

SECTION 1.11. The term "net earnings certificate" means a certificate signed by the Treasurer or any Assistant Treasurer of the Company and also signed by or accompanied by the certificate of Main and Company or other certified or chartered public accountants satisfactory to the Corporate Trustee, showing therein or in a schedule annexed thereto, in reasonable detail:

(1) the net earnings of the Company for a period of twelve consecutive calendar months within the sixteen calendar months immediately preceding the date of delivery to the Corporate Trustee of the application in connection with which such certificate is being furnished, computed (in accordance with sound accounting practice) by deducting from the total operating income and revenues of the Company from the mortgaged properties for such period its total operating expenses applicable to such properties for such period, including taxes (other than income taxes or other taxes payable based on or measured by or in respect of net earnings or income, or based on or measured by or in respect of undistributed net earnings or income), rentals, insurance, current repairs and maintenance and provision for depreciation and depletion of gas production properties subject to the lien of this Indenture (but not including charges representing appropriations to retirement reserves for properties other than gas production properties), and adding to the difference net non-operating income of the Company for such period (exclusive of profits or losses from the sale of fixed property of the Company or from the purchase and sale of securities by the Company), provided, however, that the total amount of such net non-operating income so added shall not exceed 10% of the net earnings so computed, including the net non-operating income so added;

(2) the annual interest charges upon (a) all outstanding bonds, (b) any bonds, the authentication and delivery of which is being applied for, and (c) any bonds or other obligations to be outstanding after the issuance of the bonds, the authentication and delivery of which is being applied for, secured by a mortgage or other lien (other than a permitted encumbrance) on any of the mortgaged property ranking equally with or prior to the lien of this Indenture; excluding, however, any bonds or other obligations (i) which will cease to be outstanding prior