

**CALIFORNIA FRANCHISE TAX BOARD**

Internal Procedures Manual  
Water's Edge Manual

Rev.: September 2001

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**EXHIBIT 11D**

**STEP TWO - COMPUTING GAIN OR LOSS ON RETAINED EARNINGS**

<u>Account</u>	<u>Amount in U.S. Dollars</u>
Year End Retained Earnings Plugged from Balance Sheet Translation	
ADD:	
Distribution made during year	Rates on distribution dates or the average rates
MINUS:	
Beginning Retained Earnings Plugged from prior year balance sheet	
Operating profit (or plus loss) for the current year	Actual figure as adjusted and translated at weighted average or average rates.
EQUALS: EXCHANGE GAIN OR LOSS	

Note: This Exhibit is for E&P determinations before 1987.