

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:		NEW ASSIGNMENT	
NATURE OF CONVEYANCE:		SECURITY INTEREST	
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Conestoga Wood Specialties Corporation		02/28/2011	CORPORATION: PENNSYLVANIA
RECEIVING PARTY DATA			
Name:	Manufacturers and Traders Trust Company		
Street Address:	One M&T Plaza		
City:	Buffalo		
State/Country:	NEW YORK		
Postal Code:	14240		
Entity Type:	Banking institution: NEW YORK		
PROPERTY NUMBERS Total: 1			
Property Type	Number	Word Mark	
Registration Number:	1861821	CONESTOGA	
CORRESPONDENCE DATA			
Fax Number:	(717)291-4660		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
Phone:	717-299-5201		
Email:	ipdocket@barley.com		
Correspondent Name:	Nicole M. Bodoh		
Address Line 1:	126 East King Street		
Address Line 4:	Lancaster, PENNSYLVANIA 17602-2893		
ATTORNEY DOCKET NUMBER:	119999-25561		
NAME OF SUBMITTER:	Nicole M. Bodoh		
Signature:	/nicole m. bodoh/		
Date:	03/10/2011		

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Total Attachments: 27

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SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the "Agreement") is made as of February 28, 2011, by and between **CONESTOGA WOOD SPECIALTIES CORPORATION** and **CONESTOGA WOOD TRANSPORTATION, INC.** (each a "Company" and together the "Companies"), each, a Pennsylvania corporation, and **MANUFACTURERS AND TRADERS TRUST COMPANY** (the "Bank"), as Agent for Manufacturers and Traders Trust Company and Susquehanna Bank (collectively, the "Lenders").

RECITALS

A. The Bank has agreed to make certain credit facilities available to the Companies pursuant to the terms and subject to the conditions of the Loan Agreement (as hereinafter defined).

B. Each Company, in order to secure such credit facilities, shall grant to the Bank a perfected security interest in the Collateral (as hereinafter defined), as hereinafter set forth.

NOW, THEREFORE, in consideration of the promises contained herein and intending to be legally bound hereby, the parties hereto covenant and agree as follows:

1. Incorporation of Defined Terms. Any capitalized terms used herein but not defined herein shall have the meanings given to them in the Loan Agreement. Terms defined herein are set forth in paragraph 10 below.

2. Security Interest.

a. Grant of Security Interest in Collateral. For value received and to secure the payment to the Bank and the prompt performance of the Obligations, each Company hereby grants to Bank a security interest in the Collateral.

b. Perfection of Security Interests.

(i) Each Company hereby authorizes the Bank to file, at the Companies' cost and expense, such financing statements (including, without limitation, UCC-1 financing statements, UCC-3 continuation statements, and UCC-3 amendment statements) without any Company's signature, for filing in such filing offices as Bank deems necessary, in its sole discretion, to perfect, or maintain the perfection of, the Bank's security interest in the Collateral.

(ii) In addition to the authorization granted in favor of the Bank under Section 2(b)(i) hereof, each Company shall, at its cost and expense, execute and deliver (or cause to be executed and delivered) to Bank, concurrently with the execution of this Agreement, and at any time or times hereafter at the request of the Bank, all assignments, certificates of title, conveyances, assignment statements, financing statements, renewal financing statements, continuation statements, security agreements, affidavits, notices and all other agreements, instruments and documents that the Bank may reasonably request, in form and

substance satisfactory to the Bank, and shall take any and all other steps reasonably requested by the Bank, in order to perfect and maintain the security interests granted herein by the Companies to the Bank and in order to fully consummate all of the transactions contemplated herein and under any Other Agreements. Without limiting the generality of the foregoing, at the request of the Bank at any time and at the cost and expense of the Companies, each Company shall execute and deliver a collateral assignment (in form and substance satisfactory to the Bank) evidencing the Bank's perfected first-priority security interest in any portion or all of the Intellectual Property Collateral, and cause such collateral assignment to be recorded with any recording, filing or similar office required by the Bank (including, without limitation, the United States Patent and Trademark Office and the United States Copyrights Office).

c. Control. Without limiting the generality of any provision contained herein (including, without limitation, the requirements of Section 2(b) hereof), at the request of the Bank, each Company shall take any and all action which, in the judgment of the Bank, is required in order for the security interest granted to the Bank pursuant hereto in and to all Deposit Accounts, Electronic Chattel Paper, Investment Property, and Letter-of-Credit Rights to be properly perfected under the UCC including, without limitation, providing the Bank with control over such Collateral as required pursuant to and in accordance with the provisions of the UCC, as appropriate, including, in connection therewith, causing a control agreement, under which such control is provided to the Bank, to be executed and delivered to the Bank, which control agreement shall be satisfactory, in form and substance, to the Bank and its counsel.

d. Goods in Possession of Bailee. At the Bank's request, each Company shall obtain an acknowledgment, in form and substance satisfactory to the Bank, of any bailee having possession of any of the Collateral that the bailee holds such Collateral for the Bank, in order for the Bank to receive a perfected first-priority security interest therein as required by the UCC.

e. Power of Attorney. Each Company does hereby irrevocably make, constitute and appoint the Bank and any of its officers, employees or agents, at such time as an Event of Default has occurred under the Loan Agreement, as the true and lawful attorneys of such Company with power to:

(i) sign the name of the Company on any financing statement, renewal financing statement, notice or other similar document which, in the Bank's opinion, must be filed in order to perfect or continue perfected the interests granted in this Agreement or any Other Agreements;

(ii) receive, endorse, assign and deliver, in the name of the Company or in the name of the Bank, all checks, notes, drafts and other instruments relating to any Collateral including, but not limited to, receiving, opening and properly disposing of all mail addressed to the Company concerning Accounts and to notify postal authorities to change the address for delivery of mail to such address as the Bank may designate;

(iii) sign the name of the Company on any invoice or bill of lading relating to any Account, drafts against account debtors, schedules and assignments of Accounts, notices of assignment, verifications of accounts and notices to account debtors;

(iv) take or bring at the Company's cost, in its name or in the name of the Bank, all steps, actions and suits deemed by the Bank necessary or desirable to effect collections of Accounts, to enforce payment of any Account, to settle, compromise, sell, assign, discharge or release, in whole or in part, any amounts owing on Accounts, to prosecute any action or proceeding with respect to Accounts, to extend the time of payment of any and all Accounts, and to make allowances and adjustments with respect thereto; and

(v) do all other things necessary to carry out this Agreement and all Other Agreements.

(vi) Neither the Bank nor any attorney will be liable for any act of commission or omission nor for any error of judgment or mistake of fact or law, except and to the extent that a court of competent jurisdiction determines, pursuant to a final order, that such act of commission or omission constitutes gross negligence or willful misconduct. This power, being coupled with an interest, is irrevocable so long as any of the Obligations remain unpaid or unsatisfied.

f. Additional Collateral; Right of Set-Off. Funds of each Company on deposit with the Bank (or any Affiliate of the Bank), and Collateral of any nature and the cash and noncash Proceeds thereof owned by such Company or in which such Company has an interest, which now or hereafter are in the possession or control of the Bank (or any Affiliate of the Bank), shall at all times constitute additional security and Collateral for the Obligations and may be set off against the Obligations upon the occurrence of an Event of Default.

3. Priority.

a. Lien Status. Each Company represents and warrants that, except for Permitted Encumbrances, the security interests and other rights granted to the Bank hereunder, when properly perfected by filing or other means of perfection required or permitted by the UCC, shall at all times constitute valid and perfected first-priority security interests vested in the Bank in and upon all of the Collateral, that such Collateral, except for the Permitted Encumbrances, is free and clear of all security interests, liens, encumbrances and claims of all other Persons, and that such security interests and other rights granted to the Bank hereunder shall not become subordinate or junior to the security interests, liens, encumbrances or claims of any other Person including, without limitation, the United States or any department, agency or instrumentality thereof, or any state, county or local governmental agency.

b. Other Liens. Except for the Permitted Encumbrances and to the extent expressly permitted under the Loan Agreement, neither Company shall grant (without the prior written approval of Bank) a security interest in or permit a lien or encumbrance upon any of the Collateral to anyone except the Bank.

4. The Companies' Organizational Information.

a. State of Organization/Name. Each Company represents and warrants that (i) it is a corporation organized and existing in good standing under the laws of the Commonwealth of Pennsylvania; (ii) its chief executive office is located at 245 Reading Road, East Earl, Pennsylvania; and (iii) its exact legal name is the name set forth in the opening paragraph of this Agreement.

b. Notifications. Each Company will notify the Bank in writing at least 30 days prior to any change in: (i) such Company's chief executive office (or residence); (ii) such Company's name or identity; or (iii) such Company's organizational structure or organizational jurisdiction. The Companies shall promptly notify the Bank of any claims or alleged claims of any other person or entity to the Collateral or the institution of any litigation, arbitration, governmental investigation or administrative proceedings against or affecting the Collateral, which, if determined adversely to any Company, would have a material adverse financial impact on such Company. The Companies will keep Collateral at the location(s) previously provided to Bank until such time as Bank provides written advance consent to a change of location. The Companies will bear the cost of preparing and filing any documents necessary to protect Bank's liens.

5. Accounts.

a. Representations and Warranties. Each Company represents and warrants that:

(i) it is now and at all times hereafter shall be the absolute owner, free and clear of all liens, encumbrances and security interests, of its Accounts, except for (i) the liens and security interests granted herein, and (ii) the Permitted Encumbrances; and

(ii) (1) every Account will be a good and valid Account representing an undisputed bona fide indebtedness of a debtor to the Company except for disputes which are not, either single or in the aggregate, material in amount, (2) there are and will be no defenses, setoffs, or counterclaims of any nature whatsoever against any Account, except for defenses, set-offs, or counterclaims which arise in the ordinary course of the Company's business and which are not, either singly or in the aggregate, material in amount, and (3) no agreement, under which any deduction, discount, allowance or special terms of payment may be claimed, has been or will be made with the debtor on any Account, except for discounts which arise in the ordinary course of the Company's business and any other special agreements which have been disclosed by the Company to the Bank prior to the date hereof.

b. Collections. Each Company may collect its Accounts but only in the ordinary course of its business. Upon the occurrence of an Event of Default, the Bank shall have the right (i) to notify all account debtors and obligors of Accounts of the Companies that the Bank has a security interest therein and that such Accounts have been assigned to Bank, and (ii) to direct all such account debtors to make payments to the Bank of all sums owing by them to any Company. All collections made by any Company after the exercise of such power by the Bank shall be held in trust by such Company for the Bank. All checks and other evidences of payment received by the Bank shall be subject to a bank clearance of three (3) days. Any and all disbursements for costs and expenses incurred or paid by the Bank with respect to the enforcement, collection or protection of its interest in the Collateral, or against any Company, whether by suit or otherwise, or notification of account debtors and obligors, including reasonable attorneys' fees, court costs and similar expenses, if any, shall become a part of the Obligations secured by the Collateral and payable on demand and, until paid, shall bear interest at the default rate.

c. Inspection of Documents. Each Company, at such intervals as the Bank may determine, shall permit representatives of the Bank to inspect all invoices and other documents relating to Accounts; provided, however, that such inspections shall not interfere unreasonably with the Company's operations. Each Company shall promptly inform Bank of (i) any material disputes with any account debtor or obligor relating to Collateral, and (ii) any claimed offset and counterclaim which may be asserted with respect to the Collateral which, either singly or in the aggregate, exceeds [REDACTED]

d. Segregation of Funds. After exercise by the Bank of its power to revoke each Company's right of collection of Accounts pursuant to Section 5(b) hereof:

(i) the Companies shall keep all collections separate and apart from all other funds and property. Such funds shall be delivered to the Bank at the time and in the form designated by the Bank;

(ii) all collections of Accounts shall be set forth on itemized schedules, showing the name of the account debtor, the amount of each payment, and such other information as the Bank may request; and

(iii) the Proceeds of the collections when received by any Company shall be deposited into an account designated by the Bank. This account shall be subject to the sole and exclusive control of the Bank and the Bank shall have the right at all times in its sole discretion to apply all or part of the monies in said account on payment of the Obligations. The Bank, in its sole discretion, may (but shall have no obligation to) release to the Company all or any part of the monies held in such account.

6. Equipment/Inventory.

a. Representations. Each Company represents and warrants that it is now, and at all times hereafter shall be, the sole owner, free and clear of all liens, encumbrances and security interests, except the security interests granted or permitted herein and the Permitted Encumbrances, of indefeasible title to its Equipment and Inventory.

b. Maintenance of Equipment. Except for depreciation and obsolescence, each Company will keep its Equipment in good repair and maintained in a state of high operating efficiency, and will make all necessary repairs, replacements of and renewals so that the value and operating efficiency thereof shall at all times be maintained and preserved in a manner consistent with good management.

7. Intellectual Property Collateral/Investment Property.

a. Representations and Warranties Regarding Investment Property and Intellectual Property Collateral. Each Company represents and warrants to Bank that

(i) Neither Company owns or has any right, title or interest in any Investment Property;

(ii) Exhibit "A" hereto is a complete and accurate list as of the date hereof of all copyright registrations and copyright applications owned by each Company, showing, as of such date, the registration number and date of registration therefor or the application number and date of application therefor, respectively. Exhibit "A" hereto also contains a complete and accurate list as of the date hereof of all trademark and service mark registrations and all trademark and service mark applications owned by each Company, showing, as of such date, the jurisdiction of registration or application thereof, the registration number and date of registration thereof or the application number and date of application therefor, respectively. Exhibit "A" hereto also contains a complete and accurate list as of the date hereof of all patents and all patent applications owned by each Company, showing, as of such date, the patent number thereof and date of the patent or the application number and date of application therefor, respectively, and the date of expiration thereof.

(iii) All of the copyright registrations, trademark or service mark registrations and patents of each Company set forth on Exhibit "A" hereto are subsisting and have not been adjudged invalid, unregistrable or unenforceable, in whole or in part, and, to the knowledge of each Company, are valid, registrable and enforceable. All of the copyright applications, trademark or service mark applications, and patent applications of each Company set forth on Exhibit "A" hereto are pending and have not been abandoned. Each Company has used reasonable and proper statutory notice in connection with its use of each copyright, each registered trademark and service mark and each patent set forth on Exhibit "A" hereto. Except for any liens created or expressly permitted under

the Loan Documents, each Company is the exclusive owner of the entire and unencumbered right, title and interest in and to the Intellectual Property Collateral and is entitled to use all such Intellectual Property Collateral in the continued operation of the business of each Company. Neither Company is aware of any use of any of the items of Intellectual Property Collateral that could reasonably be expected to result in such item becoming subject to a claim of infringement by a third party or becoming invalid or unenforceable, including unauthorized uses by third parties and uses that were not supported by the goodwill of the business connected with such Intellectual Property Collateral. Neither Company has granted any license, release, covenant not to sue or nonassertion assurance to or in favor of any Person with respect to any of the Intellectual Property Collateral, other than the Licenses set forth on Exhibit "A" hereto. No claims or actions have been asserted or are pending or threatened against any Company or, to the knowledge of each Company, against any third party (i) based upon or challenging or seeking to deny or restrict the use of any of the Intellectual Property Collateral, (ii) alleging that any services provided by, processes used by, or products manufactured or sold by each Company infringe on any patent, trademark, copyright, or any other right of any third party or (iii) alleging that the use of such Intellectual Property Collateral does or may infringe upon the rights of any third party. To the knowledge of each Company, no Person is engaging in any activity that infringes upon the Intellectual Property Collateral or upon the rights of either Company therein.

(iv) All of the Licenses of each Company set forth in Exhibit "A" hereto are subsisting and have not been adjudged invalid or unenforceable, in whole or in part, and, to the best knowledge of each Company, are valid and enforceable. With respect to each of the license agreements of the Licenses: (i) such license agreement is valid and binding and in full force and effect and represents the entire agreement between the respective licensor and licensee with respect to the subject matter of such license agreement; (ii) such license agreement will not cease to be valid and binding and in full force and effect on terms identical to those currently in effect as a result of the rights and interest granted herein, nor will the grant of such rights and interest constitute a breach or default under such license agreement or otherwise give the licensor or licensee a right to terminate such license agreement; (iii) Neither Company has received any notice of termination or cancellation under such license agreement; (iv) neither Company has received any notice of a breach or default under such license agreement, which breach or default has not been cured; (v) neither Company has granted to any other third party any rights, adverse or otherwise, in conflict with the terms of such license agreement; and (vi) neither the Companies nor, to the best knowledge of the Companies, any other party to such license agreement is in breach or default of such license agreement, and, to the best knowledge of the Companies, no event has occurred that, with the giving of notice or the passage of time, or both, would constitute such a breach or default of, or permit the termination, modification or acceleration under, such license agreement. No actions have been asserted, or are pending or threatened, against any Company challenging or seeking to deny or restrict the use by any Company of any of the

licensed Intellectual Property Collateral, or alleging that any licensed Intellectual Property Collateral is being licensed, sublicensed or used in violation of any patent, trademark, copyright or any other right of any third party. The execution, delivery and performance of this Agreement and the other Loan Documents, and the consummation of the transactions contemplated hereby and thereby, will not result in the termination or material impairment of any of the Licenses.

b. Covenants Regarding Intellectual Property Collateral. Each Company hereby covenants and agrees as set forth below:

(i) as soon as practicable and in any event within thirty (30) Business Days after filing any copyright application with the United States Copyright Office or any other applicable filing or recording office therefor or acquiring any copyright application or registration, the Company shall deliver to the Bank (i) written notice thereof, together with a copy of the application for copyright registration in respect thereof, and, if applicable, the certificate of registration for any such acquired copyright (and, upon the giving of such notice, Exhibit "A" hereto shall be automatically amended and supplemented to include such copyright application or registration), and (ii) if requested by the Bank, a Copyright Security Agreement for recordation in the United States Copyright Office, duly executed by the Company, together with such other instruments or documents as may be necessary or as the Bank may deem reasonably desirable in order to perfect and protect the security interest granted or purported to be granted hereunder in such Intellectual Property.

(ii) as soon as practicable and in any event within thirty (30) Business Days after filing any trademark or service mark or patent application with the United States Patent and Trademark Office or any other applicable filing or recording office therefor or acquiring any trademark or service mark registration or patent or any trademark or service mark or patent application, the Company shall deliver to the Bank (i) written notice thereof, together with a copy of the application for trademark or service mark registration or patent in respect thereof, and, if applicable, the certificate of registration or patent for any such acquired trademark or service mark or patent (and, upon the giving of such notice, Exhibit "A" hereto shall be automatically amended and supplemented to include such trademark or service mark or patent application or registration), and (ii) if requested by the Bank, a Patent Security Agreement or a Trademark Security Agreement, as applicable, for recordation in the United States Patent and Trademark Office, duly executed by the Company, together with such other instruments or documents as may be necessary or as the Bank may deem reasonably desirable in order to perfect and protect the pledge, assignment and security interest granted or purported to be granted hereunder in such Intellectual Property Collateral.

(iii) as soon as practicable and in any event within sixty (60) Business Days after the initiation by any Person of an interference, reexamination, opposition, cancellation, infringement or misappropriation or other proceeding in

connection with any of its Intellectual Property Collateral, the Company shall give the Bank written notice thereof.

(iv) Company hereby agrees, subject to the Company's reasonable business judgment (including its reasonable business judgment not to take such actions), to take, at its sole expense, all commercially reasonable actions (including, without limitation, actions in respect of the United States Copyright Office or the United States Patent and Trademark Office or in any court or by or before any other Governmental Authority) (1) to maintain each of its copyright registrations, trademark or service mark registrations and patents (including, without limitation, maintaining the quality of any and all products or services used or provided in connection with any of its Intellectual Property Collateral, consistent with the quality of the products and services of the Company as of the Closing Date, and taking all steps necessary to ensure that all licensed users of any of its Intellectual Property Collateral use such consistent standards of quality), (2) to pursue each of its copyright applications, trademark or service mark applications and patent applications now or hereafter included in its Intellectual Property Collateral, including, without limitation, the payment of fees and taxes related thereto, the filing of responses to office actions issued by the United States Patent and Trademark Office, the filing of affidavits under Sections 8 and 15 of the United States Trademark Act, the filing of renewal applications under Section 9 of the United States Trademark Act, the filing of divisional, continuation, continuation-in-part and substitute applications, the filing of applications for re-issue, renewal or extensions, the payment of maintenance fees and the participation in interference, reexamination, opposition, cancellation, infringement and misappropriation proceedings and (3) to initiate, pursue, defend or otherwise prosecute any material interference, reexamination, opposition, cancellation, infringement or misappropriation proceeding in connection with any of its Intellectual Property Collateral.

(v) Upon the request of the Bank the Company shall provide the Bank with copies of all material correspondence and files concerning any or all of its Intellectual Property Collateral, including, without limitation, prosecution files and files concerning any material interference, reexamination, opposition, cancellation, infringement or misappropriation involving its Intellectual Property Collateral. The Company shall take such actions as it deems appropriate in its reasonable business judgment to maintain, pursue, protect, and defend each item of its Intellectual Property Collateral in the manner and to the extent provided for in this paragraph 7(b).

(vi) Company hereby agrees to use proper statutory notice from time to time in connection with its use of each of its Copyrights, Trademarks and Patents.

(vii) Company hereby agrees to notify the Bank promptly (i) if any item of its Intellectual Property Collateral set forth in Exhibit "A" hereto or any other item of its Intellectual Property Collateral has been determined to have become abandoned or dedicated to the public, (ii) of any adverse determination or the

institution of any proceeding (including, without limitation, the institution of any proceeding in the United States Patent and Trademark Office or in any court or before any arbitrator or by or before any other Governmental Authority) regarding any such item of the Intellectual Property Collateral or (iii) that any such item of its Intellectual Property Collateral is materially infringed, misappropriated or otherwise violated by any other Person, which notice shall specify the actions that the Company has taken and/or proposes to take with respect thereto.

8. Taxes/Insurance.

a. Payment of Taxes. Each Company shall promptly pay, when due, all sales, use, excise, personal property, income, withholding, corporate franchise and all other taxes, assessments and governmental charges upon and in relation to its ownership or use of any of its assets, income or gross receipts for which such Company is or may be liable, except to the extent any such liabilities are being contested in good faith and with due diligence by the Company and the amount of such liabilities, or the contest thereof, does not, in the Bank's sole discretion, have a material adverse effect on the financial condition of the Company, its ability to repay the Obligations, the security interests of the Bank upon the Collateral, or the priority of such security interests. Neither Company shall permit, or suffer to remain, and will promptly discharge, any lien arising from any unpaid tax, assessment, levy or governmental charge unless such Company contests such lien or liens in good faith, provides the Bank with all facts concerning the lien and provides adequate reserves on the books of such Company to protect against such loss or deposits adequate cash with Bank, in such amount as Bank may require, as a reserve for the payment thereof. In the event such Company shall fail to pay any such tax, assessment, levy or governmental charge or to discharge any such lien or contest the same in good faith, the Bank, without waiving or releasing any obligation or default of the Company hereunder, may at any time or times thereafter, but shall be under no obligation to do so, make such payment, settlement, compromise or release or cause to be released any such lien, and take any other action with respect thereto which Bank deems advisable. All sums paid by Bank in satisfaction of, or on account of any tax, levy or assessment or governmental charge, or to discharge or release any lien, and any expenses, including reasonable attorneys' fees, court costs and other charges relating thereto, shall become a part of the Obligations secured by the Collateral and payable on demand and, until paid, shall bear interest at the Default Rate.

b. Insurance. Each Company shall keep all of the Collateral insured, at its expense, pursuant to and in accordance with the provisions of the Loan Agreement. Each Company shall deliver to Bank on demand certified copies of all such insurance policies (or, at the option of Bank certificates evidencing coverage) evidencing insurance required to be maintained by such Company pursuant to the Loan Agreement, with loss payable clauses in a form satisfactory to Bank naming the Bank as sole Bank loss payee. All proceeds payable under any of such policies shall be payable in all events to Bank, but at the option of Bank any such proceeds may be released to such Company. Each Company hereby grants to the Bank a continuing security interest in and to all such policies and the Proceeds thereof to secure the repayment of the Obligations and agrees that the Bank shall have the right, in the name of such Company or in the name of the

Bank, to file claims under any insurance policies, to receive and give acquittance for any payments that may be made thereunder, and to execute any and all endorsements, receipts, releases, assignments, reassignments or other documents that may be necessary to effect the collection, compromise or settlement of any claims under any such insurance policies. If any Company shall fail at any time or times hereafter to obtain and maintain any of the policies of insurance required hereby, or fail to pay any premium in whole or in part relating to any such policies, then Bank may, but it shall have no obligation to do so, obtain and cause to be maintained any or all of such policies, and pay any part or all of the premiums due thereunder, without thereby waiving any default by such Company, and any sums so disbursed by Bank shall become a part of the Obligations secured by the Collateral, payable on demand and, until paid, shall bear interest at the Default Rate.

9. Event of Default/Remedies.

a. Remedies. Upon the occurrence of an Event of Default, the Bank shall have, in addition to any other rights and remedies contained in this Agreement or in any Other Agreements, all the rights and remedies of a secured party under the UCC, all of which shall be cumulative to the extent permitted by law. In addition to all such rights and remedies, the Bank may sell, lease or otherwise dispose of the Collateral, or any part thereof, at public or private sale, for cash, credit or any combination thereof. The Bank shall have the right to bid and purchase at such sale or sales. The Proceeds of any sale or other disposition of all or any part of the Collateral upon which Bank has a security interest, after payment of all costs and expenses of sale, including retaking, holding, preparing for sale, selling and the like and also including reasonable attorneys' fees and legal expenses incurred by the Bank, shall be applied by the Bank to the then outstanding balance of any of the Obligations and any surplus shall be paid by the Bank to the applicable Company. Each Company shall be liable to the Bank for any deficiency.

b. Costs and Expenses. If at any time or times hereafter the Bank employs counsel to prepare or consider approvals, waivers or consents, or to intervene, file a petition, answer, motion or other pleading in any suit or proceeding relating to this Agreement or any Other Agreements, or relating to any Collateral, or to protect, take possession of, or liquidate any Collateral, or to attempt to enforce any security interest or lien in any Collateral, or to enforce any rights of Bank or liabilities of any Company's account debtors, or any other Person which may be obligated to Bank by virtue of this Agreement or any Other Agreements, instrument or document now or hereafter delivered to Bank by or for the benefit of any Company, then in any of such events, all of the attorneys' fees arising from such services, and any expenses, costs and charges relating thereto, shall become a part of the Obligations secured by the Collateral, payable on demand and, until paid, shall bear interest at the Default Rate.

c. Right of Entry. Upon the occurrence of an Event of Default, the Bank shall have the right to enter and remain upon the various premises of each Company without cost or charge to Bank, and to use the same, together with materials, supplies, books and records of each Company, for the purpose of preparing for and conducting the sale of Collateral, whether by foreclosure, auction or otherwise. In addition, the Bank may remove from such premises the Collateral and any records with respect thereto, to the premises of the Bank or any designated agent of the Bank for such time as the Bank may desire, in order to effectively collect or liquidate the Collateral.

d. Notice. Any notice required to be given by the Bank of a sale, lease or other disposition of or other intended action by Bank with respect to any of the Collateral shall be deposited in the United States mails (certified or registered mail, return receipt requested, deliver to addressee only), postage prepaid and duly addressed to the applicable Company at such Company's address set forth in the Loan Agreement, at least ten (10) days prior to such proposed action. Such notification shall constitute fair and reasonable notice to the Company of such action.

e. No Waiver. The Bank's failure at any time or times hereafter to require strict performance by any Company of any of the provisions, warranties, terms and conditions contained in this Agreement or any Other Agreements shall not waive, affect or diminish any right of the Bank at any time or times hereafter to demand strict performance therewith and with respect to any other provisions, warranties, terms and conditions contained in this Agreement or any Other Agreements, and any waiver of any Event of Default shall not waive or affect any other Event of Default, whether prior or subsequent thereto, and whether of the same or a different type. None of the warranties, conditions, provisions and terms contained in this Agreement or any Other Agreements shall be deemed to have been waived by any act or knowledge of Bank, its agents, officers or employees, except by an instrument in writing signed by an officer of the Bank and directed to the applicable Company specifying such waiver.

10. Defined Terms. As used herein, the following terms shall have the meanings indicated unless the context otherwise requires (all terms defined in this Agreement in the singular to have the same meaning when used in the plural and vice versa)::

“Accounts” shall have the meaning given to it in the UCC and shall include, without limitation, all healthcare insurance receivables.

“Chattel Paper” shall have the meaning given to it in the UCC and shall include, without limitation, all Electronic Chattel Paper and Tangible Chattel Paper.

“Collateral” shall mean, collectively, all assets of each Company, whether now owned or hereafter acquired, including, without limitation, all of each Company’s future and existing right, title and interest in and to all now owned or hereafter acquired Accounts, Chattel Paper, Contract Rights, Deposit Accounts, Documents, Equipment, Fixtures, General Intangibles, Goods, Instruments, Inventory, Investment Property, and Supporting Obligations relating or pertaining to any of the foregoing, together with all Proceeds thereof, whether or not subject to a security interest, assignment, pledge or mortgage granted pursuant to any Loan Documents. The Collateral shall also secure the Companies’ Hedging Obligations.

“Contract Rights” shall mean, collectively, any and all right, title and interest of any Company under or in connection with any agreement, document, contract, or arrangement, verbal or written (including, without limitation, leases and license agreements), to which any Company is a party or under which any Company has an interest, but shall not include any duty, obligation or liability of any Company thereunder.

“Copyrights” shall mean, collectively, all of each Company’s right, title and interest in and to (i) all copyrights (including, without limitation, all sales literature, promotional literature, software, databases and firmware), whether statutory or common law, and whether or not the underlying works of authorship have been published, (ii) all copyright registrations and copyright applications (including, without limitation, each of the copyright registrations and copyright applications set forth on Exhibit ”A” hereto) and all works of authorship and other intellectual property rights therein, (iii) all copyrights of works based on, incorporated in, derived from or relating to works covered by such copyrights, (iv) all rights to make and exploit all derivative works based on or adopted from works covered by such copyrights, and (v) any extensions or renewals thereof, including, but not limited to, (A) the right to print, publish and distribute any of the foregoing, (B) the right to sue or otherwise recover for any and all past, present and future infringements, misappropriations and other violations thereof, (C) all income, royalties, damages, settlements and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages, settlements and payments for past or future infringements thereof) and (D) all rights corresponding thereto throughout the world and all other rights of such Company of any kind whatsoever accruing thereunder or pertaining thereto.

“Deposit Account” shall have the meaning given to it in the UCC and shall include those Deposit Accounts of any Company maintained with the Bank.

“Documents” shall have the meaning given to it in the UCC.

“Electronic Chattel Paper” shall have the meaning given to it in the UCC.

“Equipment” shall have the meaning given to it in the UCC.

“Event of Default” shall have the meaning given to it in the Loan Agreement.

“Fixtures” shall have the meaning given to it in the UCC.

“General Intangibles” shall have the meaning given to it in the UCC and shall include, without limitation, all Contract Rights (unless and to the extent any such Contract Rights are covered by another category of Collateral under the UCC), Intellectual Property Collateral, Payment Intangibles and Software.

“Goods” shall have the meaning given to it in the UCC.

“Governmental Authorizations” shall mean, collectively, any authorization, approval, consent, franchise, license, covenant, order, ruling, permit, certification, exemption, notice, declaration or similar right, undertaking or other action of, to or by, or any filing, qualification, or registration with, any Governmental Authority (as defined in the Loan Agreement).

“Instrument” shall have the meaning given to it in the UCC.

“Intellectual Property Collateral” shall mean, collectively, (i) Copyrights, (ii) Patents, (iii) Proprietary Works, (iv) Trademarks, and (v) Licenses.

“Inventory” shall have the meaning given to it in the UCC.

“Investment Property” shall have the meaning given to it in the UCC.

“Letter-of-Credit Right” shall have the meaning given to it in the UCC.

“Liabilities” shall have the meaning given to it in the Loan Agreement.

“Licenses” shall mean, collectively, all of each Company’s right, title and interest in and to all license agreements with any other Person in connection with any of the Patents, Proprietary Works, Copyrights, and/or Trademarks, whether such Company is a licensor or a licensee under any such license agreement (including, without limitation, each license set forth on Exhibit ”A” hereto), and any right to prepare for sale, sell and advertise for sale all Inventory now or hereafter owned by such Company and now or hereafter covered by such licenses, including, but not limited to, (i) the right to bring an action or otherwise recover for any and all past, present and future breaches and other violations thereof, (ii) all income, royalties, damages, settlements and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, damages, settlements and payments for past or future breaches and infringements thereof) and (iii) all rights of each Company corresponding thereto throughout the world and all other rights of each Company of any kind whatsoever accruing thereunder or pertaining thereto.

“Loan Agreement” shall mean the Loan Agreement dated the date hereof between the Bank, as Agent, the Lenders (as noted above) and the Companies and any future amendments, restatements, modifications or supplements thereof or thereto.

“Obligations” shall mean “Liabilities” as defined in the Loan Agreement.

“Other Agreements” shall mean, collectively, the Loan Agreement, the Loan Documents, and any other agreements, pledges, instruments, documents, assignments, leases, suretyship agreements or contracts (including amendments, modifications or supplements thereto and restatements thereof) now or at any time or times hereafter executed and delivered by or on behalf of any Company to the Bank.

“Patents” shall mean, collectively, all of each Company’s right, title and interest in and to all patents, patent applications and patentable inventions (including, without limitation, each patent and patent application set forth on Exhibit ”A” hereto), including, but not limited to, (i) all inventions and improvements described and claimed therein, (ii) the right to sue or otherwise recover for any infringements and other violations thereof, (iii) all income, royalties, damages, settlements and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages, settlements and payments for past and future infringements thereof) and (iv) all rights corresponding thereto throughout the world and all reissues, divisions, continuations, continuations-in-part, provisional applications, substitutes, renewals and extensions thereof, all improvements thereon and all other rights of each Company of any kind whatsoever accruing thereunder or pertaining thereto.

“Payment Intangible” shall have the meaning given to it in the UCC.

“Permitted Encumbrances” shall be those encumbrances listed on Exhibit “B” hereto.

“Proceeds” shall have the meaning given to it in the UCC.

“Proprietary Works” shall mean, collectively, all of each Company’s right, title and interest in and to all General Intangibles consisting of (i) all Governmental Authorizations, all certificates, records, circulation lists, subscriber lists, advertiser lists, supplier lists, customer lists, customer and supplier contracts, sales orders, purchasing records and other rights, privileges and goodwill obtained or used in connection with the Collateral, all processes, practices, techniques, procedures, trade secrets, know-how and other information and data (including, without limitation, all designs, drawings, compilation of data, specifications and assembly procedures) and (ii) the right to sue or otherwise recover for any and all past, present and future infringements, misappropriations and other violations thereof.

“Software” shall have the meaning given to it in the UCC.

“Supporting Obligations” shall have the meaning given to it in the UCC.

“Swap Agreement” shall have the meaning given to it in 11 U.S.C. § 101.

“Swap Documents” shall mean, collectively, any Swap Agreement entered into between any Company and the Bank (or any Affiliate of the Bank) and any and all agreements, documents, and instruments executed by any Company in connection therewith (including schedules and confirmations), and any future amendments, restatements, modifications or supplements thereof or thereto.

“Swap Obligations” shall mean, collectively, all duties, obligations, and liabilities (fixed or contingent) of any Company under or in connection with the Swap Documents.

“Tangible Chattel Paper” shall have the meaning given to it in the UCC.

“Trademarks” shall mean, collectively, all of each Company’s right, title and interest in and to (i) all trademarks, service marks, trade names, corporate names, company names, business names, fictitious names, trade dress, service marks, trade styles, logos and other designs or sources of business identifiers or other indicia of trade origin, (ii) all trademark and service mark registrations and applications for trademark or service mark registrations (including, without limitation, each registration and application set forth on Exhibit ”A” hereto) and (iii) any and all extensions and renewals of or with respect to any of the foregoing, including, but not limited to, (A) the right to sue or otherwise recover for any and all past, present and future infringements, misappropriations and other violations thereof, (B) all income, royalties, damages, settlements and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages, settlements and payments for past or future infringements thereof) and (C) all rights of each Company corresponding thereto throughout the world and all other rights of each Company of any kind whatsoever accruing thereunder or pertaining thereto, together in each case with the goodwill of the business connected with the use of, and symbolized by, any or all of the foregoing throughout the world, but excluding any United States intent-to-use trademark application prior to the filing of a Statement of Use or an amendment to allege use in connection therewith to the extent that a valid lien and security interest may not be taken in such an intent-to-use application under applicable law.

“UCC” shall mean the Pennsylvania Uniform Commercial Code, as in effect on the date hereof, as the same may be modified, amended, revised, supplemented and restated from time to time.

11. Other Terms. All other terms which are used in this Agreement and which are not otherwise defined herein or in the Loan Agreement, but which are defined or are used in the UCC, shall have the meanings ascribed to those terms in the UCC to the extent that such terms are used or defined therein.

12. General.

a. Application of Payments. Upon the occurrence of an Event of Default, each Company irrevocably waives the right to direct the application of any and all payments (including Proceeds of Collateral) at any time or times thereafter which may be received by the Bank by or for the benefit of any Company.

b. Legal Effect. This Agreement and any Other Agreements, instruments and documents executed and delivered pursuant hereto or to consummate the transactions contemplated hereunder shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

c. Construction. The domestic internal laws (but not the law of conflicts of law) of the Commonwealth of Pennsylvania shall govern and control the construction, enforceability, validity and interpretation of this Agreement and any Other Agreements.

d. Waiver. Each Company waives demand, protest, notice of protest, notice of default, release, compromise, settlement, extension or renewal of all commercial paper, accounts, contract rights, instruments, guarantees, and otherwise, at any time held by the Bank on which any Company may in any way be liable, notice of nonpayment at maturity of any and all Accounts, and notice of any action taken by the Bank unless expressly required by this Agreement.

e. Representations. All representations and warranties of each Company and all terms, provisions, conditions and agreements to be performed by each Company contained in this Agreement, and in any Other Agreements, instrument or document executed heretofore or concurrently herewith by any Company and delivered to the Bank, shall be true and satisfied at the time of the execution of this Agreement, and shall survive the execution and delivery of this Agreement and all Other Agreements.

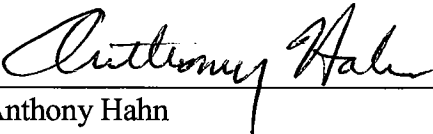
f. Choice of Remedies. To the extent that any of the Obligations are now or hereafter secured by property other than the Collateral, or by a guaranty, endorsement or property of any other Person, then the Bank shall have the right to proceed against such other property, guaranty or endorsement upon any Company's default in the payment of any of the Obligations or in any of the terms, covenants or conditions contained in this Agreement or in any Other Agreement, and the Bank shall have the right, in the Bank's sole discretion, to determine which rights, security, liens, security interests or remedies the Bank shall at any time pursue, relinquish, subordinate, modify or take any other action with respect thereto, without in any way modifying or affecting any of them or any of the Bank's rights or the Obligations under this Agreement or under any Other Agreements.

g. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

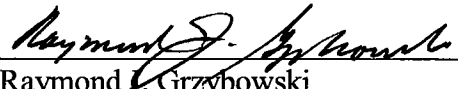
[Signature Page Follows]

IN WITNESS WHEREOF, this Security Agreement has been duly executed as an instrument under seal on the day and year first above written.

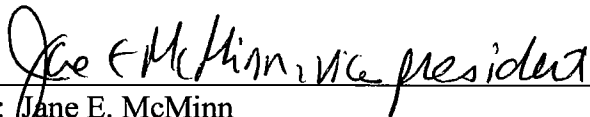
**CONESTOGA WOOD SPECIALTIES
CORPORATION**

By: 
Name: Anthony Hahn
Title: Chief Executive Officer and President

**CONESTOGA WOOD TRANSPORTATION,
INC.**

By: 
Name: Raymond V. Grzybowski
Title: Chief Financial Officer

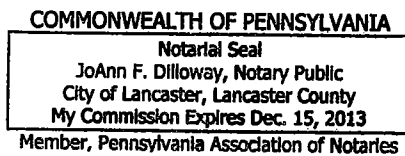
**MANUFACTURERS AND TRADERS TRUST
COMPANY, as Agent**

By:  vice president
Name: Jane E. McMinn
Title: Vice President

COMMONWEALTH OF PENNSYLVANIA :
:
COUNTY OF LANCASTER :

On this 28th day of February, 2011, before me, the undersigned officer, personally appeared Anthony Hahn, who acknowledges himself to be the Chief Executive Officer and President of CONESTOGA WOOD SPECIALTIES CORPORATION, a Pennsylvania corporation, and that he being authorized to do so, executed the foregoing Security Agreement for the purpose therein contained by signing the name of the corporation by himself as officer.

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

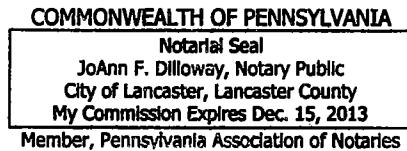


JoAnn F. Dilloway
Notary Public

COMMONWEALTH OF PENNSYLVANIA :
:
COUNTY OF LANCASTER :

On this 28th day of February, 2011, before me, the undersigned officer, personally appeared Raymond J. Grzybowski, who acknowledges himself to be the Chief Financial Officer of CONESTOGA WOOD TRANSPORTATION, INC., a Pennsylvania corporation, and that he being authorized to do so, executed the foregoing Security Agreement for the purpose therein contained by signing the name of the corporation by himself as officer.

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

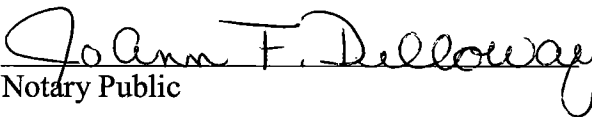


JoAnn F. Dilloway
Notary Public

COMMONWEALTH OF PENNSYLVANIA :
: :
COUNTY OF LANCASTER :

On this 28th day of February, 2011, before me, the undersigned officer, personally appeared Jane E. McMinn, who acknowledges herself to be the Vice President of MANUFACTURERS AND TRADERS TRUST COMPANY, a New York banking institution, and that she being authorized to do so, executed the foregoing Security Agreement for the purpose therein contained by signing the name of the institution by herself as officer.

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


Notary Public

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
JoAnn F. Dilloway, Notary Public
City of Lancaster, Lancaster County
My Commission Expires Dec. 15, 2013
Member, Pennsylvania Association of Notaries

EXHIBIT A

to

SECURITY AGREEMENT

Copyrights, Investment Property, Patents, Trademarks and Licenses

COPYRIGHTS:

None.

INVESTMENT PROPERTY:

None.

PATENTS:

None.

TRADEMARKS:

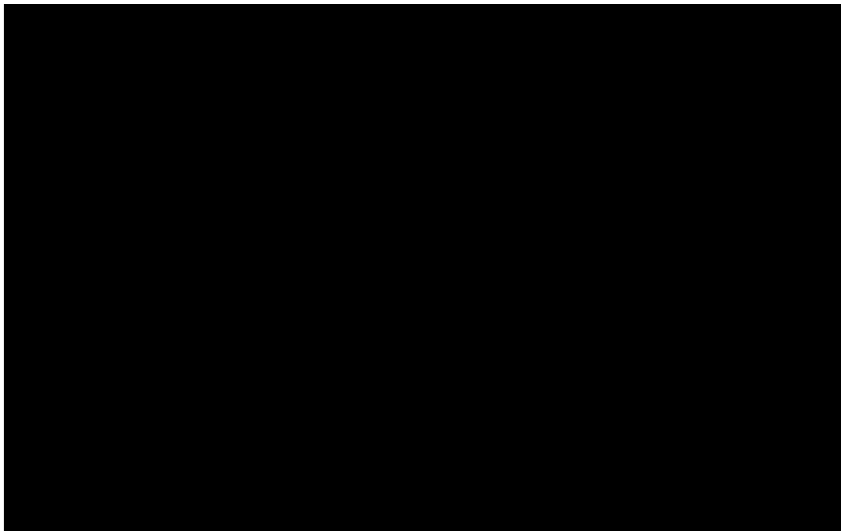
1. SOLIDOOR.

Unregistered trademark.

2. CONESTOGA

United States Trademark; Registration No. 1,861,821; Date of registration: November 8, 1994.

LICENSES:



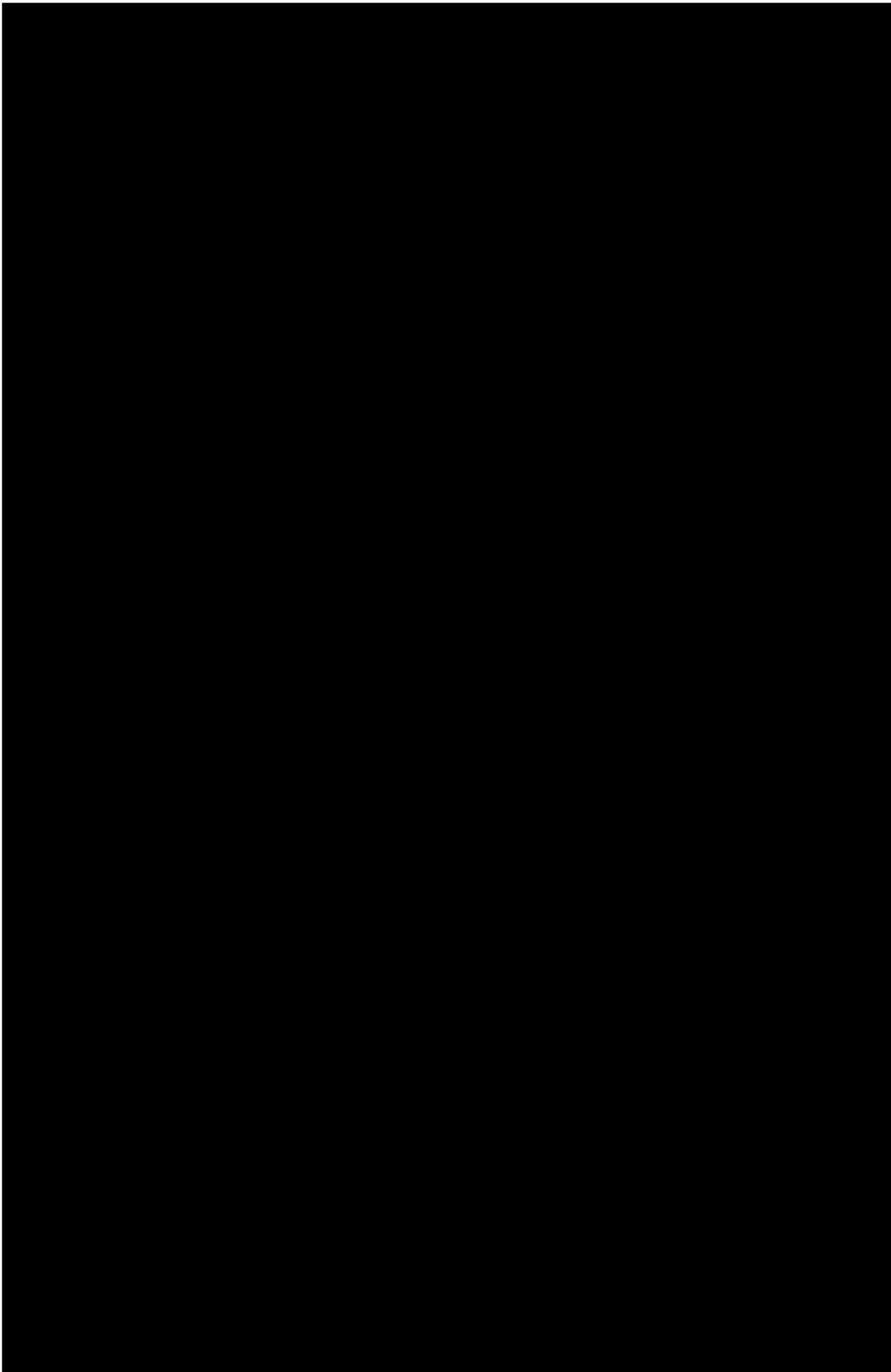
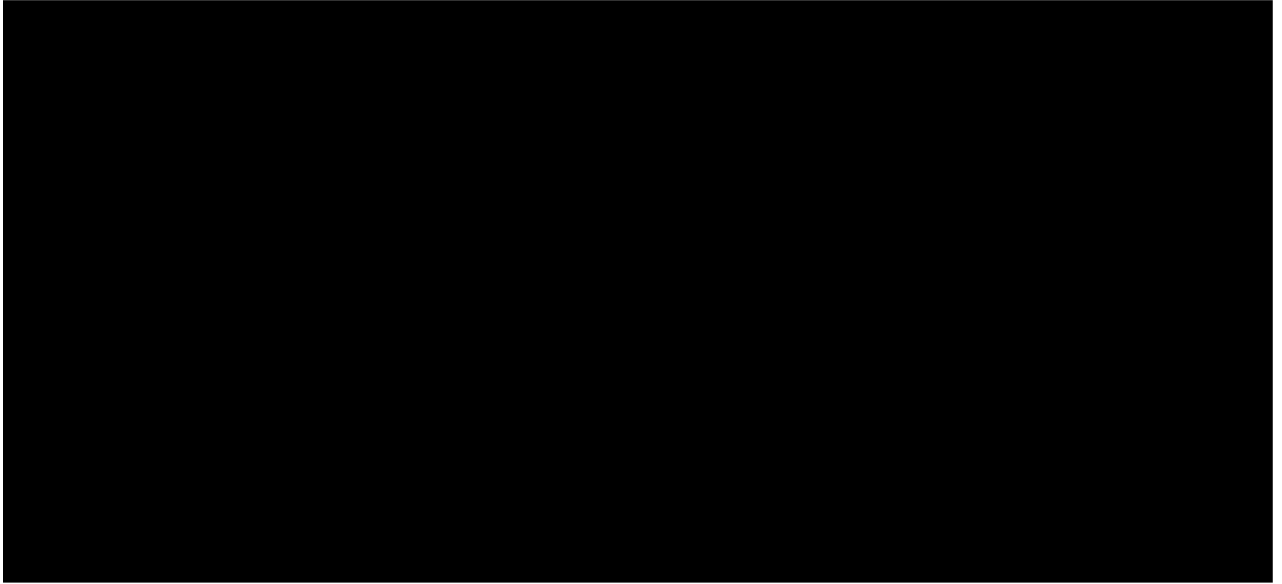


EXHIBIT B
to
SECURITY AGREEMENT



SCHEDULE 1

Existing Liens

