FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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TB WOODS CORP

CIK:**1000227**| IRS No.: **251771145** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-14056** | Film No.: **1696842**
SIC: **3569** General industrial machinery & equipment, nec

Business Address
440 N FIFTH AVE
CHAMBERSBURG PA 17201
7172647161

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For The Quarterly Period Ended June 29, 2001

Commission File Number 1-14182

TB WOOD'S CORPORATION

(Exact Name of registrant as specified in its charter)

DELAWARE	25-1771145
(State or other Jurisdiction of Incorporation of Organization)	(IRS Employer Identification Number)

440 North Fifth Avenue, Chambersburg, PA	17201
(Address of principal executive offices)	(Zip Code)

(717) 264-7161

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Number of shares outstanding of the issuer's Common Stock:

Class	Outstanding at June 29, 2001
Common Stock, $.01 par value	5,402,571

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Part I. - Financial Information
Item 1. Financial Statements

TB Wood's Corporation and Subsidiaries
Condensed Consolidated Balance Sheets

<TABLE>
<CAPTION>

(in thousands, except per share and share amounts)	Unaudited June 29, 2001	December 29, 2000
<S>	<C>	<C>
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 1,125	$ 619
Accounts receivable, less allowances for doubtful accounts, discounts, and claims of $315 at June 29, 2001 and $410 at December 29, 2000	16,785	18,912
Inventories	29,582	32,216
Other current assets	2,537	1,908
Total current assets	50,029	53,655
Property, plant, and equipment	63,207	70,777
Less accumulated depreciation	29,813	37,060
Net property, plant and equipment	33,394	33,717
Other Assets:		
Deferred income taxes	3,434	3,542
Goodwill, net of accumulated amortization of $2,045 at June 29, 2001 and $1,931 at December 29, 2000	9,432	9,546
Other	2,087	2,200
Total other assets	14,953	15,288
TOTAL ASSETS	$98,376	$102,660
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	$ 255	$ 258
Accounts payable	7,747	8,663
Checks outstanding	1,670	1,169
Accrued expenses	9,609	10,995
Deferred income taxes	1,313	1,398
Total current liabilities	20,594	22,483
Long-term debt, less current maturities	29,701	33,661
Postretirement benefit obligation, less current portion	13,779	14,133
Equity of minority shareholders	2,962	2,291
Shareholders' Equity:		
Preferred stock, $.01 par value; 5,000,000 shares authorized, no shares issued or outstanding	--	--
Common stock, $.01 par value; 40,000,000 shares authorized, 5,887,698 shares issued and 5,402,571 and 5,400,908 shares outstanding at June 29, 2001and December 29, 2000 respectively	59	59

Treasury Stock, at cost	(4,467)	(4,566)
Additional paid-in capital	29,121	29,086
Retained Earnings	8,863	8,147
Other comprehensive income	(2,236)	(2,634)
Total shareholders' equity	31,340	30,092
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$98,376	$102,660

</TABLE>
The accompanying notes are an integral part of these consolidated financial statements.

TB Wood's Corporation and Subsidiaries
Condensed Consolidated Statements of Operations

<TABLE>
<CAPTION>

	Unaudited Second Quarter Ended		Unaudited Year to Date	
(in thousands, except per share amounts)	June 29, 2001	June 30, 2000	June 29, 2001	June 30, 2000
<S>	<C>	<C>	<C>	<C>
Net sales	$28,338	$34,429	$58,286	$70,116
Cost of sales	18,742	21,999	38,095	44,497
Gross profit	9,596	12,430	20,191	25,619
Selling, general and administrative expenses	7,751	8,622	16,341	17,997
Operating income, before minority interest	1,845	3,808	3,850	7,622
Minority Interest	315	381	671	854
Operating income	1,530	3,427	3,179	6,768
Other expense:				
Interest expense and other finance charges	(400)	(705)	(837)	(1,407)
Other, net	599	(35)	560	(49)
Other income (expense), net	199	(740)	(277)	(1,456)
Income before provision for income taxes	1,729	2,687	2,902	5,312
Provision for income taxes	657	1,038	1,103	2,036
Net income	$ 1,072	$ 1,649	$ 1,799	$ 3,276
Per share of common stock:				
Basic net income per common share	$ 0.20	$ 0.30	$ 0.33	$ 0.60
Weighted average shares of common stock	5,473	5,477	5,466	5,475
Diluted net income per common share	$ 0.20	$ 0.30	$ 0.33	$ 0.60
Diluted weighted average shares of common stock and equivalents outstanding	5,475	5,480	5,466	5,476

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</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

TB Wood's Corporation and Subsidiaries
Condensed Consolidated Statements of Cash Flows

<TABLE>
<CAPTION>

(in thousands)	Unaudited Year to Date June 29, 2001	Unaudited Year to Date June 30, 2000
<S>	<C>	<C>
Cash Flows from Operating Activities:		
Net income	$ 1,799	$ 3,276
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,780	2,673
Change in deferred income taxes, net	23	614
Stock option compensation and employee stock benefit expense	254	200
Minority interest	671	854
Net loss (gain) on sale of assets	(612)	3
Changes in working capital:		
Accounts receivable, net	2,127	(1,142)
Inventories, net	2,634	1,091
Other current assets	(629)	(135)
Accounts payable	(916)	(3,767)
Accrued and other liabilities	(2,000)	(717)
Total adjustments	4,332	(326)
Net cash provided by operating activities	6,131	2,950
Cash Flows from Investing Activities:		
Capital expenditures	(2,032)	(4,331)
Proceeds from sale of fixed assets	742	10
Other, net	(71)	74
Net cash used in investing activities	(1,361)	(4,247)
Cash Flows from Financing Activities:		
Change in checks outstanding	501	666
Repayments of other long-term debt, net	(177)	(38)
Proceeds from new revolving credit facility	17,814	22,900
Repayments of new revolving credit facility	(21,600)	(20,300)
Payment of dividends	(979)	(988)
Treasury Stock	(141)	(121)
Other	(112)	26
Net cash (used in) provided by financing activities	(4,694)	2,145
Effect of changes in foreign exchange rates	430	(83)
Net increase in cash and cash equivalents	506	765
Cash and cash equivalents at beginning of period	619	1,245
Cash and cash equivalents at end of period	$ 1,125	$ 2,010
Income taxes paid	$ 1,315	$ 1,155
Interest paid	$ 837	$ 1,407

</TABLE>

The accompanying notes are an integral part of these consolidated statements.

TB Wood's Corporation and Subsidiaries
Notes To Condensed Consolidated Financial Statements
(unaudited; in thousands, except per share amounts)

1. In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to present fairly the financial position of TB Wood's Corporation and Subsidiaries (the "Company") and the results of their operations and cash flows for the interim periods presented. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the fiscal year ending December 28, 2001.

2. The major classes of inventories at June 29, 2001 and December 29, 2000 consisted of the following:

<TABLE>
<CAPTION>

	Unaudited June 29, 2001	Unaudited December 29, 2000
<S>	<C>	<C>
Raw materials and supplies	$ 6,604	$7,112
Work in process	7,958	9,060
Finished goods	20,963	21,927
Total at FIFO cost	35,525	38,099
Excess of FIFO cost over LIFO cost	(5,943)	(5,883)
Total at LIFO cost	$29,582	$32,216

</TABLE>

Effective fiscal year 2001, the Company has changed its accounting for LIFO from the Double Extension method to the Link Chain method. The effect of this change was not material.

3. On July 3, 2001, the Board of Directors declared a quarterly cash dividend of $0.09 per share payable on July 31, 2001 to stockholders of record on July 17, 2001.

4. In 1996, the Board of Directors authorized the Company to purchase up to 200,000 of the Company's common shares. At the July 2000 and January 2001 Board of Director's meetings, the directors of TB Wood's expanded this share repurchase program by authorizing the repurchase of up to an additional 100,000 and 200,000 shares, respectively, of TB Wood's stock. These purchases are subject to certain business and market conditions. At June 29, 2001 the cumulative number of treasury shares purchased under this authorization was 295,533. During the second quarter of 2001, the number of treasury shares issued to employees under option and stock purchase plans was 3,480 and under the 401(k) profit-sharing plan was 7,398. As of June 29, 2001, 485,127 shares were held in treasury at cost.

5. Total comprehensive income for the year-to-date periods ended June 29, 2001 and June 30, 2000 was as follows:

<TABLE>
<CAPTION>

	Unaudited June 29, 2001	Unaudited June 30, 2000

Net Income	$1,799	$3,276
Other comprehensive income,		
Change in the fair value of derivative instrument	(32)	
Foreign currency translation adjustments	430	(83)
Total comprehensive income	$2,197	$3,193

</TABLE>

6. Basic EPS is computed by dividing reported earnings available to common shareholders by weighted average shares outstanding. No dilution for any potentially dilutive securities is included in basic EPS. Diluted EPS is computed by dividing reported earnings available to common shareholders by weighted average shares and common equivalent shares outstanding, if dilutive. The computation of weighted average shares outstanding and net income per share are as follows:

<TABLE>
<CAPTION>

	Second Quarter		Year to date	
	June 29, 2001	June 30, 2000	June 29, 2001	June 30, 2000
Weighted average number of common shares outstanding	5,473	5,477	5,466	5,475
Shares issued upon assumed exercise of outstanding stock options	2	3	--	1
Weighted average number of common and common equivalent shares outstanding	5,475	5,480	5,466	5,476
Net Income	$1,072	$1,649	$1,799	$3,276
Basic net income per common share	$ 0.20	$ 0.30	$ 0.33	$ 0.60
Diluted net income per common share	$ 0.20	$ 0.30	$ 0.33	$ 0.60

</TABLE>

Total outstanding options to acquire 755 and 595 shares of common stock as of June 29, 2001 and June 30, 2000, respectively, are not included in the above calculation as their effect would be antidilutive.

7. Segment Reporting

The following table summarizes revenues, operating income, total assets and expenditures for long-lived assets by business segment for the period ended June 29, 2001.

<TABLE>
<CAPTION>

	Mechanical Business	Electronics Business	Total
Revenues from external customers	$38,134	$20,152	$58,286
Year to date operating profit, after minority interest	3,732	(553)	3,179
Depreciation and amortization	1,782	998	2,780
Segment assets	54,282	34,821	89,103
Expenditures for long-lived assets	991	516	1,507

</TABLE>

The following table reconciles segment profit to consolidated income before income taxes as of June 29, 2001.

Total operating profit for reportable segments	$3,179
Interest, net	(837)
Other, net	560
Income before income taxes	$2,902

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

The general slowdown in the North American manufacturing sector continued in the second quarter of 2001. The Company continued to initiate aggressive measures in the second quarter to reduce costs that it believes will enable it to more successfully operate in the current environment. These cost reduction measures include, but are not limited to, the implementation of strict cost controls on all discretionary spending, the reduction or elimination of certain employees, finding component vendors offering lower costs, selling the vacant Elk Grove Village warehouse, and shorter workweeks in specific areas to match output to customer demands.

RESULTS OF OPERATIONS (in thousands, except per share amounts)

The Company posted net sales for the second quarter 2001 of $28,338, compared to $34,429 for the second quarter 2000, a decrease of 17.7%. Year to date net sales of the Company for 2001 were $58,286 which is $11,830 lower than net sales for the same period in 2000. Mechanical Business net sales for the second quarter of $18,543 were $2,503 lower than net sales of $21,046 in comparable 2000. The sales decline mainly occurred in the belted drive product lines, driven by the general industrial slowdown. Sales of large belted drives for the energy sector and mining sector were strong at $700. For the first six months of 2001, Mechanical Business net sales were $38,134 compared to $43,024 for same period in 2000 or a reduction of 11.4%

Electronics Business net sales were $9,795, a $3,588 decrease from net sales of $13,383 in the second quarter of 2000. A large portion of sales for the Electronics business is to original equipment manufacturers. Accordingly, the slowdown of capital expenditures by firms in the semiconductor, wastewater treatment, machine tool, and man-made fibers industries were the principal reasons for the sales decline. For the first six months of 2001, Electronics Business net sales were $20,152 compared to $27,092 for same period in 2000, or a reduction of 25.6%.

Company cost of sales ("COS") in the second quarter 2001 was $18,742 compared to $21,999 for the same period last year. As a percent of sales, COS was 66.1% for the second quarter 2001 an increase of 2.2 percentage points from 2000's second quarter COS of 63.9%. Year to date, COS for the Company was $38,095 or 65.4% of sales compared to $44,497 or 63.5% of sales for same period in 2000. Mechanical Business COS of $12,264 in the second quarter 2001 was $1,602 lower than COS of $13,866 in the second quarter 2000. As a percent of sales for the second quarter 2001, Mechanical Business reported COS of 66.1%, an increase of 0.2 percentage points from 65.9% in the prior year. The increased COS percentage to sales resulted from reduced fixed expense absorption from lower sales volume and inventory reduction. COS increases were partially offset by the Company's decisions to continue to reduce both headcount and discretionary spending. Year to date, 2001 COS for Mechanical Business was $24,702 or 64.8% of sales compared to $28,023 or 65.1% of sales for same period in 2000.

Electronics Business COS for the second quarter 2001 was $6,478, a $1,655 decrease from COS of $8,133 for the same quarter of 2000. As a percent of sales for the second quarter 2001 versus the second quarter 2000, Electronics Business reported COS of 66.1% for 2001, up 5.3 percentage points from 60.8% in the prior year. The principal reasons for the higher COS percentage were the lower absorption of fixed expenses caused by reduced sales volume and the effect of currency translation on U.S. dollar component purchases by our European locations. Year to date, 2001, COS for Electronics Business was $13,393 or 66.5% of sales compared to $16,474 or 60.8% of sales for same period in 2000.

Selling, general and administrative ("SG&A") expenses for the second quarter 2001 were $7,751 compared to $8,622 for the second quarter 2000, a decrease of $871, or 10.1%. SG&A, as a percent of sales, increased to 27.4% in the second quarter 2001 from 25.0% in the second quarter 2000. The major reasons for the change in absolute dollars were the reduced variable costs caused by the lower sales volume, currency translation effect on European figures, and lower headcount. Year over year inflation partially offset these actions. Year to date, 2001, SG&A was $16,341 or 28.0% of sales compared to $17,997 or 25.7% of sales for same period in 2000.

Operating income for the Company was $1,530 for the second quarter 2001, or 5.4% as a percent of sales, and $1,897 lower than second quarter 2000 income from operations of $3,427, which was 10.1% of sales. This reduction was caused by the decreased absorption of fixed expenses from the lower sales volume and inventory reduction, lower sales volume, and the exchange effect of U.S. dollar component purchases by European operations. After six months of 2001, operating income was $3,179 or 5.5% as a percent of sales compared to $6,768 or 9.7% as a percent of sales for same period of 2000. The principal reasons for the year to year change were lower sales volume and reduced absorption of fixed expenses from this lower sales volume.

Other income for the second quarter 2001 was $199, compared to other expense of $740 for the same period last year. Interest expense, a component of other expense, for the Company was $400 in the second quarter of 2001, a $305 decrease from $705 of interest expense in the second quarter of 2000. The Company's lower debt levels and the Federal Reserve's reduction of interest rates in the second quarter 2001 were the primary reasons for this lower interest expense to the Company. Other income for the second quarter of 2001 included a $617 gain on the sale of the Elk Grove Village warehouse. Year to date 2001, other expense was $277 compared to $1,456 for same period of 2000. The principal reasons for the $1,179 improvement was lower interest expense and the gain from the sale of the Elk Grove Village warehouse in 2001.

Net income in the second quarter 2001 was $1,072, or $0.20 per diluted share, $577 lower than the $1,649, or $0.30 per diluted share a year ago. Year to date 2001, net income was $1,799, or $0.33 per diluted share, $1,477 lower than the $3,276, or $0.60 per diluted share, for same period last year.

LIQUIDITY AND CAPITAL RESOURCES (in thousands, except per share amounts)

Working Capital at June 29, 2001 was $29,435, 5.6% below $31,172 at December 29, 2000. The decrease was due primarily to decreases in accounts receivable and inventory. Current ratio remained at 2.4:1 for June 29, 2001 and December 29, 2000.

Outstanding long-term debt decreased $3,960 to $29,701 at June 29, 2001 compared to $33,661 at year-end 2000. Debt was comprised of $5,285 in tax-exempt revenue bonds, $23,633 in debt under the Company's $52,500 unsecured revolving credit facility (the "Facility"), and $783 in other instruments. At June 29, 2001, including $5,917 of outstanding standby letters of credit, the Company had approximately $22,950 of available borrowing capacity under the Facility. The Company's annual interest rate as of June 29, 2001 on the Facility was 5.1%.

In August 1998, the Company entered into an interest rate swap agreement that effectively converted $10,000 of the underlying variable rate debt in the unsecured revolving credit facility to fixed rate debt. The notional principal amount of the swap agreement is $10,000 with an effective fixed rate of 5.75%. The swap agreement is settled each month and will expire in July 2001. The fair value of the swap agreement at June 29, 2001 was ($32).

The Company's cash flows from operations in year to date 2001 were

$6,131, a $3,181 increase from the year to date 2000. The Company believes that the combination of cash generated by operations, available borrowing capacity and the Company's ability to obtain additional long-term indebtedness is adequate to finance the Company's operations for the foreseeable future.

IMPACT OF ACCOUNTING STANDARDS

In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement establishes accounting and reporting standards for derivative instruments and requires recognition of all derivatives as assets or liabilities in the statement of financial position and measurement of those instruments at fair value. Derivatives that are not hedges must be adjusted to fair value through earnings. If the derivative is a hedge, depending on the nature of the hedge, changes in fair value will be either offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings, or recognized in earnings. TB Wood's adopted the standard as of December 30, 2000 and the Company recorded a $23 increase to accumulated other comprehensive income for the fair value of the swap at the date of adoption.

Effective fiscal year 2000, the Company adopted Emerging Issues Task Force Issue No. 00-10, "Accounting for Shipping and Handling Fees and Costs." Therefore, freight charged to customers is now included in sales ($378 and $765 for the second quarter 2000 and for the period end June 29, 2001, respectively) rather than as an offset to freight expenses. All prior year amounts ($459 and $929 for the second quarter 2001 and for the period ended June 30, 2000, respectively) have been restated to conform to the current presentation.

Effective July 2001, the Financial Accounting Standards Board Issued SFAS No. 141, "Business Combinations" and No. 142, "Goodwill and other Intangibles" effective the beginning of fiscal year 2002. SFAS No. 141 requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method. SFAS No. 142 eliminates amortization of goodwill and requires acquired intangibles to be separately recognized. Goodwill will be subject to at least an annual assessment for impairment by applying a fair-value-based test. The Company has not yet determined the impact of adoption of these statements.

Recent Developments

Self-Tender Offer

On June 29, 2001, the Company commenced a "Modified Dutch Auction" for 150,000 shares of its common stock at a price per share of $8.50 to $11.50. The tender offer expired at 5:00 p.m., New York City time, on July 30, 2001. Based upon a preliminary count by American Stock Transfer Company, the depositary for the offer, a total of 530,959 shares were tendered at or below $11.00 per share. Due to the over-subscription, shares tendered will be pro-rated. The Company expects to purchase, subject to final verification, 150,000 shares at $11.00 per share, resulting in an estimated pro-ration factor of 28.3%. The funds required to complete the offer and pay related expenses will be provided from borrowings incurred by the Company under the Facility.

SAFE HARBOR STATEMENT

This quarterly report contains various forward-looking statements and includes assumptions concerning the Company's operations, future results and prospects. These forward-looking statements are based on current expectations and are subject to risk and uncertainties. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Company provides the following cautionary statement identifying important economic, political and technology factors which, among others, could cause the actual results or events to differ materially from those set forth in or implied by the forward-looking statements and related assumptions.

Such factors include the following: (i) changes in the current and future business environment, including interest rates and capital and consumer spending; (ii) competitive factors and competitor responses to the Company's initiatives; (iii) successful development and market introductions of anticipated new products; (iv) changes in government laws and regulations, including taxes; and (v) favorable environment to make acquisitions, domestic and foreign, including regulatory requirements and market value of candidates.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in market risks since the 2000 Annual Report to Shareholders.

Part II - OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Changes in Securities

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits

99.1 Press release issued by the Company on June 29, 2001

b) Reports on Form 8-K
None

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the Borough of Chambersburg and Commonwealth of Pennsylvania, on August 2, 2001

TB WOOD'S CORPORATION

By: /s/Thomas F. Tatarczuch

THOMAS F. TATARCZUCH
Vice President-Finance
(Principal Financial Officer and
Principal Accounting Officer)

EXHIBIT 1
PRESS RELEASE

PRESS RELEASE

TB WOOD'S CORPORATION ANNOUNCES COMMENCEMENT OF TENDER OFFER

Chambersburg, Pennsylvania, June 29, 2001 - TB Wood's Corporation (NASDAQ: TBWC) announced today that it is commencing its "modified Dutch Auction" tender offer for 150,000 shares of its common stock at a price per share of $8.50 to $11.50.

Under the tender offer, shareholders will have the opportunity to tender some or all of their shares at a price within the $8.50 to $11.50 price range. Based on the number of shares tendered and the prices specified by the tendering shareholders, TB Wood's Corporation will determine the lowest per share price within the range that will enable it to buy 150,000 shares, or such lesser number of shares that are properly tendered. If holders of more than 150,000 shares properly tender their shares at or below the determined price per share, TB Wood's Corporation will purchase shares tendered by the holders, at the determined price per share, subject to proration. Shareholders whose shares are purchased in the offer will be paid the determined purchase price in cash, without interest, after the expiration of the offer period. The offer is not contingent upon any minimum number of shares being tendered. The offer is subject to a number of other terms and conditions specified in the offer to purchase that is being distributed to shareholders.

The offer will expire at 5:00 p.m., New York City time, on July 30, 2001, unless extended by TB Wood's Corporation.

INVESTORS ARE URGED TO READ TB WOOD'S CORPORATION'S TENDER OFFER STATEMENT ON SCHEDULE TO FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IN CONNECTION WITH THE TENDER OFFER, WHICH INCLUDES AS EXHIBITS, THE OFFER TO PURCHASE AND THE RELATED LETTER OF TRANSMITTAL, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THE STATEMENT WHEN THEY BECOME AVAILABLE, BECAUSE THEY CONTAIN IMPORTANT INFORMATION. EACH OF THESE DOCUMENTS HAS BEEN OR WILL BE FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, AND INVESTORS MAY OBTAIN THEM FOR FREE FROM THE SECURITIES AND EXCHANGE COMMISSION WEBSITE (WWW.SEC.GOV) OR FROM MACKENZIE PARTNERS, INC., THE INFORMATION AGENT FOR THE TENDER OFFER, BY DIRECTING SUCH REQUEST TO MACKENZIE PARTNERS, INC., 156 FIFTH AVENUE, NEW YORK, NY 10010, TELEPHONE (800)-322-2885.

TB Wood's is an established designer, manufacturer and marketer of electronic and mechanical industrial power transmission products which are sold to North American and international manufacturers and users of industrial equipment. Headquartered in Chambersburg, Pennsylvania, the Company operates production facilities in the United States, Canada, Mexico, Germany, Italy and India.

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