

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE
IN AND FOR NEW CASTLE COUNTY

BLASIOUS INDUSTRIES, INC.,)
WILLIAM B. CONNER, WARREN)
DELANO, JR., HAROLD H.)
GEORGE, HAROLD E. HALL,)
MICHAEL A. LUBIN, ARNOLD)
W. MacALONAN, THOMAS J.)
MURNICK, and WILLIAM P.)
SHULEVITZ,)

Petitioners,)

v.)

ATLAS CORPORATION, JOHN M.)
DEVANEY and HARRY J.)
WINTERS, JR.,)

Respondents.)

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SAMUEL A. NOLEN/
C.A. No.

APPLICATION PURSUANT TO 8 DEL. C. § 225

Petitioners, by their attorneys Morris, Nichols, Arsht & Tunnell and Kramer, Levin, Nessen, Kamin & Frankel for their Application Pursuant to 8 Del. C. § 225 allege as follows:

1. This action is brought pursuant to 8 Del. C. § 225 for a declaration that signed written consents delivered by petitioner Blasius Industries, Inc. ("Blasius") and other Atlas Corporation ("Atlas") stockholders pursuant to 8 Del. C. § 228 of the General Corporation Law of the State of Delaware are valid, constitute the votes of a majority of the holders of outstanding Atlas common stock entitled to vote as of the January 7, 1988 record date and that, as a result of those

written consents Atlas stockholders have (a) adopted a non-binding resolution requesting and recommending the implementation of a restructuring program or, in the alternative, the sale of Atlas or substantially all of its assets; (b) amended Atlas' By-laws to eliminate certain restrictions upon the consent solicitation process and to increase the number of members of the Board of directors to fifteen; (c) voted to remove without cause directors John M. Devaney and Harry J. Winters, Jr.; (d) elected William B. Conner, Warren Delano, Jr., Harold H. George, Harold E. Hall, Michael A. Lubin, Arnold W. MacAlonan, Thomas J. Murnick, and William P. Shulevitz (the "individual petitioners") as directors of Atlas, and (e) voted that, in the event that it is determined that Atlas had nine directors validly elected and serving at the time of delivery of these signed, written consents, the following six petitioners have been elected as directors of Atlas: Harold H. George, Michael A. Lubin, Warren Delano, Jr., William B. Conner, Arnold W. MacAlonan, and Thomas J. Murnick.

2. Atlas is a Delaware corporation with its principal place of business at 353 Nassau Street, Princeton, New Jersey. Atlas' registered agent for service of process in Delaware is The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware.

3. Respondents John M. Devaney and Harry J. Winters, Jr. (the "individual respondents") are purported to have been elected as members of the Atlas Board of Directors on or about December 31, 1987. That election is being challenged in

an action now pending before Chancellor Allen in the Court of Chancery, Blasius Industries, Inc. v. Atlas Corporation, C.A. No. 9522.

4. Blasius is a Delaware corporation with its principal place of business at 1600 Peninsula Drive, Erie, Pennsylvania. Blasius is a record owner of shares of the common stock of respondent Atlas.

5. On or about January 7, 1988, Blasius caused to be delivered to Atlas, in accordance with 8 Del. C. § 228, a signed written consent dated January 6, 1988 with respect to 1,000 of its shares (the "January 6 Consent"). Under 8 Del. C. § 228, the record date for the January 6 Consent is January 7, 1988. On or about February 1, 1988, after obtaining the requisite clearance from the Securities and Exchange Commission, ("SEC"), Blasius mailed to Atlas stockholders a Consent Statement that sought their approval to the actions proposed in the January 6 Consent.

6. Blasius' February 1, 1988 Consent Statement sought Atlas stockholder approval of five proposals (a copy of the consent card setting forth the January 6 Consent proposals is attached hereto as Exhibit A). Proposal 1 calls for the adoption of a non-binding resolution that reads as follows:

RESOLVED, that since the full value of Atlas Corporation can best be realized for the benefit of all of the stockholders of Atlas Corporation by a restructuring of the capitalization of Atlas Corporation or a sale of Atlas Corporation or substantially all of its assets, the stockholders of Atlas Corporation by their consents, request and recommend that the Board of

Directors promptly develop and implement a restructuring program . . . or, in the alternative, enter into a transaction or series of transactions for the sale of Atlas Corporation or substantially all of its assets at an aggregate price which the Board of Directors of Atlas Corporation determines to be the most advantageous but which shall not be less than \$50.00 per share of common stock of Atlas Corporation

7. Proposal 2 seeks Atlas stockholder consent to amend Sections 11 and 12 of the Atlas By-laws to read in their entirety as follows:

Section 11. In case of any increase in the authorized number of directors, newly created directorships may be filled by the stockholders entitled to vote, at an annual meeting, at a special meeting called for the purpose of filling such newly created directorships or without a meeting, without prior notice and without a vote pursuant to consent or consents in writing as provided in Section 228 of the Delaware General Corporation Law.

Section 12. The affairs of the Corporation shall be managed by a Board consisting of fifteen directors, who shall be elected in the manner and for the terms specified in the Certificate of Incorporation. Nominations for the election of directors may be made by the Board of Directors or by any stockholder entitled to vote for the election of directors.

8. Proposal 3 calls for Atlas stockholder approval to the following resolution: "RESOLVED, that John M. Devaney and Harry J. Winters and each other director elected by the Board of Directors of Atlas Corporation without stockholder approval, are hereby removed without cause as directors of Atlas Corporation." On information and belief, on March 6, 1988 respondents Devaney and Winters were the only Atlas directors elected by the Board without stockholder approval.

9. Proposal 4 calls for the election of "the following persons . . . to fill the vacancies on the Board of Directors, with the first three such persons hereby elected to serve as Class I Directors, each to serve until the annual meeting of stockholders in 1988 or until his successor is duly elected and qualified; the next two such persons hereby elected to serve as Class II Directors, each to serve until the annual meeting of stockholders in 1989 or until his successor is duly elected and qualified; and the remaining three such persons hereby elected to serve as Class III directors, each to serve until the annual meeting of stockholders in 1990 or until his successor is duly elected and qualified: William B. Conner, Warren Delano, Jr., Harold H. George, Harold E. Hall, Michael A. Lubin, Arnold W. MacAlonan, Thomas J. Murnick, and William P. Shulevitz."

10. In the event that Atlas has more than seven directors validly elected and serving at the time of delivery of "written consents signed by the holders of outstanding stock having not less than the minimum number of votes necessary to elect directors to newly created directorships," Proposal 5 calls for the election of directors "in the following order until the Board of Directors of Atlas Corporation reaches a total membership of 15, each director so elected to serve as a director of the class indicated beside his name . . . or until his successor is duly elected and qualified: Harold H. George - Class I, Michael A. Lubin - Class II, Warren Delano, Jr. - Class III, William B. Conner - Class I,

Arnold W. MacAlonan - Class II, Thomas J. Murnick - Class III, Harold E. Hall - Class I." On information and belief, on March 6, 1988, the date on which Blasius delivered written consents signed by a majority of holders of outstanding Atlas common stock entitled to vote, Atlas purported to have nine directors validly elected and serving.

11. On March 6, 1988 Blasius made deliveries by hand, by certified mail, return receipt requested and by Express Mail to Atlas' principal place of business at 383 Nassau Street, Princeton, New Jersey, to its registered office at The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, to its Secretary, Mr. Edgar M. Masinter and to its Assistant Secretary, respondent John M. Devaney, of a number of signed, written consents which, together with other consents delivered to Atlas on or before that date, constitute the votes of a majority of the holders of outstanding Atlas stock entitled to vote as of January 7, 1988 in favor of each of these five proposals.

12. By letter to Blasius dated March 8, 1988, Atlas has stated that with respect to Proposals 2, 4 and 5 the Blasius consent solicitation "has failed" and with respect to Proposal 3 the consents are "null and void" (a copy of this letter is attached hereto as Exhibit B). Moreover, on information and belief, Atlas will refuse to recognize that Atlas stockholders have given their approval to Proposal 1, the non-binding resolution. Atlas' refusal to recognize the efficacy of the signed, written consents in support of all five Blasius

proposals has precluded all or some of the individual petitioners herein from exercising the powers of their office as directors and has denied Atlas stockholders the right to express their will by means of Proposal 1's non-binding resolution.

13. As a result of this refusal, Atlas has deprived the majority of its stockholders of the opportunity to have their duly elected Board members sit on the Atlas Board and participate in the management and direction of the business and affairs of Atlas. A determination of the result of the Blasius consent solicitation and the validity of the election of the individual petitioners should follow promptly, as contemplated under to 8 Del. C. § 225.

14. Petitioners have no adequate remedy at law.

WHEREFORE, petitioners request an Order:

(a) declaring that Atlas stockholders have approved Proposal 1, the non-binding resolution;

(b) declaring that Atlas stockholders have approved the amendment of Sections 11 and 12 of the Atlas By-laws;

(c) declaring that Atlas stockholders have voted to remove without cause respondents Devaney and Winters;

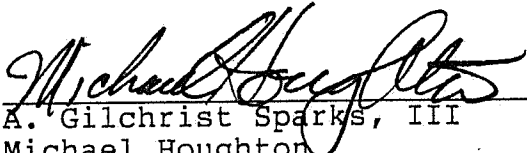
(d) declaring that petitioners Conner, Delano and George have been duly elected to serve as Class I directors, that petitioners Hall and Lubin have been duly elected to serve as Class II directors, and that petitioners MacAlonan, Murnick and Shulevitz have been duly elected to serve as Class II directors;

(e) declaring that in the event Atlas had nine validly elected and serving directors on March 6, 1988, that petitioners George and Conner have been elected Class I directors, that petitioners Lubin and MacAlonan have been elected Class II directors and that petitioners Delano and Murnick have been elected Class III directors.

(f) granting petitioners their costs and fees, including attorneys' fees; and

(g) granting such other relief as may be just and proper in accordance with the authority granted this Court pursuant to 8 Del. C. § 225.

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March 9, 1988