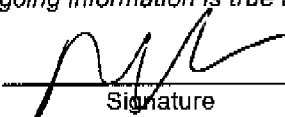
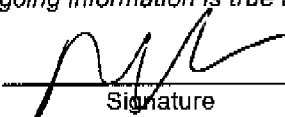
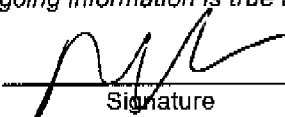


Docket No. 059131-00033 / ami

Form PTO-1595 (Rev. 03/01) OMB No. 0651-0027 (exp. 5/31/2002)		RECORDATION FORM COVER SHEET PATENTS ONLY		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): CLOYES GEAR AND PRODUCTS, INC.			2. Name and address of receiving party(ies) Name: <u>KEYBANK NATIONAL ASSOCIATION</u> Internal Address: _____ _____ Street Address: <u>800 Superior Avenue</u> _____ City: <u>Cleveland</u> State: <u>OH</u> Zip: <u>44114</u> Additional name(s) & address(es) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
Additional name(s) of conveying party(ies) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No 3. Nature of conveyance: <input type="checkbox"/> Assignment <input type="checkbox"/> Merger <input type="checkbox"/> Security Agreement <input type="checkbox"/> Change of Name <input checked="" type="checkbox"/> Other <u>Collateral Assignment Agreement</u>			Execution Date: <u>April 23, 2004</u>					
4. Application number(s) or patent number(s): If this document is being filed together with a new application, the execution date of the application is: _____ <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none; vertical-align: top;"> A. Patent Application No.(s) </td> <td style="width: 50%; border: none; vertical-align: top;"> B. Patent No.(s) <u>5,174,169</u> <u>5,181,432</u> </td> </tr> </table> Additional numbers attached? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No						A. Patent Application No.(s)	B. Patent No.(s) <u>5,174,169</u> <u>5,181,432</u>	
A. Patent Application No.(s)	B. Patent No.(s) <u>5,174,169</u> <u>5,181,432</u>							
5. Name and address of party to whom correspondence concerning document should be mailed: Name: <u>Mark P. Levy</u> Internal Address: <u>Thompson Hine LLP</u> <u>2000 Courthouse Plaza NE</u> _____ Street Address: <u>10 West Second Street</u> _____ City: <u>Dayton</u> State: <u>OH</u> Zip: <u>45402</u>			6. Total number of applications and patents involved: <u>25</u> 7. Total fee (37 CFR 3.41).....\$ <u>1,000.00</u> <input type="checkbox"/> Enclosed <input checked="" type="checkbox"/> Authorized to be charged to deposit account 8. Deposit account number: <u>20-0809</u> (Attach duplicate copy of this page if paying by deposit account)					
DO NOT USE THIS SPACE								
9. Statement and signature. <i>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.</i> <table style="width: 100%; border: none;"> <tr> <td style="width: 35%; border: none;"> <u>Mark P. Levy, Reg. No. 27,922</u> Name of Person Signing </td> <td style="width: 30%; border: none; text-align: center;">  Signature </td> <td style="width: 35%; border: none; text-align: right;"> <u>7-28-04</u> Date </td> </tr> </table>						<u>Mark P. Levy, Reg. No. 27,922</u> Name of Person Signing	 Signature	<u>7-28-04</u> Date
<u>Mark P. Levy, Reg. No. 27,922</u> Name of Person Signing	 Signature	<u>7-28-04</u> Date						
Total number of pages including cover sheet, attachments, and documents: <u>17</u>								

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

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700102452

PATENT
REEL: 014913 FRAME: 0524

RECORDATION FORM COVER SHEET
PATENTS ONLY
Page 2

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

B. Patent No.(s)

5,286,234	5,976,045
5,425,680	5,993,344
5,495,776	5,997,424
5,645,024	6,030,306
5,711,732	6,090,003
5,738,055	6,179,741
5,782,625	6,325,734
5,797,818	6,354,972
5,848,948	6,371,875
5,876,295	6,572,502
5,921,878	6,623,391
5,921,879	

INTELLECTUAL PROPERTY COLLATERAL ASSIGNMENT AGREEMENT

This INTELLECTUAL PROPERTY COLLATERAL ASSIGNMENT AGREEMENT (as the same may from time to time be amended, restated or otherwise modified, this "Agreement") is made as of the 23rd day of April, 2004, by CLOYES GEAR AND PRODUCTS, INC., an Ohio subchapter S corporation ("Borrower"), in favor of KEYBANK NATIONAL ASSOCIATION, as the lead arranger, book runner and administrative agent under the Credit Agreement, as hereinafter defined ("Agent"), for the benefit of Agent, as hereinafter defined.

1. Recitals.

Borrower is entering into that certain Credit and Security Agreement, dated as of April 23, 2004, with the lenders listed on Schedule 1 thereto (together with their respective successors and assigns, collectively, the "Lenders" and, individually, each a "Lender") and Agent (as the same may from time to time be amended, restated or otherwise modified, the "Credit Agreement"). Borrower desires that the Lenders grant to Borrower the financial accommodations as described in the Credit Agreement.

Borrower deems it to be in its direct pecuniary and business interests that Borrower obtain from the Lenders the Commitment, as defined in the Credit Agreement, and the Loans and Letters of Credit, as each term is hereinafter defined, provided for in the Credit Agreement.

Borrower understands that the Lenders are willing to grant such financial accommodations to Borrower only upon certain terms and conditions, one of which is that Borrower grant to Agent, for the benefit of the Lenders, a security interest in and an assignment of the Collateral, as hereinafter defined, and this Agreement is being executed and delivered in consideration of each financial accommodation granted to Borrower by the Lenders and for other valuable considerations.

2. Definitions. Except as specifically defined herein, (a) capitalized terms used herein that are defined in the Credit Agreement shall have their respective meanings ascribed to them in the Credit Agreement, and (b) unless otherwise defined in the Credit Agreement, terms that are defined in the U.C.C. as in effect from time to time are used herein as so defined. As used in this Agreement, the following terms shall have the following meanings:

"Assignment" shall mean an Assignment in the form of Exhibit A attached hereto.

"Collateral" shall mean, collectively, all of Borrower's existing and future right, title and interest in, to and under (a) industrial designs, patents, patent registrations, patent applications, trademarks, trademark registrations, trademark applications, service marks, trade names, copyright registrations and other intellectual property or registrations, whether federal, state or foreign, including, but not limited to, those listed on Schedule 1 hereto (as such Schedule 1 may from time to time be amended, supplemented or otherwise modified); (b) common law trademark rights, copyrights, improvements, confidential information and inventions; (c) renewals, continuations, extensions, reissues and divisions of any of the foregoing, (d) rights to sue for past, present and future infringements or any other commercial tort claims relating to any of the

foregoing; (e) all licenses and all income, revenue and royalties with respect to any licenses, whether registered or unregistered and all other payments earned under contract rights relating to any of the foregoing; (f) all general intangibles and all intangible intellectual or similar property of Borrower connected with and symbolized by any of the foregoing; (g) goodwill associated with any of the foregoing; (h) all payments under insurance, including the returned premium upon any cancellation of insurance (whether or not Agent or any Lender is the loss payee thereof) or any indemnity, warranty or guaranty payable by reason of loss or damage to or otherwise with respect to any of the foregoing; and (i) Proceeds of any of the foregoing.

"Event of Default" shall mean an event or condition that constitutes an Event of Default, as defined in Section 8 hereof.

"Hedge Agreement" shall mean any Hedge Agreement, as defined in the Credit Agreement, existing between a Company and a Lender.

"Letter of Credit" shall mean any Letter of Credit, as defined in the Credit Agreement, issued pursuant to the Credit Agreement.

"Loan" shall mean any Loan, as defined in the Credit Agreement, granted pursuant to the Credit Agreement.

"Obligations" shall mean, collectively, (a) all Loans and Letters of Credit; (b) all other Indebtedness or other obligations now owing or hereafter incurred by Borrower to Agent or any Lender pursuant to the Credit Agreement and the Notes executed in connection therewith; (c) each renewal, extension, consolidation or refinancing of any of the foregoing, in whole or in part; (d) all interest from time to time accruing on any of the foregoing, and all fees and other amounts payable to Agent or any Lender pursuant to the Credit Agreement or any other Loan Document; (e) all obligations and liabilities of any Company now existing or hereafter incurred to Agent or any Lender (or any affiliate of such Lender) under, arising out of, or in connection with any Hedge Agreement; (f) every other liability, now or hereafter owing to Agent or any Lender by any Company pursuant to the Credit Agreement or any other Loan Document; and (g) all Related Expenses.

"Person" shall mean any individual, sole proprietorship, partnership, joint venture, unincorporated organization, corporation, limited liability company, institution, trust, estate, government or other agency or political subdivision thereof or any other entity.

"Proceeds" shall mean (a) any proceeds, and (b) whatever is received upon the sale, exchange, collection, or other disposition of Collateral or proceeds, whether cash or non-cash. Cash proceeds includes, without limitation, moneys, checks, and Deposit Accounts. Except as expressly authorized in this Agreement, the right of Agent and the Lenders to Proceeds specifically set forth herein or indicated in any financing statement shall never constitute an express or implied authorization on the part of Agent or any Lender to Borrower's sale, exchange, collection, or other disposition of any or all of the Collateral.

"Related Expenses" shall mean any and all costs, liabilities and expenses (including, without limitation, losses, damages, penalties, claims, actions, reasonable attorneys' fees, legal expenses, judgments, suits and disbursements) (a) incurred by Agent or imposed upon or asserted against Agent or any Lender, in any attempt by Agent and the Lenders to (i) obtain, preserve, perfect or enforce any security interest evidenced by this Agreement, the Credit Agreement or any Related Writing; (ii) obtain payment, performance or observance of any and all of the Obligations; or (iii) maintain, insure, audit, collect, preserve, repossess or dispose of any of the Collateral or any other collateral securing the Obligations, including, without limitation, costs and expenses for appraisals, assessments and audits of any Company or any such collateral; or (b) incidental or related to (a) above, including, without limitation, interest thereupon from the date incurred, imposed or asserted until paid at the Default Rate, as defined in the Credit Agreement.

"U.C.C." shall mean the Uniform Commercial Code, as in effect from time to time in Ohio.

"USPTO" shall mean the United States Patent and Trademark Office in Washington D.C.

3. Grant of Assignment and Security Interest. In consideration of and as security for the full and complete payment of all of the Obligations, Borrower hereby agrees that Agent shall at all times have, and hereby grants to Agent, for the benefit of the Lenders, a security interest in and an assignment of all of the Collateral, including (without limitation) all of Borrower's future Collateral, irrespective of any lack of knowledge by Agent or the Lenders of the creation or acquisition thereof.

4. Representations and Warranties. Borrower hereby represents and warrants to Agent and each Lender as follows:

4.1. Borrower owns all of the Collateral and, whether the same are registered or unregistered, no such Collateral has been adjudged invalid or unenforceable.

4.2. The Collateral is valid and enforceable.

4.3. Borrower has no knowledge of any claim that the use of any of the Collateral does or may violate the rights of any Person.

4.4. Except for liens expressly permitted by Section 5.9 of the Credit Agreement, Borrower is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to the Collateral, free and clear of any liens, charges and encumbrances, including, without limitation, pledges, assignments, licenses, registered user agreements and covenants by Borrower not to sue third Persons.

4.5. Borrower has full power, authority and legal right to pledge the Collateral and enter into this Agreement and perform its terms.

4.6. Borrower has used, and shall continue to use, for the duration of this Agreement, proper statutory notice in connection with its use of the Collateral, except where the failure to do so will not have a Material Adverse Effect.

5. Further Assignment Prohibited. Borrower shall not enter into any agreement that is inconsistent with Borrower's obligations under this Agreement and shall not otherwise sell or assign its interest in, or grant any license or sublicense with respect to, any of the Collateral, without Agent's prior written consent. Absent such prior written consent, any attempted sale or license is null and void.

6. Right to Inspect. Borrower hereby grants to Agent, for the benefit of the Lenders, and its employees and agents the right, during regular business hours, to visit any location of Borrower or, if applicable, any other location, and to inspect the products and quality control records relating thereto at Borrower's expense.

7. Standard Patent and Trademark Use. Borrower shall not use the Collateral in any manner that would jeopardize the validity or legal status thereof. Borrower shall comply with all patent marking requirements as specified in 35 U.S.C. §287. Borrower shall further conform its usage of any trademarks to standard trademark usage, including, but not limited to, using the trademark symbols ®, ™, and SM where appropriate.

8. Event of Default.

8.1. Any of the following shall constitute an Event of Default under this Agreement: (a) an Event of Default, as defined in the Credit Agreement, shall occur under the Credit Agreement; (b) any representation, warranty or statement made by Borrower in or pursuant to this Agreement shall be false or erroneous in any material respect; or (c) Borrower shall fail or omit to perform or observe any agreement made by Borrower in or pursuant to this Agreement.

8.2. Borrower expressly acknowledges that Agent, on behalf of the Lenders, shall record this Agreement with the USPTO. Contemporaneously herewith, Borrower shall execute and deliver to Agent the Assignment, which Assignment shall have no force and effect and shall be held by Agent in escrow until the occurrence of an Event of Default; provided, that, anything herein to the contrary notwithstanding, the security interest and collateral assignment granted herein shall be effective as of the date of this Agreement. After the occurrence of an Event of Default, the Assignment shall immediately take effect upon certification of such fact by an authorized officer of Agent in the form reflected on the face of the Assignment and Agent may, in its sole discretion, record the Assignment with USPTO.

8.3. If an Event of Default shall occur and be continuing, Borrower irrevocably authorizes and empowers Agent, on behalf of the Lenders, to terminate Borrower's use of the Collateral and to exercise such rights and remedies as allowed by law. Without limiting the generality of the foregoing, after any delivery or taking of possession of the Collateral, or any thereof, pursuant to this Agreement, then, with or without resort to Borrower or any other Person or property, all of which Borrower hereby waives, and upon such terms and in such manner as Agent may deem advisable, Agent, on behalf of the Lenders, may in its sole discretion, sell,

assign, transfer and deliver any of the Collateral, together with the associated goodwill, or any interest that Borrower may have therein, at any time, or from time to time. No prior notice need be given to Borrower or to any other Person in the case of any sale of Collateral that Agent determines to be declining speedily in value or that is customarily sold in any recognized market, but in any other case Agent shall give Borrower no fewer than ten days prior notice of either the time and place of any public sale of the Collateral or of the time after which any private sale or other intended disposition thereof is to be made. Borrower waives advertisement of any such sale and (except to the extent specifically required by the preceding sentence) waives notice of any kind in respect of any such sale. At any such public sale, Agent or any Lender may purchase the Collateral, or any part thereof, free from any right of redemption, all of which rights Borrower hereby waives and releases. After deducting all Related Expenses, and after paying all claims, if any, secured by liens having precedence over this Agreement, Agent may apply the net proceeds of each such sale to or toward the payment of the Obligations, whether or not then due, in such order and by such division as Agent in its sole discretion may deem advisable. Any excess, to the extent permitted by law, shall be paid to Borrower, and the other obligors on the Obligations shall remain liable for any deficiency.

9. Maintaining Collateral; Attorneys' Fees, Costs and Expenses. Borrower shall have the obligation and duty to perform all acts necessary to maintain or preserve the Collateral, provided that Borrower shall not be obligated to maintain any Collateral in the event Borrower determines, in the reasonable business judgment of Borrower, that the maintenance of such Collateral is no longer necessary in Borrower's business. Any and all fees, costs and expenses, of whatever kind or nature, including, without limitation, the attorneys' fees and legal expenses incurred by Agent and the Lenders in connection with the amendment and enforcement of this Agreement, all renewals, required affidavits 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, counsel fees, maintenance fees, encumbrances or otherwise protecting, maintaining or preserving the Collateral, or in defending or prosecuting any actions or proceedings arising out of or related to the Collateral, shall be borne and paid by Borrower, upon demand by Agent and, until so paid, shall be added to the principal amount of the Obligations.

10. Borrower's Obligation to Prosecute. Except as otherwise agreed to by Agent in writing, Borrower shall have the duty to prosecute diligently any patent, trademark, servicemark or copyright application pending as of the date of this Agreement or thereafter until the Obligations shall have been paid in full, to file and prosecute opposition and cancellation proceedings and to do any and all acts that are necessary or desirable to preserve and maintain all rights in the Collateral, including, but not limited to, payment of any maintenance fees. Any expenses incurred in connection with the Collateral shall be borne by Borrower. Borrower shall not abandon any Collateral without the prior written consent of Agent, unless such abandonment will not have a material adverse effect on Borrower or such abandonment is in connection with the abandonment of a product or product line.

11. Agent's Right to Enforce. Borrower shall have the right to bring any opposition proceeding, cancellation proceeding or lawsuit in its own name to enforce or protect the Collateral. Agent, on behalf of the Lenders, shall have the right, but shall have no obligation, to

join in any such action. Borrower shall promptly, upon demand, reimburse and indemnify Agent and the Lenders for all damages, reasonable costs and expenses, including attorneys' fees, incurred by Agent and the Lenders in connection with the provisions of this Section 11, in the event Agent, on behalf of the Lenders, elects to join in any such action commenced by Borrower.

12. Power of Attorney. Borrower hereby authorizes and empowers Agent, on behalf of the Lenders, to make, constitute and appoint any officer or agent of Agent as Agent may select, in its exclusive discretion, as Borrower's true and lawful attorney-in-fact, with the power to endorse, after the occurrence and during the continuation of an Event of Default, Borrower's name on all applications, documents, papers and instruments necessary for Agent, on behalf of the Lenders, to use the Collateral, or to grant or issue any exclusive or nonexclusive license under the Collateral to any third party, or necessary for Agent, on behalf of the Lenders, to assign, pledge, convey or otherwise transfer title in or dispose of the Collateral, together with associated goodwill to a third party or parties. Borrower hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable for the life of this Agreement.

13. Agent's Right to Perform Obligations. If Borrower fails to comply with any of its obligations under this Agreement, Agent, on behalf of the Lenders, may, but is not obligated to, do so in Borrower's name or in the name of Agent, on behalf of the Lenders, but at Borrower's expense, and Borrower hereby agrees to reimburse Agent, upon request, in full for all expenses, including attorneys' fees, incurred by Agent and the Lenders in protecting, defending and maintaining the Collateral.

14. Additional Documents. Borrower shall, upon written request of Agent, enter into such additional documents or instruments as may be required by Agent in order to effectuate, evidence or perfect the interest of Agent and the Lenders in the Collateral, as evidenced by this Agreement.

15. New Collateral. If, before the Obligations shall have been irrevocably paid in full and the Commitment terminated, Borrower shall obtain rights to any new Collateral, the provisions of this Agreement hereby shall automatically apply thereto as if the same were identified on Schedule 1 as of the date hereof and Borrower shall give Agent prompt written notice thereof.

16. Modifications for New Collateral. Borrower hereby authorizes Agent to modify this Agreement by amending Schedule 1 to include any future Collateral as contemplated by Sections 1 and 15 hereof and, at Agent's request, Borrower shall execute any documents or instruments required by Agent in order to modify this Agreement as provided by this Section 16, provided that any such modification to Schedule 1 shall be effective without the signature of Borrower.

17. Termination. At such time as the Obligations shall have been irrevocably paid in full, the Commitment, as defined in the Credit Agreement, terminated, and the Credit Agreement terminated and not replaced by any other credit facility with Agent and the Lenders, Borrower shall have the right to terminate this Agreement. Upon written request of Borrower, Agent shall

execute and deliver to Borrower all deeds, assignments, and other instruments as may be necessary or proper to release Agent's security interest in and assignment of the Collateral and to re-vest in Borrower full title to the Collateral, subject to any disposition thereof that may have been made by Agent, for the benefit of the Lenders, pursuant hereto.

18. Release of Collateral. In the event any part of the Collateral is sold in connection with a sale permitted by Section 5.12 of the Credit Agreement (or is otherwise released at the direction of Agent, the Required Lenders, or all of the Lenders, as may be required by Section 10.3 of the Credit Agreement), and the proceeds of such sale or sales or from such release are applied in accordance with the terms of the Credit Agreement to the extent required to be so applied, Agent, at the request and expense of Borrower, will (a) release such Collateral from this Agreement, and (b) duly assign, transfer and deliver to Borrower (without recourse and without any representation or warranty) such Collateral as is then (or has been) so sold or released and as may be in possession of Agent and has not theretofore been released pursuant to this Agreement.

19. No Waiver. No course of dealing between Borrower and Agent or any Lender, nor any failure to exercise, nor any delay in exercising, on the part of Agent or any such Lender, any right, power or privilege hereunder or under any of the Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

20. Remedies Cumulative. All of the rights and remedies of Agent and the Lenders with respect to the Collateral, whether established hereby or by the Documents, or by any other agreements or by law shall be cumulative and may be executed singularly or concurrently.

21. Severability. The provisions of this Agreement are severable, and, if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

22. Modifications. This Agreement may be amended or modified only by a writing signed by Borrower and Agent. In the event that any provision of this Agreement is deemed to be inconsistent with any provision of any other document, other than the Credit Agreement, the provisions of this Agreement shall control.

23. Headings. The headings and subheadings used herein are for convenience of reference only and shall be ignored in interpreting the provisions of this Agreement.

24. Assignment and Successors. This Agreement shall not be assigned by Borrower without the prior written consent of Agent. This Agreement shall bind the successors and permitted assigns of Borrower and shall benefit the respective successors and assigns of Agent and the Lenders. Any attempted assignment or transfer without the prior written consent of Agent shall be null and void.

25. Notice. All notices, requests, demands and other communications provided for hereunder shall be in writing and, if to Borrower, mailed or delivered to it, addressed to it at the address specified on the signature page of this Agreement, if to Agent or any Lender, mailed or delivered to it, addressed to the address of Agent or such Lender specified on the signature pages of the Credit Agreement or, as to each party, at such other address as shall be designated by such party in a written notice to each of the other parties. All notices, statements, requests, demands and other communications provided for hereunder shall be deemed to be given or made when delivered or two Business Days after being deposited in the mails with postage prepaid by registered or certified mail, addressed as aforesaid, or sent by facsimile with telephonic confirmation of receipt, except that notices from Borrower to Agent or any Lender pursuant to any of the provisions hereof shall not be effective until received by Agent or such Lender.

26. Governing Law; Submission to Jurisdiction. The provisions of this Agreement and the respective rights and duties of Borrower, Agent and the Lenders hereunder shall be governed by and construed in accordance with Ohio law, without regard to principles of conflict of laws. Borrower hereby irrevocably submits to the non-exclusive jurisdiction of any Ohio state or federal court sitting in Cleveland, Ohio, over any action or proceeding arising out of or relating to this Agreement, any Loan Document or any Related Writing, and Borrower hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such Ohio state or federal court. Borrower hereby irrevocably waives, to the fullest extent permitted by law, any objection it may now or hereafter have to the laying of venue in any such action or proceeding in any such court as well as any right it may now or hereafter have to remove such action or proceeding, once commenced, to another court on the grounds of FORUM NON CONVENIENS or otherwise. Borrower agrees that a final, nonappealable judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

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27. JURY TRIAL WAIVER. BORROWER, TO THE EXTENT PERMITTED BY LAW, HEREBY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AMONG AGENT, THE LENDERS AND BORROWER, OR ANY THEREOF, ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS AGREEMENT OR ANY NOTE OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION THEREWITH OR THE TRANSACTIONS RELATED THERETO. THIS WAIVER SHALL NOT IN ANY WAY AFFECT, WAIVE, LIMIT, AMEND OR MODIFY THE ABILITY OF AGENT OR ANY LENDER TO PURSUE REMEDIES PURSUANT TO ANY CONFESSION OF JUDGMENT OR COGNOVIT PROVISION CONTAINED IN ANY NOTE, OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT AMONG BORROWER, AGENT AND THE LENDERS, OR ANY THEREOF.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date set forth above at Cleveland, Ohio.

Address: 1611 West Walnut
Paris, Arkansas 72855
Attn: Mr. Tony Blake

CLOYES GEAR AND PRODUCTS, INC.

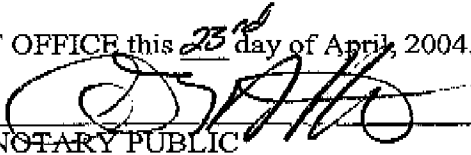
By: 
Anthony F. Blake
Vice President - Finance

ACKNOWLEDGMENTS

THE STATE OF OHIO)
) SS:
COUNTY OF CUYAHOGA)

Anthony F. Blake BEFORE ME, the undersigned authority, on this day personally appeared *Anthony F. Blake* known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said Cloyes Gear and Products, Inc., an Ohio corporation, and that she/he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this *23rd* day of April, 2004.


NOTARY PUBLIC

**Adam R. Nazette
Notary Public State of Ohio
My Commission Has No Expiration**

SCHEDULE 1

Patent Registrations—Cloyes Gear & Products, Inc.

Last Registered Owner	Title	Reg. No.	Issuance date
Cloyes Gear & Products, Inc.	Angularly adjustable timing gear	5,174,169	12/29/92
Cloyes Gear & Products, Inc.	Timing gear having different keyways	5,181,432	01/26/93
Cloyes Gear & Products, Inc.	Chain tensioner apparatus	5,286,234	02/15/94
Cloyes Gear & Products, Inc.	Snap-fit chain tensioner apparatus and method	5,425,680	06/20/95
Cloyes Gear & Products, Inc.	Cam shaft timing adjustment device	5,495,776	03/05/96
Cloyes Gear & Products, Inc.	Camshaft end-play adjustment device	5,645,024	07/08/97
Cloyes Gear & Products, Inc.	Chain tensioner apparatus and method	5,711,732	01/27/98
Cloyes Gear & Products, Inc.	Adjustable camshaft timing device	5,738,055	04/14/98
Cloyes Gear & Products, Inc.	Automatic tensioner with one-pin locking mechanism	5,782,625	07/21/98
Cloyes Gear & Products, Inc.	Chain tensioner with damping feature	5,797,818	08/25/98
Cloyes Gear & Products, Inc.	Roller chain timing drive having reduced noise	5,848,948	12/15/98
Cloyes Gear & Products, Inc.	Roller chain drive system having improved noise characteristics	5,876,295	03/02/99
Cloyes Gear & Products, Inc.	Roller chain drive system having improved noise characteristics	5,921,878	07/13/99
Cloyes Gear & Products, Inc.	Random engagement roller chain sprocket with staged meshing and flank relief to provide improved noise characteristics	5,921,879	07/13/99
Cloyes Gear & Products, Inc.	Random engagement roller chain sprocket having improved noise characteristics	5,976,045	11/02/99
Cloyes Gear & Products, Inc.	Roller chain drive system having improved noise characteristics	5,993,344	11/30/99
Cloyes Gear & Products, Inc.	Random engagement roller chain sprocket with staged meshing and root relief to provide improved noise characteristics	5,997,424	12/07/99
Cloyes Gear & Products, Inc.	Method for chain meshing phasing on a V-engine camshaft drive to reduce noise	6,030,306	02/29/00
Cloyes Gear & Products, Inc.	Random engagement roller chain sprocket having improved noise characteristics	6,090,003	07/18/00
Cloyes Gear & Products, Inc.	Random engagement roller chain sprocket with cushion rings and root relief for improved noise characteristics	6,179,741	01/30/01
Cloyes Gear & Products, Inc.	Random engagement roller chain sprocket with staged meshing and flank relief to provide improved noise characteristics	6,325,734	12/04/01
Cloyes Gear & Products, Inc.	Chain tensioner assembly having a single-fastener mounting arrangement	6,354,972	03/12/02
Cloyes Gear & Products, Inc.	Random engagement roller chain sprocket with	6,371,875	04/16/02

	cushion rings and root relief for improved noise characteristics		
Cloyes Gear & Products, Inc	Chain tensioner device for use in a confined space	6,572,502	06/03/03
Cloyes Gear & Products, Inc	Blade-type mechanical chain tensioner with external strengthening rib	6,623,391	09/23/03

EXHIBIT A
FORM OF ASSIGNMENT

THIS DOCUMENT SHALL BE HELD BY AGENT, FOR THE BENEFIT OF THE LENDERS, IN ESCROW PURSUANT TO AND IN ACCORDANCE WITH THE PROVISIONS OF THE INTELLECTUAL PROPERTY COLLATERAL ASSIGNMENT AGREEMENT (THE "AGREEMENT"), DATED AS OF APRIL 23, 2004, EXECUTED BY CLOYES GEAR AND PRODUCTS, INC., AN OHIO SUBCHAPTER S CORPORATION ("BORROWER"), IN FAVOR OF KEYBANK NATIONAL ASSOCIATION, AS AGENT FOR THE LENDERS, AS DEFINED IN THE AGREEMENT (TOGETHER WITH ITS SUCCESSORS AND ASSIGNS, "AGENT"). BY SIGNING IN THE SPACE PROVIDED BELOW, THE UNDERSIGNED OFFICER OF AGENT CERTIFIES THAT AN EVENT OF DEFAULT, AS DEFINED IN THE AGREEMENT, HAS OCCURRED AND IS CONTINUING AND THAT AGENT HAS ELECTED TO TAKE POSSESSION OF THE COLLATERAL, AS DEFINED BELOW, AND TO RECORD THIS DOCUMENT WITH THE UNITED STATES PATENT AND TRADEMARK OFFICE. UPON RECORDING OF THIS DOCUMENT WITH THE UNITED STATES PATENT AND TRADEMARK OFFICE, THIS LEGEND SHALL CEASE TO HAVE ANY FORCE OR EFFECT.

KEYBANK NATIONAL
ASSOCIATION, as Agent

By: _____
Name: _____
Title: _____

ASSIGNMENT

WHEREAS, Cloyes Gear and Products, Inc., an Ohio subchapter S corporation ("Borrower"), is the owner of the Collateral, as hereinafter defined;

WHEREAS, Borrower has executed an Intellectual Property Collateral Assignment Agreement, dated as of April 23, 2004 (as the same may from time to time be amended, restated or otherwise modified, the "Agreement"), in favor of KeyBank National Association, as Agent for the Lenders, as defined in the Agreement (together with its successors and assigns, "Agent"), pursuant to which Borrower has granted to Agent, for the benefit of the Lenders, a security interest in and collateral assignment of the Collateral as security for the Obligations, as defined in the Agreement;

WHEREAS, the Agreement provides that the security interest in and collateral assignment of the Collateral is effective as of the date of the Agreement;

WHEREAS, the Agreement provides that this Assignment shall become effective upon the occurrence of an Event of Default, as defined in the Agreement, and Agent's election to take actual title to the Collateral;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, Borrower, its successors and assigns, subject to the limitations stated in the paragraph immediately following, does hereby transfer, assign and set over unto Agent, for the benefit of the Lenders, and their respective successors, transferees and assigns, all of Borrower's existing and future right, title and interest in, to and under (a) patents, patent registrations, patent applications, trademarks, trademark registrations, trademark applications, service marks, trade names, and copyright registrations, whether federal, state or foreign; (b) common law trademark rights, copyrights, improvements and inventions; (c) renewals, continuations, extensions, reissues and divisions of any of the foregoing; (d) rights to sue for past, present and future infringements or any other commercial tort claims relating to any of the foregoing; (e) all licenses and all income, revenue and royalties with respect to any licenses, whether registered or unregistered, and all other payments earned under contract rights, relating to any of the foregoing; (f) all general intangibles and all intangible intellectual or similar property of Borrower connected with and symbolized by any of the foregoing; (g) goodwill associated with any of the foregoing; (h) all payments under insurance, including the returned premium upon any cancellation of insurance, (whether or not Agent or any Lender is the loss payee thereof) or any indemnity, warranty or guaranty payable by reason of loss or damage to or otherwise with respect to any of the foregoing; and (i) Proceeds of any of the foregoing (collectively, the "Collateral"), including, but not limited to, the Collateral listed on Schedule 1 hereto that is registered or that is the subject of pending applications in the United States Patent and Trademark Office.

This Assignment shall be effective only upon certification of an authorized officer of Agent, as provided above, that (a) an Event of Default, as defined in the Agreement, has occurred, and (b) Agent, on behalf of the Lenders, has elected to take actual title to the Collateral.

IN WITNESS WHEREOF, the undersigned has caused this Agreement to be executed by its duly authorized officer on April 23, 2004.

ATTEST:

CLOYES GEAR AND PRODUCTS, INC.

Print Name: _____

By: _____
Name: _____
Title: _____

Print Name: _____

THE STATE OF OHIO)
) SS:
COUNTY OF CUYAHOGA)

BEFORE ME, a Notary Public, the undersigned, on this day personally appeared _____, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of Cloyes Gear and Products, Inc., an Ohio subchapter S corporation, and that she/he executed the same as the act of such corporation for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this ____ day of April, 2004.

Notary Public