

For purposes of this Section, the term "net earnings of the Company" shall mean the sum of the operating revenues and other income of the Company, less all proper deductions for operating expenses, taxes (including income taxes or other taxes based upon or measured by or in respect of net earnings or income or based upon or measured by or in respect of undistributed net earnings or income) and interest charges (exclusive of interest or taxes properly capitalized as interest or taxes during construction), appropriations to retirement or depreciation reserves for properties other than gas or oil production properties and provisions for depreciation and depletion of gas and oil production properties (which appropriations to retirement or depreciation reserves with respect to properties referred to in the first paragraph of Section 7.11 and which provisions for depreciation and depletion with respect to gas production properties shall be in amounts not less than those required by the provisions of Section 7.11 as in effect from time to time) and other appropriate items, all determined in accordance with sound accounting practice; provided, however, that in computing the amount of the net earnings of the Company as aforesaid (A) any interest received by the Company on obligations or indebtedness of any subsidiary or controlled corporation may be included in other income of the Company only to the extent that (i) such interest is not in excess of the net earnings available for interest of such subsidiary or controlled corporation, computed in accordance with sound accounting practice, for the period in respect of which such interest was paid (after first deducting from such net earnings available for interest an amount equal to all interest, if any, accrued for such period on obligations or indebtedness of such subsidiary or controlled corporation held by others than the Company and ranking prior to or on a parity with the obligations or indebtedness of such subsidiary or controlled corporation held by the Company in respect of which such interest was received) or (ii) such interest is properly capitalized by such subsidiary or controlled corporation as interest during construction in accordance with sound accounting practice; and any dividends received by the Company on stock of any subsidiaries or controlled corporations may be included in other income of the Company only to the extent that the aggregate amount of such divi-