

price of the 5% First Mortgage Bonds as set forth in Section 1 of Article II of the ORIGINAL INDENTURE.

(B) THE COMPANY, its subsidiaries, and Belrug Mills, Inc. (which is owned by the stockholders of THE COMPANY), will maintain at all times, so long as any of the Bonds of either issue shall remain outstanding and unpaid, an aggregate net working capital of not less than 200% of the aggregate amount of the Bonds of both issues at the time outstanding and unpaid, and in no event less than \$900,000.00.

THE COMPANY covenants and agrees, in particular, but without limiting other covenants and provisions hereof, as hereinafter set forth:

(1) That it will not, subsequent to the execution and delivery of this SUPPLEMENTAL INDENTURE, create, or cause to be formed, any additional subsidiary or subsidiaries, nor make any investments in or transfer any property or assets to any affiliated company or companies, without the consent in writing of the holders of all Bonds of both issues then outstanding and unpaid; provided, however, that the provisions of this paragraph (1) shall not prohibit the transfer by the Company of its property or assets, in the ordinary course of business, to Belrug Mills of California, Belrug Mills of Texas, Wunda-Weve Carpet Co., Inc., and Wunda Karpet, Incorporated, existing subsidiaries of the Company, or to Belrug Mills, Inc., an affiliated company, all the stock of which subsidiaries and affiliated company is pledged as additional security for the bonds secured by this SUPPLEMENTAL INDENTURE and by said ORIGINAL INDENTURE.

(2) That so long as any of the Bonds of either issue shall be outstanding and unpaid, it will be free of short-term borrowings for a period of at least thirty (30) consecutive days in each fiscal year.