

Now, THEREFORE, it is understood and agreed between the parties as follows:

ARTICLE I.

SECTION 1. Pullman shall, during the term of this contract, furnish to the Railroad present-type heavyweight standard sleeping and composite cars, new-type lightweight sleeping and composite cars, tourist sleeping cars, and troop sleeping cars, and the usual service therein (including commissary operations in such cars), properly equipped and acceptable to the Railroad and in sufficient number (limited, however, by the supply of cars of required class and floor plan available in Pullman's fleet of equipment) to meet the requirements of travel over the lines of railroad now or hereafter owned or controlled or operated by the Railroad as owner or as lessee, including lines of railroad upon which the Railroad now or hereafter operates under trackage agreements.

Wherever in this contract, the term "present-type" is used with respect to cars it shall be taken as referring to cars of riveted carbon-steel body-frame construction, of the general contour, weight, length, applied parts or special materials, and cost characteristics of so-called heavyweight cars heretofore in general use by Pullman and furnished to the Railroad by Pullman in performing standard sleeping car service.

Wherever in this contract, the term "standard sleeping cars" is used, it shall be taken to include composite cars.

Wherever the term "standard" is used in this contract, it shall be taken as referring not to a type of car construction but to a class or kind of service furnished by Pullman to passengers in its cars either of present-type heavyweight construction or new-type lightweight construction, as those terms are defined in this contract. Standard sleeping car service as covered by this contract contemplates the furnishing of accommodations in cars for which the tariffs of Pullman provide standard sleeping car rates, as distinguished from the class or kind of sleeping car service known generally and by tariff as tourist sleeping car service, and from other classes of sleeping car services that may now or hereafter be offered by Pullman.

Commissarial service as covered by this contract contemplates so-called Buffet, Restaurant and such other similar service as is now or hereafter offered by Pullman in connection with sleeping car service.

Wherever the term "troop sleeping car" is used in this contract, it shall be taken to mean those heavyweight, non-air-

conditioned Pullman-owned sleeping cars or special type sleeping cars now leased by Pullman from Reconstruction Finance Corporation and The Pennsylvania Railroad which it has been customary to furnish for troop movements.

SECTION 2. In case the Railroad shall at any time desire to furnish and operate its own sleeping cars and the usual and commissary service therein for part of its requirements, or shall desire some third party to do so, and shall request Pullman to furnish sleeping cars and the usual and commissary service therein for the remainder of the requirements of travel over the Railroad's lines, Pullman will furnish such partial service to the extent that it has sleeping cars of the required type and floor plan available therefor in its fleet of equipment and all of the terms of this contract shall be applicable to such cars.

Pullman shall lease for the purpose of operation and servicing on the lines of the Railroad such new-type lightweight sleeping cars or present-type standard sleeping cars or tourist cars owned (or held under lease) by the Railroad as the Railroad may elect, such cars to be shown in Exhibit "A" attached to the lease hereto annexed, and Pullman shall pay to the Railroad annually for the use of such leased cars rental equal to the sum of (i) an amount equal to depreciation on such cars at rates prescribed by the Interstate Commerce Commission and taken into the accounts of the Railroad, plus (ii) an amount equal to three (3) per cent per annum on the depreciated cost of such cars as shown by the books of the Railroad, hereinafter referred to as "interest rental." In view of the Railroad guaranty contained in Article IV, Section 1, subdivision (C), hereof, so much of said "interest rental" as is applicable to lightweight cars shall be payable in priority and preference to all other "interest rental" and to all interest on car notes issued pursuant to the Memorandum. The amount reflecting depreciation included in the rental for heavyweight cars paid by Pullman to the Railroad shall be included in Pullman's "Expenses of Operation" and distributed in the manner provided herein for depreciation on Pullman-owned cars. The Railroad's cars operated proportion of the amount reflecting depreciation included in the rental for lightweight cars paid by Pullman to the Railroad plus the Railroad's car operated proportion of the amounts reflecting depreciation included in rental paid by Pullman to each other railroad for lightweight cars of its ownership operated on the lines of the Railroad (but no other amount account depreciation of any such cars, regardless of ownership)