

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 287,000 SHARES OF PREFERRED STOCK DESIGNATED "CUMULATIVE PREFERRED STOCK, \$3.30 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 242 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 April 26, 1955, 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, \$3.30 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 (herein called "Preferred Stock"), without par value, of the Corporation consisting of 287,000 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 Preferred Stock of said series is hereby designated Cumulative Preferred Stock, \$3.30 Series, (herein called "\$3.30 Preferred Stock").
- (2) The dividend rate on the \$3.30 Preferred Stock shall be \$3.30 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 determined as provided in the Certificate of Incorporation, as amended, except that if the number of shares of \$3.30 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 \$3.30 Preferred Stock shall be entitled to receive (in addition to accrued and unpaid dividends) \$60 per share in the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary.
- (4) The \$3.30 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 \$60 per share plus an amount equal to accrued and unpaid dividends thereon. The \$3.30 Preferred Stock may also be redeemed for the sinking fund hereinafter referred to at the sinking fund redemption price of \$60 per share plus accrued and unpaid dividends thereon. The term "accrued and unpaid dividends" as used in this resolution shall mean a sum equal to \$3.30 per share per annum from the respective dates from which dividends on the shares of \$3.30 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, 1964, 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 or by purchase thereof 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 \$3.30 Preferred Stock at least equal to

- (a) Within each such twelve months' period to and including the period ending August 31, 1971, 3 shares for each 100 shares of \$3.30 Preferred Stock outstanding on September 1, 1963;
- (b) Within each such twelve months' period ending after August 31, 1971, to and including the period ending August 31, 1979, 4 shares for each 100 shares of \$3.30 Preferred Stock outstanding on September 1, 1963;
- (c) Within each such twelve months' period ending after August 31, 1979, 5 shares for each 100 shares of \$3.30 Preferred Stock outstanding on September 1, 1963;

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 \$3.30 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 or periods in which the Corporation shall not be prevented by such restrictions from acquiring and retiring shares of \$3.30 Preferred Stock.

Any shares of \$3.30 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 be retired to meet the Corporation's sinking fund obligation for such twelve months' period may be credited on the amount required to be retired in any one or more of the next following twelve months' periods which the Corporation may designate. Shares of \$3.30 Preferred Stock of the Corporation redeemed, or purchased and retired to meet its sinking fund obligations, shall not be reissued.

On and after September 1, 1964 and so long as any shares of \$3.30 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 31 the Corporation shall have acquired the number of shares of \$3.30 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 \$3.30 Preferred Stock are outstanding, the Corporation shall not, without the consent of the holders of a majority of the number of shares of \$3.30 Preferred Stock at the time outstanding, issue or sell any shares of Preferred Stock or of any additional class of stock ranking prior to or on a parity with the Preferred Stock in respect of dividends or distribution of assets on liquidation, except (i) the 287,000 shares of \$3.30 Preferred Stock authorized by this resolution, (ii) the 213,000 additional shares of 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 Notes, (ii) 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 the Cumulative Preferred Stock in respect of dividends or distribution of assets on liquidation or stock ranking junior to the Cumulative and surplus accounts) and reserves, shall amount to at least 225% of the preference on involuntary Preferred Stock in respect of dividends or distribution of assets on liquidation and (iii) capital liquidation (or, in the case of shares of stock having par value, the par value thereof) of all Cumulative Preferred Stock and all 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 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 \$3.30 Preferred Stock may, to the extent of the Corporation's authorized and unissued 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.

(8) No \$3.30 Preferred Stock shall be issued on or after September 1, 1963.

That the issuance of 287,000 shares of Cumulative Preferred Stock, \$3.30 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 26th day of April, 1955.

PACIFIC NORTHWEST PIPELINE CORPORATION

By C. R. WILLIAMS

President.

(C. R. WILLIAMS)

PACIFIC NORTHWEST PIPELINE CORPORATION
CORPORATE SEAL
DELAWARE
1949

Attest:

LEON M. PAYNE
Secretary

STATE OF NEW YORK, } ss.:
COUNTY OF NEW YORK, }

BE IT REMEMBERED, that on this 2nd day of April, 1955, personally came before me JOHN J. COLLINS, 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.

JOHN J. COLLINS

JOHN J. COLLINS
Notary Public, State of New York
No. 41-0711050
Qualified in Queens County
Term Expires March 30, 1957

~~NYC 55-1050~~
JOHN J. COLLINS
NOTARY PUBLIC
STATE OF NEW YORK

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, \$3.30 Series of the "PACIFIC NORTHWEST PIPELINE CORPORATION", as received and filed in this office the second day of May, A. D. 1955, at 4 o'clock P.M.

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

John N. McDowell
Secretary of State

M. D. Tomlinson

Asst. Secretary of State