hereunder as shall be proportionate to the amount of such reduction, provided that all of the remaining shares of such Wholly Owned Railroad Subsidiary are deposited and pledged with the Corporate Trustee.

SECTION 10. The Company covenants and agrees that no Railroad Subsidiary will create or increase the amount of its debts secured by lien equal or prior in rank to the lien of any bonds of such Railroad Subsidiary pledged under the Mortgage, unless the Debt Securities for the debt so created or the increase thereof are also pledged with the Corporate Trustee.

SECTION 11. The Company covenants that no Wholly Owned Railroad Subsidiary will make any sale, exchange or other disposition of its property contrary to the provisions of Part B of Section 1 of Article IX and that, except as otherwise expressly provided in the Mortgage, no Wholly Owned Railroad Subsidiary will at any time sell, exchange or otherwise dispose of its property, real or personal, or any part thereof, except for adequate consideration and unless the Company shall first file with the Corporate Trustee the following:

(a) An Officers' Certificate dated not more than 30 days prior to the delivery thereof, stating

(1) that such Wholly Owned Railroad Subsidiary desires to sell or exchange property, briefly described, or has contracted so to do, for a consideration described in the Certificate (which consideration may be cash or property or both), and that such consideration represents, in the opinion of the signers of the Certificate, an adequate consideration to such Subsidiary for the property to be sold or exchanged;

(2) a brief description of the property, if any, to be received as consideration in whole or in part, and stating that such property consists of railroad lines, bridges or terminals, or other property appurtenant to or useful to the railroad lines, bridges or terminals, owned and operated by such Subsidiary; and

(3) that the property to be sold or exchanged is no longer necessary or advantageous in the business of such Subsidiary, and either (i) that the substantial integrity and efficiency of the lines of railroad, bridges and terminals of such Subsidiary will not be impaired by such sale or exchange, or (ii) that the sale or exchange is made in compliance with the provisions of Part B of Section 1 of Article IX; and

(b) An Opinion of Counsel (in case such Officers' Certificate states that the consideration to the Wholly Owned Railroad Subsidiary consists of property in whole or in part) that such property to be received by such Subsidiary is free and clear of liens other than liens in the nature of Permitted Encumbrances.

Sales, exchanges and other dispositions of its property may be made by any Wholly Owned Railroad Subsidiary in any calendar year without the filing of the instruments provided for in this Section 11, unless and until the value of the property disposed of by such Subsidiary in that year has exceeded or will exceed $25,000.

The Company covenants and agrees that within 15 days after the sale or disposition of any property by a Wholly Owned Railroad Subsidiary as to which the instruments provided by this Section 11 shall be required, the Company will deposit or cause to be deposited with the Corporate Trustee an amount equal to the amount of any cash received by such Subsidiary for the property so sold.

SECTION 12. The Company may, unless an Event of Default shall have occurred and be continuing, sell the Securities of any corporation which are deposited and pledged under the Mortgage, except Prior Lien Bonds, but only upon and subject to the following conditions:

(a) All Securities of such corporation pledged hereunder shall be sold simultaneously.