

PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE
SECURITIES EXCHANGE ACT OF 1934

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Check the appropriate box:
/ / Preliminary Proxy Statement
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Section 240.14a-12

Kaiser Aluminum Corporation

(Name of Registrant as Specified In Its Charter)

Kaiser Aluminum Corporation

(Name of Person(s) Filing Proxy Statement)

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- (1) Title of each class of securities to which transaction applies:

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[KAC Logo]

To Our Stockholders:

You are cordially invited to attend the Annual Meeting of Stockholders (the "Annual Meeting") of Kaiser Aluminum Corporation (the "Company") to be held at 9:00 a.m. on Wednesday, May 17, 1995, at the Westchase Hilton Hotel, 9999 Westheimer Road, Houston, Texas.

At the Annual Meeting, the holders of the Company's Common Stock, par value \$.01 per share (the "Common Stock"), \$.65 Depositary Shares (the "Depositary Shares") and 8.255% PRIDES[symbol for "Service Mark" appears here], Convertible Preferred Stock, par value \$.05 per share (the "PRIDES") (all such holders being collectively referred to as the "Stockholders") will consider and vote, as a single class, (i) in the election of directors, (ii) upon a proposal to approve the Kaiser 1995 Executive Incentive Compensation Program, and (iii) upon such other business as may properly be presented to the Annual Meeting or any adjournments or postponements thereof.

Each Depositary Share represents one-tenth of a share of the Company's Series A Mandatory Conversion Premium Dividend Preferred Stock, par value \$.05 per share (the "Series A Shares"). The Series A Shares have been deposited with The First National Bank of Boston, as Depositary (the "Depositary"). As the registered holder of the Series A Shares, the Depositary will vote the Series A Shares represented by the Depositary Shares at the Annual Meeting pursuant to instructions given to the Depositary by the holders of such Depositary Shares. Holders of Depositary Shares will therefore exercise their vote by instructing the Depositary pursuant to the instruction card enclosed with the proxy statement.

Holders of shares of PRIDES have 4/5 vote for each share held of record and are entitled to vote together with the holders of Common Stock.

Each Stockholder of record at the close of business on March 31, 1995 is entitled to receive notice of and vote at the Annual Meeting and is urged to attend the Annual Meeting. Whether or not you intend to be present at the Annual Meeting, we urge you to complete, date, sign and promptly return the enclosed proxy card or instruction card, as the case may be.

We look forward to seeing as many of you as possible at the Annual Meeting.

/s/ George T. Haymaker, Jr.
GEORGE T. HAYMAKER, JR.
Chairman of the Board and
Chief Executive Officer

KAISER ALUMINUM CORPORATION
5847 SAN FELIPE, SUITE 2600
HOUSTON, TEXAS 77057

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD MAY 17, 1995

The Annual Meeting of Stockholders (the "Annual Meeting") of Kaiser Aluminum Corporation (the "Company") will be held at the Westchase Hilton Hotel, 9999 Westheimer Road, Houston, Texas, on Wednesday, May 17, 1995, at 9:00 a.m., Houston time, for the following purposes:

1. To elect six (6) directors to hold office until the Company's 1996 Annual Meeting of Stockholders or until their respective successors are elected and qualified;
2. To consider and vote upon a proposal to approve the Kaiser 1995 Executive Incentive Compensation Program; and
3. To consider and transact such other business as

may properly be presented to the Annual Meeting or any adjournments or postponements thereof.

Holders of record of the Company's common stock, par value \$.01 per share (the "Common Stock"), \$.65 Depositary Shares (the "Depositary Shares") and 8.255% PRIDES[symbol for "Service Mark" appears here], Convertible Preferred Stock, par value \$.05 per share (the "PRIDES") (all such holders being collectively referred to as the "Stockholders") as of the close of business on March 31, 1995 are entitled to notice of and to vote at the Annual Meeting. All Stockholders will vote as a single class at the Annual Meeting. Stockholders' lists will be available commencing May 5, 1995, and may be inspected for purposes germane to the Annual Meeting during normal business hours prior to the Annual Meeting at the offices of the Company, 5847 San Felipe, Suite 2600, Houston, Texas.

By Order of the Board of Directors

/s/ Byron L. Wade
BYRON L. WADE
Secretary

April 26, 1995

IMPORTANT

PLEASE COMPLETE, DATE AND SIGN THE ENCLOSED PROXY OR INSTRUCTION CARD, AS THE CASE MAY BE, AND RETURN IT PROMPTLY IN THE ENCLOSED ENVELOPE PROVIDED FOR YOUR CONVENIENCE AND WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES. ANY HOLDER OF COMMON STOCK OR PRIDES ENTITLED TO VOTE AND WHO ATTENDS THE ANNUAL MEETING MAY VOTE PERSONALLY ON ALL MATTERS BROUGHT BEFORE THE ANNUAL MEETING AND, IN THAT EVENT, HIS OR HER PROXY WILL NOT BE USED. HOLDERS OF DEPOSITARY SHARES MAY ONLY VOTE BY COMPLETING THE ENCLOSED INSTRUCTION CARD AND RETURNING THE CARD TO THE DEPOSITARY. THE DEPOSITARY WILL VOTE THE SERIES A MANDATORY CONVERSION PREMIUM DIVIDEND PREFERRED STOCK (THE "SERIES A SHARES") REPRESENTED BY THE DEPOSITARY SHARES IN ACCORDANCE WITH SUCH INSTRUCTIONS. IN THE ABSENCE OF SPECIFIC INSTRUCTIONS FROM THE HOLDERS OF DEPOSITARY SHARES, THE DEPOSITARY WILL ABSTAIN FROM VOTING WITH RESPECT TO THE SERIES A SHARES UNDERLYING THE DEPOSITARY SHARES.

KAISER ALUMINUM CORPORATION
5847 SAN FELIPE, SUITE 2600
HOUSTON, TEXAS 77057

PROXY STATEMENT
FOR
ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD MAY 17, 1995

This proxy statement is furnished to Stockholders (as defined below) in connection with the solicitation of proxies on behalf of the Board of Directors of Kaiser Aluminum Corporation (the "Company"), a Delaware corporation, to be voted at an Annual Meeting of Stockholders (the "Annual Meeting") to be held on May 17, 1995 and any adjournments or postponements thereof, at the time and place and for the purposes set forth in the accompanying notice of Annual Meeting. The principal executive offices of the Company are located at 5847 San Felipe, Suite 2600, Houston, Texas 77057, telephone (713) 267-3777.

This proxy statement, the accompanying proxy or instruction card, as the case may be, and the Notice of Annual Meeting are being mailed to the record holders as of the close of business on March 31, 1995 of the Company's common stock, par value \$.01 per share (the "Common Stock"), \$.65 Depositary Shares (the "Depositary Shares"), and 8.255% PRIDES, Convertible Preferred Stock, par value \$.05 per share (the "PRIDES") (all such holders being collectively referred to as the "Stockholders") commencing on or about April 27, 1995.

We cordially invite you to attend the Annual Meeting. Whether or

not you plan to attend, please complete, date, sign and promptly return in the enclosed envelope your proxy card, if you are a holder of Common Stock or PRIDES, or your instruction card, if you are a holder of Depositary Shares. If you are a holder of Common Stock or PRIDES, you may revoke your proxy at any time prior to its exercise at the Annual Meeting by giving notice to the Company's Secretary, by filing a later dated proxy or, if you attend the Annual Meeting, by voting your shares in person. If you are a holder of Depositary Shares, you may revoke your instruction to The First National Bank of Boston, as Depositary (the "Depositary") at any time prior to the second business day immediately preceding the date of the Annual Meeting by giving notice to the Depositary or by filing a later dated instruction card with the Depositary.

Proxies for the Common Stock and the PRIDES will be voted in accordance with the directions specified thereon or, in the absence of instructions, "FOR" the election of the directors and "FOR" the approval of the Kaiser 1995 Executive Incentive Program as set forth in this proxy statement. Holders of Depositary Shares may only vote by completing the enclosed instruction card and returning the card to the Depositary. Each Depositary Share represents one-tenth of a share of the Company's Series A Mandatory Conversion Premium Dividend Preferred Stock (the "Series A Shares"). The Depositary will vote the Series A Shares represented by the Depositary Shares in accordance with such instructions. In the absence of specific instructions from the holders of Depositary Shares, the Depositary will abstain from voting with respect to the Series A Shares underlying the Depositary Shares. The presence, in person or by proxy, of the holders of a majority of the shares of the Company's capital stock entitled to vote at the Annual Meeting is required to constitute a quorum for the transaction of business at the Annual Meeting. Abstentions and broker non-votes are counted for purposes of determining the presence or absence of a quorum for the transaction of business. A plurality of the votes present, in person or by proxy, is necessary for the election of directors. Under applicable Delaware law, abstentions and broker non-votes will have the same effect as a vote "AGAINST" the proposal to approve the Kaiser 1995 Executive Incentive Compensation Program, but will have no effect on the outcome of the election of directors.

ELECTION OF DIRECTORS

At the Annual Meeting, six directors will be elected by the stockholders to serve until the 1996 Annual Meeting or until their respective successors are duly elected and qualified. The six nominees receiving the highest number of votes will be elected.

The six persons nominated for election to the Board of Directors at the Annual Meeting are Robert J. Cruikshank, George T. Haymaker, Jr., Charles E. Hurwitz, Ezra G. Levin, Robert Marcus and Robert J. Petris. Five of such nominees, excluding Mr. Petris, are currently members of the Board of Directors. See, "Executive Officers, Directors and Nominees for Director" and "Principal Stockholders" for information concerning each of the nominees, including the dates on which they first became directors, their business experience during the past five years and the number of shares of the Company's capital stock owned beneficially by each of them as of March 31, 1995. Each of the nominees has consented to serve as a member of the Board of Directors if elected. Paul D. Rusen is the director on the Board of Directors whose term will end at the Company's Annual Meeting upon the election of his successor.

The persons named in the proxies will vote the shares represented thereby for the election of the foregoing named nominees except where authority has been withheld as to a particular nominee or as to all such nominees. Should any nominee decline or be unable to serve as a director of the Company, which is not anticipated, the persons named in the proxies will vote for the election in his stead of such other person as the Board of Directors may recommend.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE ELECTION OF ALL NOMINEES FOR DIRECTOR OF THE COMPANY.

THE BOARD OF DIRECTORS AND ITS COMMITTEES

The Board of Directors of the Company (sometimes referred to

herein as the "Board") held five meetings and acted by written consent on three occasions during 1994. In addition, management confers frequently with its directors on an informal basis to discuss Company affairs. During 1994, no director attended fewer than 75% of the aggregate of the meetings of the Board and all Committees on which he served.

The Board of Directors of the Company has several standing committees, including Executive, Audit and Compensation Committees.

The Executive Committee meets on call and has authority to act on most matters during the intervals between meetings of the entire Board of Directors. Its current members are Messrs. Haymaker and Hurwitz (Chairman). The Committee held no meetings and acted by written consent one time during 1994.

The Audit Committee presently consists of Messrs. Levin, Marcus (Chairman) and Rusen. The Audit Committee meets with appropriate Company financial and legal personnel, internal auditors and independent public accountants and reviews the internal controls of the Company and the objectivity of its financial reporting. This Committee recommends to the Board the appointment of the independent public accountants to serve as auditors in examining the corporate accounts of the Company. The independent public accountants periodically meet privately with the Audit Committee and have access to the Committee at any time. The Audit Committee met on one occasion during 1994.

The Compensation Committee reviews and advises management, makes recommendations to the Board, and reviews and approves proposals regarding the establishment or change of benefit plans, salaries or compensation afforded the executive officers and other employees of the Company. Messrs. Cruikshank, Levin (Chairman) and Marcus currently serve as members of this Committee. The Compensation Committee met on four occasions during 1994.

The Board of Directors of the Company does not have a standing nominating committee nor does it have any committee performing a similar function.

DIRECTOR COMPENSATION

Directors who were not employees of the Company or its principal subsidiary, Kaiser Aluminum & Chemical Corporation ("KACC"), received a base fee of \$30,000 for the 1994 calendar year. Non-employee directors of the Company who were also directors of MAXXAM Inc. ("MAXXAM"), the Company's parent, received director or committee fees for serving as a director of the Company and/or KACC in addition to the fees received from MAXXAM. In addition to the compensation payable as a director for 1994, the Chairman of each of the Executive, Audit and Compensation Committees was paid a fee of \$3,000 per year for services as Chairman of such committee. All members of such committees received a fee of \$1,500 per day per committee meeting held in person on a date other than a Board meeting date and \$500 per formal telephonic committee meeting. During 1994, Messrs. Marcus and Levin received an aggregate \$37,000 each and Mr. Cruikshank received an aggregate \$31,917 in such director and committee fees from the Company and KACC.

Subject to the approval of the Chairman of the Board, directors may also be paid additional ad hoc fees for extraordinary services in the amount of \$750 per half day or \$1,500 per day for such services. No such extraordinary services were performed during 1994. Directors are reimbursed for travel and other disbursements relating to Board and Committee meetings. Fees to directors who are also employees of the Company or KACC are deemed to be included in their salary. Directors of the Company were also directors of KACC and received the foregoing compensation for acting in both capacities.

In recognition of significant contributions made by Mr. Hurwitz during 1994 as Chairman of the Executive Committee of the Company, particularly dealing with international matters, and to incentivize him to continue such efforts, Mr. Hurwitz was granted a 10-year option to purchase 250,000 shares of the Company's Common Stock under the Kaiser 1993 Omnibus Stock Incentive Plan (the "Omnibus Plan") at an exercise price of \$12.75, which was 20% above the closing price of \$10.625 on the date of the grant,

December 21, 1994. The option vests with respect to 25% on the first anniversary date of the grant and an additional 25% on each anniversary date thereafter until fully vested.

PROPOSAL TO APPROVE THE KAISER
1995 EXECUTIVE INCENTIVE COMPENSATION PROGRAM

The Kaiser 1995 Executive Incentive Compensation Program (the "Executive Program") was recommended by the Compensation Committee on March 23, 1995, adopted by the Board of Directors subject to stockholder approval, and is hereby submitted to the Stockholders of the Company for approval. A COPY OF THE EXECUTIVE PROGRAM AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION MAY BE OBTAINED WITHOUT CHARGE BY WRITING TO THE COMPANY AT 5847 SAN FELIPE, SUITE 2600, P. O. BOX 572887, HOUSTON, TEXAS 77257-2887, ATTENTION: BYRON L. WADE, OR CALLING (713) 267-3670. The following description of the Executive Program is qualified in its entirety by reference to the full text of the Executive Program.

The Executive Program has been proposed so that the Company can provide performance incentives to participants while securing, to the extent practicable, a tax deduction by the Company for payments of additional incentive compensation to each participant. Participants in the Executive Program will be the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO") and the Chief Administrative Officer ("CAO"). The Executive Program will be administered by the Compensation Committee or a designated subcommittee thereof, comprised solely of at least two "outside directors" as such term is defined or interpreted for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code").

The Company's Board of Directors and Compensation Committee believe that executive compensation should be closely related to the performance of the Company. The underlying philosophy of the Executive Program is that the stockholders' investment in the Company will increase if the Company's profitability equals or exceeds its cost of capital on a consistent basis. The purpose of the Executive Program is to provide incentive for the CEO, the CFO and the CAO (collectively the "Participants") to manage the Company so that it achieves such consistent profitability by establishing a compensation mechanism through which the Participants share in the increased value.

The Executive Program is structured to achieve its objectives by: (a) aligning the Executives' compensation with stockholder value; (b) rewarding the Participants with incentive compensation, on both a short-term and long-term basis, for managing the Company so that its profitability equals or exceeds its cost of capital; (c) providing annual compensation incentives based on yearly performance results, and long-term compensation incentives based on three-year performance results; and (d) structuring a major portion of the Participants' total compensation to be at-risk and performance-based.

Compensation levels will be set as targets ("Target Incentives") for both the annual and long-term incentives for each of the Participants at the beginning of each annual or long-term performance period. The Target Incentives will be based on the mid-point of incentive compensation for executives with a comparator group of companies engaged in metals, mining, chemicals and similar industries with whom the Company will likely compete for managerial talent. For each one-year or three-year period, the Compensation Committee will approve performance goals for the Company and for each business unit of the Company. Such goals must be established before March 31 of each year. The performance goals will be set so that the Target Incentives can be valued at zero to three times their value, depending on the level of which profitability of the Company exceeds the cost of capital, for purposes of determining actual awards to be paid under the Executive Program. The maximum for both the annual and long-term incentive will be three times the Target Incentive, based on the applicable annual or long-term planned and actual return on assets, plus 30% of the Target Incentive, based on achievement of goals or financial accomplishments not reflected in the Company's return on assets. The Compensation Committee cannot increase but may decrease an incentive payment to be paid under the Executive Program by an amount in the range of 1% to 60% of the Target Incentive. In order for any payment to be made, the Company must achieve at least a specified minimum return on assets.

Determination of the annual or long-term incentive award will be based on return on assets employed in the business, plus achievement of goals or financial accomplishments not reflected in the Company's return on assets. The return on assets as compared to the Company's cost of capital will determine the percentage of the Target Incentive that will be paid.

Upon stockholder approval, the annual incentive component of the Executive Program will be retroactively effective to January 1, 1995. Any annual incentive payments will be made in cash after the announcement of the financial results of the Company for the prior fiscal year for which the performance goals were set. The first long-term performance period will be retroactively effective to January 1, 1994 and continue through December 31, 1996. Payments for the long-term incentive component of the Executive Program will be made 43% in cash and 57% in shares of Common Stock of the Company. Any stock-

related awards granted pursuant to the Executive Program will be issued under the Omnibus Plan. Long-term incentive compensation will be paid in two installments, one-half during the year following the end of the three-year period and one-half during the second year following the end of the three-year period. The 1995 annual Target Incentives for the CEO, CFO and CAO are \$235,900, \$80,800 and \$74,900, respectively. The 1994 through 1996 long-term Target Incentives for the CEO, CFO and CAO are \$680,400, \$233,100 and \$216,000, respectively.

If the Executive Program had been in place for fiscal year 1994, no annual incentive payments would have been paid because the specified minimum return on assets was not achieved; and no long-term incentive payments would have been paid because any such payments, if earned, will relate to the initial three-year period of January 1, 1994 through December 31, 1996, and will not be paid, if at all, until 1997 and 1998. Further, the fact that the specified minimum return on assets was not met during 1994 has a negative impact on Target Incentives being met for the initial long-term performance period.

The Board of Directors may terminate, suspend or amend the Executive Program, in whole or part, at any time, including the adoption of amendments deemed necessary or advisable provided stockholder approval is obtained if required by Section 162(m) of the Code.

The Company's Compensation Committee believes that the Executive Program is performance-based and that awards thereunder should be tax deductible under Section 162(m) of the Code. The Committee intends to take all reasonable steps to maintain the Executive Program based on performance-based standards. In this regard, the Company is presenting this Executive Program for stockholder approval.

APPROVAL OF THE EXECUTIVE PROGRAM REQUIRES THE AFFIRMATIVE VOTE OF THE HOLDERS OF A MAJORITY OF THE COMPANY'S CAPITAL STOCK REPRESENTED AT THE ANNUAL MEETING. THE BOARD OF DIRECTORS RECOMMENDS THAT THE STOCKHOLDERS OF THE COMPANY VOTE "FOR" APPROVING THE EXECUTIVE PROGRAM.

EXECUTIVE OFFICERS, DIRECTORS AND NOMINEES FOR DIRECTOR

The following table sets forth certain information, as of the record date, with respect to the executive officers and directors of the Company and certain executive officers of KACC. All officers and directors hold office until their respective successors are elected and qualified or until earlier resignation or removal.

NAME	POSITIONS AND OFFICES WITH THE COMPANY
George T. Haymaker, Jr.	Chairman of the Board, Chief Executive Officer and Director
Joseph A. Bonn	Vice President, Planning and Administration
John T. La Duc	Vice President and Chief Financial Officer
Anthony R. Pierno	Vice President and General Counsel
Byron L. Wade	Vice President, Secretary and Deputy General Counsel

Robert E. Cole	Vice President, Government Affairs of KACC
John E. Daniel	Vice President, Primary Aluminum of KACC
Richard B. Evans	Vice President, Flat-Rolled Products of KACC
Robert W. Ireland	Vice President, Public Relations of KACC
Geoffrey W. Smith	Vice President, Alumina of KACC
Lawrence L. Watts	Vice President, International Development of KACC
Charlie Alongi	Controllor
Kris S. Vasan	Treasurer
Robert J. Cruikshank	Director
Charles E. Hurwitz	Director and Vice Chairman
Ezra G. Levin	Director
Robert Marcus	Director
Robert J. Petris	Nominee for Director

George T. Haymaker, Jr. Mr. Haymaker, age 57, assumed the positions of Chairman of the Board and Chief Executive Officer of the Company and KACC effective January 1, 1994. From May 1993 to December 1993, Mr. Haymaker served as President and Chief Operating Officer of the Company and KACC. Mr. Haymaker was elected a director of the Company at the Company's Annual Meeting of Stockholders on May 19, 1993, and was also elected a director of KACC at KACC's Annual Meeting of Stockholders held on June 15, 1993. From 1987 to April 1993, Mr. Haymaker had been a partner in a partnership which acquires, redirects and operates small to medium sized companies in the metals industry. He served as President from February 1992 to March 30, 1993, and has been a director since July 1987 of Metalmark Corporation, which is in the business of semi-fabrication of aluminum specialty foils and extrusions. From May 1986 until February 1993, he also served as President of West Coast Sales Corp., which provides management and acquisition services. Mr. Haymaker also served as Chief Executive Officer and a director of Amarlite Architectural Products, Inc. ("Amarlite"), a producer of architectural curtain wall and entrance products, from August 1990 to April 1992 and from April 1989 to February 1993, respectively. He was a director of American Powdered Metals Company, which is engaged in the manufacture of powdered metal components, from August 1988 to March 1993, and Hayken Metals Asia Limited, which represents manufacturers of aluminum and metal products, from January 1988 to April 10, 1993. From 1984 to 1986, Mr. Haymaker served as Executive Vice President--Aluminum Operations of Alumax Incorporated, responsible for all primary aluminum and semifabricating activities. Mr. Haymaker has extensive experience in the management of businesses engaged in the production and sale of aluminum and aluminum products, including 25 years of experience in a variety of executive and managerial positions with Aluminum Company of America and its subsidiaries.

Joseph A. Bonn. Mr. Bonn, age 51, has been Vice President, Planning and Administration of the Company and KACC since February 1992 and July 1989, respectively. Mr. Bonn has served as a Vice President of KACC since April 1987 and served as Senior Vice President--Administration of MAXXAM from September 1991 through December 31, 1992. He was also KACC's Director of Strategic Planning from April 1987 until July 1989.

John T. La Duc. Mr. La Duc, age 52, has been Vice President and Chief Financial Officer of the Company since June 1989 and May 1990, respectively. He has been Chief Financial Officer of KACC since January 1990 and a Vice President of KACC since June 1989. From January 1, 1993 until April 5, 1993, Mr. La Duc served as Treasurer of the Company and KACC, having previously served as Treasurer of the Company from September 1987 to May 1990. Mr. La Duc also previously served as Treasurer of KACC from September 1987 until January 1990. Since September 1990, Mr. La Duc has served as Senior Vice President of MAXXAM. Mr. La Duc also serves as a Vice President and director of MAXXAM Group Inc. ("MGI"), a wholly owned subsidiary of MAXXAM, The Pacific Lumber Company ("Pacific Lumber"), an indirect subsidiary of MAXXAM engaged in forest products operations, and Pacific Lumber's subsidiary, Scotia Pacific Holding Company ("Scotia Pacific"). He previously served as Chief Financial Officer of MAXXAM and MGI from September 1990 until December 1994 and February 1995, respectively, and of Pacific Lumber from October 1990 and Scotia Pacific

from November 1992 until February 1995.

Anthony R. Pierno. Mr. Pierno, age 62, has served as Vice President and General Counsel of the Company and KACC since January 1992. He also serves as Senior Vice President and General Counsel of MAXXAM, positions he has held since February 1989. Mr. Pierno has also served as Vice President and General Counsel of MGI, Pacific Lumber and Scotia Pacific and as a director of MGI and Pacific Lumber since November 1993. Immediately prior to joining MAXXAM, Mr. Pierno served as partner in charge of the business practice group in the Los Angeles office of the law firm of Pillsbury, Madison & Sutro. He has served as the Commissioner of Corporations of the state of California and as chair of several committees of the State Bar of California. Mr. Pierno is Chairman of the Board of Trustees of Whittier College, and a former member and Chairman of the Board of Trustees of Marymount College.

Byron L. Wade. Mr. Wade, age 48, has served as Vice President and Secretary of the Company and KACC since January 1992, and Deputy General Counsel of the Company and KACC since May and June 1992, respectively. Mr. Wade has also served as Vice President and Deputy General Counsel of MAXXAM since May 1990, and Secretary of MAXXAM since October 1988. He previously served as Assistant Secretary and Assistant General Counsel of MAXXAM from November 1987 to October 1988 and May 1990, respectively. Mr. Wade has served as Vice President, Secretary and Deputy General Counsel of Pacific Lumber and Scotia Pacific since June 1990 and November 1992, respectively, and as Vice President, Secretary and Deputy General Counsel of MGI since July 1990. He had previously served since 1983 as Vice President, Secretary and General Counsel of MCO Resources, Inc., a publicly traded oil and gas company, which was majority owned by MAXXAM. Since July 1993, Mr. Wade has served as a director, Vice President and Secretary of SHRP, Inc. ("SHRP"), the sole general partner of Sam Houston Race Park, Ltd., a Texas limited partnership, which operates a horse racing facility in Harris County, Texas. Since July 1993, Mr. Wade has also served as a director, Vice President and Secretary of SHRP Capital Corp. ("SHRP Capital"), a wholly owned subsidiary of Sam Houston Race Park, Ltd.

Robert E. Cole. Mr. Cole, age 48, has been a Vice President of KACC since March 1981. Since September 1990, Mr. Cole also has served as Vice President--Federal Government Affairs of MAXXAM, MGI and Pacific Lumber. He also currently serves as Chairman of the Board of National Environmental Development Association, and as a director, Secretary and Treasurer of Global Climate Coalition, both of which are nonprofit organizations.

John E. Daniel. Mr. Daniel, age 59, has been a Vice President of KACC since January 1992, and has been the General Manager of KACC's primary aluminum products business unit since November 1990. From November 1990 to January 1992, he was Divisional Vice President of the Company's primary aluminum products business unit. From December 1989 to November 1990, Mr. Daniel was Reduction Plant Manager of the Company's Tacoma, Washington plant. From July 1986 to December 1989, he was Reduction Plant Manager of the Company's formerly owned Ravenswood, West Virginia plant.

Richard B. Evans. Mr. Evans, age 47, has been a Vice President of KACC since January 1, 1992, and has been responsible for the worldwide commercial development of KACC's proprietary micromill rolling process for canstock production since April 1994. He previously served as General Manager of KACC's flat-rolled products business unit from January 1989 to April 1994. From July 1986 to January 1992, he was Divisional Vice President of KACC's flat-rolled products business unit.

Robert W. Ireland. Mr. Ireland, age 58, has served KACC as Vice President, Public Relations since February 1988. He has also been Vice President--Public Relations of MGI, Pacific Lumber and MAXXAM since September 1990. From June 1985 to February 1988, Mr. Ireland served as Divisional Vice President--Corporate Public Relations of KACC, and from 1968 to June 1985 he served KACC and certain affiliated companies in a variety of positions.

Geoffrey W. Smith. Mr. Smith, age 48, has been a Vice President of KACC since January 1992, and has been General Manager of KACC's alumina business unit since December 1994. Mr. Smith previously served as Co-

General Manager of KACC's alumina business unit from September 1991 through December 1994. From September 1990 to January 1992, Mr. Smith was Divisional Vice President of KACC's alumina business unit. From August 1988 to August 1990, Mr. Smith was Director of Business Development for the alumina business unit, and from 1982 to August 1988, he was Operations/Technical Manager for the Gramercy Works.

Lawrence L. Watts. Mr. Watts, age 48, has been a Vice President of KACC since January 1992, and General Manager--International Development since April 1994. Mr. Watts previously served as Co-General Manager of KACC's alumina business unit since September 1991 until December 1994. From June 1989 to January 1992, Mr. Watts was Divisional Vice President, Governmental Affairs and Human Resources, for the alumina business unit, and from July 1988 to June 1989, he was Divisional Vice President, Public Relations and Governmental Relations, for the alumina business unit. From September 1984 to July 1988, Mr. Watts was Manager, Human Resources for the alumina business unit.

Charlie Alongi. Mr. Alongi, age 64, has been the Controller of the Company and KACC since July 1989, and was the Assistant Controller of KACC from February 1982 until July 1989.

Kris S. Vasan. Mr. Vasan, age 45, became Treasurer of the Company and KACC in April 1993. Mr. Vasan previously served the Company and KACC as Corporate Director of Financial Planning and Analysis from June 1990 until April 1993. From October 1987 until June 1990, he served as Associate Director of Financial Planning and Analysis.

Robert J. Cruikshank. Mr. Cruikshank, age 64, has served as a director of the Company and KACC since January 1994. In addition, he has been a director of MAXXAM since May 1993. Mr. Cruikshank was a Senior Partner in the international public accounting firm of Deloitte & Touche from December 1989 until his retirement in March 1993. Prior to its merger with Touche Ross & Co. in December 1989, Mr. Cruikshank served as Managing Partner of Deloitte Haskins & Sells from June 1974 until the merger, and served on such firm's board of directors from 1981 to 1985. Mr. Cruikshank also serves as a director and on the Compensation Committee of Houston Industries Incorporated, a public utility holding company with

interests in electric utilities, cable television, coal and transportation businesses; a director of Texas Biotechnology Incorporated; and as Advisory Director of Compass Bank--Houston.

Charles E. Hurwitz. Mr. Hurwitz, age 54, was appointed Vice Chairman of KACC in December 1994 and has served as a director of the Company and KACC since October and November 1988, respectively. Mr. Hurwitz has also served as a member of the Board of Directors and the Executive Committee of MAXXAM since August 1978 and was elected Chairman of the Board and Chief Executive Officer of MAXXAM in March 1980. Since May 1982, Mr. Hurwitz has been Chairman of the Board and Chief Executive Officer of MGI. Since January 1, 1993, Mr. Hurwitz has also served MAXXAM and MGI as President. Since July 1993, Mr. Hurwitz has also served as a director and Chairman of the Board of SHRP and director, Chairman of the Board and President of SHRP Capital. From May 1986 until February 1993, Mr. Hurwitz served as a director of Pacific Lumber, and from December 31, 1992 until February 1993, he served as Chairman of the Board of Pacific Lumber. Mr. Hurwitz has been, since January 1974, Chairman of the Board and Chief Executive Officer of Federated Development Company ("Federated"), a New York business trust primarily engaged in the management of real estate investments.

Ezra G. Levin. Mr. Levin, age 61, has been a director of the Company since July 1991. He has been a director of KACC since November 1988, and a director of MAXXAM since May 1978. Mr. Levin also served as a director of the Company from April 1988 to May 1990, and as a director of MGI from May 1982 through December 1993. Mr. Levin is a partner in the law firm of Kramer, Levin, Naftalis, Nessen, Kamin & Frankel. He also serves as a trustee of Federated and as a director of Pacific Lumber, Scotia Pacific and United Mizrahi Bank and Trust Company.

Robert Marcus. Mr. Marcus, age 70, has been a director of the Company and KACC since September 1991. From 1987 to January 1992, Mr. Marcus was a partner in American Industrial Partners, a San Francisco and

New York based firm specializing in private equity investments in industrial companies. From 1983 to 1991, Mr. Marcus was a director of Domtar Inc., a Canadian resource-based multi-business corporation. From 1982 to 1987, Mr. Marcus served as President and Chief Executive Officer of Alumax Inc., an integrated aluminum company.

Robert J. Petris. Mr. Petris, age 69, has been nominated by the United Steelworkers of America ("USWA") to serve on the Board of Directors of KACC. As a result of such nomination, the Board of Directors of both KACC and the Company have nominated Mr. Petris to stand for election as a director of both KACC and the Company. Since 1977, Mr. Petris has been a member of the International Union Executive Board and Director of District 38, where he has been exposed to a wide range of issues and problems in the aluminum, steel, container and non-ferrous metals industries. Mr. Petris plans to retire from USWA this year.

PRINCIPAL STOCKHOLDERS

The following table sets forth, as of March 31, 1995, the undiluted beneficial ownership of each class of the Company's capital stock by (i) those persons known by the Company to own beneficially more than 5% of the shares of each applicable class of capital stock then outstanding, (ii) each of the directors, the nominee for director and the named executive officers, and (iii) all directors and executive officers of the Company as a group.

Name of Beneficial Owner	Title of Class	# of Shares(1)	% of Class
MAXXAM Inc.(2)	Common Stock	50,000,000	85.9
	Preferred Stock(3)	698,000	2.5
FMR Corp.(4)	Common Stock	1,587,219(5)	2.7
	Preferred Stock	4,750,700(6)	16.8
Joseph A. Bonn	Common Stock	151,763	*
Robert J. Cruikshank	--	-0-	--
George T. Haymaker, Jr.	Common Stock	40,000(7)	*
Charles E. Hurwitz	Common Stock	-0-(8)	--
John T. La Duc	Common Stock	161,763	*
Ezra G. Levin	--	-0-	--
Robert Marcus	Common Stock	3,500	*
Robert J. Petris	--	-0-	--
Anthony R. Pierno	Common Stock	500	*
Byron L. Wade	Common Stock	500	*
All directors and executive officers of the Company as a group (18 persons)	Common Stock	663,956(9)	1.1

<FN>

* Less than 1%.

(1) Except as may otherwise be indicated, the beneficial owners have sole voting and investment power with respect to the shares listed in the table.

(2) The address of MAXXAM is 5847 San Felipe, Suite 2600, Houston, Texas 77057.

(3) Represents shares of Depository Shares.

(4) Information is based solely on the Schedule 13G filed with the

Securities and Exchange Commission ("SEC") dated February 13, 1995 (the "FMR 13G"). The FMR 13G was filed by FMR Corp., its wholly owned subsidiary Fidelity Management & Research Company ("Fidelity"), and Edward C. Johnson 3d, the Chairman and 24.9% owner of the common stock of FMR Corp. Fidelity is a registered investment advisor. The address of FMR Corp. is 82 Devonshire Street, Boston, Massachusetts 02109.

(5) Represents 385,100 shares of Common Stock held directly and 1,202,119 shares of Common Stock immediately acquirable upon conversion of 1,442,600 shares of PRIDES at conversion rate of .8333 per share of PRIDES.

(6) Represents 3,308,100 Depository Shares and 1,442,600 shares of PRIDES.

(7) Represents option exercisable on, or within sixty days of, March 31, 1995 to acquire such shares.

(8) Mr. Hurwitz may be deemed to hold beneficial ownership in the Company as a result of his beneficial ownership in MAXXAM.

(9) Includes options exercisable on, or within sixty days of, March 31, 1995 to acquire 77,920 shares of Common Stock.

OWNERSHIP OF PARENT OF THE COMPANY

As of March 31, 1995, MAXXAM owned approximately 60% of the issued and outstanding capital stock in the Company on a fully diluted basis. The following table sets forth, as of March 31, 1995, the beneficial ownership of the Common Stock and Class A \$.05 Non-Cumulative Participating Convertible Preferred Stock ("Class A Preferred Stock") of MAXXAM by the directors and nominees for director of the Company, and by the Company's directors and executive officers as a group:

Name of Beneficial Owner	Title of Class	# of Shares(1)	% of Class	% of Combined Voting Power (2)
Charles E. Hurwitz	Common Stock	2,736,042(3) (4)	31.2	60.2
	Class A Preferred Stock	657,917(3) (4)	98.3	
Ezra G. Levin All directors and executive officers of the Company as a group (18 persons)	Common Stock	1,500(3) (5)	*	*
	Common Stock	2,772,442	31.3	60.2
	Class A Preferred Stock	657,917	98.3	

<FN>

* Less than 1%.

(1) Except as may otherwise be indicated, beneficial owners have sole voting and investment power with respect to the shares listed in the table.

(2) MAXXAM's Class A preferred stock is generally entitled to ten votes per share on matters presented to a vote of that company's stockholders.

(3) Messrs. Hurwitz and Levin serve as trustees of Federated, and Mr. Hurwitz, together with members of his immediate family and trusts for the benefit thereof, owns all of the shares of beneficial interest in Federated, and his positions include Chairman of the Board and Chief Executive Officer of MAXXAM and Federated, and membership on MAXXAM's Executive Committee. In addition, Federated, Messrs. Hurwitz and Levin, and Mr. James H. Paulin, Jr., Secretary and Treasurer of Federated, may be deemed a "group" (the "Stockholder Group") within the meaning of Section 13(d) of the Securities Exchange Act of 1934, as amended. As of March 31, 1995, in the aggregate, the Stockholder Group beneficially owned 2,737,394 shares of MAXXAM's common stock and 658,050 shares of MAXXAM's Class A preferred stock, aggregating approximately 60.2% of the total voting power of MAXXAM. By reason of the foregoing and their relationship with the members of the Stockholder Group, Messrs. Hurwitz and Levin may be deemed to possess shared voting and investment power with respect to the shares held by the Stockholder Group.

(4) Includes as of March 31, 1995 (a) 1,669,451 shares of MAXXAM's common stock owned by Federated as to which Mr. Hurwitz possesses voting and investment power, (b) 8,012 shares of MAXXAM's common stock separately owned by Mr. Hurwitz's spouse and as to which Mr. Hurwitz disclaims beneficial ownership, (c) 46,500 shares of MAXXAM's common stock owned by a limited partnership controlled by Mr. Hurwitz and his spouse, 23,250 of which shares were separately owned by Mr. Hurwitz's spouse prior to their transfer to such limited partnership and as to which Mr. Hurwitz disclaims beneficial ownership, (d) 145,592 shares of MAXXAM's common stock owned by the 1992 Hurwitz Investment Partnership, L.P., of which 72,796 shares are owned by Mr. Hurwitz's spouse as separate property and as to which Mr. Hurwitz disclaims beneficial ownership, (e) 795,312 shares of MAXXAM common stock held directly, and (f) 71,175 shares of MAXXAM's common stock that Federated may acquire in exchange for 7% Cumulative Exchangeable Preferred Stock of MCO Properties Inc.

(5) Does not include shares owned by other members of the Stockholder Group.

At March 31, 1995, 28,000,000 shares of the Company's Common Stock owned by MAXXAM were pledged as security for two MGI debt issues consisting of \$100.0 million aggregate principal amount of 11-1/4% Senior Secured Notes due 2003 and \$126.7 million aggregate principal amount of 12-1/4% Senior Secured Discount Notes due 2003.

EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The following table sets forth compensation information, cash and non-cash, for each of the Company's last three completed fiscal years with respect to the Chief Executive Officer and the four most highly compensated executive officers of the Company (collectively referred to as the "named executive officers") for the fiscal year ended December 31, 1994:

(a) Name and Principal Position	(b) Year	Annual Compensation		Long-Term Compensation					(i) All Other Compensation (\$)
		(c) Salary (\$)	(d) Bonus (\$)	(e) Other Annual Compensation (\$)(1)	Awards		Payouts		
					(f) Restricted Stock Award(s) (\$)	(g) Options/ SARs (#)	(h) LTIP Payouts (\$)		
George T. Haymaker, Jr., Chairman and Chief Executive Officer	1994	450,000	100,000	--	-0-	26,700	-0-	2,079 (2)	
	1993	291,072	-0-	--	-0-	100,000	-0-	40,443 (2)	
	1992	--	--	--	--	--	--	--	
Anthony R. Pierno, (3) Vice President and General Counsel	1994	331,511	263,633 (4)	--	-0-	-0-	-0-	55,514 (5)	
	1993	321,232	290,000 (4)	--	-0-	-0-	-0-	57,179 (5)	
	1992	302,275	265,000 (4)	--	-0-	-0-	-0-	50,123 (5)	
John T. La Duc, Vice President and Chief Financial Officer	1994	240,000	103,000 (6)	--	-0- (7)	9,200	-0-	4,800 (11)	
	1993	240,000	100,000 (6)	--	-0-	-0-	-0-	4,872 (11)	
	1992	225,000	45,000	--	1,428,967 (8)	10,000 (9)	192,698 (10)	8,469 (2) (11)	
Joseph A. Bonn, Vice President, Planning and Administration	1994	216,300	27,000	--	-0- (7)	8,500	-0-	4,326 (11)	
	1993	216,300	-0-	--	-0-	-0-	-0-	4,326 (11)	
	1992	210,000	57,364 (12)	--	1,428,967 (8)	-0-	195,697 (10)	80,884 (2) (11)	
Byron L. Wade, (3) Vice President, Secretary and Deputy General Counsel	1994	171,140	128,355	--	-0-	-0-	-0-	31,671 (5)	
	1993	165,833	124,412	--	-0-	-0-	-0-	30,955 (5)	
	1992	156,054	95,000	--	-0-	15,000 (9)	-0-	28,854 (5)	

<FN>

(1) Excludes perquisites and other personal benefits because the aggregate amount of such compensation is the lesser of either \$50,000 or 10% of the total of annual salary and bonus reported for the named executive officer.

(2) Includes moving related items of \$2,079 and \$40,443 for Mr. Haymaker in 1994 and 1993, respectively, and \$3,969 and \$76,684 in 1992 for Messrs. La Duc and Bonn, respectively.

(3) Messrs. Pierno and Wade receive their compensation from MAXXAM; however the Company reimburses MAXXAM for certain allocable costs associated with the performance of services for the Company by such executive officers. The table reflects such officers' total compensation, rather than any allocated part of such compensation.

(4) Pursuant to Mr. Pierno's employment agreement, his personal loans from MAXXAM outstanding on the date of such agreement were forgiven at the rate of \$15,000 per year. This amount is included as part of his bonus compensation. See, "Certain Transactions" for discussion on such personal loans.

(5) Represent matching contributions by MAXXAM during 1994, 1993 and 1992, respectively, under the MAXXAM 401(k) savings plan of \$5,787, \$8,994 and \$4,782 and \$6,000, \$6,080 and \$5,446 for Messrs. Pierno and Wade, respectively; and \$49,727, \$48,185 and \$45,341 and \$25,671, \$24,875 and \$23,408 for Messrs. Pierno and Wade, respectively, accrued during 1994, 1993 and 1992, respectively, in respect of MAXXAM's revised capital accumulation plan pursuant to which, in general, benefits vesting 10% annually are payable upon termination of employment with MAXXAM.

(6) Includes \$75,000 (to be paid over a three-year period) and \$100,000 (to be paid over a four-year period), awarded for 1994 and 1993, respectively, for which KACC will be reimbursed by MAXXAM.

(7) As of December 31, 1994, Messrs. Bonn and La Duc each owned 94,873 shares of restricted Common Stock of the Company valued at approximately \$1,031,744 for each, based on the closing price of \$10.875 per share. Restrictions on such shares will be lifted on 47,436 shares on December 2, 1995 and on 47,437 shares on December 2, 1996 for each of Messrs. Bonn and La Duc. No dividends will be paid on these shares to Messrs. Bonn and La Duc during the periods of restriction. No other named executive officer held restricted stock of the Company at fiscal year end 1994.

(8) Includes payout during 1993 of \$5,934 of shares of the Company's Common Stock issued in April 1993 as 5% of 1992 distribution, \$699 in cash paid in April 1993 for fractional shares and balance of 1992 LTIP account pursuant to December 1992 election as described in footnote (10) below, and \$332,918 of shares of the Company's Common Stock issued in November and December 1993 as to which restrictions were lifted.

(9) Represents stock appreciation rights ("SARs") received from MAXXAM with respect to MAXXAM's common stock.

(10) In December 1992, in connection with the subsequent stockholder approval of the Omnibus Plan, participants in the Company's and KACC's long-term incentive plan, as amended (the "LTIP") elected to receive payment of their LTIP account balances as of December 31, 1992 as follows: (i) Amounts earned and vested were paid half in cash and half in restricted shares of the Company's Common Stock. The portion payable in restricted shares of the Company's Common Stock was divided by the average of the December 1992 closing prices of \$8.539 per share (December 1 through 28, 1992) to determine the number of shares granted. The portion payable in cash was reduced by 1992 bonuses paid to recipients and by appropriate tax withholdings. (ii) Amounts earned and unvested were paid in options or shares of restricted stock under the Omnibus Plan during 1993. Restrictions will be removed or options will vest at the rate of 25% each December for four (4) years, which began December 1993. (iii) Amounts unearned and unvested were paid in options or shares of restricted stock under the Omnibus Plan during 1993. Restrictions will be removed or options will vest as to 50% thereof in each of December 1995 and December 1996. The payments made in accordance with item (i) above were separate and apart from the Omnibus Plan and are reflected in column (h) of the Summary Compensation Table for 1992. The grants made in accordance with items (ii) and (iii) are reflected in column (f) for 1992. Without such elections and subject to certain reductions and limitations, participants were generally entitled to receive the vested portion of their LTIP account balances on the earlier to occur of (a) termination of their employment, (b) termination of the LTIP if prior to December 31, 1996, or (c) April 10, 1997.

(11) Includes contributions by KACC of \$4,800, \$4,800 and \$4,500, and \$4,326, \$4,326 and \$4,200 under the Kaiser Savings Plan (as defined below) for 1994, 1993 and 1992, respectively, to Messrs. La Duc and Bonn, respectively.

(12) Includes \$15,364 loan forgiveness granted to Mr. Bonn in March 1992.

OPTION/SAR GRANTS TABLE

The following table sets forth certain information concerning options to purchase Common Stock granted in fiscal year 1994 to any of the named executive officers:

(a)	(b)	Individual Grants (c)	(d)	(e)	Grant Date Value (f)
Name	# of Securities Underlying Options/SARs Grants (#)	% of Total Options/ SARs Granted to Employees in 1994(1)	Exercise or Base Price (\$/Share)	Expiration Date	Grant Date Present Value (\$)(1)
George T. Haymaker, Jr.	26,700	5.4	12.75	12/21/2004	182,815
Joseph A. Bonn	8,500	1.7	12.75	12/21/2004	58,200
John T. La Duc	9,200	1.9	12.75	12/21/2004	62,992

<FN>

(1) Valuation utilizing Black-Scholes Option Price Model using the following assumptions: 2-year daily volatility, 7.9% risk-free rate (10-year Government Bond), no dividend yield and 10-year exercise or expiration date. No adjustments were made for non-transferability or risk of forfeiture.

The options set forth in the table above were granted on December 21, 1994 under the Omnibus Plan at 20% above the closing price of \$10.625 per share of Common Stock on the date of grant. The options to purchase shares of the Company's Common Stock vest 25% on the first anniversary date of the grant and an additional 25% on each anniversary date thereafter until fully vested.

OPTION/SAR EXERCISES AND FISCAL YEAR END VALUE TABLE

The table below provides information on an aggregated basis concerning each exercise of stock options (or tandem SARs) and freestanding SARs during the fiscal year ended December 31, 1994 by each of the named executive officers, and the 1994 fiscal year-end value of unexercised options and SARs.

(a) Name	(b) Shares Acquired on Exercise (#) (1)	(c) Value Realized (\$)	(d) Number of Unexercised Options/SARs at Year End (#)		(e) Value of Unexercised in-the-Money Options/SARs at Fiscal Year-End (\$)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
George T. Haymaker, Jr.	--	--	20,000	106,700	72,500 (2)	290,000 (2)
Joseph A. Bonn	--	--	-0-	8,500	--	-0- (2)
John T. La Duc	--	--	4,000	6,000	11,500 (3)	17,250 (3)
			-0-	9,200	--	-0- (2)
Anthony R. Pierno	6,000	82,500 (4)	22,000	5,000	5,750 (3)	-0- (3)
Byron L. Wade	--	--	25,000	9,000	353,875 (3)	25,875 (3)

<FN>

(1) If no shares received, the number reflected, if any, represents the number of securities with respect to which options/SARs were exercised.

(2) Valued at \$10.875, the closing price of the Company's Common Stock on December 30, 1994, less exercise price.

(3) Valued at \$30.875, the closing price of MAXXAM's common stock on December 30, 1994, less exercise price.

(4) Valued at the closing price of MAXXAM's common stock on the date of exercise, less exercise price.

The SARs relating to MAXXAM common stock set forth in the above table for Messrs. La Duc, Pierno and Wade were granted under MAXXAM's 1984 Phantom Share Plan. Certain of such SARs are exercisable for cash only and certain are exercisable for cash, MAXXAM common stock or a combination thereof at the discretion of MAXXAM's Board of Directors. All such SARs vest with respect to 20% on the first anniversary date of the grant and an additional 20% on each anniversary date thereafter until fully vested.

DEFINED BENEFIT PLANS

Kaiser Retirement Plan

KACC maintains a qualified, defined-benefit Retirement Plan (the "Kaiser Retirement Plan") for salaried employees of KACC and co-sponsoring

subsidiaries who meet certain eligibility requirements. The table below shows estimated annual retirement benefits payable under the terms of the Kaiser Retirement Plan to participants with the indicated years of credited service. These benefits are reflected without reduction for the limitations imposed by the Code on qualified plans and before adjustment for the Social Security offset, thereby reflecting aggregate benefits to be received, subject to Social Security offsets, under the Kaiser Retirement Plan and the Kaiser Supplemental Benefits Plan (as defined below).

Annual Remuneration	Years of Service				
	15	20	25	30	35
\$ 125,000	\$ 28,125	\$ 37,500	\$ 46,875	\$ 56,250	\$ 65,625
150,000	33,750	45,000	56,250	67,500	78,750
175,000	39,375	52,500	65,625	78,750	91,875
200,000	45,000	60,000	75,000	90,000	105,000
225,000	50,625	67,500	84,375	101,250	118,125
250,000	56,250	75,000	93,750	112,500	131,250
300,000	67,500	90,000	112,500	135,000	157,500
400,000	90,000	120,000	150,000	180,000	210,000
450,000	101,250	135,000	168,750	202,500	236,250
500,000	112,500	150,000	187,500	225,000	262,500

The estimated annual retirement benefits shown are based upon the assumptions that current Kaiser Retirement Plan provisions remain in effect, that the participant retires at age 65, and that the retiree receives payments based on a straight life annuity for his lifetime. Messrs. Haymaker, La Duc and Bonn had 1.7, 25.3 and 27.5 years of credited service, respectively, on December 31, 1994. Monthly retirement benefits, except for certain minimum benefits, are determined by multiplying years of credited service (not in excess of 40) by the difference between 1.50% of average monthly compensation for the highest base period (of 36, 48 or 60 consecutive months, depending upon compensation level) in the last 10 years of employment and 1.25% of monthly primary Social Security benefits.

The compensation covered by the Kaiser Retirement Plan includes base salary and bonus payments. No named executive officer of the Company had compensation covered by the Kaiser Retirement Plan in 1994 which differed by more than 10% from that set forth in the Summary Compensation Table (column (c) plus column (d) thereof).

Participants are entitled to retire and receive pension benefits, unreduced for age, upon reaching age 62 or after 30 years of credited service. Full early pension benefits (without adjustment for Social Security offset prior to age 62) are payable to participants who are at least 55 years of age and have completed 10 or more years of pension service (or whose age and years of pension service total 70) and who have been terminated by KACC or an affiliate for reasons of job elimination or partial disability. Participants electing to retire prior to age 62 who are at least 55 years of age and have completed 10 or more years of pension service (or whose age and years of pension service total at least 70) may receive pension benefits, unreduced for age, payable at age 62 or reduced benefits payable earlier. Participants who terminate their employment after five years or more of pension service, or after age 55 but prior to age 62, are entitled to pension benefits, unreduced for age, commencing at age 62 or, if they have completed 10 or more years of pension service, actuarially reduced benefits payable earlier. For participants with five or more years of pension service or who have reached age 55 and who die, the Kaiser Retirement Plan provides a pension to their eligible surviving spouses. Upon retirement, participants may elect among several payment alternatives including, for most types of retirement, a lump-sum payment.

MAXXAM Pension Plan

All executive officers who are also employees and other regular employees of MAXXAM who work at least 1,000 hours in the plan year automatically participate in the MAXXAM Pension Plan (the "Pension Plan"), a qualified, noncontributory plan. Benefits equal the sum of an employee's "past service benefit" and "future service benefit" as set forth in the following two paragraphs. Benefits are based on an employee's base salary or wages, plus overtime (excluding bonuses, commissions, incentive compensation and all other extra compensation), the age of such employee at retirement and years of service.

Under the Pension Plan, the annual past service benefit is the greatest of:

- (i) benefits accrued under the plan through December 31, 1986,
- (ii) the product of (a) the sum of 0.8% of the participant's Past Service Compensation Base (as defined), plus 0.8% of the participant's Past Service Compensation Base in excess of \$15,000 multiplied by (b) the participant's credited years of service prior to January 1, 1987, or
- (iii) the product of 1.2% of the participant's Past Service Compensation Base multiplied by his credited years of service prior to January 1, 1987.

For 1987 and 1988, the annual future service benefit equaled 1.6% of an employee's compensation up to two-thirds of the Social Security wage base, plus 2.4% of any remaining compensation. Effective January 1, 1989, the annual future service benefit equaled 1.75% of an employee's compensation for each year of participation, plus 0.6% of the employee's compensation in excess of \$10,000. Effective January 1, 1995, the annual future service benefit equals 2.35% of an employee's compensation for each year of participation.

The amount of an employee's aggregate compensation that may be included in benefit computations under the Pension Plan is limited to \$150,000 for 1994. Benefits are generally payable as a lifetime annuity or, with respect to married employees, as a 50% joint and survivor annuity, or, if the employee elects (with spousal consent), in certain alternative annuity forms. Benefits under the Pension Plan are not subject to any deductions for Social Security or other offsets. The covered compensation for 1994 and credited years of service as of December 31, 1994 for the Pension Plan and estimated annual benefits payable upon retirement at normal retirement age for the named executive officers (other than those compensated by KACC who do not participate in the Pension Plan) were as follows: Mr. Pierno: \$150,000--5 years--\$36,020; and Mr. Wade: \$150,000--14 years--\$93,081.

The projected benefits shown above were computed as lifetime annuity amounts, payable beginning at age 65. The benefit amounts reflect a covered compensation limit of \$150,000 for 1995 and subsequent years under Section 401(a)(17) of the Code. In addition, the amounts reflect a maximum benefit limit of \$120,000 for 1995 and subsequent years (with early retirement reductions where applicable) that is placed upon annual benefits that may be paid to a participant in the Pension Plan at retirement under Section 415 of the Code. Combined plan limits applicable to employees participating in both defined contribution and defined benefit plans have not been reflected.

Kaiser Supplemental Benefits Plan

KACC maintains an unfunded, non-qualified Supplemental Benefits Plan (the "Kaiser Supplemental Benefits Plan"), the purpose of which is to restore benefits which would otherwise be paid from the Kaiser Retirement Plan or the Supplemental Savings and Retirement Plan, a qualified Section 401(k) plan (the "Kaiser Savings Plan"), were it not for the Section 401(a)(17) and Section 415 limitations imposed by the Code. Participation in the Kaiser Supplemental Benefits Plan includes all employees of KACC and its subsidiaries whose benefits under the Kaiser Retirement Plan and Kaiser Savings Plan are likely to be

affected by such limitations imposed by the Code. Eligible participants are entitled to receive the equivalent of the Kaiser Retirement Plan and Kaiser Savings Plan benefits which they may be prevented from receiving under those plans because of such Code limitations.

MAXXAM Supplemental Executive Retirement Plan

Effective March 8, 1991, MAXXAM adopted an unfunded non-qualified Supplemental Executive Retirement Plan (the "SERP"). The SERP provides that participants are entitled to receive benefits which would have been payable to such participants under the Pension Plan except for the limitations imposed by the Code. Participants in such plan are selected by MAXXAM's Board of Directors or are entitled to participate by virtue of

provisions in their employment agreements. Two executive officers of the Company, Messrs. Pierno and Wade, were entitled to participate in the SERP during 1994.

The following projections for Messrs. Pierno and Wade are based on the same assumptions as utilized in connection with the Pension Plan projections above. The 1994 qualified plan pay limit (\$150,000) and benefit limit (\$120,000) are reflected for all years in the future. In addition, no future increases in the participants' covered compensation amounts from the 1994 levels are assumed.

	Pierno -----	Wade -----
COVERED COMPENSATION FOR 1994:		
Qualified Plan	\$ 150,000	\$ 150,000
Nonqualified Plan	181,511	21,140
	-----	-----
Total	\$ 318,747	\$ 171,140
	=====	=====
CREDITED YEARS OF SERVICE AS OF DECEMBER 31, 1994	5	14
	=====	=====
PROJECTED NORMAL RETIREMENT BENEFIT:		
Qualified Plan	\$ 36,020	\$ 93,081
Nonqualified Plan	19,503	8,942
	-----	-----
Total	\$ 55,523	\$ 102,023
	=====	=====

Kaiser Termination Payment Policy

Most full-time salaried employees of KACC are eligible for benefits under an unfunded termination policy if their employment is involuntarily terminated, subject to a number of exclusions. The policy provides for lump sum payments after termination ranging from one-half month's salary for less than one year of service graduating to eight months' salary for 30 or more years of service. The amounts payable to Messrs. La Duc and Bonn under the policy if they had been involuntarily terminated on December 31, 1994 would have been \$120,000 and \$126,175, respectively.

MAXXAM Severance or Termination Policy

Severance or termination pay is generally granted to regular full-time employees who are involuntarily terminated, subject to a number of exclusions, pursuant to an unfunded policy. After such termination, the policy provides for payment in an amount ranging from two weeks salary for at least one year of service graduating to a maximum of 104 weeks salary. The amounts payable to Mr. Wade under the policy if he had been involuntarily terminated on December 31, 1994 would have been \$315,950.

EMPLOYMENT CONTRACTS AND TERMINATION OF EMPLOYMENT AND CHANGE-IN-CONTROL ARRANGEMENTS

On April 1, 1993, the Company and KACC entered into a five-year employment agreement with Mr. George T. Haymaker, Jr., pursuant to which Mr. Haymaker currently serves as Chairman and Chief Executive Officer of the Company and KACC. Mr. Haymaker's agreement provides for a base salary of

\$450,000 per annum and a bonus target of 50% of his salary which began fiscal year 1994. Mr. Haymaker's base salary is subject to review and possible change on an annual basis but cannot be reduced below \$450,000 without his consent. Any bonus actually awarded could be less or greater than the target level, depending upon corporate performance as compared to corporate plan objectives, as well as individual performance. Pursuant to Mr. Haymaker's agreement, he received an initial award under the Plan upon its approval by stockholders of options to purchase up to 100,000 shares of Common Stock at its fair market value on the date of the award. Such options vest 20% per year for a period of five (5) years and are reflected in the Summary Compensation Table for 1993.

In the event of a change of control of the Company or KACC which

within one year thereafter adversely affects Mr. Haymaker's title, position, duties, responsibilities or compensation, Mr. Haymaker's employment agreement provides that he may elect to be deemed terminated without cause, and therefore, entitled to a severance payment in an amount equal to two times his base annual salary reduced by any payment made as discussed under "Defined Benefit Plans--Kaiser Termination Payment Policy" above. Additionally, in the event of such termination, Mr. Haymaker's options for 100,000 shares of Common Stock shall fully vest.

Mr. Haymaker's employment agreement further provides that he vests 20% per year in an unfunded non-qualified supplemental benefit, payable at retirement after age 62, equal to a benefit determined as if his Kaiser Retirement Plan pension were based on his aggregate service with KACC and a prior employer (25 years), less his pension from that prior employer and any retirement benefits from KACC.

Mr. Pierno's five-year employment agreement with MAXXAM expired on March 8, 1995. Pursuant to the terms of the agreement, Mr. Pierno was entitled during 1994 to a base salary of \$331,511. The agreement provided for a bonus for the year 1992 in an amount not less than 75% and not more than 125% of Mr. Pierno's then base salary. Although the agreement specified no bonus percentage for the years 1993 and 1994, a bonus as reflected in the Summary Compensation Table was paid during 1993 and 1994.

Mr. Bonn's three-year employment agreement with KACC and MAXXAM expired June 30, 1994. The agreement provided for an initial base salary of \$210,000, which increased at the discretion of KACC and MAXXAM. Subject to limitations pursuant to the LTIP, an annual bonus was paid under the terms of the KACC bonus plan.

Mr. Wade's five-year employment agreement with MAXXAM expired on March 8, 1995. Pursuant to the terms of the agreement, Mr. Wade was entitled during 1994 to a base salary of \$171,140. The agreement provided for a bonus for the year 1992 in an amount not less than 50% and not more than 100% of Mr. Wade's then base salary. Although the agreement specified no bonus percentage for the years 1993 and 1994, a bonus as reflected in the Summary Compensation Table was paid during 1993 and 1994.

COMPENSATION COMMITTEE REPORT
ON
EXECUTIVE COMPENSATION

During 1994, the members who served on the Company's Compensation Committee also served on the Compensation Committee (both Committees hereinafter referred to as the "Committee") of the Company's principal subsidiary, Kaiser Aluminum & Chemical Corporation ("KACC"). Although certain plans or programs in which executive officers of the Company participate are jointly sponsored by the Company and KACC, executive officers of the Company are directly employed and compensated by KACC. References to the "Company" made in the remainder of this report of the Committee are deemed to include KACC as well as the Company.

EXECUTIVE OFFICER COMPENSATION

Policies and Objectives

The Company's compensation philosophy consists of three key priorities:

Cash flow and profit enhancement - Compensation programs are designed to support the primary corporate objective of long-term cash flow and profit generation. Both annual and longer term variable compensation programs are utilized and designed to emphasize performance measures that contribute to long-term cash flow and corporate profits generation.

Business unit orientation - Sensitivity to various of the Company's decentralized business units requires a development of operational objectives at major business component units.

Incentive emphasis - Strong emphasis is placed on incentives, so that compensation can, to the degree possible, reward an individual's efforts to achieve the short- and long-term

objectives of the unit or function for which he or she has responsibilities.

The Company's general compensation objectives for executives are: (i) to pay base salaries in approximately the 45th to 50th percentile of its competitive market, (ii) to utilize bonus awards as incentives (iii) to allow extra compensation for above average performance and effort, (iv) to provide long-term incentives which will result in opportunities for executives and key managers to realize personal rewards from good long-term performance, (v) to pay other benefits generally in the 50th percentile of its comparative market, and (vi) to provide executive perquisites which are at or slightly below its competitive market level.

Methodology

The Company's compensation of its executive officers is administered in an overall program which includes the managers and other key employees of its six operating divisions. Generally, this includes approximately 75-85 individual employees. Under the direction of the Committee, management prepares recommendations for the Committee generally based on the following methodology:

Comparator Companies - Using a data base, a select group of approximately 20 companies is used as a primary comparator group. The group indexes a mix of major customers, suppliers, competitors and regionally equivalent comparable companies. Two of the three companies that make up the S&P 500 Aluminum Industry Index are included in this group. These companies usually range in size from \$1 billion to about \$13 billion in assets. They typically average \$4 billion in annual revenues. The data are size-adjusted to allow comparisons to the Company based on revenues.

Position Matching - The Company develops a description of various key positions and their major responsibilities. These include the scope of the job as indicated by unit sales levels, number of employees, production levels, reporting level and other relevant factors. These positions are matched to data base descriptions to insure an accurate match to reasonably comparable positions at comparative companies.

Base Salaries

During mid-1994, the Chief Executive Officer recommended and the Committee approved increase in the base salaries of two executive officers not named in the Summary Compensation. The increases brought such officers into approximately the 45th percentile base compensation level, based on the comparative analysis done by an outside consulting group. The Committee recognized that such salary increases were extraordinary in light of the Company's recent performance but also recognized that such increases were recommended because of the broadening of one executive's leadership role and the shifting of certain responsibilities for a business unit to the other. The increases were granted on the condition that such executives would not receive any additional base salary increase for twelve to eighteen months.

For fiscal year 1994, due to the downturn in the aluminum business cycle experienced in the early 1990s, employees of the Company were asked to support cost reduction efforts by picking up additional workload due to a corporate force reduction and by not receiving any annual pay increase, except for the two executive officers discussed in the preceding paragraph. In recognition of the upturn in the aluminum business cycle which began in the latter half of 1994, the Committee deemed it appropriate to reward such employees, including executive officers except for the two discussed in the above paragraph, who assisted the Company in reducing costs. Accordingly, the Committee determined that, in general, 1995 base salaries for executive officers, other than the Chief Executive Officer and the two executives discussed above, should be raised approximately 4% contingent upon and commencing the first day of the first month of any consecutive three-month period in 1995 during which the Company attains and maintains profitability.

Annual Bonus Incentives

The Company maintains a bonus plan for officers, including executive officers, and managers which was first approved by stockholders

in 1967. It was last materially amended in 1989. Early in each year, a target bonus award, based on the Company's target financial and operating plan for the year, is established. In establishing the target, target bonus levels at comparator companies are reviewed, and the target (as a percent of base compensation) is established at approximately the median of the target bonus levels of comparator companies. Performance above expected levels can result in above average bonus payments. Performance is viewed not only in terms of earnings, but also within the context of industry trends, possible longer term impacts of objectives achieved, progress toward multi-year, general corporate objectives, leadership, and performance of both regularly assigned duties and extraordinary contributions. The Committee, pursuant to the bonus plan, identifies officers and management personnel of the Company who, by their services, ability, diligence and ingenuity make direct and important contributions to the Company's profits, performance, growth and continued success and authorizes bonus awards payable in cash to such persons.

In determining recommendations to the Committee for bonus payments to be paid, the Company's management considers certain performance weighing factors. For example, bonus recommendations for executive officers are based 50% on corporate objectives and performance and 50% on individual performance. Elements of corporate performance considered include a comparison of production and financial results for a certain period with both the planned production and financial results for the period and the production and financial results of competitors within the aluminum industry for the period. Elements of individual performance considered include a comparison of an individual's planned objectives in areas such as safety, quality, on-time performance, budget, development and implementation of strategic plans, and other projects. Consideration of such factors, and giving the relative weight to such factors described

above, forms the basis for the determination of whether bonuses will be paid for a period and of the amount of any such bonuses. Even though the Company incurred losses in 1994, the results were better than had been planned due in part to strengthening aluminum prices and also to the effort put forth by the executive officers and key employees of the Company. Because of such effort, the elimination of bonus compensation for 1993, and based on the upturn in the aluminum business cycle in 1994, it was determined that the Company would pay bonuses in the aggregate of \$300,000 for executive officers (excluding the CEO) for their services during 1994, which represents 4% of their total compensation target. Additionally, two executive officers who are principally compensated by the Company were awarded bonuses by MAXXAM, the Company's parent corporation, for their services to MAXXAM. Mr. La Duc and one executive officer not named in the Summary Compensation Table, were awarded cash bonuses in the amount of \$75,000 and \$15,000, respectively, such bonuses to be paid in three equal installments over the next three years provided such officers continue in active employment with the Company and MAXXAM. These bonuses will be paid by the Company but reimbursed to the Company by MAXXAM.

Additional Incentive Awards

The Omnibus Plan is utilized to provide those persons who have substantial responsibility for management and growth of the Company with an opportunity to increase their ownership of Common Stock, stock options or related types of benefits. Grants were made under the Omnibus Plan in December 1994 to the executive officers compensated principally by the Company in order to provide long-term retention and performance incentives to the recipients of the grants. The size of the grants was determined based upon recommendations presented by management to the Committee. The Committee reviewed such recommendations mindful of the awards previously granted under the Omnibus Plan which are vesting and the limited number of shares of Common Stock remaining for grants under the Omnibus Plan. The Committee determined to grant awards but reduced the size of the option award recommendations presented by management by approximately 75%.

Employment Agreements

From time to time and for various reasons, management and the Board of Directors has deemed it appropriate to enter into specific employment agreements with certain executive officers. Such agreements may relate, for example, to the further retention of the officer or a commitment by the officer to relocate to another location. Where such agreements are made, they are negotiated by the Company's General Counsel, or his designee under the supervision of the Committee and reviewed and

approved by the Board of Directors or the Committee. In making its compensation decisions, and in supervising the negotiations and approving such employment agreements, the Committee is mindful of the Company's overall corporate objectives and its compensation objectives described above as well as the circumstances making the employment agreement an appropriate compensation mechanism. Such employment agreements generally range in term from one to five years. During 1994, Messrs. Haymaker, Pierno, Wade and, for half of the year, Bonn were employed under employment agreements as discussed under the heading "Employment Contracts, Termination of Employment and Change-in-Control Arrangements."

Compensation of the Chief Executive Officer for the Last Completed Fiscal Year

George T. Haymaker, Jr. served as the Chairman of the Board and Chief Executive Officer ("CEO") of the Company for all of 1994. Mr. Haymaker is employed pursuant to a written employment agreement which is described below under "Employment Contracts, Termination of Employment and Change-in-Control Arrangements." His five-year employment agreement provides for a base salary of \$450,000 per annum and for such salary to be reviewed and possibly changed on an annual basis, provided however, that such base compensation cannot be reduced to less than \$450,000 without Mr. Haymaker's consent. Mr. Haymaker's base salary was established at the time of his employment agreement with the Company pursuant to the base salary program and bonus plan for executives and managers for the Company generally and, in part, on a level of compensation in recognition of his previous compensation history, his leadership qualities and industry experience and expertise.

In December 1994, the Committee awarded Mr. Haymaker a bonus of \$100,000 and a stock option under the Omnibus Plan for 26,700 shares of Common Stock of the Company. Mr. Haymaker's employment agreement also sets the criteria and target ranges for bonus awards to Mr. Haymaker. Such criteria is discussed in connection with the earlier referenced description of his employment agreement. Such bonus awards for 1994 represent, in the aggregate, approximately 63% of his base salary.

COMPENSATION BY MAXXAM

Certain of the Company's executive officers were compensated during 1994 principally by MAXXAM, the Company's parent corporation, which establishes salaries and other elements of compensation for such executive officers. Where an executive officer of both the Company and MAXXAM is compensated by the Company (such as Mr. La Duc), or where an executive officer of both the Company and MAXXAM is compensated by MAXXAM (such as Messrs. Pierno and Wade), the respective corporations make intercompany allocations of the costs of employment of the executive officer based on allocation of that executive officer's time as expended among the Company or MAXXAM and respective subsidiaries. Such allocations are described under "Certain Transactions" below.

COMPLIANCE WITH INTERNAL REVENUE CODE SECTION 162(M)

Section 162(m) of the Code, enacted in 1993, generally disallows a tax deduction to public companies for compensation over \$1 million paid to the Chief Executive Officer and four other most highly compensated executive officers of such corporations. Qualifying performance-based compensation will not be subject to the deduction limit if certain requirements are met.

On March 23, 1995, the Committee recommended to the Board of Directors that the Executive Program be adopted and submitted to the Stockholders of the Company for approval at the 1995 Annual Meeting of Stockholders. The Executive Program is designed to enable compliance with Section 162(m) of the Code and the proposed regulations thereunder. The three executive officers who will be eligible to participate in the Executive Program are the only executive officers of the Company to which the deduction limitation is likely to apply.

Compensation Committee
of the Board of Directors

Robert J. Cruikshank
 Ezra G. Levin, Chairman
 Robert Marcus

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

No member of the Compensation Committee of the Board of Directors of the Company was, during the 1994 fiscal year, an officer or employee of the Company or any of its subsidiaries, or was formerly an officer of the Company or any of its subsidiaries or, other than Mr. Levin, had any relationships requiring disclosure by the Company under Item 404 of Regulation S-K. Mr. Levin served on the Company's Compensation Committee and Board of Directors during 1994. Mr. Levin is also a partner in the law firm of Kramer, Levin, Naftalis, Nessen, Kamin & Frankel, which provided legal services for the Company and its subsidiaries during 1994.

During the Company's 1994 fiscal year, no executive officer of the Company served as (i) a member of the compensation committee (or other board committee performing equivalent functions) of another entity, one of whose executive officers served on the Compensation Committee of the Board of Directors, (ii) a director of another entity, one of whose executive officers served on the Compensation Committee of the Company, or (iii) a member of the compensation committee (or other board committee performing equivalent functions) of another entity, one of whose executive officers served as a director of the Company.

PERFORMANCE GRAPH

The following performance graph compares, on a quarterly basis since July 11, 1991, the cumulative total stockholder return on the Company's Common Stock with the cumulative total returns of the S&P 500 Stock Index and a peer group which consists of companies included by S&P in its published index for the Aluminum Industry. The graph assumes that the value of the investment in the Company's Common Stock and each index was \$100 at July 31, 1991 and that all dividends were reinvested. The data points are calculated as of the last trading day for the month indicated. The measurement period for the following graph is less than 5 years because the Company only became publicly traded on July 11, 1991, the date of the commencement of the Company's initial public offering.

Company/Index Name	Jul. 1991	Sep. 1991	Dec. 1991	Mar. 1992	Jun. 1992	Sep. 1992	Dec. 1992	Mar. 1993	Jun. 1993	Sep. 1993	Dec. 1993
Kaiser Aluminum Corporation	100	93.71	80.85	105.01	83.40	60.76	66.92	58.19	61.10	55.28	69.84
S&P 500 Index	100	100.82	109.27	106.50	108.53	111.95	117.58	122.72	123.32	126.50	129.43
Aluminum	100	92.57	93.32	97.17	105.18	90.65	95.54	92.17	96.36	90.85	97.83

Company/Index Name	Mar. 1994	Jun. 1994	Sep. 1994	Dec. 1994
Kaiser Aluminum Corporation	70.81	74.68	81.47	84.38
S&P 500 Index	124.52	125.05	131.16	131.14
Aluminum	101.96	105.57	123.31	119.96

CERTAIN TRANSACTIONS

For periods through June 30, 1993, the Company and its subsidiaries (including KACC) were members of an affiliated group of corporations (an "Affiliated Group") within the meaning of Section 1504 of

the Code, of which MAXXAM is the common parent corporation (the "MAXXAM Tax Group"). Effective July 1, 1993, the Company and its subsidiaries are no longer members of the MAXXAM Tax Group (the "Deconsolidation") but are members of a new Affiliated Group of which the Company is the common parent corporation (the "New Kaiser Tax Group"). The taxable income and loss and tax credits for the Company and its subsidiaries for the period January 1, 1993 through June 30, 1993, was included in the 1993 MAXXAM Tax Group consolidated Federal income tax return (the "MAXXAM 1993 Tax Return"). For periods beginning on or after July 1, 1993 (the "Post Deconsolidation Periods"), the taxable income and loss and tax credits for the Company and its subsidiaries was and will be included in the consolidated Federal income tax returns to be filed for the New Kaiser Tax Group.

As a consequence of the Deconsolidation, the KACC Tax Allocation Agreement (as defined below) and the Kaiser Tax Allocation agreement (as defined below) (collectively, the "Tax Allocation Agreements") terminated pursuant to their terms, effective with respect to Post Deconsolidation Periods. The provisions of the Tax Allocation Agreements will continue to govern taxable periods ending before the date of the Deconsolidation (the "Pre Deconsolidation Periods"). Therefore, payments or refunds may still be required by or payable to the Company or KACC under the Tax Allocation Agreements for Pre Deconsolidation Periods due to the final resolution of audits, amended returns and related matters with respect to such Pre Deconsolidation Periods. However, the Company's and KACC's credit agreement dated as of February 15, 1994, as amended (the "Credit Agreement"), prohibits any cash payments by KACC to MAXXAM pursuant to the KACC Tax Allocation Agreement after February 15, 1994, however, MAXXAM may offset amounts owing to it under the KACC Tax Allocation Agreement against amounts owed by it under the KACC Tax Allocation Agreement, and KACC may make certain cash payments to MAXXAM that are required as a result of audits of MAXXAM's tax returns and only to the extent of any amounts paid after February 15, 1994 by MAXXAM to KACC under the KACC Tax Allocation Agreement. To the extent the New Kaiser Tax Group generates unused tax losses or tax credits in Post Deconsolidation Periods, such amounts will not be available to obtain refunds of amounts paid by the Company or KACC to MAXXAM for Pre Deconsolidation Periods pursuant to the Tax Allocation Agreements. It is anticipated that such losses and credits will be carried forward to offset future Federal income taxes payable by the New Kaiser Tax Group.

Unused tax attribute carryforwards existing as of the date of the Deconsolidation under the terms of the Tax Allocation Agreements were eliminated and are not available to offset Federal income tax liabilities of the New Kaiser Tax Group for Post Deconsolidation Periods. Upon the filing of the MAXXAM 1993 Tax Return, the tax attribute carryforwards of the MAXXAM Tax Group as of December 31, 1993 were apportioned in part to the New Kaiser Tax Group, based upon the provisions of the relevant consolidated return regulations. The benefit of such tax attribute carryforwards apportioned to the New Kaiser Tax Group approximate the benefit of tax attribute carryforwards eliminated under the Tax Allocation Agreements. The amounts of tax attribute carryforwards apportioned to the New Kaiser Tax Group are available, subject to certain limitations, to reduce Federal income taxes payable by the New Kaiser Tax Group for Post Deconsolidation Periods.

In 1989, KACC and MAXXAM entered into a tax allocation agreement (the "KACC Tax Allocation Agreement"). Pursuant to the terms of the KACC Tax Allocation Agreement, MAXXAM pays any consolidated Federal income tax liability for the MAXXAM Tax Group. KACC is liable to MAXXAM for the Federal income tax liability of KACC and its subsidiaries (collectively, the "KACC Subgroup") computed as if the KACC Subgroup were a separate Affiliated Group which was never affiliated with the MAXXAM Tax Group (taking into account all limitations under the Code and regulations applicable to the KACC Subgroup), except that the KACC Subgroup excludes interest income received or accrued on an

intercompany note issued by the Company in connection with a financing consummated in December 1989 (the "KACC Subgroup's Separate Income Tax Liability"). To the extent such calculation results in a net operating loss or a net capital loss or credit which the KACC Subgroup could have carried back to a prior taxable period under the principles of Sections 172 and 1502 of the Code, MAXXAM pays to KACC an amount equal to the tax refund to which KACC would have been entitled (but not in excess of the aggregate

amount previously paid by KACC to MAXXAM for the current year and the three prior taxable years). If such separately calculated net operating loss or net capital loss or credit of the KACC Subgroup cannot be carried back to a prior taxable year of the KACC Subgroup for which the KACC Subgroup paid its separate tax liability to MAXXAM, the net operating loss or net capital loss or credit becomes a loss or credit carryover of the KACC Subgroup to be used in computing the KACC Subgroup's Separate Income Tax Liability for future taxable years. The same principles are applied to any consolidated or combined state or local income tax returns filed by the MAXXAM Tax Group with respect to KACC and its subsidiaries. Although, under Treasury regulations, all members of the MAXXAM Tax Group, including the members of the KACC Subgroup, are severally liable for the MAXXAM Tax Group's Federal income tax liability for all of 1993 and applicable prior periods, under the KACC Tax Allocation Agreement, MAXXAM indemnifies each KACC Subgroup member for all Federal income tax liabilities relating to taxable years during which such KACC Subgroup member was a member of the MAXXAM Tax Group, except for payments required under the KACC Tax Allocation Agreement.

In 1991, MAXXAM also entered into a tax allocation agreement with the Company (the "Kaiser Tax Allocation Agreement"). Pursuant to the terms of the Kaiser Tax Allocation Agreement, the Federal income tax liability of the Company and its subsidiaries (collectively, the "Kaiser Subgroup") is computed using the same principles used in the KACC Tax Allocation Agreement to determine the KACC Subgroup's income tax liability. To the extent such tax liability ("Kaiser's Separate Income Tax Liability") for any applicable period exceeds the KACC Subgroup's Separate Income Tax Liability for such period, the Company is obligated to pay the amount of such difference to MAXXAM. To the extent that Kaiser's Separate Income Tax Liability for any applicable period is less than the KACC Subgroup's Separate Income Tax Liability for such period, MAXXAM is obligated to pay the amount of such difference to the Company (but not in excess of the aggregate net amount previously paid by the Company and KACC to MAXXAM for the current year and the three prior years). The foregoing principles also are applied to any consolidated or combined state or local income tax returns filed by the MAXXAM Tax Group with respect to the Company. While the Company is severally liable for the MAXXAM Tax Group's Federal income tax liability for all of 1993 and applicable prior periods, pursuant to the Kaiser Tax Allocation Agreement, MAXXAM indemnifies the Company according to the same principles as those applied to KACC Subgroup members under the KACC Tax Allocation Agreement.

Under the existing consolidated return regulations, the Deconsolidation caused certain tax basis adjustments and the recognition of certain types of taxable income (including amounts that were previously deferred), none of which were material.

On June 30, 1993, the Company and KACC entered into a tax allocation agreement (the "New Tax Allocation Agreement") effective for Post Deconsolidation periods. The terms of the New Tax Allocation Agreement are identical in all material respects to those of the KACC Tax Allocation Agreement except that KACC is liable to the Company.

KACC and MAXXAM have an arrangement pursuant to which they reimburse each other for certain allocable costs associated with the performance of services by their respective employees, and KACC also pays to MAXXAM amounts in respect of directors' fees for directors of KACC who are not employees of KACC and who are directors of MAXXAM. During 1994, KACC paid a total of approximately \$2.5

million to MAXXAM pursuant to such arrangements and MAXXAM paid approximately \$0.7 million to KACC pursuant to such arrangements. Generally, KACC and MAXXAM endeavor to minimize the need for reimbursement by ensuring that employees are employed by the entity to which the majority of their services are rendered.

On December 15, 1992, KACC issued a note (the "PIK Note") to a subsidiary of MAXXAM in the principal amount of \$2.5 million, representing the entire amount of a dividend received by such subsidiary in respect of the shares of the Company's Common Stock which it owned. The PIK Note bears interest, compounded semiannually, at a rate equal to 12% per annum, and is due and payable, together with accrued interest thereon, on June 30, 1995. KACC is not required to make any payment of principal of or interest

on the PIK Note prior to June 30, 1995. However, to the extent not prohibited by the Credit Agreement, KACC may be required to prepay the PIK Note upon demand. The Credit Agreement currently prohibits the payment of principal and interest on the PIK Note except at the maturity thereof.

In January 1994, MAXXAM entered into a commercial guaranty of payment (the "Guaranty") of a promissory note dated January 28, 1994, in the original principal amount of \$150,000 from Mr. Pierno to Charter National Bank--Houston. The Guaranty is subject to an agreement between MAXXAM and Mr. Pierno that any payment by MAXXAM under the Guaranty shall be offset in like amount plus interest at 12% per annum from the date of payment on the Guaranty to the date of payment to MAXXAM by Mr. Pierno. Such offset may be made from any payments due Mr. Pierno from MAXXAM which lawfully may be the subject of such offset, including any payment under any compensation arrangement or employee benefit plan. The Guaranty was entered into by MAXXAM for the convenience of Mr. Pierno and replaces a previous guaranty with substantially the same terms entered into in February 1993 in respect of a promissory note dated January 28, 1993.

Pursuant to the terms of Mr. Pierno's employment agreement with MAXXAM, his personal loans outstanding on the date of the agreement were forgiven at the rate of \$15,000 per year beginning March 8, 1991 through March 8, 1995. Upon expiration of Mr. Pierno's employment agreement on March 8, 1995, Mr. Pierno's principal balance on such loans was \$75,000. As of February 28, 1995, MAXXAM entered into an amendment of Mr. Pierno's promissory note evidencing such loans. The amendment provides that installments of \$18,750 be paid by Mr. Pierno on each of December 31, 1995, 1996 and 1997, with any remaining principal balance, together with accrued interest, to be paid in full on December 31, 1998. The amendment also provides that the loans be secured by any amounts to which Mr. Pierno may be entitled pursuant to the MAXXAM's Revised Capital Accumulation Plan. Mr. Pierno's employment agreement also provided for up to an additional \$200,000 in loans to Mr. Pierno bearing interest at 6% per annum, with interest being payable monthly and principal being due December 15, 1994 (with prepayments due upon the exercise by Mr. Pierno of any SARs granted pursuant to the agreement or employee benefit plan). All of such amount has been borrowed by Mr. Pierno. Such promissory note was also amended, extending the due date to December 15, 1998 and securing such loan with any amounts to which Mr. Pierno may be entitled pursuant to MAXXAM's Revised Capital Accumulation Plan.

In July 1993, MAXXAM advanced Mr. Wade \$50,000 which was repaid within approximately ten days with a cash payment of \$50,000, and loaned Mr. Wade \$50,000 evidenced by an unsecured promissory note, interest on which is payable monthly at an annual rate of 6%. Currently the outstanding principal balance of the note is \$20,000. The note is payable upon the earliest to occur of July 20, 1998 or Mr. Wade's termination of employment with MAXXAM.

Mr. Levin, a director of the Company, is a partner in the law firm of Kramer, Levin, Naftalis, Nessen, Kamin & Frankel, which provides legal services for the Company and its subsidiaries.

On April 17, 1995, Sam Houston Race Park, Ltd. (the "Partnership"), SHRP Acquisition, Inc. and SHRP Capital filed a voluntary corporate petition under Chapter 11, Title 11, of the United States Code in the United States Bankruptcy Court for the District of Delaware. Since July 1993, Mr. Wade has served as a director, Vice President and Secretary of SHRP, the Partnership's sole general partner, and of SHRP Capital. Also since July 1993, Mr. Hurwitz has served as director and Chairman of the Board of SHRP and director, Chairman of the Board and President of SHRP Capital.

In October 1990, Amarlite Architectural Products, Inc. ("Amarlite") filed a voluntary corporate petition under Chapter 11, Title 11, of the United States Code in the United States Bankruptcy Court for the Northern District of Georgia. In December 1991, Amarlite obtained approval of its reorganization plan, which was funded and substantially consummated on January 14, 1992. Mr. Haymaker was Chief Executive Officer and a director of Amarlite during such period.

Based solely upon a review of the copies of the Forms 3, 4 and 5 and amendments thereto furnished to the Company with respect to its most recent fiscal year, and written representations from reporting persons that no Forms 5 were required, the Company believes that all filing requirements were complied with which were applicable to its officers, directors and greater than ten percent beneficial owners.

OTHER MATTERS

INDEPENDENT PUBLIC ACCOUNTANTS

The Company has appointed Arthur Andersen LLP as its independent public accountants through the conclusion of the audit with respect to the Company's 1994 fiscal year. Representatives of Arthur Andersen LLP plan to attend the Annual Meeting of Stockholders and will be available to answer appropriate questions. Such representatives will also have an opportunity to make a statement at the meeting, if they so desire.

STOCKHOLDER PROPOSALS FOR THE 1996 ANNUAL MEETING OF STOCKHOLDERS

Stockholder proposals intended to be presented at the 1996 Annual Meeting of Stockholders must be received at the Company's executive offices at 5847 San Felipe, Suite 2600, Houston, Texas 77057 by December 29, 1995 in order to be included in the Company's proxy statement and form of proxy relating to that meeting.

OTHER MATTERS

The cost of soliciting proxies in connection with the Annual Meeting will be borne by the Company. The Company will, if requested, reimburse banks, brokerage houses and other custodians, nominees and certain fiduciaries for their reasonable expenses incurred in mailing proxy material to their principals. Proxies may be solicited by directors, officers and employees of the Company without special remuneration. The Company has retained Corporate Investor Communications, Inc. to assist in the distribution and solicitation of proxies at an estimated cost of approximately \$4,800 (including expenses). In addition to the use of mails, proxies may be solicited by personal interviews, facsimile, telephone or telegraph.

The persons designated to vote shares covered by management proxies intend to exercise their judgment in voting such shares on other matters that may properly come before the meeting. Management knows of no matters which will be presented for action at the meeting other than as referred to in this proxy statement.

By Order of the Board of
Directors

/s/ Byron L. Wade
BYRON L. WADE
Secretary

April 26, 1995
Houston, Texas

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Stockholders

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[KAC Logo]

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NOTICE OF 1995 ANNUAL MEETING
AND
PROXY STATEMENT

=====

IMPORTANT
PLEASE SIGN AND DATE YOUR
PROXY OR INSTRUCTION CARD
AND PROMPTLY RETURN IT IN THE
ENCLOSED ENVELOPE.

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Printed on recycled paper.

PROXY FOR COMMON STOCK

KAISER ALUMINUM CORPORATION

Solicited on behalf of the Board of Directors for the
Annual Meeting of Stockholders to be held May 17, 1995

The undersigned hereby appoints GEORGE T. HAYMAKER, JR., CHARLES E. HURWITZ and JOHN T. LA DUC as proxies (each with power to act alone and with power of substitution) to vote, as designated on the reverse side, all shares of Common Stock the undersigned is entitled to vote at the Annual Meeting of Stockholders to be held on May 17, 1995, and at any and all adjournments or

postponements thereof.

PLEASE COMPLETE, SIGN, DATE AND RETURN
PROMPTLY IN ENCLOSED ENVELOPE

/SEE REVERSE SIDE/

/X/ Please mark votes as in this example.

WHEN PROPERLY EXECUTED, THIS PROXY WILL BE VOTED AS DESIGNATED BY THE
UNDERSIGNED. IF NO CHOICE IS SPECIFIED. THE PROXY WILL BE VOTED "FOR" THE
ELECTION OF NOMINEES TO THE BOARD OF DIRECTORS AS SET FORTH IN THE PROXY
STATEMENT.

1. Election of Directors

Nominees: Robert J. Cruikshank, George T. Haymaker, Jr., Charles E. Hurwitz,
Ezra G. Levin, Robert Marcus and Robert J. Petris

FOR ALL
NOMINEES
(except as
marked / / / / WITHHOLD
to the FROM ALL
contrary) NOMINEES

/ / -----
To withhold authority to vote for any individual nominee(s) while voting for
the remainder, mark box and write the name of the nominee(s) for which
authority is withheld in the space above.

2. Approval of the Kaiser 1995 Executive Incentive Compensation Program

FOR AGAINST ABSTAIN
/ / / / / /

3. In their discretion, the proxies are authorized to vote upon such other
matters as may properly come before the meeting or any adjournments or
postponements thereof, hereby revoking any proxy or proxies heretofore
given by the undersigned.

FOR AGAINST ABSTAIN
/ / / / / /

Please sign name(s) exactly as printed hereon. If stock is held in the name
of more than one person. EACH person should sign. Executors,
administrators, trustees, etc., should give full title as such. If a
corporation, please sign full corporate name by duly authorized officer. If
a partnership, please sign in partnership name by authorized person.

Dated: 1995
Title:

Signature:
Signature:

INSTRUCTION CARD FOR DEPOSITARY SHARES

KAISER ALUMINUM CORPORATION

Solicited on behalf of the Board of Directors for the
Annual Meeting of Stockholders to be held May 17, 1995

The undersigned, a registered holder of \$.65 Depositary Shares, each
representing one-tenth of a share of the Company's Series A Mandatory
Conversion Premium Dividend Preferred Stock ("Series A Shares"), hereby
authorizes the Depositary, through its nominee(s), to vote or to execute
proxies to vote as designated on the reverse side, all Series A Shares
underlying the Depositary Shares the undersigned is entitled to vote at the

Annual Meeting of Stockholders to be held on May 17, 1995, and at any and all adjournments or postponements thereof.

IMPORTANT: IN ORDER FOR THE DEPOSITARY TO VOTE, THIS INSTRUCTION CARD MUST BE SIGNED, DATED AND RETURNED TO THE DEPOSITARY (DIRECTLY OR THROUGH YOUR BROKER) IN THE ENCLOSED ENVELOPE ON OR BEFORE MAY 16, 1995.

/SEE REVERSE SIDE/

/X/ Please mark votes as in this example.

DEPOSITARY SHARES WILL BE VOTED BY THE DEPOSITARY AS DIRECTED BY THE UNDERSIGNED. IF NO CHOICE IS SPECIFIED, THE DEPOSITARY WILL ABSTAIN FROM VOTING WITH RESPECT TO THE SERIES A SHARES UNDERLYING THE DEPOSITARY SHARES FOR WHICH NO INSTRUCTIONS HAVE BEEN GIVEN.

1. Election of Directors

Nominees: Robert J. Cruikshank, George T. Haymaker, Jr., Charles E. Hurwitz, Ezra G. Levin, and Robert J. Petris

FOR ALL
NOMINEES
(except as
marked / / / / WITHHOLD
to the FROM ALL
contrary) NOMINEES

/ /-----
To withhold authority to vote for any individual nominee(s) while voting for the remainder, mark box and write the name of the nominee(s) for which authority is withheld in the space above.

2. Approval of the Kaiser 1995 Executive Incentive Compensation Program

FOR AGAINST ABSTAIN
/ / / / / /

3. In its discretion, the Depositary is authorized to vote upon such other matters as may properly come before the meeting or any adjournments or postponements thereof, hereby revoking any instruction(s) heretofore given by the undersigned.

FOR AGAINST ABSTAIN
/ / / / / /

Please sign name(s) exactly as printed hereon. If stock is held in the name of more than one person. EACH person should sign. Executors, administrators, trustees, etc., should give full title as such. If a corporation, please sign full corporate name by duly authorized officer. If a partnership, please sign in partnership name by authorized person.

Dated: 1995
Title:

Signature:
Signature:

PROXY FOR 8.255% PRIDES, CONVERTIBLE PREFERRED STOCK

KAISER ALUMINUM CORPORATION

Solicited on behalf of the Board of Directors for the
Annual Meeting of Stockholders to be held May 25, 1994

The undersigned hereby appoints GEORGE T. HAYMAKER, JR., CHARLES E. HURWITZ and JOHN T. LA DUC as proxies (each with power to act alone and with power of substitution) to vote, as designated on the reverse side, all shares

of 8.255% PRIDES, Convertible Preferred Stock (the undersigned is entitled to vote at the Annual Meeting of Stockholders to be held on May 25, 1994, and at any and all adjournments or postponements thereof.

PLEASE COMPLETE, SIGN, DATE AND RETURN PROMPTLY IN ENCLOSED ENVELOPE

/SEE REVERSE SIDE/

/X/ Please mark votes as in this example.

WHEN PROPERLY EXECUTED, THIS PROXY WILL BE VOTED AS DESIGNATED BY THE UNDERSIGNED. IF NO CHOICE IS SPECIFIED. THE PROXY WILL BE VOTED "FOR" THE ELECTION OF NOMINEES TO THE BOARD OF DIRECTORS AS SET FORTH IN THE PROXY STATEMENT.

1. Election of Directors

Nominees: Robert J. Cruikshank, George T. Haymaker, Jr., Charles E. Hurwitz, Ezra G. Levin, Robert Marcus and Robert J. Petris

FOR ALL
NOMINEES
(except as
marked / / / / WITHHOLD
to the FROM ALL
contrary) NOMINEES

/ /-----

To withhold authority to vote for any individual nominee(s) while voting for the remainder, mark box and write the name of the nominee(s) for which authority is withheld in the space above.

2. Approval of the Kaiser 1995 Executive Incentive Compensation Program

FOR AGAINST ABSTAIN
/ / / / / /

3. In their discretion, the proxies are authorized to vote upon such other matters as may properly come before the meeting or any adjournments or postponements thereof, hereby revoking any proxy or proxies heretofore given by the undersigned.

FOR AGAINST ABSTAIN
/ / / / / /

Please sign name(s) exactly as printed hereon. If stock is held in the name of more than one person. EACH person should sign. Executors, administrators, trustees, etc., should give full title as such. If a corporation, please sign full corporate name by duly authorized officer. If a partnership, please sign in partnership name by authorized person.

Date: 1995
Title:

Signature:
Signature:

Form of
Kaiser 1995 Executive Incentive Compensation Program

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Appendix A

Section 1. Purpose of Program and Its Parts

1.1 Purpose. The Kaiser 1995 Executive Incentive Compensation Program (the "Program") is intended to increase the value of the shareholder's investment in Kaiser Aluminum Corporation by providing the Chief Executive Officer, the Chief Financial Officer and the Chief Administrative Officer (collectively, the "Participants") with incentives to achieve positive Economic Value Added, as defined in Section 2 below, with emphasis in those areas of the business that Participants can influence.

The Program is designed to provide the opportunity to earn levels of total annual compensation that, at levels of profitability equal to the

cost of capital, are competitive with the compensation provided by other employers with whom the Company competes for management, at similar profitability levels, and to allow the Participants to earn higher total compensation if economic value (profit above that required to return the cost of capital) is added. These opportunities are provided through a combination of Annual and Long-Term (as both terms are defined in Section 2 below) incentives.

1.2 Part of the Plan. The long-term incentive compensation part of the Program (the "Long-Term Component") is consequently intended to further the purposes of the Kaiser 1993 Omnibus Stock Incentive Plan (the "Plan") by supplementing and implementing the provisions of Section 9 of the Plan and is made a part of the Plan effective as of January 1, 1994. It includes provisions for the payment of incentives in part in Kaiser Aluminum Corporation ("KAC") common stock and is included in the Program along with Annual incentives so as to coordinate the payment of base salary with annual and long-term incentive compensation. The provisions of the Long-Term Component as they relate to KAC common stock grants and awards are subject to and limited by those of the Plan, and they shall be interpreted and administered so that they are consistent with the provisions of the Plan.

The description of provisions for determination and payment of Annual incentives are included in this Program for information and disclosure, but these provisions are not subject to the provisions of the Plan. Thus, this Program repeats or summarizes various Plan definitions and other provisions insofar as they are applicable to the Long-Term Component. In the event of any conflict or ambiguity, the definitions and rules of the Plan are overriding and controlling when interpreting provisions of the Long-Term Component. Because the Long-Term Component supplements and implements a portion of the Plan without changing any basic rules of the Plan, the Program does not constitute an amendment of the Plan.

Section 2. Definitions

2.1 Definitions. Subject to Section 1, any capitalized term that is defined in this document shall have the meaning set forth in the appropriate definition in this Section or elsewhere herein when such term is used in connection with the Program. Moreover, any term that describes an accounting measure shall be determined for each Long-Term Performance Period in accordance with the definition of such term, applied on a consistent basis, using the amounts recorded in the Company's books of accounts and generally accepted accounting principles as in effect at the beginning of the applicable Performance Period, with such modifications and such computational methodology as the Committee may deem appropriate and approve in order to carry out the purpose of the Program. Definitions relating to the Annual incentive part of the Program shall also be determined in accordance with the rules and terminology of this Section 2.1 except as they may be modified as the Committee may deem appropriate in order to carry out the purpose of the Program.

(a) "Actual Award" means the amount, if any, of a Participant's Target Incentive that, assuming continued participation for the full Performance Period for which the Target Incentive was granted, has been earned and will become payable at the times and in the manner determined under the Program, provided payment shall be contingent upon meeting or exceeding the threshold level of performance (minimum Company-wide EVA of 5 percent). Pursuant to Section 7.3(1), 7.6, or 10.1, a Participant's Actual Award may be prorated in the case of participation for less than the full Performance Period.

(b) "Annual" means of or pertaining to the short-term part of the Program, which provides for the possibility of Awards which may be made each year and for results to be measured for the one-year Performance Period for which the Award was made.

(c) "Award" means

(1) with respect to the Long-Term Component, the Performance Units granted to a Participant at the beginning of the Long-Term Performance Period, and

(2) with respect to the Annual incentive part of the Program, the total cash incentive under the Annual incentive part of the Program,

where (1) and (2) collectively constitute the Participant's total Target Incentive under the Program when granted and either (1) or (2) or both may result in payment of an Actual Award after the end of the applicable Performance Period.

(d) "Board" unless otherwise specified means the Board of Directors of KACC. The term "Boards" shall refer collectively to the Boards of Directors of KAC and KACC.

(e) "Business Plan" for any fiscal year beginning on or after January 1, 1995, means the Business Units and KACC consolidated business plan for such fiscal year, as approved by the Board. For 1994, the second quarter, updated business plan will be used.

(f) "Capital Employed" means the net assets of the Company or Business Unit, as applicable. Net assets are determined as total assets minus liabilities adjusted for the following exclusions. Total assets shall exclude deferred financing recorded in the other assets category, and total liabilities shall exclude debt, accrued and deferred income taxes, and accrued interest, all net of minority interests in these items.

(g) "Capital Spending" means KAC's or the Business Unit's share of expenditures constituting capital spending as defined by Policy 160 in the KAC Controller's Policy Manual, including 100 percent of such spending for consolidated entities and KAC's proportionate share of such spending for non-consolidated entities whose results are reflected in KAC's financial reporting.

(h) "CAO" or "Chief Administrative Officer" means the chief administrative officer, by title or function, of the Company.

(i) "CEO" or "Chief Executive Officer" means the chief executive officer, by title or function, of the Company.

(j) "CFO" or "Chief Financial Officer" means the chief financial officer, by title or function, of the Company.

(k) "Committee" means the Compensation Committees of the Boards, acting jointly, as provided in Section 2.1(d) of the Plan.

(l) "Company" means KAC and KACC collectively.

(m) "Cost of Capital" means for the Company on a consolidated basis, 15 percent, which is deemed to be the actual cost for the Company based on a 50 percent debt and 50 percent equity ratio and assuming that the cost of debt is 10 percent and the cost of equity is 20 percent.

(n) "Disability" means disability as defined in the Kaiser Aluminum Self-Insured Welfare Plan for Employees.

(o) "EBDIT" or "Earnings Before Depreciation, Interest, and Taxes" means EBIT plus depreciation, where depreciation includes purchase accounting investment amortization and depreciation recorded in the cost of goods sold, and does not include depreciation in minority interest.

(p) "EBIT" or "Earnings Before Interest and Taxes" means net income plus interest expense (including interest recorded in the cost of goods sold), amortization of deferred financing, capital charges, income taxes, and extraordinary items.

(q) "EVA" or "Economic Value Added" means the return on Company or Business Unit assets, expressed as a percent and determined for the applicable Performance Period with respect to either Annual EVA or Long-Term EVA, as described below.

(1) Annual EVA is determined for the Annual Performance Period as the EBIT divided by the average Capital Employed. For purposes of the foregoing, the average Capital Employed shall be the simple average of quarterly or monthly figures, as available.

(2) Long-Term EVA is determined as follows: First, for each year in the Long-Term Performance Period, determine (c) as the EBDIT minus the Capital Spending, and (d) as the average Capital Employed. Second, divide (c) by (d). Third, determine the EVA for the Long-Term Performance

Period as the simple average of the three annual percentages determined in the second step above. For purposes of the foregoing, the average Capital Employed shall be the simple average of quarterly or monthly figures, as available.

(r) "Exchange Act" means the Securities Exchange Act of 1934, as amended and in effect from time to time.

(s) "KAC" means Kaiser Aluminum Corporation, a Delaware corporation.

(t) "KACC" means Kaiser Aluminum & Chemical Corporation, a Delaware corporation.

(u) "Long-Term" means of or pertaining to the Long-Term Component, which provides for Awards to be made each year near the beginning of a new three-year Performance Period and for results to be measured for such three-year Performance Period.

(v) "Long-Term Component" means the long-term incentive compensation part of the Program described in this document that is part of the Program and is governed by the Plan, as described in Section 1 hereof.

(w) "Participant" means each of the CEO, CFO and CAO.

(x) "Performance Goal" means, as applicable,

(1) the Annual EVA planned for achievement on average over the Annual Performance Period, or

(2) the Long-Term EVA planned for achievement on average over the Long-Term Performance Period.

(y) "Performance Period" means a period commencing on the date that this Program is first effective or on any subsequent anniversary of such date for which an Award has been made and will be measured in accordance with the rules of the Program as follows:

(1) with respect to the Annual part of the Program, the period shall be the calendar year, and each calendar year shall constitute a Performance Period, and

(2) with respect to the Long-Term Component, the period shall consist of three consecutive calendar years, and a new Long-Term Performance Period shall begin each year and shall partially overlap the two immediately preceding Long-Term Performance Periods, if any.

(z) "Performance Unit" means a unit with an initial value of \$1.00 that is granted to a Participant as part of a Target Incentive and applies only to the Long-Term Component.

(aa) "Plan" means the Kaiser 1993 Omnibus Stock Incentive Plan, as amended and in effect from time to time.

(bb) "Program" means the Kaiser 1995 Executive Incentive Compensation Program that includes Annual incentive, and Long-Term incentive amounts which, when combined with base salary, comprise the total compensation for a Participant.

(cc) "Retirement" means termination of employment on or after attaining eligibility for a full early or normal retirement benefit under the Kaiser Aluminum Salaried Employees Retirement Plan.

(dd) "Section 16 Reporting Persons" means each of the Participants who are KAC officers, directors, or 10 percent beneficial owners for purposes of required reporting and potential liability under Section 16 of the Exchange Act, as to whom the Committee shall have sole discretion in making determinations hereunder.

(ee) "Stock" means the common stock, par value \$0.01 per share, of KAC.

(ff) "Stock Closing Price" means the average of the closing prices of Stock on trading dates in the final month of the Performance Period, as listed in the New York Stock Exchange Composite Transactions of the Wall Street Journal or such other generally available, published listing as may

be designated by the Committee for this purpose.

(gg) "Target Incentive" means

(1) with respect to the Long-Term Component, the sum of Performance Units awarded to a Participant for the Long-Term Performance Period, and

(2) with respect to the Annual incentive part of the Program, the initial targeted cash amount for the Actual Award.

The Target Incentives in both (1) and (2) plus the Participant's base salary at the beginning of the Performance Period are designed to provide the desired total compensation target for the Participant.

(hh) "Tentative Award" means the amount of the Actual Award before any adjustment to reflect other accomplishments and before any other adjustments permitted on a discretionary basis under rules set forth in Section 7 below.

Section 3. Eligibility

3.1 Eligibility for Long-Term Awards. The CEO, the CFO and the CAO are the only persons eligible to participate in the Program.

For a new hire or a promoted Participant who was not eligible to participate at the beginning of an applicable Long-Term Performance Period, or in other appropriate circumstances, the Committee may approve the selection of a Participant to commence participation as of an appropriate date during the Long-Term Performance Period, subject to the rules in Section 7.3(1) regarding the proration of any resulting Actual Award to reflect the shortened period of participation during the remainder of such Performance Period.

3.2 Eligibility for Annual Awards. Eligibility for Annual Awards under the Program shall follow analogous rules to those in Section 3.1 above.

3.3 No Right to Participate. As provided in Section 3.2 of the Plan, no Participant, regardless of position or responsibility, shall have any entitlement or right to cause any Award to be made under the Long-Term Component without the approval of the Committee. Except as otherwise required by the Plan or determined by the Committee pursuant to the Plan, the making of a Long-Term Award shall not entitle a Participant to any subsequent or additional Award.

Section 4. Administration

4.1 Administration. Consistent with Section 4 of the Plan, the Committee shall have broad administrative responsibility for the Program. As required by Sections 2.1(d) and 4.1 of the Plan, each Committee member shall be a "disinterested person" for purposes of Rule 16b-3 under the Exchange Act with respect to the right to acquire Stock or any other interest in equity securities of KAC pursuant to the Long-Term Component. In administering the Program, the Committee shall have all the powers and responsibilities assigned to it in Section 4 and other provisions of the Plan that are applicable to the Long-Term Component and the type of Awards it describes, including, without limitation, the power to interpret the Program, to prescribe, amend, and rescind rules and regulations relating to it, to provide for conditions and assurances deemed necessary or advisable to protect the interests of the Company, and to make all other determinations necessary or advisable for the administration of the Program, but only to the extent not contrary to express provisions of the Plan except that the Committee may correct any defect, supply any omission and reconcile any inconsistency in the Plan). Committee actions with respect to the Long-Term Component shall be taken in accordance with procedures described in Section 4 of the Plan, and the Committee shall have the authority to make non-uniform determinations and to issue Stock with respect to the Long-Term Component, as provided in Sections 4.2 and 4.3 of the Plan. The Committee shall retain final approval authority for all such determinations as well as any other determinations that it has the responsibility and authority to make with respect to the Program hereunder and the Plan.

Section 5. Stock Subject to Program; Type and Nature of Awards

5.1 Stock Subject to the Long-Term Component. Stock that is issued to Participants in payment of Actual Awards under the Long-Term Component is provided from the authorized shares of Stock described in Section 5 of the Plan and is subject to all applicable rules of the Plan relating to the issuance of Stock with respect to such Awards, including the rules in Sections 5 and 9 of the Plan.

5.2 Type and Nature of Awards.

(a) Annual Awards that become payable shall be paid entirely in cash as provided herein.

(b) Long-Term Awards under the Program shall consist of Performance Units that may become payable in Stock and cash as permitted in Sections 5.5 and 9 of the Plan and as described more specifically herein. Each Long-Term Award shall be evidenced in writing in the form of an appropriate agreement or Notice of Award approved by the Committee in accordance with Section 5.6 of the Plan and the provisions of the Long-Term Component.

Section 6. Effective Date and Long-Term Component Life

6.1 Effective Date and Long-Term Component Life. As provided in Section 1.1 herein, the Long-Term Component is effective as of January 1, 1994. Thereafter, subject to the rules set forth in this Program and in the Plan, including the rules of Section 6.2 of the Plan and the continuing availability of Stock under Section 5 of the Plan, the Long-Term Component as may be amended from time to time shall continue during such time as the Plan remains in effect.

Section 7. Determination and Payment of Awards

7.1 General Principles. All of the following principles in this Section 7 are applicable to Participants in the Long-Term Component.

7.2 Determining Target Incentives and Granting Performance Units. Subject to Sections 3, 4, and 5 of the Plan and this Program, Performance Units for the Long-Term Component may be granted to Participants at any time and from time to time as shall be determined by the Committee. In practice, except as otherwise determined by the Committee, consideration shall be given to the following general principles in granting Performance Units for the Long-Term Component. Performance Units shall be granted as of the beginning of each Long-Term Performance Period in amounts that the Committee deems necessary to provide the desired Long-Term Target Incentive for the Participants. In determining a Participant's Target Incentive, the Committee shall focus on a total compensation concept with the following elements:

(a) Using an agreed list of comparator companies approved by the Committee and such supplemental third-party compensation surveys as deemed appropriate, the position of a Participant will be matched with similar positions in the comparator group and the supplemental survey data (taking into account differences in the KAC structure of responsibilities from the comparator group and differences in the performance of the comparator group in comparator periods) to determine the total market value of the position and the market breakdown of such value into base salary and incentive compensation.

(b) Then, considering the objective of setting base salary at the 45th percentile level and incentive compensation (the sum of both Annual and Long-Term incentives) at the 55th percentile level, the Committee shall determine an appropriate target level for the Participants' Target Incentive in light of these factors and individual circumstances.

(c) Of the total amount of targeted incentive compensation, the Long-Term Target Incentive as a general rule shall represent 75 percent. The Annual Target Incentive shall represent the remainder of the targeted incentive compensation that is not provided as a Long-Term Target Incentive. When deemed appropriate, there may be some variation from these ratios.

7.3 Performance Goals and Valuation. For each Performance Period the Committee shall approve Performance Goals that, depending on the actual results achieved, will allow Annual and Long-Term Target Incentives to be valued at from zero to three times their initial value for purposes of determining and paying Actual Awards. To accomplish this, a planned EVA shall be determined for the Company for the applicable Performance Period. This step shall be part of a normal process of developing the Business Plan at the time the determination is made, and it shall be completed before March 31 of the beginning of each year. This process shall also be subject to the final review and approval of the Committee. After the completion of this planning step and as soon as practicable after the end of the Performance Period, the actual EVA results for the Company shall be determined and compared to the planned results for the purpose of calculating Actual Awards. Except as otherwise determined by the Committee, Performance Goals shall be determined and used to value Target Incentives as follows:

(a) A matrix with multipliers from zero to three shall be established for the entire Company to measure the effect of achieving different levels of actual Company EVA results relative to different planned Company EVA levels. The Company-wide matrix, as approved by the Committee, shall be identified as Appendix A and attached hereto so that it can be recognized as part of this document. The initial version of Appendix A shall set the 1.00 multiplier level at the point where both planned and actual EVA equal 15 percent, which is deemed to be the Company's cost of capital. The initial version of Appendix A shall be effective at the same time as this document and shall continue in effect indefinitely unless it is superseded by a revised Appendix A. Any revised Appendix A that may be approved by the Committee shall indicate the Performance Periods for which it is effective.

(b) At the end of the Performance Period, the actual EVA shall be determined for the Company, and these EVA results shall be used to determine Actual Awards as described in the steps below.

(c) The Tentative Award in a Performance Period for the Participants shall be determined solely on the basis of Company-wide results by applying the applicable multiplier in Appendix A to each Participant's Target Incentive.

(d) In computing the Actual Award amount, the Tentative Award for the Participants is increased by 30% of the Target Incentive for achievement of goals or financial accomplishments not reflected in the Company-wide EVA. The Committee, in its sole discretion, may decrease the Actual Award (but not below zero) by an amount equal to 1 percent to 60 percent of the Participant's Target Incentive. This subtraction will be based on such factors as failure to achieve agreed objectives or other accomplishments which are not reflected in the results of the Business Plan but are important to the longer term success of the business.

(e) In the event of a major change during the Performance Period, such as the sale of a Business Unit or some other significant, unforeseen or extraordinary transaction or circumstance that, in the judgment of the Committee, would make it inappropriate to measure actual financial results against the performance criteria on which Target Incentives were based or use them to determine Actual Awards, the Committee shall approve appropriate adjustments for the purpose of making determinations for the Performance Period as uniform and as near as possible to what they would have been, absent such transaction or circumstance.

(f) If a Participant commences participation in the Long-Term Program as of a date after the beginning of a Performance Period, such Participant's Actual Award, if any, for the Performance Period shall be prorated by multiplying it by a fraction equal to (i) the number of months in the Performance Period in which the Participant was eligible, divided by (ii) the total number of months in the Performance Period.

7.4 Payment of Actual Awards. After the Performance Period has ended, if a Participant's Actual Award has been determined to be greater than zero, payment of the amount earned shall be made in accordance with and subject to the rules and limitations in Sections 7.5 through 7.8 below. No payment shall be made in the case of any amount that is forfeited due to a termination of employment during the Performance Period that results in a failure to earn all or part of the Actual Award amount pursuant to Section 7.6 or 7.7 below.

7.5 Form and Timing of Payment. The amount, if any, of the Annual Actual Award determined under Section 7.3 above that is not forfeited pursuant to Section 7.6 or 7.7 below (determined after applying the proration rule of such Section 7.6, if applicable) shall be paid in full in cash during the first calendar quarter immediately following the end of the Annual Performance Period to which such Actual Award relates.

The amount, if any, of the Long-Term Actual Award determined under Section 7.3 above that is not forfeited pursuant to Section 7.6 or 7.7 below (determined after applying the proration rule of such Section 7.6, if applicable) shall be divided into two equal installments. The first installment shall be paid during the first calendar quarter immediately following the end of the Long-Term Performance Period. The second installment shall be paid during the first calendar quarter of the next year following the first installment.

Each installment payment that is due shall automatically consist of the number of whole shares of Stock that most nearly equals, without exceeding, 57 percent (or such other percentage as may be specified by the Committee in the future due to changing tax rates) of the total value of the installment payment. For this purpose, the Stock Closing Price shall be used to determine the number of shares of Stock and their total value. The remaining portion of the installment payment, determined after subtracting such Stock value, shall be paid in cash. Notwithstanding the foregoing, however, if the Stock is not publicly traded at the time any payment is due, the payment will be made entirely in cash.

7.6 Termination of Employment Due to Death, Disability, or Retirement. Except to the extent otherwise determined by the Committee, in the event that a Participant terminates employment with the Company during a Performance Period due to death, Disability, or Retirement, the Participant (or the Participant's beneficiary) shall receive pro rata payment of the Participant's Actual Award, if any, for such Performance Period, and any remaining amount of the Actual Award shall be forfeited. The portion of the Actual Award to be paid in this case is the amount of the Participant's Actual Award, if any, for the Performance Period that results from multiplying the total Actual Award by a fraction equal to (i) the number of months in the Performance Period in which the individual was a Participant, divided by (ii) the total number of months in the Performance Period. Payment shall be made at the times and in the manner prescribed by Section 7.5 above for Participants who did not terminate their employment during the Performance Period.

7.7 Termination of Employment for Other Reasons. Except to the extent otherwise determined by the Committee, in the event that a Participant voluntarily terminates employment with the Company during the Performance Period for any reason other than death, Disability, or Retirement, all rights of the Participant with respect to Performance Units granted to him/her for the Performance Period shall be forfeited, and no amount of the Participant's Actual Award, if any, for such Performance Period shall be paid. In the event that the termination is by mutual agreement, there may be a partial payment in accordance with Section 7.6 above .

7.8 Nontransferability. As provided in Plan Section 9.7 of the Plan, no Performance Units granted may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution until the termination of the applicable Performance Period. All rights with respect to Performance Units granted to a Participant shall be exercisable during his/her lifetime only by such Participant. These rules apply to Target Incentives and Actual Awards that have become vested and are in the process of being paid in accordance with the terms hereof.

Section 8. Beneficiary Designation

8.1 Beneficiary Designation. As provided in Section 13 of the Plan, each Participant may designate a beneficiary or beneficiaries to receive any payments that may be due under the Program (for either the Annual incentive or the Long-Term Component thereof) in the event of his/her death. Each designation will revoke all prior designations by the same Participant, shall be in a form prescribed by the Committee or its designated administrator, and will be effective only when filed by the Participant in writing with the Committee or its designated administrator

during his/her lifetime. In the absence of any such designation, benefits remaining unpaid at the Participant's death shall be paid to his/her estate.

Section 9. Rights of Participants

9.1 Employment. Nothing in the Program shall interfere with or limit in any way the right of the Company to terminate any Participant's employment at any time, nor confer upon any Participant any right to continue in the employ of the Company.

Section 10. Amendment, Modification, and Termination of Program

10.1 Amendment, Modification, and Termination of Program. The continuation of the Program as set forth herein is subject to any amendment, modification, suspension, or termination of the that Plan may occur pursuant to Section 15 of the Plan, and is further subject to any similar action that may be taken by the Committee, consistent with Sections 4, 9, and 15 of the Plan and the provisions herein, with respect to the Long-Term Component. If the Long-Term Component is terminated during any Performance Period for which Awards have been made, the Actual Awards will be determined as usual at the end of the Performance Period and will then be prorated by multiplying them by a fraction equal to (i) the number of months in the Performance Period prior to the termination, divided by (ii) the total number of months in a full Performance Period. As provided in Section 15 of the Plan, no amendment, revision, modification, suspension, discontinuance or termination of the Plan shall in any manner adversely affect any Award theretofore granted without the consent of the Grantee. Similar rules shall apply to the Annual incentive part of the Program, subject to the appropriate approval level.

Section 11. Tax Withholding

11.1 Tax Withholding. The Company shall have the power to withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy Federal, state, and local withholding tax requirements on or with respect to any Award under the Program.

Section 12. Indemnification

12.1 Indemnification. The Long-Term Component is subject to Section 18.1 of the Plan, which provides that each person who is or shall have been a member of the Committee or of the Boards shall be indemnified and held harmless by KACC against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him/her in connection with or resulting from any claim, action, suit, or proceeding to which he/she may be a party or in which he/she may be involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid by him/her in settlement thereof, with KACC's approval, or paid by him/her in satisfaction of any judgment in any such action, suit, or proceeding against him/her, provided he/she shall give the Company an opportunity, at its own expense, to handle and defend the same before he/she undertakes to handle and defend it on his/her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

Section 13. Requirements of Law; Consents

13.1 Requirements of Law. The granting of Awards and the issuance of Stock under the Long-Term Component shall be subject to all applicable laws, rules, regulations, and such approvals by any governmental agencies or national securities exchanges as may be required.

13.2 Consents to Program Actions. As determined by the Committee in accordance with Sections 19.2 and 19.3 of the Plan, no action under the Long-Term Component shall be taken unless and until any "Consent" deemed necessary or desirable in connection therewith shall have been effected or

obtained to the full satisfaction of the Committee. For this purpose, "Consent" is defined in Section 19.3 of the Plan and includes any listings, registrations or qualifications in respect of the Plan upon any securities exchange or under any Federal, state or local law, rule or regulation, and any written agreements and representations by a Participant with respect to the disposition of shares of Stock or any other matter which the Committee shall deem necessary or desirable to comply with the terms of any such listing, registration or qualification or to obtain an exemption therefrom.

13.3 Governing Law. As provided in Section 19.4 of the Plan, the Long-Term Component, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the State of Texas.