

FORM OF CERTIFICATE OF DESIGNATION

The following provisions will be included in the certificate of incorporation of Parent in effect at or before the Effective Time:

(1) Number and Designation of Series. A series consisting initially of 14,520,000 shares of the Preferred Stock of the par value of \$25 per share is designated "Preferred Stock, 7.95%, Series AA" (hereinafter called the "Series AA Preferred Stock").

(2) Dividend Rate. The dividend rate per annum of the shares of Series AA Preferred Stock is \$1.9875 per share. Dividends shall be calculated on the basis of a 30-day month and a year of 360 days.

(3) Dividend Payment Dates. The dividend payment dates for the shares of Series AA Preferred Stock are the first days of March, June, September and December; the initial dividend period for such shares shall commence on the day when such shares are issued and thereafter the dividend periods for such shares shall be the quarterly periods beginning on such dates commencing \_\_\_\_\_, 199<sup>1</sup>.

(4) Optional Redemption. The Series AA Preferred Stock will not be subject to optional redemption.

(5) Mandatory Redemption. Subject to the restrictions set forth in section (6) of this subdivision ( ), the Corporation shall redeem on June 1, 2000, all of the outstanding shares of Series AA Preferred Stock at \$25 per share, plus accrued and unpaid dividends to the date of redemption. In the case of a redemption of Series AA Preferred Stock as specified in this section (5), the Company shall take action and provide the notice specified in [insert reference to provisions similar to paragraph (d) of Subparagraph "2" of Subdivision "A" of Section "III" of Paragraph "FIFTH" of the Restated Certificate of Incorporation of LILCO], with respect to optional redemption of Preferred Stock.

(6) Restriction on Mandatory Redemption. Unless full cumulative dividends for all past dividend periods and for the then current dividend period shall have been paid or declared and set apart for payment in the then outstanding Series AA Preferred Stock, the Corporation shall not redeem pursuant to section (5) of this subdivision ( ) less than all of the then outstanding shares of Series AA Preferred Stock.

The obligation of the Corporation to redeem shares as provided in section (5) of this subdivision ( ) shall be subject to any applicable restrictions of law.

(7) Restrictions on Payments on Junior Stock. The Corporation shall not declare or pay or set apart any dividend for the Common Stock or any other class of stock ranking junior to the Series AA Preferred Stock, or make any payment on account of, or set apart money for a sinking or analogous fund for, the purchase, redemption or other retirement of the Common Stock or any other class of stock ranking junior to the Series AA Preferred Stock, or make any distribution in respect thereof, either directly or indirectly, and whether in cash or

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<sup>1</sup> Insert first regular payment date occurring after issuance.

property or obligations or stock of the Corporation, unless at the date of declaration in the case of any such dividend, or at the date of any such other payment, setting apart or distribution, full cumulative dividends for all past dividend periods and for the then current dividend period shall have been paid or declared and set apart for payment on the then been paid or declared and set apart for payment on the then outstanding Series AA Preferred Stock, other than shares of Series AA Preferred Stock previously or then to be called for redemption.

(8) Restrictions on Sinking Fund Payments on Other Stock. The Corporation shall not redeem or purchase any shares ranking on a parity with the Series AA Preferred Stock as to assets or dividends, pursuant to any sinking fund requirement (which terms shall include any analogous requirement) for the redemption or purchase of such shares, and shall not set apart money for any such requirement, at any time when the redemption required by section (5) of this subdivision ( ) shall be in arrears; except that, at any time when the redemption required by section (5) of this subdivision ( ) shall be in arrears and when arrears exist in respect of any sinking fund or analogous requirement for any shares ranking as aforesaid on a parity with the Series AA Preferred Stock, the Corporation may redeem or purchase for the respective requirements shares of Series AA Preferred Stock and such other shares, pro rata, as nearly as practicable, according to the amounts in dollars of the arrears in the redemptions or purchases required for the respective requirements.

(9) Acquisition of Series AA Preferred Stock. Except as hereinbefore provided, the Corporation may, at its option, purchase, redeem or otherwise acquire any shares of Series AA Preferred Stock.

(10) Redemption Upon Voluntary Dissolution, Liquidation, or Winding Up of the Corporation. The applicable redemption price payable upon any voluntary dissolution, liquidation, or winding up of the Corporation as specified in [insert reference to provisions similar to the second paragraph of paragraph (c) of Subparagraph "2" of Subdivision "A" of Section "III" of Paragraph "FIFTH" of the Restated Certificate of Incorporation of LILCO] shall be the par value of the Series AA Preferred Stock.