

MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS
UNOCAL CORPORATION
FEBRUARY 25, 1985

CONFIDENTIAL

Pursuant to notice given by the Secretary to each and all of the Directors of the Company in accordance with the Bylaws, a Regular Meeting of the Board of Directors was held at the office of the Corporation in the Board of Directors Room, Union Oil Center, Los Angeles, California on Monday, February 25, 1985 at 9:00 A.M.

DIRECTORS PRESENT: William F. Ballhaus Fred L. Hartley
Claude S. Brinegar T. C. Henderson
Ray A. Burke Donald P. Jacobs
Robert D. Campbell William S. McConnor
William H. Doheny R. J. Stegemeier
Richard K. Eamer Donn B. Tatum
Lewis B. Harder

DIRECTOR ABSENT: Peter O'Malley

IN ATTENDANCE: Philip Blamey - Vice President-Finance
George C. Bond - Vice President and General Counsel
R. O. Hedley - Secretary

For part of
the Meeting: Sam A. Snyder - Assistant General Counsel

The Meeting was presided over by the Chairman - Fred L. Hartley, and the Secretary - R. O. Hedley - acted as Secretary.

Upon motion of Director Lewis B. Harder, seconded by Director Robert D. Campbell and unanimously carried, the Minutes of Meeting of the Board of Directors held January 28, 1985 as recorded on pages 45 and 46 in the Minute Book of the Board of Directors were ratified and approved.

Director Donald P. Jacobs - Chairman of the Compensation Committee - reported on the Committee's meeting held prior to this Board meeting. The report included the granting of 272,185 Performance Shares to 100 key employees of Union Oil Company of California (wholly-owned subsidiary) under the Long-Term Incentive Plan of 1985. Report of the aforementioned Committee was ordered received and filed. On motion of Director Donald P. Jacobs and seconded by Director William F. Ballhaus, the following resolution was duly adopted:

"RESOLVED, That the actions of the Compensation Committee of Union Oil Company of California regarding awards under the Revised Incentive Compensation Plan covering 1984 operations be and they are hereby ratified."

Director Donald P. Jacobs - Chairman of the Compensation Committee (the Committee) - presented its recommendation with respect to Restricted Stock Awards to be made pursuant to the Long-Term Incentive Plan of 1985. Whereupon, after discussion and on motion of Director Donald P. Jacobs and seconded by Director William F. Ballhaus, the following resolutions were duly adopted:

"RESOLVED, That the Committee's recommendation that Restricted Stock Awards covering 126,840 shares of the Company's Common stock be awarded to 151 key employees of Union Oil Company of California be and the same is hereby approved.

"RESOLVED FURTHER, That the appropriate officers of the Company be and they hereby are authorized to issue, and the registrar to register, such shares of the Company's stock in amounts shown on Exhibit A to these minutes.

"RESOLVED FURTHER, That each shareholder account so established be appropriately marked as 'Restricted' and certificates evidencing such shares be retained in the custody of the Company until the terms of the restriction period have been fulfilled.

"RESOLVED FURTHER, That the Restricted Stock Award Agreement - a copy of which was presented to the Meeting as Exhibit B - be and it hereby is approved - subject to changes that may be deemed necessary by the Company's General Counsel.

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"RESOLVED FURTHER, That the Restricted Stock Awards under the Unocal Corporation Long-Term Incentive Plan of 1985 is hereby amended in its entirety to read in accordance with the plan description attached to these minutes as Exhibit C."

Director William F. Ballhaus - Chairman of the Accounting and Auditing Committee - reported on that Committee's meeting with the Company's Certified Public Accountants (Coopers & Lybrand) held on February 25, 1985. The report of the aforementioned Committee was ordered received and filed.

Upon motion of Director Robert D. Campbell, seconded by Director William F. Ballhaus and on recommendation of the Accounting and Auditing Committee, it was unanimously carried that the firm of Coopers & Lybrand be reappointed Auditors of this corporation for the one-year period ending April 30, 1986 based on their proposal letter dated February 20, 1985.

At this point the Board meeting recessed and a short meeting of the Nominating Committee was convened to discuss nominees for Director at the forthcoming Annual Shareholders Meeting.

The Board meeting then reconvened and it was reported that the Nominating Committee had agreed that the 1985 nominees for Director (class of 1988) at the Annual Shareholders Meeting will be Messrs. Eamer, Hartley, and McConnor. In addition, upon recommendation of the Nominating Committee, the following actions were taken:

Upon motion of Director Donn B. Tatum and seconded by Director Donald P. Jacobs, the following resolution was unanimously adopted:

"WHEREAS, in accordance with Article IV, Section 2, of the Bylaws of this Corporation, the Board of Directors of this Corporation consists of fourteen members, divided, in accordance with Article Seventh of the Certificate of Incorporation of this Corporation, into three classes; and

"WHEREAS, Article Seventh of the Certificate of Incorporation requires that the classes of directors shall be as nearly equal in number of directors as possible; and

"WHEREAS, Article Sixth of the Certificate of Incorporation provides that the Bylaws may be amended by the Board of Directors as provided by law, provided that any amendment increasing or reducing the authorized number of directors shall require a resolution adopted by the affirmative vote of not less than 75% of the directors, and further provided that, in accordance with applicable law and Article Seventh of the Certificate of Incorporation, notwithstanding any reduction in the authorized number of directors, each director then serving nevertheless continues to serve until the expiration of the term to which he was elected; and

"WHEREAS, Donn B. Tatum, a member of the class of directors whose terms expire in 1985, is 72 years of age and is ineligible, under the policy adopted by the Board of Directors on January 25, 1982 to run for reelection to another three-year term; and

"WHEREAS, the Nominating Committee of the Board of Directors has recommended and the Board of Directors has determined that the best interests of this Corporation would be served by reducing the authorized number of directors from fourteen to thirteen and in due course to eleven.

"NOW, THEREFORE, BE IT RESOLVED, That the Bylaws of the Company be and they are hereby amended effective April 29, 1985 by amending Section 2 of ARTICLE IV to be and read as follows:

'Section 2, Number. The exact number of directors of the Company, within the limits specified in Article Seventh of the Company's Certificate of Incorporation, shall be thirteen until changed in the manner provided by laws.'

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Upon motion of Director Donn B. Tatum and seconded by Director Donald P. Jacobs, the following resolution was unanimously adopted:

"Resolved, That the Bylaws of the Company be and they hereby are amended by amending Section 6 of ARTICLE III to be and read as follows:

'Section 6. Voting. Directors shall be divided into three classes with each Director serving a three-year term. At each annual meeting, all Directors of one class shall be elected in accordance with the provisions of Article Seventh of the Company's Certificate of Incorporation by the holders of shares entitled to vote in the election. A nomination shall be accepted, and votes cast for a proposed nominee shall be counted by the inspectors of election, only if the Secretary of the Company has received at least 30 days prior to the meeting a statement over the signature of the proposed nominee that he consents to being a nominee and, if elected intends to serve as a director. Such statement shall also contain the Unocal stock ownership of the proposed nominee, occupations and business history for the previous five years, other directorships, names of business entities in which the proposed nominee owns a 10 percent or more equity interest, listing of any criminal convictions, including federal or state securities violations, and all other information required by the federal proxy rules in effect at the time the proposed nominee submits said statement.'

Upon motion of Director Donn B. Tatum and seconded by Director Donald P. Jacobs, the following resolution was unanimously adopted:

*RESOLVED, That the Bylaws of the Company be and they hereby are amended by adding Section 7 to ARTICLE III to be and read as follows:

'Section 7. Notice of Shareholder Business. At an annual meeting of the shareholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (c) otherwise properly brought before the meeting by a shareholder. For business to be properly brought before an annual meeting by a shareholder, the Secretary must have received written notice at least thirty (30) days prior to the meeting. A shareholder's notice to the Secretary shall set forth as to each matter the shareholder proposes to bring before the annual meeting (a) a brief description of the business desired to be brought before the annual meeting, (b) the name and address, as they appear on the Corporation's books, of the shareholder proposing such business, (c) the class and number of shares of the Corporation which are beneficially owned by the shareholder, and (d) any material interest of the shareholder in such business. Notwithstanding anything in the Bylaws to the contrary, no business shall be conducted at an annual meeting except in accordance with the procedures set forth herein.'

The Chairman asked the Secretary to distribute preliminary proxy material to the Directors. After allowing ample time for reading the proxy statement and a review thereof, upon motion of Director Donald P. Jacobs and seconded by Director William F. Ballhaus, the following resolution was unanimously adopted:

"RESOLVED, That the Secretary be and he is hereby authorized to submit proxy soliciting material to the Securities and Exchange Commission in form approved by the Executive Committee and counsel."

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Upon motion of Director Donald P. Jacobs and seconded by Director William F. Ballhaus, the following resolutions were unanimously adopted:

"RESOLVED, That the Annual Meeting of Shareholders of Unocal Corporation be held in the Auditorium of Unocal Center, 1201 West 5th Street, in the City of Los Angeles, County of Los Angeles, State of California, on Monday, the 29th day of April 1985 at 10:00 A.M.;

"RESOLVED FURTHER, That the Executive Committee be and hereby is authorized to set the record date for shares entitled to vote at the Annual Shareholders Meeting to be held on Monday, April 29, 1985;

"RESOLVED FURTHER, That the following persons be and they are hereby designated as proxy holders at the Annual Meeting of Shareholders to be held April 29, 1985, and at any and all adjournments thereof: William H. Doheny, Fred L. Hartley, Donald P. Jacobs, and William S. McConnor;

"RESOLVED FURTHER, That Jasmina A. Theodore, R. O. Hedley, and Lawrence Blum of CT Corporation, be and they are hereby appointed Inspectors of Election for the Annual Meeting of Shareholders to be held on Monday, April 29, 1985, and for any and all adjournments thereof, to perform the duties of such as prescribed by Delaware Corporation Law."

Upon motion duly seconded and carried, the Meeting adjourned.

R. O. Hedley
Secretary

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