

shall be added to Pullman's other "Expenses of Operation" for that type of car for the purposes of Article IV of this contract. The interest rental paid under clause (ii) of this paragraph shall not be included in "Expenses of Operation."

Unless otherwise agreed, the Railroad shall make such reports as shall be required under the laws of the several states for assessment of the leased cars for *ad valorem* taxation, or for property taxation measured by gross receipts or otherwise, and shall pay all taxes so levied and assessed. Where such taxes are levied and assessed against Pullman, it will pay same. Pullman shall reimburse the Railroad for all such taxes paid by the Railroad, and all such taxes paid by either the Railroad or Pullman shall be included in "Expenses of Operation."

Pullman shall service and equip the leased cars in the same manner as provided herein in respect of Pullman-owned cars. Blankets, mattresses and other items of equipment for the original complement of the leased cars shall be furnished by the Railroad. Stock for renewal of any special items prescribed by the Railroad shall be maintained by the Railroad and the cost thereof billed against Pullman as used.

Cars leased from the Railroad shall not be used on the lines of any other railroad without the consent of the Railroad. In ascertaining the number of cars operated for contract settlement purposes, the number of leased cars operated, of whatever ownership, shall be added to the number of Pullman-owned cars operated of the same class, both ascertained as provided in Section 2 of Article IV of this contract.

SECTION 3. This contract shall not include commissary operations, except those conducted in sleeping cars, and then only at the option of the Railroad, or the operation of parlor cars, but it is the intention of the parties hereto that Pullman shall be free to contract with any railroad for such commissary operations and for the lease and operation of parlor cars, provided that any such commissary operations and parlor car leases and operations shall be fully compensatory and shall not adversely affect the expenses of sleeping car operations hereunder or the net operating income of Pullman.

SECTION 4. The total cost of maintaining and operating air conditioning apparatus shall be ascertained and borne on basis of present air conditioning contract rates, terms and conditions.

SECTION 5. Pullman shall have the right to collect from the occupants of all cars operated by it hereunder for the

use of seats and berths and other accommodations therein such fares and prices as shall be charged on lines of railroad competing with the lines of railroad embraced in this contract where similar accommodations and services are furnished, except where different charges may be fixed by law, and shall provide suitable employees for collecting such fares and charges and to provide the usual sleeping car and other services to the passengers therein; such employees shall when on duty be subject to the rules of the Railroad governing its own employees.

Pullman, in order to maintain service acceptable to the Railroad and to the traveling public, shall furnish agents or inspectors to supervise such service, including the conduct of employees, cleanliness of car, etc., while en route, and the Railroad will, in so far as it lawfully may, transport free over its own lines the employees, agents or inspectors mentioned in this Section.

SECTION 6. Pullman, except as hereinafter provided, will keep all Pullman-owned cars in good order and repair, and maintain and improve the same as far as may be necessary to keep them up to the standard of cars of similar type furnished for use on competing railroads.

Pullman shall not be obligated to install in Pullman-owned cars furnished hereunder, apparatus, appliances or facilities involving substantial cost for installation and operation and not in use in or upon sleeping cars of similar type generally at the time this contract is entered into. The reservation stated in the preceding sentence shall not apply to the ordinary additions and betterments that may now be, or may hereafter become, standard practice on cars of similar type, but is intended to apply to new developments in the art of building, equipping and operating railway passenger cars comparable with the addition in recent years of the air conditioning feature. In the event of development of such new apparatus, appliances or facilities for railway passenger car service or construction during the term of this contract, such features, if installed in Pullman-owned cars furnished for operation on the lines of any other railroad shall upon request of the Railroad also be installed in Pullman-owned cars furnished hereunder, to the extent and upon the same terms and conditions as those placed in effect by Pullman with any railroad.

SECTION 7. Pullman shall repay to the Railroad any moneys paid by the Railroad for taxes levied against the Railroad in