oth the city's transit facilities constituting shall maintain and operate the said on efficiently and according to the high-standards of electric railway opera-

After the date of the organization of the

(a) No transit facility provided by the city shall become a part of the unified system unless the board shall have approved the same as provided under Article XXXIV sah as to specifications and cost, but this revision shall not apply to any transit acility constructed, purchased or otherwise procured by the city prior to the (b) The company shall not provide any

addition to the fixed charges of the co pany, as specified in Article XIII, unless the board shall have approved the same, both a to specifications and cost.

upon the recommendations of the the city shall have the right to require the company from time to time to revide and operate such additions and stensions to the company's transit facili-ies within the limits of Philadelphia as ssion, upon hearing, shall de gact and necessary for service to the public section with the development of the connection with the company waives and the system. The company waives and the desired to the jurisdiction of the company waives and the company waives are company waives and the company waives and the company waives are company waives are company waives are company waives and the company waives are company waives are company waive waives are company waives are company waives are company waive waives are company wa an order requiring the to take any action necessary to nable it to construct or procure the contruction of such additions or extensions.

COMPANY TO FURNISH FACILITIES First The city shall give notice to the any at such time as it contracts for construction of any line, or part of a line, of the city's system, and the company shall furnish transit facilities for the same before such time as they shall be ble time shall be allowed the company in respect to transit facilities necessary for such parts of the city's system as may be enstruction at the date upon which this contract shall become effective. The company shall install such transit facilities t such times and in such manner as not to terfere with the construction or inthat where necessary the work of construct installing the transit facilities to be cy as regards time and expense lete operation of the city's system or any art thereof by neglect or failure to furnish

to supply such transit facilities at Second. 'The company shall provide the llowing transit facilities for use upon or connection with the city's transit facili-(a) Low tension feeders, both positive

and the city is hereby empowered, if in the

control of the director any such delay is caused by the company, to proceed, upon

(b) High tension cables, ducts and conduits, transmission lines and connections, including poles, wires and such appurtenames as may be necessary for the opera-tion of the city's system.

(d) Power stations, substations and real

necessary therefor. (d) Telephone and any other apparatus for communication.

Lighting fixtures and wiring for stations and tunnels. (f) All station equipment. (g) Such shop tools, machinery and other niscellaneous items as may be specified

in addition to the above, the company may be required to supply, at the city's option, tracks, third rail, signals and rolling stock, for use upon or in connection with the city's transit facilities, he company is able to secure funds for the enstruction or purchase of such facilities at an annual interest cost not exceeding

ix (6) per centum. COMPANY TO FURNISH POWER Third. The company hereby agrees that it furnish adequate power for the operato of the unified system. Subject to the approval of the board, the company may contract for the purchase of power. stations and substations. and utilize and enlarge the existing power stations, substations and other electrical equipment forming part of the present op-erating plants of the company. In furtherance of this purpose, the company may improve, modify or change the power

plants, substations and other electrical

Fourth. In connection with transit fatilities to be furnished by the company for the city, and to facilitate the operation of he unified system, the company shall have the right to provide, furnish, install, lay and maintain, in streets or other public such connections, conduits, pipes, ways or other means for the transportation transmission of electricity, steam, water, air or other form of energy to provide power or to signal or to send messages, as may be necessary solely for the proper peration of the unified system; but no such condults, pipes, ways or other means shall be provided, furnished, installed or ss the board shall have approved he location, character and method of con-truction of the same and the use of streets nnection therewith. All such work

Fifth. Wherever practicable the company all be allowed to use for substations or ther transit facilities available excess real irchased by the city for or as a

all be subject to all city regulations ap-

part of the city's transit facilities. ADEQUACY OF FACILITIES

The company shall, at all times during he term of this contract, provide transit lities for use upon or in connection with city's transit facilities as specified in Article V and transit facilities for use ystem which shall be adequate and suitble. The company shall reasonably an-cipate the growth of traffic and provide afficient of such transit facilities therefor. gether with such spare portions of such ilities as shall be necessary to provide

The transit facilities to be furnished by company shall be of the best character nown to the art of electric railway opera-on, and all facilities provided from time me and repairs thereto, substitutions for, and replacements and renewals bereof, shall be of such character as to caintain the facMities at least equal to ose originally provided and shall, in ad-Mien, include such improvements as the mate of the art may have developed; and all facilities to be furnished by the com-any shall be in accordance with the speci-lations of the board.

PAYMENT OF PROPERTY DAMAGE The city shall pay for all damage, direct consequential, to real property or any this in land taken, injured or destroyed the construction or operation of the city's em, and such payments shall be charged to the cost of the city's transit facilities.

Brovided, however, that the board shall determine to what extent property damages arising from the operation of the city's system shall be charged to the operating expenses of the unified system.

To such extent as will best serve the Dublic, and until other routing arrangements are ordered by the board, or other ferminals for the Frankford line and the

hals for the Frankford line and the Darby line are provided by the city, the Market street line in whole or in part shall be used as a connection between, and terninal facilities for, the Frankford and Darby lines.

The proportion of the maximum train of pacity which may be assigned at any lar time to each route using the

Ricular time to each route using the rice atreet line as a terminal shall be determined by the board. The rolling stock provided by the comfor the Market street line shall be in the operation of the Frankford and

CHANGE IN MARKET STREET LINE Any necessary reconstruction or alteration of the structure of the Market street line, at the points of branch-off of the Frankford line and the Darby line, and at the points where it may be crossed by the delivery loop and the Broad street line, incheding necessary station changes, shall be made by the city; and whenever the Chestnut street line shall be constructed, or other arrangements made for terminal facil-ities for or the rerouting of the Frankford or Darby lines, or both of the said lines. such further changes in the Market street line shall be made by the city as shall be necessary to give the best service to the

No alteration, reconstruction or change creinbefore mentioned shall be made exopt in a manner approved by the board. The cast of any a teration, reconstruc-on or change made at kereinbefore proided and any damage resulting therefrom shall be included in the cost of the city's transit facilities.

COST OF TRANSIT FACILITIES In computing the cost of a transit facility he following items shall be included, and nona other

(a) Actual and necessary net cost in money of the purchase or construction of the transit facility.

(b) Actual and necessary net cost in

noney of administration, engineering, su-perintendence, legal services, insurance and damages properly chargeable as an expense amages properly chargeaute as an expense f providing the transit facility. (c) Taxes, ascessments and other governmental charges on account of the tran-

sit facility paid or accrued before the beginning of its operation, and such assessichts for tenefits to the facility durin it's operation as are, in the opiniboard, not properly chargeable against gross

(d) In case the transit facility is provided by the company, interest and sink-ing fund charges paid or accrued during the period prior to the use of the facility in operation, upon money used or securities issued to pay for the facility. In case the is provided by the city, interest and sinking fund charges paid or accrued upon money used or securities issued to pay for the transit facility during the period of construction and for one year after the completion of the work for which the indebtedness shall have been incurred.

(e) All expenses incurred in procuring the noney necessary to pay for the transit facility, including the cost of engraving and printing securities, adverstising, taxes, expenses of selling securities and trustees expenses incurred in connection with the riginal issue of securities.

(f) Expenditures for repairs, replace. ments or renewals of a transit facility made during construction or after it shall have been used in operation which, in the opinion of the board, shall have been necessitated by faulty construction or design.

any increase or profit (other than increase or profit resulting from operation) from whatever source derived, including interest on deposits of construction shall accrue in any manner out of or in connection with any transit facility, the amount of any such increase or profit shall be ap-plied to reduce the cost of the said trainsit

RECORDS OF COST

The city shall provide vouchers to cover all items of the cost of the city's transit facilities, and these vouchers shall be accessible for inspection and audit by represen-tatives of the company and of the board.

and shall be matters of public record. The company shall provide vouchers to cover all items of the cost of the transit facilities to be furnished by the con The original vouchers and can vasses of bids for said transit facilities shall be accessible for the inspection and audit of the board and of the City Controller, and shall be matters of public record.

PAYMENTS OF INTEREST

time to time the funds required to meet the cost of the city's transit facilities and the total amount of such funds expended before given date as certified by the board be considered the cost of the city's transit facilities as of that date.

The company shall pay to the city from the gross revenue as specified under Article XXII, paragraph I, item 7, the interest and sinking fund charges cumulative as and when earned under the terms of this accumulated in its reserve fund for renewcontract, on such bonds as may be issued by als, together with cash or its equivalent the city for the cost of the city's transit equal in amount to any excess of the compaying any dividend or dividends to its stockholders from the gross revenue, as specified under Article XXII, paragraph 1 item 8: provided, however, that interest and sinking fund payments on the bonds issued by the city to pay for the cost of the city's by the city to pay for the cost of the city's transit facilities constituting each individual operating section of the city's system re spectively, shall not be chargeable against or pald out of the gross revenue until after the expiration of one year from the date of the beginning of the operation by the company of such section.

CAPITAL REQUIREMENTS

The company undertakes to obtain from time to time sufficient new capital to meet time to time sufficient new capital to meet upon which this contract shall become effective in lieu of the dividends waived under Article XXVII. funding and other capital expenditures, for the transit facilities to be furnished by the company for the city.

The method of procuring the said capital shall be approved by Councils as provided in Section 3 of the 1907 contract.

For the purpose of amortizing the new capital furnished by the company during the countract, there shall be

capital furnished by the company during the term of this contract, there shall be set aside as a sinking fund for the amortization of each issue of new capital, out of the gross revenue of each year, an amount equal to one percentum (1%) of the par value of the securities and capital took of the company issued and cutsfand. stock of the company issued and outstand-ing for such new capital as the same shall have been approved by Councils under Section 2 of the 1907 contract; provided, however, that the sinking fund on each issue of new securities and new capital stock shall not begin until five years after the date of issue thereof.

SINKING FUND PAYMENTS

Sinking fund payments on account of shares of new capital stock of the com-pany issued in addition to the thirty mil-lion dollars (\$30,000,000) now authorized and outstanding, shall be made to the Sinking Fund Commission. Sinking fund payments on account of bonds, notes or other securities shall be made to the trustee for the issuance of such bonds, notes of securities. The said trustee shall from time to time invest the amount of the said sinking fund payments in the said securisinking fund payments in the said securi-ties, provided they can be purchased at a cost not to exceed one hundred and five percentum (105%) of the par value thereof with accrued interest. In case such se-curities cannot be so purchased, the trustee may layer and relevant the sinking fund may invest and reinvest the sinking fund in such securities as may be proper legal investments for trustees under the laws of Pennsylvania; and all interest and of Pennsylvania; and an interest and profits accruing from the investment of the said fund shall be invested in like securities for the benefit of the said fund.

The Sinking Fund Commission shall.

The Sinking Fund Commission shall, subject to the provisions of Section 9 of the 1907 contract, invest and reinvest the said sinking fund payments.

The interest and sinking fund payments on bonds, notes or other securities, and the dividends and sinking fund payments on additional capital stock of the company, and the security of the company.

on additional capital stock of the company, if and as issued to meet new capital requirements of the company and approved by Councils under Section 2 of the 1907 contract, shall be treated as additional fixed charges of the company and shall be paid out of gross revenue.

PROVISIONS FOR FAILURE

In case the company shall fail to furnish the transit facilities required under Article V to be furnished by it for the initial operation of any part of the city's system—or thereafter shall fail to keep the said part fully and properly supplied with the said transit facilities—the board shall give the company notice of such default and

shall require the company to remedy the same within such reasonable time as may be specified by the board.

In case the company shall fail to make good the default within the time specified, and any extension or extensions of time granted by the board, the city may:

First. Supply the transit facilities at the cost and expense of the company, in which case the cost thereof shall be included in the new capital of the company, as specified in Article XIII.

Second. Bring a suit for specific performance, for the appointment of a receiver, for an injunction or for such other form of relief as the court may deem equitable and proper under the court may deem equitable. under the circumstant Avail itself of each and every egal or equitable remedy now or hereafte

Each and every remedy shall be in addition to every other remedy, and may be exercised from time to time and as often and in such order as may be deemed ex-pedient by the city, and the exercise or the beginning of the exercise of one rem beginning of the exercise of one remedy shall not be deemed a waiver of the right to exercise at the same time or thereafter any other remedy, except that no two in-consistent remedies shall be exercised at

No action hereunder shall, however, impair in any way the lien or security of any securities of the company theretofore duly issued in accordance with the provisions of this contract.

THE ACTUAL LEASE SECTION C

The director shall give notice to the com-pany specificially stating when each in-dividual operating section of the city's system will be completed.

The company shall take possession each individual operating section of the city's system at midnight on the day when such section shall be completed, but shall not be obligated to carry passengers on such section until it shall have had reasonable opportunity for supplying the transit facilities to be furnished by the commany for be furnished by such section as provided in Article V. The during the term of this lease.

In so far as practicable, to facilitate the compation of all er any part of the city's system, the company shall be permitted access to any of the city's transit facilities for the installation of the transit facilities to be furnished by the company for the city as specified in Article V. or for preparation therefor, or for the trial of the transit facilitles before possession of the city's transit facilities shall have been delivered to the company. In the exercise of this privilege the company shall protect and save the city harmless from claims, court actions and the costs and expenses incident thereto arising from injuries or damage to persons or propincluding the public, the contracto and the employes engaged in constructing and installing the city's transit facilities; the company shall repair any of the transit facilities which may be damcity's transit facilities which may aged by the installation or trial of the transit facilities to be furnished by the company for the city or by preparation therefor; and the costs and expenses incurred hereunder shall be charged to the ticle 13 cost of transit facilities to be furnished by Rem.

CITY TO HAVE ACCESS

After the company shall have taken pos-ession of the city's transit facilities th company shall permit the city to have access to the same at all reasonable times for the purpose of completing any of the city's transit facilities and for the extensions, making alterations, additions, extensions, making alterations, additions. The company shall also permit the representatives of the department to have access to any of the city's transit facilities at all reasonable times and shall furnish the necessary conveniences for the inspection thereof by the

aid representatives.
The company shall also at all times permit representatives of the board to have access to all parts of the unified system for the purpose of inspecting the transit The city shall furnish and expend from and shall also furnish free of charge such conveniences and transportation as may be required for such inspection.

DISPOSITION OF COMPANY'S FUNDS Immediately after the organization of the board the company shall turn over to the board, for its custody and administration under this contract, the cash and securities which it shall, on the date upon which

liabilities as of the date upon which this contract shall become effective and the current assets of the company which it may have acquired prior thereto shall be used the company's curretn liabilities including fixed charges incurred or accrued prior to the sa'd date, and the balance shall be available for the company's purposes and may be distributed to the company's stockholders after five years from the date upon which this contract shall become ef-

OPERATION OF BOTH SYSTEMS

From the date upon which this contract shall become effective and until the initial operation of the first individual operating section of the city's system, the company shall operate its own properties as heretofore under and subject to the terms and conditions of the 1997 contract, and sub-ject to the terms and conditions of this

As soon as the first individual operating section of the city's system shall have been mpleted and the company shall have installed the transit facilities which it is required to furnish for use thereupon or in connection therewith under Article V of this contract, and from time to time as other individual operating sections of the city's system shall have been completed and the company shall have furnished the transit facilities which it is required to furnish for use thereupon or in connection there-with, the company shall assume operation thereof and shall combine and consolidate operation thereof with the operation of the company's system in order to give the public one unified system of transpor-

Subject to such limitations and rights of revocation as the board may impose, company shall have the right to place adver-tisements of unobjectionable form and nature in cars and stations of the city's system, and to establish news stands and other vending privileges at such stations, but the company shall submit to the ap-

other vending privileges at such stations, but the company shall submit to the approval of the loard the contracts for leasing such privileges.

Subject to such restrictions as the city may impose, the company may use the unified system for the carriage of freight, mail, express and other unobjectionable transportation matter; provided, however, that such use shall not interfere with the use of the system to its fullest capacity for all passengers who shall desire to be carried thereupon. Within the limits aforesaid the city may require the company to carry freight, mail, express and other unobjectionable matter.

PAYMENTS OF RENTAL

As rental for the use of the city's transit As rental for the use of the city's transit facilities the company shall make payments to the city as specified in article 22, paragraph 1, items 7, 9 and 11, as and if earned by the unified system. Payments shall be made quarterly on or before the 13th day of each January, April, July and October, covering the operation for the three months periods ending December 31, March 31, June 30 and September 30, respectively, and any readjustment of payments that may be necessary shall be made with the settlement for the next succeding quarterly period.

Gross revenue shall consist of the reveme from transportation and revenue from operations other than transportation, inluding all gross receipts or gross earnupanies, or other income or profits from all sources derived by the company directly indirectly from the operation and use the company's system from the date upon which this contract shall become effective to the initial operation of the first individual operating section of the system, and thereafter of the unified sys-

DEDUCTIONS FROM GROSS REVENUE From and after the date upon which this contract shall become effective, the company shall make, in the order named, from the gross revenue of each fiscal year, the following deductions or payments properly chargeable against the gross revenue

Item 1-All expenses, including maintenance and damages actually incurred by the company in the operation of the company's system until the beginning of peration of the unified system, and there-

Item 2. All taxes that may be assessed against the city upon its securities issued to pay for the construction or purchase of the city's transit facilities, and in respect to the ownership or operation of the city's system and all taxes, licenses, assessments and charges now or hereafter lawfully levied or assessed by any constituted auerest thereon, its exercise of its franchises essments and charges imposed mpany whose property is owned by operating agreement it is provision for which is made under (a) hereof, and any and all contribution, however styled, which the comite to any governmental agency

PAYMENTS OF FIXED CHARGES

tiem 3. All payments of every kind or haracter in the nature of fixed charges or which the company, at the date upon which this contract shall become effective. obligated or liable under any outstanding mortgage or refunding of such mort lease, operating agreement or other of contract as shown by the audit to form of contract as shown by the audi be made as of the date upon which ntract shall become effective, as provided

ments on new securities and dividends and sinking fund payments on new capital stock of the company, issued as provided in Ar-

Item 5. Payments into the depreciation reserve funds and the contingency reserve

Item 6 (a) All payments due to the city for taxes on dividends of the leased and subsidiary lines of the company as the same are imposed by their respective charters. on 10 of the 1907 contract; (c) the inking fund payments provided in Section

equal in amount to the interest and sinking fund charges on the city's bonds issued for the city's transit facilities as provided in Article XII hereof.

DIVIDEND PAYMENTS

Item 8. Dividend payments to the stock-solders of the company on the thirty mil-tion dollars (\$30,000,000) of capital stock of the company, now gutherized and issued, such dividend payments to be subject to the provisions that during and for the period when the present three-cent exchange tickets emain in use as provided under Article XXIII the dividend payments under this item shall not exceed 5 per cent per annum on the said capital stock as authorized and issued, and that after the abolition or modification of the three-cent exchange tickets as provided under Article XXIII, the dividend rate under this item shall not exceed 6 per cent per amum, cumulative from and after the date upon which this contract shall become effective.

Item 9. Payments to the Sinking Fund upon such portion of the city's bonds issued for the city's transit facilities, as pro-vided in Article XII, as shall have been retired by the sinking funds for the same, thus terminating the payments on the same under item 7 hereof

Item 10. After the order of the commis-ion in regard to three-cent exchange tickets shalf have been made, the amount of this payment shall be fixed from time to time by the board, but the amount accumulated in the said operating surplus fund at any time after the said order of the commission shall not exceed \$2,000,000

Item 11. The remainder of the gross revenue shall be divided and paid 50 per cent to the company and 50 per cent to the Sinking Fund Commission.

The foregoing payments will be cumula-tive in the order named, and in case in any year the gross revenue shell not be sufficlent to make the said payments and any balances unpaid for former years), the de-ficiency in the said payments shall be made good from the gross revenue of succeeding years for each item before any payment is made therefrom for any !tem subsequently specified in paragraph 1 hereof.

RATES OF FARE The company's system and the city's system shall be operated as a unified system. starting as the company's system with the cash fares and free transfers now in effect, and as to the city's system with a five-cent fare and free transfers for all passengers transferring in a forward direc-tion, as follows. Between all lines of the city's system; between all lines of the city's system and the Market street line where communicating stations exist at points of intersection; between all lines of the city's system and the present surface system or extensions thereof wherever the lines of the present surface system or extensions thereof interesect the lines of the city's system, at station points outside of the delivery dis-trict, within Philadelphia.

Whenever the gross revenue for any two consecutive three months periods, as shown by the statements of gross revenue and deductions from gross revenue, as certiand deductions from gross revenue, as certified by the board, is not sufficient to pay the first seven items as set forth in the foregoing and the sum of six hundred thousand dollars (\$600,000), being at the rate of four per centum (4 per cent) per annum on the thirty million dollars (\$30,000) of capital stock of the company now authorized (the fairness of a four percentum (4 per cent) dividend being conceded by the city under this agreement), the city bereby agrees to join with the ceded by the city under this agreement, the city hereby agrees to join with the company in an earnest appeal to the commission to order a just and reasonable fare, which may be by flat increase or charge for transfers, or both, on all or any part of the unified system, which fare will produce to least sufficient gross revenue to provide at least sufficient gross revenue to provide for the first eight items.

EXCHANGE TICKETS

In order to assist in the accumulation of an operating surplus fund to be available in case of a temporary shortage of gross revenue of the unified system during the period of the development of the city's sysof each January. April, July and October, covering the operation for the three months periods ending December 31, March 31, June 30 and September 30, respectively, and any readjustment of payments that may be necessary shall be made with the settlement for the next succeding quarterly period.

The four quarterly payments covering any year thus made to the city will be "the annual current net revenue" to the city will be with annual current net revenue" to the city upon its investment in transit facilities within the meaning of the Constitution of section 5, article 5 of the Constitution of tem. the company may, until the date of

the Commonwealth, passed at the legislative sessions of 1913 and 1915 and duly approved by the vote of the people at the November election in 1915. of the commission made in connection with a determination of the fare requirements under this contract. Until the abolition or modification of the said exchange tickets by the commission as herein provided or ings, interests on deposits, income of the their abolition by the company, the comfrom the gross revenue, shall not exceed five percentum (5%) per annum. The operating surplus in excess of the said five percentum (5%) dividend to the company. that may be accumulated from the date upon which this contract shall become effective until the abolition or modification of the said exchange tickets, shall be held and used to make up from time to time any deficits in respect to the payments to be made from the gross revenue specified in Any advances made out of the said operating surplus to make up the said deficits shall be restored by paynents as specified, to the extent approved y the board out of the subsequent gross

> termination of this contract on July 1, 1957, or thereafter, any amount in this operating surplus fund shall be divided qually between the city and the con

DEPRECIATION RESERVE FUNDS From the date upon which this contract preciation reserve funds shall be set aside by the company out of the gross revenue and paid to the board quarterly in amounts and according to a classification to be de-termined from time to time by the board. follows: Fund A-Depreciation reserve fund for

ha city's transit facilities. Fund B-Depteciation reserve fund for a transit facilities to be furnished by the

Fund C-Depreciation reserve fund for The board may classify transit facilities or the depreciation of which any fund is eated and apportion the amounts in the everal funds according to such classifica-ion. That portion of Fund A which shall be set uside for permanent structures of the city's transit facilities as per sification determined by the boar contract shall become effective, and a of one per centum of the cost the said permanent structure

Any salvage or proceds from transit acilities retired from service shall be paid uto the appropriate fund

CUSTODY AND CONTROL

The funds thus set aside shall be in harge of and under the control and direction of the board, and shall be held for and applied to reasirs to and replacements and renewals of partiess of the unified system. arged to maintenance and included in the perating expenses of the unified system.

an amount equal to its cost shall be with drawn from the appropriate fund upon the tenewal of which such fund shall have een set aside.

Any amounts in such funds not currently eded for the purposes herein specified dadi be securely invested and reinvested urities of the company provided they can ments for trustees under the laws of Penn sxivania, and all interest and profits accruing thereon shall be invested for the benefit of such fund. The beard shall have the

Beginning at the expiration of ten year fter the date upon which the contract shall secome effective, there shall be deducted eserve fund equal in total to one-half of and under the control and direction of the board, and shall be securely invested and reinvested. When the amount in this fund exceeds \$1,000,000 the payments to such fund shall be suspended and interest thereon hall be paid into gro after the amount in this fund shall below \$1,000,000, payments at the rate afore-said shall be resumed until the amount in the fund shall again exceed \$1,000,000. Such ed by the board, shall be used to pay extraordinary operating expenses and ex-penses due to other contingencies not proprly chargeable wholly against any mount in this fund, after making proper allowance for accrued accident and damages account, shall be divided 50 per cent to the city and 50 per cent to the company

ACCOUNTS AND AUDIDTS

On or before the thirtieth day of January, April, July and October, of each year company shall deliver to the City Con troller statements, certified by the hoard and in form and detail as prescribed by the board setting forth, for the three months' periods ending December 31, March 31, June 30 and September 30, the following: (a) The gross revenue and the deduc tions from gross revenue for the said three months' period, as specified in Articles XXI and XXII. There shall not be included in uch statement any amounts for expenses o fixed charges incurred or accrued prior to the date upon which this contract shall beome effective.

(b) The amount of new capital furnished

by the company as specified in Article upon which the company is entitled to re-



brilliancy of these gems is all the more remarkable when you consider the extreme lowness of the price. And these diamonds cer-tainly do show brilliancy, and as Per Carat. 3-16 Carat,

\$10.90 1-4 Carat, \$16.25 for value, let us take the usual 1-3 Carat, \$23.10 1-2 Carat, price of \$105 per carat for compari-son. Mail orders filled.

\$35.00

ceive interest and sinking fund payments for the said quarterly period.

(c) The cost of the city's transit facil-ities upon which the city is entitled to re-ceive interest and sinking fund payments for the said quarterly period, as per the statements of the City Controller and the director, furnished by them to the board

AUDITING OF ACCOUNTS A complete audit of the accounts of the company, in form prescribed by the director shall be made by public accountants at the expense of the city as of the date upon which this contract shall become effective. and thereofter the accounts of the company shall be audited annually in form as pre-scribed by the board by public accountants agreed upon by the City Conroller and the president of the and the president of the company and the audit in detail shall be published and submitted to Councils and to the company. For that purpose the city shall have randa of the company and may require the examination, under eath, of any of its officers or employes, the cost of such annua audits and examinations shall be paid by he company as part of the expenses of the

If exception be taken, either by the pubpropriety of any charges appearing in accounts of the company, or by either public accountants or the company to propriety of any charges appearing shall pass upon and finally determine for all the purposes of this contract the propriety of the charges to which ex-ception shall have been taken.

WAIVER OF DIVIDENDS

The company hereby waives the cumula provision under Section 6 of the 1907 ontract as to its dividends for the period which this contract shall become effective. except that in lieu thereof the company re iders, after five years from the date upor which this contract shall become effective the then remaining surplus of the company accumulated previous to the date which this contract shall become effective as provided in Article XVII.

The company shall keep reasonably in-sured against fire and other usually insuraaccident or contingency all property of the city's system liable to be damaged thereby, and the policies for such insurance shall be kept separately from those for other property of the company. The insur-ance policies covering any of the city's transit facilities or any parts thereof shall be made payable to the city.

case of damage to or destruction of any of the city's transit facilities by war, riot, flood, earthquake or other extraordioccurrence not ordinarily insurable and generally comprehended under the term act of God or vis major, the same shall repaired or replaced by the city and charged to the cost of the city's

RIGHT OF RECAPTURE RESERVED. in addition to the right reserved by the purchase all the property, leasehold time between July 1, 1927, and July 1. 1957, upon giving the company six months notice of its intention so to do, to termi nate this contract, recapture its own prop and acquire all the company's leaseholds and franchises by paying to company at the date named in the said an amount equal to the which has been paid in upon all of its cap-ital stock outstanding at the time of the purchase and recapture, together with (a) any dividends on new capital stock in-paid an amount equal to any unpaid por-tion of dividends in each year at the rate million five hundred thousand lars (\$1,500,000) per year from the date upon which this contract shall become ef-

compensation to the company for a mination of this contract prior to Julist. In the eyent of such termination capture and purchase, the city shall sume or pay all due and accruing curliabilities of the company, including a ages and fixed charges, and will be titled to receive and make use of the crating cash balances, damage reserve to operating surplus fund and accrued a for the payment of fixed charges in operating surplus fund and accrued he for the payment of fixed charges in hands of the commany or which shall be accumulated in the sinking fund provider under the 1907 contract. All depression reserve funds and the contingency serve fund in the possession of the loss shall pass to the city upon any such mination, recapture and purchase.

At the termination of this lease the company shall surrender to the city all of the city's transit facilities in good condition an repair, except for natural deterioration and

The company shall assume and save t city harmless from any and all claims of court actions and expenses and costs incident thereto, arising from injuries to persons or property caused or alleged to have company in maintaining and operating the city's system or in furnishing transit facilities for use by the city. All payments made by the company hereunder shall be charged by the company hereunder shall to expenses.

PROVISIONS IN CASE OF DEFAULT In case of the default of the company faithfully to observe, keep and fulfill any of the conditions, obligations and require-ments of this lease, the city, upon reason-able notice to the company of its intention e allowed by the city or by the court: First. Enter upon and, as agent of the

Continued on Page Thirteen

## COMMERCIAL WASTATIONERY Mann's "Shen-King" Manifold Paper

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## Men of the New **National Army**

Prepare Now to Become Non-Commissioned Officers

Men of this city and vicinity selected for our New National Army can receive preliminary military instruction by drilling with one of the local Home Defense units.

Competent instructors provided-Drills held on grounds or in halls or armories well adapted to the purpose-Guns furnished-No expense entailed in any way.

By attending these drills regularly from now until you are called to your Training Camp, you will learn some rudiments of military training such as squad drill, close formation and manual of arms that will give you a considerable lead on your comrades, not so trained, in securing the rank of non-commissioned officer.

Look up your nearest Home Defense unit and apply to its Commanding Officer. A partial list of these organizations is as follows:

CHESTNUT HILL VOLUNTEER RESERVES, GERMANTOWN MINUTE MEN, GERMANTOWN CRICKET CLUB MILITARY

ORGANIZATION, MERION HOME DEFENSE RESERVES HAVERFORD RESERVES, OAK LANE RESERVES, LANSDOWNE RESERVES. RIVERTON RESERVES JENKINTOWN MILITARY TRAINING CORPS.

In addition to the above, drills will be held on grounds or in halls in the central part of the city, and in other sections not in the immediate vicinity of one of the Home Defense units.

Any information can be obtained by applying at the office of

Military Training Camps Association

Room 117, Commercial Trust Building 15TH and MARKET STREETS