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07-24-2000

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U.S. Patent & TMO/TM Mail Rpt Dt #57

**RECORDATION FORM COVER SHEET
TRADEMARKS ONLY**

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- New
- Resubmission (Non-Recordation)
Document ID #
- Correction of PTO Error
Reel # Frame #
- Corrective Document
Reel # Frame #

Conveyance Type

- Assignment License
- Security Agreement Nunc Pro Tunc Assignment
Effective Date
Month Day Year
- Merger
- Change of Name
- Other

Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name

Formerly

- Individual General Partnership Limited Partnership Corporation Association
- Other
- Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

City

State/Country

Zip Code

- Individual General Partnership Limited Partnership If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)
- Corporation Association
- Other

Citizenship/State of Incorporation/Organization

FOR OFFICE USE ONLY

1/11/2000 NTHA11 00000077 2088379

FC:481

40.00 OP
25.00 OP

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to:

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

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Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages

Enter the total number of pages of the attached conveyance document including any attachments. #

Trademark Application Number(s) or Registration Number(s)

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

Registration Number(s)

<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
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<input type="text" value="2088379"/>	<input type="text"/>	<input type="text"/>
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Number of Properties

Enter the total number of properties involved. #

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41): \$

Method of Payment: Enclosed Deposit Account

Deposit Account

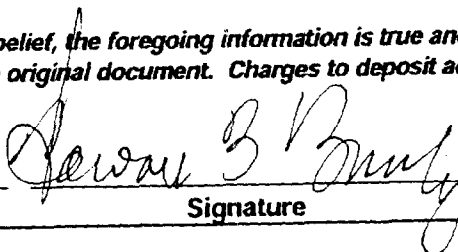
(Enter for payment by deposit account or if additional fees can be charged to the account.)
Deposit Account Number: #

Authorization to charge additional fees: Yes No

Statement and Signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Howard B. Barnaby
Name of Person Signing


Signature

July 19, 2000
Date Signed

**AMENDED AND RESTATED
SII INTELLECTUAL PROPERTY SECURITY
AGREEMENT**

AMENDED AND RESTATED SII INTELLECTUAL PROPERTY SECURITY AGREEMENT (this "Agreement") dated as of June 30, 2000 made by SUBARU INVESTMENT INC., a Delaware corporation (the "Pledgor"), in favor of THE INDUSTRIAL BANK OF JAPAN, LIMITED, NEW YORK BRANCH, as collateral agent for the Agents and Lenders (as defined in the Credit Agreement defined below)(in such capacity, together with its successors and assigns in such capacity, the "Collateral Agent") on behalf of certain Agents and Lenders (as hereinafter defined).

RECITALS:

WHEREAS, Subaru of America, Inc., a New Jersey corporation (the "Borrower") the Agents and certain of the Lenders are parties to the Credit Agreement, dated as of December 23, 1998 (as amended, modified, supplemented or restated and in effect from time to time, the "Existing Credit Agreement") among the Borrower, the lenders identified therein (together with their respective successors and assigns in such capacity, the "Lenders"), the Collateral Agent, The Industrial Bank of Japan, Limited, as Administrative Agent for such Lenders (in such capacity, together with its successors and assigns, the "Administrative Agent"), and Deutsche Bank AG New York Branch, as Syndication Agent (in such capacity, together with its successors and assigns in such capacity, the "Syndication Agent") pursuant to which the Lenders agreed to make loans to the Borrower from time to time in an aggregate principal amount not to exceed U.S. \$200,000,000;

WHEREAS, pursuant to the Existing Credit Agreement, the Pledgor executed and delivered the SII IP Security Agreement, dated as of December 23, 1998 (as amended, modified, supplemented or restated and in effect from time to time, the "Existing SII IP Security Agreement"), pursuant to which SII granted to the Collateral Agent, for the ratable benefit of the Agents and Lenders, security interests in all of its Intellectual Property Collateral (as defined in the Existing SII IP Security Agreement) as security for the payment and performance when due of each of the present and future obligations of the Borrower under the Existing Credit Agreement and certain related documents;

WHEREAS, the Borrower, the Agents and the Lenders are parties to the Amended and Restated Credit Agreement, dated as of June 30, 2000 (as amended, modified, supplemented or restated and in effect from time to time, the "Credit Agreement") among the Borrower, the lenders identified therein (together with their respective successors and assigns in such capacity, the "Lenders"), the Collateral Agent, The Industrial Bank of Japan, Limited, as Administrative Agent for such Lenders (in such capacity, together with its successors and assigns, the "Administrative Agent"), and Deutsche Bank AG New York Branch, as Syndication Agent (in such capacity, together with its successors and assigns in such capacity, the "Syndication Agent") pursuant to which the parties thereto have amended and restated the

Existing Credit Agreement, and the Lenders have agreed to make loans to the Borrower from time to time in an aggregate principal amount not to exceed U.S. \$300,000,000;

WHEREAS, the Pledgor is a wholly-owned Subsidiary of the Borrower;

WHEREAS, the Pledgor will materially benefit from the loans to the Borrower;

and

WHEREAS, as a condition precedent to the obligations of the Lenders to make Loans to the Borrower, the Lenders, the Collateral Agent, the Syndication Agent and the Administrative Agent require that the Pledgor execute and deliver this Agreement, which is a material inducement to the Lenders, the Collateral Agent, the Syndication Agent and the Administrative Agent to enter into the Credit Agreement and for the Lenders to make the Loans thereunder;

NOW, THEREFORE, in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Pledgor hereby agrees as follows:

1. Defined Terms.

Unless otherwise defined herein, capitalized terms which are defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement, and the following terms shall have the following meanings:

“Copyright” has the meaning specified in Section 2(c).

“Copyright License” has the meaning specified in Section 2(d).

“Dealership Agreements” means each Dealership Agreement and Standard Provisions, executed from time to time by and between Subaru of America, Inc. and various authorized Dealers of Subaru Products (as defined therein).

“Patents” has the meaning specified in Section 2(b).

“Patent License” has the meaning specified in Section 2(c).

“Secured Obligations” means the collective reference to the obligations of the Borrower or the Pledgor, as the case may be, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of or in connection with, the Credit Agreement, this Agreement, the Security Agreement, any Notes from time to time issued thereunder, any other Loan Document and any other document made, delivered or given in connection therewith, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses (including, without limitation, all fees and disbursements of counsel to the Agents or to the Lenders that are required to be paid by the Borrower or the Pledgor, as the case may be, pursuant to the terms of the Credit Agreement

or the other Loan Documents and including, without limitation, the payment of amounts that would become due but for the commencement of voluntary or involuntary proceedings in bankruptcy with respect to any Person and/or the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. §362(a)) or otherwise, and in any event shall include all Obligations (as defined in the Credit Agreement).

“Trademarks” has the meaning specified in Section 2(a).

“Trademark License” has the meaning specified in Section 2(d).

2. Grant of Security Interest. As collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Secured Obligations, the Pledgor hereby grants, transfers, collaterally assigns and sets over to the Collateral Agent, for the ratable benefit of the Agents and the Lenders, a security interest in, general lien on and right of set-off of (the "Security Interests"), all of the following (collectively, the "Intellectual Property Collateral"), in each case whether now existing or hereafter arising and whether now owned or hereafter acquired:

(a) all of the Pledgor's rights, title and interest, whether now owned or hereafter acquired, in and to all United States and foreign trademarks, trade names, corporate names, company names, business names, fictitious business names, indicia, trade dress, trade styles, service marks, logos and other source or business identifiers and applications pertaining hereto, and all designs and general intangibles of a like nature, and the goodwill associated therewith or symbolized thereby, and all other assets, rights and interests that uniquely embody such goodwill, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office (the "Patent and Trademark Office") or in any similar office or agency of the United States, any state thereof or any other country or any political subdivision thereof, or otherwise, and all extensions or renewals thereof (including without limitation each trademark, trade name, trade dress, registration and application identified in Schedule I attached hereto and incorporated herein by reference) and including all income, royalties, damages and payments now and hereafter due and/or payable with respect thereto (including without limitation damages for past or future infringements thereof), the right to sue or otherwise recover for all past, present and future infringements thereof, all rights corresponding thereto throughout the world (but only such rights as now exist or may come to exist under applicable local law) and all other rights of any kind whatsoever of Pledgor accruing thereunder or pertaining thereto, together in each case with the goodwill of the business connected with the use of, and symbolized by, each such trademark and service mark (collectively, the "Trademarks");

(b) all of the Pledgor's rights, title and interest (including without limitation the patents, design patents and utility models identified on Schedule II attached hereto and incorporated herein by reference and including rights acquired pursuant to a license or otherwise but only to the extent permitted by agreements governing such license or other use) in and to all patents and patent applications and rights and interests in patents

and patent applications under any domestic or foreign law that are presently, or in the future may be, owned or held by Pledgor and all patents and patent applications and rights, title and interests in patents and patent applications under any domestic or foreign law that are presently, or in the future may be, owned by Pledgor in whole or in part the patents and patent applications listed in Schedule II, as the same may be amended pursuant hereto from time to time, all rights (but not obligations) corresponding thereto (including the right (but not the obligation), exercisable only upon the occurrence and during the continuation of an Event of Default, to sue for past, present and future infringements in the name of Pledgor or in the name of Collateral Agent or Lenders), and all re-issues, divisions, continuations, renewals, extensions and continuations-in-part thereof (all of the foregoing being collectively referred to as the "Patents"); it being understood that the rights and interests included in the Intellectual Property Collateral hereby shall include all rights and interests pursuant to licensing or other contracts in favor of Pledgor pertaining to patent applications and patents presently or in the future owned or used by third parties but, in the case of third parties which are not Affiliates of Pledgor, only to the extent permitted by such licensing or other contracts and, if not so permitted, only with the consent of such third parties;

(c) all of the Pledgor's rights, title and interest (including rights acquired pursuant to a license or otherwise but only to the extent permitted by agreements covering such license or other use) under copyrights in any original work of authorship fixed in any tangible medium of expression, including, without limitation, all databases, computer programs, source codes, object codes, other computer software, layouts, trade dress, drawings, designs writings, formulas and manuals, whether published or unpublished, whether now or hereafter existing, and whether in the United States, any state thereof or any other country, and all applications, registrations, renewals, extensions and recordings relating thereto filed in the United States Copyright Office (the "Copyright Office") or in any other governmental office or agency in the United States or any other country or political subdivision thereof, in each case in which the Pledgor has any right, title or interest, whether as author, assignee, transferee or otherwise (including without limitation (a) the copyrights listed on Schedule III attached hereto and incorporated herein by reference, all common law rights and all other rights which the Pledgor presently has or hereafter acquires pursuant to any Copyright or Copyright License relating to any such copyright, including, without limitation, copyright assignments, and exclusive and nonexclusive licenses, and (b) all right, title and interest of the Pledgor in all physical materials embodying any work with respect to which the Pledgor owns or holds rights in any Copyright or Copyright License (collectively, the "Copyrights"), including each of the Copyrights, rights, titles and interests in and to the Copyrights and works protectable by copyright, which are presently, or in the future may be, owned, created (as a work for hire for the benefit of Pledgor), authored (as a work for hire for the benefit of Pledgor), or acquired by Pledgor, in whole or in part, and all copyright rights with respect thereto and all Copyright registrations therefor, heretofore or hereafter granted or applied for, and all renewals and extensions thereof, throughout the world, including all proceeds thereof (such as, by way of example and not by limitation, license royalties and proceeds of infringement suits), the right (but not the obligation) to renew and extend such Copyright registrations and copyright rights and to register works protectable by copyright and the

right (but not the obligation) to sue for past, present and future infringements of the Copyrights and copyright rights);

(d) All agreements, written or oral (i) providing for the grant by or to the Pledgor of any right to use any Trademark (including without limitation the licenses listed on Schedule IV attached hereto and incorporated herein by reference), and the right to prepare for sale, sell and advertise for sale, all Inventory (as defined in the Security Agreement) now or hereafter owned by the Pledgor and now or hereafter covered by such licenses (collectively, the "Trademark Licenses"); (ii) providing for the grant by or to the Pledgor of any right to manufacture, use or sell any invention covered by a Patent and all rights of the Pledgor under such agreement (collectively, the "Patent Licenses"); and (iii) naming the Pledgor as licensor or licensee, granting any right in or to any Copyright or copyright registration in the United States or any foreign country or any and all present and future agreements, including, without limitation, assignments and consents, as any such agreements may from time to time be amended or supplemented, pursuant to which the Pledgor now has or hereafter acquires any direct or beneficial interest in any Copyright, or is a licensor of rights to any third party with respect to any copyright, whether as a party to any such agreement or as an assignee of any rights under any such agreement excluding, however, non-exclusive computer software licenses (collectively, the "Copyright Licenses"; the Copyright Licenses, the Patent Licenses and the Trademark Licenses, collectively referred to as the "Licenses");

(e) all policies of insurance related to the foregoing; and

(f) all proceeds and products of any and all of the foregoing Intellectual Property Collateral.

In addition, the Pledgor has executed in blank and delivered to the Collateral Agent at least three Assignments of Intellectual Property (each being called an "IP Assignment") in the form of Exhibit A hereto. The Pledgor hereby irrevocably authorizes the Collateral Agent to complete as assignee and record with the Patent and Trademark Office and the Copyright Office, each IP Assignment but only upon the occurrence of an Event of Default that is continuing at the time of filing. From time to time upon request by the Collateral Agent, the Pledgor shall execute and deliver to the Collateral Agent such further IP Assignments as the Collateral Agent may reasonably request.

This Agreement shall amend, restate, extend, expand and continue, but shall not extinguish, impair or novate, the security interests granted in the Existing SII IP Security Agreement.

3. Collateral Assignment (a) [intentionally omitted]

(b) [intentionally omitted]

4. General Representations and Warranties. The Pledgor hereby represents and warrants that:

(a) Existence; Corporate Power. The Pledgor (i) is duly incorporated and organized, validly existing and in good standing under the laws of the State of Delaware, (ii) has the power and authority to own its property and to carry on its business as conducted and as proposed to be conducted, (iii) is qualified to do business in every jurisdiction where such qualification is necessary, and (iv) has the power, right and authority to execute, deliver and perform its obligations under this Agreement and to grant the Security Interests hereunder.

(b) No Conflict. The execution, delivery and performance by the Pledgor of this Agreement and the granting of security hereunder (i) have been duly authorized by all requisite action on the part of the Pledgor and (ii) will not (A) violate, contravene or be in conflict with (1) any provision of law, rule or regulation applicable to the Pledgor or any of its Subsidiaries, (2) the articles of incorporation, by-laws or other organizing documents of the Pledgor, or (3) any applicable order of any governmental authority, (B) violate, be in conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any indenture, bond, note, instrument or other agreement binding on the Pledgor or any of its Subsidiaries or by which any property of the Pledgor or any of its Subsidiaries is bound or (C) result in the creation or imposition of any Lien of any nature whatsoever upon any property or assets of such party.

(c) Binding Obligations. This Agreement has been duly executed and delivered by the Pledgor and constitutes the legal, valid and binding obligations of the Pledgor, enforceable against the Pledgor and the Intellectual Property Collateral in accordance with its terms.

(d) [Intentionally omitted.]

(e) No Proceedings. There is no action, proceeding or investigation to which the Pledgor or any of its Subsidiaries or any of their respective properties may be subject, by or before any court or any arbitral, governmental or regulatory authority or agency, pending or (to the knowledge of the Pledgor) threatened which, if adversely determined, could have, individually or in the aggregate, a material adverse effect on the business, operations, properties, condition (financial or otherwise) or prospects of the Pledgor, or on the ability of the Pledgor to perform its obligations under this Agreement, or which in any way draws into question the legality, validity, binding nature, enforceability, perfection or priority of this Agreement or of the Liens granted hereby.

(f) No Authorization. No authorization, consent, approval or other action by, and no notice to, registration or filing with, any governmental authority or regulatory body or any other Person (including, without limitation, the Pledgor's stockholders or similar equity holders) is required either (i) for the grant by Pledgor of the Security Interests granted hereby or for the execution, delivery or performance of this Agreement by the Pledgor, or (ii) for the perfection of or the exercise by the Collateral Agent, on behalf of the Agents and Lenders, of its rights and remedies hereunder, except for the filing and recording of this Agreement with the Patent and

Trademark Office, the Copyright Office and with the equivalent offices in any foreign jurisdiction, and the filings required by the Uniform Commercial Code of the State in which the Pledgor maintains its chief executive office, which shall be duly filed promptly following the execution of this Agreement. Said chief executive office is located at 300 Delaware Avenue, Suite 900, Wilmington, Delaware 19801.

(g) Licenses. Set forth on Schedule IV is a list of Licenses of the Pledgor necessary for the conduct of its business as currently conducted or utilized and material in the Pledgor's commercial operations, and such list is complete and accurate in all material respects as of the date hereof.

(h) No Impairment. The actions contemplated under or in connection with the Loan Documents will not impair the legal right of the Pledgor to use any of the Intellectual Property Collateral, subject to the rights of the Collateral Agent as provided in this Agreement.

5. Other Representations and Warranties. The Pledgor represents and warrants as to itself and the Intellectual Property Collateral as follows:

(a) It is the sole, legal and beneficial owner of the entire right, title and interest in and to the Intellectual Property Collateral purported to be granted by it hereunder, free and clear of any Lien (which term includes, without limitation, any security interest, option, charge, pledge, registered user agreement, assignment (whether conditional or not), covenant, or any other encumbrance), except for the Security Interests created or permitted by this Agreement or security interests created or permitted by the Credit Agreement or the other Loan Documents and certain Licenses and registered user agreements described on Schedule IV. To the best of the Pledgor's knowledge (after due inquiry), no financing statement or other instrument similar in effect covering all or any part of the Intellectual Property Collateral purported to be granted by the Pledgor hereunder is on file in any recording office, including, without limitation, the Patent and Trademark Office, the Copyright Office and the equivalent offices in any foreign jurisdiction, except such as may have been filed in favor of the Collateral Agent, for the ratable benefit of the Agents and the Lenders.

(b) All of the Intellectual Property Collateral, as listed on Schedules I, II, III and IV hereto, owned, held or used by the Pledgor is valid, subsisting, unexpired, enforceable and has not been abandoned. None of such Intellectual Property Collateral, other than the items listed on Schedule IV, is the subject of any licensing or franchise agreement. No holding, decision or judgment has been rendered by any governmental authority which would limit, cancel or question the validity of any Intellectual Property Collateral.

(c) Set forth on Schedule I is a complete and accurate list of all Trademark and service mark registrations and all Trademark and service mark applications owned by the Pledgor. Set forth on Schedule II is a complete and accurate list of all Patents and all Patent applications owned by the Pledgor. Set forth in Schedule III is a complete and accurate list of all Copyright registrations, Copyright applications all works that are subject to copyright, owned by the Pledgor that are material to the Pledgor's business. With the exception of any Dealership Agreements in which the Pledgor is a licensor of any Intellectual Property Collateral, and of any

shrink wrap licenses granted in connection with the purchase of commercially available software, set forth in Schedule IV is a complete and accurate list of all Licenses owned by Pledgor in which Pledgor is (i) a licensor with respect to any Intellectual Property Collateral, or (ii) a licensee of any other person's Patents, trade names, Trademarks, service marks or Copyrights. Pledgor has made all necessary filings and recordations to protect and maintain its interest in the Intellectual Property Collateral set forth in Schedules I, II and III, except for any filings or recordations relating to Intellectual Property Collateral, which, in the reasonable business judgment of the Pledgor, individually or in the aggregate, are of no material economic value.

(d) Each Patent, Trademark or service mark registration and Copyright registration of the Pledgor set forth in Schedules I, II and III is subsisting and has not been adjudged invalid, unregistrable or unenforceable, in whole or in part, has not been abandoned and is valid, registrable and enforceable. Each Patent application, Trademark or service mark application and Copyright application is subsisting and has not been issued a final refusal. Each License of the Pledgor identified in Schedule IV is valid, subsisting, unexpired, has not been adjudged invalid or unenforceable, in whole or in part, has not been abandoned and is valid and enforceable. Pledgor is not aware of any uses of any item of Intellectual Property Collateral which could be expected to lead to such item becoming invalid or unenforceable, including unauthorized uses by third parties and uses which were not supported by the goodwill of the business connected with such Intellectual Property Collateral.

(e) To the best of the Pledgor's knowledge (after due inquiry), no action or proceeding is pending (i) seeking to limit, cancel or question the validity of any Intellectual Property Collateral, or (ii) which, if adversely determined, would have a material adverse effect on the value of any Intellectual Property Collateral.

(f) It has notified the Collateral Agent in writing of all uses of any Intellectual Property Collateral prior to the Pledgor's use, of which the Pledgor is aware, which would lead to such item becoming invalid or unenforceable, including prior unauthorized uses by third parties and uses that were not supported by the goodwill of the business connected with such item.

(g) It has not granted any release, covenant not to sue, or non-assertion assurance to any third person, nor allowed any shop right to arise with respect to any third Person, with respect to any part of the Intellectual Property Collateral.

(h) It has protected its Intellectual Property Collateral with markings or as otherwise required by statute.

(i) Except as disclosed to the Agents and Lenders in writing prior to the date of this Agreement, the Pledgor has no knowledge of the existence of any right under any Patent, Trademark, license agreement, trade name, trade secret, know-how, confidential research, development and commercial information, or other proprietary information held by any other Person that would preclude the Pledgor from carrying on, or materially interfere with the ability of the Pledgor to carry on, its business as currently carried on, and the Pledgor has no knowledge of any possible claim to the contrary.

(j) To the best of the Pledgor's knowledge, the Pledgor has used consistent standards of quality in the provision of each service provided under any Intellectual Property Collateral, and has taken all steps necessary to ensure that all licensed users of any Intellectual Property Collateral use such consistent standards of quality.

(k) To the best of the Pledgor's knowledge (after due inquiry) no claim has been made (and, as to Intellectual Property Collateral with respect to which the Pledgor is a licensor, no claim has been made against the third party licensee), and the Pledgor has no knowledge of any claim that is likely to be made, that the use by the Pledgor of any Intellectual Property Collateral may be likely to violate the rights of any Person.

6. Covenants. The Pledgor covenants and agrees with the Collateral Agent, the other Agents and the Lenders that, from and after the date of this Agreement until the Secured Obligations are paid in full and the Commitments have expired or been terminated:

(a) The Pledgor (either itself or through licensees) will, except with respect to any Trademark that the Pledgor shall reasonably determine is of no material economic value to it, (i) continue to use each Trademark on each and every trademark class of goods or services applicable to its current line as reflected in its current catalogs, brochures and price lists in order to maintain such Trademark in full force and effect and free from any claim of abandonment for non-use, (ii) maintain as in the past at least the same quality of products and services offered under such Trademark, (iii) employ such Trademark only with the appropriate notice of registration, (iv) not adopt or use any mark which is confusingly similar or a colorable imitation of such Trademark unless the Agent, for the ratable benefit of the Agents and Lenders, shall obtain a perfected, first priority security interest in such mark pursuant to this Agreement, and (v) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any Trademark may become invalidated.

(b) The Pledgor will not, except with respect to any Patent that the Pledgor shall reasonably determine is of no material economic value to it, do any act, or omit to do any act, whereby any Patent may become abandoned or dedicated.

(c) The Pledgor (either itself or through licensees) will, for each work covered by a Copyright, continue to publish, reproduce, display, adopt and distribute the work with appropriate copyright notice as necessary and sufficient to establish and preserve the Pledgor's rights under all applicable copyright laws.

(d) The Pledgor will notify the Agents and the Lenders within 15 Domestic Business Days if it knows, or has reason to know, that any Intellectual Property Collateral or any application or registration relating to any thereof may become abandoned, lost or dedicated, or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court or tribunal or similar office in any country) regarding the Pledgor's ownership of any Intellectual Property Collateral or its right to register the same or to keep and maintain the same, except with respect

to any Intellectual Property Collateral, which, individually or in the aggregate, in the reasonable business judgment of the Pledgor, is of no material economic value.

(e) Whenever the Pledgor, either by itself or through any agent, employee, attorney, licensee or designee, shall file an application for the registration of any Patent or Trademark with the United States Patent and Trademark Office or any similar office or agency in any other country or any political subdivision thereof, or shall file an application for registration of any Copyright with the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, the Pledgor shall report such filing to the Collateral Agent within 15 Domestic Business Days.

(f) The Pledgor agrees that, should it have or obtain an ownership interest in any United States or foreign trademarks, tradenames, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, trademark or service mark applications, trademark or service mark registrations, patents, design patents, utilizing models, patent applications, Copyrights, work of authorship, Copyright registration, Copyright application or license, which is not now a part of the Intellectual Property Collateral: (i) the provisions of this Agreement shall automatically apply to such item, and such item shall automatically become part of the Intellectual Property Collateral; and (ii) the Pledgor shall, within three months after acquiring or becoming aware of such ownership interest, (A) give written notice thereof to the Collateral Agent and, (B) prepare, execute and file in the Patent and Trademark Office, the Copyright Office or, upon the Collateral Agent's request, in the equivalent agencies in any foreign jurisdiction, within the requisite time period, all documents that are known by the Pledgor to be necessary or that the Collateral Agent, on behalf of the Agents and Lenders, requests in order to perfect the Security Interests therein. The Pledgor hereby irrevocably authorizes the Collateral Agent, on behalf of the Lenders, to execute and file such document or documents in the name of the Pledgor if the Pledgor fails to do so.

(g) (i) The Pledgor agrees that from time to time, at its own expense, it will promptly execute and deliver all further instruments and documents and take all further action that may be necessary or desirable in the Collateral Agent's determination, or that the Collateral Agent may request, in order to (i) continue, perfect and protect any Security Interests granted or purported to be granted hereby, (ii) upon the Collateral Agent's request, to further grant and perfect the Collateral Agent's (for the ratable benefit of the Agents and Lenders) Security Interests in and collaterally assigns to the Collateral Agent, for the ratable benefit of the Agents and Lenders, as security for the repayment and satisfaction of the Secured Obligations, all Intellectual Property Collateral located in any foreign jurisdiction, and (iii) enable the Collateral Agent, for the ratable benefit of the Agents and Lenders, to exercise and enforce its rights and remedies hereunder with respect to any part of the Intellectual Property Collateral. Without limiting the generality of the foregoing, Pledgor will execute and file (with the appropriate governmental offices, authorities, agencies and regulatory bodies in the United States and, upon the Collateral Agent's request, any applicable foreign jurisdiction) such supplements to this Agreement and such financing or continuation statements, or amendments thereto, and such other instruments or notices, including executed IP Assignments, with the Patent and Trademark

Office and the Copyright Office, as may be necessary or desirable, or as the Collateral Agent may request, in order to perfect and preserve the Security Interests granted hereby.

(i) Without limiting the generality of the foregoing, the Pledgor acknowledges that amendments to Article 9 of the Uniform Commercial Code have been and may become enacted in certain States of the United States and that the implementation of such amendments may require the Pledgor and the Collateral Agent to, or may make it desirable for the Pledgor and the Collateral Agent to, make additional filings and amendments to this Agreement, and otherwise to take additional steps, to further effect and preserve the attachment, perfection and priority of the security interests granted in this Agreement. The Pledgor agrees to make such additional filings and amendments and take such additional steps as the Collateral Agent may request, within the reasonable time limits requested by the Collateral Agent, and that the failure of the Pledgor to do so within such time limits shall constitute an Event of Default.

(h) The Pledgor agrees: (i) to take all necessary steps in any proceeding before the Patent and Trademark Office, the Copyright Office or any similar office or agency in any other country or any political subdivision thereof or in any court, to maintain each Trademark, Trademark License, Patent, Patent License, Copyright or Copyright License, now or hereafter included in the Intellectual Property Collateral, except with respect to any Intellectual Property Collateral, which, individually or in the aggregate, in the reasonable business judgment of the Pledgor, is of no material economic value, including the filing of divisional, continuation, continuation-in-part and substitute applications, the filing of applications for reissue, renewal or extensions, the payment of maintenance fees, and the participation in interference, reexamination, opposition and infringement proceedings; (ii) to bear any expenses incurred in connection with such activities; and (iii) not to abandon any material pending application with respect to any of the Intellectual Property Collateral, without the prior written consent of the Required Lenders, except with respect to any Intellectual Property Collateral, which, individually or in the aggregate, in the reasonable business judgment of the Pledgor, is of no material economic value.

(i) In the event that any item of Intellectual Property Collateral is infringed, misappropriated or diluted by a third party, the Pledgor shall promptly notify the Collateral Agent and the Lenders after it learns thereof and, at the Pledgor's sole expense, shall, unless the Pledgor shall reasonably determine that such Intellectual Property Collateral is of no material economic value to the Pledgor, promptly sue for infringement, misappropriation or dilution, to seek injunctive relief where appropriate and to recover any and all damages for such infringement, misappropriation or dilution, or take such other actions as the Pledgor shall reasonably deem appropriate under the circumstances to protect such Patent, Patent License, Trademark, Trademark License, Copyright or Copyright License.

(j) Upon and during the continuance of an Event of Default and at the reasonable request of the Collateral Agent, the Pledgor shall use its reasonable efforts to obtain all requisite consents or approvals by the licensor of each Copyright License, Patent License or Trademark License to effect the assignment of all of the Pledgor's rights, title and interest thereunder to the Collateral Agent or its designee.

7. Further Assurances.

(a) The Pledgor hereby authorizes the Collateral Agent, on behalf of the Lenders, upon the occurrence and during the continuation of an Event of Default, to file, where permitted by law, one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Intellectual Property Collateral without the signature of the Pledgor. A carbon, photographic or other reproduction of this Agreement or any financing statement covering the Intellectual Property Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

(b) The Pledgor will furnish to the Collateral Agent, from time to time statements and schedules further identifying and describing the Intellectual Property Collateral and such other reports in connection with the Intellectual Property Collateral as the Collateral Agent may request, all in reasonable detail.

(c) The Pledgor agrees that should any of its Subsidiaries (whether now or hereafter existing) obtain any ownership interest in any United States or foreign intellectual property of a nature that would be Intellectual Property Collateral hereunder if owned by the Pledgor, the Pledgor shall cause such Subsidiary to transfer and assign all such entities' ownership interests therein to the Pledgor or to the Borrower, whereupon such intellectual property shall become Intellectual Property Collateral under this Agreement (or the Borrower Intellectual Property Security Agreement, as the case may be) and the provisions of subsection (a) of this Section 7 and Section 19 (and the comparable provisions of the Borrower Intellectual Property Security Agreement, as the case may be) shall be applicable thereto. The Pledgor will use commercially reasonable efforts to avoid the inclusion in any contract to which it hereafter becomes a party of any provision that could or might in any way impair or prevent the creation of a security interest in, or the assignment of, Pledgor's rights and interests in any property included within the definitions of any Intellectual Property Collateral acquired under such contracts;

(d) The Pledgor shall not do any act or omit to do any act whereby any of the Intellectual Property Collateral may become dedicated or abandoned, except where such dedication or abandonment (i) will not have a material adverse effect on the business, properties, operations, condition (financial or otherwise) or prospects of the Pledgor and its Subsidiaries, either individually or taken as a whole, and (ii) is in the ordinary course of the Pledgor's business. The Pledgor agrees to notify the Agents and the Lenders, within 15 days, in writing if it learns that any of the Intellectual Property Collateral may become abandoned or dedicated or of any adverse determination or any development (including without limitation the institution of any proceeding in any court or arbitration tribunal or in the Patent and Trademark Office, the Copyright Office or in the equivalent agencies of any foreign jurisdiction, or any court) regarding any part of the Intellectual Property Collateral.

(e) The Pledgor agrees (i) to maintain the quality of any and all products in connection with which the Intellectual Property Collateral is used, consistent with the quality standards established by the Pledgor for said products as of the date of this Agreement.

(f) The Pledgor shall protect its products with markings or such other measures as are required by statute.

(g) The Pledgor will take any and all reasonable steps to protect the secrecy of all trade secrets relating to the products and services sold or delivered under or in connection with the Intellectual Property Collateral, including, without limitation, where appropriate entering into confidentiality agreements with employees and labeling and restricting access to secret information and documents;

(h) The Pledgor will use proper statutory notice in connection with its use of any of the Intellectual Property Collateral;

(i) Except as otherwise provided in this Section 7, Pledgor shall continue to collect, at its own expense, all amounts due or to become due to Pledgor in respect of the Intellectual Property Collateral or any portion thereof. In connection with such collections, Pledgor may take (and, at Collateral Agent's reasonable direction, shall take) such action as Pledgor or Collateral Agent may deem reasonably necessary or advisable to enforce collection of such amounts; provided, Collateral Agent shall have the right at any time, upon the occurrence and during the continuation of an Event of Default and upon written notice to Pledgor of its intention to do so, to notify the obligors with respect to any such amounts of the existence of the security interest created hereby and to direct such obligors to make payment of all such amounts directly to Collateral Agent, and, upon such notification and at the expense of Pledgor, to enforce collection of any such amounts and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as Pledgor might have done. After receipt by Pledgor of the notice from Collateral Agent referred to in the proviso to the preceding sentence and during the continuation of any Event of Default, (i) all amounts and proceeds (including checks and other instruments) received by Pledgor in respect of amounts due to Pledgor in respect of the Intellectual Property Collateral or any portion thereof shall be received in trust for the benefit of Collateral Agent hereunder, shall be segregated from other funds of Pledgor and shall be forthwith paid over or delivered to Collateral Agent in the same form as so received (with any necessary endorsement) to be held as cash Collateral and applied to the payment of the Secured Obligations, and (ii) Pledgor shall not adjust, settle or compromise the amount or payment of any such amount or release wholly or partly any obligor with respect thereto or allow any credit or discount thereon.

(j) Pledgor shall have the duty to diligently file and/or make (i) any Copyright Registration on any existing or future unregistered but copyrightable works (except for works of nominal commercial value) and (ii) application on any future patentable but unpatented innovation or invention comprising Intellectual Property Collateral. Any expenses incurred in connection therewith shall be borne solely by Pledgor.

8. Grant of License to Use Patent, Trademark and Copyright Collateral. For the purpose of enabling the Collateral Agent to exercise rights and remedies hereof at such time as the Collateral Agent shall be lawfully entitled to exercise such rights and remedies, the Pledgor hereby grants to the Collateral Agent a non-exclusive license (exercisable without

payment of royalty or other compensation to the Pledgor) to use, license or sublicense any of the Intellectual Property Collateral, now owned or hereafter acquired by the Pledgor, and wherever the same may be located, and including in such license reasonable access to all media in which any of the licensed items may be recorded or stored. Such license shall be irrevocable and shall be transferrable to the Collateral Agent or any transferee of the Collateral Agent upon the exercise of the Collateral Agent's remedies pursuant to this Agreement, except that such license shall terminate in accordance with Section 24 hereof if, prior to the Intellectual Property Collateral Termination Date, there shall have been no exercise of the Collateral Agent's remedies under this Agreement. The use of such license by the Collateral Agent shall be exercised, at the option of the Collateral Agent, for any purpose appropriate in connection with the exercise of remedies hereunder, only upon the occurrence and during the continuance of an Event of Default, *provided* that any license, sublicense or other transaction entered into by the Collateral Agent in accordance herewith shall be binding upon the Pledgor notwithstanding any subsequent cure or waiver of an Event of Default.

9. Transfers and Other Liens. Pledgor agrees that, except as permitted by the Credit Agreement, it shall not:

(a) sell, assign (by operation of law or otherwise) or otherwise dispose of any of, or grant any option with respect to, the Intellectual Property Collateral, except that the Pledgor may license the Intellectual Property Collateral (i) in the ordinary course of the Pledgor's business, *provided* that such license is necessary or desirable in the conduct of the Pledgor's business, or (ii) in connection with a sale of assets in compliance with the Credit Agreement, *provided* that such license shall be on terms which will maximize the gain to the Pledgor resulting from the granting of such license. The Collateral Agent, for the ratable benefit of the Agents and Lenders, shall execute any documents that the Pledgor may reasonably request in order to permit the Pledgor to exercise its right hereunder to license the Intellectual Property Collateral, *provided* that the Collateral Agent shall not be required to do anything that may, in the reasonable discretion of the Collateral Agent, adversely affect the validity of the Security Interests or the assignment of the Intellectual Property Collateral located in any foreign jurisdiction;

(b) create or suffer to exist any Lien, security interest or other charge or encumbrance upon or with respect to any of the Intellectual Property Collateral except for the Security Interests created by this Agreement; or

(c) take any other action in connection with any of the Intellectual Property Collateral that would impair the value of the interest or rights of the Pledgor in any of the Intellectual Property Collateral or that would impair the interest or rights of the Collateral Agent for the ratable benefit of the Agents and Lenders.

10. Collateral Agent Appointed Attorney-in-Fact. Without limiting any other provision of this Agreement, upon the occurrence and during the continuance of an Event of Default, the Pledgor hereby irrevocably appoints the Collateral Agent, for the ratable benefit of the Agents and Lenders, as the Pledgor's attorney-in-fact, with full authority in the place and stead of the Pledgor and in the name of the Pledgor or otherwise, from time to time in the

Collateral Agent's discretion, and with full power of substitution, to take any action and to execute any instrument that the Collateral Agent may deem necessary or advisable to accomplish the purposes of this Agreement, including without limitation:

(a) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Intellectual Property Collateral;

(b) to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection with clause (a) above;

(c) to file any claims or take any action or institute any proceedings that the Agent may deem necessary or desirable for the collection of any of the Intellectual Property Collateral or otherwise to enforce the rights of the Collateral Agent, for the ratable benefit of the Agents and Lenders, with respect to any of the Intellectual Property Collateral; and

(d) to execute, in connection with the sale provided in Section 13 hereof, any endorsement, assignments, or other instruments of conveyance or transfer with respect to the Intellectual Property Collateral.

The Pledgor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and is irrevocable.

11. Collateral Agent May Perform.

(a) If the Pledgor fails to perform or comply with any of its agreements contained in this Agreement, the Collateral Agent may itself perform, or cause performance of, such agreement, and the expenses of the Collateral Agent incurred in connection therewith shall be payable by the Pledgor under Section 14 hereof to the fullest extent permitted by applicable law. The expenses of the Collateral Agent incurred in connection with such performance or compliance shall constitute Secured Obligations secured hereby, and if not paid when due shall bear interest until paid in full at a rate per annum equal to the Base Rate in effect from time to time for the first two Domestic Business Days and thereafter at a rate per annum equal to 3.00% plus the higher of (x) the Base Rate as in effect from time to time and (y) the highest interest rate in effect from time to time for Loans of any type under the Credit Agreement. Such interest shall be payable by the Pledgor to the Collateral Agent on demand and shall constitute Secured Obligations secured hereby.

(b) The Collateral Agent or its designated representatives shall have the right at any time and from time to time to inspect the Pledgor's premises and to examine the Pledgors' books, records and operations relating to the Intellectual Property Collateral.

12. The Collateral Agent's Duties. The powers conferred on the Collateral Agent hereunder are solely to protect the Agents', and the Lenders' interests in the Intellectual Property Collateral and shall not impose any duty upon the Collateral Agent or any other Agent

or any Lender to exercise any such powers. Each of the Collateral Agent, the other Agents and the Lenders shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither they nor any of their respective officers, directors, employees, attorneys or agents shall be responsible to the Pledgor for any act or failure to act hereunder, except for its own gross negligence or willful misconduct.

13. Remedies. If an Event of Default shall occur and be continuing, the Collateral Agent, on behalf of the Agents and Lenders, may exercise, in addition to all other rights and remedies granted to it in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Secured Obligations, all rights and remedies of a secured party under the UCC and all other rights and remedies under all other applicable laws. Without limiting the generality of the foregoing, the Collateral Agent, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon the Pledgor or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith complete and file any IP Assignment, collect, receive, appropriate and realize upon the Intellectual Property Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Intellectual Property Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of the Collateral Agent, any other Agent or any Lender or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Collateral Agent, any other Agent or any Lender shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Intellectual Property Collateral so sold, free of any right or equity of redemption in the Pledgor, which right or equity is hereby waived or released. The Pledgor further agrees, at the Collateral Agent's request, to assemble the Intellectual Property Collateral and make it available to the Collateral Agent at places which the Collateral Agent shall reasonably select, whether at the Pledgor's premises or elsewhere. The Collateral Agent shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care or safekeeping of any of the Intellectual Property Collateral or in any way relating to the Intellectual Property Collateral or the rights of the Collateral Agent, the other Agents and the Lenders arising out of the exercise by the Collateral Agent hereunder, including, without limitation, reasonable attorneys' fees and disbursements, to the payment in whole or in part of the Secured Obligations, in such order as the Collateral Agent may elect, and only after such application and after the payment by the Collateral Agent of any other amount required by any provision of law, including, without limitation, Section 9-504(1)(c) of the UCC, need the Collateral Agent account for the surplus, if any, to the Pledgor. To the extent permitted by applicable law, the Pledgor waives all claims, damages and demands it may acquire against any Agent or any Lender arising out of the exercise by the Collateral Agent or any Lender of any of its rights hereunder. If any notice of a proposed sale or other disposition of the Intellectual Property Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least 15 days before such sale or other disposition. The Pledgor shall remain liable for any deficiency if the proceeds of any sale or

other disposition of the Intellectual Property Collateral are insufficient to pay the Secured Obligations and the fees and disbursements of any attorneys employed by any Agent or any Lender to collect such deficiency.

The Collateral Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Intellectual Property Collateral in its possession, under Section 9-207 of the UCC or otherwise, shall be to deal with it in the same manner as the Collateral Agent deals with similar property for its own account. Except as set forth in the preceding sentence, the Collateral Agent shall have no duty or liability to preserve rights pertaining to the Intellectual Property Collateral and shall be relieved of all responsibility for the Intellectual Property Collateral upon surrendering it to the Pledgor or in accordance with the Pledgor's instructions. Neither the Collateral Agent nor any other Agent nor any Lender, nor any of their respective directors, officers, employees, attorneys or agents shall be liable for failure to demand, collect or realize upon all or any part of the Intellectual Property Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Intellectual Property Collateral upon the request of the Pledgor or any other Person or to take any other action whatsoever with regard to the Intellectual Property Collateral or any part thereof. The powers conferred on the Agents and the Lenders hereunder are solely to protect the Agents' and the Lenders' interests in the Intellectual Property Collateral and shall not impose any duty upon the Collateral Agent or any Lender to exercise any such powers. The Collateral Agent and the Lenders shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees, attorneys or agents shall be responsible to the Pledgor for any act or failure to act hereunder, except for their own gross negligence or willful misconduct.

The Pledgor acknowledges that other Affiliates of the Borrower have granted or hereafter may grant guarantees of and security for the Secured Obligations, and that the Agents and the Lenders may exercise or not exercise their rights with respect to this Agreement and such other guarantees and security, in whole or in part, in such order and in such priority as the Agents and the Lenders may see fit, without in any way impairing the rights or remedies of the Agents and the Lenders under this Agreement.

14. Indemnity and Expenses.

The Pledgor agrees to pay, and to save the Collateral Agent, the other Agents and the Lenders and each of their respective officers, directors, employees, attorneys or agents harmless from, any and all liabilities, costs and expenses (including, without limitation, all legal fees and expenses) (i) with respect to, or resulting from, any failure (by any Person other than the Agents or Lenders) to comply or delay in complying with any law, rule, regulation, order or judgment applicable to any of the Intellectual Property Collateral, (ii) in connection with the administration, negotiation, preparation, execution and delivery of this Agreement, the perfection of the Security Interests granted hereby and any waiver of or amendment or supplement to any of the provisions of this Agreement, and any preservation or exercise of any of the rights or benefits of this Agreement, (iii) the custody, preservation, use or operation of, or the sale of, collection from or other realization upon, any of the Intellectual Property Collateral, (iv) the exercise or enforcement of any of the rights of the Agents or Lenders, (v) in connection with any and all

liabilities, costs and expenses (including, without limitation, all legal fees and expenses) in connection with any claims made by third parties relating to the Intellectual Property Collateral, including, without limitation, any claims for infringement of Patent, infringement of Trademark or infringement of Copyright, as the case may be, or (vi) the failure by the Pledgor to perform or observe any of the provisions hereof otherwise in connection with any of the transactions contemplated by this Agreement.

15. Absolute Rights and Obligations. All rights of the Agents and the Lenders in the Security Interests granted hereunder, and each of the Secured Obligations, shall be absolute, irrevocable and unconditional irrespective of:

(a) any lack of validity or enforceability of the Credit Agreement, the Notes, the Guarantee, any other Loan Document or any other agreement or instrument relating to any of the foregoing;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations, or any other amendment or waiver of or any consent to departure from, the Credit Agreement, any Security Document or any other Loan Document, including, but not limited to, (i) an increase or decrease in the Secured Obligations and (ii) an amendment of any Security Document or Loan Document to permit the Collateral Agent or the Agents or Lenders or any one or more of them to extend further or additional credit to the Pledgor in any form including credit by way of loan, purchase of assets, guarantee or otherwise, which credit shall thereupon be and become subject to the Credit Agreement, the Security Documents and the other Loan Documents as a Secured Obligation;

(c) any taking and holding of collateral or guarantees (including without limitation any collateral pledged as security for the Secured Obligations under the other Security Documents) for all or any of the Secured Obligations; or any amendment, alteration, exchange, substitution, transfer, enforcement, waiver, subordination, termination or release of any such collateral or guarantees, or any non-perfection of any such collateral, or any consent to departure from any such guarantee;

(d) any manner of application of collateral, or proceeds thereof, securing payment or enforcement of all or any of the Secured Obligations, or the manner of sale of any such collateral;

(e) any consent by the Agents and Lenders to the change, restructure or termination of the corporate structure or existence of the Pledgor and any corresponding restructure of the Secured Obligations, or any other restructure or refinancing of the Secured Obligations or any portion thereof,

(f) any modification, compromise, settlement or release by the Agents and Lenders, by operation of law or otherwise, collection or other liquidation of the Secured Obligations or the liability of the Pledgor for, or any collateral for the Secured

Obligations (including without limitation any collateral pledged as security for the Secured Obligations under the other Security Documents); or

(g) any other circumstance (including without limitation any statute of limitations) that might otherwise constitute a defense available to, or a discharge of, the Pledgor.

The granting of the Security Interests in the Intellectual Property Collateral shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Secured Obligations is rescinded or must otherwise be returned by any Lenders, upon the insolvency, bankruptcy or reorganization of the Pledgor or otherwise, all as though such payment had not been made.

The Pledgor hereby acknowledges that all indebtedness and other obligations now or hereafter owed to Fuji Heavy Industries, Ltd. is subordinated pursuant to the FHI Guarantee.

16. Waiver. The Pledgor hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Secured Obligations and this Agreement and any requirement that any of the Agents or Lenders protect, secure, perfect or insure any Security Interest or any Intellectual Property Collateral subject thereto or exhaust any right or take any action against the Pledgor or any other Person or any collateral securing payment of the Secured Obligations (including without limitation any collateral pledged as security for the Secured Obligations under the other Security Documents).

17. Amendments, Etc.

No amendment or waiver of any provision of this Agreement nor consent to any departure by the Pledgor therefrom shall in any event be effective unless the same shall be in writing and signed by the Pledgor and the Collateral Agent (with the approval of the Required Lenders), and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

18. Continuing Security Interests; Assignments Under the Credit Agreement; Release of Intellectual Property Collateral.

(a) This Agreement shall create continuing Security Interests in the Intellectual Property Collateral and shall (i) remain in full force and effect until terminated in accordance with the provisions of Section 24 hereof, (ii) be binding upon the Pledgor, its successors and assigns, provided, however, that the Pledgor shall not make any assignment hereof without the prior consent of the Agents and all of the Lenders, and (iii) inure, together with the rights and remedies of the Agents and the Lenders hereunder, to the ratable benefit of the Agents and Lenders and their respective successors, transferees and assigns. Without limiting the generality of the foregoing clause (iii), any Lender may assign to one or more Persons, or grant to one or more Persons participations in or to, all or any part of its rights and obligations under the Credit Agreement, subject to Section 9.5 of the Credit Agreement, and such

assignee or participant will thereupon become vested with all the benefits in respect thereof granted to such Lender herein or otherwise.

19. Additional Intellectual Property Collateral. If the Pledgor shall acquire or hold any additional Trademarks, Trademark Licenses, Copyrights, Copyright Licenses, Patents or Patent Licenses not listed on Schedules I, II, III or IV hereto (any such Trademarks, Trademark Licenses, Copyrights, Copyright Licenses, Patents or Patent Licenses being referred to herein as the "Additional Intellectual Property Collateral"), the Pledgor shall deliver to the Collateral Agent for the benefit of the Lenders (i) a revised Schedule I, II, III or IV hereto, as applicable, reflecting the ownership and pledge of such Additional Intellectual Property Collateral and (ii) an Intellectual Property Security Agreement Supplement in the form of Exhibit B hereto with respect to such Additional Intellectual Property Collateral duly completed and signed by the Pledgor. The Pledgor shall comply with the requirements of this Section 19 with respect to any Additional Intellectual Property Collateral concurrently with the report to the Collateral Agent with respect to such Additional Intellectual Property Collateral pursuant to Section 6(e) or (f), as the case may be. The schedules attached to each SII Intellectual Property Security Agreement Supplement shall be incorporated into and become a part of and supplement Schedules I, II, III and IV hereto, and the Collateral Agent may attach such supplements to such Schedules, and each reference to such Schedules shall mean and be a reference to such Schedules as supplemented pursuant hereto.

20. Entire Agreement. This Agreement, together with the Credit Agreement, the Notes, the Security Documents and other Loan Documents, constitutes and expresses the entire understanding between the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings, inducements, commitments or conditions, express or implied, oral or written, except as herein contained. The express terms hereof control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof. Neither this Agreement nor any portion or provision hereof may be changed, altered, modified, supplemented, discharged, canceled, terminated, or amended orally or in any manner other than by an agreement, in writing signed by the parties hereto.

21. Successors and Assigns. This Agreement shall be binding upon the successors and assigns of the Pledgor and shall inure to the benefit of the Collateral Agent, the Administrative Agent, the Syndication Agent and the Lenders and their respective successors and assigns.

22. Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same agreement, and any party hereto may execute this Agreement by executing any such counterpart.

23. 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.

24. Termination. This Agreement and all obligations of the Pledgor hereunder shall terminate on the date that the Secured Obligations are indefeasibly paid in full, together with all accrued and unpaid interest thereon, and the Commitments have expired or been terminated (the "Intellectual Property Collateral Termination Date"), at which time the Liens and rights granted to the Collateral Agent for the benefit of the Agents and Lenders hereunder shall automatically terminate and no longer be in effect, and the Intellectual Property Collateral shall automatically be released from the Liens created hereby, except that, if and to the extent that the payment of the Secured Obligations arises by reason of the exercise by the Collateral Agent of remedies in any Intellectual Property Collateral, the Collateral Agent or its transferee shall continue to enjoy all rights in the Intellectual Property Collateral acquired as a consequence of such exercise. Upon such termination of this Agreement, the Collateral Agent shall, at the sole expense of the Pledgor, reassign and redeliver to Pledgor any Intellectual Property Collateral then held by or for the Collateral Agent in which remedies have not been exercised and execute and deliver to the Pledgor such documents as Pledgor shall reasonably request and take such further actions as may be necessary to effect the same and as shall be reasonably acceptable to the Collateral Agent.

25. Remedies Cumulative. All remedies hereunder are cumulative and are not exclusive of any other rights and remedies of the Collateral Agent, any Agent or any Lender provided by law or under the Credit Agreement, the Security Documents or any other Loan Document, or other applicable agreements or instruments. The making of the Loans to the Pledgor pursuant to the Credit Agreement shall be conclusively presumed to have been made or extended, respectively, in reliance upon the Pledgor's grant of Security Interests in the Intellectual Property Collateral pursuant to the terms hereof.

26. Notices. The Pledgor will, promptly upon learning of the following, advise the Collateral Agent and the Lenders, in reasonable detail, at their respective addresses set forth in the Credit Agreement, (i) of any Lien (other than Liens created hereby or permitted under the Credit Agreement) on, or claim asserted against, any of the Intellectual Property Collateral and (ii) of the occurrence of any other event which could reasonably be expected to have a material adverse effect on the aggregate value of the Intellectual Property Collateral or any material portion thereof or on the validity, perfection or priority of the Liens created hereunder.

27. Governing Law. This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

28. JURISDICTION. THE PLEDGOR HEREBY AGREES THAT:

(1) ANY SUIT, ACTION OR PROCEEDING AGAINST THE PLEDGOR WITH RESPECT TO THIS AGREEMENT, THE LOANS, THE NOTES OR ANY OF THE OTHER LOAN DOCUMENTS OR ANY JUDGMENT ENTERED BY ANY COURT IN RESPECT THEREOF MAY BE BROUGHT IN THE SUPREME COURT OF THE STATE OF NEW YORK, COUNTY OF NEW YORK, IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, OR IN ANY STATE OR FEDERAL COURT SITTING IN OR OTHERWISE HAVING JURISDICTION OVER THE STATE

OF NEW JERSEY (COLLECTIVELY, THE "SUBJECT COURTS"), AS THE ADMINISTRATIVE AGENT, THE COLLATERAL AGENT, THE SYNDICATION AGENT OR ANY LENDER MAY ELECT IN ITS SOLE DISCRETION, AND THE PLEDGOR HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF EACH OF THE SUBJECT COURTS FOR THE PURPOSE OF ANY SUCH SUIT, ACTION, PROCEEDING OR JUDGMENT.

(2) EACH OF THE PLEDGOR, EACH AGENT AND EACH LENDER HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING IN RESPECT OF THIS AGREEMENT, OR ANY OTHER LOAN DOCUMENTS. THE PLEDGOR HEREBY WAIVES ANY OBJECTION TO THE LAYING OF VENUE IN ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY OF THE SUBJECT COURTS, AND, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY CLAIM THAT SUCH SUIT, ACTION OR PROCEEDING IN ANY OF THE SUBJECT COURTS HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(3) THE PLEDGOR HEREBY CONSENTS TO SERVICE OF PROCESS IN ANY SUIT, ACTION OR PROCEEDING IN ANY OF THE SUBJECT COURTS BY CERTIFIED MAIL AT THE ADDRESS TO WHICH NOTICES ARE TO BE GIVEN TO THE PLEDGOR. IN ADDITION, THE PLEDGOR HEREBY IRREVOCABLY APPOINTS CT CORPORATION (THE "NEW YORK PROCESS AGENT"), CURRENTLY HAVING AN OFFICE AT 111 EIGHTH AVENUE, NEW YORK, NEW YORK 10011, ATTENTION: KIT H. RASEMAN AS ITS AGENT AND ATTORNEY-IN-FACT FOR RECEIPT OF ALL WRITS, SUMMONSES AND OTHER PROCESS IN ANY SUIT, ACTION OR PROCEEDING IN THE STATE OR FEDERAL COURTS IN THE STATE OF NEW YORK, AND UPON ANY FAILURE OF SUCH PROCESS AGENT TO ACT AS SUCH, THE PLEDGOR WILL APPOINT A DIFFERENT PROCESS AGENT IN THE STATE OF NEW YORK ACCEPTABLE TO THE COLLATERAL AGENT. AS A COURTESY TO THE PLEDGOR, EACH AGENT AND LENDER AGREES THAT, WHEN PROCESS IS SERVED ON BEHALF OF SUCH AGENT OR LENDER UPON THE NEW YORK PROCESS AGENT, A DUPLICATE COPY OF THE PROCESS SO SERVED WILL BE MAILED TO THE PLEDGOR AT ITS ADDRESS FOR NOTICES AS SPECIFIED ON THE SIGNATURE PAGE HERETO; PROVIDED HOWEVER, THAT ANY FAILURE BY ANY AGENT OR LENDER TO SEND SUCH DUPLICATE COPY, OR A FAILURE OF THE PLEDGOR TO RECEIVE SUCH DUPLICATE COPY, SHALL HAVE NO EFFECT ON THE VALIDITY, EFFECTIVENESS OR COMPLETION OF THE SERVICE OR DELIVERY OF SUCH PROCESS. IN ADDITION, THE PLEDGOR AGREES THAT THE FAILURE OF SUCH PROCESS AGENT TO NOTIFY THE PLEDGOR OF THE EXISTENCE OR CONTENTS OF ANY WRIT, SUMMONS OR OTHER PROCESS SHALL NOT INVALIDATE THE EFFECTIVENESS OF THE SERVICE OR DELIVERY OF SUCH PROCESS. THE PLEDGOR AGREES THAT ITS SUBMISSION TO JURISDICTION AND

ITS CONSENT TO SERVICE OF PROCESS BY MAIL ARE MADE FOR THE EXPRESS BENEFIT OF THE AGENTS AND THE LENDERS. NOTHING HEREIN SHALL IN ANY WAY BE DEEMED TO LIMIT THE ABILITY OF THE ADMINISTRATIVE AGENT, THE COLLATERAL AGENT, THE SYNDICATION AGENT OR ANY LENDER TO SERVE ANY SUCH WRITS, PROCESS OR SUMMONSES IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW OR TO BRING PROCEEDINGS AGAINST THE PLEDGOR OR ITS PROPERTIES IN ANY COMPETENT COURT OF ANY OTHER JURISDICTION OR JURISDICTIONS, AND IN SUCH MANNER, AS MAY BE PERMITTED BY APPLICABLE LAW.

(4) TO THE EXTENT THAT THE PLEDGOR HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY, ON THE BASIS OF SOVEREIGNTY OR OTHERWISE, FROM SUIT, FROM THE JURISDICTION OF ANY COURT, FROM SERVICE OF PROCESS, FROM ATTACHMENT PRIOR TO JUDGMENT, FROM ATTACHMENT IN AID OF EXECUTION OF A JUDGMENT, FROM EXECUTION, FROM JUDGMENT, FROM SET-OFF, OR FROM ANY OTHER LEGAL OR EQUITABLE PROCESS OR REMEDY, THE PLEDGOR HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY AND AGREES NOT TO ACCEPT THE BENEFITS OR ATTRIBUTION OF SUCH IMMUNITY.

(5) This Agreement relates to a financial transaction in which the specification of U.S. Dollars and payment in New York City is of the essence, and the obligations of the Pledgor to make payment to (or for the account of) the Collateral Agent in U.S. Dollars shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any other currency or in another place except to the extent that such tender or recovery results in the effective receipt by the Collateral Agent, in New York City of the full amount of U.S. Dollars payable to the Collateral Agent under this Agreement. If for the purpose of obtaining judgment in any court it is necessary to convert a sum due hereunder in U.S. Dollars into another currency (in this clause (g) called the "judgment currency"), the rate of exchange that shall be applied shall be that at which in accordance with normal banking procedures the Collateral Agent could purchase such U.S. Dollars in New York City with the judgment currency on the Domestic Business Day next preceding the day on which such judgment is rendered. The obligation of the Pledgor in respect of any such sum due from it to the Collateral Agent hereunder shall, notwithstanding the rate of exchange actually applied in rendering such judgment, be discharged only to the extent that on the Domestic Business Day following receipt by the Collateral Agent of any sum adjudged to be due hereunder in the judgment currency the Collateral Agent may in accordance with normal banking procedures purchase and transfer U.S. Dollars to New York City with the amount of the judgment currency so adjudged to be due; and the Pledgor hereby, as a separate obligation and notwithstanding any such judgment, agrees to indemnify the Collateral Agent against, and to pay the Collateral Agent on demand, in U.S. Dollars, the amount (if any) by which the sum originally due to the Collateral Agent in U.S. Dollars hereunder exceeds the amount of the U.S. Dollars so purchased and transferred.

29. Notices. All notices, requests and other communications to any party hereunder shall be in writing (including telex, facsimile transmission or similar writing) and shall be given to such party at its address or facsimile or telex number set forth on the signature pages hereof, or at such other address or facsimile or telex number as such party may hereafter specify for the purpose by notice to the Administrative Agent and the Pledgor. Each such notice, request or other communication shall be effective (i) if given by telex or facsimile, when such telex or facsimile is transmitted to the telex or facsimile number specified in this Agreement and the appropriate answerback is received, (ii) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, or (iii) if given by any other means, when delivered at the address specified in this Section; provided that notices to the Collateral Agent shall not be effective until received.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have duly executed this SII Intellectual Property Security Agreement on the day and year first written above.

SUBARU INVESTMENT INC.

By _____
Title:

Address for Notices:

c/o Subaru of America, Inc.
Subaru Plaza
2235 Route 70 West
Cherry Hill, NJ 08002

Telephone: (609) 488-8753
Telecopier: (609) 488-3046
Attention: Chief Financial Officer

THE INDUSTRIAL BANK OF JAPAN,
LIMITED,
NEW YORK BRANCH,
as Collateral Agent on behalf of the Agents
and Lenders

By _____
Kasuke Nakamura
Senior Vice President

Address for Notices:

1251 Avenue of the Americas
New York, New York 10020

Telephone: 212-282-3361
Telecopier: 212-282-4492
Attention: Mr. Satoshi Ishii

IN WITNESS WHEREOF, the parties have duly executed this SII Intellectual Property Security Agreement on the day and year first written above.

SUBARU INVESTMENT INC.

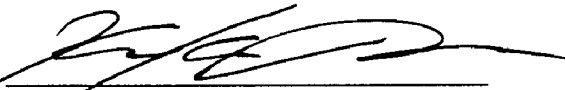
By _____
Title:

Address for Notices:

c/o Subaru of America, Inc.
Subaru Plaza
2235 Route 70 West
Cherry Hill, NJ 08002

Telephone: (609) 488-8753
Telecopier: (609) 488-3046
Attention: Chief Financial Officer

THE INDUSTRIAL BANK OF JAPAN,
LIMITED,
NEW YORK BRANCH,
as Collateral Agent on behalf of the Agents
and Lenders

By 
Kasuke Nakamura
Senior Vice President

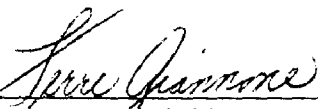
Address for Notices:

1251 Avenue of the Americas
New York, New York 10020

Telephone: 212-282-3361
Telecopier: 212-282-4492
Attention: Mr. Satoshi Ishii

IN WITNESS WHEREOF, the parties have duly executed this SII Intellectual Property Security Agreement on the day and year first written above.

SUBARU INVESTMENT, INC.

By 
Name: Terri Giannone
Title: Vice President

Address for Notices:

c/o Subaru of America, Inc.
Subaru Plaza
2235 Route 70 West
Cherry Hill, NJ 08002

Telephone: (609) 488-8753
Telecopier: (609) 488-3046
Attention: Chief Financial Officer

THE INDUSTRIAL BANK OF JAPAN,
LIMITED,
NEW YORK BRANCH,
as Collateral Agent on behalf of the Agents

By _____
Title:

Address for Notices:

1251 Avenue of the Americas
New York, New York 10020

Telephone: 212-282-3361
Telecopier: 212-282-4492
Attention: Mr. Satoshi Ishii

EXHIBIT A

ASSIGNMENT OF INTELLECTUAL PROPERTY

ASSIGNMENT OF INTELLECTUAL PROPERTY (this "Agreement") dated as of June 30, 2000, made by Subaru Investment Inc., a Delaware corporation (the "Assignor"), in favor of THE INDUSTRIAL BANK OF JAPAN, LIMITED, NEW YORK BRANCH, as collateral agent for the Agents and Lenders (as defined in the Credit Agreement defined below) (in such capacity, together with its successors and assigns in such capacity, the "Collateral Agent") on behalf of certain Agents and Lenders (as hereinafter defined).

RECITALS

WHEREAS, Subaru of America, Inc., a New Jersey corporation (the "Borrower") has entered into the Amended and Restated Credit Agreement dated as of June 30, 2000 (as amended, modified, supplemented or restated and in effect from time to time, the "Credit Agreement") among the Borrower, the lenders identified therein (together with their respective successors and assigns, the "Lenders"), the Collateral Agent, The Industrial Bank of Japan, Limited, as Administrative Agent for such Lenders (in such capacity, together with its successors and assigns, the "Administrative Agent"), and Deutsche Bank AG New York Branch, as Syndication Agent (in such capacity, together with its successors and assigns, the "Syndication Agent"), together with the Collateral Agent and the Administrative Agent, the "Agents") pursuant to which the Lenders have agreed to make loans to the Borrower from time to time in an aggregate principal amount not to exceed U.S. \$300,000,000;

WHEREAS, as a condition precedent to the obligations of the Lenders to make Loans to the Borrower, the Lenders, the Collateral Agent, the Syndication Agent and the Administrative Agent require that the Assignor execute and deliver this Agreement, which is a material inducement to the Lenders, the Collateral Agent, the Syndication Agent and the Administrative Agent to enter into the Credit Agreement and for the Lenders to make the Loans thereunder;

WHEREAS, the Assignor has entered into an Amended and Restated Intellectual Property Security Agreement (as amended, modified, supplemented or restated and in effect from time to time, the "IP Security Agreement") dated as of June 30, 2000 pursuant to which the Assignor has granted to the Collateral Agent, for the ratable benefit of the Agents and Lenders, a security interest in the Trademarks, Patents, Copyrights and Licenses defined below in order to secure its obligations under the Credit Agreement; and

WHEREAS, the Assignor (a) has adopted and used and is using each of the trademarks and service marks (the "Trademarks") identified on Annex I hereto, and is the owner of the registrations of and pending registration applications for such Trademarks in the United States Patent and Trademark Office identified on Annex I hereto, (b) is the owner of all of the patents, patent applications and patentable inventions (the "Patents") identified on Annex II hereto, (c) is the owner of all copyrights, works of authorship, copyright registrations and

copyright applications (the "Copyrights") identified on Annex III hereto, and (d) is a party to and has rights under the licenses and license agreements (the "Licenses"; the Licences, the Trademarks, the Patents and the Copyrights being sometimes collectively referred to as the "Intellectual Property Collateral") listed on Annex IV hereto; and

WHEREAS, the Collateral Agent, for the ratable benefit of the Agents and Lenders, desires to acquire the Intellectual Property Collateral and the registrations thereof and registration applications therefor, as applicable, in connection with the exercise of its remedies after the occurrence of an Event of Default under the Credit Agreement;

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the Assignor does hereby assign, sell and transfer unto the Collateral Agent all right, title and interest in and to the Intellectual Property Collateral together with (i) the registrations of and registration applications therefor, as applicable, (ii) the goodwill of the business symbolized by and associated with the Intellectual Property Collateral and the registrations thereof, (iii) the right to sue and recover for, and the right to profits or damages due or accrued arising out of or in connection with, any and all past, present or future infringements or dilution of or damage or injury to the Intellectual Property Collateral or the registrations thereof or such associated goodwill, and (iv) all rights of the Assignor to enforce all Licenses.

This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

This Agreement is intended to and shall take effect as a sealed instrument at such time as the Collateral Agent shall complete this instrument by signing its acceptance of this Agreement below.

[Signature page follows.]

IN WITNESS WHEREOF, the Assignor has caused this Agreement to be duly executed and delivered as of the date first above written.

SUBARU INVESTMENT INC., as Assignor

By _____
Name:
Title:

**THE INDUSTRIAL BANK OF JAPAN,
LIMITED, NEW YORK BRANCH, as
Collateral Agent**

By _____
Name:
Title:

ANNEX I
Trademarks

REGISTERED TRADEMARKS		
Trademark	Registration Number	Registration Date
FORESTER	2,088,379	8/12/97
OUTBACK	1,602,140	6/19/90

ANNEX II
Patents

None

ANNEX III
Copyrights

None

ANNEX IV
Licenses

License Agreement, dated as of January 1, 1998, by and between Subaru of America, Inc. and Subaru Investment, Inc.

EXHIBIT B

SII INTELLECTUAL PROPERTY SECURITY AGREEMENT SUPPLEMENT

THIS SII INTELLECTUAL PROPERTY SECURITY AGREEMENT SUPPLEMENT (this "Supplement"), dated as of _____, _____ is made by and between **SUBARU INVESTMENT INC.**, a Delaware corporation (the "Pledgor"), and **THE INDUSTRIAL BANK OF JAPAN, LIMITED, NEW YORK BRANCH**, as collateral agent for certain Agents and Lenders (in such capacity, together with its successors and assigns in such capacity, "Collateral Agent") pursuant to the Amended and Restated Credit Agreement dated as of June 30, 2000 (as amended, modified, supplemented or replaced and in effect from time to time, the "Credit Agreement") among the Subaru of America, Inc. (the "Borrower"), certain lenders from time to time parties thereto, **THE INDUSTRIAL BANK OF JAPAN, LIMITED, NEW YORK BRANCH** as the Administrative Agents, the Collateral Agent and **DEUTSCHE BANK AG NEW YORK BRANCH**, as syndication agent (the "Syndication Agent", together with the Administrative Agent and the Collateral Agent, the "Agents"). All capitalized terms used but not otherwise defined herein shall have the respective meanings assigned thereto in the SII Intellectual Property Security Agreement (as defined below).

WHEREAS, the Pledgor is required under the terms of the Credit Agreement and that certain SII Intellectual Property Security Agreement dated as of June 30, 2000 by the Pledgor in favor of the Collateral Agent for the ratable benefit of the Agents and the Lenders (as amended, supplemented and in effect from time to time, the "SII Intellectual Property Security Agreement") to cause certain intellectual property owned by it and listed on Schedules I, II, III and IV to this Supplement (the "Additional Intellectual Property Collateral") to become subject to the SII Intellectual Property Security Agreement; and

WHEREAS, a material part of the consideration given in connection with and as an inducement to the execution and delivery of the Credit Agreement by the Agents and the Lenders was the obligation of the Pledgor to grant a Security Interest in the assets described herein to the Collateral Agent for the ratable benefit of the Agents and Lenders, whether then owned and not required to be subject to a pledge or subsequently acquired or created; and

WHEREAS, the Collateral Agent and the Lenders have required the Pledgor to grant to the Collateral Agent for the ratable benefit of the Agents and Lenders a Security Interest in the Additional Intellectual Property Collateral in accordance with the terms of the Credit Agreement and the SII Intellectual Property Security Agreement;

NOW, THEREFORE, the Pledgor hereby agrees as follows with the Collateral Agent, for the ratable benefit of the Agents and Lenders:

1. The Pledgor hereby affirms and acknowledges the grant of a Security Interest in the Additional Intellectual Property Collateral contained in the SII Intellectual Property Security Agreement and hereby grants to the Agent, for the ratable benefit of the

Agents and Lenders, a first priority lien and Security Interest in the Additional Intellectual Property Collateral listed on Schedules I, II, III and IV and all proceeds thereof.

2. The Pledgor hereby acknowledges, agrees and confirms that, by its execution of this Supplement, the Additional Intellectual Property Collateral constitutes "Intellectual Property Collateral" under and is subject to the SII Intellectual Property Security Agreement. Each of the representations and warranties with respect to Intellectual Property Collateral contained in the SII Intellectual Property Security Agreements is hereby made by the Pledgor with respect to the Additional Intellectual Property Collateral. Revised Schedules I, II, III and IV to the SII Intellectual Property Security Agreement reflecting the Additional Intellectual Property Collateral are being delivered herewith to the Collateral Agent.

3. This Supplement forms a part of the SII Intellectual Property Security Agreement.

IN WITNESS WHEREOF, the Pledgor has caused this Supplement to be duly executed by its authorized officer as of the day and year first above written.

SUBARU INVESTMENT INC.

By: _____
Name:
Title:

Acknowledged and accepted:

**THE INDUSTRIAL BANK OF JAPAN, LIMITED,
NEW YORK BRANCH,**
as Collateral Agent for the Agents and Lenders

By: _____
Name:
Title:

TRADEMARKS