

PLAINTIFF'S
EXHIBIT
KM-25

Exhibit "A"

ENDORSED
FILED

In the Office of the Secretary of State
of the State of California

NOV 7 1957

ARTICLES OF INCORPORATION
OF
PACO TEXTURES CORPORATION

FRANK M. JORDAN, Secretary of State
By THOMAS W. PICKETT

KNOW ALL MEN BY THESE PRESENTS that we, the undersigned
have this day voluntarily associated ourselves together for the
purpose of forming a corporation under and pursuant to the laws of
the State of California, and we do certify:

I

That the name of the corporation shall be:
PACO TEXTURES CORPORATION

II

The principal purpose for which this corporation is
organized is to engage in the manufacture, sale and distribution
of joint cement and texture materials and related products and
products related to the use thereof.

The general purposes are as follows:

(a) To purchase, acquire, own, hold, use, lease, sell,
exchange, mortgage, any and all property of every kind and descrip-
tion, real, personal and mixed, and wheresoever situated, either
in California, other states of the United States, the District of
Columbia, territories and colonies of the United States, or foreign
countries.

(b) To acquire, by purchase or otherwise, the goodwill,
business, property rights, franchise and assets of every kind,
with or without undertaking, either wholly or in part, the liabili-
ties of any person, firm, association or corporation; and to
acquire any property or business as a going concern or otherwise:

1. By purchase of the assets thereof
wholly or in part.
2. By acquisition of the shares of any
part thereof, or
3. In any other manner,

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1 and to pay for the same in cash or in shares or bonds or other
2 evidences of indebtedness of this corporation, or otherwise; to
3 hold, maintain and operate, or in any manner dispose of, the whole
4 or any part of the goodwill, business, rights and property so
5 acquired, and to conduct in any lawful manner the whole or any part
6 of any business so acquired; and to exercise all the powers necess-
7 ary or convenient in and about the management of such business.

8 (c) To enter into, make, perform and carry out contracts
9 of every kind for any lawful purpose without limit as to amount,
10 with any person, firm, association or corporation, municipality,
11 county, parish, state, territory, government or other municipal or
12 governmental subdivision.

13 (d) To act as financial, commercial, general or special
14 agent or representative of or for any corporation, association,
15 firm, syndicate, individual, or others, and as such to develop,
16 improve, and extend the property, trade, and business interests
17 thereof, and to aid any lawful enterprise in connection therewith,
18 and acting as such, or as agent or broker for any principal to
19 furnish and procure or provide all services, aid and assistance
20 necessary to the proper development of any such lawful enterprise.

21 (e) To subscribe or cause to be subscribed for, and to
22 take, purchase and otherwise acquire, own, hold, use, sell, assign,
23 transfer, exchange, distribute and otherwise dispose of, the whole
24 or any part of the shares of the capital stock, bonds, coupons,
25 mortgages, deeds of trust, debentures, securities, obligations,
26 evidences of indebtedness, notes, goodwill, rights, assets and
27 property of any and every kind, or any part thereof, of any other
28 corporation or corporations, association or associations, firm or
29 firms, or person or persons, together with shares, rights, units
30 of interest in, or in respect of, any trust estate, now or here-
31 after existing, and whether created by the laws of the State of
32 California or of any other state, territory or country, and to

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1 operate, manage and control such properties, or any of them, either
2 in the name of such other corporation or corporations or in the
3 name of this corporation, and while the owners of any of said shares
4 of capital stock, to exercise all the rights, powers and privileges
5 of ownership of every kind and description, including the right to
6 vote thereon, with power to designate some person or persons for
7 that purpose from time to time, and to the same extent as natural
8 persons might or could do.

9 (f) To borrow and lend money, but nothing herein con-
10 tained shall be construed as authorizing the business of banking,
11 or as including the business purpose of a commercial bank, savings
12 bank or trust company.

13 (g) To issue bonds, notes, debentures or other oblig-
14 ations of this corporation from time to time for any of the objects
15 or purposes of this corporation, and to secure the same by mortgage,
16 deed of trust, pledge or otherwise, or to issue the same unsecured;
17 to purchase or otherwise acquire its own bonds, debentures or other
18 evidences of its indebtedness or obligations; to purchase, hold,
19 sell and transfer the shares of its own capital stock to the extent
20 and in the manner provided by the laws of the State of California
21 as the same are now in force or may be hereafter amended.

22 (h) To have and to exercise all the powers conferred by,
23 the laws of California upon corporations formed under the laws
24 pursuant to and under which this corporation is formed, as such
25 laws are now in effect or may at any time hereafter be amended.

26 The foregoing statement of purposes shall be construed as
27 a statement of both purposes and powers, and the purposes and powers
28 stated in each clause shall, except where otherwise expressed, be
29 in nowise limited or restricted by reference to or inference from
30 the terms or provisions of any other clause, but shall be regarded
31 as independent purposes and powers.
32

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III

The county in the State of California where the principal office for the transaction of the business of the corporation is located in Alameda County.

IV

This corporation is authorized to issue two classes of shares of stock to be designated respectively "Preferred" and "Common"; the total number of shares which this corporation shall have authority to issue is 25,250, and the aggregate par value of all shares that are to have a par value shall be \$50,000.00; the number of Preferred shares that are to have a par value shall be 250, and the par value of each share of such class shall be ONE HUNDRED DOLLARS (\$100.00); and the number of Common shares that are to have a par value shall be 25,000, and the par value of each share of such class shall be ONE DOLLAR (\$1.00).

V

A statement of the preferences, privileges and restrictions granted to or imposed upon the respective classes of shares, or the holders thereof is as follows:

(a) 1. The holders of preferred shares shall be entitled to receive out of any funds of this corporation at the time legally available for the declaration of dividends, dividends at the rate of six per cent per annum of the par value thereof, payable in cash, stock or property /semi-annually or at such intervals as the board of directors may from time to time determine. Such dividends shall accrue from the date of issuance of the respective preferred shares and shall be deemed to accrue from day to day whether or not earned or declared. Such dividends shall be payable before any dividends shall be declared or paid upon or set apart for the common shares, and shall be cumulative so that if in any year or years dividends upon the outstanding preferred shares at the rate of six per cent per annum of the par value thereof shall not have been paid thereon or

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1 set apart therefor, the amount of the deficiency shall be fully
2 paid or declared and set apart for payment, but without interest,
3 before any distribution, whether by way of dividend or otherwise,
4 shall be declared or paid upon or set apart for the common shares.

5 2. The holders of common shares, after full cumulative
6 dividends to the amount of six per cent per annum upon the par
7 value of outstanding preferred shares shall have been paid or
8 declared and set apart for payment, shall be entitled to receive
9 in any fiscal year out of any funds of the corporation legally
10 available for the declaration of dividends, dividends when and as
11 declared by the board of directors at the rate of six per cent
12 per annum of the par value thereof for such fiscal year, or at
13 such lesser rate as the board of directors may determine, payable
14 in cash/^{stock or property}semi-annually or at such intervals as the board of directors
15 may from time to time determine. The right of the holders of
16 common shares to receive such dividends shall not be cumulative,
17 and no rights shall accrue to holders thereof by reason of the fact
18 that dividends on common shares are not paid or declared or set
19 apart for payment in or for any prior years.

20 3. After all cumulative dividends on the preferred
21 shares, as provided herein, have been paid or declared and set
22 apart for payment, and the non-cumulative dividends on the common
23 shares at the rate of six percent of the par value thereof for
24 such fiscal year, as provided herein, have been paid or set apart
25 for payment, if the board of directors shall elect to make further
26 distributions of dividends, such dividends shall be made to all
27 shares, preferred and common, and the amount of any such dividend
28 on each preferred share shall bear the same ratio to the amount
29 of any such dividend on each common share as the annual cumulative
30 dividend on one preferred share as provided herein bears to the
31 annual non-cumulative dividend of six per cent of the par value
32 thereof on one common share as provided herein; provided, however,

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1 that the holders of preferred shares shall not receive for any one
2 fiscal year dividends under this 3, in addition to cumulative
3 dividends provided in 1, which in the aggregate are in excess of
4 six per cent of the par value thereof. The dividends authorized
5 in this 3 shall not be cumulative and no rights shall accrue to
6 the holders of preferred or common shares by reason of the fact
7 that such dividends have not been paid or declared and set apart
8 for payment in any prior year.

9 4. Subject to all of the rights of the holders of
10 preferred shares as hereinabove in paragraphs 1 and 3 provided, the
11 holders of common shares shall be entitled to receive dividends in
12 excess of the sum of six per cent of the par value thereof for
13 any fiscal year, out of any funds of the corporation legally
14 available for the declaration of dividends, as and when declared
15 by the Board of Directors.

16 * (b) In the event of any liquidation, dissolution or
17 winding up, whether voluntary or involuntary, of this corporation,
18 before any amount shall be paid to the holders of common shares,
19 the holders of the preferred shares shall be entitled to receive,
20 out of the assets of this corporation whether such assets are
21 capital or surplus, an amount equal to the par value of the pre-
22 ferred shares and the unpaid dividends accrued thereon, and, after
23 payment to the holders of common shares of an amount equal to the
24 par value thereof plus six per cent of the par value thereof per
25 share, the remaining assets and funds of this corporation shall be
26 distributed in proportionate amounts per share to the holders of
27 the preferred shares and the holders of the common shares; provided,
28 however, that the holders of preferred shares shall not receive in
29 any such case, in addition to the par value and the unpaid dividends
30 accrued thereon, in excess of six per cent of the par value thereof.

31 (c) Except as otherwise provided by law or by these
32 articles of incorporation, the holders of common shares issued and

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1 outstanding shall have and possess the exclusive right to notice
2 of shareholder's meetings and the exclusive voting rights and powers,
3 and the holders of preferred shares shall not be entitled to
4 notice of any shareholders' meeting, or to vote upon the election
5 of directors or upon any question affecting the management or
6 affairs of this corporation, except where such notice or vote is
7 required by law or by these articles of incorporation.

8 If at any time eight (8) or more quarterly dividends
9 (whether consecutive or not) on the preferred shares shall be in
10 default, in whole or in part, the holders of preferred shares
11 as a class shall be entitled to elect the smallest number of
12 directors which will constitute a majority of the authorized number
13 of directors, and the holders of common shares as a class shall be
14 entitled to elect the remaining members of the board of directors.
15 At such time as all dividends accrued on the outstanding preferred
16 shares have been paid or declared and set apart for payment, the
17 rights of the holders of preferred shares to vote as provided
18 in this paragraph (c) shall cease, subject to renewal from time to
19 time upon the same terms and conditions.

20 At any time after the voting power to elect a majority
21 of the board of directors shall have become vested in the holders
22 of the preferred shares as provided in this paragraph (c), the
23 secretary of this corporation may, and upon the request of the record
24 holders of at least ten per cent (10%) of the preferred shares then
25 outstanding addressed to him at the principal office of this
26 corporation shall, call a special meeting of the holders of pre-
27 ferred shares and of common shares for the election of directors,
28 to be held at the place and upon the notice provided in the by-laws
29 of the corporation for the holding of annual meetings. If such
30 meeting shall not be so called within ten (10) days after personal
31 service of the request, or within fifteen (15) days after mailing
32 of the same by registered mail within the United States of America

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1 then the record holders of at least ten per cent (10%) of the
2 preferred shares then outstanding may designate in writing one of
3 their number to call such meeting, and the person so designated
4 may call such meeting at the place and upon the notice above provide
5 and for that purpose shall have access to the stock books of the
6 corporation. At any meeting so called or at any annual meeting
7 held while the holders of the preferred shares have the voting
8 power to elect a majority of the board of directors, the holders
9 of a majority of the then outstanding preferred shares present in
10 person or by proxy shall be sufficient to constitute a quorum
11 for the election of directors as herein provided. The terms of
12 office of all persons who are directors of the corporation at the
13 time of such meeting shall terminate upon the election at such
14 meeting by the holders of the preferred shares of the number of
15 directors they are entitled to elect, and the persons so elected
16 as directors by the holders of the preferred shares, together with
17 such persons, if any, as may be elected as directors by the
18 holders of the common shares, shall constitute the duly elected
19 directors of this corporation. In the event the holders of the
20 common shares fail to elect the number of directors which they
21 are entitled to elect at such meeting, additional directors may
22 be appointed by the directors elected by the holders of preferred
23 shares.

24 Whenever the holders of the preferred shares shall be
25 divested of such voting power as hereinabove in this paragraph (c)
26 provided, the term of office of all persons who are at the time
27 directors of the corporation shall terminate upon the election
28 of their successors by the holders of the common shares.

29 (d) So long as any of the preferred shares shall be out-
30 standing this Corporation shall not without first obtaining the
31 approval, (by vote or written consent, as provided by law) of the
32 holders of at least two-thirds (2/3) of the total number of preferr

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1 shares outstanding

2 (1) alter or change the rights, preferences or privileges
3 of the preferred shares so as materially adversely to affect the
4 preferred shares; or

5 (2) increase the authorized number of preferred shares; or

6 (3) create any new class of shares having preferences
7 over or being on a parity with the preferred shares as to dividends
8 or assets, unless the purpose of creation of such class is, and the
9 proceeds to be derived from the sales and issuance thereof are to
10 be used for the retirement of all preferred shares then outstanding; or

11 (4) purchase any common shares; or

12 (5) merge or consolidate with any other corporation,
13 except into or with a wholly owned subsidiary corporation; or

14 (6) sell, convey or otherwise dispose of all or substan-
15 tially all of the property or business of this corporation; or

16 (7) incur, assume or guarantee any indebtedness (other
17 than such as may be represented by the obligation to pay rent under
18 leases) maturing more than sixty (60) months after the date on
19 which it is incurred, assumed, or guaranteed by the corporation,
20 except purchase money obligations, obligations assumed as part of
21 the price of property purchased, or the extension, renewal or
22 refunding of any thereof.

23 VI

24 The number of Directors of this corporation is three (3);
25 the names and addresses of the persons who are appointed to act as
26 the first Directors of this corporation are as follows:

27 C. P. WOODLAND	1449 Murwood Road Walnut Creek, California
28 J. T. KIRKLAND	109 Estates Drive Orinda, California
29 FRANCES E. WOODLAND	1449 Murwood Road Walnut Creek, California

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VII

Before there can be a valid sale or transfer of any of the common shares of this corporation by the holders thereof, the holder of the shares to be sold or transferred shall first give notice in writing to the secretary of this corporation of his intention to sell or transfer such shares. Said notice shall specify the number of shares to be sold or transferred, the price per share, and the terms upon which such holder intends to make such sale or transfer. The secretary shall, within five (5) days thereafter, mail or deliver a copy of said notice to each of the other common shareholders of record of this corporation. Such notice may be delivered to such shareholders personally or may be mailed to the last known address of such shareholders, as the same may appear on the books of this corporation. Within fifteen (15) days after the mailing or delivering of said notices to such shareholders, any such shareholder or shareholders desiring to acquire any part or all of the shares referred to in said notice shall deliver by mail or otherwise to the secretary of this corporation a written offer or offers to purchase a specified number or numbers of such shares at the price and upon the terms stated in said notice.

If the total number of shares specified in such offers exceeds the number of shares referred to in said notice, each offering shareholder shall be entitled to purchase such proportion of the shares referred to in said notice to the secretary, as the number of common shares of this corporation, which he holds, bears to the total number of common shares held by all such shareholders desiring to purchase the shares referred to in said notice to the secretary.

If all of the shares referred to in said notice to the secretary are not disposed of under such apportionment, each common shareholder desiring to purchase shares in a number in excess of his proportionate share, as provided above, shall be entitled to purchase such proportion of those shares which remain thus undisposed

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1 of, as the total number of common shares which he holds bears to
2 the total number of common shares held by all of the shareholders
3 desiring to purchase shares in excess of those to which they are
4 entitled under such apportionment.

5 If none or only a part of the shares referred to in said
6 notice to the secretary is purchased, as aforesaid, in accordance
7 with offers made within said fifteen (15) day period, the share-
8 holders desiring to sell or transfer may dispose of all shares of
9 stock referred to in said notice to the secretary not so purchased
10 by the other shareholders, to any person or persons he may so
11 desire; provided, however, that he shall not sell or transfer
12 such shares at a lower price or on terms more favorable to the
13 purchaser or transferee than those specified in said notice to the
14 secretary.

15 Any sale or transfer, or purported sale or transfer, of
16 the common shares of said corporation shall be null and void unless
17 the terms, conditions and provisions of this Article VII are strict
18 observed and followed.

19
20 IN WITNESS WHEREOF, we, as incorporators, and named
21 hereinabove as Directors, have hereunto set our hands and seals
22 as such incorporators and directors in the County of Contra Costa
23 State of California, this 2nd day of November, 1957.

24
25 C. F. MCCLANAHAN

26
27 J. T. MCCLANAHAN

28
29 FRANKS MCCLANAHAN

30
31
32

1 STATE OF CALIFORNIA }
2 COUNTY OF CONTRA COSTA } SS.
3

4 On this 2nd day of November, 1957, before me
5 R. E. WADSWORTH, a Notary Public in and for the said
6 County and State, residing therein, duly commissioned and sworn,
7 personally appeared C. P. WOODLAND, J. T. KIRKLAND and FRANCES D.
8 WOODLAND, known to me to be the persons whose names are subscribed
9 to the foregoing Articles of Incorporation, and acknowledged to me
10 that they executed the same.

11 WITNESS MY HAND AND OFFICIAL SEAL.
12
13

14 R. E. WADSWORTH
15 NOTARY PUBLIC in and for the above
16 named County and State.

17 My Commission Expires: June 21, 1961.
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STATE OF CALIFORNIA



DEPARTMENT OF STATE

To all to whom these presents shall come, Greetings:

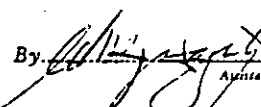
I, FRANK M. JORDAN, Secretary of State of the State of California, hereby certify:

That the annexed transcript has been compared with the RECORD on file in my office, of which it purports to be a copy, and that the same is full, true and correct.

In testimony whereof, I, FRANK M. JORDAN, Secretary of State, have hereunto caused the Great Seal of the State of California to be affixed and my name subscribed, at the City of Sacramento, in the State of California,

this.....8th day of November, 1957.....


Secretary of State

By 
Assistant Secretary of State

