382

But in Trust, Nevertheless, upon the terms and conditions of the Mortgage, for the equal and proportionate benefit and security (except as provided in Section 1 of Article XIV) of all present and future holders of Bonds and coupons, according to their tenor, purport and effect, without preference, priority or distinction (except as provided in Section 1 of Article XIV) as to lien or otherwise; so that (except as aforesaid) each and every Bond and coupon shall have the same right, lien and privilege under the Mortgage and shall be equally and ratably secured thereby in accordance with the provisions of the Mortgage;

And it is Hereby Covenanted and Declared that all of the Bonds and coupons for interest thereon, if any, are to be issued, authenticated and delivered, and that the mortgaged property is to be held and disposed of by the Trustees, upon and subject to the following covenants, conditions, uses and trusts:

ARTICLE I

Definitions

The terms defined in this Article I (unless otherwise expressly provided or unless the context otherwise requires) shall have the following meanings, respectively:

"Additions and Betterments" shall mean all physical additions to or improvements, extensions and betterments of the property of the Company becoming subject to the lien of the Mortgage and acquired or constructed by the Company after January 1, 1950, the cost of which, at the time of acquisition or construction, was properly chargeable to Road and Equipment Account, *except:*

(a) Equipment;

(b) Purchased Property; and

(c) Such additions, improvements, extensions and betterments as:

(1) Were acquired or constructed through grants or donations or the application of funds pursuant to Section 21 of Article VII or the application of funds made available by charges to operating expenses on account of service losses on nondepreciable mortgaged property retired and replaced; or

(2) Are subject to any Prior Lien; or

(3) The Company has covenanted in Sections 7 and 8 of Article VIII not to use as a basis for the authentication and delivery of any Bonds, the release of any property, or the withdrawal, payment or application of any cash held by the Trustees.

"Application" shall mean a letter or other instrument in writing dated not more than 60 days prior to its delivery to the Corporate Trustee and signed by the President or a Vice President of the Company, setting forth briefly the nature of the matter or action covered by the application, referring