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Form PTO-1594

(Rev. 03/01)

OMB No. 0651-0027 (exp. 5/31/2002)

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U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

TB WOOD'S INCORPORATED

- Individual(s)
- General Partnership
- Corporation-State
- Other PENNSYLVANIA CORPORATION
- Association
- Limited Partnership

Additional name(s) of conveying party(ies) attached? Yes No

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

Execution Date: 1/7/2005

2. Name and address of receiving party(ies)

Name: MANUFACTURERS & TRADERS TRUST COMPANY

Internal

Address: _____

Street Address: DRESHER ROAD

City: HORSHAM State: PA Zip: 19044

- Individual(s) citizenship _____
- Association _____
- General Partnership _____
- Limited Partnership _____
- Corporation-State _____
- Other _____

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? Yes No

4. Application number(s) or registration number(s):

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

507,277

Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: IDA MAGIN

Internal Address: C/O CSC

Street Address: 80 STATE STREET

City: ALBANY State: NY Zip: 12207

6. Total number of applications and registrations involved: 1

7. Total fee (37 CFR 3.41).....\$ 40.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

IDA MAGIN

Name of Person Signing

Signature

01/12/05

Date

Total number of pages including cover sheet, attachments, and document: 1

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patent & Trademarks, Box Assignments
Washington, D.C. 20231

01/18/2005 ECDPPER 00000016 507277

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TRADEMARK
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**PATENTS, TRADEMARKS, COPYRIGHTS
AND LICENSES SECURITY AGREEMENT**
(Trademark)

This Patents, Trademarks, Copyrights, and Licenses Security Agreement ("Agreement") is made as of the 1st day of January, 2005, by TB Wood's Incorporated ("Company"), a Pennsylvania corporation, with its chief executive office located at 440 North Fifth Street, Chambersburg, PA 17201, and delivered to Manufacturers and Traders Trust Company, in its capacity as collateral agent for Lenders, as defined below ("Collateral Agent"), having a mailing address of 601 Dresher Road, Horsham, Pa 19044.

BACKGROUND

A. This Agreement is being executed contemporaneously with that certain Loan and Security Agreement of even date herewith by and among Company, the other Borrowers, TB Wood's Corporation and T.B. Wood's Canada Ltd., as guarantors, Collateral Agent, Funding Agent, Administrative Agent and such other financial institutions named therein and the financial institutions which hereafter become a party thereto, as lenders (collectively, the "Lenders") (as may hereafter be supplemented, restated, amended, superseded, replaced, or restated from time to time, the "Loan Agreement"), under which Company is granting Collateral Agent for the benefit of Lenders, a lien on and security interest in all of the assets of Company associated with or relating to products leased or sold or services provided under Company's patents, trademarks (and the goodwill associated therewith) and copyrights, and under which Agents and Lenders are entitled to foreclose or otherwise deal with such assets, patents, patent rights, patent applications, goodwill, trademarks, trademark applications, service marks, service mark applications, trade names, copyrights, and copyright applications under the terms and conditions set forth therein. Capitalized terms not defined herein shall have the meanings given to such terms in the Loan Agreement.

B. Company has adopted, used and is using (or has filed applications and/or registrations of) the patents, patent rights, and patent applications (collectively, the "Patents"); trademarks, service marks, trade names, and service trade names (collectively, "Trademarks"); copyrights, and copyright applications and licenses (collectively, the "Copyrights"); and goodwill associated thereto ("Goodwill") listed on Schedule A attached hereto and made part hereof (all such Patents, Trademarks, Copyrights or Goodwill hereinafter referred to as the "Assets").

C. Pursuant to the Loan Agreement, Collateral Agent is acquiring a lien on, and security interest in, the Assets and the registration thereof, for the benefit of lenders, together with all the goodwill of Company associated therewith and represented thereby, as security for all Obligations, and desires to have its security interest in such Assets confirmed by a document identifying same and in such form that it may be recorded in the United States Patent and Trademark Office and United States Copyright Office, respectively.

NOW THEREFORE, with the foregoing Background hereinafter deemed incorporated by reference and made a part hereof, and in consideration of the premises and mutual promises herein contained, the parties hereto, intending to be legally bound hereby, covenant and agree as follows:

1. In consideration of and pursuant to the terms of the Loan Agreement and all other instruments, agreements and documents entered into in connection therewith (collectively, the "Loan Documents"), and for other good, valuable and sufficient consideration, the receipt of which is hereby acknowledged, and to secure the Obligations, Company grants a lien and security interest to Collateral Agent, for the benefit of Lenders, in all of its present and future right, title and interest in and to the Assets, together with all the goodwill of Company associated with and represented by the Assets, and the registration thereof and the right (but not the obligation) to sue for past, present and future infringements, and the proceeds thereof, including, without limitation, license royalties and proceeds of infringement suits.

2. Except as otherwise provided in the Loan Agreement, Company hereby covenants and agrees to maintain the Assets in full force and effect until all Obligations are indefeasibly paid and satisfied in full and the Loan Agreement is terminated.

3. Company represents, warrants and covenants that:

(a) The Assets are subsisting and have not been adjudged invalid or unenforceable;

(b) To Company's knowledge, each of the Assets is valid and enforceable;

(c) Company is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the Assets, and each of the Assets is free and clear of any liens, claims, charges and encumbrances, including, without limitation, pledges, assignments, licenses and covenants by Company not to sue third persons;

(d) Company has the unqualified right, power and authority to enter into this Agreement and perform its terms;

(e) Company has complied in all material respects with, and will continue for the duration of this Agreement to comply with, the requirements set forth in 15 U.S.C. §§1051-1127, 17 U.S.C. §101, *et seq.*, 35 U.S.C. §101 *et seq.* and any other applicable statutes, rules and regulations in connection with its use of the Assets; and

(f) Each of the Assets listed on Schedule A constitute all of the Assets, and all applications for any of the foregoing, now owned by Company. If, before all Obligations shall have been indefeasibly paid and satisfied in full and the Loan Agreement shall have been terminated, Company shall (i) obtain rights to any new patentable inventions, trademarks, trademark registrations, trade names, or copyrights or licenses, or (ii) become entitled to the benefit of any patent or trademark application, trademark, trademark registration, copyright or copyright registration or application or license renewal, or patent for any reissue, division, continuation, renewal, extension, or continuation-in-part of any Patent or any improvement on any Patent, the provisions of this Agreement shall automatically apply thereto and such patent or trademark application, trademark, trademark registration, copyright or copyright registration or application or license renewal, or patent for any reissue, division, continuation, renewal, extension, or continuation-in-part of any Patent or any improvement on any Patent shall be deemed part of the Assets. Company shall give Collateral Agent prompt written notice thereof along with an amended Schedule A.

4. Company further covenants that until all Obligations have been indefeasibly paid and satisfied in full and the Loan Agreement has been terminated, it will not enter into any agreement, including without limitation, license agreements or options, which is inconsistent with Company's obligations under this Agreement, except for agency, co-marketing and co-branding agreements.

5. So long as an Event of Default or Default has not occurred and is continuing under the Loan Agreement, Company shall continue to have the exclusive right to use the Assets and Collateral Agent shall have no right to use the Assets or issue any exclusive or non-exclusive license with respect thereto, or assign, pledge or otherwise transfer title in the Assets to anyone else.

6. Company agrees not to sell, license, grant any option, assign or further encumber its rights and interest in the Assets except as permitted by the Loan Agreement.

7. If and while an Event of Default exists and is continuing under the Loan Agreement, Company hereby covenants and agrees that Collateral Agent, as the holder of a security interest under the Uniform Commercial Code, as now or hereafter in effect in the Commonwealth of Pennsylvania, may take such action permitted under the Loan Documents or permitted by law, in its exclusive discretion, to foreclose upon the Assets covered hereby. In such event, Company hereby authorizes and empowers Collateral Agent, its successors and assigns, and any officer or agent of Collateral Agent as Collateral Agent may select, in its exclusive discretion, as Company's true and lawful attorney-in-fact, with the power to endorse Company's name on all applications, assignments, documents, papers and instruments necessary for Collateral Agent, to use the Assets or to grant or issue any exclusive or non-exclusive license under the Assets to anyone else, or necessary for Collateral Agent to assign, pledge, convey or otherwise transfer title in or dispose of the Assets to anyone else including, without limitation, the power to execute a trademark assignment in the form attached hereto as Exhibit 1. Company hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof and in accordance with the terms hereof, except for the gross negligence or wilful misconduct of such attorney. This power of attorney shall be irrevocable for the life of this Agreement, the Loan Documents, and until all Obligations are indefeasibly paid and satisfied in full and the Loan Agreement is terminated.

8. This Agreement shall be subject to the terms, provisions, and conditions set forth in the Loan Agreement and may not be modified without the written consent of the Company and Collateral Agent.

9. All rights and remedies herein granted to Agents and Lenders shall be in addition to any rights and remedies granted under the Loan Documents. In the event of an inconsistency between this Agreement and the Loan Agreement, the language of the Loan Agreement shall control.

10. Upon Loan Parties' performance of all of the obligations under the Loan Documents and full and unconditional satisfaction of all Obligations, Collateral Agent shall execute and deliver to Company all documents reasonably necessary to terminate Collateral Agent's security interest in the Assets.

11. Any and all fees, costs and expenses, of whatever kind or nature, including the attorneys' fees and legal expenses incurred by Collateral Agent in connection with the preparation of this Agreement and all other documents relating hereto and the consummation of this transaction, the filing or recording of any documents (including all taxes in connection therewith) in public offices, the

payment or discharge of any taxes, reasonable counsel fees, maintenance fees, encumbrances or costs otherwise incurred in protecting, maintaining, preserving the Assets, or in defending or prosecuting any actions or proceedings arising out of or related to the Assets, or defending, protecting or enforcing Agents' and Lenders' rights hereunder, in each case in accordance with the terms of this Agreement, shall be borne and paid by Company on demand by Collateral Agent and until so paid shall be added to the principal amount of Obligations and shall bear interest for Revolving Advances at the otherwise applicable rate of interest prescribed in the Loan Agreement.

12. Subject to the terms of the Loan Agreement, Company shall have the duty to prosecute diligently any trademark application with respect to the Assets pending as of the date of this Agreement or thereafter, until all Obligations shall have been indefeasibly paid and satisfied in full and the Loan Agreement shall have been terminated, to preserve and maintain all rights in the Assets, and upon request of Collateral Agent, Company shall make federal application on registrable but unregistered patents, trademarks, copyrights or licenses belonging to Company. Any expenses incurred in connection with such applications shall be borne by Company. Company shall not abandon any Patent, Trademark or Copyright except as permitted by the Loan Agreement.

13. Company shall have the right to bring suit in its own name to enforce the Assets, in which event Collateral Agent may, if Company reasonably deems it necessary, be joined as a nominal party to such suit if Collateral Agent shall have been satisfied, in its sole discretion, that Agents and Lenders are not thereby incurring any risk of liability because of such joinder. Company shall promptly, upon demand, reimburse and indemnify Agents and Lenders for all damages, reasonable costs and expenses, including reasonable attorneys' fees, incurred by Agents and Lenders in the fulfillment of the provisions of this paragraph.

14. During the existence and continuation of an Event of Default under the Loan Agreement, Collateral Agent may, without any obligation to do so, complete any obligation of Company hereunder, in Company's name or in Collateral Agent's name, but at Company's expense, and Company hereby agrees to reimburse Collateral Agent in full for all costs and expenses, including reasonable attorneys' fees, incurred by Collateral Agent in protecting, defending and maintaining the Assets.

15. No course of dealing among Loan Parties and Agents and/or Lenders nor any failure to exercise, nor any delay in exercising, on the part of any Agent or any Lender, any right, power or privilege hereunder, shall operate as a waiver thereof, and all of Agents' and Lenders' rights and remedies with respect to the Assets, whether established hereby or by the Loan Documents, or by any other future agreements between Loan Parties and Agents and Lenders or by law, shall be cumulative and may be exercised singularly or concurrently.

16. The provisions of this Agreement are severable and the invalidity or unenforceability of any provision herein shall not affect the remaining provisions which shall continue unimpaired and in full force and effect.

17. This Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties.

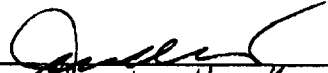
18. This Agreement, and all matters arising hereunder or related hereto, shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania applied to contracts to be performed wholly within the Commonwealth of Pennsylvania.

19. Company and Collateral Agent each waive any and all rights it may have to a jury trial in connection with any litigation, proceeding or counterclaim arising with respect to rights and obligations of the parties hereto or under the Loan Documents.


[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Dated the date and year first written above.

TB WOOD'S INCORPORATED

By: 
Name: Joseph C. Horvath
Title: VP + CFO

Approved and Accepted:
MANUFACTURERS AND TRADERS
TRUST COMPANY, as Collateral Agent for Lenders

By: 
Name: James Scollato
Title: Vice President

[SIGNATURE PAGE TO PATENT, TRADEMARK AGREEMENT]

S-1

SCHEDULE A


Trademark	Registration/ Application Number	Registration/ Application Date	Owner
Dura-Flex	507.277	2/7/97	Company

106896.01001/11392891v1

ACKNOWLEDGMENT

UNITED STATES OF AMERICA :
COMMONWEALTH OF PENNSYLVANIA : SS
COUNTY OF PHILADELPHIA:

On this 7th of January 2005, before me personally appeared Joseph C. Horvath to me known and being duly sworn, deposes and says that s/he is the Vice President and CFO of TB Wood's Incorporated, the Company described in the foregoing Agreement; that s/he signed the Agreement as such officer pursuant to the authority vested in him/her by law; that the within Agreement is the voluntary act of such corporation; and s/he desires the same to be recorded as such.



Notary Public

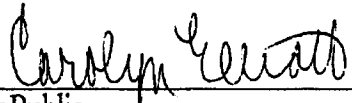
My Commission Expires:

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
CAROLYN ELLIOTT, Notary Public
City of Philadelphia, Phila. County
My Commission Expires January 8, 2008

ACKNOWLEDGMENT

UNITED STATES OF AMERICA :
COMMONWEALTH OF PENNSYLVANIA : SS
COUNTY OF PHILADELPHIA :

On this 7th day of January, 2005, before me personally appeared James Zicoello to me known and being duly sworn, deposes and says that he is Vice President of Manufacturers and Traders Trust Company, the Collateral Agent described in the foregoing Agreement; that he signed the Agreement as such officer pursuant to the authority vested in him by law; that the within Agreement is the voluntary act of such corporation; and he desires the same to be recorded as such.



Notary Public

My Commission Expires:

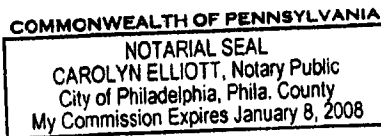


EXHIBIT 1

PATENTS, TRADEMARKS, LICENSES AND COPYRIGHTS ASSIGNMENT
(Trademarks)

WHEREAS, _____, a _____ corporation ("Grantor") is the registered owner of the United States trademarks, service marks, trade names, service mark applications and trademark applications listed on Schedule A attached hereto and made a part hereof ("Assets"), which are registered in the United States Patent and Trademark Office; and

WHEREAS, _____ ("Grantee"), having a place of business at _____, is desirous of acquiring said Assets;

NOW THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, and intending to be legally bound hereby, Grantor, its successors and assigns, does hereby transfer, assign and set over unto Grantee, its successors, transferees and assigns, subject to the terms of the Patents, Trademarks, Licenses and Copyrights Security Agreement, of even date herewith, between Grantor and Grantee, all of its present and future right, title and interest in and to the Assets and all proceeds thereof and all goodwill associated therewith.

IN WITNESS WHEREOF, the undersigned has caused this Patents, Trademarks, Licenses and Copyrights Assignment to be executed as of the ___ day of _____, 200__.

By: _____
Attorney-in-fact

Witness:

EXHIBIT 1
ACKNOWLEDGMENT

UNITED STATES OF AMERICA :
STATE OF :
COUNTY OF :

On this _____ day of _____, 200 ____, before me, a Notary Public for the said County and State, personally appeared _____ known to me or satisfactorily proven to me to be attorney-in-fact on behalf of _____, and s/he acknowledged to me that s/he executed the foregoing Patents, Trademarks, Licenses, and Copyrights Assignment on behalf of Grantor, and as the act and deed of Grantor for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public

My Commission Expires:

POWER OF ATTORNEY

TB Wood's Incorporated, a Pennsylvania corporation ("Grantor"), hereby authorizes Manufacturers and Traders Trust Company, as collateral agent for various financial institutions, its successors and assigns, and any officer or agent thereof (collectively, the "Grantee") as Grantor's true and lawful attorney-in-fact, with the power to endorse Grantor's name on all applications, assignments, documents, papers and instruments necessary for Grantee to enforce and effectuate its rights under a certain Patents, Trademarks, Licenses and Copyrights Security Agreement between Grantor and Grantee dated the date hereof (as it may hereafter be supplemented, restated, superseded, amended or replaced, the "Agreement"), including, without limitation, the power to use the Assets (as defined in the Agreement) and listed on Schedule A attached hereto and made a part hereof, to grant or issue any exclusive or nonexclusive license under the Assets to anyone else, or to assign, pledge, convey or otherwise transfer title in or dispose of the Assets, in each case subject to the terms of the Agreement.

This Power of Attorney is given and any action taken pursuant hereto is intended to be so given or taken pursuant to and subject to the provisions of a certain Loan and Security Agreement bearing even date herewith among Grantor and certain other parties as borrowers and Grantee, as agent, and certain other financial institutions, as lenders, as each document may be hereinafter supplemented, restated, superseded, amended or replaced.

Grantor hereby unconditionally ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof and in accordance with the terms of the Agreement.

This Power of Attorney shall be irrevocable for the life of the Agreement.

IN WITNESS WHEREOF, the Grantor has executed this Power of Attorney, on this 7th day of January, 2005.

TB WOOD'S INCORPORATED

By: 

Name: Joseph C. Horath

Title: VP + CFO

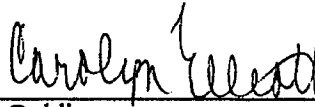
TRADEMARK

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ACKNOWLEDGMENT

UNITED STATES OF AMERICA :
COMMONWEALTH OF PENNSYLVANIA : SS
COUNTY OF PHILADELPHIA

On this 7th of January, 2005, before me personally appeared Joseph C. Horvath, to me known and being duly sworn, deposes and says that s/he is Vice President and CFO of TB Wood's Incorporated, the Grantor described in the foregoing Power of Attorney; that s/he signed the Power of Attorney thereto as such officer pursuant to the authority vested in her/him by law; that the within Power of Attorney is the voluntary act of such corporation; and s/he desires the same to be recorded as such.



Notary Public

My Commission Expires:

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
CAROLYN ELLIOTT, Notary Public
City of Philadelphia, Phila. County
My Commission Expires January 8, 2008

106896.01001/11392891v1