

period (whether paid or not) on the preferred stock of any Subsidiary Company (other than Subsidiary Mortgagor Companies) outstanding and not owned by the Company or by another Subsidiary Company; provided, however, that in making such calculation there shall not be included either as receipts or as charges, any payment or credit by the Company to any Subsidiary Company or by any Subsidiary Company to the Company or to any other Subsidiary Company or any other intercorporate transaction between the Company and/or any Subsidiary Companies, excepting dealings in petroleum or gas or their products or other merchandise or commodities in the regular course of their respective businesses and in normal or current amounts or quantities and at current prices; and if any such intercorporate dealings in petroleum or gas or their products or other merchandise or commodities shall be included to a substantial extent in any such calculation of such combined net earnings, then such calculation shall also include the revaluation of the inventories of the Company and its Subsidiary Companies at current market prices.

The combined annual interest charges of the Company and of the Subsidiary Companies shall be determined by adding together the annual interest charges upon

(a) All obligations, outstanding at the date of the report required under the provisions of paragraph A of Section 8 of this Article, of the Subsidiary Companies (other than Subsidiary Mortgagor Companies) not pledged hereunder, which are secured by a lien or encumbrance upon all or any part of the properties of such Subsidiary Companies, other than obligations secured solely by lien upon petroleum or petroleum products above ground in storage.

(b) All obligations, outstanding at the date of the report required under the provisions of paragraph A of Section 8 of this Article, of the Company and Subsidiary Mortgagor Companies (other than obligations secured solely by lien upon petroleum or petroleum products above ground in storage) secured by a lien or encumbrance upon all or any part of the properties of the Company or of any Subsidiary Mortgagor Company, which said lien or encumbrance shall rank on a parity with or prior to the lien hereof.

(c) The Bonds theretofore authenticated hereunder and not retired by the date of the report required under the provisions of paragraph A of Section 8 of this Article, and the Bonds for the authentication and delivery of which such application is made, and all Bonds which shall not have been authenticated and delivered but the authentication and delivery whereof shall have been requested and to the authentication and delivery of which the Company shall be entitled.

In the case of any Subsidiary Company in which the Company has less than a 98% interest, as hereinafter defined, there shall be included in the above calculations only such percentage of the gross revenue, operating expenses, interest charges and preferred dividends of such Subsidiary Company as is equal to the percentage of such interest.

Provided no Additional Bonds may be authenticated and delivered unless the Company shall have, prior to the application for authentication and delivery of Additional Bonds, made application for the authentication of Bonds to the full extent that it is entitled at the date of the report required by the provisions of paragraph A of Section 8 of this Article to have authenticated under Section 7 of this Article.

SECTION 3. The term "Subsidiary Company", whenever used in this Indenture, shall be construed to mean a corporation, a majority (or such greater amount as may be necessary to ensure voting control, i.e., sufficient to elect a majority of the Board of Directors and to amend the By-Laws) of the outstanding stock (having voting power) of which is owned by the Company either directly, or indirectly through another