

# PACIFIC NORTHWEST PIPELINE CORPORATION

## CERTIFICATE OF DESIGNATION, PREFERENCES AND RIGHTS OF A SERIES OF CUMULATIVE PREFERRED STOCK BY RESOLUTION OF THE BOARD OF DIRECTORS PROVIDING FOR AN ISSUE OF 58,000 SHARES OF PREFERRED STOCK DESIGNATED "CUMULATIVE PREFERRED STOCK, CLASS A, \$5.60 SERIES."

We, C. R. WILLIAMS, President, and LEON M. PAYNE, Secretary, of PACIFIC NORTHWEST PIPELINE CORPORATION (hereinafter referred to as the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware, in accordance with the provisions of Section 151 thereof, do hereby certify:

That pursuant to authority conferred upon the Board of Directors by the Certificate of Incorporation, as amended, of said Corporation, said Board of Directors at a meeting duly convened and held on March 31, 1956, at which a quorum was present and acting throughout, adopted a resolution providing for the issuance of a series of Cumulative Preferred Stock, designated "Cumulative Preferred Stock, Class A, \$5.60 Series", which resolution is as follows:

**RESOLVED**, that pursuant to the authority vested in the Board of Directors of the Corporation by the Certificate of Incorporation, as amended, the Board of Directors does hereby provide for the issue of a series of the Cumulative Preferred Stock, without par value, of the Corporation consisting of 58,000 shares and to the extent that the designations, powers, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions thereof are not stated and expressed in the Certificate of Incorporation, as amended, does hereby fix and herein state and express such designations, powers, preferences and relative, participating, optional and other special rights and the qualifications, limitations and restrictions thereof as follows (all terms used herein which are defined in the Certificate of Incorporation, as amended, to have the meanings provided in said Certificate of Incorporation, as amended):

(1) The Cumulative Preferred Stock of said series is hereby designated Cumulative Preferred Stock, Class A, \$5.60 Series, (herein called "Class A Preferred Stock").

(2) The dividend rate on the Class A Preferred Stock shall be \$5.60 per share per annum, payable quarterly on the first days of June, September, December and March, and the date from which dividends thereon shall accrue shall be June 1, 1958, except that if the number of shares of Class A Preferred Stock shall hereafter be increased by further resolution of the Board of Directors, dividends on such additional shares may accrue from such other date or dates as may be fixed by the Board of Directors in such resolution.

(3) The holders of the Class A Preferred Stock shall be entitled to receive (in addition to accrued and unpaid dividends) (i) \$100 per share in the event of the involuntary liquidation, dissolution or winding up of the Corporation, or (ii) the then applicable optional redemption price specified in Paragraph 4 hereof, in the event of the voluntary liquidation, dissolution or winding up of the Corporation.

(4) The Class A Preferred Stock may be redeemed in whole or in part at any time or from time to time at the option of the Board of Directors at the prices and during the periods set forth below, plus an amount equal to the accrued and unpaid dividends thereon:

Period	Price Per Share
To and including April 1, 1959 .....	\$104.00
April 2, 1959 to and including April 1, 1960 .....	103.75
April 2, 1960 to and including April 1, 1961 .....	103.50
April 2, 1961 to and including April 1, 1962 .....	103.25
April 2, 1962 to and including April 1, 1963 .....	103.00
April 2, 1963 to and including April 1, 1964 .....	102.75

<u>Period</u>	<u>Price Per Share</u>
April 2, 1964 to and including April 1, 1965 .....	\$102.50
April 2, 1965 to and including April 1, 1966 .....	102.25
April 2, 1966 to and including April 1, 1967 .....	102.00
April 2, 1967 to and including April 1, 1968 .....	101.75
April 2, 1968 to and including April 1, 1969 .....	101.50
April 2, 1969 to and including April 1, 1970 .....	101.25
April 2, 1970 to and including April 1, 1971 .....	101.00
April 2, 1971 to and including April 1, 1972 .....	100.75
April 2, 1972 to and including April 1, 1973 .....	100.50
April 2, 1973 to and including April 1, 1974 .....	100.25
On April 2, 1974 and thereafter .....	100.00

The Class A Preferred Stock may also be redeemed for the sinking fund hereinafter referred to at the sinking fund redemption price of \$100 per share plus an amount equal to accrued and unpaid dividends thereon. The term "accrued and unpaid dividends" as used in this resolution shall mean a sum equal to \$5.60 per share per annum from the respective dates from which dividends on the shares of Class A Preferred Stock accrued to the redemption date, less the aggregate amount of all dividends theretofore paid thereon, and no more.

(5) Within each twelve months' period commencing with the twelve months' period ending August 31, 1966, the Corporation shall acquire (unless prevented from doing so by the restrictions contained in the last sentence of Subdivision 3 of Part I of Article Fourth of the Certificate of Incorporation, as amended, or by any restrictions contained in any mortgage, deed of trust, indenture or loan agreement or similar agreement of the Corporation), either by the redemption thereof for cash or by purchase thereof for cash in such manner as the Board of Directors may determine from time to time at not exceeding the sinking fund redemption price thereof, and shall retire, an amount of Class A Preferred Stock at least equal to

(a) Within each such twelve months' period to and including the period ending August 31, 1972, three shares for each 100 shares of Class A Preferred Stock outstanding on September 1, 1965;

(b) Within each such twelve months' period ending after August 31, 1972, to and including the period ending August 31, 1980, four shares for each 100 shares of Class A Preferred Stock outstanding on September 1, 1965;

(c) Within each such twelve months' period ending after August 31, 1980, five shares for each 100 shares of Class A Preferred Stock outstanding on September 1, 1965;

*provided, however*, that if the Corporation shall be prevented by the restrictions contained in the last sentence of Subdivision 3 of Part I of Article Fourth of the Certificate of Incorporation, as amended, or by any restrictions contained in any mortgage, deed of trust, indenture or loan agreement or similar agreement of the Corporation or for any other reason from acquiring during any twelve months' period the number of shares of Class A Preferred Stock which in the absence of such restrictions it would be required to acquire and retire during such period, the shares not so acquired shall be acquired during the next succeeding twelve months' period in which the Corporation shall not be prevented by such restrictions from acquiring and retiring shares of Class A Preferred Stock.

Any shares of Class A Preferred Stock which shall be redeemed by the Corporation at the optional redemption price set forth in paragraph (4) above or shall be purchased by the Corporation in any such twelve months' period and shall not have been previously

applied to meet the Corporation's sinking fund obligations may be credited on the amount required to be retired in any one or more of the following twelve months' periods which the Corporation may designate. Shares of Class A Preferred Stock of the Corporation redeemed or purchased and applied to meet its sinking fund obligations shall not be reissued.

On and after September 1, 1966 and so long as any shares of Class A Preferred Stock shall remain outstanding, in no event shall any dividends whatsoever, whether in cash, stock or otherwise, be paid or declared, or any distribution be made on any junior stock, nor shall any junior stock be purchased, retired or otherwise acquired for a valuable consideration by the Corporation unless on or before the preceding August 31st the Corporation shall have acquired the number of shares of Class A Preferred Stock required to have been acquired by such date and applied such shares to the sinking fund obligation of the Corporation.

(6) So long as any shares of Class A Preferred Stock are outstanding, the Corporation shall not, without the consent of the holders of a majority of the number of shares of Class A Preferred Stock at the time outstanding, issue or sell any shares of Cumulative Preferred Stock or of any additional class of stock ranking prior to or on a parity with the Cumulative Preferred Stock in respect of dividends or distribution of assets on liquidation, except (i) the 287,000 shares of Cumulative Preferred Stock, \$3.30 Series, which are presently reserved for issuance in payment of the 5½% Interim Notes, due June 1, 1957, in accordance with the provisions of the Indenture, dated as of March 1, 1955, between the Corporation and The Chase Manhattan Bank as Trustee, (ii) the 58,000 shares of Class A Preferred Stock authorized by this resolution, (iii) the 42,000 shares of Cumulative Preferred Stock, Class B, \$5.60 Series authorized by resolution of even date herewith, and (iv) the 113,000 additional shares of Cumulative Preferred Stock now authorized by the Certificate of Incorporation, as amended, unless after giving effect to the proposed issue or sale of such additional stock, the assets of the Corporation remaining after deducting (a) the amount then payable upon involuntary liquidation with respect to any stock ranking prior to the Cumulative Preferred Stock in respect of dividends or distribution of assets on liquidation and (b) all liabilities (other than (i) liabilities evidenced by the 5½% Interim Notes due June 1, 1957, (ii) liabilities evidenced by the 5.60% Interim Notes, Series A, due June 1, 1958 or the 5.60% Interim Notes, Series B, due June 1, 1958, (iii) liabilities evidenced by any other obligations which at the option of the Corporation are convertible into, or payable in, Cumulative Preferred Stock or stock ranking on a parity with, or junior to, the Cumulative Preferred Stock in respect of dividends or distribution of assets on liquidation and (iv) capital and surplus accounts) and reserves, shall amount to at least 225% of the preference on involuntary liquidation (or, in the case of shares of stock having par value, the par value thereof) of all shares of Cumulative Preferred Stock and all shares of stock ranking on a parity therewith, in respect of dividends or distribution of assets on liquidation, to be outstanding immediately after giving effect to such proposed issue or sale, or issuable in payment of the aforesaid Notes or issuable at the option of the Corporation upon conversion of, or in payment of, any other securities to be outstanding immediately after such proposed issue or sale.

For the purpose of this paragraph 6, the assets and liabilities of the Corporation shall be determined in accordance with the books of account of the Corporation, which shall be kept in accordance with such system of accounts as may be prescribed by governmental authorities having jurisdiction over the accounts of the Corporation or, in the absence thereof, in accordance with sound accounting practice.

(7) The number of shares of Class A Preferred Stock may, to the extent of the Corporation's authorized and unissued Cumulative Preferred Stock, be increased by further resolution duly adopted by the Board of Directors and the filing and recording of a certificate

pursuant to the provisions of the General Corporation Law of the State of Delaware stating that such increase has been so authorized, provided, however, that no Class A Preferred Stock shall be issued on or after September 1, 1965.

That the issuance of 58,000 shares of Cumulative Preferred Stock, Class A, \$5.60 Series has been authorized by the Board of Directors of said Corporation.

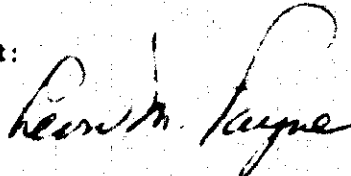
IN WITNESS WHEREOF said PACIFIC NORTHWEST PIPELINE CORPORATION has caused its corporate seal to be hereunto affixed and this Certificate to be signed by C. R. Williams as President and Leon M. Payne as Secretary this 7<sup>th</sup> day of April, 1956.

PACIFIC NORTHWEST PIPELINE CORPORATION

(Corporate Seal)

By   
President.

Attest:

 Secretary

PACIFIC NORTHWEST PIPELINE CORPORATION  
CORPORATE SEAL 1949  
DELAWARE

STATE OF TEXAS, }  
COUNTY OF HARRIS, } ss.:

BE IT REMEMBERED, that on this 17<sup>th</sup> day of April, 1956, personally came before me Evelyn J. Poorman, a Notary Public in and for the County and State aforesaid, C. R. WILLIAMS, President of Pacific Northwest Pipeline Corporation, a corporation of the State of Delaware, and one of the persons who signed the foregoing Certificate and he, the said C. R. WILLIAMS, as President, duly executed the Certificate before me and acknowledged the said Certificate to be his act and deed; that the signatures of the said President and of the Secretary of said Corporation to said foregoing Certificate are in the handwriting of the said President and Secretary of said Corporation respectively and that the seal affixed to said Certificate is the corporate seal of said Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office the day and year aforesaid.

(Notarial Seal)

MY COMMISSION EXPIRES JUNE 1, 1957.

NOTARY PUBLIC  
COUNTY OF HARRIS, TEXAS

Evelyn J. Poorman  
Notary Public in and for  
HARRIS COUNTY, TEXAS

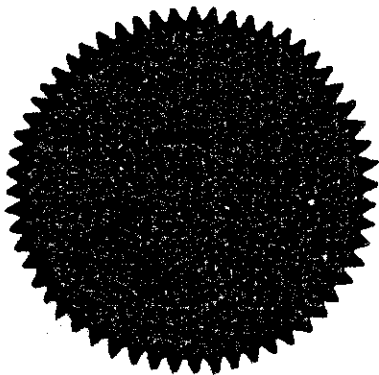
# State of Delaware



## Office of Secretary of State

I, John N. McDowell, Secretary of State of the State of Delaware, do hereby certify that the above and foregoing is a true and correct copy of Certificate Designating Cumulative Preferred Stock, Class A, \$5.60 Series of the "PACIFIC NORTHWEST PIPELINE CORPORATION", as received and filed in this office the twenty-third day of April, A.D. 1956, at 8:30 o'clock A.M.

In Testimony Whereof, I have hereunto set my hand and official seal at Dover this twenty-first day of May in the year of our Lord one thousand nine hundred and fifty-six.



John N. McDowell  
Secretary of State  
Mad Tomlinson