

THE STATE OF NEVADA

DEPARTMENT OF STATE

I, Wm. D. Swackhamer, the duly elected Secretary of State of the State of Nevada, do hereby certify that the annexed is a true, full and correct transcript of

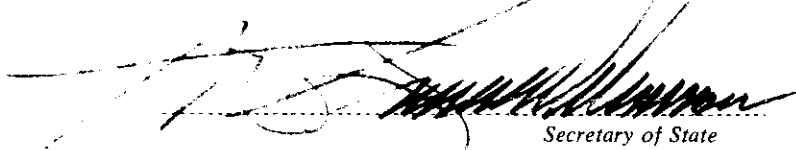
CERTIFICATE OF REDUCTION OF CAPITAL

OF

KAISER INDUSTRIES CORPORATION

as the same appears on file and of record in this office.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Great Seal of State, at my office in Carson City, Nevada, this.....FIFTH..... day of.....NOVEMBER....., A. D., 19 76...


Secretary of State

By.....
Deputy



NOV - 5 1976

WM. SWACKHAMER - SECRETARY OF STATE



No. 196-45

KAISER INDUSTRIES CORPORATION

CERTIFICATE OF REDUCTION OF CAPITAL AND
AMENDMENT OF ARTICLES OF INCORPORATION EFFECTED THEREBY

(Pursuant to Section 78.420 of
the Nevada Revised Statutes)

KAISER INDUSTRIES CORPORATION, a corporation organized under
the laws of the State of Nevada, by one of its Vice Presidents and one of its
Assistant Secretaries and under its corporate seal, does hereby certify that:

1. The Board of Directors of said Corporation, at a meeting duly
convened and held on May 7, 1975, at which meeting a quorum was present
and acting throughout, adopted resolutions providing for the purchase and
cancellation of shares of the Corporation's 6-1/2% Cumulative Convertible
Preferred Stock out of the Purchase Fund provided in the Articles of Incorporation and making provision for the reduction of the capital of the Corporation, such resolutions being as follows:

WHEREAS, pursuant to Section 7 of Article FOURTH of its Amended
Articles of Incorporation, this Corporation is obligated
to appropriate on July 1, 1975, from its earned surplus or from any
other funds legally available for the purpose, for the Purchase Fund
for the retirement of its Preferred Stock of the par value of \$50 per
share (hereinafter referred to as "Preferred Stock") an amount equal
to 3-3/4% of the aggregate par value of all shares of the Preferred
Stock issued and outstanding on December 31, 1960; and

WHEREAS, an amount equal to 3-3/4% of the par value of the Preferred Stock outstanding on December 31, 1960 is \$977,431.88; and

WHEREAS, this Corporation is obligated to use its best efforts to apply such \$977,431.88 to the purchase of shares of its Preferred Stock prior to December 31, 1975, in such amounts and in such manner as the Board of Directors in its discretion may determine.

NOW, THEREFORE, be it

RESOLVED, that as of July 1, 1975, there is appropriated from the earned surplus of this Corporation the sum of \$977,431.88 for the purposes of the Purchase Fund for the retirement of its Preferred Stock; and

RESOLVED FURTHER, that the Treasurer of this Corporation is authorized and directed to apply the amount so appropriated to the purchase of shares of Preferred Stock prior to December 31, 1975, in such amounts, in such manner, either in the open market or otherwise, and at such price or prices (but not more than \$50 per share, exclusive of accrued and unpaid dividends, commissions and taxes) as such officer in his discretion may determine; and

RESOLVED FURTHER, that the Treasurer is authorized to employ such agent or agents for the purchase of such Preferred Stock as he may determine necessary or desirable, and in connection therewith to pay any fees or commissions charged by such agent or agents; and

RESOLVED FURTHER, that, pursuant to the provisions of Section 7 of Article FOURTH of the Amended Articles of Incorporation, if on December 31, 1975, there shall be \$10,000 or more in the Purchase Fund, the Treasurer, acting if he deems it advisable through such agent or agents as he may appoint, shall invite tenders from the holders of Preferred Stock to sell shares of such stock to the Corporation and the Corporation shall, out of the Purchase Fund, purchase shares tendered, all in the manner and upon the conditions set forth in such Section 7 of Article FOURTH; and

RESOLVED FURTHER, that pursuant to Paragraph 8 of such Article FOURTH of the Amended Articles of Incorporation of this Corporation, all shares of Preferred Stock purchased out of the Purchase Fund pursuant thereto shall not be reissued or otherwise disposed of and shall be cancelled; and

RESOLVED FURTHER, that as of December 31, 1975, the capital of this Corporation shall be reduced by the amount of \$50 for each share of Preferred Stock purchased out of the Purchase Fund on or after January 1, 1975, and on or prior to such date, and the number of shares of Preferred Stock which this Corporation is authorized to have outstanding shall be reduced by the number of shares so purchased out of the Purchase Fund whether purchased pursuant to these resolutions or pursuant to other authorization; and

RESOLVED FURTHER, that as of December 31, 1975, with respect to the reduction of capital provided for in the next preceding resolution, the President or a Vice President and the Secretary or an Assistant Secretary are authorized and directed to execute and acknowledge the certificate required by Section 78.420 of the Nevada Revised Statutes, 1957, and after such execution and acknowledgment to file or cause to be filed such certificate on December 31, 1975, or as soon thereafter as practicable, in the manner provided by law and to do all other acts and things necessary or desirable to carry out the purpose of these resolutions; and

RESOLVED FURTHER, that the proper officers of this Corporation are directed to credit to its Capital Surplus Arising from Reduction of Stated Capital Account the difference, if any, between the costs of purchase of the shares of Preferred Stock purchased out of the Purchase Fund on or after January 1, 1975, and on or prior to December 31, 1975, and the amount of capital reduced pursuant to these resolutions.

2. The Board of Directors of said Corporation, at a meeting duly convened and held on August 26, 1976, at which meeting a quorum was present and acting throughout, adopted resolutions providing for the redemption of all of the shares of Preferred Stock outstanding on September 30, 1976 pursuant to applicable provisions of the Articles of Incorporation, such resolutions being as follows:

WHEREAS, this Corporation has outstanding 241,680 shares of 6-1/2% Cumulative Convertible Preferred Stock of the par value of \$50.00 per share ("Preferred Stock"); and

WHEREAS, as provided in subdivision (5) of Article FOURTH of the Restated Articles of Incorporation ("Articles") of this Corporation, the Preferred Stock may be redeemed as a whole or in part, at any time or from time to time after December 31, 1959, at the option of the Corporation, by vote of its Board of Directors, at the applicable price per share as stated in subdivision (6) of Article FOURTH; and

WHEREAS, under subdivision (6) of Article FOURTH of the Articles the redemption price on September 30, 1976 for Preferred Stock will be \$50.00 per share plus an amount equal to accrued dividends from July 1, 1976 to September 30, 1976 amounting to \$0.8125 per share, for a total redemption price of \$50.8125 per share ("Per Share Redemption Price"); and

WHEREAS, it is deemed to be in the best interests of the Corporation to call for redemption the Preferred Stock;

NOW, THEREFORE, be it

RESOLVED, that pursuant to Article FOURTH of the Articles, this Board of Directors hereby calls for the redemption on September 30, 1976 of all of the outstanding shares of this Corporation's Preferred Stock outstanding on September 30, 1976 at the Per Share Redemption Price; and

RESOLVED FURTHER, that the proper officers of this Corporation hereby are authorized and directed to prepare and mail prior to August 31, 1976 a notice to all holders of Preferred Stock to the effect that all shares of Preferred Stock have been called for redemption on September 30, 1976 at the Per Share Redemption Price; and

RESOLVED FURTHER, that a cash dividend of 81-1/4 cents (\$0.8125) per share is hereby declared on each share of Preferred Stock, such dividend to be paid as part of the Per Share Redemption Price to stockholders of Preferred Stock of Record as of the close of business on September 30, 1976; and

RESOLVED FURTHER, that such amount of money as may be necessary to pay all costs, including the Per Share Redemption Price, relating to the redemption of the Preferred Stock hereby is appropriated from the funds of this Corporation; and

RESOLVED FURTHER, that the proper officers of this Corporation hereby are authorized and directed, for and on behalf of this Corporation, on or before September 30, 1976, to deposit in trust, for the account of the holders of the Preferred Stock to be redeemed, with a bank or trust company in good standing, organized under the laws of the United States of America or of the State of California, doing business in the City and County of San Francisco, having capital surplus and undivided profits aggregating at least \$5,000,000 and designated in the notice of redemption ("Redemption Agent"), such amount as shall equal the Per Share Redemption Price multiplied by the number of shares of Preferred Stock outstanding on September 30, 1976; and

RESOLVED FURTHER, that the Redemption Agent be and hereby is authorized and directed to make payment of the Per Share Redemption Price for each share of Preferred Stock to be redeemed; and

RESOLVED FURTHER, that pursuant to the provisions of subdivision (5) of Article FOURTH of the Articles, upon deposit in trust with the Redemption Agent as aforesaid all shares of Preferred Stock outstanding on September 30, 1976 shall be deemed to be no longer outstanding thereafter and all rights with respect to such shares of Preferred Stock shall forthwith cease and terminate except only the right of the holders thereof to receive from the Redemption Agent the Per Share Redemption Price, but without interest, for the shares so to be redeemed; and

RESOLVED FURTHER, that in connection with any conversion of shares of Preferred Stock into shares of Common Stock, par value \$4.00 per share, of the Corporation, no fractional shares or scrip certificates for fractional shares shall be issued, but in lieu thereof, this Corporation shall pay cash for each such fractional share in an amount equal to \$15.26 multiplied by such fractional share; and

RESOLVED FURTHER, that the proper officers of this Corporation hereby are authorized to cause the Corporation to pay all costs incurred in connection with the redemption of the Preferred Stock; and

RESOLVED FURTHER, that the proper officers of this Corporation hereby are authorized to take such other steps for and on behalf of the Corporation as may be necessary to effectuate the intent and purposes of these resolutions.

3. During the period beginning January 1, 1976 and ended September 30, 1976, pursuant to the resolutions recited in Paragraph 1 hereof and the provisions of the Articles of Incorporation cited therein, the Corporation purchased out of the Purchase Fund, and cancelled, a total of 11,895 shares of Preferred Stock, having an aggregate par value of \$594,750, which aggregate par value of \$594,750 is the amount of capital attributed to such shares on the books of account. Pursuant to the provisions of the Articles of Incorporation, such shares may not be reissued or otherwise disposed of.

4. During the period beginning September 1, 1976 and ended September 27, 1976, a total of 76,324 shares of Preferred Stock having an aggregate share value of \$3,816,200, which aggregate share value of \$3,816,200 is the amount of capital attributed to such shares on the books of account, were cancelled and converted into 250,333 shares of Common Stock pursuant to the applicable provisions of the Articles of Incorporation cited in the resolutions set forth in Paragraph 2 hereof. Pursuant to the provisions of said Articles of Incorporation, the shares of Preferred Stock converted into shares of the Corporation's Common Stock may not be reissued or otherwise disposed of.

5. On September 30, 1976, pursuant to the resolutions recited in Paragraph 2 hereof and the applicable provisions of the Articles of Incorporation cited therein, the Corporation redeemed a total of 165,356 shares of Preferred Stock having an aggregate share value of \$8,267,800, which

aggregate share value of \$8,267,800 is the amount of capital attributed to such shares on the books of account. Pursuant to the provisions of the Articles of Incorporation such shares of Preferred Stock may not be reissued or otherwise disposed of.

6. As of September 30, 1976, the number of shares of Preferred Stock which the Corporation has authority to have outstanding is reduced by 253,575 shares, the aggregate of number of shares purchased out of the Purchase Fund, converted to Common Stock or redeemed as set forth in Paragraphs 3, 4 and 5 hereof, and the total authorized capital stock is reduced by an amount equal to \$50 per share of Preferred Stock so purchased, converted to Common Stock, or redeemed, or the aggregate amount of \$12,678,750, which aggregate amount is also the aggregate par value of such shares. As of September 30, 1976, the total authorized capital stock is reduced (by such aggregate amount) to \$160,000,000 consisting of 40,000,000 shares of Common Stock of the par value of \$4 per share. The Articles of Incorporation shall be deemed to be amended accordingly.

7. The reduction of capital set forth herein and the amendment of the Articles of Incorporation thereby effected were made without the requirement of any vote or consent of stockholders, pursuant to Section 78.420 of the Nevada Revised Statutes.

IN WITNESS WHEREOF, KAISER INDUSTRIES CORPORATION has caused this certificate to be signed by one of its Vice Presidents and one of its

Assistant Secretaries and its corporate seal to be hereto affixed this 1st
day of November, 1976.

KAISER INDUSTRIES CORPORATION

By JAMES K. PARKER
Vice President
(Corporate Seal)

And JACK G. NELSON
Assistant Secretary

STATE OF CALIFORNIA)
) ss:
COUNTY OF ALAMEDA)

On November 1, 1976, personally appeared before me, a Notary Public,
JAMES K. PARKER and JACK G. NELSON, who acknowledged that they
executed the above instrument.

MARY L. GLENN
NOTARY PUBLIC
for the State of California

(Notarial Seal)