applicable 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, except that Mr. French shares the power to vote and dispose of 5,000 shares held by his spouse (see (g) below).

Under applicable regulations of the SEC, a person who has the right to acquire beneficial ownership of a security within 60 days through the exercise of an option is deemed the beneficial owner of such security. Mr. French has the right to acquire up to 500 shares and all officers of the Corporation as a group have the right to acquire an aggregate of up to 1,125 shares of the Corporation's common stock through the exercise of currently exercisable options, which, as of May 6, 1983, were not exercised, and the above table does not include the shares subject thereto. For information respecting stock options, see "STOCK OPTIONS" on page 18.

(c) Member of the Executive Committee.

(d) Member of the Audit Committee. Mr. French is a member *ex officio*.

(e) Member of the Compensation Committee.

(f) Member of the Stock Option Plan Committee.

(g) Includes 5,000 shares held by Mr. French's spouse. In March 1974, Mr. French purchased 1,500 shares of common stock of the Corporation through Rea, which loaned Mr. French the purchase price therefor. The 1,500 shares are held and registered in the name of Sanday and Company, and together with 260 additional shares, serve as collateral for the balance of the foregoing loan (which is approximately $16,500 as of May 6, 1983), and an additional loan of $35,000 made by Rea to Mr. French in October 1982. The loans are subject to usual default provisions. Information with respect to Rea and its subsidiaries and customers is furnished under the caption "CERTAIN BENEFICIAL OWNERS" on page 7.

(h) Mr. Edelman, as the controlling general partner of Plaza Securities Company ("Plaza"), Canran Associates I, L.P. ("Canran") and Arbitrage Securities Company ("Arbitrage Securities") (Plaza, Canran and Arbitrage Securities being hereinafter referred to collectively as the "Partnerships"), owns beneficially the 247,700, 73,700 and 120,900 shares held, respectively, by each of the Partnerships for purposes of Rule 13d-3 under the Securities Exchange Act of 1934 (the "Exchange Act"). Mr. Edelman has sole voting power and sole investment power over 443,300 shares (the 442,300 shares held by the Partnerships and 1,000 shares held in his own name). Plaza has pledged all but 100 of the shares it owns to a domestic bank to secure a loan of $8,000,000; Arbitrage has pledged all of the shares it owns to the same bank to secure a loan of $4,000,000, and Canran has pledged all of the shares it owns to the same bank to secure a loan of $2,000,000. Such loans are payable on demand, are subject to usual default provisions and carry a 10¼ percent annual interest rate.

(i) For information with respect to shares beneficially owned (within the meaning of Rule 13d-3 under the Exchange Act) by Rea (of which Sir Walter Salomon is Chairman), its subsidiaries and customers, see "CERTAIN BENEFICIAL OWNERS" on page 7. Sir Walter Salomon does not have any economic interest in the shares beneficially owned by Rea and its subsidiaries as set forth in the table on page 7. The shares of the Corporation beneficially owned by Rea and its subsidiaries, however, may be attributed to Sir Walter Salomon, for purposes of Section 13(d) of the Exchange Act, by virtue of his position as Chairman of Rea, his approximately 9.5% ownership of Rea and his involvement in control of Rea. Sir Walter Salomon is a party to the Rea 13D (as such term is defined on page 9). See "CERTAIN BENEFICIAL OWNERS" on page 7.

(j) The percentage of outstanding common stock is less than 1%.

(k) In connection with the proxy contest and related litigation, the law firm of Schulte Roth & Zabel, of which Mr. Lehman is a partner, received legal fees of approximately $55,500 from the Partnerships, which fees have been reimbursed by the Corporation as described under the caption "Solicitation" on pages 21 and 22. It is anticipated that Schulte Roth & Zabel may also provide certain legal services to the Corporation during the current fiscal year.

(l) Capcor, Inc., of which Mr. Stevenson is President and a stockholder, is a limited partner in Canran, which owns beneficially 73,700 shares of the Corporation's common stock. See (h) above.

Other than as set forth under "CERTAIN BENEFICIAL OWNERS" on pages 7 through 11, the Corporation has been informed that none of the present directors or their associates beneficially owns (within the meaning of the applicable regulations of the SEC) five 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, and as otherwise set forth in this proxy statement. For information with respect to the Settlement Agreement, see "SETTLEMENT OF PROXY CONTEST" on page 2, and for information with respect to recent litigation in which certain of the nominees were named as defendants, see "CERTAIN LEGAL PROCEEDINGS" on page 12.

CERTAIN BENEFICIAL OWNERS

The following are the only persons known to the Corporation who owned beneficially (within the meaning of Rule 13d-3 under the Exchange Act) more than five percent of the Corporation's common stock as of May 6, 1983:

	Shares Beneficially Owned (a)	*Percentage of Common Stock (a)*
Asher B. Edelman 717 Fifth Avenue New York, New York 10022	443,300	28.7%
Rea Brothers Plc. King's House 36-37 King Street London, EC2V 8DR, England	267,161(b)	17.3%(b)
Rea Brothers (Guernsey) Limited P.O. Box 116 Commerce House Les Banques St. Peter Port, Guernsey	165,900	10.7%
The Scottish and Mercantile Investment Plc. King's House 36-37 King Street London, EC2V 8DR, England	85,000(b)	5.5%(b)

(a) The table does not include I.o.M., located at 29 Athol Street, Douglas, Isle of Man, which holds 1,980 shares (0.1% of outstanding) and is a subsidiary of Rea.

(b) The Rea holdings include the 85,000 shares beneficially owned by The Scottish and Mercantile Investment Plc.

Rea and Subsidiaries. Rea is a diversified private bank incorporated under the laws of England and Wales whose shares are traded on The Stock Exchange, London (the "London Exchange"). Rea provides a wide variety of banking and financial services, both in the United Kingdom and internationally. These include a full range of banking services and investment advice to both corporate and private customers. Rea has provided investment banking services to the Corporation for a number of years and is currently providing such services for a monthly fee of $3,166. In this connection, the Corporation maintains an interest bearing account with Rea from which Rea withdraws its monthly fee. The balance of such account has, over the past five years, ranged from a maximum of approximately $25,700 to a debit of $9,367. As of May 6, 1983, the balance of such account was $7,849.

The Corporation has been informed that Rea Brothers (Insurance) Limited, an English insurance brokerage firm which is a subsidiary of Rea, receives amounts aggregating less than $50,000 annually in fees and brokerage commissions from the Corporation's unaffiliated insurance broker and insurance carriers in connection with some of the Corporation's insurance policies. These policies are renewed every one to three

years. Another subsidiary of Rea which is in the business of providing travel services, has booked travel arrangements for certain directors of the Corporation and others travelling on business for the Corporation involving an aggregate of approximately $79,000 in travel arrangements since November 1, 1981.

Since 1975, the Corporation and a subsidiary have, from time to time, maintained interest bearing U.S. dollar deposits with Rea. During fiscal 1975 through fiscal 1980, the maximum amounts of deposits were, respectively, $770,000, $1,092,000, $986,000, $1,005,000, $1,031,000 and $595,000. The weighted average amounts of such deposits for each year during such period were, respectively, $523,000, $769,000, $820,000, $393,000, $337,000 and $159,000. Interest rates, based on bids equal to or higher than U.S. rates, ranged from 7⅛% to 4⅞% during fiscal 1976, from 6 7/16% to 4⅞% during fiscal 1977, from 8¾% to 6⅜% during fiscal 1978, from 14% to 9½% during fiscal 1979 and from 17% to 12½% during fiscal 1980. The Corporation earned interest income on such deposits of $46,386 during fiscal 1976, $42,176 during fiscal 1977, $27,859 during fiscal 1978, $40,573 during fiscal 1979 and $22,685 during fiscal 1980. Since April, 1980, there were no further deposits until November 1982, at which time the Corporation invested $4,500,000 on a short-term basis with Rea at an interest rate based on bids equal to or higher than U.S. rates. On January 7, 1983, the amount invested was reduced to $2,500,000; on May 9, 1983 the amount invested was further reduced to $1,000,000, and on May 18, 1983, the full remaining balance was withdrawn.

Guernsey and I.o.M. are wholly-owned subsidiaries of Rea, organized under the laws of the Bailiwick of Guernsey and the Isle of Man, respectively. Guernsey and I.o.M. are both private banks and provide substantially similar services as Rea. Under the laws of their respective jurisdictions of organization, both Guernsey and I.o.M. are managed by independent boards of directors. Two of the six directors of Guernsey, W. O. Hartley and E. C. Teideman, are also directors of Rea. Mr. Teideman also serves as a director of I.o.M.

Sir Walter Salomon, Chairman of the Board of the Corporation, is also Chairman of the Board of Rea. Until 1981, Sir Walter Salomon owned 10.6% of the ordinary shares of Rea. Since that time, as a result of a share issue in which Sir Walter Salomon did not participate, the percentage of shares of Rea he owns has decreased to 9.5%.

The Investment Companies. The Scottish and Mercantile Investment Plc. ("Scottish"), Fashion & General Investment Plc. ("Fashion"), Jastlin Limited ("Jastlin"), Lancashire & London Investment Trust Plc. ("Lancashire"), Scottish Cities Investment Trust Plc. ("Cities") and Ocean Wilsons (Holdings) Plc. ("Ocean") (such companies being herein referred to collectively as the "Investment Companies") are all United Kingdom companies engaged, among other things, in investment or trading in securities. The ordinary shares of each of the Investment Companies are listed and traded on the London Exchange, except for the shares of Jastlin (which is wholly owned by Fashion). Some of the Investment Companies also own shares of each other as follows: (a) in Fashion: Scottish and Lancashire own 76.4% and 1%, respectively; (b) in Lancashire: Cities and Ocean own 14.4% and 12.5%, respectively; (c) in Cities: Scottish, Lancashire and Ocean own 49.9%, 15.2% and 0.3%, respectively, of the ordinary voting shares, and Scottish, Lancashire and Fashion own 24.3%, 1.2% and 0.6%, respectively, of the non-voting ordinary shares; (d) in Scottish: Ocean, Cities and Lancashire own 1.5%, 4.5% and 3.5%, respectively, of the ordinary voting shares, and Lancashire owns 2.2% of the non-voting ordinary shares; and (e) in Ocean: Scottish, Cities, Lancashire and Fashion own 7.7%, 5.0%, 1.6% and 1.9%, respectively. Certain Rea directors are directors of some of the Investment Companies as follows: 3 out of 5 directors of Scottish, 2 out of 5 directors of Fashion, 2 out of 3 directors of Jastlin, 2 out of 4 directors of Lancashire, 2 out of 3 directors of Cities, and 3 out of 6 directors of Ocean. Fashion, Jastlin and Lancashire's addresses are King's House, 36-37 King Street, London, EC2V 8DR, England; Cities' address is 26a York Place, Edinburgh, EH13EY, Scottish's and Ocean's addresses are 13/14 King Street, London, EC2V 8EA, England.

The Corporation has been advised by Rea that Rea serves as banker and manager for the Investment Companies, and that a subsidiary of Rea, Rea Brothers (Registrars) Limited, is registrar and transfer agent for Scottish, Fashion, Ocean and Lancashire (see "The Investment Companies 13D" on page 10). The Corporation has been further advised by Rea that Scottish owns 4% of Rea, Scottish's subsidiary, Fashion (including shares owned by Fashion's subsidiary Jastlin) owns 5.3% of Rea, and Cities owns 6.2% of Rea. Rea advises that, for purposes of United Kingdom disclosure requirements, the aforementioned holdings have been publicly disclosed together with a further holding of 7.6% of Rea owned by a private company in which Scottish has a 40% interest and Ocean and Cities each has a 10% interest. The remaining 40% shareholder of such private company is a public trading company which also owns directly 2.3% of Rea. Cities owns 27.2%, Scottish owns 12.2% and Ocean owns 9.9% of this company, and, of its four directors, one is also a director of Rea and one is the company secretary of Rea. Additionally, various of the Investment Companies own shares in Rea which are not required to be disclosed by United Kingdom law, as follows: Ocean owns 4.8% and Lancashire owns 1.6%. The foregoing ownership of shares of Rea aggregates to 31.8%.

The Corporation has been advised that both discretionary and non-discretionary account customers of Rea may, from time to time, hold shares in Rea and the Investment Companies. The shares of Rea and the Investment Companies owned by the various Investment Companies as set forth above are subject to the discretionary management agreements described below under the caption "The Rea 13D".

By virtue of their holdings of the Corporation's shares and their common directors, Rea and Scottish may be deemed to be a "group" within the meaning of Section 13(d) of the Exchange Act and the rules promulgated by the SEC thereunder, which group includes Sir Walter Salomon.

Background of Holdings of the Corporation's Common Stock by Customers of Rea and by the Investment Companies. Rea, on behalf of its customers, including the Investment Companies, first acquired shares of the Corporation's common stock in 1956 when the Corporation became publicly held through the distribution of its shares to the stockholders of Butler Brothers Corporation, a publicly owned merchandising company which had formed the Corporation to hold certain real estate properties. In the ordinary course of its business, Rea has acted in the United Kingdom to provide a market for its customers in the shares of the Corporation, and, accordingly, from time to time, has owned such shares for its own account; has recommended investment therein to its non-discretionary account customers as a long term investment; and has bought shares on behalf of such customers. Further, it has bought and sold shares of the Corporation for its discretionary account customers and for the Investment Companies. Listed below, as accurately as can be ascertained, are the total number of shares held at various depositories for the order of Rea and its subsidiaries, principally for their discretionary and non-discretionary account customers and the Investment Companies, during October of each of the years stated:

1956 - 141,850	1965 - 429,515	1974 - 514,717
1957 - 208,500	1966 - 437,394	1975 - 473,507
1958 - 223,820	1967 - 406,314	1976 - 421,041
1959 - 250,045	1968 - 439,118	1977 - 423,957
1960 - 288,651	1969 - 432,105	1978 - 430,093
1961 - 315,648	1970 - 454,565	1979 - 420,024
1962 - 359,198	1971 - 452,685	1980 - 413,060
1963 - 371,560	1972 - 457,925	1981 - 426,655
1964 - 415,815	1973 - 513,710	1982 - 468,585

The Rea 13D. On December 17, 1982, Rea, Guernsey and I.o.M. filed a joint Schedule 13D and, subsequently, amendments thereto (the "Rea 13D") with the SEC with respect to the shares beneficially owned. Rea, Guernsey and I.o.M. hold such shares on behalf of discretionary account customers, except for 237,750 shares which Rea holds for the accounts of the Investment Companies pursuant to discretionary

management agreements (the "Management Agreements"). Copies of the Management Agreements are filed as Exhibit 2 to the Rea 13D. Pursuant to customary agreements between Rea and its discretionary account customers (the "Customer Agreements"), each of Rea, Guernsey and I.o.M. shares with its respective discretionary account customers power to dispose of the shares each of them holds for such customers, and each of them has the full authority, in its absolute discretion, to sell any investments held by each of them on behalf of such customers and to invest any funds as it sees fit. The Customer Agreements do not contain provisions with respect to the manner in which stock held by Rea, Guernsey or I.o.M. on behalf of the applicable discretionary account customer is to be voted and, accordingly, such customer retains the right to vote such shares himself. However, Rea, Guernsey and I.o.M. have general instructions from their customers to vote the stock of any company (including the Corporation) held for such customers in favor of management, if such stock is voted, unless otherwise directed by the customers. In the past, it has been the practice of Rea, Guernsey and I.o.M. to vote the shares of the Corporation held on behalf of discretionary account customers (if voted) in accordance with the recommendation of the Board of Directors of the Corporation. The Corporation has been advised that, unless otherwise directed, Rea, Guernsey and I.o.M. each presently intends to vote the shares of the Corporation held for such customers in favor of the nominees of the Board of Directors. Under the Management Agreements, Rea shares the power to dispose of the shares held for the Investment Companies and to enter into such transactions as are in its opinion expedient and in the best interests of the applicable Investment Company. The Management Agreements do not contain provisions with respect to the manner in which stock held by Rea on behalf of the applicable Investment Company is to be voted, and accordingly, the Investment Companies retain the right to vote such shares themselves. In practice, however, with respect to matters concerning the Corporation, the Investment Companies have authorized and Rea has exercised the power to vote the shares held on behalf of the Investment Companies, if such stock is voted, in favor of management's recommendations. With respect to contentious matters, it is Rea's policy to consult the boards of directors of the Investment Companies as to the manner in which shares held on their behalf should be voted. With respect to shares held by Rea, Guernsey and I.o.M., by reason of the power of disposition alone, Rea, Guernsey and I.o.M. beneficially own shares as indicated in the table on page 7 for purposes of Section 13(d) of the Exchange Act. The Rea 13D states that Rea, Guernsey and I.o.M. do not have any economic interest in such shares.

The officers of the investment department of Rea (which administers the discretionary customer accounts and the investments of the Investment Companies) are subject to the control of the managing directors of Rea, and, ultimately, of the Chairman of Rea, Sir Walter Salomon. Certain of the discretionary account customers have long-standing professional and/or personal relations with Sir Walter Salomon, and, he is involved in the supervision and management of such accounts. As a result of the foregoing, the shares of the Corporation owned by such discretionary accounts and the Investment Companies are subject to Sir Walter Salomon's influence. In addition, by virtue of (i) his position as Chairman of the Corporation and (ii) his involvement in the control of Rea and the shares of the Corporation beneficially owned by Rea, Sir Walter Salomon is directly involved in control of the Corporation. Sir Walter Salomon and Alfred D. Timm, another director of Rea and, at the time, a director of the Corporation, were added as parties to the Rea 13D on March 4, 1983. Mr. Timm was removed as a party to the Rea 13D after his resignation from the Board of Directors of the Corporation. See "SETTLEMENT OF PROXY CONTEST" on page 2.

The Investment Companies 13D. On December 17, 1982, a Schedule 13D and, subsequently, amendments thereto (the "Investment Companies 13D") were filed with the SEC on behalf of the Investment Companies, indicating that Scottish owns 85,000 shares (5.5% of outstanding), Fashion owns 30,000 shares (1.9% of outstanding), Jastlin owns 5,000 shares (0.3% of outstanding), Lancashire owns 26,000 shares (1.7% of outstanding), Cities owns 47,500 shares (3.1% of outstanding) and Ocean owns 44,250 shares

(2.9% of outstanding). The Investment Companies 13D states that the shares are held for investment purposes and that all of the shares are held for the order of Rea which acts as investment adviser and holds the shares for the Investment Companies pursuant to discretionary management agreements. Each of the Investment Companies has the sole power to vote the shares and shares the power to dispose of the shares with Rea, and, as stated above, has in the past authorized, and Rea has exercised, the power to vote the shares of the Corporation held on behalf of the Investment Companies. The Corporation has been advised that all of the Investment Companies intend to vote in favor of the nominees of the Board of Directors. On March 4, 1983, Alfred D. Timm, a director of Scottish and, at that time, of the Corporation, was added as a party to the Investment Companies 13D. Mr. Timm was removed as a party to the Investment Companies 13D after his resignation from the Board of Directors of the Corporation. See "SETTLEMENT OF PROXY CONTEST" on page 2.

The Edelman 13D. On June 14, 1982, a Schedule 13D and, subsequently, amendments thereto (the "Edelman 13D") were filed with the SEC on behalf of Asher B. Edelman and three limited partnerships indicating that Mr. Edelman beneficially owns the shares referred to in the table on page 7, either directly or through the three limited partnerships of which Mr. Edelman is the sole or controlling general partner. According to the Edelman 13D, Arbitrage Securities owns 120,900 shares (7.8% of outstanding), Plaza owns 247,700 shares (16.0% of outstanding), and Canran owns 73,700 shares (4.8% of outstanding). All of the Partnerships are located at the same address as Mr. Edelman. According to the Edelman 13D, Mr. Edelman has the sole power to vote and dispose of the shares owned by him or by the Partnerships.

According to the Edelman 13D, the Partnerships desire to obtain control of the Corporation, either on their own or with the involvement of additional persons. On November 30, 1982, Plaza served a demand on the Corporation to inspect and copy its list of stockholders and related information. On December 9, 1982, Mr. Edelman filed a Schedule 14B with the SEC indicating an intention to form a slate of nominees to run for election to the Corporation's Board of Directors at the next election of directors and to solicit proxies in support of his slate. In January 1983, Mr. Edelman announced his slate of nominees, each of whom filed a Schedule 14B with the SEC indicating such nominee's intention to serve as a nominee. Four of Mr. Edelman's nominees, Charles P. Stevenson, Jr., Burton Lehman, Clark R. Mandigo and Richard A. Jaenicke acquired 1,000, 200, 100 and 100 shares, respectively, and became parties to the Edelman 13D. In an amendment to the Edelman 13D filed on February 1, 1983, Mr. Edelman stated that, absent judicial relief in connection with the litigation described below, seeking control of the Corporation through a proxy fight may be impracticable and that he therefore may decide to solicit proxies in an effort to effect the liquidation of the Corporation. In a subsequent amendment to the Edelman 13D, Mr. Edelman stated that his primary objective was to nominate a slate of directors to maximize the underlying value of the investments of the Corporation's stockholders including the possible liquidation, sale or merger of the Corporation.

On March 16, 1983, Mr. Edelman announced the purchase of 121,100 shares of the Corporation's common stock from clients of MIM for $85 per share. Mr. Edelman also announced that he had received irrevocable proxies to vote the 121,100 shares purchased from clients of MIM, and that he, the Partnerships (for whose accounts the shares were purchased) and MIM have executed mutual releases in connection with certain litigation between them. See "CERTAIN LEGAL PROCEEDINGS" on page 12.

As discussed in footnote (h) on page 6, the Partnerships have pledged all or a substantial portion of their shares to secure bank loans therein described.

As indicated under the caption "SETTLEMENT OF PROXY CONTEST" on page 2, three of the nominees on the slate previously proposed by Mr. Edelman have been elected to the Board of Directors of the Corporation and have been nominated for reelection at the Annual Meeting, and independent solicitation of proxies has

been discontinued, in accordance with the Settlement Agreement. Following the execution of the Settlement Agreement, Messrs. Mandigo and Jaenicke, who are no longer nominees, were removed as parties to the Edelman 13D.

CERTAIN LEGAL PROCEEDINGS

Edelman Litigation. On January 10, 1983, Mr. Edelman and the Partnerships (collectively, the "Edelman Plaintiffs") commenced a lawsuit in the United States District Court in Delaware (the "Federal Action") against the Corporation, Sir Walter Salomon, Alfred D. Timm, A. B. Robbs, Jr., Dwight D. Sutherland, Rea, Guernsey, I.o.M., the Investment Companies, Jocelin Harris, the Earl of Dartmouth and MIM (all of the foregoing, other than the Corporation, collectively called the "Defendants"). As discussed below and under the caption "SETTLEMENT OF PROXY CONTEST" on page 2, this litigation has been settled.

The Edelman Plaintiffs alleged, among other things, that the Defendants and the Corporation acted at the direction of or in concert with Sir Walter Salomon (who is the Chairman of the Board of Rea and of the Corporation) to obtain and maintain control of the Corporation in violation of certain provisions of the federal securities laws and regulations thereunder and Delaware law. In particular, the Edelman Plaintiffs alleged that certain of the Defendants failed to file Schedule 13D statements and/or filed false and misleading Schedule 13D statements in violation of Section 13(d) of the Exchange Act, and that the Corporation has published or filed with the SEC false and misleading proxy statements and other periodic filings concerning such ownership and failed to seek the filing of corrective disclosure by the Defendants. The Edelman Plaintiffs also alleged violations of Sections 10(b) and 18(a) of the Exchange Act, 18 U.S.C. § 1961 *et. seq.* and Delaware law. On February 2, 1983, the Edelman Plaintiffs filed a First Amended and Supplemental Complaint, eliminating the allegations respecting 18 U.S.C. § 1961 *et. seq.* and claims for relief in connection therewith.

The Edelman Plaintiffs sought (i) preliminary or permanent injunctive relief against continuing violations of the securities laws and to prevent the Defendants from acquiring or attempting to acquire, or voting or attempting to vote, stock of the Corporation (including voting such stock at the Annual Meeting), (ii) certain declaratory relief, (iii) divestiture of all shares of the Corporation owned or controlled, directly or indirectly, by the Defendants, (iv) recovery of costs and expenses in connection with the Federal Action, and (v) actual damages. A copy of the complaint in the Federal Action is annexed as Exhibit 28(a) to the Corporation's Annual Report on Form 10-K for the fiscal year ended October 31, 1982 (the "1982 10-K"), which is available upon written request to the Corporation, and a copy of the First Amended and Supplemental Complaint is annexed as an exhibit to the Corporation's Current Report on Form 8-K filed with the SEC on February 14, 1983.

On January 10, 1983, the Edelman Plaintiffs and Eugene Eichenberg (who is also a stockholder of the Corporation) commenced a lawsuit in the Delaware Chancery Court (the "Delaware Action") against the Corporation, Sir Walter Salomon, Alfred D. Timm, A. B. Robbs, Jr. and Dwight D. Sutherland (all of whom were then directors of the Corporation) alleging, among other things, that the defendants breached their fiduciary duties under Delaware law in failing to disclose facts concerning the beneficial ownership of the Corporation's common stock in connection with adoption of the 1981 Amendment and that the proxy statement issued in connection therewith contained material misrepresentations. With respect to these allegations, the Edelman Plaintiffs and Mr. Eichenberg sought to have the court (i) declare that the 1981 Amendment was fraudulently obtained and is null and void, (ii) declare that the stockholders of the Corporation will be entitled to use cumulative voting at the Annual Meeting and (iii) enjoin the defendants from soliciting proxies in connection with the Annual Meeting until they make certain corrective disclosures. A copy of the complaint in the Delaware Action is annexed as Exhibit 28(b) to the 1982 10-K.

On or about March 4, 1983, pursuant to a stipulation between the parties, the plaintiffs in the Delaware Action voluntarily agreed to a dismissal without prejudice of their suit in the Delaware Chancery Court. In addition, on or about March 4, 1983, a Second Amended and Supplemental Complaint (the "Supplemental Complaint") was filed by such plaintiffs in the Federal Action. The Supplemental Complaint alleged certain additional violations of the Exchange Act, as well as such violations of Delaware law as were previously alleged in connection with the Delaware Action.

The Supplemental Complaint, in addition to containing the allegations set forth in plaintiffs' First Amended and Supplemental Complaint, also alleged that the Corporation's Board of Directors violated Delaware law by their action on February 22, 1983 in amending the Corporation's by-laws to extend from fifty to sixty days the maximum period allowed between the record date and the date of the Annual Meeting of Stockholders.

On March 16, 1983, the District Court rendered a decision in the Federal Action. The District Court determined that management of the Corporation violated Section 14(a) of the Exchange Act in connection with its solicitation of proxies for the 1981 Special Meeting. In particular, the District Court noted that the 1981 Proxy Statement was deficient in that it failed to disclose that (i) as a practical matter, management controlled, through Sir Walter Salomon and Rea, a substantial block of the Corporation's shares, and (ii) Sir Walter Salomon entered into the MIM Agreement. The District Court also found that management's failure to disclose the beneficial ownership of Rea, its subsidiaries and customers and the MIM Agreement were violations of its fiduciary duty to stockholders under Delaware law.

With respect to the February Proxy Statement, the District Court found, among other things, that the February Proxy Statement did not disclose (i) that the 1981 Amendment was achieved through a proxy solicitation in which management withheld critical information, and (ii) that the 1981 Proxy Statement had not revealed the beneficial ownership of Rea, its subsidiaries and customers or the MIM Agreement.

The District Court concluded that the 1981 Amendment was null and void and that cumulative voting should be utilized in future elections of directors of the Corporation unless and until there is a duly adopted charter amendment eliminating it, and the District Court has entered an order to that effect. The District Court also entered a preliminary injunction postponing the Annual Meeting and requiring that curative proxy materials be circulated before the election of directors at the Annual Meeting. The District Court rejected the Edelman Plaintiffs' attempt to have certain of the shares owned by customers of Rea enjoined from voting, holding that there was no "persuasive evidence" that the Section 13(d) violations charged by the Edelman Plaintiffs were "knowing" or that the Defendants had benefited from them.

In view of the Settlement Agreement, the District Court has entered an order which, among other things, permitted the Annual Meeting to be rescheduled with a new record date, and the parties to the litigation have filed with the District Court a stipulation of dismissal, terminating the litigation.

Section 16(b) Litigation. On December 27, 1982, the Corporation received a letter, on behalf of a purported stockholder of the Corporation, demanding that the Corporation commence litigation against Rea, Guernsey and I.o.M. for alleged violations of Section 16(b) of the Exchange Act. The letter alleged that Rea, Guernsey and I.o.M. have traded in the stock of the Corporation while being beneficial owners of more than 10 percent of such stock and that the Corporation is therefore entitled to recover any short-swing profits made by them since the date they first became beneficial owners of 10 percent of the Corporation's stock. The Corporation initially responded by taking the position that Rea, Guernsey and I.o.M. had not earned profits on transactions involving the Corporation's shares of the type that should be subject to recovery by the Corporation under Section 16(b).

On March 2, 1983, the purported stockholder, Mr. Marvin Margolies, commenced an action in the United States District Court for the Southern District of New York against Rea, Guernsey, Sir Walter

Salomon and the Corporation as a nominal defendant. This action, brought under Section 16(b) of the Exchange Act, seeks recovery by the Corporation of short-swing profits allegedly realized by Rea and Guernsey in connection with transactions in the common stock of the Corporation, as well as an award to Mr. Margolies of costs, disbursements and legal fees. A copy of the Summons and Verified Complaint filed on behalf of Mr. Margolies is annexed as an exhibit to the Corporation's Current Report on Form 8-K filed with the SEC on March 3, 1983.

Rea and Guernsey have filed an answer to the complaint denying the material allegations and asserting certain defenses. Sir Walter Salomon has filed a motion to dismiss the complaint for failure to state a claim against him. The Corporation has filed an amended answer maintaining a neutral position with respect to the claims made in the complaint. With the prior knowledge and consent of the Corporation's Board of Directors, Rea, Guernsey and Sir Walter Salomon are being represented in this litigation by the law firm which serves as general counsel to the Corporation. The Corporation is being represented by special counsel in this litigation and in the litigation described under the caption "Stockholder Suit" on page 16.

The SEC Actions. On February 28, 1983, the SEC filed a complaint (the "Partnership Complaint") in the United States District Court for the District of Delaware against the Partnerships containing the allegations described below. Concurrently with such filing, solely for the purpose of settlement and without trial of any issue of fact or law and without admitting or denying the allegations in the Partnership Complaint, the Partnerships agreed to the entry of a final order with the SEC (the "Partnership Final Order"), which was entered by the District Court.

The Partnership Complaint alleged, among other things, (i) that in June 1982, Arbitrage Securities and Plaza formulated a proposal which included the formation of a limited partnership which would be capitalized with $24 million, half financed by limited partners and half through borrowings, and which further contemplated a tender offer for the shares of the Corporation's common stock in order to put the Partnerships in a position to influence the vote of approximately 51% of the Corporation, (ii) that the proposal was discussed with a representative of First Manhattan Company ("FMC"), a broker-dealer, which had clients in Europe who beneficially owned approximately 20% of the shares of the Corporation's common stock, and that Mr. Edelman informed FMC that it would receive an interest in any entity, including the proposed limited partnership, which might tender for shares of the Corporation's common stock, (iii) that the Partnerships contemplated that, if successful in gaining control of the Corporation, they would cause the Corporation to sell off some buildings, improve others, buy back some of its common stock and if those steps did not produce a satisfactory market price for the shares of the Corporation's common stock, consideration would be given to liquidating, (iv) that Mr. Edelman and FMC met with certain persons in London and solicited those persons to either invest in the contemplated limited partnership or support him in the event he tried to depose the current management of the Corporation, (v) that at the end of July 1982, Plaza and Arbitrage Securities determined not to pursue such proposal, (vi) that Canran was formed in August 1982, at which time FMC and another entity each received a 2½% interest in Canran for their services to Mr. Edelman and (vii) that the Partnerships, after acquiring more than 5% of the outstanding shares of the Corporation's common stock, filed with the SEC amendments to the Edelman 13D which failed to disclose the facts and circumstances discussed above.

Pursuant to the terms of the Partnership Final Order which was entered by the District Court, the Partnerships, their general partners, agents, servants and employees and each of them, and all persons acting in concert or participating with them, when acting alone or acting or agreeing to act with any other person or persons as a group for the purpose of acquiring, holding, voting or disposing of any class of equity securities of any issuer registered with the SEC under Section 12 of the Exchange Act, after acquiring beneficial ownership of more than 5% of such equity securities, shall not fail promptly to file or cause to be filed with the SEC, or

fail promptly to send or cause to be sent to the issuer and to any national securities exchange on which the securities are traded, any statement of information required by Schedule 13D which is complete and accurate in all respects and contains all of the information required, and any amendment disclosing any material change having occurred in the facts set forth or required to be set forth. A copy of each of the Partnership Complaint, the Partnership Final Order and related undertakings are annexed as Exhibits A, B and C, respectively, to Amendment No. 9, dated March 7, 1983, to the Edelman 13D.

On March 2, 1983, the SEC filed a complaint (the "SEC Complaint") in the United States District Court for the District of Delaware (the "SEC Action") against the Corporation, Rea and Scottish containing the allegations described below. Concurrently with such filing, solely for the purpose of settling the SEC Action and without trial of any issue of fact or law, and without admitting or denying the allegations in the SEC Complaint, the Corporation, Rea and Scottish agreed to the entry of a Final Order with the SEC (the "Final Order") by the District Court.

The SEC Complaint alleged that, among other things, Rea and Scottish (i) failed timely to file with the SEC Schedules 13D with respect to the Corporation's shares and (ii) have, since December 17, 1982, filed Schedules 13D which did not disclose, among other things, (a) facts and circumstances surrounding Sir Walter Salomon's involvement in the control of Rea, the Corporation and the shares of the Corporation beneficially owned by Rea, and related entities and accounts, (b) that a reason for and the effect of Rea and Scottish's holdings of the Corporation's shares are their continued control of the Corporation, (c) that Rea and Scottish were part of a group, which group included the management of the Corporation and others, and (d) that after it was known that there would be a proxy battle for control of the Corporation, Rea, through Sir Walter Salomon, reached an arrangement with MIM both to purchase additional shares of the Corporation's common stock and to make such purchases through Rea. With respect to the Corporation, the SEC Complaint alleged that the Corporation solicited proxies by means of written proxy statements which contained statements which, at the time and in the circumstances under which they were made, were deficient. In particular, the SEC Complaint alleged that such proxy statements failed to disclose, among other things, (i) the number of shares of the Corporation's common stock beneficially owned by Rea; (ii) that Rea had the power to dispose of such shares and in practice was permitted to vote such shares in accordance with management's recommendation and (iii) the full facts and circumstances surrounding the extent of Sir Walter Salomon's control of the large block of the Corporation's shares beneficially owned by Rea and Scottish. The SEC Complaint further alleged that the Corporation had filed Annual Reports on Form 10-K for its fiscal years since 1976 which were also deficient by virtue of the incorporation by reference of disclosures made in the proxy statements.

Pursuant to the terms of the Final Order entered by the District Court, Rea and Scottish, their officers, directors, agents, servants, employees, assigns, successors, subsidiaries and affiliates may not acquire, hold, vote or dispose of, individually or as a group, any class of equity securities of the Corporation, or among others, any other issuer registered with the SEC under Section 12 of the Exchange Act, without prompt and full compliance, when and as required, with the requirements of Section 13(d) of the Exchange Act. In addition, the Final Order requires the Corporation, its officers, directors, agents, servants, employees, attorneys, assigns, successors, subsidiaries and affiliates, whether directly or indirectly, to solicit proxies with respect to any security only in compliance with Section 14(a) of the Exchange Act and the rules and regulations thereunder. Lastly, the Final Order provides that the Corporation will not file or cause to be filed with the SEC any annual or quarterly report of the Corporation or any other issuer unless such report is complete and accurate and contains all of the information required by the SEC's rules and regulations.

In connection with the Final Order, each of Rea and Scottish entered into Consents and Undertakings (the "Undertakings") (which are incorporated by reference in the Final Order) with the SEC pursuant to

which Rea and Scottish each undertook and were ordered to file a copy of the SEC Complaint, the Final Order and the Undertakings as amendments to the Rea 13D and the Investment Companies 13D, respectively, and to the Schedules 13D filed by each of Rea and certain of the Investment Companies with respect to Blue Ridge Real Estate Company and Big Boulder Corporation ("Blue Ridge"), in which Rea holds shares on behalf of its customers (including certain of the Investment Companies). On March 4, 1983, amendments to each of the Rea 13D and the Investment Companies 13D were filed with the SEC which, in addition to including the SEC Complaint, the Final Order and the Undertakings, added Sir Walter Salomon and Alfred D. Timm as parties to the Rea 13D and Mr. Timm as a party to the Investment Companies 13D. On March 8, 1983, Rea and the Investment Companies each filed amendments to their respective Schedules 13D with respect to Blue Ridge, which amendments included the SEC Complaint, the Final Order and the Undertakings. The Undertakings also provide that Rea and Scottish will adopt, implement and maintain internal practices which are reasonably designed to assure compliance with Section 13(d) of the Exchange Act. The Corporation executed a separate Consent and Undertaking pursuant to which it undertook, among other things, to file the SEC Complaint, the Final Order and the Corporation's Undertaking with a Current Report on Form 8-K within 10 days of the entry of the Final Order. Such documents are annexed as Exhibits 28(a), 28(b) and 28(c), respectively, to the Corporation's Current Report on Form 8-K filed with the SEC on March 3, 1983.

With respect to Blue Ridge, the SEC Complaint alleged, among other things, that Rea (i) failed timely to file with the SEC a Schedule 13D and amendments thereto with respect to the shares of Blue Ridge beneficially owned by Rea, and (ii) has since January 20, 1983 filed a Schedule 13D which did not disclose, among other things, (a) the facts and circumstances surrounding Sir Walter Salomon's involvement in the control of Rea and the shares of Blue Ridge beneficially owned by Rea, (b) that a reason for and the effect of the holding of shares of Blue Ridge are to influence Blue Ridge management, (c) that Rea influenced the management of Blue Ridge as a result of Rea's beneficial ownership of shares of Blue Ridge and the presence of two directors on the Board of Directors of Blue Ridge, and (d) that Rea was part of a group for purposes of Section 13(d) of the Exchange Act.

Stockholder Suit. On or about April 11, 1983, a purported stockholder of the Corporation commenced a suit in Delaware Chancery Court, which allegedly was brought derivatively on behalf of the Corporation, against the directors of the Corporation at the time of such suit, Guernsey, I.o.M., the Investment Companies and the Corporation as a nominal defendant. The complaint in the suit recites certain portions of the District Court decision in the Federal Action and seeks (i) an order directing the defendants besides the Corporation to account jointly and severally to the Corporation for the expenses incurred in connection with the proxy solicitations in 1981, 1982 and 1983, including the legal expenses paid by the Corporation on behalf of the defendants in the Federal Action and Delaware Action, (ii) an award of reasonable costs and expenses, including counsel and accounting fees, and (iii) such other relief as may be just and proper. An answer has not yet been filed on behalf of any of the defendants.

REMUNERATION AND CERTAIN TRANSACTIONS WITH MANAGEMENT

The following table sets forth the remuneration for services to the Corporation and its subsidiaries during fiscal 1982 of the five most highly compensated executive officers and any director of the Corporation whose aggregate remuneration equalled or exceeded $50,000 and of all officers and directors as a group:

Name of Individual or Identity of Group	*Capacities in Which Served*	*Salaries, Bonuses and Directors' Fees (a)*
Raymond French	President and Director of the Corporation and subsidiaries.	$279,583
Robert W. Hunt	Vice-President and Secretary of the Corporation and Executive Vice-President and Secretary of United Stockyards Corporation, a subsidiary.	$ 99,833
David W. Bent	Vice-President of the Corporation and subsidiaries.	$ 92,167
Charles E. Liggio	Vice-President and Treasurer of the Corporation and subsidiaries.	$ 71,667
William H. Hamm(b)	Controller of the Corporation and subsidiaries.	$ 69,167
Sir Walter Salomon	Chairman of the Board of Directors of the Corporation.	$ 50,000
All 14 officers and directors as a group(c)	Officers and directors of the Corporation and subsidiaries.	$830,825(d)

(a) The remuneration in the above table includes bonuses paid to certain officers of the Corporation for services in fiscal 1981 (which were determined and paid in fiscal 1982) and for services in fiscal 1982 (which were determined and paid in fiscal 1983).

(b) Mr. Hamm resigned as Controller of the Corporation and subsidiaries effective April 15, 1983.

(c) Includes only individuals who were officers or directors of the Corporation during fiscal 1982, including a former director of the Corporation who received compensation for part of fiscal 1982.

(d) Includes approximately $10,700 in miscellaneous benefits paid to persons not named in the table.

Directors who are not officers of the Corporation receive a fee of $400 for each meeting of the Board of Directors attended. During fiscal 1982, Ian Jay, during the period he served as a director of the Corporation, received $1,000 for his services as Acting Secretary at a Board of Directors meeting.

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, and except for Sir Walter Salomon who is not covered by either 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, Bonuses and Directors' Fees" in the above table is remuneration covered by the plans, except for the bonuses. Accordingly, the remuneration listed in the above table which is covered by the respective plans for Mr. French is approximately $180,000, for Mr. Hunt is approximately $80,000, for Mr. Bent is approximately $75,000 and for Mr. Liggio is approximately $67,000. Mr. Hamm is no longer covered by any plan. 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:

Average Annual Compensation	*Estimated Annual Pension Based on Years of Credited Service at Age 65*			
	10 years	*20 years*	*30 years*	*40 years*
$ 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
150,000	29,760	59,520	89,280	119,040
175,000	34,760	69,520	104,280	139,040

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:

Average Annual Salary for Highest 10 Years	*Estimated Annual Pension Based on Years of Credited Service at Age 65**		
	10 years	*15 years*	*20 years and thereafter*
$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 20 years of credited service, Mr. Hunt has 29 years, Mr. Liggio has 2 years, and Mr. Bent has no credited service under the respective pension plans.

STOCK OPTIONS

On March 11, 1981, the stockholders of the Corporation approved a Non-Qualified Stock Option Plan for officers and key employees of the Corporation and its subsidiaries (the "Plan"). On December 7, 1981, options to purchase shares of the common stock, $1 par value per share, of the Corporation were granted to 17 current officers and key employees, at an exercise price of $23.1625 per share, constituting 85% of the fair market value on such date. No options have been granted since that date. The table below sets forth certain information respecting options outstanding as of October 31, 1982 for the current eligible officers named in the remuneration table above and for all current eligible officers as a group.

	Number of Options Outstanding at October 31, 1982*	Potential Unrealized Value**
Raymond French	2,000	$ 57,925
Robert W. Hunt	1,000	$ 28,963
David W. Bent	400	$ 11,585
Charles E. Liggio	500	$ 14,481
All 7 current eligible officers as a group***	5,000	$144,812

* The number of options set forth in the table above corresponds to the number of shares to which they relate.

** Options are exercisable in annual installments of 25% commencing one year after the date of grant. Consequently, no options were exercisable as of October 31, 1982. Potential unrealized value was calculated by multiplying the number of options by the difference between $52.125, the closing price of the Corporation's common stock on the New York Stock Exchange composite tape (as reported by *The Wall Street Journal*) on October 29, 1982, and $23.1625, the exercise price.

*** The table does not include the 300 options granted to Mr. Hamm. Mr. Hamm exercised 75 options prior to his resignation and has forfeited the remaining options.

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, 1983. 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 aggregate fee paid to Arthur Andersen & Co. with respect to the 1982 fiscal year audit of the consolidated financial statements was $80,000.

STOCKHOLDER PROPOSAL

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, 214-15 18th Avenue, Bayside, 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 the Board of Directors 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 Board of Directors 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 the Board of Directors to take the steps necessary to provide for the formation of a nominating committee, at least the majority of which should be composed of outside directors.

"REASONS: Last year 282 owners of 37,266 shares voted in favor of our similar resolution. The vote against included the unmarked proxies.

"The whole purpose of having a nominating committee is to be assured that independent directors, not affiliated with management, assume the responsibility of selecting new nominees for the Board.

"Your attention is called to the fact that more and more corporations now have a nominating committee and this has been recommended as good corporate governance by a Chairman of the SEC and the New York Stock Exchange.

"Among the latest companies to adopt this practice are: Southern Pacific, R. Hoe, Facet Ind., Landmark Land Co., Inc., Foremost McKesson, Vista Resources, Inc., Sonesta International Hotels Corp., Electro Audio Dynamics, GAF Corp., First National Boston Corp., New Mexico and Arizona Land Co., Culbro Corp., Bell and Howell, Carter-Wallace, Inc., Collins and Aikman Corporation and Claremont Capital Corp.

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

THE BOARD OF DIRECTORS RECOMMENDS A VOTE AGAINST THIS RESOLUTION. In 1982, the stockholders of the Corporation, by more than 96% of the votes cast, overwhelmingly rejected the identical resolution proposed by the same stockholders. The vote against included signed but unmarked proxy cards, which provided, in bold face type, the unmarked cards would be voted against this proposal. The Board of Directors therefore believes that most, if not all, unmarked cards reflected an affirmative, knowing decision by the stockholders to vote against this proposal.

The Board of Directors 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.

As set forth on page 21, the Executive Committee of the Board of Directors already serves as a nominating committee, which may receive input from several sources. Any stockholder may recommend nominees to the committee by following the procedures set forth in this proxy statement. In addition, the members of the committee are also in frequent contact with the other directors and discuss potential nominees with them. As the final step, the names of all nominees proposed by the committee are submitted to the full Board of Directors for its approval. Both the Board of Directors and the Executive Committee have directors who are not otherwise affiliated with management.

Specialized committees are commonly used by those corporations which have a large number of directors, since the full board of directors may not be able to function efficiently without committees which are more manageable in size. The Corporation's Board of Directors, on the other hand, is limited in size and can operate effectively and quickly without the need for numerous committees.

The Board of Directors believes that the formation of yet another committee whose sole function is to propose nominations is therefore unnecessary and inefficient.

Accordingly, the Board of Directors 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; Meetings; By Law Amendment

The Board of Directors has established a Compensation Committee, an Audit Committee, an Executive Committee and a Stock Option Plan Committee to assist it in discharging its responsibilities. The members of these Committees are indicated above in the table presenting information concerning nominees. Pursuant to the Settlement Agreement, these committees were reconstituted and the current members were elected by the Board of Directors on May 5, 1983.

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. The Stock Option Plan Committee was established pursuant to the Non-Qualified Stock Option Plan referred to under the caption "STOCK OPTIONS" on page 18 in order to administer the Plan.

During the last fiscal year, the Board of Directors held four meetings, the Audit Committee held three meetings, the Compensation Committee held one meeting, the Executive Committee held four meetings and the Stock Option Plan Committee did not hold any meetings. Each director attended all meetings of the Board and all meetings of the committees of which he was a member.

The Board of Directors, on February 22, 1983, amended the By-Laws of the Corporation to permit the record date for the determination of stockholders with respect to meetings, dividends and other actions to be a date up to 60 days prior to the date of such meeting, dividend payment or other action, as permitted under Delaware law.

Stockholder Proposals for 1984 Annual Meeting

Stockholder proposals for the 1984 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 December 1, 1983.

Solicitation

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 for the rescheduled Annual Meeting at a fee estimated at $3,500, plus expenses, and Georgeson & Company, Inc. has been retained to provide consulting services to the Corporation for a fee of $10,000 per annum, 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.

It is currently expected that the aggregate cost of the solicitation of proxies by the Corporation will be approximately $1,580,000, which includes the fees referred to above, the cost of the prior solicitations, advisory fees of D. F. King & Co., Inc., the fees of attorneys and financial and other advisers in connection with the solicitation and the litigation disclosed under the captions "Edelman Litigation" on page 12 and "The

SEC Actions" on page 14, and the costs of printing and distribution of the proxy materials to stockholders. To date, the Corporation has expended approximately $1,425,000 in connection with the foregoing costs. Mr. Edelman has advised the Corporation that his total expenses relating to the solicitation and related litigation aggregate to at least $1,300,000, all of which has been expended. Pursuant to the Settlement Agreement, to the extent permitted by law, the Corporation will bear the proper costs and expenses with respect to the proxy solicitation and the litigation of the participants in the solicitation. This determination will be made by the Board of Directors after consultation with independent outside legal counsel. The Board of Directors does not currently intend to submit the issue of reimbursement of expenses by the Corporation for the approval of the stockholders unless such approval is required under Delaware law. Pending, and subject to, such determination, the Corporation has reimbursed Mr. Edelman and the Partnerships for the solicitation and litigation expenses referred to above.

Miscellaneous

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.

The Annual Report of the Corporation for the fiscal year ended October 31, 1982 was mailed to stockholders on January 31, 1983.

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, 1982, 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
May 19, 1983