UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K
FOR ANNUAL AND TRANSITION REPORTS

PURSUANT TO SECTIONS 13 OR 15 (d) OF THE

SECURITIES EXCHANGE ACT OF 1934

(MARK ONE)

/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
[FEE REQUIRED]

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1998

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
[NO FEE REQUIRED]

FOR THE TRANSITION PERIOD FROM TO
COMMISSION FILE NUMBER 0-21810

AMERIGON INCORPORATED
(Exact name of registrant as specified in its charter)

CALIFORNIA	95-4318554
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
5462 IRWINDALE AVENUE, IRWINDALE, CALIFORNIA	91706-2058
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (626) 815-7400

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Class A Common Stock, no par value
(Title of Class)

Class A Warrants
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes /X/ No / /

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K / /

The aggregate market value of the voting stock held by non-affiliates of the registrant, computed by reference to the average bid and asked prices of such stock as of February 26, 1999, was $2,711,469. (For purposes of this computation, the registrant has excluded the market value of all shares of its Common Stock reported as being beneficially owned by executive officers and directors of the registrant; such exclusion shall not be deemed to constitute an admission that any such person is an "affiliate" of the registrant.)

At February 26, 1999, the registrant had issued and outstanding 2,510,089 shares of Class A Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE.

Portions of the registrant's definitive proxy statement for its 1999 Annual Meeting of Shareholders to be filed with the Commission within 120 days after the close of the registrant's fiscal year are incorporated by reference into Part III.

ITEM 1. BUSINESS

GENERAL

Amerigon Incorporated (the "Company") is a development stage company incorporated in California in 1991 to develop, manufacture and market proprietary high technology automotive components and systems for sale to automobile and other original equipment manufacturers. The Company was founded on the premise that technology proven for use in the defense and aerospace industries could be successfully adapted to the automotive and transportation industries. The Company is focused on technologies that it believes can be readily adapted to automotive needs for advanced vehicle electronics. The Company seeks to avoid direct competition with established automotive suppliers of commodity products by identifying market opportunities where the need for rapid technological change gives an edge to new market entrants with proprietary products. The Company is principally focused on developing proprietary positions in the following technologies: (i) thermoelectric heated and cooled seats; and (ii) radar for maneuvering and safety.

The Company is presently working with a number of the world's largest automotive original equipment manufacturers ("OEMs") and seat manufacturers on pre-production and production development programs for heated and cooled seats. In addition, the Company has sold many prototypes of its heated and cooled seats to potential customers for evaluation and demonstration. In December 1997, the Company received its first production order for its heated and cooled seat product but shipments of production units in 1998 were very small. During 1998, the Company was selected by Johnson Controls, a major seat supplier to automotive OEMs to supply its Climate Control Seat ("CCS") system to be installed in seat systems on one platform for a major North American auto manufacturer starting in the 2000 model year. The Company's radar for maneuvering and safety is in an earlier stage of development than the heated and cooled seats. The Company has developed prototypes of the radar product and sold them to various automotive and other companies.

FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS

The Company's business segment information is incorporated herein by reference from Note 16 of the Company's financial statements and related financial information indexed on page F-1 of this report and incorporated by reference into this report.

PRODUCTS

CLIMATE CONTROL SEAT SYSTEM

The Company's CCS system utilizes an exclusive, licensed, patented technology, as well as two patents held by the Company, on a variable temperature seat climate control system to improve the temperature comfort of automobile passengers. The CCS uses one or more small thermoelectric modules, which are solid-state devices the surfaces of which turn hot or cold depending on the polarity of applied direct current electricity. Heat-transfer parts attached to the modules cool or heat air that is blown past them. The conditioned air is then circulated through ducts and pads in the seat so that the surface of the seat grows warm or cool for the passengers, with small quantities of conditioned air passing through the seat to flow directly on the passengers. Each seat has individual electronic controls to adjust the level of heating or cooling. The CCS uses substantially less energy than conventional air conditioners by focusing the cooling directly on the passengers through the seat, rather than cooling the entire ambient air volume and the interior surfaces of the vehicle.

The CCS product has reached the stage where it can be mass-produced for a particular customer. However, since each customer's seats are not the same, and therefore have different configuration requirements, the Company must tailor its product to meet those design criteria. A customer will provide the Company with one of its car seats to be modified so that a CCS unit may be installed as a prototype. The seat is then returned to the customer for evaluation and testing. The Company has delivered prototype units to most major automobile companies and/or seat manufacturers who sell seats to those companies. Once the prototype is approved, further development will take place to make the CCS product production-ready. The lengthy evaluation and design cycles required by the major OEMs will result in a lack of high-volume sales to these customers for approximately the next one to two years although the Company expects to begin production at relatively low volumes in the next twelve months. However, the Company has targeted non-OEM customers who can quickly "design in" the CCS products and has received its first production order from one of those customers and has delivered a very small

number of units in 1998. The Company continues to do additional research and development to modify the existing product with the goal of making the unit less complex, more energy efficient and less expensive to manufacture and install. There can be no assurance that these development programs will result in viable products or lead to commercial production orders.

Since Amerigon's CCS system provides both heating and cooling, the Company believes that the potential market for CCS is larger than the market for heated seats alone. The Company also believes that the CCS concept could be applied to seats other than those used in motor vehicles (e.g., to aircraft, theater, and stadium seating) although the Company has not devoted any resources to the development of such applications.

RADAR FOR MANEUVERING AND SAFETY

In January 1994, the Company obtained a non-transferable limited exclusive license from the Regents of the University of California (Lawrence Livermore National Laboratory) to certain "pulse-echo," "ultra-wideband" radar technology for use in the following passenger vehicle applications: intelligent cruise control, airbag crash systems, and occupant sensors (the "LLNL Radar"). This type of radar sends out from one to two million short radio impulses every second to a distance of 5 to 10 meters, each lasting a billionth of a second. These short impulses enable the radar to operate across a wider and lower band of radio frequency, making it less likely to suffer from interference from other radar signals, and allowing it to penetrate dirt, snow and ice. The Lawrence Livermore National Laboratory ("LLNL") license required the Company to achieve commercial sales (defined as sales of non-prototype products to at least one original equipment manufacturer) of products by the end of 1998 or the license would become non-exclusive. The Company did not achieve this and the license is now non-exclusive and is available to other companies.

Nevertheless, the Company intends to continue to pursue radar products with its own radar technology which is different than the LLNL Radar. This system, called Swept-range Wideband Radar, provides improved range information and noise immunity compared to the LLNL Radar with a slightly higher system cost. Swept-range Radar is intended for applications requiring more accurate range data such as in Precision Parking, Lane Change, Safety Restraint and Active Suspension Systems. See "Proprietary Rights and Patents - Radar for Maneuvering and Safety."

The Company has applied its technology to develop demonstration prototypes of a parking aid and a lane change aid. The parking aid detects a vehicle or other object that reflects radar signals behind the automobile and provides an audible or visual signal as the driver approaches it. The lane change aid detects vehicles to the side of the automobile when the driver attempts to turn or change lanes and emits an audible warning signal. The Company has received contracts from a number of automotive manufacturers to design evaluation prototypes for both the parking and lane change aids. These products are now under evaluation by prospective customers. The Company's near-term objective is to obtain further development agreements from some of these and other prospective customers to customize the system design during 1999. No assurance can be given that the Company will obtain any such further development agreements. See "Item 1 Risk Factors - Limited Marketing Capabilities; Uncertainty of Market Acceptance," "Competition; Possible Obsolescence of Technology," "Exclusive License on Heated and Cooled Seats; Nonexclusive License on Radar Technology," and "Dependence on Acceptance by Automobile Manufacturers and Consumers; Market Competition."

On April 2, 1998 the Company entered into a joint research project with New Mexico State Highway and Transportation Department (NMSHTD) Research Bureau to test the Company's radar for New Mexico's Highway Maintenance and Construction Departments. In the project, the Company's radar was installed in heavy construction equipment used by the department and lights and a buzzer warn vehicle operators if an object is behind the vehicle when it is in reverse. Detected objects include people, posts, vehicles, walls and other structures. During a 16 week field testing, four dump trucks and a passenger van were equipped with the Company's radar product. Two phases of the three phase project were successfully completed in 1998 and the NMSHTD Research Bureau approved the final phase of the project in December of 1998. The NMSHTD operates a fleet of approximately 5,000 vehicles and successful completion of Phase III may entail the installation of the Company's radar product in some of those vehicles.

The Company believes it has generated interest in its radar product from other State's Departments of Transportation. Management believes there may be a market opportunity to equip trucks and heavy construction equipment with its radar product as an after-market item. Because of the long design cycles required before the Company's radar can become a feature in consumer vehicles by sales to automobile and truck OEMs, the Company's probability of sales of radar products in the vehicle after-market in the near term are superior than its commercial prospects for radar product sales to OEMs.

Several automotive OEMs are now offering ultrasonic or infrared laser distance sensors for parking aids. The Company believes that the advantage of its radar technology is superior performance. Competing products in the automotive industry have utilized ultrasonic and infrared sensors which require line of sight from the sensor to the target and installation with outside lenses. Dirt, ice, rain, fog or snow can obstruct the function of such systems. Although they offer reasonable accuracy at short distances, they are comparatively range-limited and are subject to false trigger problems due to interference with the required line of sight. The Company's radar technology, on the other hand, is less susceptible to these environmental conditions, and can even penetrate plastic, allowing it to be mounted inside plastic bumpers or tail light assemblies. Although there is currently considerable interest among automobile manufacturers for various radar products, there is substantial competition from large and well-established companies for these potential product opportunities, as well as for possible industrial applications. Many of these companies have substantially greater financial and other resources than those of the Company. In addition, considerable research and development will be required to develop the Company's radar technology into finished products, including design and development of application software and antenna systems and production engineering to reduce costs and increase reliability. No assurance can be given that the Company will be successful in reducing costs or increasing reliability or that the Company will be able to develop its radar technology into finished products.

INTERACTIVE VOICE SYSTEMS (IVS-TM-)

On July 24, 1997 the Company entered into a joint venture agreement with Yazaki Corporation to develop and market the Company's voice activated navigation system. Under the terms of the agreement, IVS, Inc. was created and Yazaki Corporation owns a majority interest in IVS-TM- and the Company owns a minority interest (16% on a fully diluted basis). The Company received $1,800,000 in cash and a note receivable for $1,000,000 in consideration for net assets related to Amerigon's voice interactive technology totaling approximately $89,000. In addition, the Company incurred costs of $348,000 associated with the sale. At the end of 1998, due to delays in product development, Yazaki Corporation decided to discontinue funding for the joint venture. IVS-TM- is exploring other financing alternatives and possible bankruptcy proceedings. Amerigon will not provide any funds to continue IVS' operation.

PROPOSED DISPOSITION OF ELECTRIC VEHICLE OPERATIONS

The Company was originally founded to focus on advanced automotive technologies, including electric vehicles. The Company spent many years developing and conducting research on electric vehicles. The Company was the recipient of a number of federal and state government grants relating to the development of electric vehicles. It also had research and development contracts with commercial companies relating to electric vehicles. During 1995 and 1996, the majority of the Company's revenues were from electric vehicle operations. However, the Company incurred substantial losses from electric vehicle activities, including significant cost overruns on an electric vehicle development contract. By December 31, 1997, substantially all work had been completed on the Company's electric vehicle contracts.

By developing its own products and managing programs related to electric vehicles (such as the Showcase Electric Vehicle Program and the Running Chassis Program), the Company has developed a base of knowledge and expertise concerning electric vehicles. The Company's experience has included the ground-up design of electric vehicles and testing and integration of state of the art components being made available for electric vehicles by other companies. In addition, the Company has been developing an "Energy Management System" which is a proprietary computer-based system for electric vehicles with two functions. The first is to optimize battery charging and use based on the age and condition of the battery to maximize vehicle range and extend battery life. The second function is to automatically adjust the operation of the systems of an electric vehicle to improve performance. These features of the Energy Management System are important in electric vehicle applications because the range of electric vehicles initially will be limited to approximately 60 to 120 miles between charges, and because the frequency of battery replacement may be more important in determining the cost of operating an electric vehicle than the cost of the electricity necessary to recharge the battery. The Company has completed initial research and development of prototype Energy Management Systems and has installed them in prototype vehicles.

During 1997, the Board of Directors determined to focus the Company's activities primarily on the CCS and radar products. The Company began actively looking for a strategic partner for the electric vehicle business to engage in a joint venture or to provide funding for electric vehicle operations. The Company also sought to form a joint venture to manufacture, sell and service a small electric car in India (this effort had been ongoing since at least 1996). During this time, the Company substantially reduced its expenditures for electric vehicle activities but maintained key personnel in an attempt to find a joint

venture partner or some other means of deriving value from its electric vehicle technologies. The Company attempted to obtain either a strategic partner who would, among other things, provide financing for an electric vehicle joint venture, or a purchaser for the Company's electric vehicle assets, in each case without success. As a result, in 1998 the Board of Directors decided to suspend funding the electric vehicle program (effective August 1998) because it was generating continuing losses and utilizing resources that the Board felt would be better utilized in development of the CCS and radar products. Dr. Bell, the Company's founder and Chairman of the Board, believed that there were still commercial opportunities worth pursuing and agreed to temporarily fund the program personally, in return for a 15% interest in the subsidiary in which the electric vehicle assets were to be placed (the "EV Sub"). The 15% interest was transferred to Dr. Bell in March of 1999. The Board approved this proposal and the Company continued to seek a strategic partner.

In December 1998, the Company entered into a letter agreement with a group of companies controlled by Sudarshan K. Maini (the "Maini Group") in relation to a joint venture to produce electric vehicles in India (the "Indian JV"). Under the terms of that letter agreement, the Company will receive (i) a minority equity position in a yet to be formed Indian company and (ii) royalties on sales of electric vehicles by the Indian JV, both in exchange for contribution of certain assets and technology to the Indian JV. However, to fully launch the Indian JV, external financing for the Indian JV must be obtained as neither the Company nor the Maini Group has committed the necessary funding for the Indian JV.

In connection with a proposed financing for the Company which is described more fully in "Item 7 Management's Discussion and Analysis -- Liquidity and Capital Resources" (the "Proposed Financing"), the investors require that the Company redeem from Dr. Bell the Class B Shares of the Company that he and/or his affiliates will hold upon the termination of the escrow that was created in connection with the Company's initial public offering of securities in 1993. Dr. Bell has entered into an agreement to sell to the Company those Class B Shares in exchange for the remaining 85% equity interest in the EV Sub, subject to the closing of the Proposed Financing and shareholder approval of the exchange transaction (the "Exchange"). If the Exchange is effected, the Company will have no further ownership interest in the EV Sub but will retain the right to receive from the EV Sub payment of 85% of the royalties which the EV Sub receives from the Indian JV, if any. The EV Sub will have all other rights to the Company's electric vehicle technology. If the proposed financing is completed but the shareholders do not approve of the Exchange of the EV Sub to Dr. Bell for the Class B Shares, then the Class B Shares will be redeemed for cash and Dr. Bell will be granted rights to control the board of directors of the EV Sub and co-sale rights and rights of first refusal with respect to any disposition by the Company of its interests in the EV Sub. The investors have indicated that they do not intend to continue funding electric vehicle operations whether or not the Company maintains any ownership interest in the EV Sub.

GRANT FUNDED PROGRAMS

The Company has historically received grants from various sources to provide partial support for its product development efforts. Most grants received by the Company related to electric vehicle operations. A grant is essentially a cost-sharing arrangement whereby the Company obtains reimbursement from the grant agency for a portion of direct costs and reimbursable administrative costs incurred in managing specific development programs. The Company's grants have historically been subject to periodic audit by the granting government authorities for the purpose of confirming, among other things, progress in development and that grant moneys were being used and accounted for as required by the granting authority. If, as a result of any such audit, a granting authority were to disallow expenses submitted for reimbursement, such authority could seek recovery of such funds from the Company. The Company is not aware of any pending or threatened audits with respect to the Company's grants and does not have any reason to believe that any grant moneys have been applied in a manner inconsistent with grant requirements or that any grant audits are otherwise warranted or likely. However, no assurance can be given that any such audits will not be commenced in the future or that, if commenced, any such audits would not result in an obligation of the Company to reimburse funds to the granting authority.

Since 1992, the Company has received grants from the Advanced Research Projects Agency of the Department of Defense, the California Energy Commission, the Federal Transit Administration, and the Southern California Air Quality Management District and USAID. Several of the Company's grant-funded programs have been obtained through CALSTART, a non-profit consortium of primarily California companies engaged in the development and manufacture of products that benefit the environment. The Company managed the Showcase Program, co-managed the Neighborhood Electric Vehicle Program, and two other electric vehicle programs for CALSTART, for which the Company recognized revenues from CALSTART of approximately $0, $389,000 and $840,000 in 1998, 1997 and 1996, respectively.

For the years ended December 31, 1998, 1997 and 1996, the Company recorded a total of $0, $504,000 and $1,172,000, respectively, in federal and state government grants to fund the Company's development of various of its products, including electric vehicles. The Company has significantly reduced its efforts to obtain any additional grants and intends to focus its efforts on working toward production contracts for CCS and radar sensor systems.

RESEARCH AND DEVELOPMENT

The Company's research and development activities are an essential component of the Company's efforts to develop products for introduction in the marketplace. The Company's research and development activities are expensed as incurred. These expenses include direct expenses for wages, materials and services associated with development contracts, grant program activities, and the development of the Company's products, excluding expenses associated with projects that are specifically funded by development contracts or grant agreements from customers (which are classified under Direct Development Contract and Related Grant Costs or Direct Grant Costs in the Company's Statement of Operations). Research and development expenses do not include any portion of general and administrative expenses.

The total amounts spent by the Company for research and development activities in 1998, 1997 and 1996 were $3,202,000, $2,072,000 and $2,128,000, respectively. Included in these amounts for each of such years were $43,000, $260,000 and $298,000, respectively, in payments for license rights to technology and minimum royalties. The Company's research and development expenses fluctuate significantly from period to period, due both to changing levels of research and development activity and changes in the amount of such activities that are covered by customer contracts or grants. Where possible, the Company would seek funding from third parties for its research and development activities. Customer-sponsored research and development expenses (i.e., expenses classified as Direct Development Contract and Related Grant Costs or Direct Grant Costs on the Company's Statement of Operations) for each of 1998, 1997 and 1996 were $1,364,000, $2,611,000 and $11,743,000, respectively.

MARKETING AND SALES

In the automotive components industry, products typically proceed through five stages of research and development and commercialization. Initial research on the product concept comes first, in order to assess its technical feasibility and economic costs and benefits, and often includes the development of an internal prototype for the supplier's own evaluation of the product. If the product appears feasible, a functioning prototype or demonstration prototype is manufactured by the component supplier to demonstrate and test the features of the product. This prototype is then marketed to automotive companies to generate sales of evaluation prototypes for internal evaluation by the automobile manufacturer. If the automobile manufacturer remains interested in the product after testing initial evaluation prototypes, it typically works with the component supplier to refine the product and then purchase second and subsequent generation engineering prototypes for further evaluation. Finally, the automobile manufacturer determines to either purchase the component for a production vehicle or terminate interest in the component.

The time required to progress through these five stages of commercialization varies widely. Automotive companies will take longer to evaluate components that are critical to the safe operation of a vehicle where a product failure can result in a passenger death. Conversely, if the product is not safety critical, the evaluation can proceed more quickly since the risk of product liability is smaller. Another factor influencing the time required to complete the product sales cycle relates to the required level of integration of the component into other vehicle systems. Products that are installed by the factory generally require a medium amount of time to evaluate since other vehicle systems are affected and because a decision to introduce the product into the vehicle is not easily reversed, as it is with dealer-installed options. Products that are installed by an auto dealer take the least amount of time to evaluate since they have little impact on other vehicle systems. The Company's products vary in how they fit within these two factors affecting the time required for completing the sales cycle. The CCS has a moderate effect on other vehicle systems and would be a factory installed item. The Company's radar system could also be factory installed and would have a greater impact on other vehicle systems. The radar system could also be sold as an after-market item for trucks.

The Company's ability to successfully market its CCS and radar products will in large part be dependent upon, among other things, the willingness of automobile manufacturers to incur the substantial expense involved in the purchase and installation of the Company s products and systems, and, ultimately, upon the acceptance of the Company's products by consumers. In addition, automobile manufacturers may be reluctant to purchase key components from a small, development-stage company with limited financial and other resources. Even if the Company is successful in obtaining favorable responses from automobile manufacturers, the Company may need to license its technology to potential competitors to ensure adequate additional sources of supply in light of automobile manufacturers' reluctance to purchase products from a sole source supplier (particularly where the continued viability of such supplier is in doubt, as may be the case with the Company). See "Item 1 Risk Factors Dependence on Acceptance by Automobile Manufacturers and Consumers; Market Competition," "Competition; Possible Obsolescence of Technology"; "Nonexclusive License on Radar Technology" and "Limited Marketing Capabilities; Uncertainty of Market Acceptance"

MANUFACTURING, CONTRACTORS AND SUPPLIERS

The Company currently has limited manufacturing capacity for CCS systems. The Company intends to develop further its manufacturing capability in order to implement its business plan, control product quality and delivery, to shorten product development cycle times, and protect and further develop proprietary technologies and processes. This capability could be developed internally through the purchase or development of new equipment and the hiring of additional personnel, or through the acquisition of companies with established manufacturing capability. Certain members of management of the Company have experience in establishing and managing volume production of automobile components. There can be no assurance that the Company's efforts to establish its manufacturing operations for any of its products will not exceed estimated costs or take longer than expected or that other anticipated problems will not arise that will materially adversely affect the Company's operations, financial condition and/or business prospects. See "Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations Year Ended December 31, 1998 Compared to Year Ended December 31, 1997."

The Company has in the past engaged certain outside contractors to perform product assembly and other production functions for the Company, and the Company anticipates that it may desire to engage contractors for such purposes in the future. These outside contractors include suppliers of raw materials and components and may include sublicensees that have rights to manufacture components for the Company's products. The Company believes that there are a number of outside contractors that provide services of the kind that have been used by the Company in the past and that the Company may desire to use in the future. However, no assurance can be given that any such contractors would agree to work for the Company on terms acceptable to the Company or at all. The Company's inability to engage outside contractors on acceptable terms or at all would impair the Company's ability to complete any development and/or manufacturing contracts for which outside contractors' services may be needed. Moreover, the Company's reliance upon third party contractors for certain production functions will reduce the Company's control over the manufacture of its products and will make the Company dependent in part upon such third parties to deliver its products in a timely manner, with satisfactory quality controls and on a competitive basis.

The Company relies on various vendors and suppliers for the components of its products. The Company expects that it will procure these components through purchase orders, with no guaranteed supply arrangements. While the Company believes that there are a number of alternative sources for most of these components, certain components, including thermoelectric devices, are only available from a limited number of suppliers. The loss of any significant supplier, in the absence of a timely and satisfactory alternative arrangement, or an inability to obtain essential components on reasonable terms or at all, could materially adversely affect the Company's business and operations. The Company's business and operations could also be materially adversely affected by delays in deliveries from suppliers.

PROPRIETARY RIGHTS AND PATENTS

The Company acquires developed technologies through licenses and joint development contracts in order to optimize the Company's expenditure of capital and time, and to adapt and commercialize such technologies in automotive products which are suitable for mass production. The Company also develops technologies or furthers the development of acquired technologies through internal research and development efforts by Company engineers.

The Company has adopted a policy of seeking to obtain, where practical, the exclusive rights to use technology related to its products through patents or licenses for proprietary technologies or processes. The Company currently has several license arrangements.

CCS

Pursuant to an Option and License Agreement between the Company and Feher Design, Inc. ("Feher"), Feher has granted to the Company an exclusive worldwide license to use three specific CCS technologies covered by patents held by Feher. The license with respect to technology subject to a Feher patent expires upon the expiration of the Feher patent covering the relevant technology. The first of these three patents expires on November 17, 2008.

In addition to the aforementioned license rights to the CCS technology, the Company holds three patents on a variable temperature seat climate control system. The Company also has pending two additional patent applications with respect to certain improvements to the CCS technology developed by the Company. The Company is aware that an unrelated party filed a patent application in Japan on March 30, 1992 with respect to technology similar to the CCS technology. However, to

date, this application remains subject to examination and therefore no patent has been issued to the party filing such application. If such patent were to issue and be upheld, it could have a material adverse effect upon the Company's ability to sell CCS products in Japan.

RADAR FOR MANEUVERING AND SAFETY

Pursuant to a License Agreement between the Company and the Regents (the "Regents") of the University of California (Lawrence Livermore National Laboratory), the Regents granted to the Company a limited, exclusive license to use certain technology covered by patents held by the Regents in the following three passenger vehicle applications: intelligent cruise control, air bag crash systems, and position sensors. This license required the Company to achieve commercial sales of products by the end of 1998. Commercial sales were defined as sales of non-prototype products to at least one original equipment manufacturer. Since commercial sales volumes were not achieved, the exclusivity on the license has lapsed. Although the Company retains its license, other companies may also acquire the license and develop products based on the technology.

The Company holds one patent on radar technology. See "Item 1 Risk Factors Dependence on Acceptance by Automobile Manufacturers and Consumers; Market Competition," "Time Lag From Prototype to Commercial Sales," "Special Factors Applicable to the Automotive Industry In General," and "Competition; Possible Obsolescence of Technology." At December 31, 1998, the Company also had pending one additional patent application on its radar technology.

ELECTRIC VEHICLE SYSTEMS

The Company was issued a patent on a key function of the Energy Management System and has applied for additional patents relating to such system. The Company believes that those elements of the Energy Management System not covered by the patent are protected as trade secrets. The Company's Energy Management System technology is now part of the EV Sub, a subsidiary created as a result of the Board of Director's decision in August of 1998 to suspend funding of the electric vehicle program and Dr. Bell's resulting offer to continue funding the electric vehicle program in return for a 15% stake in a subsidiary to be formed which contains the electric vehicle assets. Pursuant to the Proposed Financing, the EV Sub may be sold to Dr. Bell in exchange for the redemption of his Class B Shares held by him or his affiliates. See "Proposed Disposition of Electric Vehicle Operations."

GENERAL

Because of rapid technological developments in the automotive industry and the competitive nature of the market, the patent position of any component manufacturer is subject to uncertainties and may involve complex legal and factual issues. Consequently, although the Company either owns or has licenses to certain patents, and is currently processing several additional patent applications, it is possible that no patents will issue from any pending applications or that claims allowed in any existing or future patents issued or licensed to the Company will be challenged, invalidated, or circumvented, or that any rights granted thereunder will not provide adequate protection to the Company. There is an additional risk that the Company may be required to participate in interference proceedings to determine the priority of inventions or may be required to commence litigation to protect its rights, which could result in substantial costs to the Company.

The Company's potential products may conflict with patents that have been or may be granted to competitors or others. Such other persons could bring legal actions against the Company claiming damages and seeking to enjoin manufacturing and marketing of the affected products. Any such litigation could result in substantial cost to the Company and diversion of effort by the Company's management and technical personnel. If any such actions are successful, in addition to any potential liability for damages, the Company could be required to obtain a license in order to continue to manufacture or market the affected products. There can be no assurance that the Company would prevail in any such action or that any license required under any such patent would be made available on acceptable terms, if at all. Failure to obtain needed patents, licenses or proprietary information held by others may have a material adverse effect on the Company's business. In addition, if the Company becomes involved in litigation, it could consume a substantial portion of the Company's time and resources. However, the Company has not received any notice that its products infringe on the proprietary rights of third parties.

The Company also relies on trade secrets that it seeks to protect, in part, through confidentiality and non-disclosure agreements with employees, customers and other parties. There can be no assurance that these agreements will not be breached, that the Company would have adequate remedies for any such breach or that the Company's trade secrets will not otherwise become known to or independently developed by competitors. To the extent that consultants, key employees or other third parties apply technological information independently developed by them or by others to the Company's

proposed projects, disputes may arise as to the proprietary rights to such information that may not be resolved in favor of the Company. The Company may be involved from time to time in litigation to determine the enforceability, scope and validity of proprietary rights. Any such litigation could result in substantial cost to the Company and diversion of effort by the Company's management and technical personnel. Additionally, with respect to licensed technology, there can be no assurance that the licensor of the technology will have the resources, financial or otherwise, or desire to defend against any challenges to the rights of such licensor to its patents.

The enactment of the legislation implementing the General Agreement on Trade and Tariffs has resulted in certain changes to United States patent laws that became effective on June 8, 1995. Most notably, the term of patent protection for patent applications filed on or after June 8, 1995 is no longer a period of 17 years from the date of grant. The new term of a United States patent will commence on the date of issuance and terminate 20 years from the earliest effective filing date of the application. Because the time from filing to issuance of an automotive technology patent application is often more than three years, a 20-year term from the effective date of filing may result in a substantially shortened term of patent protection, which may adversely impact the Company's patent position. If this change results in a shorter period of patent coverage, the Company's business could be adversely affected to the extent that the duration and/or level of the royalties it may be entitled to receive from a collaborative partner, if any, is based on the existence of a valid patent.

COMPETITION

The automotive components and systems business is highly competitive. The Company may experience competition directly from automobile manufacturers, most of which have the capability to manufacture competing products. Many of the existing and potential competitors of the Company have considerably greater financial and other resources than the Company, including, but not limited to, an established customer base, greater research and development capability, established manufacturing capability and greater marketing and sales resources. The Company also competes indirectly with related products that do not offer equivalent features to the Company's products, but can substitute for the Company's products, such as heated seats, ventilated seats and ultrasonic radar products. The Company believes that its products will compete on the basis of price, performance and quality.

CCS

The Company is not aware of any competitors that are offering systems for both heating and active cooling of automotive car seats, although substantial competition exists for the supply of heated-only seats and several companies are offering a product which circulates ambient air through a seat without active cooling. In addition Mercedes Benz has announced an option on certain new models which combines heated seats with circulation of ambient air. It is possible that competitors will be able to expand or modify their current products by adding a cooling function to their seats based upon a technology not covered by patented technology licensed to the Company. The CCS competes indirectly with alternative methods of providing passenger climate control in a vehicle such as heating and air conditioning systems, which are currently available for almost all vehicles. The Company hopes to develop a market niche for this product initially as a luxury in conventional gasoline-powered cars and sport utility vehicles. The Company is aware that a Japanese patent has been applied for by another entity on technology similar to the CCS technology.

RADAR FOR MANEUVERING AND SAFETY

The potential market for automotive radar has attracted many aerospace companies who have developed a variety of radar technologies. A few automotive OEMs are now offering ultrasonic or infrared laser distance sensors for parking aids. These companies have far greater technical, financial and other resources than the Company does. While the Company believes that its licensed radar technology has competitive advantages which are protected by intellectual property rights in the applications the Company is developing, it is possible that the market will not accept the Company's radar products or that competitors will find ways to offer similar products without infringing on the Company's intellectual property rights.

EMPLOYEES

As of December 31, 1998, the Company had 44 employees and 5 outside contractors. None of the Company's employees are subject to collective bargaining agreements. The Company considers its employee relations to be satisfactory.

RISK FACTORS

THE COMPANY'S SECURITIES ARE HIGHLY SPECULATIVE IN NATURE AND INVOLVE A HIGH DEGREE OF RISK. PRIOR TO MAKING AN INVESTMENT DECISION, CURRENT AND PROSPECTIVE INVESTORS IN THE COMPANY'S SECURITIES SHOULD GIVE CAREFUL CONSIDERATION TO, AMONG OTHER THINGS, THE RISK FACTORS SET FORTH BELOW. THIS REPORT CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF THE "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. REFERENCE IS MADE IN PARTICULAR TO THE DESCRIPTION OF THE COMPANY'S PLANS AND OBJECTIVES FOR FUTURE OPERATIONS, ASSUMPTIONS UNDERLYING SUCH PLANS AND OBJECTIVES AND OTHER FORWARD-LOOKING STATEMENTS INCLUDED IN THIS SECTION, "ITEM 1 BUSINESS," "ITEM 7 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS," AND IN OTHER PLACES IN THIS REPORT. SUCH STATEMENTS MAY BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS "MAY," "WILL" "EXPECT" "BELIEVE," "ESTIMATE," "ANTICIPATE" "INTEND," "CONTINUE," OR SIMILAR TERMS, VARIATIONS OF SUCH TERMS OR THE NEGATIVE OF SUCH TERMS. SUCH STATEMENTS ARE BASED ON MANAGEMENT'S CURRENT EXPECTATIONS AND ARE SUBJECT TO A NUMBER OF FACTORS AND UNCERTAINTIES WHICH COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE DESCRIBED IN THE FORWARD-LOOKING STATEMENTS. THE COMPANY EXPRESSLY DISCLAIMS ANY OBLIGATION OR UNDERTAKING TO RELEASE PUBLICLY ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN TO REFLECT ANY CHANGE IN THE COMPANY'S EXPECTATIONS WITH REGARD THERETO OR ANY CHANGE IN EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENT IS BASED. FACTORS WHICH COULD CAUSE SUCH RESULTS TO DIFFER MATERIALLY FROM THOSE DESCRIBED IN THE FORWARD-LOOKING STATEMENTS INCLUDE THOSE SET FORTH BELOW.

DEVELOPMENT STAGE COMPANY

The Company's proposed future operations are subject to numerous risks associated with establishing new businesses, including, but not limited to, availability of capital, unforeseeable expenses, delays and complications, as well as specific risks of the industry in which the Company competes. There can be no assurance that the Company will be able to market any product on a commercial scale, achieve profitable operations or remain in business. To date, the Company's first developed product, the interactive voice navigation system was not commercially successful. See "Item 1 Business" herein. The Company was formed in April 1991 and its principal products are still in the development or pre-production stage. The likelihood of the success of the Company must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with establishing a new business, including, without limitation, uncertainty as to market acceptance of the Company's products, marketing problems and expenses, competition and changes in business strategy. There can be no assurance that the Company will be successful in its proposed business activities.

Moreover, the Company's radar systems are in various stages of prototype/pre-production development and will require the expenditure of significant funds for further development and testing in order to commence commercial sales. No assurance can be given that the Company will obtain the funds necessary to pay for such further development of its products or that, if such funds are obtained, the Company will be successful in resolving all technical problems relating to its products or in developing the technology used in its prototypes into commercially viable products. The Company does not expect to generate significant revenues from the sale of seat or radar products for at least 12 months, and no assurance can be given that such sales will ever materialize. Further, there can be no assurance that any of the Company's products, if successfully developed, will be capable of being produced in commercial quantities at reasonable costs or will be successfully marketed and distributed. See "Limited Marketing Capabilities; Uncertainty of Market Acceptance."

SUBSTANTIAL OPERATING LOSSES SINCE INCEPTION

The Company has incurred substantial operating losses since its inception. At December 31, 1998 and 1997, the Company had accumulated deficits since inception of $36,305,000 and $28,601,000, respectively. See "Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations." The Company's accumulated deficits are attributable to the costs of developmental and other start-up activities, including the industrial design, development and marketing of the Company's products and a significant loss incurred on a major electric vehicle development contract. The Company has continued to incur losses due to continuing expenses without significant revenues or profit margins on the sale of products, and expects to incur significant losses for the foreseeable future

PROPOSED FINANCING; CHANGE OF CONTROL

On March 29, 1999, the Company entered into a Securities Purchase Agreement with Westar Capital II LLC and Big Beaver Investments LLC (the "Investors") pursuant to which the Investors will invest $9 million in the Company in return for 9,000 shares of a Series A Preferred Stock (which are convertible into Class A Common Stock at an initial conversion price of $1.675 per common share) and Contingent Warrants. The Contingent Warrants are exercisable only to the extent certain other warrants to purchase Class A Common Stock are exercised, and then only in an amount that will enable the Investors to maintain the same percentage interest in the Company that they have in the Company after the initial investment (on an as converted basis). In connection with this transaction, the Investors would obtain the right to elect a majority of the

Company's directors as well as rights of first refusal to provide additional financing for the Company and registration rights. In addition, based upon the Company's existing capitalization and the proposed terms of the Series A Preferred Stock, immediately following the proposed investment, the Investors would have approximately 74% of the Company's common equity (on an as converted basis, excluding options and warrants). Completion of the proposed financing is subject to a number of conditions, including shareholder approval, which the Company intends to seek at the 1999 Annual Shareholders Meeting. There can be no assurance that the proposed equity financing will be completed.

Concurrent with the execution of the Securities Purchase Agreement, an affiliate of the Investors provided a secured credit facility (the "Bridge Loan") to the Company for up to $1.2 million which bears interest at 10% per annum and matures on the earlier of September 30, 1999 or the completion of the equity financing. As additional consideration for the Bridge Loan, the Company issued detachable five year warrants to purchase 300,000 shares of Class A Common Stock at $1.03 per share, subject to adjustment. The bridge warrants will be cancelled upon the completion of the equity investment with the Investors. The Bridge Loan is secured by a lien on virtually all of the Company's assets. The Bridge Loan is necessary to allow the Company to continue operations pending the closing of the equity financing, although the amount of the Bridge Loan may not be adequate even if fully drawn. Further, there are numerous conditions to making each borrowing under the Bridge Loan.

NEED FOR ADDITIONAL FINANCING

The Company has experienced negative cash flow from operations since its inception and has expended, and expects to continue to expend, substantial funds to continue its development efforts. The Company has not generated and does not expect to generate in the near future sufficient revenues from the sales of its principal products to cover its operating expenses. Notwithstanding the proposed financing described above, the Company will require additional financing through bank borrowings, debt or equity financing or otherwise to finance its planned operations. If additional funds are not obtained when needed, the Company will be required to significantly curtail its activities, dispose of one or more of its technologies and/or cease operations and liquidate. If and when the Company is able to commence commercial volume production of its heated and cooled seat or radar products, the Company will incur significant expenses for tooling product parts and to set up manufacturing and/or assembly processes. No assurance can be given that such alternate funding sources can be obtained or will provide sufficient, or any, financing for the Company.

PROPOSED DISPOSITION OF ELECTRIC VEHICLE OPERATIONS

In 1998, the Board of Directors decided to suspend funding the electric vehicle program (effective August 1998) because it was generating continuing losses and utilizing resources that the Board felt would be better utilized in development of the CCS and radar products. Dr. Bell, the Company's founder and Chairman of the Board, believed that there were still commercial opportunities worth pursuing and agreed to fund the program personally, in return for a 15% interest in the EV Sub. The Board approved this proposal and the Company continued to seek a strategic partner.

In December 1998, the Company entered into a letter agreement with the Maini Group in relation to the Indian JV. Under the terms of that letter agreement, the Company will receive (i) a minority equity position in a yet to be formed Indian company and (ii) royalties on sales of electric vehicles by the Indian JV, both in exchange for contribution of certain assets and technology to the Indian JV. However, to fully launch the Indian JV, external financing for the Indian JV must be obtained as neither the Company nor the Maini Group has committed the necessary funding for the Indian JV.

In connection with the proposed financing for the Company which is described above and in "Item 7 Management's Discussion and Analysis -- Liquidity and Capital Resources", the Investors require that the Company redeem from Dr. Bell the Class B Shares of the Company that he and/or his affiliates will hold upon the termination of the escrow that was created in connection with the Company's initial public offering of securities in 1993. Dr. Bell has entered into a Share Exchange Agreement to sell to the Company those Class B Shares in exchange for the remaining 85% equity interest in the EV Sub, subject to the closing of the proposed financing and shareholder approval of the exchange transaction. If the exchange is effected, the Company will have no further ownership interest in the EV Sub but will retain the right to receive from the EV Sub payment of 85% of the royalties which the EV Sub receives from the Indian JV, if any. The EV Sub will have all other rights to the Company's electric vehicle technology. If the proposed financing is completed but the shareholders do not approve of the sale of the EV Sub to Dr. Bell for the Class B Shares, then the Class B Shares will be redeemed for cash and Dr. Bell will be granted rights to control the board of directors of the EV Sub and co-sale rights and rights of first refusal with respect to any disposition by the Company of its interests in the EV Sub. The investors have indicated that they do no intend to continue funding electric vehicle operations whether or not the Company maintains any ownership interest in the EV Sub. See "Business--Proposed Disposition of Electric Vehicle Operations."

DEPENDENCE ON ACCEPTANCE BY AUTOMOBILE MANUFACTURERS AND CONSUMERS; MARKET COMPETITION

The Company's ability to successfully market its CCS and radar products will in large part be dependent upon the willingness of automobile manufacturers to incur the substantial expense involved in the purchase and installation of the Company's products and systems, and, ultimately, upon the acceptance of the Company's products by consumers. The Company's potential customers may be reluctant to modify their existing automobile models, where necessary, to incorporate the Company's products. In addition, automobile manufacturers may be reluctant to purchase key components from a small, development-stage company with limited financial and other resources. The Company's ability to successfully market its seats and radar products will also be dependent in part upon its ability to persuade automobile manufacturers that the Company's products are sufficiently unique that they cannot be obtained elsewhere. See "Competition; Possible Obsolescence of Technology" and "Exclusive Licenses on Heated and Cooled Seats;" "Potential Loss of Exclusivity of License on Radar for Maneuvering and Safety." There can be no assurance that the Company will be successful in this effort. Furthermore, in the event the Company is successful in obtaining favorable responses from automobile manufacturers, the Company may need to license its technology to potential competitors to ensure adequate additional sources of supply in light of automobile manufacturers' reluctance to purchase products from a sole source supplier (particularly where the continued viability of such supplier is in doubt, as may be the case with the Company).

EXCLUSIVE LICENSE ON HEATED AND COOLED SEATS; NON-EXCLUSIVE LICENSE ON RADAR TECHNOLOGY

In 1997, the Company negotiated with the licensor of the CCS technology an exclusive license for the manufacture and sale of licensed products for installation or use in automobiles, trucks, buses, vans and recreational vehicles. As part of the agreement, all intellectual property developed by Amerigon related to variable temperature seats is owned by Amerigon but such licensor will have the right to license Amerigon's technology on a non-exclusive basis for use other than in automobiles, trucks, buses, vans and recreational vehicles.

The Company's license from LLNL for one type of the Company's radar technology became non-exclusive as of December 31, 1998. The lack of exclusivity means that the Company has reduced intellectual property protection for technology developed from this license and faces possible competition from other companies which can acquire this license from LLNL. See "Item 1 Business Proprietary Rights and Patents."

LIMITED PROTECTION OF PATENTS AND PROPRIETARY RIGHTS

The Company believes that patents and proprietary rights have been and will continue to be important in enabling the Company to compete. There can be no assurance that any patents will be granted or that the Company's or its licensors' patents and proprietary rights will not be challenged or circumvented or will provide the Company with any meaningful competitive advantages or that any pending patent applications will issue. Furthermore, there can be no assurance that others will not independently develop similar products or will not design around any patents that have been or may be issued to the Company or its licensors. Failure to obtain patents in certain foreign countries may materially adversely affect the Company's ability to compete effectively in certain international markets. The Company is aware that an unrelated party filed a patent application in Japan on March 30, 1992 with respect to certain improvements to the CCS technology developed by the Company.

The Company holds current and future rights to licensed technology through licensing agreements requiring the payment of minimum royalties. The Company has prepaid all royalties for the fiscal year ending December 31, 1999, but if the Company were unable to pay such royalties or otherwise breached these license agreements, the Company would lose its rights to the licensed technology. This would materially and adversely affect the Company's business.

The Company also relies on trade secrets that it seeks to protect, in part, through confidentiality and non-disclosure agreements with employees, customers and other parties. There can be no assurance that these agreements will not be breached, that the Company would have adequate remedies for any such breach or that the Company's trade secrets will not otherwise become known to or independently developed by competitors. To the extent that consultants, key employees or other third parties apply technological information independently developed by them or by others to the Company's proposed projects, disputes may arise as to the proprietary rights to such information which may not be resolved in favor of the Company. The Company may be involved from time to time in litigation to determine the enforceability, scope and validity of proprietary rights. Any such litigation could result in substantial cost to the Company and diversion of effort by the Company's management and technical personnel. Additionally, with respect to licensed technology, there can be no assurance that the licensor of the technology will have the resources, financial or otherwise, or desire to defend against any

challenges to the rights of such licensor to its patents.

LIMITED MANUFACTURING EXPERIENCE

To date, the Company has been engaged in only limited manufacturing in small quantities, and there can be no assurance that the Company's efforts to establish its manufacturing operations for any of its products will not exceed estimated costs or take longer than expected or that other unanticipated problems will not arise which will materially adversely affect the Company's operations, financial condition and/or business prospects. The Company has already experienced significant delays and cost overruns in connection with its electric vehicle contracts. Automobile manufacturers demand on-time delivery of quality products, and some have required the payment of substantial financial penalties for failure to deliver components to their plants on a timely basis. Such penalties, as well as costs to avoid them, such as working overtime and overnight air freighting parts that normally are shipped by other less expensive means of transportation, could have a material adverse effect on the Company's business and financial condition. Moreover, the inability to meet demand for the Company's products on a timely basis would materially adversely affect the Company's reputation and prospects.

LIMITED MARKETING CAPABILITIES; UNCERTAINTY OF MARKET ACCEPTANCE

Because of the sophisticated nature and early stage of development of its products, the Company will be required to educate potential customers and successfully demonstrate that the merits of the Company's products justify the costs associated with such products. In certain cases, however, the Company will likely encounter resistance from customers reluctant to make the modifications necessary to incorporate the Company's products into their products or production processes. In some instances, the Company may be required to rely on its distributors or other strategic partners to market its products. The success of any such relationship will depend in part on the other party's own competitive, marketing and strategic considerations, including the relative advantages of alternative products being developed and/or marketed by any such party. There can be no assurance that the Company will be able to market its products properly so as to generate meaningful product sales.

TIME LAG FROM PROTOTYPE TO COMMERCIAL SALES

The sales cycle in the automotive components industry is lengthy and can be as long as six years or more for products that must be designed into a vehicle, since some companies take that long to design and develop a car. Even when selling parts that are neither safety-critical nor highly integrated into the vehicle, there are still many stages that an automotive supply company must go through before achieving commercial sales. The sales cycle is lengthy because an automobile manufacturer must develop a high degree of assurance that the products it buys will meet customer needs, interface as easily as possible with the other parts of a vehicle and with the automobile manufacturer's production and assembly process, and have minimal warranty, safety and service problems. The Company has delivered prototype units of CCS systems to most of the major automotive and seat companies and been selected by a major seat supplier to automotive OEMs to supply CCS to be installed on one platform for a major North American auto manufacturer. However, no assurance can be given that the achievement of any of these milestones will result in production orders or that such orders, if obtained, will be received in the near future.

SPECIAL FACTORS APPLICABLE TO THE AUTOMOTIVE INDUSTRY IN GENERAL

The automobile industry is cyclical and dependent on consumer spending. The Company's future sales may be subject to the same cyclical variations as the automotive industry in general. There have been recent reports of declines in sales of automobiles on a worldwide basis, and there can be no assurance that continued or increased declines in automobile production would not have a material adverse effect on the Company's business or prospects. Additionally, automotive customers typically reserve the right to unilaterally cancel contracts completely or to require unilateral price reductions. Although they generally reimburse companies for actual out-of-pocket costs incurred with respect to the particular contract up to the point of cancellation, these reimbursements typically do not cover costs associated with acquiring general purpose assets such as facilities and capital equipment, and may be subject to negotiation and substantial delays in receipts by the Company. Any unilateral cancellation of, or price reduction with respect to, any contract that the Company may obtain could reduce or eliminate any financial benefits anticipated from such contract and could have a material adverse effect on the Company's financial condition and results of operations.

COMPETITION; POSSIBLE OBSOLESCENCE OF TECHNOLOGY

The automotive component industry is subject to intense competition. Virtually all of the Company's competitors are substantially larger in size, have substantially greater financial, marketing and other resources than the Company, and have more extensive experience and records of successful operations than the Company. Competition extends to attracting and

retaining qualified technical and marketing personnel. There can be no assurance that the Company will successfully differentiate its products from those of its competitors, that the marketplace will consider the Company's current or proposed products to be superior or even comparable to those of its competitors, or that the Company can succeed in establishing relationships with automobile manufacturers. Furthermore, no assurance can be given that competitive pressures faced by the Company will not adversely affect its financial performance. Due to the rapid pace of technological change, the Company's products may even be rendered obsolete by future developments in the industry. The Company's competitive position would be adversely affected if it were unable to anticipate such future developments and obtain access to the new technology.

DEPENDENCE ON KEY PERSONNEL; NEED TO RETAIN TECHNICAL PERSONNEL

The Company's success will depend to a large extent upon the continued contributions of Lon E. Bell, Ph.D., Chief Executive Officer, Chairman of the Board of Directors and the founder of the Company, and Richard A. Weisbart, President and Chief Operating Officer and a Director. The Company has obtained key-person life insurance coverage in the amount of $2,000,000 on the life of Dr. Bell. Neither Dr. Bell nor Mr. Weisbart is bound by an employment agreement with the Company. The loss of the services of Dr. Bell, Mr. Weisbart or any of the Company's executive personnel could materially adversely affect the Company. The success of the Company will also depend, in part, upon its ability to retain qualified engineering and other technical and marketing personnel. There is significant competition for technologically qualified personnel in the geographical area of the Company's business and the Company may not be successful in recruiting or retaining sufficient qualified personnel.

RELIANCE ON MAJOR CONTRACTORS; RISKS OF INTERNATIONAL OPERATIONS

The Company has in the past engaged certain outside contractors to perform product assembly and other production functions for the Company, and the Company anticipates that it may desire to engage contractors for such purposes in the future. The Company believes that there are a number of outside contractors that provide services of the kind that have been used by the Company in the past and that the Company may desire to use in the future. However, no assurance can be given that any such contractors would agree to work for the Company on terms acceptable to the Company or at all. The Company's inability to engage outside contractors on acceptable terms or at all would impair the Company's ability to complete any development and/or manufacturing contracts for which outside contractors' services may be needed. Moreover, the Company's reliance upon third party contractors for certain production functions will reduce the Company's control over the manufacture of its products and will make the Company dependent in part upon such third parties to deliver its products in a timely manner, with satisfactory quality controls and on a competitive basis.

Furthermore, the Company may engage contractors located in foreign countries. Accordingly, the Company will be subject to all of the risks inherent in international operations, including work stoppages, transportation delays and interruptions, political instability, foreign currency fluctuations, economic disruptions, the imposition of tariffs and import and export controls, changes in governmental policies and other factors which could have an adverse effect on the Company's business. See also "Risk of Foreign Sales."

POTENTIAL PRODUCT LIABILITY

The Company's business will expose it to potential product liability risks which are inherent in the manufacturing, marketing and sale of automotive components. In particular, there may be substantial warranty and liability risks associated with critical safety components of the Company's products. If available, product liability insurance generally is expensive. While the Company presently has $2,000,000 of product liability coverage, there can be no assurance that it will be able to obtain or maintain such insurance on acceptable terms with respect to other products the Company may develop, or that any insurance obtained will provide adequate protection against any potential liabilities when and if high volume production begins, the Company expects to purchase additional insurance coverage. In the event of a successful claim against the Company, a lack or insufficiency of insurance coverage could have a material adverse effect on the Company's business and operations.

NO DIVIDENDS

The Company has not paid any cash dividends on its Common Stock since its inception and, by reason of its present financial status and its contemplated financial requirements, does not anticipate paying any cash dividends in the foreseeable future. It is anticipated that significant additional financing will be necessary to fund the Company's long-term operations.

FLUCTUATIONS IN QUARTERLY RESULTS; POSSIBLE VOLATILITY OF STOCK PRICE

Factors such as announcements by the Company of quarterly variations in its financial results, or unexpected losses, could cause the market price of the Class A Common Stock of the Company to fluctuate significantly. The results of operations in previous quarters have been partially dependent on large grants, orders and development contracts, which may not recur in the future. In addition, the Company's quarterly operating results may fluctuate significantly in the future due to a number of other factors, including timing of product introductions by the Company and its competitors, availability and pricing of components from third parties, timing of orders, foreign currency exchange rates, technological changes and economic conditions generally. Development contract revenues declined significantly because the activity on the Company's major electric vehicle development contract substantially concluded at the end of 1996 with no replacement contract presently scheduled to follow. See "Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations." In recent years, the stock markets in general, and the share prices of technology companies in particular, have experienced extreme fluctuations. These broad market and industry fluctuations may adversely affect the market price of the Class A Common Stock. In addition, failure to meet or exceed analysts' expectations of financial performance may result in immediate and significant price and volume fluctuations in the Class A Common Stock.

POTENTIAL CONFLICTS OF INTEREST

The Company leases its current facilities from Dillingham Partners, an entity that is 60% controlled by Dr. Bell. The Company determined that the lease is on terms no less favorable to the Company than those which could be obtained from unaffiliated parties.

John W. Clark, a director of the Company, is a partner of Westar Capital. Westar Capital is one of the two primary investors in the Proposed Financing. See "Item 7 Management Discussion and Analysis - Liquidity and Capital Resources." This transaction, combined with Mr. Clark's membership on the Board of Directors, could give rise to conflicts of interest.

In August 1998 the Board of Directors decided to suspend funding the electric vehicle program because it was generating continuing losses and utilizing resources that the Board felt would be better utilized by pursuit of the CCS and radar products. Dr. Bell agreed to fund the program personally, in return for a 15% interest in the EV Sub, which was transferred to Dr. Bell in March of 1999. In connection with the Proposed Financing, Dr. Bell may acquire the remaining equity interest in the EV Sub in exchange for the Class B Shares of the Company. This means that the Company may have no further ownership interest in electric vehicle technology and will only have the rights to EV Sub payment of 85% of the royalties which the EV Sub receives from the Indian JV. This transaction is subject to conditions, including shareholder approval. This transaction, combined with Dr. Bell's ownership of a significant percentage of the Company's Class A Common Stock, his position as an officer and his membership on the Board of Directors, could give rise to conflicts of interest.

ANTI-TAKEOVER EFFECTS OF PREFERRED STOCK

The Series A Preferred Stock proposed to be issued to the Investors in connection with the proposed financing will have the right to elect five of seven members of the Board of Directors. In addition, the Series A Preferred Stock will vote together with the shares of Class A Common Stock on any other matter submitted to shareholders. Immediately following the closing of the proposed financing, holders of the Series A Preferred Stock will have approximately 74% of the voting shares of the Company and will have the ability to approve or prevent any subsequent change in control of the Company.

In addition, the Company's Board of Directors has the authority to issue up to 5,000,000 shares of Preferred Stock and to determine the price, rights, preferences and privileges of those shares without any further vote or action by the shareholders. The rights of the holders of Class A Common Stock will be subject to, and may be adversely affected by, the rights of the holders of any shares of Preferred Stock that may be issued in the future. The issuance of Preferred Stock, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of making it more difficult for a third party to acquire a majority of the outstanding voting stock of the Company.

RISK OF FOREIGN SALES

A substantial percentage of the Company's revenues to date have been from sales to foreign countries. Accordingly, the Company's business is subject to many of the risks of international operations, including governmental controls, tariff restrictions, foreign currency fluctuations and currency control regulations. However, substantially all sales to foreign countries have been denominated in U.S. dollars. As such, the Company's historical net exposure to foreign currency fluctuations has not been material. No assurance can be given that future contracts will be denominated in U.S. dollars, however.

ITEM 2. PROPERTIES

The Company maintains its corporate headquarters, manufacturing and research and development facilities in leased space of approximately 40,000 square feet in Irwindale, California. The Company's lease expires December 31, 2002. The current monthly rent under the lease is approximately $20,000. The Company believes that its facilities are adequate for its present requirements. See "Item 1 -- Risk Factors - Potential Conflict of Interest."

ITEM 3. LEGAL PROCEEDINGS

On November 14, 1996, Gibbins Pattern & Plastic, Inc. ("Gibbins"), a supplier to the Company, filed suit against the Company in Michigan state court in the circuit court for the County of Wayne, Michigan for breach of contract, open account/account stated, and unjust enrichment/quantum meruit. The Company settled the case out of court during 1998.

The Company is subject to litigation from time to time in the ordinary course of its business, but there is no current pending litigation to which the Company is a party.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On December 18, 1998 the Company filed a proxy statement with the Securities and Exchange Commission and began to solicit shareholder approval of an amendment to the Company's Articles of Incorporation which would effect a 1-for-5 reverse stock split of the Company's Class A Common Stock and increase the effective amount of authorized but unissued Class A Common Stock. On January 25, 1999 the Company held a special shareholders meeting where the 1-for-5 reverse stock split was approved. 11,380,104 shares were voted in favor of the reverse stock split, 391,845 shares were voted against the reverse stock split, and 30,857 shares were not voted due to abstention or broker non-vote. The reverse stock split became effective on January 26, 1999, upon the filing of an amendment to the Articles of Incorporation of the Company, and the Company's Class A Common Stock began trading on the adjusted basis on the Nasdaq SmallCap Market on January 28, 1999. Share information for all periods has been retroactively adjusted to reflect the split.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The Company's Class A Common Stock trades on the Nasdaq SmallCap Market under the symbol ARGNA. The Company's Class A Warrants trade on the Nasdaq SmallCap Market under the symbol ARGNW. The following table sets forth the high and low bid prices for the Class A Common Stock as reported on the Nasdaq SmallCap Market for each quarterly period (or part thereof) from the beginning of the first quarter of 1997 through December 31, 1998. Such prices reflect inter-dealer prices, without retail mark-up, markdown or commission and may not necessarily represent actual transactions.

1997	HIGH(1)	LOW(1)
1st Quarter	$33.75	$17.50
2nd Quarter	25.65	12.50
3rd Quarter	35.00	18.75
4th Quarter	35.30	10.30
1998		
1st Quarter	14.05	5.00
2nd Quarter	6.90	3.15
3rd Quarter	3.60	1.25
4th Quarter	5.00	.65

As of March 3, 1999, there were approximately 1,775 holders of record of the Class A Common Stock (not including beneficial owners holding shares in nominee accounts).

The Company has not paid any cash dividends since its formation and, given its present financial status and its anticipated financial requirements, does not expect to pay any cash dividends in the foreseeable future. The Company was prohibited during 1996 from paying cash dividends by the terms of its secured bank line of credit, which was paid off using a portion of the net proceeds of the Offering and terminated effective February 18, 1997.

- ------------------

(1) Numbers adjusted to give effect to the 1-for-5 reverse stock split that became effective on January 26, 1999, upon the filing of an amendment to the Articles of Incorporation of the Company. The Company's Class A Common Stock began trading on the adjusted basis on the Nasdaq SmallCap Market on January 28, 1999. See "Item 4 Submission of Matters to a Vote of Security Holders."

ITEM 6. SELECTED FINANCIAL DATA

	YEAR ENDED DECEMBER 31, (IN THOUSANDS EXCEPT PER SHARE DATA)				
	1994	1995	1996	1997	1998
Total revenues	$ 2,640	$ 7,809	$ 7,447	$ 1,308	$ 770
Net loss	(4,235)	(3,237)	(9,997)	(5,417)	(7,704)
Net loss per diluted share (1) (2)	(6.40)	(4.90)	(12.30)	(3.10)	(4.03)
Deficit accumulated during development stage	(9,950)	(13,187)	(23,184)	(28,601)	(36,305)

	AS OF DECEMBER 31, (IN THOUSANDS)				
	1994	1995	1996	1997	1998
Working capital	$ 4,149	$ 6,481	$ (3,315)	$ 8,826	$ 1,190
Total assets	7,162	8,995	3,922	10,568	2,644
Capitalized lease obligations	78	68	43	41	65

- -----------

(1) Excluded from the average number of common shares used to calculate net loss per share are the 600,000 Escrowed Contingent Shares (See Note 7 to the Financial Statements). Adoption of SFAS No. 128 "Earnings Per Share" by the Company. No effect on previously reported per share information occurred due to antidilution provisions of the accounting principles.

(2) Numbers adjusted to give effect to the 1-for-5 reverse stock split that became effective on January 26, 1999, upon the filing of an amendment to the Articles of Incorporation of the Company. The Company's Class A Common Stock began trading on the adjusted basis on the Nasdaq SmallCap Market on January 28, 1999. See "Item 4 Submission of Matters to a Vote of Security Holders."

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the financial statements of the Company and related notes thereto appearing elsewhere in this report, and is qualified in its entirety by the same and by other more detailed financial information appearing elsewhere in this report.

OVERVIEW OF DEVELOPMENT STAGE ACTIVITIES

Historically, the Company's operations during the development stage have focused on the research and development of technologies to adapt them for a variety of uses in the automotive industry. Although the Company licensed the rights to these technologies from the holders of the related patents, it has now developed its own patented or patentable technology to complement those licenses. The Company recently lost the exclusivity on its license to certain radar technology from LLNL, but intends to continue to pursue radar products with its own technology In the automotive components industry, products typically proceed through five stages of research and development and commercialization. Initial research on the product

concept comes first, in order to assess its technical feasibility and economic costs and benefits, and often includes the development of an internal prototype for the supplier's own evaluation of the product. If the product appears feasible, a functioning prototype or demonstration prototype is manufactured by the component supplier to demonstrate and test the features of the product. This prototype is then marketed to automotive companies to generate sales of evaluation prototypes for internal evaluation by the automobile manufacturer. If the automobile manufacturer remains interested in the product after testing initial evaluation prototypes, it typically works with the component supplier to refine the product and then purchase second and subsequent generation engineering prototypes for further evaluation. Finally, the automobile manufacturer determines to either purchase the component for a production vehicle or terminate interest in the component. See "Item 1 Business Marketing and Sales."

As development of the Company's products proceeds, the Company seeks to generate revenues from the sale of prototypes, then from specific development contracts, pre-production orders and, ultimately, production orders. The Company received its first production order in December 1997 and during 1998 the Company was selected to supply its CCS system to be installed in seat systems for one platform of a major North American auto manufacturer starting in the 2000 model year. The Company is continuing its efforts to obtain commitments and orders from large equipment manufacturers. Development contracts are from customers interested in developing a particular use or project using the Company's technologies and are generally longer term activities (from six months to one year) involving, in some cases, pre-production orders of larger quantities of the product for final testing by the customer before submitting a production order. Revenues have been obtained in the past as grant funding from government agencies interested in promoting the technologies for specific tasks or projects, as well as development funds from prototype sales to customers, help offset the development expenses overall.

The Company received no funds to offset its development expenses from any funding source in 1991 and, in 1992, secured its first outside grant totaling $1,900,000. In 1993, the Company sold $188,000 in prototypes of its developing technology adaptations and, in addition, recorded $2,101,000 in grant revenue. In 1994, the sale of prototypes increased and the Company recorded its first development contract revenues, increasing revenues from these sources to $1,336,000. Grant revenues became less important as a source of total revenues, decreasing in 1994 to 49% of total revenues from 92% in 1993. In late 1994, the Company entered into the Samsung contract, from which revenues of $4,040,000, $5,328,000, and $533,000 were recorded in 1995, 1996 and 1997, respectively. In addition, the Company recorded revenues from two grants related to the development of the electric vehicle technology in 1995 and 1996 of $1,872,000 and $840,000, respectively. The Company's activity on the Samsung contract diminished during the fourth quarter of 1996 and substantially concluded at the end of the year. No replacement revenue was scheduled for 1997 or 1998. In addition, in 1996, the Company substantially completed work relating to the two electric vehicle grants, with no replacement grants scheduled to follow. As of December 31, 1998, the Company had no development contracts in place except for contracts to build prototype systems. The Company has no efforts to obtain any additional grants and has focused its efforts on working toward production contracts for Climate Control Seat ("CCS") systems and radar sensor systems. See "Item 1 Risk Factors Dependence on Grants; Government Audits of Grants."

RESULTS OF OPERATIONS YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

Total revenues for the year ended December 31, 1998 ("1998") decreased by $538,000, or approximately 41%, to $770,000, from $1,308,000 for the year ended December 31, 1997 ("1997"). The decline was primarily due to the completion of certain development contracts in 1997 and a reduced level of development contract activity in 1998.

During 1998, development continued on CCS and the Company's radar system, some of which was funded by development contracts. Development contract revenue relating to the Company's CCS and radar products decreased to $752,000 in 1998, a decline of $529,000, or approximately 41% from the $1,281,000 in such revenue recorded for 1997. The decrease in 1998 principally reflects the Company's completion in 1997 of work on several development contracts. The Company is not seeking to obtain new grants and continues to focus its efforts on working toward production contracts for CCS and radar sensor systems.

Direct development contract and related grant costs decreased to $1,364,000 in 1998 from $2,586,000 in 1997, primarily due to decreased activity in the Company's electric vehicle program in 1997 and the end of allocating administrative expenses to this category.

Research and development expenses increased by $1,130,000 or approximately 55%, in 1998 to $3,202,000 from $2,072,000 in 1997. These expenses represent research and development expenses for which no development contract or grant funding has been obtained. The increase was due to an increase in headcount, tooling expenditures, prototype materials and consulting.

Selling, general and administrative ("SG&A") expenses decreased by $373,000, or approximately 8%, in 1998 to $4,098,000 from $4,471,000 in 1997. The decrease in 1998 was primarily due to the reduction in salaries and wages related to reduced headcount and the nonrecurrence of costs related to IUS joint venture activities in 1997.

Net interest income totaled $238,000 and $406,000 in 1998 and 1997, respectively. Interest income decreased due to a decline in cash balances as a result of those funds being used in operations.

RESULTS OF OPERATIONS YEAR ENDED DECEMBER 31, 1997 COMPARED TO YEAR ENDED DECEMBER 31, 1996

Total revenues for the year ended December 31, 1997 ("1997") decreased by $6,139,000, or approximately 82% to $1,308,000, from $7,447,000 for the year ended December 31, 1996 ("1996"). Approximately $533,000, or nearly 41% of 1997 total revenues were derived from the Samsung contract and related grants, which is a decrease of approximately $5,635,000 when compared to 1996, when $6,168,000, or nearly 83% of total revenues were related to the Samsung contract and other grants. The Company completed work on the Samsung contract and the related grants in 1997. No replacement contract or replacement grants are scheduled to follow or expected to be obtained.

During 1997, development continued on CCS and the Company's radar system, some of which was funded by development contracts. Development contract revenue relating to the Company's CCS, radar and IVS-TM- products decreased to $748,000 in 1997, a decline of $199,000, or approximately 21% from the $947,000 in such revenue recorded for 1996. The decrease in 1997 principally reflects the lack of commercial sales of IVS-TM- products as well as the Company's completion in 1996 of work on several development contracts relating to the IVS-TM- products not replaced in 1997 with new contracts. The Company began selling IVS-TM- products in 1995. The total revenue recognized for the IVS-TM- products in 1997 was $10,000, compared with $363,000 in 1996. On July 24, 1997, the Company entered into a joint venture agreement with Yazaki Corporation to form a new entity to develop and market the IVS-TM- products. Under the terms of the agreement, Yazaki Corporation owns a majority interest and the Company owns a minority interest of IVS, Inc. -TM-. As part of the transaction, the Company received $1,800,000 in cash and a note receivable for $1,000,000 in consideration for net assets related to Amerigon's voice interactive technology totaling approximately $89,000. In addition, the Company incurred costs of $348,000 associated with the sale. $1,800,000 was paid through July 1997 and $971,000 was paid in July 1998. Revenues from, grants other than electric vehicle-related grants decreased by $305,000, or approximately 92% to $27,000 in 1997 from $332,000 in 1996.

Revenue from electric vehicle development contracts decreased $5,183,000 or approximately 97% in 1997 to $145,000 from $5,328,000 in 1996. The Company completed the Samsung contract in 1997. Related electric vehicle grant revenues totaled $389,000 in 1997, a decrease of $451,000, or approximately 54%, from the $840,000 in such revenues recorded for 1996. The reduction in these grant revenues reflects the completion of the Samsung contract as discussed above.

Direct development contract and related grant costs decreased to $2,586,000 in 1997 from $11,533,000 in 1996, primarily due to decreased activity in the Company's electric vehicle program in 1997, particularly in connection with the Samsung contract and related grants. The Company also recorded changes to operations in 1996, included in the total direct development contract and related grant costs, for the ultimate estimated loss at completion of the contract of approximately $1,900,000. Direct development costs related to commercial sales of IVS-TM- decreased in 1997 to $55,000 from $490,000 in 1996 primarily due to weak demand on IVS-TM- products and the sale of the Company's IVS-TM- technology to Yazaki Corporation.

Direct grant costs in 1997 declined by $185,000, or approximately 88%, to $25,000 from $210,000 in 1996. These costs are related to the projects for which grant revenues are reported. The decrease in 1997 reflects the decline in grant project activities in which the Company was engaged during 1997. Grant costs as a percentage of grant revenues of $27,000 and $332,000 were 93% and 63% in 1997 and 1996, respectively.

Research and development expenses declined by $56,000, or approximately 3%, in 1997 to $2,072,000 from $2,128,000 in 1996. These expenses represent research and development expenses for which no development contract or grant funding has been obtained. Expenses of research and development projects that are specifically funded by development contracts from customers are classified under direct development contract and related grant costs or direct grant costs.

Selling, general and administrative ("SG&A") expenses increases by $1,061,000, or approximately 31%, in 1997 to $4,471,000 and development expenses from $3,410,000 in 1996. The increase in 1997 was primarily due to the fact that fewer SG&A expenses were allocated to development contracts. The Company also incurred costs related to the IVS-TM- joint venture and costs associated with locating strategic partners for the electric vehicle program. Direct and indirect overhead

expenses included in SG&A that are associated with development contracts are allocated to such contracts.

Interest expense incurred totaled $71,000 and $211,000 in 1997 and 1996, respectively. For 1997, interest expense represents charges incurred in conjunction with a bank line of credit obtained to finance work on the Samsung electric vehicle contract, the Bridge Financing, and the loan from the Company's Chief Executive Officer and principal shareholder. These loans were repaid upon the completion of the Company's Follow-on Public Offering in February 1997. Interest income increased to $477,000 in 1997 from $48,000 in 1996 as a result of higher cash balances maintained in investments purchased during 1997 with proceeds from the Company's secondary offering. Net interest income (expense) was $406,000 in 1997 compared with ($163,000) in 1996. Also, the net loss of the Company was partially offset by the gain on disposal of assets due to the joint venture with Yazaki Corporation. See "Note 15."

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 1998, the Company had working capital of $1,190,000. On March 29, 1999 the Company entered into a Securities Purchase Agreement with Westar Capital LLC and Big Beaver Investments LLC (the "Investors") pursuant to which the Investors will invest $9 million in the Company in return for 9,000 shares of Series A Preferred Stock which are convertible into Class A Common Stock and warrants that are exercisable only to the extent certain other warrants to purchase Class A Common Stock are exercised and then only in an amount that will enable the Investors to maintain the same percentage interest in the Company that they have in the Company after the initial investment on a fully converted basis. This transaction is subject to a number of conditions, including shareholder approval, which the Company intends to seek at the 1999 Annual Shareholders Meeting. Concurrent with the execution of the Securities Purchase Agreement, an affiliate of the Investors provided a secured bridge loan to the Company for up to $1.2 million which bears interest at 10% per annum and matures upon the earlier of September 30, 1999 or the completion of the equity financing and contains detachable warrants for 300,000 shares of Class A Common Stock which will be cancelled upon the completion of the equity investment. The bridge loan is necessary to allow the Company to continue operations pending the closing of the equity financing, although the amount of the bridge loan may not be adequate even if fully drawn. Further, there are numerous conditions to making each borrowing under the bridge loan. No assurance can be given that the proposed financing will be completed. The Company's principal sources of operating capital have been the proceeds of its various financing transactions and, to a lesser extent, revenues from grants, development contracts and sale of prototypes to customers.

Cash and cash equivalents decreased by $4,370,000 in 1998 primarily due to a net loss of $7,704,000. Operating activities used $7,227,000, which was primarily a result of the net loss of $7,704,000 and repayment of $287,000 of outstanding balances to vendors, and reductions of deferred revenues of $53,000, reductions of accounts receivable of $60,000 and an increase in accrued liabilities of $164,000. Investing activities provided $2,922,000, of which $2,400,000 was from the selling of short-term investments along with $971,000 from a receivable from sale of assets, offset by $449,000 related to the purchase of property and equipment. Financing activities used $65,000 for repayment of capital leases.

The Company requires immediate financing and expects to incur losses for the foreseeable future due to the continuing cost of its product development and marketing activities. To fund its operations, the Company will need immediate financing from sources outside the Company before it can achieve profitability from its operations. While the Company has just secured a loan for up to $1.2 million and entered into an agreement for a $9 million equity investment as described above there can be no assurance that the proposed equity financing will be consummated or even if it is, that additional financing will not need to be obtained. The Company does not anticipate that the proceeds from the proposed financing will be sufficient to meet the Company's operating needs beyond a year. At or before that time, the Company will need additional financing or will be unable to continue operations. There is no assurance that additional financing can be secured. The Company's focus is to bring products to market and achieve revenues based upon its available resources. The Company continues to pursue the market introduction of its CCS and radar based sensor device, both for the automotive marketplace. If and when the Company is able to commence commercial volume production of its heated and cooled seat or radar products, the Company will incur significant expenses for tooling product parts and to set up manufacturing and/or assembly processes. The Company also expects to require significant capital to fund other near-term production engineering and manufacturing, as well as research and development and marketing, of these products. The Company does not intend to pursue any more significant grants or development contracts to fund operations and therefore is highly dependent on its current working capital sources. Should the Company not obtain additional equity and/or debt financing immediately, the Company will be required to significantly curtail its development activities, dispose of one or more of its technologies and/or cease operations and liquidate. There can be no assurance that either of these sources is available.

YEAR 2000 IMPACT

An issue affecting Amerigon and others is the ability of many computer systems and applications to process the Year 2000 and beyond ("Y2K"). To address this problem, in 1998, Amerigon initiated a Y2K program to manage the Company's overall Y2K compliance effort. A team of internal staff is managing the program with assistance of some outside consultants. The team's activities are designed to ensure that there are no material adverse effects on the Company.

The Company is in the assessment phase of its internal information services computer systems associated with the Year 2000. The Company is currently assessing Year 2000 issues related to its non-information technology systems used in product development, engineering, manufacturing and facilities.

The Company is also working with its significant suppliers and financial institutions to ensure that those parties have appropriate plans to address Y2K issues where their systems interface with the Company's systems or otherwise impact its operations. The Company has communicated in writing with all of its principal suppliers to confirm their status in regards to Y2K issues. The Company is assessing the extent to which its operations are vulnerable should those organizations fail to properly remedy their computer systems. The Company does not anticipate that potential Year 2000 issues at the customer level will have a material adverse effect on its ability to conduct normal business.

The Company's Y2K program is well under way and, based on the results of its assessment to date is expected to be complete by mid-1999. While the Company believes its planning efforts are adequate to address its Year 2000 concerns, there can be no assurance that the systems of other companies on which the Company's systems and operations rely will be converted on a timely basis and will not have a material adverse effect on the Company. The Company has not identified a need to develop an extensive contingency plan for non-remediation issues at this time. The need for such a plan is evaluated on an ongoing basis as part of the Company's overall Year 2000 initiative.

Based on the Company's assessment to date, the costs of the Year 2000 initiative (which are expensed as incurred) are estimate to be approximately $20,000.

The cost of the project and the date on which the Company believes it will complete its Year 2000 initiative are forward-looking statements and are based on management's best estimate, according to information available through the Company's assessments to date. However, there can be no assurance that these estimates will be achieved, and actual results could differ materially from those anticipated. Specific factors that might cause such material differences include, but are not limited to, the availability and cost of personnel trained in this area, the retention of these professions, the ability to locate and correct all relevant computer codes, and similar uncertainties. At present, the Company has not experienced any significant problems in these areas.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's investment portfolio consists of cash equivalents with no significant market risk. The Company places its investments in debt instruments of the U. S. government and in high-quality corporate issuers. As stated in its policy, the Company seeks to ensure the safety and preservation of its invested funds by limiting default risk and market risk. The Company has no investments denominated in foreign country currencies and therefore is not subject to foreign exchange risk.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and related financial information required to be filed hereunder are indexed on page F-1 of this report and are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this item is incorporated by reference from the information contained under the captions entitled "Election of Directors," "Executive Officers" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Company's definitive proxy statement to be filed with the Commission in connection with the Company's 1999 Annual Meeting of Stockholders.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference from the information contained under the captions entitled "Executive Compensation," "Executive Compensation Table," "Report of the Compensation Committee on Executive Compensation," "Compensation Committee Interlocks and Insider Participation," "Option Grant Table," "Aggregate Options Exercised and Year-End Values," and "Performance Graph" in the Company's definitive proxy statement to be filed with the Commission in connection with the Company's 1999 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this item is incorporated by reference from the information contained under the caption entitled "Security Ownership of Certain Beneficial Owners and Management" and "Escrow Shares" in the Company's definitive proxy statement to be filed with the Commission in connection with the Company's 1999 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item is incorporated by reference from the information contained under the caption entitled "Certain Transactions" in the Company's definitive proxy statement to be filed with the Commission in connection with the Company's 1999 Annual Meeting of Stockholders.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this report:

1. Financial Statements.

   The following financial statements of the Company and report of independent accountants are included in Item 8 of this Annual Report:

2. Financial Statement Schedule.

   The following Schedule to Financial Statements is included herein:

   Schedule II-- Valuation and Qualifying Accounts, together with the report of independent accountants thereon.

3. Exhibits.

The following exhibits are filed as a part of this report:

EXHIBIT NUMBER	DESCRIPTION
3.1.1	Amended and Restated Articles of Incorporation (the "Articles") of the Company (1)
3.1.2	Certificate of Amendment of Articles filed with the California Secretary of State on December 5, 1996 (3)
3.1.3	Certificate of Amendment of Articles filed with the California Secretary of State on January 26, 1999
3.2	Amended and Restated Bylaws of the Company (3)
4.1.1	Form of Warrant Agreement among the Company, the Underwriter and U.S. Stock Transfer Corporation as Warrant Agent (3)
4.2	Form of Warrant Certificate for Class A Warrant (3)
4.3	Form of Specimen Certificate of Company's Class A Common Stock (1)
4.4	Escrow Agreement among the Company, U.S. Stock Transfer Corporation and the shareholders named therein (1)
10.1	1993 Stock Option Plan, together with Form of Incentive Stock Option Agreement and Nonqualified Stock Option Agreement (1)
10.4	Form of Underwriter's Unit Purchase Option (3)
10.5.1	Stock Option Agreement ("Bell Stock Option Agreement"), effective May 13, 1993, between Lon E. Bell and Roy A. Anderson (3)
10.5.2	List of omitted Bell Stock Option Agreements with Company directors (3)
10.6	Form of Indemnity Agreement between the Company and each of its officers and directors (1)
10.7	License Agreement, dated as of January 20, 1994, by and between the Company and the Regents of the University of California, together with a letter from the Regents to the Company dated September 19, 1996 relating thereto (3)**
10.7.1	Termination of Limited Exclusive License Agreement dated as of June 1998 between the Company and the Regents of the University of California
10.7.2	Limited Nonexclusive License Agreement dated as of June 1998 between the Company and the Regents of the University of California
10.8	Option and License Agreement dated as of November 2, 1992 between the Company and Feher Design, Inc. (1)
10.9	Shareholders Agreement, dated May 13, 1993, by and among the Company and the shareholders named therein (1)
10.10	Stock Purchase Agreement and Registration Rights Agreement between the Company and Fidelity Copernicus Fund, L.P. and Fidelity Galileo Fund, L.P., dated December 29, 1995 (2)
10.11	Stock Purchase Agreement and Registration Rights Agreement between the Company and HBI Financial Inc., dated December 29, 1995 (2)
10.13	Joint Venture Agreement between Yazaki Corporation and Amerigon Incorporated, dated July 22, 1997 (5)
10.14	Amendment to Option and License Agreement between Amerigon and Feher Design dated September 1, 1997 (6)
10.15	Standard Lease dated January 1, 1998 between Amerigon and Dillingham Partners (6)
10.16	Letter Agreement dated December 16, 1998 between the Company and Sudarshan K. Maini
10.17	Securities Purchase Agreement dated March 29, 1999 by and among the Company, Westar Capital II LLC and Big Beaver Investments LLC
10.18	Credit Agreement dated March 29, 1999 between the Company and Big Star Investments LLC
10.19	Security Agreement dated March 29, 1999 between the Company and Big Star Investments LLC
10.20	Patent and Trademark Security Agreement dated March 29, 1999 between the Company and Big Star Investments LLC
10.21	Bridge Warrant dated March 29, 1999
10.22	Share Exchange Agreement dated March 29, 1999 between the Company and Lon E. Bell
21	List of Subsidiaries
23.1	Consent of Price Waterhouse LLP
23.2	Consent of Price Waterhouse LLP
27	Financial Data Schedule

(b) Reports on Form 8-K.

During the quarter ended December 31, 1998, the Company filed no Current Reports on Form 8-K.

- ----------

(1) Previously filed as an exhibit to the Company's Registration Statement on Form SB-2, as amended, File No. 33-61702-LA, and incorporated by reference.

(2) Previously filed as an exhibit to the Company's Current Report on Form 8-K filed January 5, 1996 and incorporated by reference.

(3) Previously filed as an exhibit to the Company Registration Statement on Form S-2, as amended, File No. 333-17401, and incorporated by reference.

(4) Previously filed as an exhibit to the Company's Current Report on Form 8-K, event date June 16, 1997, and incorporated herein by reference.

(5) Previously filed as an exhibit to the Company's Current Report on Form 8-K, event date July 22, 1997, and incorporated herein by reference.

(6) Previously filed as an exhibit to the Company's Current Report on Form 10-K for the period ended December 31, 1997, and incorporated herein by reference.

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of
Amerigon Incorporated (a Development Stage Enterprise)

In our opinion, the financial statements listed in the index appearing under Item(a)(1) and (2) present fairly, in all material respects, the financial position of Amerigon Incorporated (a Development Stage Enterprise) at December 31, 1997 and 1998, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1998, and for the period from April 23, 1991 (inception) to December 31, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has suffered recurring losses and negative cash flows from operations and has a significant accumulated deficit. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

PRICEWATERHOUSECOOPERS LLP

Costa Mesa, California
March 23, 1999

AMERIGON INCORPORATED
(A DEVELOPMENT STAGE ENTERPRISE)

BALANCE SHEET

(IN THOUSANDS)

ASSETS

	DECEMBER 31,	
	1997	1998
Current assets:		
Cash and cash equivalents	$ 6,037	$ 1,667
Short-term investments	2,400	-
Accounts receivable less allowance of $80 in 1997 and $101 in 1998	255	174
Receivable due from joint venture partner (Note 15)	1,000	-
Inventory, primarily raw materials	35	105
Prepaid expenses and other current assets	196	136
Total current assets	9,923	2,082
Property and equipment, net (Note 4)	645	562
Total assets	$ 10,568	$ 2,644

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Accounts payable	$ 650	$ 363
Deferred revenue	97	44
Accrued liabilities (Note 4)	350	485
Total current liabilities	1,097	892
Long-term portion of capital lease (Note 13)	41	26
Commitments and contingencies (Notes 10 and 13)		
Shareholders' equity: (Notes 7, 8 and 9)		
Preferred stock, no par value; 1,000 shares authorized, none issued and outstanding Common stock:		
Class A - no par value; 8,000 shares authorized, 1,910 issued and outstanding in 1997 and 1998 (additional 600 shares held in escrow)	28,149	28,149
Class B - no par value, 600 shares authorized, none issued and outstanding		
Contributed capital	9,882	9,882
Deficit accumulated during development stage	(28,601)	(36,305)
Total shareholders' equity	9,430	1,726
Total liabilities and shareholders' equity	$ 10,568	$ 2,644

See accompanying notes to the financial statements.

AMERIGON INCORPORATED

(A DEVELOPMENT STAGE ENTERPRISE)

STATEMENT OF OPERATIONS

(IN THOUSANDS EXCEPT PER SHARE DATA)

	YEAR ENDED DECEMBER 31,			FROM APRIL 23, 1991 (INCEPTION) TO DECEMBER 31,
	1996	1997	1998	1998
Revenues:				
Product	$ -	$ -	$ 18	$ 18
Development contracts and related grants	7,115	1,281	752	17,962
Grants	332	27	-	6,183
Total revenues	7,447	1,308	770	24,163
Costs and expenses:				
Product	$ -	-	48	$ 48
Direct development contract and related grant costs	11,533	2,586	1,364	22,268
Direct grant costs	210	25	-	4,757
Research and development	2,128	2,072	3,202	14,061
Selling, general and administrative, including reimbursable administrative costs	3,410	4,471	4,098	22,356
Total costs and expenses	17,281	9,154	8,712	63,490
Operating loss	(9,834)	(7,846)	(7,942)	(39,327)
Interest income	48	477	255	1,298
Interest expense	(211)	(71)	(17)	(299)
Gain on disposal of assets	-	2,363	-	2,363
Operating loss before extraordinary item	(9,997)	(5,077)	(7,704)	(35,965)
Extraordinary loss from extinguishment of indebtedness	-	(340)	-	(340)
Net loss	$ (9,997)	$ (5,417)	$ (7,704)	$ (36,305)
Based and diluted net loss per share before extraordinary item	$ (12.31)	$ (2.88)	$ (4.03)	
Base and diluted net loss per share	$ (12.31)	$ (3.08)	$ (4.03)	
Weighted average number of shares outstanding	812	1,758	1,910	

See accompanying notes to the financial statements.

AMERIGON INCORPORATED

(A DEVELOPMENT STAGE ENTERPRISE)

STATEMENT OF SHAREHOLDERS' EQUITY

(IN THOUSANDS)

	Preferred Stock		Common Stock Class A		Common Stock Class B			Deficit Accum. During Devel.	
	Shares	Amount	Shares	Amount	Shares	Amount	Contrib. Capital	Stage	Total
Balance at April 23, 1991 (Inception)	-	$ -	200	$ 100	-	$ -	$ -	$ -	$ 100
Contributed capital-founders' services provided without compensation	-	-	-	-	-	-	111	-	111
Net loss	-	-	-	-	-	-	-	(616)	(616)
Balance at December 31, 1991	-	-	200	100	-	-	111	(616)	(405)
Transfer of common stock to employee by principal shareholder for services	-	-	-	-	-	-	150	-	150
Contributed capital-founders' services provided without compensation	-	-	-	-	-	-	189	-	189
Net loss	-	-	-	-	-	-	-	(1,459)	(1,459)
Balance at December 31, 1992	-	-	200	100	-	-	450	(2,075)	(1,525)
Issuance of common stock (public offering)	-	-	460	11,534	-	-	-	-	11,534
Options granted by principal shareholder for services	-	-	-	-	-	-	549	-	549
Contribution of notes payable to contributed capital	-	-	-	-	-	-	2,102	-	2,102
Net loss	-	-	-	-	-	-	-	(3,640)	(3,640)
Balance at December 31, 1993	-	-	660	11,634	-	-	3,101	(5,715)	9,020
Compensation recorded for variable plan stock option	-	-	-	-	-	-	1	-	1
Net loss	-	-	-	-	-	-	-	(4,235)	(4,235)
Balance at December 31, 1994	-	-	660	11,634	-	-	3,102	(9,950)	4,786
Private placement of common stock	-	-	150	5,636	-	-	1	-	5,637
Compensation recorded for variable plan stock option	-	-	-	-	-	-	12	-	12
Net loss	-	-	-	-	-	-	-	(3,237)	(3,237)
Balance at December 31, 1995	-	-	810	17,270	-	-	3,115	(13,187)	7,198
Exercise of stock options	-	-	4	160	-	-	-	-	160
Repurchase of common stock	-	-	-	(15)	-	-	-	-	(15)
Expenses of sale of stock	-	-	-	(94)	-	-	-	-	(94)
Net loss	-	-	-	-	-	-	-	(9,997)	(9,997)
Balance at December 31, 1996	-	-	814	17,321	-	-	3,115	(23,184)	(2,748)
Issuance of common stock (public offering)	-	-	1,096	10,828	-	-	6,617	-	17,445
Conversion of Bridge Debentures into Class A Warrants	-	-	-	-	-	-	150	-	150
Net loss	-	-	-	-	-	-	-	(5,417)	(5,417)
Balance at December 31, 1997	-	-	1,910	28,149	-	-	9,882	(28,601)	9,430
Net loss	-	-	-	-	-	-	-	(7,704)	(7,704)
Balance at December 31, 1998	-	$ -	1,910	$28,149	-	$ -	$9,882	$(36,305)	$ 1,726

See accompanying notes to the financial statements.

AMERIGON INCORPORATED

(A DEVELOPMENT STAGE ENTERPRISE)

STATEMENT OF CASH FLOWS

(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,			FROM APRIL 23,1991 (INCEPTION) TO DECEMBER 31,
	1996	1997	1998	1998
Operating activities:				
Net loss	$ (9,997)	$ (5,417)	$ (7,704)	$ (36,305)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	357	162	582	1,656
Provision for doubtful accounts	80	-	21	211
Stock option compensation	-	-	-	712
Gain from sale of assets	-	(2,363)	-	(2,363)
Contributed capital-founders' services provided without cash compensation	-	-	-	300
Change in operating assets and liabilities:				
Accounts receivable	(216)	933	60	(385)
Unbilled revenue	311	1,157	-	-
Inventory	223	(35)	(70)	(125)
Prepaid expenses and other current assets	217	548	60	(136)
Accounts payable	444	(1,265)	(287)	15
Deferred revenue	60	(57)	(53)	44
Accrued liabilities	7	(133)	164	550
Net cash used in operating activities	(8,514)	(6,470)	(7,227)	(35,826)
Investing activities:				
Purchase of property and equipment	(182)	(302)	(449)	(2,195)
Proceeds from sale of assets	-	2,800	-	2,800
Receivable from sales of assets	-	(1,000)	-	(1,000)
Proceeds from receivable from sale of assets	-	-	971	971
Short term investments	-	(2,400)	2,400	-
Net cash provided by (used in) investing activities	(182)	(902)	2,922	576
Financing activities:				
Proceeds from sale of common stock, net	(94)	17,595	-	34,772
Proceeds from exercise of stock options	160	-	-	160
Repurchase of common stock	(15)	-	-	(15)
Borrowing under line of credit	5,180	-	-	6,280
Repayment of line of credit	(3,993)	(1,187)	-	(6,280)
Repayment of capital lease	(25)	(2)	(65)	(102)
Proceeds from Bridge Financing	3,000	-	-	3,000
Repayment of Bridge Financing	-	(3,000)	-	(3,000)
Proceeds from note payable to shareholder	200	250	-	450
Repayment of note payable to shareholder	-	(450)	-	(450)
Contributed to capital	-	-	-	2,102
Net cash provided by (used in) financing activities	4,413	13,206	(65)	36,917
Net increase (decrease) in cash and cash equivalents	(4,283)	5,834	(4,370)	1,667
Cash and cash equivalents at beginning of period	4,486	203	6,037	-
Cash and cash equivalents at end of period	$ 203	$ 6,037	$ 1,667	$ 1,667

See accompanying notes to the financial statements.

NOTE 1 -- THE COMPANY

Amerigon Incorporated (the "Company" or "Amerigon") is a development stage enterprise, which was incorporated in California on April 23, 1991, primarily to develop, manufacture and market proprietary, high technology automotive components and systems for gasoline-powered and electric vehicles.

Amerigon's activities through December 31, 1998, include (1) obtaining the rights to the basic technology underlying the climate control seat system, certain radar applications and the interactive voice navigation system; (2) obtaining financing from grants and other sources and conducting development programs related to electric vehicles and its other products; (3) marketing of these development stage products to automotive companies and their suppliers; (4) completing the development, in December 1995, of the audio navigation system; and (5) completing the development in April 1998, of the climate control seats and selling of the first commercial units. Amerigon completed a joint venture for its interactive navigation system (Note 15), and plans to focus continuing development activities on its Climate Control Seat and radar systems. The Company is in the process of formalizing a joint venture for its electric vehicle systems.

The Company augmented the expenditure of its own funds on research and development by seeking and obtaining various grants and contracts with potential customers which support the development of its products and related technologies.

NOTE 2 -- BASIS OF PRESENTATION

BASIS OF PRESENTATION

The Company has suffered recurring losses and negative cash flows from operations since inception and has a significant accumulated deficit. Consequently, in order to fund continuing operations and complete product development, the Company will need to raise additional financing. In this regard, on March 23, 1999, the Board of Directors approved a proposed financing transaction with an investor group to raise additional equity financing and obtain a bridge loan (Note 17). The equity financing, as currently contemplated, will require shareholder approval. Management believes that the proceeds from the equity financing and bridge loan will be sufficient to meet the Company's projected working capital needs through at least the end of 1999. The outcome of such efforts to raise working capital cannot be assured. As such, there is substantial doubt about the Company's ability to continue as a going concern.

The Company's financial statements have been prepared on the basis of accounting principles applicable to a going concern. Accordingly, they do not include any adjustments relating to the recoverability of the carrying amount of recorded assets or the amount of liabilities that might result from the outcome of these uncertainties.

NOTE 3 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of all financial instruments, comprising cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and capital leases, approximate fair value because of the short maturities of these instruments.

USE OF ESTIMATES

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

STATEMENT OF CASH FLOWS

All investments with original maturities of less than 90 days are considered cash equivalents. Cash paid for interest totaled $211,000, $71,000 and $17,000 in 1996, 1997 and 1998, respectively. Capital lease obligations incurred totaled $0, $23,000 and $50,000 in 1996, 1997 and 1998, respectively.

CONCENTRATION OF CREDIT RISK

Financial instruments which subject the Company to concentration of credit risk consist primarily of cash equivalents and accounts receivable. Cash equivalents are invested in the U. S. Treasury securities and money market account of a major U.S. financial services company and the risk is considered limited. The risk associated with accounts receivable is limited by the large size and creditworthiness of the Company's commercial customers and the federal and California government agencies providing grant funding.

INVESTMENTS

As of December 31, 1997, short-term investments to be held to maturity included U. S. Treasury securities of $1,414,000 and commercial paper of $986,000 with scheduled maturities of less than one year. The amortized cost, which includes accrued interest, approximates fair value.

INVENTORY

Inventory, other than inventoried purchases relating to development contracts, is valued at the lower of cost, based on the first-in, first-out basis, or market. Inventory related to development contracts is stated at cost, and is removed from inventory when used in the development project.

PROPERTY AND EQUIPMENT

Property and equipment, including additions and improvements, are recorded at cost. Expenditures for repairs and maintenance are charged to expense as incurred. When property or equipment is retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts. Gains or losses from retirements and disposals are recorded as other income or expense. Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. Management does not believe that there are any material impairments at December 31, 1997 and 1998.

Property and equipment are depreciated over their estimated useful lives ranging from three to five years. Leasehold improvements are amortized over the shorter of their estimated useful lives or the term of the lease. Depreciation and amortization are computed using the straight-line method.

DEVELOPMENT CONTRACT REVENUES

The Company has had a series of fixed-price development contracts, which included (1) specific engineering and tooling services to prepare the Company's products and the related manufacturing processes for commercial sales to certain original equipment manufacturers ("OEMs"); (2) the development of complete electric vehicle systems (Note 11); and (3) prototype products developed during the research and development process, some of which are sold to third parties for evaluation purposes. Revenue is recognized on development contracts using the percentage of completion method or, in the case of short duration contracts, when the prototype or service is delivered. Revenues earned are recorded on the balance sheet as Unbilled Revenue until billed. All amounts received from customers in advance of the development effort are reflected on the balance sheet as Deferred Revenue until such time as the contracted work is performed.

GRANT REVENUES

Revenue from government agency grants and other sources pursuant to cost reimbursement and cost-sharing arrangements (Note 12) is recognized when reimbursable costs have been incurred. Billings on the Company's grant programs are generally subject to the Company achieving certain milestones or complying with billing schedules designated in the grant agreements. Accordingly, delays between the time reimbursable grant costs are incurred and then ultimately billed may occur. Grant revenues earned are recorded on the balance sheet as Unbilled Revenue until billed.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development activities are expensed as incurred. These amounts represent direct expenses for wages, materials and services associated with development contracts, grant program activities and the development of the Company's products. Research and development expenses associated with projects that are specifically funded by development contracts or

grant agreements from customers are classified under Direct Development Contract and Related Grant Costs or Direct Grant Costs in the Statement of Operations. All other research and development expenses that are not associated with projects that are not specifically funded by development contracts or grants from customers are classified under Research and Development. Research and development excludes any overhead or administrative costs.

ACCOUNTING FOR STOCK-BASED COMPENSATION

The Company accounts for employee stock based compensation in accordance with Accounting Principles Board Opinion No. 25 and related interpretations. The disclosures required by Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), have been included in Note 9.

INCOME TAXES

Income taxes are determined under guidelines prescribed by Financial Accounting Standards Board Statement No. 109 ("SFAS 109"), "Accounting for Income Taxes." Under the liability method specified by SFAS 109, deferred tax assets and liabilities are measured each year based on the difference between the financial statement and tax bases of assets and liabilities at the applicable enacted federal and state tax rates. A valuation allowance is provided for the portion of net deferred tax assets considered unlikely to be realized (Note 5).

NET LOSS PER SHARE

Under the provisions of SFAS 128, "Earnings per Share," basic earnings per share ("Basic EPS") is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share ("Diluted EPS") gives effect to all dilutive potential common shares outstanding during a period. In computing Diluted EPS, the treasury stock method is used in determining the number of shares assumed to be purchased from the conversion of common stock equivalents.

Because their effects are anti-dilutive, net loss per share for the years ended December 31, 1996, 1997 and 1998 does not include the effect of 1) 52,230, 73,731 and 168,426, respectively, of stock options outstanding related to the 1993 and 1997 Stock Option Plans with a weighted average exercise price of $47.34, $18.87 and $11.95, respectively; 2) 137,139, 118,768 and 118,442, respectively, of stock options outstanding related to the Bell Options with a weighted average exercise price of $15.51, $13.22 and $13.25, respectively; and 3) 52,951, 1,471,751 and 1,471,751, respectively, of warrants to purchase outstanding shares of Class A Common Stock with exercise prices ranging from $ 25.00 to $48.35 per share.

NOTE 4 -- DETAILS OF CERTAIN FINANCIAL STATEMENT COMPONENTS (IN THOUSANDS)

	DECEMBER 31,	
	1997	1998
PREPAID EXPENSES AND OTHER ASSETS:		
Advances to vendors	$ 133	$ 104
Prepaid insurance	63	32
	$ 196	$ 136
PROPERTY AND EQUIPMENT:		
Equipment	$ 767	$ 1,000
Computer equipment	596	663
Leasehold improvements	214	225
Production tooling	142	330
	1,719	2,218
Less: accumulated depreciation and amortization	(1,074)	(1,656)
	$ 645	$ 562
ACCRUED LIABILITIES:		
Accrued salaries	$ 171	$ 201
Accrued vacation	124	171
Other accrued liabilities	55	113
	$ 350	$ 485

NOTE 5 -- INCOME TAXES

There are no assets or liabilities for income taxes, nor income tax expense included in the financial statements because the Company has losses since inception for both book and tax purposes. As of December 31, 1998, the Company has net operating loss carry forwards for federal and state purposes of $31,791,000 and $14,737,000 respectively, and has generated

tax credits from certain research and development activities of $522,000 and $356,000 for federal and state purposes, respectively. Federal net operating loss carry forwards and tax credits expire from 2008 through 2012 and state net operating loss carry forwards expire from 1999 through 2002. The use of such net operating loss carry forwards would be limited in the event of a change in control of the Company. In 1993, the Company elected to be taxed as a C corporation for both federal and state income tax purposes. Prior to that time, the Company was not subject to federal taxation and was subject to state taxation at a reduced rate (2.5%).

Temporary differences between the financial statement and tax bases of assets and liabilities are primarily attributable to net operating loss and tax credit carry forwards, depreciation, deferred revenue and accrued compensated absences. A valuation allowance of $12,610,000 has been provided for the entire amount of the deferred tax .

NOTE 6 -- EXTRAORDINARY LOSS

In connection with the repayment of debt financing obtained in 1996, the Company recorded a non-cash charge in 1997 of $340,000 resulting from the elimination of the remaining unamortized portion of the deferred debt issuance costs.

NOTE 7 -- COMMON STOCK

The Class A and Class B Common Stock are substantially the same on a share-for-share basis, except that holders of outstanding shares of Class B Common Stock will be entitled to receive dividends and distributions upon liquidation at a per share rate equal to five percent of the per share rate received by holders of outstanding shares of Class A Common Stock. The Class B Common Stock is neither transferable nor convertible and is subject to cancellation under certain circumstances.

FOLLOW-ON PUBLIC OFFERING OF CLASS A COMMON STOCK AND CLASS A WARRANTS

On February 18, 1997, the Company completed a public offering of 17,000 units (the "Units"), each consisting of 56 shares of Class A Common Stock and 56 Class A Warrants to purchase, at $25.00 per share, an equal number of Class A Common Stock, resulting in the issuance of 952,000 shares of Class A Common Stock and 952,000 Class A Warrants. In addition, on March 7, 1997, the underwriter exercised an option to purchase an additional 2,550 Units or 142,800 shares of Class A Common Stock and 142,800 Class A Warrants to cover over allotments. Proceeds to the Company, net of expenses, were approximately $17,445,000. Fees to the underwriter included an option until February 12, 2002, to purchase 340 Units (the "Unit Purchase Option") at 145% of the price to the public. The Unit Purchase Option is not exercisable by the underwriter until February 12, 2000.

ESCROW AGREEMENT

Prior to the effective date of the June 1993 initial public offering of the Company's common stock, 600,000 shares of the Company's Class A Common Stock ("Escrowed Contingent Shares") were deposited into escrow by the then existing shareholders in proportion to their then current holdings. These shares are not transferable (but may be voted) and will be released from escrow in the event the Company attains certain goals including prescribed earnings levels (which have been adjusted for the December 29, 1995 private placement and for the February 1997 follow-on public offering) during the period through December 31, 1998.

The Company did not achieve the goals and, as such, on April 30, 1999, all shares held in Escrow will automatically be exchanged for shares of Class B Common Stock, which will then be released from Escrow.

NOTE 8 -- STOCK WARRANTS

In connection with the Company's June 1993 initial public offering of its common stock, the Company issued to the underwriters warrants to purchase through June 9, 1998, 40,951 shares of Class A Common Stock at $48.35 per, share as adjusted for anti-dilution provisions in the warrant agreements as a result of the December 29, 1995 private placement of Common Stock and the February 7, 1997 Follow-on Public Offering. The Company issued to third parties warrants to purchase 12,000 shares of Class A Common Stock at $51.25 per share as a financial advisory fee in connection with the private placement completed on December 29, 1995. These warrants expire on December 28, 2000. None of the warrants have been exercised as of December 31, 1998.

In connection with debt financing obtained in 1996 and the follow-on public offering completed in 1997 (Note 7), the

Company has warrants outstanding to issue 324,000 and 1,094,800 shares of Class A Common Stock, respectively. Each Class A Warrant entitles the registered holder thereof to purchase, at any time until February 12, 2002, one share of the Company's Class A Common Stock at an exercise price of $25.00, subject to adjustment. Commencing February 12, 1998, the Company may, upon 30 days' written notice, redeem each Class A Warrant in exchange for $.25 per Class A Warrant, provided that before any such redemption, the closing bid price of the Class A Common Stock as reported by the Nasdaq SmallCap Market or the closing bid price on any national exchange (if the Company's Class A Common Stock is listed thereon) shall have, for 30 consecutive days ending within 15 days of the date of the notice of redemption, averaged in excess of $43.75 (subject to adjustment in the event of any stock splits or other similar events). As of December 31, 1998, the Company has not exercised this option and none of these warrants have been exercised.

NOTE 9 -- STOCK OPTIONS

1993 AND 1997 STOCK OPTION PLANS

Under the Company's 1997 and 1993 Stock Option Plans (the "Plans"), as amended in June 1995, 150,000 and 110,000 shares, respectively of the Company's Class A Common Stock are reserved for issuance, pursuant to which officers and employees of the Company as well as other persons who render services to or are otherwise associated with the Company are eligible to receive qualified ("incentive") and/or non-qualified stock options.

The Plans, which expire in April 2007 and 2003, respectively, are administered by the Board of Directors or a stock option committee designated by the Board of Directors. The selection of participants, allotment of shares, determination of price and other conditions are determined by the Board of Directors or stock option committee at its sole discretion, in order to attract and retain personnel instrumental to the success of the Company. Incentive stock options granted under both Plans are exercisable for a period of up to 10 years from the date of grant at an exercise price which is not less than the fair market value of the Common Stock on the date of the grant, except that the term of an incentive stock option granted under the Plans to a shareholder owning more than 10% of the voting power of the Company on the date of grant may not exceed five years and its exercise price may not be less than 110% of the fair market value of the Common Stock on the date of the grant.

OPTIONS GRANTED BY PRINCIPAL SHAREHOLDER ("BELL OPTIONS")

Dr. Lon E. Bell, the chairman and principal shareholder of the Company, has granted options to purchase shares of his Class A Common Stock, 75% of which were Escrowed Contingent Shares. The holder of these options could exercise the portions of his options related to Escrowed Contingent Shares only upon release of these shares from escrow as Class A Common Stock. The option holder had no right to purchase Class B Common Stock should such shares have been released. Accordingly, no such shares are available for purchase by the holder of the option (Note 7).

The following table summarizes stock option activity:

	1993 AND 1997 STOCK OPTION PLANS		BELL OPTIONS	
	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at December 31, 1995	62,998	$ 46.60	163,571	$ 14.70
Granted	6,980	51.80	2,500	51.90
Canceled	(12,813)	52.90	(13,932)	27.00
Exercised	(4,000)	40.00	(16,753)	5.75
Outstanding at December 31, 1996	53,165	47.20	135,386	12.00
Granted	115,880	17.50	-	-
Canceled	(53,408)	46.10	(13,305)	33.45
Exercised	-	-	(2,313)	5.75
Outstanding at December 31, 1997	115,637	18.45	119,768	13.55
Granted	120,995	6.15	-	-
Canceled	(33,462)	13.15	(1,346)	5.75
Exercised	-		-	-
Outstanding at December 31, 1998	203,170	$ 11.95	118,422	$ 13.25

The following table summarizes information concerning currently outstanding and exercisable stock options for the 1993 and 1997 Stock Option Plans as of December 31, 1998:

	OPTIONS OUTSTANDING AT DECEMBER 31, 1998			OPTIONS EXERCISABLE AT DECEMBER 31, 1998	
RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE	WEIGHTED-AVERAGE EXERCISE PRICE
$3.05 - 6.50	74,220	9.4	$ 3.60	-	$ -
11.40 - 18.15	114,000	8.7	15.95	65,998	17.10
20.15 - 21.90	14,123	8.5	21.10	8,255	20.95
48.75 - 56.25	827	6.5	54.76	720	54.58
	203,170			74,973	

The following table summarizes information concerning currently outstanding and exercisable stock options for the Bell Option Plan as of December 31, 1998:

	OPTIONS OUTSTANDING AT DECEMBER 31, 1998			OPTIONS EXERCISABLE AT DECEMBER 31, 1998	
RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE	WEIGHTED-AVERAGE EXERCISE PRICE
$5.75	81,822	4.2	$ 5.75	9,017	$ 5.75
30.00	36,600	4.4	30.00	2,337	30.00
	118,422			11,354	

The Company accounts for these plans under APB Opinion No. 25. Had compensation expense for these plans been determined consistent with SFAS 123, the Company's net loss and net loss per share would have been increased to the pro forma amounts in the following table. The pro forma compensation costs may not be representative of that to be expected in future years.

	YEARS ENDED DECEMBER 31,	
	1997	1998
	(IN THOUSANDS, EXCEPT PER SHARE DATA)	
Net Loss		
As reported	$ (5,417)	$ (7,704)
Pro Forma	(6,136)	(7,929)
Basic and diluted loss per share		
As reported	$ (3.08)	$ (4.03)
Pro Forma	(3.49)	(4.15)

The fair value of each stock option grant has been estimated pursuant to SFAS 123 on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	1993 AND 1997 STOCK OPTION PLANS		BELL OPTION PLAN	
	1997	1998	1997	1998
Risk free interest rates	6%	6%	6%	6%
Expected dividend yield	none	none	none	none
Expected lives	4.3 yrs.	4.3 yrs.	4.3 yrs.	4.3 yrs.
Expected volatility	55%	60%	55%	60%

The weighted average grant date fair values of options granted under the 1993 Stock Option Plan during 1997 and 1998 were $17.90 and $6.26, respectively. No options were granted under the Bell Option Plan during 1997 and 1998.

NOTE 10 -- LICENSES

CLIMATE CONTROL SEAT SYSTEM. In 1992, the Company obtained the worldwide license to manufacture and sell technology for a Climate Control Seat system to individual automotive OEMs. Under the terms of the license agreement, royalties are

payable based on cumulative net sales and do not require minimum payments. The Company has recorded royalty expense under this license agreement of $8,500, $18,000 and $43,000 in 1996, 1997 and 1998, respectively.

RADAR SYSTEM. In January 1994, the Company entered into a license agreement for exclusive rights in certain automotive applications to certain radar technology. Royalties are required to be paid based on cumulative net sales and are subject to minimum annual royalties beginning in 1995. The minimum royalty payments for 1996 and 1997 were $100,000 and $150,000 respectively, and were expensed as Research and Development. The exclusivity portion of this Licensing Agreement was not renewed in 1998 and minimum royalty payments are no longer required.

NOTE 11 -- MAJOR CONTRACTS

In December 1994, the Company entered into contracts with two Asian manufacturing companies to produce approximately 50 aluminum chassis passenger electric vehicle systems. These contracts, together with 1995 additions, were valued at approximately $9,600,000 and were completed in fiscal year 1997. The Company received $4,193,000 and $1,487,000 in 1996 and 1997, respectively. For the years ended December 31, 1996 and 1997, the Company recognized revenue of $5,328,000 and $145,000, respectively, from this contract.

NOTE 12 -- GRANTS

Grant funding received by the Company are essentially cost sharing arrangements whereby the Company obtains reimbursement from the funding source for a portion of direct costs and reimbursable administrative expenses incurred in managing specific programs related to the technologies utilized in the Company's products. The Company is obligated to provide specified services and to undertake specified activities under its arrangement with the funding sources for these programs.

Grant funding received in 1996 and 1997 of $840,000 and $389,000 respectively, related to CALSTART, Inc., a not-for-profit consortium of public and private entities (Note 14) which was organized to support programs designed to promote the development of advanced transportation including the advancement of electric vehicles. The Company did not receive any grant funding in 1998.

NOTE 13 -- COMMITMENTS AND CONTINGENCIES

The Company leases its facility in Irwindale, California for $20,000 per month under an agreement which expires December 31, 2002. Rent expense under all of the Company's operating leases was $595,000, $415,000 and $266,000 for 1996, 1997 and 1998, respectively. Future minimum lease payments under this lease are $240,000 in 1999, 2000, 2001 and 2002.

The Company has entered into certain office and computer equipment leases under long-term lease arrangements which are reported as capital leases. The terms of the leases range from three to five years with interest rates ranging from 11.8% to 19.7%. Future minimum lease payments under these capital leases are $45,000, $13,000, $6,000 and $6,000, respectively, for years ending December 31, 1999, 2000, 2001 and 2002 of which $6,000 represents total interest to be paid and $39,000 was included in accounts payable at December 31, 1998.

NOTE 14 -- RELATED PARTY TRANSACTIONS

Dr. Bell, Chairman of the Board and the principal shareholder of the Company, co-founded CALSTART (Note 12) in 1992, served as its interim President, and for the last five years has served on CALSTART's Board of Directors and is a member of its Executive Committee. Included in accounts receivable at December 31, 1997 and 1998 was a receivable owed to the Company from CALSTART of $153,000 and $41,000, respectively, relating primarily to amounts withheld from payments made by CALSTART under several grant programs. In addition, in December 1995, the Company signed a thirteen-month lease with CALSTART for a 24,000 square foot manufacturing and office facility located in Alameda, California for an advance payment of $450,000 and $11,000 per month. The lease expired in 1997.

The Company leases its current facilities from a partnership which is controlled by Dr. Bell. The Company believes that the terms of the lease are at least as favorable as those that could be obtained from other lessors.

NOTE 15 -- JOINT VENTURE AGREEMENT

On July 24, 1997, the Company entered into a joint venture agreement with Yazaki Corporation ("Yazaki") to develop and market the Company's Interactive Voice System (IVS-TM-), a voice activated navigation system. Under the terms of the agreement, the Company received $1,800,000 in cash and a note receivable for $1,000,000 in consideration for the net assets related to Amerigon's voice interactive technology totaling $89,000. In addition, the Company incurred costs of $348,000 associated with the sale. In 1998, the Company received approximately $971,000 in payment of the remaining $1,000,000 noted above. The $971,000 is net of approximately $29,000 of prior year navigation system related expenses owed by Amerigon to IVS.

On December 16, 1998, the Company entered into a Letter Agreement with a group of Companies controlled by Sudaishan K. Maini (the "Maini Group") to develop and market the Company's electric vehicle systems ("EV"). Under the terms of the Letter Agreement, the Company would receive a 25% interest in a company to be formed as well as received royalties in exchange for contribution of certain assets and technology to the joint venture. The Company's net book value of such assets was nil at December 31, 1998. This agreement will be assigned to a subsidiary to be formed by the Company (Note 17).

NOTE 16 -- SEGMENT REPORTING

In 1998, the Company adopted SFAS 131, "Disclosures about Segments of an Enterprise and Related Information" which requires the Company to disclose certain segment information used by management for making operating decisions and assessing the performance of the Company. Essentially, management evaluates the performance of its segments based primarily on operating results before depreciation and selling, general and administrative costs. Such accounting policies used are the same as those described in Note 3.

The Company's reportable segments are as follows:

- - CLIMATE CONTROL SEATS (CCS) - variable temperature seat climate control system designed to improve the temperature comfort of automobile passengers.

- - RADAR - radar-based sensing system that detects objects that reflects radar signals near the automobile and provides an audible or visual signal as the driver approaches the object.

- - ELECTRIC VEHICLE SYSTEMS (EV) - design and development of electric vehicles and related components. The Company is currently in the process of formalizing a joint venture for its electric vehicles systems (Note 15).

- - INTERACTIVE VOICE NAVIGATION (IVS-TM-) - voice recognition technology incorporating proprietary features and computer systems which allows the driver to receive directions to their destination while driving their vehicle. In 1997, the Company entered into a joint venture agreement whereby all related assets were sold (Note 15).

The table below presents information about the reported revenues and operating loss of Amerigon for the years ended December 31, 1998, 1997 and 1996 (in thousands). Asset information by reportable segment is not reported, since management does not produce such information.

	CCS	RADAR	EV	IVS-TM-	RECONCILING ITEMS	AS REPORTED
1998						
Revenue	$ 396	$ 329	$ 45	$ -	$ -	$ 770
Operating loss	(2,844)	(455)	(545)	-	(1)(4,098)	(7,942)
1997						
Revenue	451	135	611	111	-	1,308
Operating loss	(978)	(702)	(1,194)	(501)	(1)(4,471)	(7,846)
1996						
Revenue	258	311	6,168	710		7,447
Operating loss	(17)	(378)	(4,904)	(1,125)	(1)(3,410)	(9,834)

(1) Represents selling, general and administrative costs of $3,053,000, $4,309,000 and $3,516,000, respectively, including

depreciation expense of $357,000, $162,000 and $482,000, respectively, for years ended December 31, 1998, 1997 and 1996.

Revenue information by geographic area (in thousands):

	YEARS ENDED DECEMBER 31,		
	1996	1997	1998
United States - Commercial	$ 598	$ 211	$ 58
United States - Government	1,700	416	103
Asia	5,114	556	461
Europe	35	125	148
Total Revenues	$ 7,447	$ 1,308	$ 770

In 1998, three customers, two foreign (CCS) and one government (Radar) represented 12%, 30% and 13% of the Company's sales. In 1997, three customers, one foreign and one government (EV) and one foreign (CCS/Radar) represented 11%, 30% and 19% of the Company's sales. In 1996, two customers, one foreign and one government (EV) represented 63% and 15% of the Company's sales.

NOTE 17--SUBSEQUENT EVENTS

On January 28, 1999, the Company effected a 1 for 5 reverse stock split. Share information for all periods has been retroactively adjusted to reflect the split.

On March 23, 1999, the Company's Board of Directors agreed to form a subsidiary to hold the Company's electric vehicle systems ("EV") operations (Note 15). Pursuant to discussions held among the Company's Board of Directors and Dr. Bell, Chairman of the Board and a significant shareholder of the Company, the Company agreed to sell to Dr. Bell a 15% interest in the EV subsidiary for $88,000. The Board of Directors also approved a proposal to sell to Dr. Bell its remaining 85% interest in the EV subsidiary in exchange for all of his Class B Common Stock (to be released from escrow April 30, 1999) in order to satisfy a condition of the proposed financing described below. The Class B Common Stock will be cancelled. The sale of the remaining interest in the EV subsidiary is subject to shareholder approval. The net assets of the EV operation were nil at December 31, 1998.

On March 23, 1999, the Board of Directors approved a proposed financing transaction (the "Financing") with an investor group. Under the terms of the Financing the Company will issue 9,000 shares of Series A Preferred Stock and Warrants to purchase up to 1,651,180 shares of Class A Common Stock in exchange for $9,000,000. The Series A Preferred Stock will initially be convertible into 5,373,134 shares of Class A Common Stock. The Financing is subject to shareholder approval. It is anticipated that an affiliate of the investor group will extend up to $1,200,000 in loans bearing interest at 10% per annum which is due and payable upon the earlier of the closing of the Financing or September 30, 1999. The affiliate will also receive warrants to purchase 300,000 shares of Class A Common Stock.

AMERIGON INCORPORATED
SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 1996, 1997 AND 1998
(IN THOUSANDS)

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	CHARGED TO COSTS AND EXPENSES	CHARGED TO OTHER ACCOUNTS	DEDUCTIONS FROM RESERVES	BALANCE AT END OF PERIOD
ALLOWANCE FOR DOUBTFUL ACCOUNTS					
Year Ended December 31, 1996.....	$ 100	$ 80	$ -	$ (100)	$ 80
Year Ended December 31, 1997	80	-	-	-	80
Year Ended December 31, 1998.....	80	27	-	(6)	101
ALLOWANCE FOR DEFERRED INCOME TAX ASSETS					
Year Ended December 31,1996.....	3,919	3,242	-	-	7,161
Year Ended December 31, 1997	7,161	2,118	-	-	9,279
Year Ended December 31,1998.....	9,279	2,726	-	-	12,005

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMERIGON INCORPORATED

By: /s/ Lon E. Bell

Lon E. Bell, Ph.D.

CHIEF EXECUTIVE OFFICER
AND
CHAIRMAN OF THE BOARD

March 29, 1999
(Date)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

SIGNATURE	CAPACITY	DATE
/s/ Lon E. Bell Lon E. Bell, Ph. D.	Chief Executive Officer and Chairman of the Board	March 29, 1999
/s/ Richard A. Weisbart Richard A. Weisbart	President and Chief Operating Officer	March 29, 1999
/s/ Roy A. Anderson Roy A. Anderson	Director	March 29, 1999
/s/ John W. Clark John W. Clark	Director	March 29, 1999
/s/ Michael R. Peevey Michael R. Peevey	Director	March 29, 1999
/s/ Scott O. Davis Scott O. Davis	Chief Financial Officer and Secretary	March 29, 1999

CERTIFICATE OF AMENDMENT

OF

AMENDED AND RESTATED
ARTICLES OF INCORPORATION

OF

AMERIGON INCORPORATED

Lon E. Bell and Scott O. Davis certify that:

1. They are the duly elected and acting Chairman of the Board and Secretary, respectively, of Amerigon Incorporated, a California corporation (the "Corporation").

2. Article III, paragraph (1) of the Corporation's Amended and Restated Articles of Incorporation is amended to read as follows:

"(1) The total number of shares which the Corporation is authorized to issue is 25,600,000, of which 20,000,000 shall be Class A Common Stock, without par value, 600,000 shall be Class B Common Stock, without par value, and 5,000,000 shall be Preferred Stock, without par value.

On the effective date of the filing of this Amendment to the Amended and Restated Articles of Incorporation (the "Effective Date"), the Class A Common Stock of the Corporation will be reverse split on a one-for-five basis so that each share of Class A Common Stock issued and outstanding immediately prior to the Effective Date shall automatically be converted into and reclassified as one-fifth a share of Class A Common Stock (the "Reverse Split"). No fractional shares will be issued by the Corporation as a result of the Reverse Split. In lieu thereof, each shareholder whose shares of Class A Common Stock are not evenly divisible by five will receive an amount of cash equal to the average of the last sale price of the pre-split Class A Common Stock, as reported on the NASDAQ Small Cap Market (or other market on which the Class A Common Stock is trading) for the ten trading days immediately preceding the Effective Date."

3. The foregoing amendment of the Amended and Restated Articles of Incorporation has been duly approved by the Board of Directors of the Corporation.

4. The Corporation has only shares of Class A Common Stock outstanding. The foregoing amendment has been duly approved by the required vote of shareholders in accordance with Section 902 of the California General Corporation Law; the total number of outstanding shares of the Corporation is 12,550,445; the number of shares voting in favor of the amendment equaled or exceeded the vote required; and the percentage vote required was more than 50% of the outstanding shares.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Executed at Irwindale, California, on January 25, 1999.

/s/ Lon E. Bell

Lon E. Bell

/s/ Scott O. Davis

Scott O. Davis

TERMINATION OF LIMITED EXCLUSIVE LICENSE AGREEMENT

FOR

ULTRA-WIDEBAND (UWB) IMPULSE RADAR-BASED TECHNOLOGY FOR AUTOMOTIVE FIELD OF USE

BETWEEN

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

AND

AMERIGON, INCORPORATED

LLNL CASE NO. TL-796-94

LAWRENCE LIVERMORE NATIONAL LABORATORY
UNIVERSITY OF CALIFORNIA
P.O. BOX 808, L-795, LIVERMORE, CA 94550
INDUSTRIAL PARTNERSHIPS AND COMMERCIALIZATION
JUNE, 1998

TERMINATION OF
LICENSE AGREEMENT NO. TL-796-94

FOR ULTRA-WIDEBAND (UWB)
IMPULSE RADAR-BASED TECHNOLOGY

FOR AUTOMOTIVE FIELD OF USE

BETWEEN THE REGENTS of the University of (Licensor) and Amerigon, Incorporated (Licensee).

WHEREAS, Licensee desires to terminate the subject Limited Exclusive License and replace it with a Non Exclusive License;

WHEREAS, Licensor desires to terminate TL-796-94 and to replace it with a separate Non Exclusive License covering the Transportation Field of Use;

NOW THEREFORE, in consideration and mutual covenants contained herein, the parties hereto agree as follows:

1. Subject to the following changes in the subject agreement and the simultaneous execution of a Non Exclusive License for the transportation field of use covering the Ultra-Wideband Impulse Radar-Base Technology Licensee and Licensor hereby terminate the subject agreement under Article 11, effective _____, 1998.

2. Based on the termination of the license and it's replacement with a Non Exclusive License, the 90 day requirement for notice in Article 11 and all future minimum annual fees under part C in Exhibit 2 are waived including $200,000 which was due January 1, 1998.

IN WITNESS WHEREOF, both THE REGENTS and the LICENSEE have executed this Agreement, in duplicate originals, by their respective officers hereunto duly authorized, on the day and year hereinafter written.

AMERIGON, INCORPORATED	THE REGENTS OF THE UNIVERSITY, OF CALIFORNIA
By: /s/ LON E. BELL	By:
(Signature)	(Signature)
Name: Lon E. Bell	Name:
Title: CEO	Title:
Date signed: July 20, l998	Dated signed:_____, 1998

LIMITED NONEXCLUSIVE LICENSE AGREEMENT

FOR

MICROPOWER ULTRA-WIDEBAND IMPULSE RADAR

FOR TRANSPORTATION FIELD OF USE

BETWEEN

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

AND

AMERIGON, INCORPORATED

LLNL CASE NO. TL-1556-98

LAWRENCE LIVERMORE NATIONAL LABORATORY
UNIVERSITY OF CALIFORNIA
P.O. BOX 808, L-795, LIVERMORE, CA 94550
INDUSTRIAL PARTNERSHIPS AND COMMERCIALIZATION

JUNE, 1998

TABLE OF CONTENTS

- ---

LIMITED NONEXCLUSIVE LICENSE AGREEMENT FOR

MICROPOWER ULTRA-WIDEBAND IMPULSE RADAR

FOR TRANSPORTATION FIELD OF USE

This Agreement is by and between THE REGENTS of the University of California (hereinafter referred to as "THE REGENTS"), a corporation organized and existing under the laws of the State of California, and having its statewide administration address at 300 Lakeside Drive, Oakland, California 94612-3550, and Amerigon, Incorporated, a corporation organized and existing under the laws of the State of California and having its principal place of business at 5462 Irwindale Avenue, Irwindale, CA 91706-2058 (hereinafter referred to as "LICENSEE"). Both THE REGENTS and LICENSEE are hereinafter jointly referred to as the "Parties". Upon THE REGENTS receipt of LICENSEE's payment of the License Issue Fee described in Exhibit B (LICENSE FEES AND ROYALTY RATE), this Agreement is effective from the date of execution by the last signing party ("Effective Date"). This Agreement and the resulting license is subject to overriding obligations to the Federal Government pursuant to the provisions of THE REGENTS' Contract No. W-7405-ENG-48 with the United States Department of Energy (DOE) for the operation of the Lawrence Livermore National Laboratory ("LLNL") and DOE's grant of patent rights to THE REGENTS.

1. BACKGROUND

1.1 The development of the Licensed Patents (as later defined herein) was sponsored in part by the U.S. Department of Energy ("DOE") and, as a consequence, this Agreement and the resulting license is subject to overriding obligations to the Federal Government pursuant to the provisions of the applicable contract and/or regulations.

1.2 THE REGENTS is desirous that the Licensed Patents be developed and utilized to the fullest extent so that the benefits can be enjoyed by the general public, and is willing to grant a nonexclusive license thereunder.

1.3 LICENSEE has represented to THE REGENTS to induce THE REGENTS to enter into this Agreement, that LICENSEE is experienced in the development, production, manufacture, marketing and sale of products similar to the "Licensed Product(s)" (as later defined herein), and that it shall commit itself to utilizing THE REGENTS' Licensed Patents commercially so that public benefit and royalty income to THE REGENTS shall result therefrom; and

1.4 LICENSEE represents Licensed Product(s) or part thereof shall be integrated into stand alone/end use products by LICENSEE and not sold by the LICENSEE in any other form, such as electronic chips or circuit boards independent of an integrated stand alone or end use product except for complete functioning circuit boards sold as end products less enclosures to original equipment manufacturers.

1.5 LICENSEE desires to obtain a limited nonexclusive license under THE REGENTS' Licensed Patents upon the terms and conditions hereinafter set forth.

THEREFORE the parties agree as follows:

2. DEFINITIONS

2.1 "Affiliate(s)" of a party means any entity which, directly or indirectly, controls such party, is controlled by such party or is under common control with such party;

"control" for these purposes being defined as the actual, present capacity to elect a majority of the directors of such Affiliate, or if not, the capacity to elect at least half of the members that control at least fifty percent (50%) of the outstanding stock or other voting rights entitled to elect directors; provided, however, that in any country where the local law shall not permit foreign equity participation of a majority, then an "Affiliate" shall include any company in which LICENSEE shall own or control, directly or indirectly, the maximum percentage of such outstanding stock or voting rights permitted by local law. Each reference to LICENSEE herein shall be meant to include its Affiliate(s).

2.2 "Field of Use" shall mean the applications of the Licensed Product(s) as listed in Exhibit C (FIELD OF USE), which is attached hereto.

2.3 "Licensed Patent(s)" means the United States patents and corresponding foreign patents enumerated in Exhibit A ("THE REGENTS' LICENSED PATENT(S)") attached to this Agreement. Licensed Patents shall not include improvement patents, continuations in part applications, patents and certificates of addition and utility models and patents which may issue thereupon.

2.4 A "Licensed Product" shall mean any and all products and methods which:

(a) is covered in whole or in part by an issued, unexpired claim or a pending claim contained in THE REGENTS' Licensed Patent(s) in the Territory and/or

(b) which employ or are produced by the practice of the inventions claimed in issued patents of the Licensed Patents and/or

(c) employ or are produced by the practice of the invention claimed in THE REGENTS Licensed Patent(s) whose manufacture, use or sale would constitute, but for the license granted to LICENSEE pursuant to this Agreement, an infringement of any claim in THE REGENTS' Licensed Patents.

2.5 "Net Sales" shall mean LICENSEE's billings for Licensed Product(s) produced hereunder, less the sum of the following:

(a) discounts allowed in amounts customary in the trade;

(b) sales taxes, customs and tariff duties, and/or use taxes which are directly imposed and are with reference to particular sales;

(c) outbound transportation prepaid or allowed;

(d) amounts allowed or credited on returns; and

(e) with respect to foreign sales, LICENSEE may reduce the Net Sales by any value-added taxes imposed by the government of such countries before computing the royalties due.

Net Sales shall not include sales to the U.S. Government. No deductions shall be made for commissions paid to individuals whether they be with independent sales agencies or regularly employed by LICENSEE and on its payroll, or for cost of collections. Licensed Product(s) shall be considered "sold" when billed out or invoiced.

2.6 "Net Selling Price" as used in this Agreement for the purpose of computing royalties shall mean gross invoice selling price of the Licensed Product, less the deductions under section 2.5. Net Selling Price to the U.S. Government shall be reduced by the amount of the royalty payment.

2.7 "Territory": Worldwide

3. LICENSE GRANT

3.1 Subject to the terms of this Agreement, THE REGENTS hereby grants to the LICENSEE a nontransferable, nonexclusive, royalty-bearing license under THE REGENTS' Licensed Patents to make, have made, use, lease, and sell the Licensed Product(s) in the Territory as limited by Article 13 (PATENT PROSECUTION AND MAINTENANCE) for the Field-of-Use set forth under Article 2.2 for the term set forth under Article 8 (LIFE OF THE AGREEMENT), unless sooner terminated according to the terms hereof.

The license granted hereunder shall not be construed to confer any rights upon the LICENSEE by implication, estoppel, or otherwise as to any technology or know-how not specifically set forth herein.

The LICENSEE is not licensed to make, have made, use, lease or sell electronic chips, separate components or circuit boards covered by or derived from THE REGENTS Licensed Patent(s) or Licensed Product(s) to others independent of an integrated stand alone or end use Licensed Product except for complete functioning circuit boards sold as end products less enclosures to original equipment manufacturers.

Any license granted hereunder shall be subject to the prior license retained by the Federal Government which consists of a non-exclusive, nontransferable, irrevocable, paid-up license to practice THE REGENTS Licensed Patent(s) for or on behalf of the United States throughout the world.

3.2 The parties acknowledge that the Federal Government has certain march-in rights to THE REGENTS' Licensed Patent(s) in accordance with 35 USC 203.

3.3 No rights to sublicense are granted under this license Agreement.

4. ROYALTIES AND PAYMENTS

4.1 The license issue fee and royalty rate for the license that is the subject of this Agreement shall be in accordance with this Article 4.

4.2 Royalties and fees due hereunder shall accrue and be paid to THE REGENTS according to this Article 4 and the attached Exhibit B (LICENSE FEES AND ROYALTY RATE), which is incorporated herein.

4.3 Where Licensed Product(s) are not sold, but are otherwise disposed of or used, the Net Selling Price of such products and/or processes for the purposes of computing royalties shall be the selling price at which products of similar kind and quality, sold in similar quantities, are currently being offered for sale by the LICENSEE. Where such products are not currently being offered for sale by the LICENSEE, the Net Selling Price of products otherwise disposed of or used, for the purpose of computing royalties, shall be the average selling price at which products of similar kind and quality, sold in similar

quantities, are then currently being offered for sale by other manufacturers. Where such products are not currently sold or offered for sale by others, then the Net Selling Price, for the purpose of computing royalties, shall be the LICENSEE's cost of manufacture determined by LICENSEE's customary accounting procedures, plus the LICENSEE's standard mark-up. The LICENSEE shall keep track of Licensed Product(s) used internally by the LICENSEE for process development, test, demonstration, prototype samples for the purpose of creating customer interest or acceptance, or Licensed Product(s) manufactured but unsold and unused but these shall not be subject to royalty payments until otherwise used.

4.4 Under this Agreement, Licensed Product(s) shall be considered to be sold when invoiced, or if not invoiced, when delivered for use or lease to a third party or use by LICENSEE not excluded above, except that upon expiration of all Licensed Patents covering such Licensed Product(s), or upon any termination of license, all shipments made on or prior to the day of such expiration or termination which have not been billed out prior thereto shall be considered as sold (and therefore subject to royalty). Royalties paid on Licensed Product(s) which are not accepted by the LICENSEE's customer shall be credited to the LICENSEE.

4.5 The LICENSEE shall pay to THE REGENTS a minimum annual royalty as defined in Exhibit B (LICENSE FEE AND ROYALTY RATE). This minimum annual royalty shall be paid to THE REGENTS by January 1 of each year and shall be credited against the earned royalty due and owing for that calendar year.

4.6 The LICENSEE shall pay to THE REGENTS an earned royalty, as defined in the attached Exhibit B (LICENSE FEE AND ROYALTY RATE), on all Licensed Product(s) sold or used by the LICENSEE.

4.7 Earned royalties for Licensed Product(s) sold under this Agreement in any country in the Territory shall accrue to THE REGENTS for the duration of THE REGENTS' Licensed Patent(s) in the United States.

4.8 Earned royalties accruing to THE REGENTS shall be paid to THE REGENTS by February 28, May 31, August 31, and November 30. Each payment to THE REGENTS will be for any and all royalties which accrued to THE REGENTS within the most recently completed calendar quarter, less any credits for minimum royalties paid per Article 4.5 above.

4.9 All monies due THE REGENTS shall be payable in United States funds collectible at par in San Francisco, California. When Licensed Product(s) are sold for monies other than United States dollars, the earned royalties will first be determined in the foreign currency of the country in which Licensed Product(s) were sold and then converted into equivalent United States Funds. The exchange rate will be that established by the Bank of America in New York, New York on the last business day of the reporting period and will be quoted in the Continental terms methods of quoting exchange rates (local currency per U.S. dollar). The LICENSEE shall be responsible for all bank transfer charges.

4.10 If at any time legal restrictions prevent the prompt remittance by the LICENSEE of part or all royalties due with respect to any country outside the United States where a

Licensed Product is sold, the LICENSEE shall have the right and option to make such payments by depositing the amount thereof in local currency to THE REGENTS' account in a bank or other depository in such country.

4.11 No royalties shall be collected or paid hereunder on Licensed Product(s) distributed to or used by the United States Government, including any agency thereof and the amount charged for such sales to the United States Government will be reduced by an amount equal to the royalty otherwise due THE REGENTS.

4.12 Notwithstanding any other provision of this Agreement, no royalty payments are due or payable on any products not covered by outstanding patent filing(s) or then currently valid Licensed Patent(s).

5. DUE DILIGENCE

5.1 The LICENSEE, upon execution of this Agreement, shall diligently proceed with the development, manufacture and sale of Licensed Product(s) and shall earnestly and diligently endeavor to market the same within a reasonable time after execution of this Agreement and in quantities sufficient to meet the market demands, and to comply with the minimum royalties specified in part C of Exhibit B (LICENSE FEE AND ROYALTY RATE). LICENSEE is solely responsible for designing, developing, engineering and commercializing the Licensed Product(s).

5.2 The LICENSEE shall be entitled to exercise prudent and reasonable business judgment in meeting its due diligence obligations in accordance with this Agreement.

5.3 The LICENSEE shall demonstrate a continuing effort to market the Licensed Product(s) to meet market demands following the LICENSEE's first offer of Licensed Product(s) for sale.

6. PROGRESS AND ROYALTY REPORTS

6.1 Prior to the first sale of Licensed Product(s) anywhere in the world, the LICENSEE shall submit a progress report covering the LICENSEE's activities related to the development and testing of the Licensed Product(s). After the first such sale and/or commercial use, the LICENSEE shall submit a quarterly royalty report by February 28, May 31, August 31, and November 30 of each calendar year for the most recently completed calendar quarter, giving such particulars of the business conducted by the LICENSEE under this Agreement as shall be pertinent to a royalty accounting hereunder. These shall include at least the following:

(a) number of Licensed Product(s) in each application manufactured and sold or otherwise subject to royalty payments under Article 4 (ROYALTIES AND PAYMENTS) by country;

(b) the gross sales, net sales and Net Selling Price of Licensed Product(s) sold by LICENSEE during the most recently completed calendar quarter;

(c) the royalties, in U.S. dollars, payable hereunder with respect to such sales;

(d) with each report submitted, the LICENSEE shall pay to THE REGENTS the royalties due and payable under this Agreement. If no royalties shall be due, the LICENSEE shall so report.

6.2 On or before the one-hundred-twentieth (120th) day following the close of the LICENSEE's fiscal year, the LICENSEE shall provide THE REGENTS with the LICENSEE's certified financial statements for the preceding fiscal year including, at a minimum, a Balance Sheet and an Operating Statement, which are to be protected as proprietary information and not disseminated to other parties.

6.3 If no sale or use of Licensed Product(s) has been made during any reporting period, a statement to that effect shall be required in the royalty report filed for that period.

7. BOOKS AND RECORDS

7.1 The LICENSEE shall keep books and records accurately showing all Licensed Product(s) developed, manufactured, used, and/or leased and/or sold or otherwise disposed of under the terms of this Agreement. Such books and records shall be preserved for at least five (5) years from the date of the royalty payment to which they pertain and shall be open to inspection by representatives or agents of THE REGENTS at all reasonable times, provided that reasonable notice is given.

7.2 The fees and expenses incurred by THE REGENTS' representatives or agents to perform an examination of the royalty reports shall be borne by THE REGENTS. However, if an error in royalties accounting of more than five percent (5%) of the total royalties due for

any year is discovered, then the fees and expenses incurred by THE REGENTS' examination shall be borne by LICENSEE.

8. LIFE OF THE AGREEMENT

8.1 Unless otherwise terminated by operation of law or by acts of the parties in accordance with the terms of this Agreement, this Agreement shall be in force from the Effective Date and shall remain in force for the life of the last-to-expire issued patent of the Licensed Patent(s) licensed under this Agreement. As patents expire, Licensed Product(s) covered by an expired patent but not by other Licensed Patent(s) will not be subject to further royalty payments.

8.2 Any termination of this Agreement shall not affect the rights and obligations set forth in the following Articles:

Article 7 Books and Records

Article 13 Patent Prosecution and Maintenance

Article 14 Use of Names and Trademarks

Article 19 Indemnification and Insurance

Article 25 Export Control Laws

9. DISPUTES

9.1 The Parties shall attempt to jointly resolve all disputes (such joint resolution may include non-binding arbitration) arising from this Agreement. If the Parties are unable to jointly resolve a dispute within a reasonable time, then the Parties or either of them shall have the right to commence proceedings in a court of competent jurisdiction. U.S. Federal law

is to govern the Agreement to the extent there is such law. To the extent that there is no applicable U.S. Federal law, this Agreement and performance thereunder shall be governed by the law of the State of California without reference to that State's conflicts of law provisions.

10. TERMINATION BY THE REGENTS

10.1 The right to terminate this Agreement, if exercised by THE REGENTS, supersedes the rights granted in Article 3 (LICENSE GRANT). If the LICENSEE should fail to perform any material term or covenant of this Agreement, THE REGENTS may give written notice of such default ("Notice of Default") to the LICENSEE. If the LICENSEE should fail to remedy with satisfaction and tangible evidence that the deficiency has been cured within sixty (60) days of the effective date of such Notice of Default, THE REGENTS shall have the right to terminate this Agreement and the licenses granted herein by a second written notice ("Notice of Termination"). If Notice of Termination is sent to the LICENSEE, this Agreement shall automatically terminate on the effective date of such notice. The LICENSEE's failure to pay any royalty or other fee by the date required under Exhibit B (LICENSE FEE AND ROYALTY RATE) shall be considered to be a material breach subject to termination of the license.

Termination of this Agreement shall not relieve the LICENSEE of any obligation or liability accrued hereunder prior to such termination, or rescind any payments due or paid to THE REGENTS hereunder prior to the time such termination becomes effective. Such termination shall not affect, in any manner, any rights of THE REGENTS arising under this Agreement prior to such termination.

11. TERMINATION BY LICENSEE

11.1 The LICENSEE shall have the right at any time to terminate this Agreement by giving notice in writing to THE REGENTS. Termination of this Agreement by the LICENSEE shall be effective ninety (90) days from the effective date of such notice. Any termination of this Agreement shall not affect the rights and obligations set forth in Article 8.2.

12. DISPOSITION OF LICENSED PRODUCT(S) ON HAND UPON TERMINATION

12.1 Upon termination of this Agreement for any reason other than expiration of Licensed Patent(s), LICENSEE shall provide THE REGENTS, within forty-five (45) days following the effective date of termination, with a written inventory of all Licensed Product(s) in process of manufacture or in stock, and shall dispose of such Licensed Product(s) within one hundred and twenty (120) days of the effective date of termination, provided, however, that the sales of all such Licensed Product(s) shall be subject to the terms of this Agreement.

13. PATENT PROSECUTION AND MAINTENANCE

13.1 THE REGENTS shall at its sole discretion pursue and maintain the Licensed Patent(s) using counsel of its choice, and such Licensed Patents will be held in the name of THE REGENTS. THE REGENTS shall have the exclusive rights to control the prosecution of the Licensed Patents.

13.2 THE REGENTS may, at its sole discretion, amend any patent application to include claims requested by the LICENSEE to reasonably protect the products contemplated to be sold or methods used under this Agreement.

13.3 The cost of preparing, filing, prosecuting and maintaining the United States Licensed Patents enumerated in Exhibit A ("THE REGENTS' LICENSED PATENT(S)") shall be borne by THE REGENTS.

13.4 If LICENSEE wishes to obtain foreign license rights on certain specified Licensed Patent(s), then LICENSEE shall request and pay for, as provided in this Article 13, the REGENTS' patent protection in those foreign countries if available. LICENSEE must notify THE REGENTS immediately following the effective date of this license of its decision to request these license rights. The notice concerning foreign filing shall be in writing and must identify the countries desired. The absence of such a notice to THE REGENTS shall be considered as an election not to desire such foreign license rights. THE REGENTS shall provide LICENSEE with an estimate of the foreign filing costs and may request an up front payment prior to pursuing such foreign filing. THE REGENTS may at its sole discretion then obtain patent protection on the specified Licensed Patents in foreign countries if available. Such foreign-filed patents shall be held in the name of THE REGENTS and shall be obtained using counsel of THE REGENTS' choice. Estimates of patent charges to be shared are defined in Article 13.5 and the REGENTS may request an up front payment.

13.5 The preparation, filing, and prosecution of foreign patent applications, as well as the maintenance of the resulting patents, shall be at the shared expense of all royalty paying

Licensees to the Licensed Patents that have requested and been granted such foreign license rights. THE REGENTS shall invoice LICENSEE for payment of its share of costs for foreign patent application preparation, filing, prosecution, and maintenance. If such payment is not received within ninety (90) days, such foreign license rights shall be automatically excluded from this license agreement. Any overpayments by LICENSEE for foreign patent filing and maintenance costs resulting from sharing of such costs by other Licensees shall be credited towards LICENSEE's future foreign patent cost obligations.

13.6 LICENSEE's obligation to underwrite and to pay its share of patent prosecution costs shall continue for so long as this Agreement remains in effect, unless LICENSEE terminates its obligations with respect to any given patent application or patent upon ninety (90) days written notice to THE REGENTS. THE REGENTS will use its best efforts to curtail patent costs when such notice is received from LICENSEE. THE REGENTS may continue prosecution and/or maintenance of such application(s) or patent(s) at its sole discretion. In that event, LICENSEE shall have no further rights or licenses thereunder.

13.7 THE REGENTS shall have the right to file patent applications at its own expense in any country in which LICENSEE has not elected to desire patent rights, and such applications and resultant patents shall not be subject to this Agreement. Such foreign patent rights shall be excluded from this Agreement.

14. USE OF NAMES AND TRADEMARKS AND NONDISCLOSURE AGREEMENT

14.1 Nothing contained in this Agreement shall be construed as conferring any right to use in advertising, publicity or other promotional activities any name, trade name, trademark, or other designation of either party hereto (including any contraction, abbreviation, or simulation of any of the foregoing). The use of the name "LLNL" or "The Regents of the University of California" or the name of any University of California campus is expressly prohibited.

It is understood that THE REGENTS shall be free to release to the inventors the terms and conditions of this Agreement upon request of the inventors. If such release is made, THE REGENTS shall request that the inventors not disclose such terms and conditions to others. It is further understood that should a third party inquire whether a license to Licensed Patents is available, THE REGENTS may disclose the existence of this Agreement and the extent of the grant in Article 3 (LICENSE GRANT) to such third party, but shall not disclose the terms of this Agreement or the name of The LICENSEE, except where THE REGENTS is required to release information under either the California Public Records Act or other applicable law.

15. LIMITED WARRANTY

15.1 THIS LICENSE AND THE ASSOCIATED REGENTS' INTELLECTUAL PROPERTY RIGHTS IS PROVIDED WITHOUT WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER WARRANTY, EXPRESS OR IMPLIED. THE REGENTS MAKES NO REPRESENTATION OR

WARRANTY THAT THE REGENTS' INTELLECTUAL PROPERTY RIGHTS, LICENSED PATENT(S) LICENSED PRODUCT(S) WILL NOT INFRINGE ANY PATENT OR OTHER PROPRIETARY RIGHT.

15.2 IN NO EVENT WILL THE REGENTS BE LIABLE FOR ANY INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES RESULTING FROM EXERCISE OF THIS LICENSE OR THE USE OF THE REGENTS' INTELLECTUAL PROPERTY RIGHTS, LICENSED PATENT(S) OR LICENSED PRODUCT(S).

15.3 NEITHER THE UNITED STATES DEPARTMENT OF ENERGY, NOR ANY OF ITS EMPLOYEES, MAKES ANY WARRANTY, EXPRESS OR IMPLIED, OR ASSUMES ANY LEGAL LIABILITY OR RESPONSIBILITY FOR THE ACCURACY, COMPLETENESS, OR USEFULNESS OF ANY INFORMATION, APPARATUS, OR PRODUCT DISCLOSED, OR REPRESENTS THAT ITS USE WOULD NOT INFRINGE PRIVATELY OWNED RIGHTS.

15.4 Nothing in this Agreement shall be construed as:

15.4a A warranty or representation by THE REGENTS as to the validity or scope of any of THE REGENTS' Licensed Patents;

15.4b A warranty or representation that anything made, used, sold or otherwise disposed of under any license granted in this Agreement is, or will be, free from infringement of patents of third parties;

15.4c Any obligation to bring or prosecute actions or suits against third parties for

patent infringement;

15.4d Conferring by implication, estoppel or otherwise any license or rights under any patents to THE REGENTS other than Licensed Patent(s) as defined herein, regardless of whether such patents are dominant or subordinate to Licensed Patent(s); or

15.4e An obligation to furnish any know-how except copies of patents.

16. PATENT INFRINGEMENT

16.1 In the event that LICENSEE shall learn of any substantial infringement of any Licensed Patent(s) under this Agreement, LICENSEE shall call THE REGENTS' attention thereto in writing and shall provide THE REGENTS with reasonable evidence of such infringement.

17. WAIVER

17.1 It is agreed that no waiver by either party hereto of any breach or default of any of the covenants or agreements herein set forth shall be deemed a waiver as to any subsequent and/or similar breach or default.

18. ASSIGNABILITY

18.1 This Agreement is binding upon and shall inure to the benefit of THE REGENTS, its successors and assigns, but shall be personal to LICENSEE and not assignable by the LICENSEE.

19. INDEMNIFICATION AND INSURANCE

19.1 The LICENSEE agrees to indemnify, hold harmless and defend THE REGENTS, and DOE, their officers, employees, and agents; the inventors of the inventions disclosed in the patents and patent applications in Licensed Patent(s) against any and all claims, suits, losses, damage, costs, fees, and expenses resulting from or arising out of exercise of this license. The LICENSEE shall pay any and all costs incurred by THE REGENTS in enforcing this indemnification, including reasonable attorney fees. The LICENSEE shall be solely liable for the LICENSEE's infringement of patents exclusively licensed to other Licensees as described in Article 2.2 and as listed in Section IV of Exhibit C (FIELD OF USE) and shall indemnify, hold harmless, and defend THE REGENTS and DOE, their officers employees and agents under this Article 19 for any such acts of this infringement.

19.2 The LICENSEE, at its sole cost and expense, shall insure its activities in connection with this Agreement to fulfill LICENSEE's indemnification obligation under this Article 19 and obtain, keep in force and maintain insurance with an insurance company acceptable to THE REGENTS, which acceptance shall conform to reasonable business standards, as follows: A minimum level of two million dollars ($2,000,000) of Comprehensive or Commercial Form General Liability Insurance (including contractual liability and products liability).

The coverages referred to in this Article 19 shall not in any way limit the liability of LICENSEE. LICENSEE shall furnish THE REGENTS with certificates of insurance, including renewals, evidencing compliance with all requirements at least thirty (30) days

prior to the first commercial sale, or distribution of Licensed Product.

19.2a If such insurance is written on a claims-made form, coverage shall provide for a retroactive date of placement prior to or coinciding with the effective date of this License Agreement.

19.2b LICENSEE shall maintain the general liability insurance specified herein during (a) the period that the Licensed Product or Licensed Method is being commercially distributed or sold (other than for the purpose of obtaining regulatory approvals) by the LICENSEE or by an affiliate, or agent of the LICENSEE and (b) a reasonable period thereafter, but in no event less than one (1) year. LICENSEE's failure to maintain this liability insurance shall be considered a material breach of this license Agreement.

19.3 Insurance coverage as required under Article 19.2 above, shall:

19.3a Provide for a thirty-(30)-day, advance written notice to THE REGENTS of cancellation or of any modification.

19.3b Indicate that DOE, The Regents of the University of California and its officers, employees, students, and agents, have been endorsed thereon as additional insureds.

19.3c Include a provision that the coverages will be primary and will not participate with, nor will be excess over, any valid and collectible insurance or program of self-insurance carried or maintained by THE REGENTS.

19.4 The provisions of this Article 19 shall survive the term of this Agreement.

20. LATE PAYMENTS

20.1 In the event royalty payments or fees are not received by THE REGENTS when due, the LICENSEE shall pay to THE REGENTS interest charges at the rate of five percent (5%) plus the rate of interest that is charged by the San Francisco Federal Reserve Bank to member banks twenty-five (25) days prior to the date the payment was due.

21. NOTICES

21.1 Any royalty payment, royalty report, notice or other communication required or permitted to be given to either party hereto shall be in writing and shall be deemed to have been properly given and to be effective on (a) the date of delivery if delivered in person, or (b) the fifth (5th) day after mailing if mailed by first-class certified mail, postage paid, to the respective addresses given below, or to such other address as shall be designated by written notice given to the other party as follows:

In the case of the LICENSEE:

AMERIGON, INCORPORATED
5462 Irwindale Avenue
Irwindale, CA 91706-2058
Phone: (626) 815-7400
Fax: (626) 815-7401
Attention: President

In the case of THE REGENTS:

All correspondence, original progress reports, and royalty reports:

Lawrence Livermore National Laboratory
Industrial Partnerships & Commercialization
P.O. Box 808, L-795
7000 East Ave.
Livermore, CA 94550
Attention: Director, IPAC
Facsimile: (510) 423-8988

Payments and copies of corresponding royalty reports:

Lawrence Livermore National Laboratory
P.O. Box 5517
Livermore, CA 94550

22. GOVERNING LAWS

22.1 This Agreement shall be interpreted and construed in accordance with Federal laws and the laws of the State of California, USA, as modified by the provisions of University of California/DOE Contract No. W-7405-ENG-48, without regard to the doctrine of the conflict of laws.

23. PATENT MARKING

23.1 When Licensed Product(s) are made, used and/or sold under Licensed Patent(s), the LICENSEE agrees to mark all Licensed Product(s), and their containers, in accordance with the applicable patent marking laws.

24. GOVERNMENT APPROVAL OR REGISTRATION

24.1 If this Agreement or any associated transactions is required by the law of any nation or be either approved or registered with any governmental agency, LICENSEE will assume all legal obligations to do so. LICENSEE will notify THE REGENTS if it becomes aware that this Agreement is subject to a United States or foreign government reporting or approval requirement. LICENSEE will make all necessary filings and pay all costs including fees, penalties, and all other out-of-pocket costs associated with such reporting or approval process.

25. EXPORT CONTROL LAWS

25.1 The LICENSEE shall observe and comply with all applicable United States and foreign laws and regulations with respect to the International Traffic in Arms Regulations (ITAR), and the Export Administration Regulations.

26. FORCE MAJEURE

26.1 No failure or omission by THE REGENTS or the LICENSEE in the performance of any obligation under this Agreement shall be deemed a breach of this Agreement or create any liability if the same shall arise from any cause or causes beyond the control of THE

REGENTS or the LICENSEE including, but not limited, to the following: Acts of God, acts or omissions of any government or agency thereof, compliance with requirements, rules, regulations, or orders of any governmental authority or any office, department, agency, or instrumentality thereof, fire, storm, flood, earthquake, accident, acts of the public enemy, war rebellion, insurrection, riot, sabotage, invasion, quarantine, restriction, transportation embargoes, or failures or delays in transportation.

27. U.S. COMPETITIVENESS

27.1 The LICENSEE agrees that any and all products produced by practice of the inventions disclosed in the Licensed Patents anywhere in the world including, but not limited to, Licensed Product(s) for applications, use, or sale shall be designed and manufactured substantially in the United States and that the LICENSEE is not Licensed to make, have made, use and/or lease the Licensed Product(s) anywhere in the world, including (country of Licensee), except for the Field of Use set forth under Article 2.2.

28. MISCELLANEOUS

28.1 The headings of the several sections are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

28.2 This Agreement will be binding upon the Parties when it has been executed by each of the Parties hereto as of the date of execution by the last signing Party and contingent on THE REGENTS receipt of the Issue Fee described in Exhibit B (LICENSE FEES AND ROYALTY RATE).

28.3 No amendment or modification hereof shall be valid or binding upon the Parties unless made in writing and signed on behalf of each Party.

28.4 This Agreement embodies the entire understanding of the Parties and shall supersede all previous communications, representations, or understandings, either oral or written, between the Parties relating to the subject matter hereof.

28.5 In case any of the provisions contained in this Agreement shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions hereof, but this Agreement shall be construed as if such invalid or illegal or unenforceable provisions had never been contained herein.

28.6 This Agreement and the exchange of technical information between the parties pursuant to it are covered by the existing Mutual Nondisclosure Agreement between the parties.

28.7 NO AGENCY: Neither party named herein shall in any way be considered an agent of the other.

IN WITNESS WHEREOF, both THE REGENTS and the LICENSEE have executed this Agreement, in duplicate originals, by their respective officers hereunto duly authorized, on the day and year hereinafter written.

AMERIGON, INCORPORATED

By: /s/ LON E. BELL

(Signature)

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

By:_____
(Signature)

Name: /s/ LON E. BELL	Name:_____
Title: CEO	Title:_____
Date signed: July 20, 1998	Date signed: _____, 1998

EXHIBIT A -"THE REGENTS' LICENSED PATENT(S)"

The Licensed Patents are as follows:

IL-909lA, "Ultra-Wideband Receiver," (U.S. Patent No. 5,345,471), issued on 9/6/94, by Thomas Edward McEwan

IL-909lB, "Ultra-Wideband Receiver," (CIP of IL-909lA, U.S. Patent No. 5,523,760), issued on 6/4/96, by Thomas Edward McEwan

IL-9092, "Ultra-Wideband Radar Motion Sensor,"(U.S. Patent No. 5,361,070), issued on 11/1/94, by Thomas Edward McEwan

IL-9197, "Impulse Radar Stud Finder," (CIP of IL 9091A, U.S. Patent No. 5,457,394), issued on 10/10/95, by Thomas Edward McEwan

IL-9318, "Two Terminal Micropower Radar Sensors," (U.S. Patent No. 5,465,094), issued on 11/7/95, by Thomas Edward McEwan

IL-9426, "Electromagnetic Hidden Object Detector," (CIP of IL- 9197, U.S. Patent No. 5,512,834), issued on 4/30/96, by Thomas Edward McEwan

IL-9514, "Range-gated field disturbance sensor with range-sensitivity compensation," (U.S. Patent No. 5,521,600), issued on 5/28/96, by Thomas Edward McEwan

IL-9515, "Micropower RF Transponder," (U.S. Patent Application), by Thomas Edward McEwan

IL-9516, "Time-of-Flight Radio Location System," (CIP of IL-9197 which is CIP of 9091A, U.S. Patent No. 5,510,800), issued on 4/23/96, by Thomas Edward McEwan

IL-9547, "Electronic Multi-Purpose Material Level Sensor," (U.S. Patent No. 5,609,059), dated 3/11/97, by Thomas Edward McEwan

IL-9567, "Short Range, Ultra-Wideband Radar with High Resolution Swept Range Gate," (CIP of IL-9516, U.S. Patent Application), by Thomas Edward McEwan

IL-9567B, "Short Range, Ultra-Wideband Radar with High Resolution Swept Range Gate with Damped Transmit and Receive Cavities," (CIP of IL-9567, U.S. Patent Application), by Thomas Edward McEwan

IL-9595, "Range Gated Strip Proximity Sensor," (U.S. Patent No. 5,581,256), dated 12/3/96, by Thomas Edward McEwan

IL-9613, "Micropower Material Sensor," (U.S. Patent Application), by Thomas Edward McEwan

IL-9648, "Phase-Coded, Micro-Power Impulse Radar Motion Sensor," (U.S. Patent No. 5,519,400), dated 5/21/96, by Thomas Edward McEwan

IL-9649, "Light Beam Range Finder," (CIP of IL-9567, U.S. Patent Application), by Thomas Edward McEwan

IL-9650, "Narrow Field Electromagnetic Sensor System and Method," (CIP of IL-9516, U.S. Patent No. 5,576,627), dated 11/19/96, by Thomas Edward McEwan

IL-9727, "Short Range Radio Locator System," (CIP of IL-9516, U.S. Patent No. 5,589,838), dated 12/31/96, by Thomas Edward McEwan

IL-9772, "Precision Digital Pulse Phase Generator," (U.S. Patent No. 5,563,605), issued on 10/8/96, by Thomas Edward McEwan

IL-9779, "Window-Closing Safety System," (CIP of IL-9547, U.S. Patent Application), by Thomas Edward McEwan

IL-9797, "Ultra-Wideband Directional Sampler," (CIP of IL-909lB, U.S. Patent No. 5,517,198), issued on 5/14/96, by Thomas Edward McEwan

IL-9798, "High Accuracy Electronic Materials Level Sensor," (CIP of IL-9547, U.S. Patent No. 5,610,611), dated 3/11/97, by Thomas Edward McEwan

IL-9340, "Body Monitoring and Imaging Apparatus and Method," (U.S. Patent No. 5,573,012), issued on 11/12/96, by Thomas Edward McEwan (ADDITIONAL TO MEDICAL AND VOICE RECOGNITION FIELDS OF USE ONLY)

EXHIBIT B - LICENSE FEES AND ROYALTY RATE

NOTICE

This Exhibit B contains financial and commercial information deemed Business Confidential and the parties hereby agree not to use or to disclose the terms agreed to herein to any third party without the express written consent of the other party hereto except to those necessary to enable the parties to perform under this Agreement or as may be required by THE REGENTS' contract with the U.S. Department of Energy under the same restrictions.

In accordance with Article 4 ROYALTIES AND PAYMENTS:

A. The LICENSEE shall pay THE REGENTS a License Issue Fee of ONE-HUNDRED THOUSAND AND NO/100 DOLLARS ($100,000) payable within ten (10) days of final execution by both parties of this Agreement. The License Issue Fee is nonrefundable.

B. As a further consideration for this license, the LICENSEE shall pay to THE REGENTS an earned royalty fee based upon the following formula or thirty cents ($.30) per unit of Licensed Product whichever is greater:

Cumulative Net Sales of Licensed Product(s)/Systems Incorporating the Licensed Patent(s)	Earned Royalty Fee
0 to $5,000,000	5%
over $5,000,000-$15,000,000	4%
over $15,000,000	3%

C. The LICENSEE shall pay THE REGENTS a non refundable fully-creditable (only against the same year's earned royalty) minimum annual royalty according to the

following schedule for the life of any license granted under this Agreement, beginning on:

MINIMUM ANNUAL FEE TO MAINTAIN A NON-EXCLUSIVE LICENSE	
$25,000	January 1,1999
$25,000	January 1st of every year thereafter during license term

EXHIBIT C - FIELD OF USE

APPLICATION UNDER THE FIELD OF USE LICENSED HEREIN:

I. The "Field-of-Use" Licensed under this license shall mean the Field of Use of the Licensed Patents and the Licensed Product(s) for:

TRANSPORTATION

II. This License excludes the following fields of use for all Licensed Patents and Licensed Product(s):

a. medical;

b. voice recognition equipment;

c. security and energy conservation;

d. residential, commercial, and industrial automation;

e. entertainment;

f. material evaluation;

g. tools;

h. communications;

i. underground detection;

j. buried military mine and ordnance detection;

k. military, other than buried mine and ordnance detection;

l. radar camera;

m. other fields of use not expressly listed in Section I or expressly excluded in Sections II, III, or IV of this exhibit.

III. The LICENSEE is not licensed to make, have made, use, lease or sell electronic chips, separate components or circuit boards covered by or derived from THE REGENTS Licensed Patents or Licensed Product(s) to others independent of an integrated stand alone or end use Licensed Product except for complete functioning circuit boards sold as

end products less enclosures to original equipment manufacturers.

IV. The following field of use listed in paragraph A below and described in the specific patents and patent applications listed in paragraph B (referenced from "Exhibit A" "THE REGENTS" LICENSED PATENT(S)") has been previously exclusively licensed and is specifically excluded from the Field of Use:

A* The following Fields of Use have been previously exclusively licensed to another Licensee:

a) Construction tool application as a hand-held and self-contained wall, ceiling and floor scanner without video or computer imaging capability or tie-in, except for video or computer imaging capability having 128 lines of resolution or less, for locating hidden objects within eighteen (18) inches of the scanner, including, but not limited to, between-wall studs; joints and other structural and nonstructural members made from wood, metal, and other materials; also including, but not limited to, pipes, conduit, reinforcing steel, and electrical wires.

b) Construction tool application as a hand-held and self-contained scanner without video or computer imaging capability or tie-in, except for video or computer imaging capability having 128 lines of resolution or less, for locating buried objects in concrete and soil at various depths, including, but not limited to, pipes, wires, sewer lines, drainage systems, and pipelines.

B. IL-909lA, IL-909lB, IL-9092, IL-9197, IL-9318, IL-9426, IL-9516, IL-9567,

IL-9567B, IL-9469, IL-9650, IL-9727, IL-9797.

*All applications not specifically set forth above, under this part IV.B were not previously licensed including, but not limited to, law enforcement, military, security, medical, and all other industrial, consumer and commercial applications.

AMENDMENT ONE TO

STANDARD LIMITED NONEXCLUSIVE LICENSE AGREEMENT

FOR

MICROPOWER ULTRA-WIDEBAND IMPULSE RADAR

FOR

TRANSPORTATION
FIELD OF USE

BETWEEN

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

AND

AMERIGON, INCORPORATED

LLNL CASE NO. TL-1556-98

LAWRENCE LIVERMORE NATIONAL LABORATORY
UNIVERSITY OF CALIFORNIA
P.O. BOX 808, L-795, LIVERMORE, CA 94550
INDUSTRIAL PARTNERSHIPS AND COMMERCIALIZATION
JUNE, 1998

AMENDMENT ONE TO

LIMITED NONEXCLUSIVE LICENSE AGREEMENT

FOR

MICROPOWER IMPULSE RADAR

BETWEEN

AMERIGON, INCORPORATED

AND

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

LLNL CASE NO. TL-1556-98

This Amendment (this "Amendment") to the Limited Nonexclusive License Agreement is entered into as of this _____ day of _____, 1998 (the "Effective Date") by and between The Regents of the University of California, a corporation organized and existing under the laws of the State of California, and having its statewide administration address at 300 Lakeside Drive, Oakland, California 94612-3550, U.S.A. ("THE REGENTS"), and Amerigon, Incorporated, a corporation duly organized under the laws of California and having its registered place of business at 5462 Irwindale Avenue, Irwindale, CA 91706-2058 ("LICENSEE").

RECITALS

WHEREAS, the parties desire to enter into that certain Limited Nonexclusive License Agreement, dated as of even date herewith (the "License Agreement"), for the grant of certain rights to LICENSEE with respect to THE REGENTS' Micropower Wideband Impulse Radar technology following termination of Licensee's Limited Exclusive License No. TL-796-94; and

WHEREAS, the parties desire to amend the Regent's Standard License Agreement pursuant to the terms and conditions set forth in this Amendment, which the parties have agreed shall be executed at the same time as the License Agreement and shall be attached to and incorporated by reference in the License Agreement;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties agree to the following terms and conditions, which set forth the rights, duties, and obligations of the parties:

AGREEMENT

1. CONTINUATION OF PROVISIONS

Except as expressly modified by this Amendment, all terms, conditions and provisions of the License Agreement shall continue in full force and effect as set forth in the License Agreement. Except as otherwise modified or defined herein, all capitalized terms in this Amendment have the same meanings as set forth in the License Agreement. In the event of any inconsistency or conflict between the License Agreement and this Amendment, the terms, conditions and provisions of this Amendment shall govern and control.

2. EXHIBIT A

The following Licensed Patents are deleted because they were not included in Licensee's previous License No. TL-796-94 or Amendment thereto.

IL-9514
IL-9515
IL-9547
IL-9595
IL-9613
IL-9648
IL-9772
IL-9779
IL-9798
IL-9340

3. EXHIBIT B

3.1 Delete the entire language under Part A and replace it with the following:

A. The Standard License Issue Fee to be paid by Licensee of One-Hundred Thousand and no/100 Dollars ($100,000) is waived because this license replaces a previous Limited Exclusive License held by Licensee under which an issue fee was paid.

3.2 Delete the entire language under Paragraph C and replace it with the following:

A. The Licensee shall pay THE REGENTS a non refundable fully-creditable (only against the same year's earned royalty) minimum annual royalty according to the following schedule for the life of any license granted under this Agreement, beginning on:

Minimum Annual Fee to Maintain a Non-Exclusive License	Payment Due Date
0	January 1, 1999
0	January 1, 2000
0	January, 1, 2001
0	January 1, 2002
0	January 1, 2003
$25,000	January 1st of every year thereafter

4. MISCELLANEOUS

4.1 BACKGROUND, DUE DILIGENCE, PROGRESS AND ROYALTY REPORTS. The extent of Licensee's commitment to develop, manufacture and sell "Licensed Product(s)" under Sections 1.3, 5 and 6 shall be solely based upon Licensee's good business judgement. Royalty reporting requirements are deferred until after the first sale or commercial use of LICENSE PRODUCT(S)".

4.2 Under Article 6.2 a quantitative summary of the business of LICENSEE under the subject license for each fiscal year signed by a corporate officer will fulfill the requirement of Article 6.2 in lieu of a certified financial statement including a Balance Sheet and Operating Statement. An officer of Licensee shall provide a copy of its public Annual Report to Licensor upon request.

4.3 INCORPORATION BY REFERENCE. Except as otherwise modified herein, the provisions of Section 28 ("Miscellaneous") of the License Agreement are incorporated by reference into this Amendment.

4.4 ENTIRE AGREEMENT. In Section 28.4 of the License Agreement, after the word "Agreement" shall be inserted the following: ", including, without limitation, the Exhibits and the Amendment to this Agreement, which are attached hereto and incorporated herein by this reference,".

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by duly authorized representatives of the parties as of the Effective Date.

LICENSEE:	LICENSOR:
AMERIGON, INCORPORATED	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA
By: /s/ LON E. BELL	By:
(Signature)	(Signature)
Name: Lon E. Bell	Name:
Title: CEO	Title:
Date: July 20, 1998	Date:

LETTER AGREEMENT

This Letter Agreement entered into this 16th day of December, 1998 at Bangalore, between:

SUDARSHAN K.MAINI, an Indian citizen, having his address at Maini Sadan, Lavelle Road, Bangalore, acting for himself and

MAINI MATERIALS MOVEMENT PVT.LTD., a company incorporated and registered under the Companies Act, 1956 and having its registered office at 122 Bommasandra Industrial Estate, Bangalore, and

MAINI PRECISION PRODUCTS PVT.LTD., a company incorporated and registered under the Companies Act, 1956 and having registered office at B-59 Peenya Industrial Estate, Bangalore,

HEREINAFTER COLLECTIVELY REFERRED TO AS "MAINI" (which expression shall unless be repugnant to the context or meaning thereof be deemed to include their successors in interest and permitted assigns) of THE FIRST PART.

AND

Amerigon Incorporated, a company incorporated under the laws of the United States of America, having is principal place of business at 5462, Irwindale Avenue, California, 91706, U.S.A., HEREINAFTER REFERRED TO AS "AMERIGON", (which expression shall unless it be repugnant to the context or meaning thereof, be deemed to include its successors in interest and permitted assigns) of THE SECOND PART.

This letter sets forth our agreement with respect to the formation, capitalization and operation of a proposed joint venture company ("NEWCO") which will design,

manufacture, test, distribute, sell, and service ROAD WORTHY (as defined below) electric powered vehicles (collectively, the "PRODUCTS") in India, Sri Lanka, Bangladesh, Pakistan, Nepal, Myanmar, Seychelles and the Maldives (collectively, the "TERRITORY") utilizing technology owned by Amerigon Incorporated ("AMERIGON"). ROAD WORTHY vehicles shall mean cars, vans, trucks, busses, 3-wheel and 2-wheel electric vehicles for on-road use, but excluding industrial, construction, agricultural, golf and other non-road vehicle types.

Our understanding includes the following terms and conditions to be incorporated in DEFINITIVE AGREEMENTS:

1. BACKGROUND.

(a) Amerigon has developed, designed and tested preproduction prototypes of an electric powered automobile known as the "REVA" (the "REVA") and has manufactured REVA vehicles is small quantities. Amerigon owns a variety of technology relevant to the design and manufacturing of electric automobiles, including a patented energy management system. Amerigon owns certain tooling for pre-production of the REVA and has considerable production know-how. Amerigon will license its technology and know-how for Road Worthy electric vehicles to Newco which will include: (1) exclusive rights to manufacture and sell the REVA in the Territory, (2) exclusive license to all of Amerigon's patents related to its Energy Management System, Climate Control Seat System and Electric Vehicle Safety Systems for all electric vehicles manufactured in the Territory and (3) exclusive license to all of

Amerigon's current and future electric vehicle technology in connection with the manufacture and sale of electric vehicles in the Territory.

(b) Sudarshan K. Maini, acting for himself, Maini Materials Movement (an Indian corporation) and Maini Precision Products, Pvt. Ltd. (collectively "Maini") manufactures and assembles precision automotive components, castings and granite tiles. In addition, Maini designs, manufactures, sells and services in-plant material handling equipment including electric tow tractors, pallet trucks, stackers and dock levelers. Maini has also been involved in various aspects of the REVA project including market research, vehicle design, vendor development, part costing, homologation and testing. Maini has land, buildings, equipment, infrastructure, capital and management expertise that would be valuable to launching Newco and desires to have an equity stake in Newco. Maini may include as investors in such members of his family and also such companies or bodies corporate owned and controlled by Maini and nominated by him to be participants in Newco.

(c) Chetan Maini ("CM") has been an employee of Amerigon and the program manager for the REVA project for over four years. He is also the son of Sudarshan Maini. It is anticipated that CM will initially serve as the Managing Director of Newco.

(d) It is contemplated that Newco will be jointly owned by Amerigon, Maini, CM, David Bell, Bob Marcellini and one or more additional investors (the "INVESTORS") who have yet to be determined.

2. FORMATION OF NEWCO.

(a) Newco will be an Indian Private Limited Company registered under the Company Act. Maini and Amerigon shall take the necessary steps for registration of Newco. If legally available, the name of the new company will be "REVA Electric Car Company Private Limited". Mutually acceptable charter and bylaw documents shall be prepared and shall give effect to the terms agreed upon between Maini and Amerigon in conformity with the terms hereof. Maini shall take responsibility for securing additional investors and Amerigon shall assist Maini in the process.

(b) The principal business purposes of Newco will be (i) the design, manufacture, assembly and testing of the Product(s) throughout the Territory, (ii) marketing, distributing and selling the Product(s) throughout the Territory, (iii) servicing the Product(s) sold throughout the Territory, (iv) developing technology related to electric vehicles, (v) establishing a manufacturing facility as further described in the mutually agreed upon outline of the Operating Plan attached hereto as SCHEDULE A and (vi) engaging in such other activities as may be incidental or necessary to the foregoing.

3. CAPITALIZATION OF NEWCO

(a) The parties will seek to capitalize Newco as described in SCHEDULE B attached hereto. Amerigon's capital contribution to Newco shall consist of (1) the license to Newco of its electric vehicle ("EV") technology on an exclusive basis for the manufacture, distribution, sale and servicing of the

Products in the Territory, (2) the contribution in-kind of certain tangible assets (electric vehicles and manufacturing kits as set forth on SCHEDULE A), and (3) those other assets described in SCHEDULE A attached hereto. Maini's capital contribution will consist of (1) the homologation certification including sales tax and road tax exemptions/concessions, (2) market research and studies for the REVA, (3) supplier information and test results and (4) cash and in-kind capital contribution as described in SCHEDULE A attached hereto and shall be made at the times and in the manner specified in SCHEDULE A hereto. CM, Bob Marcellini and David Bell will each receive equity as set forth on SCHEDULE B in the form of a restricted stock grant for services rendered in the past and future. Such restricted stock will be non-transferable until vested. 30% of such stock for each will vest immediately and the remainder will vest in equal monthly amounts over a three year period from the formation of Newco or earlier upon such person completing providing services to Newco as specified in the SCHEDULE A. Failure to provide services as contemplated by the Operating Plan will result in a forfeiture of the restricted stock grant. In addition, US$2.67 million is intended to be raised from Investors. A portion of the equity (4.5%) will be reserved for future issuance for purposes including a stock option plan (which may not exceed 2% of the total capital), raising additional capital, and issuance to employees in exchange for salary reduction (for such purpose, at a price of 50% of the then fair market value of the equity). Except as set forth in the preceding sentence, all future non-cash contributions shall be valued at fair market value or other mutually agreeably valuation method.

(b) The charter documents of Newco will contain effective prohibitions on Maini and CM individually or collectively having 50% or greater ownership of Newco or having the right to appoint a majority of the members or the Board of Directors of Newco. It is understood that if at start-up we do not have all the investors, and hence there exists unclassified shares, Maini Group and CM will not be allowed to purchase additional shares such that their cumulative ownership in the company exceeds 50%. Notwithstanding the previous sentences, under the following conditions Maini and CM, collectively or individually can be allowed to have greater than 50% ownership and consequently rights to appoint a majority of the Board of Directors: (1) if Amerigon sells more than half of its initial equity holding in Newco to Maini or any other third party, excluding transfers to persons as required by contracts existing on the date hereof, (2) if future additional financing is required and approved by the Board of Directors, and Amerigon or other investors do not invest additional funds to maintain their proportionate ownership, and Maini provides financing and obtains a 50% or greater ownership interest in Newco, (3) per section 6(c), if a third party sells its interest in Newco, and Maini participates in such a sale that its ownership exceeds 50% and (4) if financial guarantees are required as per section 13(c), then the resultant compensation for providing such guarantees may result in Maini and CM owning greater than 50%.

(c) No party to Newco shall have any obligation to contribute additional capital to Newco unless agreed upon by such party.

4. NEWCO GOVERNANCE.

(a) Newco shall have a Board of Directors (the "BOARD") consisting of not more than fifteen (15) directors, with at least one director to be selected by each of Maini, Amerigon and the Investors. The Board will also have outside directors. One director shall be the Managing Director of Newco. The Managing Director shall be appointed by the mutual consent of Amerigon and Maini and shall be a professionally qualified person. The Managing Director shall serve at the pleasure of the Board of Directors and be appointed upon such terms and conditions as the parties may mutually agree upon. Chetan Maini shall be the first Managing Director of the company. The Chairman of the Board shall be a director appointed by Maini and the Vice-Chairman shall be a director appointed by Amerigon. The term of each of the other directors, except the Chairman, shall be for three (3) years. A director appointed by a particular party may be replaced at any time by such party upon notice to the other parties. Any replacement director shall be satisfactory to the other parties. A director may be removed only by the party appointing such director or by a majority vote of the other directors, but only for cause (e.g. breach of fiduciary duty or malfeasance). In the event that the number of directors is increased, the number of directors a party will appoint in general will be proportionate to its ownership interest in Newco. For every Amerigon director, Amerigon will and for every Maini director, Maini may, appoint an alternate director resident in India, approved by the Board of Directors of Newco as required by The Companies Act of India. The

attendance of at least one Amerigon director of his alternate and at least one Maini director or his alternate shall constitute a quorum.

(b) Except for the actions described in the immediately succeeding sentence or as may otherwise be agreed upon, all actions of Newco require the affirmative vote of a majority of the directors present and voting at the meeting. Certain actions (including without limitation amendments or changes to the charter documents of Newco, liquidation or winding-up of Newco, merger of Newco with another entity, sale or transfer of all or substantially all of the business or of certain key assets of Newco, changes in capital structure of Newco, recapitalization, restructuring or stock reclassification of Newco, issuance of additional equity interests in Newco, admittance of new investors or shareholders into Newco, amendment of the Operating Plan, borrowing of monies or granting of loans to third parties, undertaking any substantial expansion of Newco operations, any related party transactions, declaration of dividends, etc.) will be regarded as Reserved Matters. Reserved Matters required (i) at lease one affirmative vote from each of Amerigon and Maini and (ii) the approval of at least 75% of the directors constituting a quorum.

(c) The Board shall appoint the officers of the Newco, which shall include a Managing Director, a Chief Operating Officer, a Chief Financial Officer and a Secretary. The same person may hold more than one officer position. Officers shall serve at the pleasure of the Board and may be removed by the Board at any time. The Board shall meet on a regular basis (not less frequently than quarterly) and, in the first two years after the formation of the JV,

management shall have monthly meetings and subsequent telephonic conference calls with the members of the Board to discuss Newco's operations and progress relative to the Operating Plan. The shareholders of Newco shall meet at least once per year at a time and place to be determined by the Board. All Board members are to be notified on the agenda to be discussed at the board meeting, at least one week prior to the board meeting unless mutually agreed upon in writing by Amerigon and Maini.

(d) Newco shall maintain true and accurate accounts and records in accordance with generally accepted accounting principles in India consistently applied. Subject to Indian law, Maini, Amerigon and the Investors shall be provided with monthly, quarterly and annual financial reports, which shall include income statements, balance sheets and cash flow statements. Maini, Amerigon and the Investors shall also receive from Newco projected cash flow reports, sales and marketing reports, production and quality control reports, annual budgets, business plans and such other information and reports as may be agreed upon and at such times as may be agreed upon Newco shall hire an internationally recognized "Big Five" independent accounting firm, satisfactory to Amerigon and Maini, to audit the annual financial statements. Such auditor's report shall be supplied to all shareholders. The books and records of Newco shall be accessible to the Maini, Amerigon and the Investors and their representatives.

(e) It is understood that section 4(a), 4(b), 4(c) and 4(d) may possibly need to be modified to conform to existing company laws in India. It is anticipated that such changes will not significantly alter the content of the above.

5. TRANSACTIONS BETWEEN NEWCO AND AMERIGON OR MAINI OR OTHERS.

(a) Concurrently with formation and capitalization of Newco, Amerigon will enter into a royalty bearing license (the "EV LICENSE") with Newco pursuant to which Amerigon will license Amerigon's EV technology on an exclusive basis in the Territory. Newco will have no right to sublicense and no rights to the EV technology outside the Territory; provided, however, that with Amerigon's prior written consent, which will not be unreasonably withheld, Newco may manufacture products in the Territory for export outside the Territory in order to fulfill commitments given to the Indian government and outlined in the Operating Plan (currently, 15%-20% of vehicles manufactured). The parties recognize that Amerigon retains all rights to the technology outside the Territory and may limit or restrict Newco's exports of finished products incorporating the technology. Amerigon intends to enter into additional joint ventures with other parties outside the Territory and may grant to such parties exclusive rights which would prevent Newco from exporting products to certain areas. Prior to making any significant investments to modify the REVA for export outside the Territory, Newco will consult with Amerigon to determine appropriate terms and conditions on such exports to assure minimum export time period and volume. Newco will pay Amerigon royalties of 5% on domestic sales and 8% on export sales for a period of 5 years (commencing with the first year of operating profit, which the

parties anticipate to be year 3). Royalty payments will be calculated per the Indian Industrial Policy. Royalties will be paid no less frequently than annually and once a quarter in the 3rd, 4th and 5th year of royalty payment, and the EV License will contain other customary terms and conditions acceptable to Amerigon. If in year 3 Newco has an operating profit but would have a net loss if it paid Amerigon the required royalty, Newco will have an option to defer payment of such part of the royalty for year 3 as would cause it to have a net loss and pay such portion of the royalty the following year, without interest.

(b) Amerigon will enter into an exclusive, royalty-free, non-transferable license with Newco to manufacture and sell Amerigon's proprietary Climate Control Seat system ("CCS") in the Territory, but only for electric vehicles manufactured in the Territory (the "CCS LICENSE"). the CCS License will contain other terms and conditions acceptable to Amerigon. In connection with the CCS License, Newco will send one engineer to visit Amerigon's offices to learn more about the CCS for the purpose of integrating it into the REVA. It is anticipated that this process would take about 6 weeks. It is also anticipated that Newco will select one of Amerigon's existing CCS models for integration into the REVA. If Newco desires to purchase finished CCS modules from Amerigon, Amerigon will supply them, regardless of quantity ordered, at the same price that Amerigon charges its principal customer for the same model. If Newco assembles CCS units in the Territory but desires to purchase parts from Amerigon, Amerigon will attempt to supply Newco with parts and will charge Newco cost plus 10% (plus all applicable taxes, duties, etc.), FOB Amerigon's

facility in Irwindale, California. All sales of products will be made pursuant to Amerigon's standard terms and conditions of sale. If Newco desires to manufacture the CCS in the Territory, Amerigon will cooperate with Newco and provide technical assistance; provided, however, that Newco will reimburse Amerigon for all direct costs associated with such assistance.

(c) Except as otherwise provided herein, all services, parts, components, supplies and other materials and services provided to Newco by Amerigon or Maini or any other owner of Newco shall be valued at prevailing world market rates or such other mutually acceptable valuation method. All agreements, contracts or other arrangements between Newco and Maini, Amerigon, the Investors or any other third party shall be at arms-length and the valuation of the services or goods subject to such agreements, contracts or arrangements shall be at fair market value or such other valuation method unanimously approved by the Board. Any non-fair market value valuation is subject to independent verification by independent accountants approved by the Board.

(d) Upon the formation of Newco, Newco will be responsible to complete all design and development activity to take the REVA to production. All technology developed by Newco will belong to Newco.

(e) Newco shall be formed and capitalized and the Technology License Agreement between Amerigon and Newco shall be concluded latest by 31st March 1999.

6. TRANSFER OF SHARES; SHAREHOLDER PROTECTION.

(a) No shareholder may sell, assign, pledge, offer, transfer or otherwise dispose of or encumber any shares of Newco or any title or rights to such shares in Newco owned by such shareholder without the prior written consent of the Board of Newco and by each of Amerigon and Maini; PROVIDED that Amerigon or Maini may transfer its shares to third parties in accordance with its presently existing contractual commitments and provided that such commitments are made known in advance to the Board of Newco. Notwithstanding anything contained in clause (b) of paragraph 3, in the event of a permitted transfer of shares of Newco, such permitted transferee may be required to enter into an agreement, in form and substance satisfactory to Newco, with Newco and the non-transferring shareholders whereby such permitted transferee agrees to take the place of the transferring shareholder with respect to, and to be bound as a party to, the joint venture agreement and to assume such of the rights and obligations of the transferring shareholder. All permitted transfers shall be subject to terms and conditions agreed upon by the parties to Newco.

(b) In the event the Newco must raise additional funds, per Indian Company Laws, all shareholders will have preemptive rights to subscribe for pro rata and purchase additional shares and contribute additional capital to maintain its then existing ownership interest in Newco. Such pre-emptive rights shall be on terms and conditions agreed upon by Amerigon and Maini in the definitive agreements.

(c) Amerigon and Maini shall have the right to participate, pro rata, with respect to the any sale by any party of its interest in Newco. In the event that the Board of Newco has approved a sale of Newco, each shareholder shall be required to participate in such sale and sell its shares of Newco on the terms approved by the Board.

7. LIQUIDITY.

The definitive agreements shall include reasonable provisions for Amerigon, Maini and the Investors to sell and/or obtain liquidity with respect to their investment in Newco after a five to ten year holding period. Subject to approval of the Indian Foreign Investment Promotion Board and any other Indian governmental authority, possible provisions include (i) the right to participate in public offerings by Newco, (ii) the right to require Newco or the other shareholders of Newco to purchase their equity interests in Newco (which may be satisfied by a down payment and payments over time), and (iii) the right to cause a sale of Newco.

8. DEFINITIVE AGREEMENTS.

The definitive agreements shall contain terms, conditions, representations, warranties, covenants and indemnities customary and appropriate for a transaction of the type contemplated, including those summarized herein.

9. EXPENSES.

Each party shall bear its own expenses in connection with the preparation, negotiation and execution of this letter agreement (except the Newco will reimburse Amerigon for travel expenses related to the execution of this letter agreement). Following execution of this letter agreement, all expenses related to Newco and which are approved by CM (such approval not to be unreasonably withheld), including its formation, registration, preparation of definitive documentation, travel expenses, and other expenses directly related to the business of Newco (including planning, organization, kiting, technical development, etc.) shall be borne by Newco. If initially expended by a party hereto, such expenses will be reimbursed by Newco promptly (but in no event later than two weeks) upon such party submitting appropriate documentation; provided, however, that the first reimbursement to Amerigon may take up to four weeks because of the time needed to obtain the required government approvals to transfer funds. However, if any party shall require separate legal advice, such expenses will be borne by such party and not Newco. Until Newco is formed and capitalized, Maini will reimburse such expenses and provide all monetary payments on behalf of Newco, which shall be treated as capital contributions to Newco by Maini. The parties hereto recognize that projected expenses in the U.S. by Amerigon and the key employees relating to Newco are approximately $115,000 for the first three months following execution hereof.

10. CONFIDENTIALITY.

Each party hereto shall agree to keep confidential certain confidential information obtained by it in connection with this agreement, any related agreements or the management and operation of Newco, except as otherwise required by law.

11. DISPUTE RESOLUTION.

Any disagreement, dispute, controversy or claim (a "DISPUTE") arising out of or relating to Newco, this agreement or any related agreements, the obligations of the shareholders of Newco or the parties to this agreement, shall be resolved first through friendly consultations among the parties in dispute and if such Dispute is not resolved through friendly consultations, then through binding arbitration conducted by the International Chamber of Commerce (Paris), in accordance with its International Arbitration Rules. The arbitral panel shall consist of a single arbitrator who is independent of the shareholders and such arbitration shall be conducted in London, England, or any other location agreed to in writing by the parties. The language to be used in the arbitration shall be English, although documentary evidence may be in other languages. The decision of the arbitration panel shall be final and binding on all the shareholders and may be entered in any court having jurisdiction and enforced against the shareholders. The arbitration provisions shall not preclude in any way a shareholder from seeking or obtaining preliminary or injunctive or other equitable relief from a court of competent jurisdiction. If the subject matter of the Dispute relates to the infringement or misappropriation of copyrights, patents, trade secrets or other proprietary rights, the party

alleging such infringement or misappropriation may elect to institute an action in a court of competent jurisdiction without using the arbitration provisions set forth herein.

12. GOVERNING LAW.

This letter and the legal relations between the parties shall be governed by the law of India.

13. GENERAL.

(a) Upon execution of this document, Amerigon shall not solicit or engage in negotiations with any entity other than Maini for the purpose of such entity becoming an operating partner (in place of Maini) in a joint venture to produce electric vehicles in the Territory; provided, however, that this shall not restrict Amerigon from having discussions with possible investors in Newco consistent with terms hereof.

(b) Amerigon shall use commercially reasonable efforts to retrieve all information Amerigon has provided to various parties in India regarding the REVA project, such as KPMG, SIL, BEML, C&L and others, and to cause such parties to maintain the confidentiality of such information.

(c) As per the Operating Plan, it is anticipated that Newco will require additional funds in year 2001. However, Newco may need additional funds before 2001 to cover unforeseen circumstances. It is recognized that if such funding is sought from financial institutions that require guarantees, all promoter and shareholders in Newco holding more than 5% of equity in Newco may be

requested to provide such guarantees to the financial institutions. Promoters and shareholders with more than 5% equity in Newco that provide such guarantees will receive fair compensation, for every time such a guarantee in undertake, in the form of additional stock (maximum of 2% of the guarantee amount) for taking on the additional liability associated with such financial guarantees. In addition, in order to prevent dilution to smaller shareholders in Newco, the parties will consider offering to them the opportunity to provide financial guarantees and to receive the same proportionate compensation therefor as is given to the larger shareholders.

(d) If any party hereto breaches or fails to perform its obligations under this letter agreement, it shall be liable to the other party for such party's actual damages, in addition to any other rights it may have. Furthermore, Amerigon's obligations under Section 5(a) and 5(b) hereof are conditioned upon continued compliance and performance by Maini of its obligations hereunder. The license under Section 5(a) and 5(b) shall not be affected by a breach by Amerigon and will survive such breach by Amerigon. The obligation of Amerigon hereunder shall survive and be otherwise unaffected by any change of control or merger transactions.

(e) This letter agreement shall be binding upon and inure to the benefit of each party and its respective successors and permitted assigns, and nothing herein, express or implied, is intended to confer upon any other person any rights or remedies of any nature whatsoever.

(f) This letter agreement constitutes and contains the entire agreement concerning the subject matter hereof between the parties and may only be amended or superceded by a written agreement signed by both parties. This letter agreement supercedes and replaces all prior negotiations and all agreements proposed or otherwise, whether written or oral, concerning the subject matter hereof. This is a fully integrated agreement.

(g) The responsibility to prepare all legal documents will be Newco's and such documents will be prepared in India.

IN WITNESS WHEREOF, THE PARTIES HEREUNTO HAVE AFFIXED THEIR RESPECTIVE HANDS AND SEALS, THE DATE AND YEAR, FIRST HEREINABOVE WRITTEN.

SIGNED AND DELIVERED
ON BEHALF OF:
AMERIGON INCORPORATED ("AMERIGON")
By Mr. Lon E. Bell
/s/ LON E. BELL
Name: Lon E. Bell
Designation: Chairman and Chief Executive Officer

SIGNED AND DELIVERED TO
MR. SUDARSHAN K. MAINI
ON BEHALF OF:
HIMSELF AND
MAINI MATERIALS MOVEMENT PVT.LTD.
MAINI PRECISION PRODUCTS PVT. LTD.
(COLLECTIVELY "MAINI")
BY: MR. SUDARSHAN K. MAINI
/s/ SUDARSHAN K. MAINI
Name: Sudarshan K. Maini
Designation: Chairman

SCHEDULE A

OPERATING PLAN

I) AMERIGON'S CONTRIBUTION

Amerigon shall transfer all of its right, title and interest (for the Territory only) in and to the following as it exists on the date hereof to Newco as part of its capital contribution:

1. All CAD models, drawings, electrical schematics for the REVA design

2. All software and hardware information for the REVA's EMS

3. Test reports, REVA specific test software, test results etc.

4. Database of all information about suppliers, part cost, weight, build level, BOM, etc.

5. All interior and exterior concept sketches related to REVA design

6. Exterior pictures and masters of the REVA

7. REVA 1/4 scale mold

8. 5 complete vehicles (yellow, green, 2 white and red). Amerigon will transfer least arrangements with CALSTART (for the REVA used in Alameda) and WINROCK (for the 2 REVA's used in Delhi. The Newco will keep one vehicle at all times at Amerigon.

9. 3 aluminum running chassis and 16 vehicle kits

10. Prototype tooling and fixtures for the REVA including all body, chassis, interior, door frame, seats.

11. Electric Vehicle Test equipment used by the REVA program: IPS bench tester (including dedicated computer), date acquisition, harness tester, specific electronic testing and assembly tools.

12. All specific equipment including computers for assembly, programming, debugging and testing of the EMS and IPS for the REVA.

13. Library of all books, magazines, technical papers and supplier catalogs related to REVA.

14. Miscellaneous EV equipment that is required by the REVA Program. This would include floor chargers, motors, controllers, spare parts, etc.

OTHER

SPACE REQUIREMENTS: It is anticipated that approximately 4-6 months of design effort will be required in the US prior to transferring the information to India. To allow smooth continuation of the program, Amerigon will allow Newco, the continued use of the current EV office, infrastructure (computers, phones, fax, etc.) and shop space for a period of 6 months. The EMS development for the REVA may continue for 2 additional months and would require a small work place for 2-3 people and shop space to test the vehicle. During this period, Amerigon will bear all expenses related to rent, utilities, etc., but not any marginal out of pocket costs (e.g. phone charges).

COMPUTERS: Amerigon will allow Newco use of IDEAS and CATIA stations that originally belong to the REVA program for a period of 6 months. In addition, Amerigon will transfer 1 CATIA computer station and 1 IDEAS computer station with all software and accessories of Newco, if permitted by the terms of the software licenses.

EMPLOYEES: To enable the program to continue smoothly, Amerigon will continue to employ Chetan Maini, Todd Cameron, Ellen Morris and Dudley

Hurter for a period of 4-6 months on its payroll. Newco will reimburse Amerigon for all direct employee costs including benefits (20% of base salary). Amerigon will be liable for all previously accrued vacation cost and severance costs. If the period exceeds 6 months, Amerigon and Newco will need to re-discuss this issue. Amerigon will also allow the use of Steve Griffin for the EV program on a priority basis. It is anticipated that Newco will require his services for 8-10 hrs a week. David Bell is key to the proper execution of the REVA's electrical system and EMS and hence the technical success of the program. Upon signing of the MOU, David Bell will be immediately allowed to work on the REVA Program for a minimum of 25% of his time. It is understood that it would take David Bell approximately 10 weeks to transition the radar program responsibility to another person. It is expected that his time commitment to the REVA program will gradually increase to 75% by the end of 10 weeks, and to 100% in less than 18 weeks. Amerigon will do its best to make sure that this happens. During this period, Amerigon will continue to employ David Bell and be reimbursed by Newco for his direct costs including benefits.

II) MAINI'S CONTRIBUTION

1. Indian component costing and supplier information and quotations

2. Marketing studies, research including all results of India 2010 Exhibition

3. Test results including Shaker tests conducted at ARAI, safely tests and road tests in Bangalore

4. Homologation and roadworthiness certification for the earlier REVA prototype

5. Transfer of employees to the JV, that are currently employed by the Maini Group and that worked on the REVA program.

6. US $ 1 million in new cash. A significant portion will be invested in Indian Rupees.

7. Land, buildings and infrastructure for the first 3 years. Sufficient land and building space would be provided so as to accommodate the production per the current business plan. This would work out to approximately 1000 cars per single shift. Infrastructure support would include use of Maini group's current power and generator system, water, security, canteen services, etc. The JV will pay monthly costs for all utility services such as power, water, etc. to Maini Group. Where costs are difficult to determine, a fair market value will be assessed.

8. Maini Group will provide the JV a 15 acre plot of land in Malur, for production expansion. Although the business plan required the use of the additional land in 2001, it is free to use it prior to that for the expansion of its manufacturing facilities.

9. Maini group will assist in hiring required personnel operations, engineering, vendor development, purchasing, administration, vehicle assembly, accounting, etc. Maini Group will also transfer a few people from its other divisions to the JV, so as to provide the JV with a start-up team. This would include people with experience in operations, planning and vendor development.

10. Maini Group will allow the JV the use of its Pro-E computer stations for production development of the REVA. In addition, it will provide engineering support required to go to production on a actual cost basis.

11. Maini Group will be responsible for arranging any additional initial financing required to get into production as per the current business plan.

III) TIME AND MANNER OF CONTRIBUTION

Subject to government approvals, all in-kind contributions by Maini and Amerigon shall be made before March 31st 1999 or no later than 3 weeks after the formation of Newco, whichever occurs earlier.

Cash commitments by Maini and other investors are laid out in the table below. It is anticipated that all the investors will be finalized prior to March 31st 1999.

	Q1-99	Q2-99	Q3-99	Q4-99	Q1-2000	TOTAL
MAINI	160	160	300	230	150	1000
INVESTORS		870	670	670	460	2670
TOTAL	160	1030	970	900	610	3670

All amounts are in thousands of US dollars
Conversion rate assumed at Rs 42.5 equals US $1

IV) EMPLOYEE STOCK PLAN

Per the operating plan it is anticipated that the services David Bell will be required to transfer all the technology related to the EMS, IPS as well as the entire REVA electrical system. It is anticipated that David Bell will need to spend 2-4 months in India and that his task will be completed by September 1999.

It is anticipated that Chetan Maini and Bob Marcellini would assist the Newco to productionise the REVA and that their efforts would be required for a maximum period of 3 years.

The definitive agreements will contain detail clauses that better define the time periods of vesting and commitments of Chetan Maini, Bob Marcellini and David Bell that allow vesting of their respective options.

V) KEY HIGHLIGHTS OF THE IMPLEMENTATION PLAN

A. PROJECT SCHEDULE AND START-UP PLAN

A summary of the project schedule and key milestones is shown below. Based on finalizing financing by the end of December 1998, production will commence by February 1, 2000. The critical path item is testing which is a 1-year period for the prototype vehicles and 3-month period for pre-production vehicles. This is essential to ensure that the quality and reliability of the vehicle is to the highest standards.

The start-up plan would include detail project planning supported by a key person in India. Simultaneously, an organizing and operating team in India will be formed. In the US, the focus on the first 3 months will be data compilation, shipping of kits, and working on key long term items - body panels, transmission and electrical system.

The production design effort will be for 5 months and all tools and fixtures should be completed by October 1999, giving 2 months for tooling verification and pilot production run.

B. ORGANIZATION AND STAFFING PLAN

For the first year (prior to production), the JV would employ a team of 55 people as shown in the table below. The proposed organization chart is shown as two phases:

Phase One for initial start-up and Phase Two as the company matures. Maini Group will be able to transfer a skeleton staff of 15 people for start-up that are ideally suited for the project. The remaining to be hired. The company will recruit 8-10 people who have previously worked on the REVA project. The recruitment process will take 2-4 months. Work using the skeleton team will start prior to that. Candidates who potentially fit the roles of key managers have been identified and will be recruited.

In addition to regular employees, 4 consultants are required to assist in the body development, interior surfacing and suspension optimization. Parametric Technologies (creators of Pro-E software and consultants with extensive automotive experience) have assured the company that they can provide all required support.

AMERIGON INCORPORATED

SECURITIES PURCHASE AGREEMENT

MARCH 29, 1999

TABLE OF CONTENTS

TABLE OF CONTENTS (CONTINUED)

TABLE OF CONTENTS (CONTINUED)

SECURITIES PURCHASE AGREEMENT

THIS SECURITIES PURCHASE AGREEMENT is made on the 29th day of March, 1999, by and among Amerigon Incorporated, a California corporation (the "Company"), and the investors listed on SCHEDULE A hereto (each, an "Investor" and collectively, the "Investors").

THE PARTIES HEREBY AGREE AS FOLLOWS:

ARTICLE I.
PURCHASE AND SALE OF STOCK AND WARRANTS

1.1 SALE AND ISSUANCE OF SERIES A PREFERRED STOCK AND WARRANTS.

(a) The Company shall adopt and file with the Secretary of State of California on or before the Closing (as defined below) the Certificate of Determination of Rights, Preferences and Privileges of the Series A Preferred Stock in the form attached hereto as EXHIBIT A (the "Certificate of Determination").

(b) Subject to the terms and conditions of this Agreement, each Investor agrees, severally, to purchase at the Closing and the Company agrees to sell and issue to each Investor at the Closing, (i) that number of shares of Company's Series A Preferred Stock, no par value ("Series A Preferred Stock"), which is convertible into the Company's Class A Common Stock, no par value ("Class A Common Stock") and (ii) Warrants (the "Warrants") to purchase that number of shares Class A Common Stock (the "Warrant Shares") set forth opposite each Investor's name on SCHEDULE A hereto for the purchase price set forth thereon. The Warrants will be subject to the terms and conditions set forth in the form of Contingent Common Stock Purchase Warrants attached hereto as EXHIBIT B (the "Stock Purchase Warrants"). The Series A Preferred Stock being purchased hereunder, the Class A Common Stock issuable upon conversion of such Series A Preferred Stock, the Warrants and the Warrant Shares are collectively referred to herein as the "Securities."

1.2 CLOSING.

The purchase and sale of the Series A Preferred Stock and the Warrants being purchased hereunder shall take place at the offices of O'Melveny & Myers LLP, 400 South Hope Street, Los Angeles, California 90071, at 10:00 A.M., on June 2, 1999, or at such other time and place as the Company and the Investors mutually agree upon orally or in writing (which time and place are designated as the "Closing"). At the Closing, the Company shall deliver to each Investor a certificate representing the Series A Preferred Stock and duly executed Stock Purchase Warrants representing the Warrants that such Investor is purchasing against payment of the purchase price therefor by bank cashier's check, wire transfer, cancellation of indebtedness or any combination thereof. In the event that payment by an Investor is made, in whole or in part, by cancellation of indebtedness, then such Investor shall surrender to the Company for cancellation at the Closing any evidence of such indebtedness or shall execute an instrument of cancellation in form and substance acceptable to the Company. In addition, at the Closing the Company shall deliver to any Investor choosing to pay any part of the purchase price of the

Series A Preferred Stock and Warrants by cancellation of indebtedness, a check in the amount of any interest accrued on such indebtedness through the Closing.

ARTICLE II.
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth on the disclosure schedules to this Agreement (the "Disclosure Schedules"), each such schedule being numbered to correspond to the section of this Agreement to which it applies, the Company hereby represents and warrants to each Investor that:

2.1 ORGANIZATION, GOOD STANDING AND QUALIFICATION. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of California and has the requisite corporate power to own its properties and carry on its business as presently conducted. The Company is duly qualified to transact business and is in good standing in each jurisdiction in which it has employees, maintains offices, leases or owns real property or is otherwise required to be so qualified, except where the failure to be so qualified would not have a Material Adverse Effect (as defined below). For purposes of this Agreement, "Material Adverse Effect" shall mean any event, circumstance or condition pertaining to the Company's business, assets, liabilities or operations that, individually or in the aggregate, is, or could reasonably be expected to be, materially adverse to the business, operations, assets or liabilities (including without limitation contingent liabilities), employee relationships, customer or supplier relationships, prospects, projected results of operations or cash flow for the years ending December 31, 1999, 2000 or 2001, or the condition (financial or otherwise) of the Company.

2.2 CAPITALIZATION AND VOTING RIGHTS. The authorized capital of the Company consists, or will consist immediately prior to the Closing, of:

(a) PREFERRED STOCK. 5,000,000 shares of Preferred Stock, no par value (the "Preferred Stock"), of which 9,000 shares have been designated Series A Preferred Stock and up to all of which will be sold pursuant to this Agreement. The rights, privileges and preferences of the Series A Preferred Stock will be as stated in the Company's Certificate of Determination. No other series of Preferred Stock has been designated and, except for the shares of Series A Preferred Stock being sold pursuant to this Agreement, no shares of Preferred Stock are, or will be at the Closing, outstanding.

(b) COMMON STOCK. 20,000,000 shares of Class A Common Stock, of which 2,510,088 shares are issued and outstanding, and 600,000 shares of Class B Common Stock, no par value ("Class B Common Stock"), none of which are issued and outstanding as of the date hereof. The Class A Common Stock and Class B Common Stock are together referred to herein as "Common Stock." The holders of the Class B Common Stock and the number of shares held by such shareholders are set forth on the Disclosure Schedules.

(c) The outstanding shares of Common Stock are all duly and validly authorized and issued, fully paid and nonassessable, and were issued in compliance with all applicable state and federal laws concerning the issuance of securities.

(d) Except for (i) the conversion privileges of the Series A Preferred Stock to be issued under this Agreement, (ii) the rights provided in the Investors' Rights

Agreement, (iii) currently outstanding options to purchase 210,169 shares of Class A Common Stock granted to consultants or employees pursuant to the Company's Stock Option Plans (the "Option Plans") listed on the Disclosure Schedules, and (iv) the options, warrants or rights set forth on the Disclosure Schedules, there are not outstanding any options, warrants, rights (including conversion or preemptive rights) or agreements for the purchase or acquisition from the Company of any shares of its capital stock or securities convertible into or exercisable for shares of capital stock. In addition to the aforementioned options, the Company has reserved an additional 52,848 shares of its Class A Common Stock for purchase upon exercise of options to be granted in the future under the Option Plans. All such shares of capital stock issuable pursuant to the rights or agreements set forth in this Section 2.2(d) will be, upon issuance, duly and validly issued, fully paid and nonassessable. The Company is not a party or subject to any agreement or understanding, and, to the Company's knowledge, there is no agreement or understanding between any persons and/or entities, which affects or relates to the voting or giving of written consents with respect to any security or by a director of the Company.

2.3 SUBSIDIARIES. Except as set forth on the Disclosure Schedules, the Company does not presently own or control, directly or indirectly, any interest in any other corporation, association, or other business entity. Except as set forth on the Disclosure Schedules, the Company is not a participant in any joint venture, partnership, or similar arrangement.

2.4 AUTHORIZATION. All corporate action on the part of the Company, its officers, directors and shareholders necessary for the authorization, execution and delivery of this Agreement, the Stock Purchase Warrants, and the Investors' Rights Agreement (attached hereto as Exhibit C), the performance of all obligations of the Company hereunder and thereunder, and the authorization (or reservation for issuance), sale and issuance of the Series A Preferred Stock and the Warrants being sold hereunder, the Class A Common Stock issuable upon conversion of the Series A Preferred Stock and the Warrant Shares has been taken or will be taken prior to the Closing. This Agreement, the Stock Purchase Warrants, and the Investors' Rights Agreement constitute valid and legally binding obligations of the Company, enforceable in accordance with their respective terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

2.5 VALID ISSUANCE OF PREFERRED AND CLASS A COMMON STOCK. The Series A Preferred Stock that is being purchased by the Investors hereunder is duly authorized and, when issued, sold and delivered in accordance with the terms of this Agreement for the consideration expressed herein, will be duly and validly issued, fully paid and nonassessable and will be free of liens, claims, and encumbrances of the Company and of restrictions on transfer, other than restrictions on transfer under applicable state and federal securities laws. The Class A Common Stock issuable upon conversion of the Series A Preferred Stock purchased under this Agreement is duly authorized and reserved for issuance and, upon issuance in accordance with the terms of the Certificate of Determination, will be duly and validly issued, fully paid and nonassessable and will be free of liens, claims and encumbrances of the Company and of restrictions on transfer, other than restrictions on transfer under applicable state and federal securities laws. The Warrants are duly authorized and, upon issuance in accordance with the terms of this Agreement,

will be validly issued, fully paid and nonassessable, and will be free of liens, claims and encumbrances of the Company and of restrictions on transfer, other than restrictions on transfer under applicable state and federal securities laws. The Warrant Shares are duly authorized and reserved for issuance, and, upon exercise of the Warrants in accordance with the terms thereof, will be validly issued, fully paid and nonassessable, and will be free of liens, claims, and encumbrances of the Company and of restrictions on transfer, other than restrictions on transfer under applicable state and federal securities laws.

2.6 CONSENTS. No consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any federal, state or local governmental authority on the part of the Company is required in connection with the consummation of the transactions contemplated by this Agreement, except for: (i) the filing of a Notice of Transaction pursuant to Section 25102(f) of the California Corporate Securities Law of 1968, as amended, and the rules thereunder, which filing will be effected within the time prescribed by law; (ii) the filing of a Form D pursuant to Regulation D under the Securities Act of 1933, as amended (the "Securities Act"), which filing will be effected within the required statutory period; (iii) the filing and distribution of a proxy statement pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act") with respect to the special meeting of shareholders to be held to approve this Agreement and the transactions and agreements contemplated hereby; (iv) such other filings required pursuant to applicable federal and state securities laws and blue sky laws, which filings will be effected within the required statutory period; (v) the approval of this Agreement and the transactions and agreements contemplated hereby by the requisite vote of the Company's shareholders; (vi) the consents set forth on the Disclosure Schedules; and (vii) the filing of an Application for the Listing of Additional Shares with Nasdaq.

2.7 OFFERING. Subject to the truth and accuracy of each Investor's representations set forth in Section 3 of this Agreement, the offer, sale and issuance of the Series A Preferred Stock and the Warrants as contemplated by this Agreement are exempt from the registration requirements of the Securities Act , and the qualification or registration requirements of applicable state securities laws. Neither the Company nor any authorized agent acting on its behalf will take any action hereafter that would cause the loss of such exemptions.

2.8 LITIGATION. There is no action, suit, proceeding or investigation pending, or to the Company's knowledge, currently threatened against the Company, except as which individually or in the aggregate would not have a Material Adverse Effect. The Company is not a party or subject to the provisions of any order, writ, injunction, judgment or decree of any court or government agency or instrumentality. Except as set forth on the Disclosure Schedules, there is no material action, suit, proceeding or investigation by the Company currently pending or that the Company intends to initiate.

2.9 PROPRIETARY INFORMATION AGREEMENTS. Each employee, officer and consultant of the Company has executed a proprietary information and inventions agreement in the form set forth on the Disclosure Schedules. The Company, after reasonable investigation, is not aware that any of its employees, officers or consultants is in violation thereof, and the Company will use its best efforts to prevent any such violation.

2.10 PATENTS AND TRADEMARKS. The Company owns or licenses from another person all inventions, patents, patent rights, computer software, trademarks, trademark rights, service marks, service mark rights, trade names, trade name rights and copyrights (collectively, the "Intellectual Property") necessary for its business as presently conducted without any conflict with or infringement of the valid rights of others and the lack of which could materially and adversely affect the operations or condition, financial or otherwise, of the Company, and the Company has not received any notice of infringement upon or conflict with the asserted rights of others. The Disclosure Schedules contain a complete list of all such patents, patent rights, registered trademarks, registered service marks, registered copyrights, all agreements related to the foregoing, and all agreements pursuant to which the Company licenses Intellectual Property from or to a third party (excluding "shrink wrap" license agreements relating solely to off the shelf software which is not material to the Company's business). All Intellectual Property owned by the Company is owned free and clear of all liens, adverse claims, encumbrances, or restrictions, except for restrictions contained in the terms of the licenses listed in the Disclosure Schedules. All Intellectual Property licensed by the Company is the subject of a license agreement which is legal, valid, binding and enforceable and in full force and effect. The consummation of the transactions contemplated hereby will not result in the termination or impairment of the Company's ownership of, or right to use, any Intellectual Property. The Company has a valuable body of trade secrets, including know-how, concepts, business plans, and other technical data (the "Proprietary Information") for the development, manufacture and sale of its products. The Company has the right to use the Proprietary Information free and clear of any rights, liens, encumbrances or claims of others. The Company is not aware, after reasonable investigation, that any of its employees is obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any judgment, decree or order of any court or administrative agency, that would interfere with the use of his or her best efforts to promote the interests of the Company or that would conflict with the Company's business.

2.11 COMPLIANCE WITH OTHER INSTRUMENTS. The execution, delivery and performance of this Agreement, the Investors' Rights Agreement, and the Stock Purchase Warrants by the Company, the performance by the Company of its obligations under the Certificate of Determination, and the consummation by the Company of the transactions contemplated hereby and thereby (including, without limitation, the issuance and reservation for issuance, as applicable, of the Series A Preferred Stock being sold pursuant hereto, the Class A Common Stock issuable upon the conversion of such Series A Preferred Stock, the Warrants and the Warrant Shares) will not (i) result in a violation of the Company's Articles of Incorporation or Bylaws, or (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any material agreement, indenture or instrument to which the Company or any of its properties is subject, or result in a violation of any material law, rule, regulation, order, judgment or decree (including U.S. federal and state securities laws and regulations) applicable to the Company or by which any property or asset of the Company is bound or affected. The Company is not in violation of its Articles of Incorporation, Bylaws or other organizational documents, or of any judgment, order, writ, decree, law, rule or regulation to which the Company or its properties is subject. The Company is not in default (and no event has occurred which, with notice or lapse of time or both, would put the Company in default) under, nor has there occurred any event giving others (with notice or lapse of time or both) any rights of

termination, amendment, acceleration or cancellation of, any material agreement, indenture or instrument to which the Company is a party or any of its properties is subject. The Company is not in violation of the listing requirements of the Nasdaq Small Cap market ("NASDAQ") and does not reasonably anticipate that the Class A Common Stock will be delisted by NASDAQ for the foreseeable future.

2.12 AGREEMENTS; ACTION. Except as set forth on the Disclosure Schedules:

(a) there are no agreements, understandings or proposed transactions between the Company and any of its officers, directors, affiliates or any affiliate thereof, other than the agreements explicitly contemplated hereby.

(b) There are no agreements, understandings, instruments, contracts, proposed transactions, judgments, orders, writs or decrees to which the Company is a party or by which it is bound that may involve (i) obligations (contingent or otherwise) of, or payments to the Company, in excess of $50,000, other than obligations of, or payments to, the Company arising from purchase or sale agreements entered into in the ordinary course of business, (ii) the license of any patent, copyright, trade secret or other proprietary right to or from the Company, other than licenses arising from the purchase of "off the shelf" or other standard products, or (iii) provisions restricting the development, manufacture or distribution of the Company's products or services.

(c) Since the date of the most recent audited balance sheet provided to the Investors by the Company, the Company has not (i) declared or paid any dividends or authorized or made any distribution upon or with respect to any class or series of its capital stock, (ii) incurred any indebtedness for money borrowed or any other liabilities individually in excess of $50,000, (iii) made any loans or advances to any person, other than ordinary advances for travel expenses, or guaranteed the obligations of any person, or (iv) sold, exchanged or otherwise disposed of any of its assets or rights, other than the sale of its inventory in the ordinary course of business.

(d) There are no other agreements, understandings, instruments, contracts, proposed transactions, judgments, orders, writs or decrees to which the Company is a party or by which it is bound that are material to the conduct of the Company's business.

(e) For the purposes of subsections (b) and (c) above, all indebtedness, liabilities, agreements, understandings, instruments, contracts and proposed transactions involving the same person or entity (including persons or entities the Company has reason to believe are affiliated therewith) shall be aggregated for the purpose of meeting the individual minimum dollar amounts of such subsections.

2.13 RELATED-PARTY TRANSACTIONS. Except as set forth in the Disclosure Schedules, no employee, officer or director of the Company or member of his or her immediate family is indebted to the Company, nor is the Company indebted (or committed to make loans or extend or guarantee credit) to any of them. To the best of the Company's knowledge, none of such persons has any direct or indirect ownership interest in any firm or corporation with which the Company is affiliated or with which the Company has a business relationship, or any firm or corporation that competes with the Company, except that employees, officers or directors of the

Company and members of their immediate families may own less than 5% of the outstanding stock of one or more publicly traded companies that may compete with the Company. Except as set forth on the Disclosure Schedules, no employee, officer or director of the Company or member of his or her immediate family is directly or indirectly interested in any material contract with the Company.

2.14 SEC DOCUMENTS AND FINANCIAL STATEMENTS. Since January 1, 1997, the Company has timely filed all reports, schedules, forms, statements and other documents required to be filed by it with the SEC pursuant to the reporting requirements of the Exchange Act (all of the foregoing and all exhibits included therein and financial statements and schedules thereto and documents incorporated by reference therein, with amendments read together with underlying documents, are referred to herein as the "SEC Documents"). As of their respective dates, the SEC Documents complied in all material respects with the requirements of the Exchange Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. As of their respective dates, the financial statements of the Company included in the SEC Documents complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto. Such financial statements have been prepared in accordance with U.S. generally accepted accounting principles, consistently applied, during the periods involved and fairly and accurately present in all material respects the consolidated financial position of the Company and its consolidated subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments). Except as set forth in the most recent audited balance sheet provided to the Investors by the Company, the Company has no liabilities, contingent or otherwise, other than (i) liabilities incurred in the ordinary course of business subsequent to the date of such financial statements and (ii) obligations under contracts and commitments incurred in the ordinary course of business and not required under generally accepted accounting principles to be reflected in such financial statements, which, individually or in the aggregate, are not material to the financial condition or operating results of the Company. Except as disclosed in such financial statements, the Company is not a guarantor or indemnitor of any indebtedness of any other person, firm or corporation.

2.15 CHANGES. Except as set forth on the Disclosure Schedules, since December 31, 1998 there has not been:

(a) any change in the assets, liabilities, financial condition or operating results of the Company from that reflected in the Company's financial statements, except changes in the ordinary course of business that have not been, in the aggregate, materially adverse;

(b) any damage, destruction or loss, whether or not covered by insurance, materially and adversely affecting the assets, properties, financial condition, operating results or business of the Company;

(c) any waiver by the Company of a valuable right or of a material debt owed to it;

(d) any satisfaction or discharge of any lien, claim or encumbrance or payment of any obligation by the Company, except in the ordinary course of business and that is not material to the assets, properties, financial condition, operating results or business of the Company;

(e) any amendment to or termination of a material contract or arrangement by which the Company or any of its assets or properties is bound or subject;

(f) any material change in any compensation arrangement or agreement with any employee; or

(g) any agreement or commitment by the Company to do any of the things described in this Section 2.15.

2.16 TAX RETURNS. The Company has timely filed all tax returns (federal, state and local) required to be filed by it and such tax returns are true and correct in all material respects. In addition, (i) the Company has not requested any extension of time within which to file any tax returns in respect of any fiscal year which have not since been filed and no request for waivers of the time to assess any taxes are pending or outstanding, (ii) no claim for taxes has become a lien against the property of the Company or is being asserted against the Company other than liens for taxes not yet due and payable, (iii) no audit of any tax return of the Company is being conducted by a tax authority, (iv) no extension of the statute of limitations on the assessment of any taxes has been granted to, by or applied for by, the Company and is currently in effect, and (v) there is no agreement, contract or arrangement to which the Company is a party that may result in the payment of any amount that would not be deductible by reason of Sections 280G, 162 or 404 of the Internal Revenue Code.

2.17 PERMITS. The Company has all material franchises, permits, licenses and any similar authority necessary for the conduct of its business ("Permits"). The Company is not in default under any of such Permits. The Disclosure Schedules set forth an accurate and complete list of all such Permits.

2.18 ENVIRONMENTAL AND SAFETY LAWS. The Company is not in violation of any applicable material statute, law or regulation relating to the environment or occupational health and safety, and no material expenditures are or will be required in order to comply with any such existing statute, law or regulation.

2.19 DISCLOSURE. The Company has fully provided each Investor with all the information that such Investor has requested for deciding whether to purchase the Series A Preferred Stock and Warrants and all information that the Company believes is reasonably necessary to enable such Investor to make such decision. This Agreement (including all the Exhibits and Schedules hereto read together with the SEC documents) does not contain any untrue statement of a material fact or omit a material fact necessary to make the statements herein or therein not misleading in light of the circumstances under which they were made.

2.20 REGISTRATION RIGHTS. Except as set forth on the Disclosure Schedules and the rights granted pursuant to the Investors' Rights Agreement, the Company has not granted or agreed to grant any registration rights, including piggyback rights, to any person or entity.

2.21 CURRENT PUBLIC INFORMATION. The Company is currently eligible to register the resale of its Class A Common Stock on a registration statement on Form S-3 under the Securities Act.

2.22 NO GENERAL SOLICITATION. Neither the Company nor any distributor participating on the Company's behalf in the transactions contemplated hereby (if any) nor any person acting for the Company, or any such distributor, has conducted any "general solicitation," as such term is defined in Regulation D, with respect to any of the Securities being offered hereby.

2.23 NO INTEGRATED OFFERING. Neither the Company, nor any of its affiliates, nor any person acting on its or their behalf, has directly or indirectly made any offers or sales of any security or solicited any offerers to buy any security under circumstances that would require registration of the Securities being offered hereby under the Securities Act.

2.24 CORPORATE DOCUMENTS. Except for amendments necessary to satisfy representations and warranties or conditions contained herein (the form of which amendments has been approved by the Investors), the Articles of Incorporation and Bylaws of the Company are in the form attached hereto as EXHIBIT G and EXHIBIT H, respectively.

2.25 TITLE TO PROPERTY AND ASSETS. The property and assets the Company owns are owned by the Company free and clear of all mortgages, liens, loans and encumbrances, except (i) as reflected in the Company's financial statements included in the SEC Documents, (ii) for mechanic's, workmen's, repairmen's, warehousemen's, carrier's or similar liens arising or incurred in the ordinary course of business and which, individually or in the aggregate, are not material, and (iii) for statutory liens for the payment of current taxes that are not yet delinquent. With respect to the property and assets it leases, the Company is in compliance with such leases and holds a valid leasehold interest free of any liens, claims or encumbrances, subject to clauses (i), (ii) and (iii) above.

2.26 FOREIGN CORRUPT PRACTICES. Neither the Company nor any director, officer, agent, employee or other person acting on behalf of the Company has, in the course of his actions for, or on behalf of, the Company, used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977; or made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any foreign or domestic government official or employee.

2.27 INSURANCE. The Disclosure Schedules set forth a complete and accurate list of all insurance policies maintained by the Company and a summary of the coverage provided by such policies.

2.28 EMPLOYEE BENEFIT PLANS. The Disclosure Schedules set forth a complete and accurate list of all employment contracts, deferred compensation agreements, bonus plans, incentive plans, profit sharing plans, retirement agreements or other agreements, plans or arrangements relating to compensation or benefits provided to the Company's employees. The Company has complied in all material respects with all applicable state and federal equal employment opportunity and other laws related to employment and the agreements, plans and arrangements set forth on the Disclosure Schedules. The Disclosure Schedules contain a complete and accurate list of all of the Company's employees, their current rates of compensation, date of hire, and job title.

2.29 LABOR AGREEMENTS AND ACTIONS. The Company is not bound by or subject to (and none of its assets or properties is bound by or subject to) any written or oral, express or implied, contract, commitment or arrangement with any labor union, and no labor union has requested or, to the Company's knowledge, has sought to represent any of the employees, representatives or agents of the Company. There is no strike or other labor dispute involving the Company pending, or to the Company's knowledge, threatened, that could have a material adverse effect on the assets, properties, financial condition, operating results or business of the Company, nor is the Company aware of any labor organization activity involving its employees. The Company is not aware that any officer or key employee, or that any group of key employees, intends to terminate their employment with the Company nor does the Company have a present intention to terminate the employment of any of the foregoing. The employment of each officer and employee of the Company is terminable at the will of the Company.

2.30 YEAR 2000 COMPLIANCE. All of the Company's products currently being sold and under development and all computer software and hardware (including microcode, firmware, system and application programs, files, databases, computer services and microcontrollers), including those embedded in computer and noncomputer equipment contained in the Company's products currently being sold and under development are Year 2000 Compliant, except to the extent that they may be used or interfaced with other software, data or operating systems that are not Year 2000 Compliant. All of the Company's internal computer systems are Year 2000 Compliant, except that the Company makes no such representation with respect to off-the-shelf software that is used in the Company's internal computer systems the failure or malfunctioning of which would not have a material adverse effect on the Company. To its knowledge, the Company is not relying on the products or services of any third party whose systems are not Year 2000 Compliant. For purposes of this Agreement, "Year 2000 Compliant" shall mean that such products and data and information systems and any such data, information or other files or software it uses, individually and in combination, completely and accurately record, store, process, calculate and present data involving dates before, on or after January 1, 2000; specifically: (i) no value for a current date will cause any interruption in operation; (ii) date-based functionality will behave consistently when dealing with dates before, on or after January 1, 2000; (iii) no abnormal endings or incorrect results will be produced when working with dates before, on or after January 1, 2000; (iv) in all interfaces and data storage, the century will be specified explicitly and will be unambiguously derived; and (v) year 2000 will be recognized as a leap year.

2.31 COMPUTER AND COMMUNICATION INFRASTRUCTURE. The Company's computer and communication infrastructure is adequate to conduct its business as a supplier of automobile parts. The Company is in compliance with QS9000.

ARTICLE III.
REPRESENTATIONS AND WARRANTIES OF THE INVESTORS

Each Investor hereby represents, warrants and covenants that:

3.1 AUTHORIZATION. Such Investor has full power and authority to enter into this Agreement and the Investors' Rights Agreement, and each such agreement constitutes its valid and legally binding obligation, enforceable in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

3.2 PURCHASE ENTIRELY FOR OWN ACCOUNT. This Agreement is made with such Investor in reliance upon such Investor's representation to the Company, which by such Investor's execution of this Agreement such Investor hereby confirms, that the Securities will be acquired for investment for such Investor's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that such Investor has no present intention of selling, granting any participation in or otherwise distributing the same; provided, however, that such Investor may make distributions of any such Securities to such Investor's affiliates.

3.3 ACCREDITED INVESTOR. Such Investor is an "accredited investor" within the meaning of Securities and Exchange Commission ("SEC") Rule 501 of Regulation D, as presently in effect.

3.4 RESTRICTED SECURITIES. Such Investor understands that the Securities it is purchasing under this Agreement are characterized as "restricted securities" under the federal securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such laws and applicable regulations such Securities may be resold without registration under the Securities Act only in certain limited circumstances. Each Investor understands that such Investor is acquiring certain registration rights pursuant to the Investors' Rights Agreement with respect to the registration for resale of the Class A Common Stock issuable upon conversion of the Series A Preferred Stock and the Class A Common Stock issuable upon exercise of the Warrants.

3.5 LEGENDS. Such Investor understands that the certificates evidencing the Securities may bear a legend in substantially the following form:

"These securities have not been registered under the Securities Act of 1933, as amended (the "Act"). They may not be sold, offered for sale, pledged or hypothecated unless (i) a registration statement is in effect with respect to the securities or (ii) an exemption from registration is available under the Act."

ARTICLE IV.
CONDITIONS OF INVESTOR'S OBLIGATIONS AT CLOSING

The obligations of each Investor under subsection 1.1(b) of this Agreement are subject to the fulfillment on or before the Closing of each of the following conditions, any or all of which may be waived with respect to an Investor by such Investor's written consent thereto:

4.1 REPRESENTATIONS AND WARRANTIES. The representations and warranties of the Company contained in Section 2 shall be true on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the date of such Closing.

4.2 PERFORMANCE. The Company shall have performed and complied in all material respects with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing.

4.3 COMPLIANCE CERTIFICATE. The President of the Company shall deliver to each Investor at the Closing a certificate stating that the conditions specified in Sections 4.1 and 4.2 have been fulfilled.

4.4 QUALIFICATIONS. All authorizations, approvals or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance and sale of the Securities pursuant to this Agreement shall be duly obtained and effective as of the Closing.

4.5 SHAREHOLDER APPROVAL. The Company shall have obtained the requisite approval of this Agreement and the transactions contemplated hereby, including but not limited to the Investors' Rights Agreement, by its shareholders.

4.6 CERTIFICATE OF DETERMINATION. The Company shall have filed the Certificate of Determination with the California Secretary of State and shall have provided evidence satisfactory to the Investors that such filing has been made.

4.7 DUE DILIGENCE. Each of the Investors shall have received from the Company all the information that such Investor has theretofore requested and which such Investor believes is reasonably necessary to enable it to make the investment decision contemplated by this Agreement.

4.8 PROCEEDINGS AND DOCUMENTS. All corporate and other proceedings in connection with the transactions contemplated at the Closing and all documents incident thereto shall be reasonably satisfactory in form and substance to the Investors and their counsel, and they shall have received all such counterpart original and certified or other copies of such documents as they may reasonably request.

4.9 NO MATERIAL ADVERSE EFFECT. No event, circumstance or condition shall have occurred which has, or could reasonably be expected to have, a Material Adverse Effect.

4.10 PROCEEDING OR LITIGATION. No restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal or

regulatory restraint or prohibition preventing the consummation of the transactions contemplated hereby shall be in effect, nor shall any proceeding brought by an administrative agency or commission or other governmental authority or instrumentality, domestic or foreign, seeking any of the foregoing be pending; nor shall there be any action taken, or any statute, rule, regulation or order enacted, entered, enforced or deemed applicable to this Agreement or the transactions contemplated hereby which makes the consummation of such transactions illegal or which otherwise prohibits the consummation of such transactions. In the event an injunction or other order shall have been issued, each party agrees to use its reasonable diligent efforts to have such injunction or other order lifted.

4.11 OPINION OF COMPANY COUNSEL. Each Investor shall have received from O'Melveny & Myers, LLP, counsel for the Company, an opinion, dated as of the Closing, in the form attached hereto as EXHIBIT D.

4.12 REDEMPTION. The Company shall have entered into a legally binding and enforceable agreement providing for the redemption of all outstanding Class B Common Stock into which Class A Common Stock currently held in escrow is converted or convertible, subject only to the prior closing of the transaction contemplated by this Agreement, either in accordance with the terms of the Share Exchange Agreement attached hereto as EXHIBIT E, or, otherwise, on terms and conditions satisfactory to the Investors, in their sole discretion.

4.13 INVESTORS' RIGHTS AGREEMENT. The Company shall have executed and delivered to the Investors the Investors' Rights Agreement in the form attached hereto as EXHIBIT C.

4.14 BOARD OF DIRECTORS. Resolutions shall have been adopted by the Board of Directors to increase the authorized number of directors of the Company to seven (7) effective as of the Closing, and all of the Company's directors, except John Clark, Lon Bell and Richard Weisbart, shall have tendered their resignations to be effective as of the Closing.

4.15 LOAN DOCUMENTS. No Event of Default, as that term is defined in the Credit Agreement attached hereto as EXHIBIT F ("Credit Agreement"), shall have occurred and remain uncured at the time of the Closing.

ARTICLE V.
CONDITIONS OF THE COMPANY'S OBLIGATIONS AT CLOSING

The obligations of the Company to each Investor under this Agreement are subject to the fulfillment on or before the Closing of each of the following conditions by the Company or that Investor, as the case may be, any or all of which may be waived by the Company's written consent thereto:

5.1 REPRESENTATIONS AND WARRANTIES. The representations and warranties of the Investor contained in Section 3 shall be true on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the Closing.

5.2 PAYMENT OF PURCHASE PRICE. Each Investor shall have delivered the purchase price specified in Section 1.2.

5.3 QUALIFICATIONS. All material authorizations, approvals or permits of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance and sale of the Securities pursuant to this Agreement and which are set forth in this Agreement or on the Disclosure Schedules shall be duly obtained and effective as of the Closing.

5.4 SHAREHOLDER APPROVAL. The Company shall have obtained the requisite approval of this Agreement and the transactions contemplated hereby, including but not limited to the Investors' Rights Agreement, by its shareholders.

5.5 INVESTMENT REPRESENTATION. The Company shall have obtained from each Investor a representation that such Investor has received from the Company all the information that such Investor has requested for deciding whether to purchase the Series A Preferred Stock and the Warrants and all information that such Investor believes is reasonably necessary to enable such Investor to make such decision.

5.6 CREDIT AGREEMENT. The Lender shall have performed in all material respects the agreements and obligations to be performed by it under the Credit Agreement which are required to be performed prior to the Closing.

ARTICLE VI.
OTHER AGREEMENTS

6.1 CONDUCT OF BUSINESS. During the period from the date of this Agreement and continuing until the Closing, except as expressly contemplated or permitted by this Agreement or with the prior written consent of Investors, which shall not be unreasonably withheld or delayed, the Company shall carry on its business in the ordinary course consistent with past practice. Without limiting the generality of the foregoing, except as expressly contemplated or permitted by this Agreement, the Company shall not without the prior written consent of Investors:

(a) declare or pay any dividends on, or make other distributions in respect of, any of the Company's capital stock;

(b) (i) repurchase, redeem or otherwise acquire any shares of its capital stock, or any securities convertible into or exercisable for any shares of its capital stock, (ii) split, combine or reclassify any shares of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock, or (iii) issue, deliver or sell, or authorize or propose the issuance, delivery or sale of, any shares of its capital stock or any securities convertible into or exercisable for, or any rights, warrants or options to acquire, any such shares, or enter into any agreement with respect to any of the foregoing;

(c) amend its Articles of Incorporation, Bylaws or other similar governing documents;

(d) make any capital expenditures other than those which (i) are made in the ordinary course of business or are necessary to maintain existing assets in good repair and (ii) do not exceed $50,000 in the aggregate;

(e) enter into any new line of business;

(f) acquire or agree to acquire, by merging or consolidating with, or by purchasing a substantial equity interest in or a substantial portion of the assets of, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof or otherwise acquire any assets, which would be material, individually or in the aggregate, to the Company;

(g) take any action that is intended or may reasonably be expected to result in any of its representations and warranties set forth in this Agreement being or becoming untrue, or in any of the conditions to the Closing not being satisfied;

(h) change its methods of accounting in effect at December 31, 1998, except as required by changes in GAAP or as concurred with by the Company's independent auditors;

(i) (i) except as required by applicable law or as required to maintain qualification pursuant to the Internal Revenue Code, adopt, amend, or terminate any employee benefit plan or any agreement, arrangement, plan or policy between the Company and one or more of its current or former directors, officers or employees, or (ii) except for normal increases in the ordinary course of business consistent with past practice or except as required by applicable law, increase in any manner the compensation or fringe benefits of any director, officer or employee or pay any benefit not required by any agreement as in effect as of the date hereof (including, without limitation, the granting of stock options, stock appreciation rights, restricted stock, restricted stock units or performance units or shares);

(j) other than activities in the ordinary course of business consistent with past practice, sell, lease, encumber, assign or otherwise dispose of, or agree to sell, lease, encumber, assign or otherwise dispose of, any of its material assets, properties or other rights or agreements;

(k) other than in the ordinary course of business consistent with past practice and not in excess of $50,000 (individually or in the aggregate), incur any indebtedness for borrowed money or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other individual, corporation or other entity;

(l) create, renew, amend or terminate or give notice of a proposed renewal, amendment or termination of, any material contract, agreement or lease for goods, services or office space to which the Company is a party or by which the Company or its properties are bound, other than the renewal in the ordinary course of business of any lease the term of which expires prior to the Closing; or

(m) agree to do any of the foregoing.

6.2 ACCESS TO INFORMATION. The Company will give Investors and their accountants, legal counsel and other representatives full access, during normal business hours throughout the period prior to the Closing, to all of the properties, books, contracts, commitments and records relating to its capital stock, business, assets and liabilities. The Company will make available to Investors and their accountants, legal counsel and other representatives during such period copies of all documents and all such information concerning its affairs as Investors may reasonably request.

6.3 OTHER DISCUSSIONS; BREAK UP ARRANGEMENT.

(a) From the date hereof until the Closing, unless Investors have given their prior written approval, none of the Company nor any of its affiliates or representatives shall directly or indirectly, solicit, initiate, facilitate, or encourage the submission of any other proposal for, enter into any agreement or initiate or participate in any discussions regarding, or furnish to any person any information or assistance with respect to, or take any other action to facilitate the making of any proposal that constitutes or may reasonably be expected to lead to, other business combinations or financing transactions directly or indirectly involving the Company or its business operations, or the acquisition, in any manner directly or indirectly, of all or any substantial part of the business, assets, capital stock or other voting securities of, or any other equity interest in, the Company or its business operations by any other party. Notwithstanding the above, the Company may respond to unsolicited written proposals or to information requests and furnish or disclose information in response thereto if the Company's Board of Directors determines in good faith, after consultation with legal counsel, that taking such action is necessary in the exercise of its fiduciary obligations under applicable law. If the Company receives any competing proposal (oral or written), the Company shall advise Investors immediately of its terms and, if the competing proposal is in writing, furnish Investors with a true and complete copy thereof.

(b) If (1) the Closing does not occur (other than as a result of a material breach of this Agreement by the Investors or the determination by the Investors not to proceed with this transaction for failure of the condition specified in Section 4.9 hereof) and (2) a Trigger Event (as defined below) has occurred within twelve months from the date hereof, then the Company shall:

(i) immediately reimburse the Investors for all reasonable out-of-pocket expenses incurred in connection with the preparation, negotiation and performance of this Agreement up to a maximum of $150,000 (including legal, accounting, consulting and any third party financing fees and any costs of collection), and

(ii) immediately pay a failed transaction fee (the "Fee") to the Investors in an amount equal to the greater of (A) 5% of the value of the transaction constituting the Trigger Event accepted by the Board or (B) $300,000.

(c) A "Trigger Event" means occurrence of any of the following events: (i) any person, corporation, entity or "group" (as such term is used in section 13(d) of the Exchange Act) (other than the Investors or any of their affiliates) (a "Person") shall have acquired or become the beneficial owner of more than 25% of the outstanding Class A Common Stock, or shall have been granted any option or right (conditional or otherwise), to acquire more

than 25% of the outstanding Class A Common Stock; (ii) any Person shall have commenced a bona fide tender offer or exchange offer for consideration the fair market value of which is in excess of the initial Conversion Price (as provided in the Certificate of Determination) per share for at least 25% of the outstanding Class A Common Stock, (iii) the Company (or its Board) shall have authorized, recommended, proposed or publicly announced its intention to enter into any tender or exchange offer, merger, consolidation, liquidation, dissolution, business combination, recapitalization, acquisition, or disposition of a material amount of assets or securities or any comparable transaction which has not been consented to in writing by the Investors; or (iv) the shareholders of the Company fail to approve the Agreement.

6.4 PROXY STATEMENT. As promptly as practicable after the execution of this Agreement, the Company shall prepare and file with the SEC a proxy statement (together with all amendments thereto "Proxy Statement") for use in connection with the Annual Meeting (as defined below). The Company shall prepare the Proxy Statement in compliance with applicable federal and state securities laws and with the applicable provisions of the California General Corporations Law. As promptly as practicable after the preparation of the Proxy Statement and the completion of the SEC's review, if any, of such Proxy Statement, the Proxy Statement shall be mailed to the shareholders of the Company. None of the information supplied by any party hereto for inclusion in the Proxy Statement shall, at the date it or any amendments or supplements thereto are mailed to the shareholders in connection with the Annual Meeting, at the time of the Annual Meeting, or at the Closing, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

6.5 SHAREHOLDERS' MEETING. As promptly as practicable after the date hereof, the Company shall call and hold its annual meeting of its shareholders for the purpose of approving this Agreement and the transactions contemplated hereby (the "Annual Meeting"). The Company shall use its best efforts to solicit from its shareholders proxies in favor of the approval of this Agreement and the transactions contemplated hereby pursuant to the Proxy Statement.

6.6 PUBLIC DISCLOSURE. Each party shall consult with the others before issuing any press release or otherwise making any public statement or making any other public (or non-confidential) disclosure (whether or not in response to an inquiry) regarding the terms of this Agreement and the transactions contemplated hereby, and shall provide to the others for review and approval a copy of such contemplated disclosure. No party shall issue any such press release or make any such statement or disclosure before such review and approval by the other parties, except as such party is advised by legal counsel is required by law.

6.7 REASONABLE EFFORTS. Each party will use its commercially reasonable efforts to cause all conditions to the Closing to be satisfied, including, without limitation, obtaining any of its consents necessary or desirable in connection with the consummation of the transactions contemplated by this Agreement.

6.8 BOARD OF DIRECTORS. The parties understand that pursuant to the Certificate of Determination, the authorized number of directors of the Company shall be seven, the holders of Common Stock shall be entitled to elect two directors, and the holders of Series A Preferred Stock shall be entitled to elect five directors. At or prior to the Closing, all of the Company's

directors, except John Clark, Lon Bell and Richard Weisbart, shall have resigned. The remaining directors shall fill the vacancies created by such resignations and appoint directors who are acceptable to the Investors.

6.9 BRIDGE LOAN. Concurrently, with the execution of this Agreement, the parties shall enter into the Credit Agreement, together with the related security agreements and documents referred to therein, pursuant to which the Investors shall loan funds to the Company (the "Bridge Loan") subject to the terms and on the conditions set forth in such Credit Agreement.

6.10 NOTIFICATION OF CERTAIN MATTERS. The Company shall give prompt notice to Investors, and Investors shall give prompt notice to the Company, of (a) the occurrence or nonoccurrence of any event the occurrence or nonoccurrence of which would likely to cause any representation or warranty of the notifying party contained in this Agreement to become materially untrue or inaccurate, or (b) any failure of the notifying party to materially comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder.

6.11 INDEMNIFICATION. In the event any third party brings an action, suit or proceeding (including, without limitation, any derivative proceeding) against any Investor arising out of any allegation that this Agreement or the agreements and transactions contemplated hereby violate or interfere with an agreement or arrangement between such third party and the Company, then the Company agrees to indemnify the Investors from and against the entirety of any loss, damage, claim, cost or expense (including reasonable attorneys' fees) the Investors may suffer through and after the date of the claim for indemnification resulting from, arising out of, relating to, in the nature of, or caused by the third party action, suit or proceeding referenced above.

ARTICLE VII.
MISCELLANEOUS

7.1 SURVIVAL. The warranties, representations and covenants of the Company and Investors contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and shall in no way be affected by any investigation of the subject matter thereof made by or on behalf of the Investors or the Company prior to the Closing. The warranties, representations, and covenants of the Company shall terminate upon the Closing and shall be of no further force or effect after such date.

7.2 SUCCESSORS AND ASSIGNS. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties (including transferees of any Securities). Nothing in this Agreement, express or implied, is intended to confer upon any party, other than the parties hereto or their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

7.3 GOVERNING LAW. This Agreement shall be governed by and construed under the laws of the State of California as applied to agreements among California residents entered into and to be performed entirely within California.

7.4 TITLES AND SUBTITLES. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

7.5 NOTICES. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient, if not, then on the next business day; (iii) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (iv) one day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the address as set forth on the signature page hereof or at such other address as such party may designate by ten days advance written notice to the other parties hereto.

7.6 FINDER'S FEE. Except as set forth on the Disclosure Schedules, each party represents that it neither is nor will be obligated for any finders' fee or commission in connection with this transaction. Each Investor agrees to indemnify and to hold harmless the Company from any liability for any commission or compensation in the nature of a finders' fee (and the costs and expenses of defending against such liability or asserted liability) for which such Investor or any of its officers, partners, employees or representatives is responsible. The Company agrees to indemnify and hold harmless each Investor from any liability for any commission or compensation in the nature of a finders' fee (and the costs and expenses of defending against such liability or asserted liability) for which the Company or any of its officers, employees or representatives is responsible.

7.7 EXPENSES. The Company shall pay all costs and expenses that it incurs with respect to the negotiation, execution, delivery and performance of this Agreement, the agreements related hereto, and the agreements related to the Bridge Loan. Upon the execution of this Agreement, the Company shall reimburse the Investors for their actual costs (including reasonable legal fees) incurred in connection with the Bridge Loan, but not in excess of $50,000. If the Closing is effected, the Company shall, at the Closing, reimburse the actual costs (including reasonable legal fees) of the Investors in connection with the negotiation, execution, delivery, and performance of this Agreement and the transactions and agreements contemplated hereby (in addition to the costs associated with the Bridge Loan as previously reimbursed) not to exceed $150,000. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the Investors' Rights Agreement, or the Certificate of Determination, the prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

7.8 AMENDMENTS AND WAIVERS. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and each Investor.

7.9 SEVERABILITY. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

7.10 TERMINATION. If the closing has not occurred on or before June 30, 1999, either party may terminate this Agreement by providing written notice to the other party; provided, however, if the SEC reviews the Company's Proxy Statement, the date on which termination pursuant to this Section 7.10 shall first be permitted will be July 30, 1999. Notwithstanding, the termination of this Agreement pursuant to this Section 7.10, the Company shall be liable for the payments described in Section 6.3 if a Trigger event subsequently occurs within the time period set forth in that section.

7.11 AGGREGATION OF STOCK. All shares of the Series A Preferred Stock or Common Stock issued upon conversion thereof held or acquired by affiliated entities or persons shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

7.12 ENTIRE AGREEMENT. This Agreement and the documents referred to herein constitute the entire agreement among the parties and no party shall be liable or bound to any other party in any manner by any warranties, representations or covenants except as specifically set forth herein or therein.

7.13 COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

THE COMPANY: AMERIGON INCORPORATED

By: /s/ LON E. BELL

Its:

Address:

INVESTORS: WESTAR CAPITAL II LLC

By: /s/ JOHN W. CLARK

Its:

Address:

BIG BEAVER INVESTMENTS LLC

By: /s/ OSCAR B. MARX III

Its: President

Address:

SCHEDULE A

INVESTOR	SERIES A PREFERRED STOCK	PURCHASE PRICE
Westar Capital II LLC	4,500	$4,500,000
Big Beaver Investments LLC	4,500	$4,500,000

INVESTOR	WARRANT	PURCHASE PRICE
Westar Capital II LLC	Warrants to purchase that number of shares of Class A Common Stock equal to 36.9% of the aggregate shares subject to (i) currently outstanding warrants (excluding the Bridge Loan Warrants) plus (ii) warrants that are issuable at the Closing to Spencer Trask Securities Incorporated on the terms and conditions set forth in the Contingent Common Stock Purchase Warrants attached hereto as Exhibit B.	$500
Big Beaver Investments LLC	Warrants to purchase that number of shares of Class A Common Stock equal to 36.9% of the aggregate shares subject to (i) currently outstanding warrants (excluding the Bridge Loan Warrants) plus (ii) warrants that are issuable at the Closing to Spencer Trask Securities Incorporated on the terms and conditions set forth in the Contingent Common Stock Purchase Warrants attached hereto as Exhibit B.	$500

EXHIBIT A TO SECURITIES PURCHASE AGREEMENT

BEGINS ON THE FOLLOWING PAGE.

CERTIFICATE OF DETERMINATION
OF RIGHTS, PREFERENCES AND PRIVILEGES
OF
THE SERIES A PREFERRED STOCK
OF
AMERIGON INCORPORATED

Pursuant to the Provisions of Section 401 of the
General Corporation Law of the State of California

The undersigned and , the President and Secretary, respectively, of Amerigon Incorporated, a California corporation (the "Corporation"), do hereby certify as follows:

A. That the following resolution designates nine thousand shares of Series A Preferred Stock, and that as of the date hereof, no shares of Series A Preferred Stock have been issued or are outstanding.

B. That the Board of Directors of the Corporation, pursuant to the authority so vested in it by the Articles of Incorporation of the Corporation and in accordance with the provisions of Section 401 of the General Corporation Law of the State of California, adopted the following resolution creating a series of Preferred Stock designated as "Series A Preferred Stock":

WHEREAS, the Articles of Incorporation of this Corporation authorize the issuance of one or more series of preferred stock ("Preferred Stock") of the Corporation and authorize the Board of Directors to determine the rights, preferences, privileges and restrictions granted to or imposed upon any wholly unissued series of Preferred Stock and to fix the number of shares of such series;

NOW, THEREFORE, BE IT RESOLVED, that pursuant to the authority expressly granted to and vested in the board of directors of the corporation pursuant to the Articles of Incorporation, there is hereby created one series of preferred stock, without par value, of the Corporation which shall be designated "SERIES A PREFERRED STOCK." The number of shares of Series A Preferred Stock authorized for issuance is nine thousand. In addition to those set forth in the Articles of Incorporation of the Corporation, the Series A Preferred Stock shall have the powers and preferences, the relative, participating, optional or other rights, and the qualifications, limitations or restrictions set forth below:

1. DIVIDEND PROVISIONS. Subject to the rights of series of Preferred Stock which may from time to time come into existence, the holders of shares of Series A Preferred Stock shall be entitled to receive dividends, out of any assets legally available therefor, in an amount equal to the dividends that would be paid on the outstanding Class A Common Stock of the corporation into which the Series A Preferred Stock is convertible on an as converted basis, payable when, as and if declared by the Board of Directors.

2. LIQUIDATION PREFERENCE.

(a) In the event of any liquidation, dissolution or winding up of this corporation, either voluntary or involuntary, subject to the rights of series of Preferred Stock that may from time to time come into existence, the holders of Series A Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any of the assets of this corporation to the holders of Common Stock by reason of their ownership thereof, an amount per share equal to the sum of (i) $1,000 for each outstanding share of Series A Preferred Stock (the "Original Series A Issue Price"), (ii) an amount equal to 7% of the Original Series A Issue Price annually, but only until the fourth anniversary of the issuance of the Series A Preferred Stock, and (iii) an amount equal to any declared but unpaid dividends on such share (the amounts in (ii) and (iii) being referred to herein as the "Premium"). If upon the occurrence of such event, the assets and funds thus distributed among the holders of the Series A Preferred Stock shall be insufficient to permit the payment to such holders of the full aforesaid preferential amounts, then, subject to the rights of series of Preferred Stock that may from time to time come into existence, the entire assets and funds of the corporation legally available for distribution shall be distributed ratably among the holders of the Series A Preferred Stock in proportion to the amount of such stock owned by each such holder.

(b) Upon the completion of the distribution required by subparagraph (a) of this Section 2 and any other distribution that may be required with respect to series of Preferred Stock that may from time to time come into existence, if assets remain in this corporation, the holders of the Common Stock of this corporation, shall receive all of the remaining assets of the corporation.

(c)(i) For purposes of this Section 2, a liquidation, dissolution or winding up of this corporation shall be deemed to be occasioned by, or to include, (A) the acquisition of the corporation by another entity by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger or consolidation but, excluding any merger effected exclusively for the purpose of changing the domicile of the corporation); or (B) a sale of all or substantially all of the assets of the corporation; UNLESS the corporation's shareholders of record as constituted immediately prior to such acquisition or sale will, immediately after such acquisition or sale (by virtue of securities issued as consideration for the corporation's acquisition or sale or otherwise) hold at least 50% of the voting power of the surviving or acquiring entity.

(ii) In any of such events, if the consideration received by the corporation is other than cash, its value will be deemed its fair market value. Any securities shall be valued as follows:

(A) Securities not subject to investment letter or other similar restrictions on free marketability:

(1) If traded on a securities exchange or on the NASDAQ National Market, the value shall be deemed to be the average of the closing prices of the securities on such exchange over the thirty-day period ending three (3) days prior to the closing;

(2) If actively traded over-the-counter or on NASDAQ (other than on the National Market), the value shall be deemed to be the average of the closing bid or sale prices (whichever is applicable) over the thirty-day period ending three (3) days prior to the closing; and

(3) If there is no active public market, the value shall be the fair market value thereof, as determined in good faith by the Board of Directors of the corporation.

(B) The method of valuation of securities subject to investment letter or other restrictions on free marketability (other than restrictions arising solely by virtue of a shareholder's status as an affiliate or former affiliate) shall be to make an appropriate discount from the market value determined as above in (A) (1), (2) or (3) to reflect the approximate fair market value thereof, as determined in good faith by the Board of Directors of the corporation.

(iii) In the event the requirements of this subsection 2(c) are not complied with, this corporation shall forthwith either:

(A) cause such closing to be postponed until such time as the requirements of this Section 2 have been complied with; or

(B) cancel such transaction, in which event the rights, preferences and privileges of the holders of the Series A Preferred Stock shall revert to and be the same as such rights, preferences and privileges existing immediately prior to the date of the first notice referred to in subsection 2(c)(iv) hereof.

(iv) The corporation shall give each holder of record of Series A Preferred Stock written notice of such impending transaction not later than twenty (20) days prior to (A) the date of the shareholders' meeting called to approve such transaction, (B) the effective date of a written consent of the shareholders to approve the transaction, or (C) the closing of such transaction, whichever is earlier, and shall also notify such holders in writing of the final approval of such transaction. The first of such notices shall describe the material terms and conditions of the impending transaction and the provisions of this Section 2, and the corporation shall thereafter give such holders prompt notice of any material changes relating to the transaction. The transaction shall in no event take place sooner than twenty (20) days after the corporation has given the first notice provided for herein or sooner than ten (10) days after the corporation has given notice of any material changes provided for herein; provided, however, that such periods may be shortened upon the written consent of the holders of Preferred Stock that are entitled to such notice rights or similar notice rights and that represent at least a majority of the voting power of all then outstanding shares of such Preferred Stock.

3. REDEMPTION.

(a) Subject to the rights of series of Preferred Stock which may from time to time come into existence, on or at any time after January 1, 2003, this corporation may at any time it may lawfully do so, at the option of the Board of Directors, redeem in whole or in part the Series A Preferred Stock (such date of redemption is referred to herein as the "Series A Redemption Date") by paying in cash therefor a sum equal to the Original Series A Issue Price

plus the Premium, as adjusted for any stock dividends, combinations or splits with respect to such shares (the "Series A Redemption Price"); provided, however, that this corporation may only redeem shares of Series A Preferred Stock hereunder if the average of the closing prices of the Class A Common Stock as reported by Nasdaq (or such other exchange or market on which the shares are then traded) for the sixty trading days preceeding the date the notice of redemption is given in accordance with subsection (b) is at least 4 times greater than the then applicable Conversion Price (as defined in Section 4(a) below) . Any redemption effected pursuant to this subsection (3)(a) shall be made on a pro rata basis among the holders of the Series A Preferred Stock in proportion to the number of shares of Series A Preferred Stock then held by them.

(b) As used herein and in subsection (3)(c) and (d) below, the term "Redemption Date" shall refer to each "Series A Redemption Date" and the term "Redemption Price" shall refer to each "Series A Redemption Price." Subject to the rights of series of Preferred Stock which may from time to time come into existence, at least fifteen (15) but no more than thirty (30) days prior to each Redemption Date, written notice shall be mailed, first class postage prepaid, to each holder of record (at the close of business on the business day next preceding the day on which notice is given) of the Series A Preferred Stock to be redeemed, at the address last shown on the records of this corporation for such holder, notifying such holder of the redemption to be effected, specifying the number of shares to be redeemed from such holder, the Redemption Date, the Redemption Price, the place at which payment may be obtained and calling upon such holder to surrender to this corporation, in the manner and at the place designated, his, her or its certificate or certificates representing the shares to be redeemed (the "Redemption Notice"). Except as provided in subsection (3)(c) on or after the Redemption Date, each holder of Series A Preferred Stock to be redeemed shall surrender to this corporation the certificate or certificates representing such shares, in the manner and at the place designated in the Redemption Notice, and thereupon the Redemption Price of such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof and each surrendered certificate shall be cancelled. In the event less than all the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares.

(c) From and after the Redemption Date, unless there shall have been a default in payment of the Redemption Price, all rights of the holders of shares of Series A Preferred Stock designated for redemption in the Redemption Notice as holders of Series A Preferred Stock (except the right to receive the Redemption Price without interest upon surrender of their certificate or certificates) shall cease with respect to such shares, and such shares shall not thereafter be transferred on the books of this corporation or be deemed to be outstanding for any purpose whatsoever. Subject to the rights of series of Preferred Stock which may from time to time come into existence, if the funds of the corporation legally available for redemption of shares of Series A Preferred Stock on any Redemption Date are insufficient to redeem the total number of shares of Series A Preferred Stock to be redeemed on such date, those funds which are legally available will be used to redeem the maximum possible number of such shares ratably among the holders of such shares to be redeemed based upon their holdings of Series A Preferred Stock. The shares of Series A Preferred Stock not redeemed shall remain outstanding and entitled to all the rights and preferences provided herein. Subject to the rights of series of Preferred Stock which may from time to time come into existence, at any time thereafter when additional funds of the corporation are legally available for the redemption of shares of Series A

Preferred Stock, such funds will immediately be used to redeem the balance of the shares which the corporation has become obliged to redeem on any Redemption Date but which it has not redeemed.

(d) On or prior to each Redemption Date, this corporation shall deposit the Redemption Price of all shares of Series A Preferred Stock designated for redemption in the Redemption Notice, and not yet redeemed or converted, with a bank or trust corporation having aggregate capital and surplus in excess of $100,000,000 as a trust fund for the benefit of the respective holders of the shares designated for redemption and not yet redeemed, with irrevocable instructions and authority to the bank or trust corporation to publish the notice of redemption thereof and pay the Redemption Price for such shares to their respective holders on or after the Redemption Date, upon receipt of notification from the corporation that such holder has surrendered his, her or its share certificate to the corporation pursuant to subsection (3)(b) above. As of the date of such deposit (even if prior to the Redemption Date), the deposit shall constitute full payment of the shares to their holders, and from and after the date of the deposit the shares so called for redemption shall be redeemed and shall be deemed to be no longer outstanding, and the holders thereof shall cease to be shareholders with respect to such shares and shall have no rights with respect thereto except the rights to receive from the bank or trust corporation payment of the Redemption Price of the shares, without interest, upon surrender of their certificates therefor, and the right to convert such shares as provided in Section 4 hereof. Such instructions shall also provide that any moneys deposited by the corporation pursuant to this subsection (3)(d) for the redemption of shares thereafter converted into shares of the corporation's Common Stock pursuant to Section 4 hereof prior to the Redemption Date shall be returned to the Corporation forthwith upon such conversion. The balance of any moneys deposited by this corporation pursuant to this subsection (3)(d) remaining unclaimed at the expiration of two (2) years following the Redemption Date shall thereafter be returned to this corporation upon its request expressed in a resolution of its Board of Directors.

4. CONVERSION. The holders of the Series A Preferred Stock shall have conversion rights as follows (the "Conversion Rights"):

(a) RIGHT TO CONVERT. Each share of Series A Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share and on or prior to the fifth day prior to the Redemption Date, if any, as may have been fixed in any Redemption Notice with respect to the Series A Preferred Stock, at the office of this corporation or any transfer agent for such stock, into such number of fully paid and nonassessable shares of Class A Common Stock as is determined by dividing the Original Series A Issue Price by the conversion price ("Conversion Price") applicable to such share, determined as hereafter provided, in effect on the date the certificate is surrendered for conversion. The initial Conversion Price per share for shares of Series A Preferred Stock shall be $1.675; provided, however, that the Conversion Price for the Series A Preferred Stock shall be subject to adjustment as set forth in subsection 4(d).

(b) AUTOMATIC CONVERSION. Each share of Series A Preferred Stock shall automatically be converted into shares of Class A Common Stock at the Conversion Price at the time in effect for such Series A Preferred Stock immediately upon the date specified by written

consent or agreement of the holders of a majority of the then outstanding shares of Series A Preferred Stock.

(c) MECHANICS OF CONVERSION. Before any holder of Series A Preferred Stock shall be entitled to convert the same into shares of Class A Common Stock, he shall surrender the certificate or certificates therefor, duly endorsed, at the office of this corporation or of any transfer agent for the Series A Preferred Stock, and shall give written notice to this corporation at its principal corporate office, of the election to convert the same and shall state therein the name or names in which the certificate or certificates for shares of Class A Common Stock are to be issued. This corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Series A Preferred Stock, or to the nominee or nominees of such holder, a certificate or certificates for the number of shares of Class A Common Stock to which such holder shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Series A Preferred Stock to be converted, and the person or persons entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Class A Common Stock as of such date. If the conversion is in connection with an underwritten offering of securities registered pursuant to the Securities Act of 1933, the conversion may, at the option of any holder tendering Series A Preferred Stock for conversion, be conditioned upon the closing with the underwriters of the sale of securities pursuant to such offering, in which event the person(s) entitled to receive the Class A Common Stock upon conversion of the Series A Preferred Stock shall not be deemed to have converted such Series A Preferred Stock until immediately prior to the closing of such sale of securities.

(d) CONVERSION PRICE ADJUSTMENTS OF PREFERRED STOCK FOR CERTAIN DILUTIVE ISSUANCES, SPLITS AND COMBINATIONS. The Conversion Price of the Series A Preferred Stock shall be subject to adjustment from time to time as follows:

(i) In the event the corporation should at any time or from time to time after the date upon which any shares of Series A Preferred Stock were first issued (the "Purchase Date" with respect to such series) fix a record date for the effectuation of a split or subdivision of the outstanding shares of Class A Common Stock or the determination of holders of Class A Common Stock entitled to receive a dividend or other distribution payable in additional shares of Class A Common Stock without payment of any consideration by such holder for the additional shares of Class A Common Stock, then, as of such record date (or the date of such dividend distribution, split or subdivision if no record date is fixed), the Conversion Price of the Series A Preferred Stock shall be appropriately decreased so that the number of shares of Class A Common Stock issuable on conversion of each share of such series shall be increased in proportion to such increase of the aggregate of shares of Class A Common Stock outstanding. In the event the corporation shall declare or pay, without consideration, any dividend on the Class A Common Stock payable in any right to acquire Class A Common Stock for no consideration, then the corporation shall be deemed to have made a dividend payable in Class A Common Stock in an amount of shares equal to the maximum number of shares issuable upon exercise of such rights to acquire Class A Common Stock.

(ii) If the number of shares of Class A Common Stock outstanding at any time after the Purchase Date is decreased by a combination of the outstanding shares of

Common Stock, then, following the record date of such combination, the Conversion Price for the Series A Preferred Stock shall be appropriately increased so that the number of shares of Class A Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in outstanding shares.

(iii) All adjustments to the Conversion Price will be calculated to the nearest cent of a dollar. No adjustment in the Conversion Price will be required unless such adjustment would require an increase or decrease of at least one cent per dollar; PROVIDED, HOWEVER, that any adjustments which by reason of this Section 4(d)(iii) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All adjustments to the Conversion Price shall be made successively.

(e) OTHER DISTRIBUTIONS. In the event this corporation shall declare a distribution payable in securities of other persons, evidences of indebtedness issued by this corporation or other persons, assets (excluding cash dividends) or options or rights not referred to in subsection 4(d), then, in each such case for the purpose of this subsection 4(e), the holders of the Series A Preferred Stock shall be entitled to a proportionate share of any such distribution as though they were the holders of the number of shares of Class A Common Stock of the corporation into which their shares of Series A Preferred Stock are convertible as of the record date fixed for the determination of the holders of Class A Common Stock of the corporation entitled to receive such distribution.

(f) RECAPITALIZATIONS AND REORGANIZATIONS. If the Class A Common Stock issuable upon conversion of the Series A Preferred Stock shall be changed into or exchanged for a different class or classes of capital stock, or other securities or property whether by reorganization, recapitalization or otherwise (other than a subdivision, combination or merger or sale of assets transaction provided for elsewhere in this Section 4 or Section 2) provision shall be made so that the holders of the Series A Preferred Stock shall thereafter be entitled to receive upon conversion of the Series A Preferred Stock the number of shares of stock or other securities or property, to which a holder of Class A Common Stock deliverable upon conversion would have been entitled on such recapitalization or reorganization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 4 with respect to the rights of the holders of the Series A Preferred Stock after the recapitalization or reorganization to the end that the provisions of this Section 4 (including adjustment of the Conversion Price then in effect and the number of shares purchasable upon conversion of the Series A Preferred Stock) shall be applicable after that event as nearly equivalent as may be practicable.

(g) NO IMPAIRMENT. This corporation will not, by amendment of its Articles of Incorporation or through any reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by this corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Section 4 and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of the holders of the Series A Preferred Stock against impairment.

(h) No Fractional Shares and Certificate as to Adjustments.

(i) No fractional shares shall be issued upon the conversion of any share or shares of the Series A Preferred Stock, and the number of shares of Class A Common Stock to be issued shall be rounded to the nearest whole share. Whether or not fractional shares are issuable upon such conversion shall be determined on the basis of the total number of shares of Series A Preferred Stock the holder is at the time converting into Class A Common Stock and the number of shares of Class A Common Stock issuable upon such aggregate conversion.

(ii) Upon the occurrence of each adjustment or readjustment of the Conversion Price of Series A Preferred Stock pursuant to this Section 4, this corporation, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Series A Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. This corporation shall, upon the written request at any time of any holder of Series A Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (A) such adjustment and readjustment, (B) the Conversion Price for such series of Preferred Stock at the time in effect, and (C) the number of shares of Class A Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of a share of Series A Preferred Stock.

(i) NOTICES OF RECORD DATE. In the event of any taking by this corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend) or other distribution, any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any other right (except the right to vote), this corporation shall mail to each holder of Series A Preferred Stock, at least 20 days prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right.

(j) RESERVATION OF STOCK ISSUABLE UPON CONVERSION. This corporation shall at all times reserve and keep available out of its authorized but unissued shares of Class A Common Stock, solely for the purpose of effecting the conversion of the shares of the Series A Preferred Stock, such number of its shares of Class A Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series A Preferred Stock; and if at any time the number of authorized but unissued shares of Class A Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series A Preferred Stock, in addition to such other remedies as shall be available to the holder of such Series A Preferred Stock, this corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Class A Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite shareholder approval of any necessary amendment to these articles.

(k) NOTICES. Any notice required by the provisions of this Section 4 to be given to the holders of shares of Series A Preferred Stock shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder of record at his address appearing on the books of this corporation.

5. VOTING RIGHTS. The holder of each share of Series A Preferred Stock shall have the right to one vote for each share of Class A Common Stock into which such Series A Preferred Stock could then be converted, and with respect to such vote, such holder shall have full voting rights and powers equal to the voting rights and powers of the holders of Class A Common Stock, and shall be entitled, notwithstanding any provision hereof, to notice of any shareholders' meeting in accordance with the bylaws of this corporation, and, except with respect to the election of directors as provided in Section 6 hereof, shall be entitled to vote, together with holders of Class A Common Stock, with respect to any question upon which holders of Class A Common Stock have the right to vote. Fractional votes shall not, however, be permitted and any fractional voting rights available on an as-converted basis (after aggregating all shares into which shares of Series A Preferred Stock held by each holder could be converted) shall be rounded to the nearest whole number (with one-half being rounded upward).

6. BOARD OF DIRECTORS. So long as at least 40% of the authorized shares of Series A Preferred Stock are outstanding, the holders of Series A Preferred Stock, voting as a class, shall be entitled to elect five directors and the holders of Common Stock, voting as a class, shall be entitled to elect two directors. So long as at least 40% of the authorized shares of Series A Preferred Stock are outstanding, this corporation shall not without first obtaining the approval (by vote or written consent, as provided by law) of the holders of at least a majority of the then outstanding shares of Series A Preferred Stock, change the authorized number of directors of the corporation.

7. STATUS OF CONVERTED OR REDEEMED STOCK. In the event any shares of Series A Preferred Stock shall be redeemed or converted pursuant to Section 3 or Section 4 hereof, the shares so converted or redeemed shall be cancelled and shall not be issuable by the corporation. The Articles of Incorporation of this corporation shall be appropriately amended to effect the corresponding reduction in the corporation's authorized capital stock.

8. REPURCHASE OF SHARES. In connection with repurchases by this corporation of its Common Stock pursuant to its agreements with certain of the holders thereof, Sections 502 and 503 of the California General Corporation Law shall not apply in whole or in part with respect to such repurchases.

IN WITNESS WHEREOF, this Certificate is signed by _____, President, and _____, Secretary, as of this ____ day of _____, 1999.

_____

, President

_____

, Secretary

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this Certificate are true and correct of our own knowledge.

_____

, President

_____

, Secretary

EXHIBIT B TO SECURITIES PURCHASE AGREEMENT

BEGINS ON THE FOLLOWING PAGE.

CONTINGENT COMMON STOCK PURCHASE WARRANT

THIS SECURITY AND ANY SHARES ISSUED UPON EXERCISE OF THIS SECURITY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS THE APPLICABLE SECURITY HAS BEEN REGISTERED UNDER THE ACT AND SUCH LAWS OR (1) REGISTRATION UNDER SUCH LAWS IS NOT REQUIRED AND (2) AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY IS FURNISHED TO THE COMPANY TO THE EFFECT THAT REGISTRATION UNDER THE ACT AND THE APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED.

AMERIGON INCORPORATED

WARRANT TO PURCHASE COMMON STOCK

This certifies that, for value received, _____ (the "Holder") is entitled to subscribe for and purchase up to 9225 shares (subject to adjustment from time to time pursuant to the provisions of Section 5 hereof) of fully paid and nonassessable Class A Common Stock of Amerigon Incorporated, a California corporation (the "Company"), at the price specified in Section 2 hereof, as such price may be adjusted from time to time pursuant to Section 5 hereof (the "Warrant Price"), subject to the provisions and upon the terms and conditions hereinafter set forth.

As used herein, the term "Class A Common Stock" shall mean the Company's presently authorized Class A Common Stock, no par value, and any stock into or for which such Common Stock may hereafter be converted or exchanged.

1. TERM OF WARRANT; CONTINGENT EXERCISE.

(a) TERM. Subject to Section 1(b) hereof, the purchase right represented by this Warrant is exercisable, in whole or in part, at any time during a period beginning on [Closing Date] and ending ninety days after the latest of the end of the terms of the warrants as respectively set forth in Section 1(a) of the Common Stock Purchase Warrant dated December 21, 1998 from the Company to Spencer Trask Securities, Inc., Section 1(a) of the Common Stock Purchase Warrant dated December 21, 1998 from the Company to Adam K. Stern and Section 1(a) of the Common Stock Purchase Warrant dated December 21, 1998 from the Company to Roger K. Baumberger and Section 1(a) of the Common Stock Purchase Warrant dated March 24, 1999 from the Company to Matthew Schilowitz (the "Trask Warrants").

(b) CONTINGENT EXERCISE. The number of shares that may be purchased pursuant to the exercise of this Warrant is limited to a number of shares equal to 36.9% multiplied by the number of shares purchased pursuant to the exercise of the Trask Warrants after the date hereof. To the extent that this would result in the right to purchase a fractional number of shares, the number of shares permitted to be purchased will be rounded down to the lowest whole share; PROVIDED, however, that the number of shares with respect to which this Warrant shall not then have been exercised will appropriately reflect such adjustment.

2. WARRANT PRICE.

The Warrant Price is $5.30 per share, subject to adjustment from time to time pursuant to the provisions of Section 5 hereof.

3. METHOD OF EXERCISE OR CONVERSION; PAYMENT; ISSUANCE OF NEW WARRANT.

(a) EXERCISE. Subject to Section 1 hereof, the purchase right represented by this Warrant may be exercised by the Holder, in whole or in part, by the surrender of this Warrant (with the notice of exercise form attached hereto as EXHIBIT 1 duly executed) at the principal office of the Company and by the payment to the Company, by cashier's check or wire transfer, of an amount equal to the then applicable Warrant Price per share multiplied by the number of shares then being purchased. The Company agrees that the shares so purchased shall be deemed to be issued to the Holder as the record owner of such shares as of the close of business on the date on which this Warrant shall have been surrendered and payment made for such shares as aforesaid. In the event of any exercise of this Warrant, certificates for the shares of stock so purchased shall be delivered to the Holder within 15 business days thereafter and, unless this Warrant has been fully exercised or expired, a new Warrant representing the portion of the shares, if any, with respect to which this Warrant shall not then have been exercised, shall also be issued to the Holder within such 15 business day period.

(b) CONVERSION. Subject to Section 1 hereof, the Holder may convert this Warrant (the "Conversion Right"), in whole or in part, into the number of shares (less the number of shares which have been previously exercised or as to which the Conversion Right has been previously exercised) calculated pursuant to the following formula by surrendering this Warrant (with the notice of exercise form attached hereto as EXHIBIT 1 duly executed) at the principal office of the Company specifying the number of shares the rights to purchase which the Holder desires to convert:

$$X = \frac{Y\,(A - B)}{A}$$

where: X = the number of shares of Class A Common Stock to be issued to the Holder;

Y = the number of shares of Class A Common Stock subject to this Warrant for which the Conversion Right is being exercised;

A = the Market Price of the Common Stock (as defined below) as of the trading day immediately preceding the date of exercise of this Warrant; and

B = the Warrant Price

For purposes hereof, the "Market Price of the Common Stock" shall be the closing price per share of the Class A Common Stock of the Company on the

principal national securities exchange on which the Class A Common Stock of the Company is then listed or admitted to trading or, if not then listed or traded on any such exchange, on the NASDAQ National Market System, or if then not listed or traded on such system, the closing bid price per share on NASDAQ or other over-the-counter trading market. If at any time such quotations are not available, the market price of a share of Class A Common Stock shall be the highest price per share which the Company could obtain from a willing buyer (not a current employee or director) for shares of Class A Common Stock sold by the Company, from authorized but unissued shares, as determined in good faith by the Board of Directors of the Company, unless the Company shall become subject to a merger, acquisition or other consolidation pursuant to which the Company is not the surviving party, in which case the market price of a share of Class A Common Stock shall be deemed to be the value received by the holders of the Company's Class A Common Stock for each share of Class A Common Stock pursuant to the Company's acquisition.

The Company agrees that the shares so converted shall be deemed issued to the Holder as the record owner of such shares as of the close of business on the date on which this Warrant shall have been surrendered as aforesaid. In the event of any conversion of this Warrant, certificates for the shares of stock so converted shall be delivered to the holder hereof within 15 business days thereafter and, unless this Warrant has been fully converted or expired, a new Warrant representing the portion of the shares, if any, with respect to which this Warrant shall not then have been converted, shall also be issued to the holder hereof within such 15-day period.

4. STOCK FULLY PAID; RESERVATION OF SHARES.

All Class A Common Stock which may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be fully paid and nonassessable, and free from all United States taxes, liens and charges with respect to the issue thereof. During the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized, and reserved for the purpose of the issuance upon exercise of the purchase rights evidenced by this Warrant, a sufficient number of shares of its Class A Common Stock to provide for the exercise of the rights represented by this Warrant.

5. ADJUSTMENT OF PURCHASE PRICE AND NUMBER OF SHARES.

The exercise price and number of shares purchasable on exercise of this Warrant shall adjust identically with any adjustments made pursuant to the Trask Warrants and the provisions of Section 5 of the Trask Warrants and the definitions of the different terms therein are hereby incorporated by reference.

6. NOTICE OF ADJUSTMENTS.

Whenever any Warrant Price shall be adjusted pursuant to Section 5 hereof, the Company shall prepare a certificate signed by its chief financial officer setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method

by which such adjustment was calculated, the Warrant Price after giving effect to such adjustment and the number of shares then purchasable upon exercise of this Warrant, and shall cause copies of such certificate to be mailed (by first class mail, postage prepaid) to the Holder of this Warrant at the address specified in Section 10(c) hereof, or at such other address as may be provided to the Company in writing by the Holder of this Warrant.

7. FRACTIONAL SHARES.

No fractional shares of Class A Common Stock will be issued in conjunction with any exercise hereunder, but in lieu of such fractional shares the Company shall make a cash payment therefore on the basis of the Warrant Price then in effect.

8. COMPLIANCE WITH SECURITIES ACT.

The Holder of this Warrant, by acceptance hereof, agrees that this Warrant and the shares of Class A Common Stock to be issued on exercise hereof are being acquired for investment and that it will not offer, sell or otherwise dispose of this Warrant or any shares of Class A Common Stock to be issued upon exercise hereof except under circumstances which will not result in a violation of the Securities Act of 1933, as amended (the "Act"). This Warrant and all shares of Class A Common Stock issued upon exercise of this Warrant (unless registered under the Act) shall be stamped and imprinted with a legend substantially in the following form:

"THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS IT HAS BEEN REGISTERED UNDER THE ACT AND SUCH LAWS OR (1) REGISTRATION UNDER SUCH LAWS IS NOT REQUIRED AND (2) AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY IS FURNISHED TO THE COMPANY TO THE EFFECT THAT REGISTRATION UNDER THE ACT AND THE APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED."

9. NOTICE OF EXERCISE OF CLASS A WARRANTS.

Whenever any Trask Warrants shall be exercised, within 30 days after such exercise the Company shall notify the Holder (by first class mail, postage prepaid) at the address specified in Section 10(c) hereof, or at such other address as may be provided to the Company in writing by the Holder of this Warrant.

10. MISCELLANEOUS.

(a) NO RIGHTS AS SHAREHOLDER. The Holder of this Warrant shall not be entitled to vote or receive dividends or be deemed the Holder of Class A Common Stock or any other securities of the Company that may at any time be issuable on the exercise hereof for any purpose, nor shall anything contained herein be construed to confer upon the Holder of this Warrant, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action (whether upon any recapitalization, issuance of

stock, reclassification of stock, change of par value or change of stock to no par value, consolidation, merger, conveyance or otherwise) or to receive notice of meetings, or to receive dividends or subscription rights or otherwise until the Warrant shall have been exercised and the shares purchasable upon the exercise hereof shall have become deliverable, as provided herein.

(b) REPLACEMENT. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction, or mutilation of this Warrant and, in the case of mutilation, on surrender and cancellation of this Warrant, the Company, at the Holder's expense, will execute and deliver, in lieu of this Warrant, a new Warrant of like tenor.

(c) NOTICE. Any notice given to either party under this Warrant shall be in writing, and any notice hereunder shall be deemed to have been given upon the earlier of delivery thereof by hand delivery, by courier, or by standard form of telecommunication or three (3) business days after the mailing thereof in the U.S. mail if sent registered mail with postage prepaid, addressed to the Company at its principal executive offices and to the Holder at its address set forth in the Company's books and records or at such other address as the Holder may have provided to the Company in writing.

(d) GOVERNING LAW. This Warrant shall be governed and construed under the laws of the State of California.

This Warrant is executed as of this ____ day of _____, 1999.

AMERIGON INCORPORATED

By:_____

Name:_____

Title:_____

EXHIBIT 1

NOTICE OF EXERCISE

TO: AMERIGON INCORPORATED

1. Check Box that Applies:

/ / The undersigned hereby elects to purchase _____ shares of Class A Common Stock of AMERIGON INCORPORATED pursuant to the terms of the attached Warrant, and tenders herewith payment of the purchase price of such shares in full.

/ / The undersigned hereby elects to convert the attached warrant into _____ shares of Class A Common Stock of AMERIGON INCORPORATED pursuant to the terms of the attached Warrant.

2. Please issue a certificate or certificates representing said shares of Class A Common Stock in the name of the undersigned or in such other name as is specified below:

_____
(Name)
_____

_____
(Address)

3. The undersigned represents that the aforesaid shares of Class A Common Stock are being acquired for the account of the undersigned for investment and not with a view to, or for resale in connection with, the distribution thereof and that the undersigned has no present intention of distributing or reselling such shares.

_____
Signature

CONTINGENT COMMON STOCK PURCHASE WARRANT

THIS SECURITY AND ANY SHARES ISSUED UPON EXERCISE OF THIS SECURITY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS THE APPLICABLE SECURITY HAS BEEN REGISTERED UNDER THE ACT AND SUCH LAWS OR (1) REGISTRATION UNDER SUCH LAWS IS NOT REQUIRED AND (2) AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY IS FURNISHED TO THE COMPANY TO THE EFFECT THAT REGISTRATION UNDER THE ACT AND THE APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED.

AMERIGON INCORPORATED

WARRANT TO PURCHASE COMMON STOCK

This certifies that, for value received, _____ (the "Holder") is entitled to subscribe for and purchase up to 558,659 shares (subject to adjustment from time to time pursuant to the provisions of Section 5 hereof) of fully paid and nonassessable Class A Common Stock of Amerigon Incorporated, a California corporation (the "Company"), at the price specified in Section 2 hereof, as such price may be adjusted from time to time pursuant to Section 5 hereof (the "Warrant Price"), subject to the provisions and upon the terms and conditions hereinafter set forth.

As used herein, the term "Class A Common Stock" shall mean the Company's presently authorized Class A Common Stock, no par value, and any stock into or for which such Common Stock may hereafter be converted or exchanged.

1. TERM OF WARRANT; CONTINGENT EXERCISE.

(a) TERM. Subject to Section 1(b) hereof, the purchase right represented by this Warrant is exercisable, in whole or in part, at any time during a period beginning on [Closing Date] and ending ninety days after the Warrant Expiration Date as such term is defined in the Warrant Agreement dated February 12, 1997, by and among the Company, U.S. Stock Transfer Corporation, as Warrant Agent, and D.H. Blair Investment Banking Corp. (the "1997 Warrant Agreement").

(b) CONTINGENT EXERCISE. The number of shares that may be purchased pursuant to the exercise of this Warrant is limited to a number of shares equal to 36.9% multiplied by the number of shares purchased pursuant to the exercise of Class A Warrants of the Company after the date hereof. To the extent that this would result in the right to purchase a fractional number of shares, the number of shares permitted to be purchased will be rounded down to the lowest whole share; PROVIDED, however, that the number of shares with respect to which this Warrant shall not then have been exercised will appropriately reflect such adjustment.

2. WARRANT PRICE.

The Warrant Price is $25.00 per share, subject to adjustment from time to time pursuant to the provisions of Section 5 hereof.

3. METHOD OF EXERCISE OR CONVERSION; PAYMENT; ISSUANCE OF NEW WARRANT.

(a) EXERCISE. Subject to Section 1 hereof, the purchase right represented by this Warrant may be exercised by the Holder, in whole or in part, by the surrender of this Warrant (with the notice of exercise form attached hereto as EXHIBIT 1 duly executed) at the principal office of the Company and by the payment to the Company, by cashier's check or wire transfer, of an amount equal to the then applicable Warrant Price per share multiplied by the number of shares then being purchased. The Company agrees that the shares so purchased shall be deemed to be issued to the Holder as the record owner of such shares as of the close of business on the date on which this Warrant shall have been surrendered and payment made for such shares as aforesaid. In the event of any exercise of this Warrant, certificates for the shares of stock so purchased shall be delivered to the Holder within 15 business days thereafter and, unless this Warrant has been fully exercised or expired, a new Warrant representing the portion of the shares, if any, with respect to which this Warrant shall not then have been exercised, shall also be issued to the Holder within such 15 business day period.

(b) CONVERSION. Subject to Section 1 hereof, the Holder may convert this Warrant (the "Conversion Right"), in whole or in part, into the number of shares (less the number of shares which have been previously exercised or as to which the Conversion Right has been previously exercised) calculated pursuant to the following formula by surrendering this Warrant (with the notice of exercise form attached hereto as EXHIBIT 1 duly executed) at the principal office of the Company specifying the number of shares the rights to purchase which the Holder desires to convert:

$$X = \frac{Y\,(A - B)}{A}$$

where: X = the number of shares of Class A Common Stock to be issued to the Holder;

Y = the number of shares of Class A Common Stock subject to this Warrant for which the Conversion Right is being exercised;

A = the Market Price of the Common Stock (as defined below) as of the trading day immediately preceding the date of exercise of this Warrant; and

B = the Warrant Price

For purposes hereof, the "Market Price of the Common Stock" shall be the closing price per share of the Class A Common Stock of the Company on the principal national securities exchange on which the Class A Common Stock of the Company is then listed or admitted to trading or, if not then listed or traded on

any such exchange, on the NASDAQ National Market System, or if then not listed or traded on such system, the closing bid price per share on NASDAQ or other over-the-counter trading market. If at any time such quotations are not available, the market price of a share of Class A Common Stock shall be the highest price per share which the Company could obtain from a willing buyer (not a current employee or director) for shares of Class A Common Stock sold by the Company, from authorized but unissued shares, as determined in good faith by the Board of Directors of the Company, unless the Company shall become subject to a merger, acquisition or other consolidation pursuant to which the Company is not the surviving party, in which case the market price of a share of Class A Common Stock shall be deemed to be the value received by the holders of the Company's Class A Common Stock for each share of Class A Common Stock pursuant to the Company's acquisition.

The Company agrees that the shares so converted shall be deemed issued to the Holder as the record owner of such shares as of the close of business on the date on which this Warrant shall have been surrendered as aforesaid. In the event of any conversion of this Warrant, certificates for the shares of stock so converted shall be delivered to the holder hereof within 15 business days thereafter and, unless this Warrant has been fully converted or expired, a new Warrant representing the portion of the shares, if any, with respect to which this Warrant shall not then have been converted, shall also be issued to the holder hereof within such 15-day period.

4. STOCK FULLY PAID; RESERVATION OF SHARES.

All Class A Common Stock which may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be fully paid and nonassessable, and free from all United States taxes, liens and charges with respect to the issue thereof. During the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized, and reserved for the purpose of the issuance upon exercise of the purchase rights evidenced by this Warrant, a sufficient number of shares of its Class A Common Stock to provide for the exercise of the rights represented by this Warrant.

5. ADJUSTMENT OF PURCHASE PRICE AND NUMBER OF SHARES.

The exercise price and number of shares purchasable on exercise of this Warrant shall adjust identically with any adjustments made pursuant to the 1997 Warrant Agreement and the provisions of Section 9 of the 1997 Warrant Agreement and the definitions of the different terms therein are hereby incorporated by reference.

6. NOTICE OF ADJUSTMENTS.

Whenever any Warrant Price shall be adjusted pursuant to Section 5 hereof, the Company shall prepare a certificate signed by its chief financial officer setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated, the Warrant Price after giving effect to such adjustment and the number of shares then purchasable upon exercise of this Warrant, and shall

cause copies of such certificate to be mailed (by first class mail, postage prepaid) to the Holder of this Warrant at the address specified in Section 10(c) hereof, or at such other address as may be provided to the Company in writing by the Holder of this Warrant.

7. FRACTIONAL SHARES.

No fractional shares of Class A Common Stock will be issued in conjunction with any exercise hereunder, but in lieu of such fractional shares the Company shall make a cash payment therefore on the basis of the Warrant Price then in effect.

8. COMPLIANCE WITH SECURITIES ACT.

The Holder of this Warrant, by acceptance hereof, agrees that this Warrant and the shares of Class A Common Stock to be issued on exercise hereof are being acquired for investment and that it will not offer, sell or otherwise dispose of this Warrant or any shares of Class A Common Stock to be issued upon exercise hereof except under circumstances which will not result in a violation of the Securities Act of 1933, as amended (the "Act"). This Warrant and all shares of Class A Common Stock issued upon exercise of this Warrant (unless registered under the Act) shall be stamped and imprinted with a legend substantially in the following form:

"THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS IT HAS BEEN REGISTERED UNDER THE ACT AND SUCH LAWS OR (1) REGISTRATION UNDER SUCH LAWS IS NOT REQUIRED AND (2) AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY IS FURNISHED TO THE COMPANY TO THE EFFECT THAT REGISTRATION UNDER THE ACT AND THE APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED."

9. NOTICE OF EXERCISE OF CLASS A WARRANTS.

Whenever any Class A Warrant shall be exercised, within 30 days after such exercise the Company shall notify the Holder (by first class mail, postage prepaid) at the address specified in Section 10(c) hereof, or at such other address as may be provided to the Company in writing by the Holder of this Warrant.

10. MISCELLANEOUS.

(a) NO RIGHTS AS SHAREHOLDER. The Holder of this Warrant shall not be entitled to vote or receive dividends or be deemed the Holder of Class A Common Stock or any other securities of the Company that may at any time be issuable on the exercise hereof for any purpose, nor shall anything contained herein be construed to confer upon the Holder of this Warrant, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action (whether upon any recapitalization, issuance of stock, reclassification of stock, change of par value or change of stock to no par value, consolidation, merger, conveyance or otherwise) or to receive notice of meetings, or to receive

dividends or subscription rights or otherwise until the Warrant shall have been exercised and the shares purchasable upon the exercise hereof shall have become deliverable, as provided herein.

(b) REPLACEMENT. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction, or mutilation of this Warrant and, in the case of mutilation, on surrender and cancellation of this Warrant, the Company, at the Holder's expense, will execute and deliver, in lieu of this Warrant, a new Warrant of like tenor.

(c) NOTICE. Any notice given to either party under this Warrant shall be in writing, and any notice hereunder shall be deemed to have been given upon the earlier of delivery thereof by hand delivery, by courier, or by standard form of telecommunication or three (3) business days after the mailing thereof in the U.S. mail if sent registered mail with postage prepaid, addressed to the Company at its principal executive offices and to the Holder at its address set forth in the Company's books and records or at such other address as the Holder may have provided to the Company in writing.

(d) GOVERNING LAW. This Warrant shall be governed and construed under the laws of the State of California.

This Warrant is executed as of this ____ day of _____, 1999.

AMERIGON INCORPORATED

By:_____

Name:_____

Title:_____

EXHIBIT 1

NOTICE OF EXERCISE

TO: AMERIGON INCORPORATED

1. Check Box that Applies:

/ / The undersigned hereby elects to purchase _____ shares of Class A Common Stock of AMERIGON INCORPORATED pursuant to the terms of the attached Warrant, and tenders herewith payment of the purchase price of such shares in full.

/ / The undersigned hereby elects to convert the attached warrant into _____ shares of Class A Common Stock of AMERIGON INCORPORATED pursuant to the terms of the attached Warrant.

2. Please issue a certificate or certificates representing said shares of Class A Common Stock in the name of the undersigned or in such other name as is specified below:

_____
(Name)
_____

_____
(Address)

3. The undersigned represents that the aforesaid shares of Class A Common Stock are being acquired for the account of the undersigned for investment and not with a view to, or for resale in connection with, the distribution thereof and that the undersigned has no present intention of distributing or reselling such shares.

_____
Signature

CONTINGENT COMMON STOCK PURCHASE WARRANT

THIS SECURITY AND ANY SHARES ISSUED UPON EXERCISE OF THIS SECURITY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS THE APPLICABLE SECURITY HAS BEEN REGISTERED UNDER THE ACT AND SUCH LAWS OR (1) REGISTRATION UNDER SUCH LAWS IS NOT REQUIRED AND (2) AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY IS FURNISHED TO THE COMPANY TO THE EFFECT THAT REGISTRATION UNDER THE ACT AND THE APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED.

AMERIGON INCORPORATED

WARRANT TO PURCHASE COMMON STOCK

This certifies that, for value received, _____ (the "Holder") is entitled to subscribe for and purchase up to 4428 shares (subject to adjustment from time to time pursuant to the provisions of Section 5 hereof) of fully paid and nonassessable Class A Common Stock of Amerigon Incorporated, a California corporation (the "Company"), at the price specified in Section 2 hereof, as such price may be adjusted from time to time pursuant to Section 5 hereof (the "Warrant Price"), subject to the provisions and upon the terms and conditions hereinafter set forth.

As used herein, the term "Class A Common Stock" shall mean the Company's presently authorized Class A Common Stock, no par value, and any stock into or for which such Common Stock may hereafter be converted or exchanged.

1. TERM OF WARRANT; CONTINGENT EXERCISE.

(a) TERM. Subject to Section 1(b) hereof, the purchase right represented by this Warrant is exercisable, in whole or in part, at any time during a period beginning on [Closing Date] and ending ninety days after the later of the two "Warrant Expiration Dates" as defined in the Warrant to Purchase Class A Common Stock dated December 29, 1995 from the Company to Sutro & Co. and the Warrant to Purchase Class A Common Stock dated December 29, 1995 from the Company to Lido Consulting, Inc. (the "1995 Private Placement Warrants").

(b) CONTINGENT EXERCISE. The number of shares that may be purchased pursuant to the exercise of this Warrant is limited to a number of shares equal to 36.9% multiplied by the number of shares purchased pursuant to the exercise of the 1995 Private Placement Warrants after the date hereof. To the extent that this would result in the right to purchase a fractional number of shares, the number of shares permitted to be purchased will be rounded down to the lowest whole share; PROVIDED, however, that the number of shares with respect to which this Warrant shall not then have been exercised will appropriately reflect such adjustment.

2. WARRANT PRICE.

The Warrant Price is $51.25 per share, subject to adjustment from time to time pursuant to the provisions of Section 5 hereof.

3. METHOD OF EXERCISE OR CONVERSION; PAYMENT; ISSUANCE OF NEW WARRANT.

(a) EXERCISE. Subject to Section 1 hereof, the purchase right represented by this Warrant may be exercised by the Holder, in whole or in part, by the surrender of this Warrant (with the notice of exercise form attached hereto as EXHIBIT 1 duly executed) at the principal office of the Company and by the payment to the Company, by cashier's check or wire transfer, of an amount equal to the then applicable Warrant Price per share multiplied by the number of shares then being purchased. The Company agrees that the shares so purchased shall be deemed to be issued to the Holder as the record owner of such shares as of the close of business on the date on which this Warrant shall have been surrendered and payment made for such shares as aforesaid. In the event of any exercise of this Warrant, certificates for the shares of stock so purchased shall be delivered to the Holder within 15 business days thereafter and, unless this Warrant has been fully exercised or expired, a new Warrant representing the portion of the shares, if any, with respect to which this Warrant shall not then have been exercised, shall also be issued to the Holder within such 15 business day period.

(b) CONVERSION. Subject to Section 1 hereof, the Holder may convert this Warrant (the "Conversion Right"), in whole or in part, into the number of shares (less the number of shares which have been previously exercised or as to which the Conversion Right has been previously exercised) calculated pursuant to the following formula by surrendering this Warrant (with the notice of exercise form attached hereto as EXHIBIT 1 duly executed) at the principal office of the Company specifying the number of shares the rights to purchase which the Holder desires to convert:

$$X = \frac{Y\,(A - B)}{A}$$

where: X = the number of shares of Class A Common Stock to be issued to the Holder;

Y = the number of shares of Class A Common Stock subject to this Warrant for which the Conversion Right is being exercised;

A = the Market Price of the Common Stock (as defined below) as of the trading day immediately preceding the date of exercise of this Warrant; and

B = the Warrant Price

For purposes hereof, the "Market Price of the Common Stock" shall be the closing price per share of the Class A Common Stock of the Company on the principal national securities exchange on which the Class A Common Stock of the Company is then listed or admitted to trading or, if not then listed or traded on

any such exchange, on the NASDAQ National Market System, or if then not listed or traded on such system, the closing bid price per share on NASDAQ or other over-the-counter trading market. If at any time such quotations are not available, the market price of a share of Class A Common Stock shall be the highest price per share which the Company could obtain from a willing buyer (not a current employee or director) for shares of Class A Common Stock sold by the Company, from authorized but unissued shares, as determined in good faith by the Board of Directors of the Company, unless the Company shall become subject to a merger, acquisition or other consolidation pursuant to which the Company is not the surviving party, in which case the market price of a share of Class A Common Stock shall be deemed to be the value received by the holders of the Company's Class A Common Stock for each share of Class A Common Stock pursuant to the Company's acquisition.

The Company agrees that the shares so converted shall be deemed issued to the Holder as the record owner of such shares as of the close of business on the date on which this Warrant shall have been surrendered as aforesaid. In the event of any conversion of this Warrant, certificates for the shares of stock so converted shall be delivered to the holder hereof within 15 business days thereafter and, unless this Warrant has been fully converted or expired, a new Warrant representing the portion of the shares, if any, with respect to which this Warrant shall not then have been converted, shall also be issued to the holder hereof within such 15-day period.

4. STOCK FULLY PAID; RESERVATION OF SHARES.

All Class A Common Stock which may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be fully paid and nonassessable, and free from all United States taxes, liens and charges with respect to the issue thereof. During the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized, and reserved for the purpose of the issuance upon exercise of the purchase rights evidenced by this Warrant, a sufficient number of shares of its Class A Common Stock to provide for the exercise of the rights represented by this Warrant.

5. ADJUSTMENT OF PURCHASE PRICE AND NUMBER OF SHARES.

The exercise price and number of shares purchasable on exercise of this Warrant shall adjust identically with any adjustments made pursuant to the 1995 Private Placement Warrants and the provisions of Section 7 of the 1995 Private Placement Warrants or other adjustment provisions set forth in the 1995 Private Placement Warrants and the definitions of the different terms therein are hereby incorporated by reference.

6. NOTICE OF ADJUSTMENTS.

Whenever any Warrant Price shall be adjusted pursuant to Section 5 hereof, the Company shall prepare a certificate signed by its chief financial officer setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated, the Warrant Price after giving effect to such

adjustment and the number of shares then purchasable upon exercise of this Warrant, and shall cause copies of such certificate to be mailed (by first class mail, postage prepaid) to the Holder of this Warrant at the address specified in Section 10(c) hereof, or at such other address as may be provided to the Company in writing by the Holder of this Warrant.

7. FRACTIONAL SHARES.

No fractional shares of Class A Common Stock will be issued in conjunction with any exercise hereunder, but in lieu of such fractional shares the Company shall make a cash payment therefore on the basis of the Warrant Price then in effect.

8. COMPLIANCE WITH SECURITIES ACT.

The Holder of this Warrant, by acceptance hereof, agrees that this Warrant and the shares of Class A Common Stock to be issued on exercise hereof are being acquired for investment and that it will not offer, sell or otherwise dispose of this Warrant or any shares of Class A Common Stock to be issued upon exercise hereof except under circumstances which will not result in a violation of the Securities Act of 1933, as amended (the "Act"). This Warrant and all shares of Class A Common Stock issued upon exercise of this Warrant (unless registered under the Act) shall be stamped and imprinted with a legend substantially in the following form:

"THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS IT HAS BEEN REGISTERED UNDER THE ACT AND SUCH LAWS OR (1) REGISTRATION UNDER SUCH LAWS IS NOT REQUIRED AND (2) AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY IS FURNISHED TO THE COMPANY TO THE EFFECT THAT REGISTRATION UNDER THE ACT AND THE APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED."

9. NOTICE OF EXERCISE OF CLASS A WARRANTS.

Whenever any 1995 Private Placement Warrants shall be exercised, within 30 days after such exercise the Company shall notify the Holder (by first class mail, postage prepaid) at the address specified in Section 10(c) hereof, or at such other address as may be provided to the Company in writing by the Holder of this Warrant.

10. MISCELLANEOUS.

(a) NO RIGHTS AS SHAREHOLDER. The Holder of this Warrant shall not be entitled to vote or receive dividends or be deemed the Holder of Class A Common Stock or any other securities of the Company that may at any time be issuable on the exercise hereof for any purpose, nor shall anything contained herein be construed to confer upon the Holder of this Warrant, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action (whether upon any recapitalization, issuance of stock, reclassification of stock, change of par value or change of stock to no par value,

consolidation, merger, conveyance or otherwise) or to receive notice of meetings, or to receive dividends or subscription rights or otherwise until the Warrant shall have been exercised and the shares purchasable upon the exercise hereof shall have become deliverable, as provided herein.

(b) REPLACEMENT. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction, or mutilation of this Warrant and, in the case of mutilation, on surrender and cancellation of this Warrant, the Company, at the Holder's expense, will execute and deliver, in lieu of this Warrant, a new Warrant of like tenor.

(c) NOTICE. Any notice given to either party under this Warrant shall be in writing, and any notice hereunder shall be deemed to have been given upon the earlier of delivery thereof by hand delivery, by courier, or by standard form of telecommunication or three (3) business days after the mailing thereof in the U.S. mail if sent registered mail with postage prepaid, addressed to the Company at its principal executive offices and to the Holder at its address set forth in the Company's books and records or at such other address as the Holder may have provided to the Company in writing.

(d) GOVERNING LAW. This Warrant shall be governed and construed under the laws of the State of California.

[Remainder of page intentionally left blank]

This Warrant is executed as of this ____ day of _____, 1999.

AMERIGON INCORPORATED

By:_____

Name:_____

Title:_____

EXHIBIT 1

NOTICE OF EXERCISE

TO: AMERIGON INCORPORATED

1. Check Box that Applies:

/ / The undersigned hereby elects to purchase _____ shares of Class A Common Stock of AMERIGON INCORPORATED pursuant to the terms of the attached Warrant, and tenders herewith payment of the purchase price of such shares in full.

/ / The undersigned hereby elects to convert the attached warrant into _____ shares of Class A Common Stock of AMERIGON INCORPORATED pursuant to the terms of the attached Warrant.

2. Please issue a certificate or certificates representing said shares of Class A Common Stock in the name of the undersigned or in such other name as is specified below:

_____
(Name)
_____

_____
(Address)

3. The undersigned represents that the aforesaid shares of Class A Common Stock are being acquired for the account of the undersigned for investment and not with a view to, or for resale in connection with, the distribution thereof and that the undersigned has no present intention of distributing or reselling such shares.

_____
Signature

CONTINGENT COMMON STOCK PURCHASE WARRANT

THIS SECURITY AND ANY SHARES ISSUED UPON EXERCISE OF THIS SECURITY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS THE APPLICABLE SECURITY HAS BEEN REGISTERED UNDER THE ACT AND SUCH LAWS OR (1) REGISTRATION UNDER SUCH LAWS IS NOT REQUIRED AND (2) AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY IS FURNISHED TO THE COMPANY TO THE EFFECT THAT REGISTRATION UNDER THE ACT AND THE APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED.

AMERIGON INCORPORATED

WARRANT TO PURCHASE COMMON STOCK

This certifies that, for value received, _____ (the "Holder") is entitled to subscribe for and purchase up to 7380 shares (subject to adjustment from time to time pursuant to the provisions of Section 5 hereof) of fully paid and nonassessable Class A Common Stock of Amerigon Incorporated, a California corporation (the "Company"), at the price specified in Section 2 hereof, as such price may be adjusted from time to time pursuant to Section 5 hereof (the "Warrant Price"), subject to the provisions and upon the terms and conditions hereinafter set forth.

As used herein, the term "Class A Common Stock" shall mean the Company's presently authorized Class A Common Stock, no par value, and any stock into or for which such Common Stock may hereafter be converted or exchanged.

1. TERM OF WARRANT; CONTINGENT EXERCISE.

(a) TERM. Subject to Section 1(b) hereof, the purchase right represented by this Warrant is exercisable, in whole or in part, at any time during a period beginning on [Closing Date] and ending ninety days after the latest of the end of the terms of the warrants as respectively set forth in Section 1(a) of the Common Stock Purchase Warrant dated [Issue Date] from the Company to Spencer Trask Securities Incorporated (the "Trask Warrant").

(b) CONTINGENT EXERCISE. The number of shares that may be purchased pursuant to the exercise of this Warrant is limited to a number of shares equal to 36.9% multiplied by the number of shares purchased pursuant to the exercise of the Trask Warrant after the date hereof. To the extent that this would result in the right to purchase a fractional number of shares, the number of shares permitted to be purchased will be rounded down to the lowest whole share; PROVIDED, however, that the number of shares with respect to which this Warrant shall not then have been exercised will appropriately reflect such adjustment.

2. WARRANT PRICE.

The Warrant Price is $[Trask Warrant issue price], subject to adjustment from time to time pursuant to the provisions of Section 5 hereof.

3. METHOD OF EXERCISE OR CONVERSION; PAYMENT; ISSUANCE OF NEW WARRANT.

(a) EXERCISE. Subject to Section 1 hereof, the purchase right represented by this Warrant may be exercised by the Holder, in whole or in part, by the surrender of this Warrant (with the notice of exercise form attached hereto as EXHIBIT 1 duly executed) at the principal office of the Company and by the payment to the Company, by cashier's check or wire transfer, of an amount equal to the then applicable Warrant Price per share multiplied by the number of shares then being purchased. The Company agrees that the shares so purchased shall be deemed to be issued to the Holder as the record owner of such shares as of the close of business on the date on which this Warrant shall have been surrendered and payment made for such shares as aforesaid. In the event of any exercise of this Warrant, certificates for the shares of stock so purchased shall be delivered to the Holder within 15 business days thereafter and, unless this Warrant has been fully exercised or expired, a new Warrant representing the portion of the shares, if any, with respect to which this Warrant shall not then have been exercised, shall also be issued to the Holder within such 15 business day period.

(b) CONVERSION. Subject to Section 1 hereof, the Holder may convert this Warrant (the "Conversion Right"), in whole or in part, into the number of shares (less the number of shares which have been previously exercised or as to which the Conversion Right has been previously exercised) calculated pursuant to the following formula by surrendering this Warrant (with the notice of exercise form attached hereto as EXHIBIT 1 duly executed) at the principal office of the Company specifying the number of shares the rights to purchase which the Holder desires to convert:

$$X = \frac{Y\,(A - B)}{A}$$

where: X = the number of shares of Class A Common Stock to be issued to the Holder;

Y = the number of shares of Class A Common Stock subject to this Warrant for which the Conversion Right is being exercised;

A = the Market Price of the Common Stock (as defined below) as of the trading day immediately preceding the date of exercise of this Warrant; and

B = the Warrant Price

For purposes hereof, the "Market Price of the Common Stock" shall be the closing price per share of the Class A Common Stock of the Company on the principal national securities exchange on which the Class A Common Stock of the Company is then listed or admitted to trading or, if not then listed or traded on

any such exchange, on the NASDAQ National Market System, or if then not listed or traded on such system, the closing bid price per share on NASDAQ or other over-the-counter trading market. If at any time such quotations are not available, the market price of a share of Class A Common Stock shall be the highest price per share which the Company could obtain from a willing buyer (not a current employee or director) for shares of Class A Common Stock sold by the Company, from authorized but unissued shares, as determined in good faith by the Board of Directors of the Company, unless the Company shall become subject to a merger, acquisition or other consolidation pursuant to which the Company is not the surviving party, in which case the market price of a share of Class A Common Stock shall be deemed to be the value received by the holders of the Company's Class A Common Stock for each share of Class A Common Stock pursuant to the Company's acquisition.

The Company agrees that the shares so converted shall be deemed issued to the Holder as the record owner of such shares as of the close of business on the date on which this Warrant shall have been surrendered as aforesaid. In the event of any conversion of this Warrant, certificates for the shares of stock so converted shall be delivered to the holder hereof within 15 business days thereafter and, unless this Warrant has been fully converted or expired, a new Warrant representing the portion of the shares, if any, with respect to which this Warrant shall not then have been converted, shall also be issued to the holder hereof within such 15-day period.

4. STOCK FULLY PAID; RESERVATION OF SHARES.

All Class A Common Stock which may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be fully paid and nonassessable, and free from all United States taxes, liens and charges with respect to the issue thereof. During the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized, and reserved for the purpose of the issuance upon exercise of the purchase rights evidenced by this Warrant, a sufficient number of shares of its Class A Common Stock to provide for the exercise of the rights represented by this Warrant.

5. ADJUSTMENT OF PURCHASE PRICE AND NUMBER OF SHARES.

The exercise price and number of shares purchasable on exercise of this Warrant shall adjust identically with any adjustments made pursuant to the Trask Warrant and the provisions of Section 5 of the Trask Warrant and the definitions of the different terms therein are hereby incorporated by reference.

6. NOTICE OF ADJUSTMENTS.

Whenever any Warrant Price shall be adjusted pursuant to Section 5 hereof, the Company shall prepare a certificate signed by its chief financial officer setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated, the Warrant Price after giving effect to such adjustment and the number of shares then purchasable upon exercise of this Warrant, and shall

cause copies of such certificate to be mailed (by first class mail, postage prepaid) to the Holder of this Warrant at the address specified in Section 10(c) hereof, or at such other address as may be provided to the Company in writing by the Holder of this Warrant.

7. FRACTIONAL SHARES.

No fractional shares of Class A Common Stock will be issued in conjunction with any exercise hereunder, but in lieu of such fractional shares the Company shall make a cash payment therefore on the basis of the Warrant Price then in effect.

8. COMPLIANCE WITH SECURITIES ACT.

The Holder of this Warrant, by acceptance hereof, agrees that this Warrant and the shares of Class A Common Stock to be issued on exercise hereof are being acquired for investment and that it will not offer, sell or otherwise dispose of this Warrant or any shares of Class A Common Stock to be issued upon exercise hereof except under circumstances which will not result in a violation of the Securities Act of 1933, as amended (the "Act"). This Warrant and all shares of Class A Common Stock issued upon exercise of this Warrant (unless registered under the Act) shall be stamped and imprinted with a legend substantially in the following form:

"THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS IT HAS BEEN REGISTERED UNDER THE ACT AND SUCH LAWS OR (1) REGISTRATION UNDER SUCH LAWS IS NOT REQUIRED AND (2) AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY IS FURNISHED TO THE COMPANY TO THE EFFECT THAT REGISTRATION UNDER THE ACT AND THE APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED."

9. NOTICE OF EXERCISE OF CLASS A WARRANTS.

Whenever any Trask Warrant shall be exercised, within 30 days after such exercise the Company shall notify the Holder (by first class mail, postage prepaid) at the address specified in Section 10(c) hereof, or at such other address as may be provided to the Company in writing by the Holder of this Warrant.

10. MISCELLANEOUS.

(a) NO RIGHTS AS SHAREHOLDER. The Holder of this Warrant shall not be entitled to vote or receive dividends or be deemed the Holder of Class A Common Stock or any other securities of the Company that may at any time be issuable on the exercise hereof for any purpose, nor shall anything contained herein be construed to confer upon the Holder of this Warrant, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action (whether upon any recapitalization, issuance of stock, reclassification of stock, change of par value or change of stock to no par value, consolidation, merger, conveyance or otherwise) or to receive notice of meetings, or to receive

dividends or subscription rights or otherwise until the Warrant shall have been exercised and the shares purchasable upon the exercise hereof shall have become deliverable, as provided herein.

(b) REPLACEMENT. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction, or mutilation of this Warrant and, in the case of mutilation, on surrender and cancellation of this Warrant, the Company, at the Holder's expense, will execute and deliver, in lieu of this Warrant, a new Warrant of like tenor.

(c) NOTICE. Any notice given to either party under this Warrant shall be in writing, and any notice hereunder shall be deemed to have been given upon the earlier of delivery thereof by hand delivery, by courier, or by standard form of telecommunication or three (3) business days after the mailing thereof in the U.S. mail if sent registered mail with postage prepaid, addressed to the Company at its principal executive offices and to the Holder at its address set forth in the Company's books and records or at such other address as the Holder may have provided to the Company in writing.

(d) GOVERNING LAW. This Warrant shall be governed and construed under the laws of the State of California.

[Remainder of page intentionally left blank]

This Warrant is executed as of this ____ day of _____, 1999.

AMERIGON INCORPORATED

By:_____

Name:_____

Title:_____

EXHIBIT 1

NOTICE OF EXERCISE

TO: AMERIGON INCORPORATED

1. Check Box that Applies:

/ / The undersigned hereby elects to purchase _____ shares of Class A Common Stock of AMERIGON INCORPORATED pursuant to the terms of the attached Warrant, and tenders herewith payment of the purchase price of such shares in full.

/ / The undersigned hereby elects to convert the attached warrant into _____ shares of Class A Common Stock of AMERIGON INCORPORATED pursuant to the terms of the attached Warrant.

2. Please issue a certificate or certificates representing said shares of Class A Common Stock in the name of the undersigned or in such other name as is specified below:

_____
(Name)
_____

_____
(Address)

3. The undersigned represents that the aforesaid shares of Class A Common Stock are being acquired for the account of the undersigned for investment and not with a view to, or for resale in connection with, the distribution thereof and that the undersigned has no present intention of distributing or reselling such shares.

_____
Signature

EXHIBIT C TO SECURITIES PURCHASE AGREEMENT

BEGINS ON THE FOLLOWING PAGE.

INVESTORS' RIGHTS AGREEMENT

_____, 1999

TABLE OF CONTENTS

INVESTORS' RIGHTS AGREEMENT

THIS INVESTORS' RIGHTS AGREEMENT is made as of the day of , 1999, by and between Amerigon Incorporated, a California corporation (the "Company"), and the investors listed on the signature page hereof, each of which is herein referred to as an "Investor."

RECITALS

WHEREAS, the Company and the Investors are parties to the Securities Purchase Agreement dated March __, 1999 (the "Securities Purchase Agreement") pursuant to which the Investors are acquiring Series A Preferred Stock of the Company and warrants to purchase Class A Common Stock of the Company (the "Warrants");

WHEREAS, in order to induce the Company to enter into the Securities Purchase Agreement and to induce the Investors to invest funds in the Company pursuant to the Securities Purchase Agreement, the Investors and the Company hereby agree that this Agreement shall govern the rights of the Investors to cause the Company to register shares of Common Stock issuable to the Investors and certain other matters as set forth herein;

NOW, THEREFORE, THE PARTIES HEREBY AGREE AS FOLLOWS:

1. REGISTRATION RIGHTS. The Company covenants and agrees as follows:

1.1 DEFINITIONS. For purposes of this Section 1:

(a) The term "Act" means the Securities Act of 1933, as amended.

(b) The term "Common Stock" means the Class A Common Stock, no par value, of the Company.

(c) The term "Form S-3" means such form under the Act as in effect on the date hereof or any registration form under the Act subsequently adopted by the SEC which permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

(d) The term "Holder" means any person owning or having the right to acquire Registrable Securities or any assignee thereof in accordance with Section 1.13 hereof.

(e) The term "1934 Act" means the Securities Exchange Act of 1934, as amended.

(f) The term "register", "registered," and "registration" refer to a registration effected by preparing and filing a registration statement or similar document in compliance with the Act, and the declaration or ordering of effectiveness of such registration statement or document.

(g) The term "Registrable Securities" means (i) the Common Stock issuable or issued upon conversion of the Series A Preferred Stock, (ii) the Common Stock issued or issuable upon the exercise of the Warrants, (iii) any Common Stock of the Company issued as (or issuable upon the conversion or exercise of any warrant, right or other security which is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of the shares referenced in (i) and (ii) above, excluding in all cases, however, any Registrable Securities sold by a person in a transaction in which his rights under this Section 1 are not assigned.

(h) The number of shares of "Registrable Securities then outstanding" shall be determined by the number of shares of Common Stock outstanding which are, and the number of shares of Common Stock issuable pursuant to then exercisable or convertible securities which are, Registrable Securities.

(i) The term "SEC" means the Securities and Exchange Commission.

1.2 REQUEST FOR REGISTRATION.

(a) If the Company shall receive at any time after the date of this Agreement, a written request from the Holders of a majority of the Registrable Securities then outstanding that the Company file a registration statement under the Act covering the registration of at least ten percent (10%) of the Registrable Securities then outstanding, then the Company shall:

(i) within ten (10) days of the receipt thereof, give written notice of such request to all Holders; and

(ii) as soon as practicable, and in any event within 45 days of the receipt of such request, file a registration statement under the Act covering all Registrable Securities which the Holders request to be registered, subject to the limitations of subsection 1.2(b), within twenty (20) days of the mailing of such notice by the Company in accordance with Section 3.5.

(b) If the Holders initiating the registration request hereunder ("Initiating Holders") intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to subsection 1.2(a) and the Company shall include such information in the written notice referred to in subsection 1.2(a). The underwriter will be selected by the Company and shall be reasonably acceptable to a majority in interest of the Initiating Holders. In such event, the right of any Holder to include his Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting (unless otherwise mutually agreed by a majority in interest of the Initiating Holders and such Holder) to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Company as provided in subsection 1.4(e)) enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting. Notwithstanding any other provision of this Section 1.2, if the underwriter advises the Initiating Holders in writing

that marketing factors require a limitation of the number of shares to be underwritten, then the Initiating Holders shall so advise all Holders of Registrable Securities which would otherwise be underwritten pursuant hereto, and the number of shares of Registrable Securities that may be included in the underwriting shall be allocated among all Holders thereof, including the Initiating Holders, in proportion (as nearly as practicable) to the amount of Registrable Securities of the Company owned by each Holder; provided, however, that the number of shares of Registrable Securities to be included in such underwriting shall not be reduced unless all other securities are first entirely excluded from the underwriting.

(c) Notwithstanding the foregoing, if the Company shall furnish to Holders requesting a registration statement pursuant to this Section 1.2, a certificate signed by the Chief Executive Officer of the Company stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its shareholders for such registration statement to be filed and it is therefore essential to defer the filing of such registration statement, the Company shall have the right to defer taking action with respect to such filing for a period of not more than 90 days after receipt of the request of the Initiating Holders; provided, however, that the Company may not utilize this right more than once in any twelve-month period.

(d) The Company shall be obligated to effect only two such registrations pursuant to this Section 1.2. Registrations effected on Form S-3 pursuant to Section 1.12, however, shall not be counted as demands pursuant to this Section 2.

1.3 COMPANY REGISTRATION. At any time within five years after the date of this Agreement, if (but without any obligation to do so) the Company proposes to register (including for this purpose a registration effected by the Company for shareholders other than the Holders) any of its stock or other securities under the Act in connection with the public offering of such securities solely for cash (other than a registration relating solely to the sale of securities to participants in a Company stock plan, a registration on any form which does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities which are also being registered), the Company shall, at such time, promptly give each Holder written notice of such registration. Upon the written request of each Holder given within twenty (20) days after mailing of such notice by the Company in accordance with Section 3.5, the Company shall, subject to the provisions of Section 1.8, cause to be registered under the Act all of the Registrable Securities that each such Holder has requested to be registered.

1.4 OBLIGATIONS OF THE COMPANY. Whenever required under this Section 1 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) Prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its best efforts to cause such registration statement to become effective, and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to one hundred twenty (120) days or until the distribution contemplated in the Registration Statement

has been completed; provided, however, that (i) such 120-day period shall be extended for a period of time equal to the period the Holder refrains from selling any securities included in such registration at the request of an underwriter of Common Stock (or other securities) of the Company; and (ii) in the case of any registration of Registrable Securities on Form S-3 which are intended to be offered on a continuous or delayed basis, such 120-day period shall be extended, if necessary, to keep the registration statement effective until all such Registrable Securities are sold, provided that Rule 415, or any successor rule under the Act, permits an offering on a continuous or delayed basis, and provided further that applicable rules under the Act governing the obligation to file a post-effective amendment permit, in lieu of filing a post-effective amendment which (I) includes any prospectus required by Section 10(a)(3) of the Act or (II) reflects facts or events representing a material or fundamental change in the information set forth in the registration statement, the incorporation by reference of information required to be included in (I) and (II) above to be contained in periodic reports filed pursuant to Section 13 or 15(d) of the 1934 Act in the registration statement.

(b) Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Act with respect to the disposition of all securities covered by such registration statement.

(c) Furnish to the Holders such numbers of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them.

(d) Use its best efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders; provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service in such jurisdiction and except as may be required by the Act.

(e) In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement.

(f) Notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

(g) Cause all such Registrable Securities registered pursuant hereunder to be listed on each securities exchange on which similar securities issued by the Company are then listed.

(h) Use its best efforts to furnish, at the request of any Holder requesting registration of Registrable Securities pursuant to this Section 1, on the date that such Registrable Securities are delivered to the underwriters for sale in connection with a registration pursuant to this Section 1, if such securities are being sold through underwriters, or, if such securities are not being sold through underwriters, on the date that the registration statement with respect to such securities becomes effective, (i) an opinion, dated such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities and (ii) a letter dated such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities.

1.5 FURNISH INFORMATION. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 1 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall be required to effect the registration of such Holder's Registrable Securities.

1.6 EXPENSES OF DEMAND REGISTRATION. All expenses other than underwriting discounts and commissions incurred in connection with registrations, filings or qualifications pursuant to Section 1.2, including (without limitation) all registration, filing and qualification fees, printers' and accounting fees, fees and disbursements of counsel for the Company, and the reasonable fees and disbursements (not to exceed $15,000) of one counsel for the selling Holders (as selected by the Holders of a majority of the Registrable Securities to be registered) shall be borne by the Company; provided, however, that the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 1.2 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all participating Holders shall bear such expenses), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to one demand registration pursuant to Section 1.2; provided further, however, that if at the time of such withdrawal, the Holders have learned of a material adverse change in the condition, business, or prospects of the Company from that known to the Holders at the time of their request and have withdrawn the request with reasonable promptness following disclosure by the Company of such material adverse change, then the Holders shall not be required to pay any of such expenses and shall retain their rights pursuant to Section 1.2.

1.7 EXPENSES OF COMPANY REGISTRATION. The Company shall bear and pay all expenses incurred in connection with any registration, filing or qualification of Registrable Securities with respect to the registrations pursuant to Section 1.3 for each Holder (which right may be assigned as provided in Section 1.13), including (without limitation) all registration, filing, and qualification fees, printers and accounting fees relating or apportionable thereto and the fees and disbursements (not to exceed $15,000) of one counsel for the selling Holders (as selected by the Holders of a majority of the Registrable Securities to be registered), but excluding underwriting discounts and commissions relating to Registrable Securities.

1.8 UNDERWRITING REQUIREMENTS. In connection with any offering involving an underwriting of shares of the Company's capital stock, the Company shall not be required under Section 1.3 to include any of the Holders' securities in such underwriting unless they accept the terms of the underwriting as agreed upon between the Company and the underwriters selected by it (or by other persons entitled to select the underwriters), and then only in such quantity as the underwriters determine in their sole discretion will not jeopardize the success of the offering by the Company. If the total amount of securities, including Registrable Securities, requested by shareholders to be included in such offering exceeds the amount of securities sold other than by the Company that the underwriters determine in their sole discretion is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities, including Registrable Securities, which the underwriters determine in their sole discretion will not jeopardize the success of the offering (the securities so included to be apportioned pro rata among the selling shareholders according to the total amount of securities entitled to be included therein owned by each selling shareholder or in such other proportions as shall mutually be agreed to by such selling shareholders) but in no event shall (i) the amount of securities of the selling Holders included in the offering be reduced below twenty percent (20%) of the total amount of securities included in such offering, or (ii) notwithstanding (i) above, any shares being sold by a shareholder exercising a demand registration right similar to that granted in Section 1.2 be excluded from such offering. For purposes of the preceding parenthetical concerning apportionment, for any selling shareholder which is a holder of Registrable Securities and which is a partnership or corporation, the partners, retired partners and shareholders of such holder, or the estates and family members of any such partners and retired partners and any trusts for the benefit of any of the foregoing persons shall be deemed to be a single "selling shareholder", and any pro-rata reduction with respect to such "selling shareholder" shall be based upon the aggregate amount of shares carrying registration rights owned by all entities and individuals included in such "selling shareholder", as defined in this sentence.

1.9 DELAY OF REGISTRATION. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 1.

1.10 INDEMNIFICATION. In the event any Registrable Securities are included in a registration statement under this Section 1:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Holder, any underwriter (as defined in the Act) for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Act or the 1934 Act, against any losses, claims, damages, or liabilities (joint or several) to which they may become subject under the Act, the 1934 Act or other federal or state securities law, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "Violation"): (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of the Act, the 1934 Act,

any rule or regulation promulgated under the Act or the 1934 Act, or any other federal or state securities law; and the Company will pay to each such Holder, underwriter or controlling person any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability, or action; provided, however, that the indemnity agreement contained in this subsection 1.10(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability, or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor shall the Company be liable in any such case for any such loss, claim, damage, liability, or action to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by any such Holder, underwriter or controlling person.

(b) To the extent permitted by law, each selling Holder will indemnify and hold harmless the Company, each of its directors, each of its officers who has signed the registration statement, each person, if any, who controls the Company within the meaning of the Act, any underwriter, any other Holder selling securities in such registration statement and any controlling person of any such underwriter or other Holder, against any losses, claims, damages, or liabilities (joint or several) to which any of the foregoing persons may become subject, under the Act, the 1934 Act or other federal or state securities law, insofar as such losses, claims, damages, or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder expressly for use in connection with such registration; and each such Holder will pay any legal or other expenses reasonably incurred by any person intended to be indemnified pursuant to this subsection 1.10(b), in connection with investigating or defending any such loss, claim, damage, liability, or action; provided, however, that the indemnity agreement contained in this subsection 1.10(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; provided, that, in no event shall any indemnity under this subsection 1.10(b) exceed the gross proceeds from the offering received by such Holder.

(c) Promptly after receipt by an indemnified party under this Section 1.10 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 1.10, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties which may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party

within a reasonable time of the commencement of any such action, if prejudicial to its ability to defend such action, shall relieve such indemnifying party of any liability to the indemnified party under this Section 1.10, but the omission so to deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 1.10.

(d) If the indemnification provided for in this Section 1.10 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage, or expense referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage, or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the statements or omissions that resulted in such loss, liability, claim, damage, or expense as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(f) The obligations of the Company and Holders under this Section 1.10 shall survive the completion of any offering of Registrable Securities in a registration statement under this Section 1, and otherwise.

1.11 REPORTS UNDER SECURITIES EXCHANGE ACT OF 1934. With a view to making available to the Holders the benefits of Rule 144 promulgated under the Act and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S-3, the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in SEC Rule 144, at all times;

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the Act and the 1934 Act; and

(c) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144 (at any time after ninety (90) days after the effective date of the first registration statement filed by the Company), the Act and the 1934 Act (at any time after it has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC which permits the selling of any such securities without registration or pursuant to such form.

1.12 FORM S-3 REGISTRATION. In case the Company shall receive from any Holder or Holders a written request or requests that the Company effect a registration on Form S-3 for the resale of shares from time to time in broker transactions (and not in connection with an underwritten offering), and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, the Company will:

(a) promptly give written notice of the proposed registration, and any related qualification or compliance, to all other Holders; and

(b) as soon as practicable, effect such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holder's or Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder or Holders joining in such request as are specified in a written request given within 15 days after receipt of such written notice from the Company; provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance, pursuant to this section 1.12: (1) if Form S-3 is not available for such offering by the Holders; (2) if the Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public (net of any underwriters' discounts or commissions) of less than $300,000; (3) if the Company shall furnish to the Holders a certificate signed by the President of the Company stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its shareholders for such Form S-3 Registration to be effected at such time, in which event the Company shall have the right to defer the filing of the Form S-3 registration statement for a period of not more than 90 days after receipt of the request of the Holder or Holders under this Section 1.12; provided, however, that the Company shall not utilize this right more than once in any twelve month period; (4) if the Company has, within the twelve (12) month period preceding the date of such request, already effected two registrations on Form S-3 for the Holders pursuant to this Section 1.12; (5) the Company has previously effected four registrations on Form S-3 for the Holders pursuant to this Section 1.12, or (6) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

(c) Subject to the foregoing, the Company shall file a registration statement covering the Registrable Securities and other securities so requested to be registered as soon as practicable after receipt of the request or requests of the Holders. All expenses incurred in connection with a registration requested pursuant to Section 1.12, including (without limitation) all registration, filing, qualification, printer's and accounting fees, and the fees and disbursements (not to exceed $15,000) of one counsel for the selling Holder (as selected by the Holders of a majority of the Registrable Securities to be registered) and counsel for the Company, shall be borne by the Company. Registrations effected pursuant to this Section 1.12 shall not be counted as demands for registration or registrations effected pursuant to Sections 1.2 or 1.3, respectively.

1.13 ASSIGNMENT OF REGISTRATION RIGHTS. The rights to cause the Company to register Registrable Securities pursuant to this Section 1 may be assigned (but only with all

related obligations) by a Holder to a transferee or assignee of such securities, provided: (a) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned; (b) such transferee or assignee agrees in writing to be bound by and subject to the terms and conditions of this Agreement, including without limitation the provisions of Section 1.15 below; and (c) such assignment shall be effective only if immediately following such transfer the further disposition of such securities by the transferee or assignee is restricted under the Act.

1.14 LIMITATIONS ON SUBSEQUENT REGISTRATION RIGHTS. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Holders of a majority of the outstanding Registrable Securities, enter into any agreement with any holder or prospective holder of any securities of the Company which would allow such holder or prospective holder (a) to include such securities in any registration filed under Section 1.2 hereof, unless under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of his securities will not reduce the amount of the Registrable Securities of the Holders which is included or (b) to make a demand registration which could result in such registration statement being declared effective prior to the earlier of either of the dates set forth in subsection 1.2(a) or within one hundred twenty (120) days of the effective date of any registration effected pursuant to Section 1.2.

1.15 "MARKET STAND-OFF" AGREEMENT. Each Holder hereby agrees that, during the period of duration specified by the Company and an underwriter of common stock or other securities of the Company, following the effective date of a registration statement of the Company filed under the Act in connection with an underwritten offering, it shall not, to the extent requested by the Company and such underwriter, directly or indirectly sell, offer to sell, contract to sell (including, without limitation, any short sale), grant any option to purchase or otherwise transfer or dispose of (other than to donees who agree to be similarly bound) any securities of the Company held by it at any time during such period except common stock included in such registration; provided, however, that:

(a) all officers and directors of the Company and all other persons with registration rights (whether or not pursuant to this Agreement) enter into similar agreements; and

(b) such market stand-off time period shall not exceed 90 days.

In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Registrable Securities of each Investor (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

Notwithstanding the foregoing, the obligations described in this Section 1.15 shall not apply to a registration relating solely to employee benefit plans on Form S-l or Form S-8 or similar forms which may be promulgated in the future, or a registration relating solely to a

Commission Rule 145 transaction on Form S-14 or Form S-15 or similar forms which may be promulgated in the future.

1.16 TERMINATION OF REGISTRATION RIGHTS. The right of any Holder to request registration or inclusion in any registration pursuant to this Agreement shall terminate if all shares of Registrable Securities held or entitled to be held upon conversion by such Holder may immediately be sold under Rule 144 during any 90-day period.

2. RIGHT OF FIRST OFFER.

Subject to the terms and conditions specified in this Section 2, the Company hereby grants to each Major Investor (as hereinafter defined) a right of first offer with respect to future sales by the Company of its Shares (as hereinafter defined). For purposes of this Section 2, a Major Investor shall mean (i) any Investor who holds at least 30% of the original investment such Investor makes in the Company pursuant to the Securities Purchase Agreement and (ii) any person who acquires at least 15% of the Series A Preferred Stock (or the common stock issued upon conversion thereof) issued pursuant to the Securities Purchase Agreement. For purposes of this Section 2, Investor includes any general partners and affiliates of an Investor. An Investor shall be entitled to apportion the right of first offer hereby granted it among itself and its partners and affiliates in such proportions as it deems appropriate.

Each time the Company proposes to offer any shares of, or securities convertible into or exercisable for any shares of, any class of its capital stock ("Shares"), the Company shall first make an offering of such Shares to each Major Investor in accordance with the following provisions:

(a) The Company shall deliver a notice by certified mail ("Notice") to the Major Investors stating (i) its bona fide intention to offer such Shares, (ii) the number of such Shares to be offered, and (iii) the price and terms, if any, upon which it proposes to offer such Shares.

(b) By written notification received by the Company, within 20 calendar days after giving of the Notice, the Major Investor may elect to purchase or obtain, at the price and on the terms specified in the Notice, up to that portion of such Shares which equals the proportion that the number of shares of common stock issued and held, or issuable upon conversion of the Series A Preferred Stock then held, by such Major Investor bears to the total number of shares of common stock of the Company then outstanding (assuming full conversion and exercise of all convertible or exercisable securities). The Company shall promptly, in writing, inform each Major Investor which purchases all the shares available to it ("Fully-Exercising Investor") of any other Major Investor's failure to do likewise. During the ten-day period commencing after such information is given, each Fully-Exercising Investor shall be entitled to obtain that portion of the Shares for which Major Investors were entitled to subscribe but which were not subscribed for by the Major Investors which is equal to the proportion that the number of shares of common stock issued and held, or issuable upon conversion of Series A Preferred Stock then held, by such Fully-Exercising Investor bears to the total number of shares of common stock issued and held, or issuable upon conversion of the

Series A Preferred Stock then held, by all Fully-Exercising Investors who wish to purchase some of the unsubscribed shares.

(c) If all Shares which Investors are entitled to obtain pursuant to (b) are not elected to be obtained as provided in (b) hereof, the Company may, during the 30-day period following the expiration of the period provided in (b) hereof, offer the remaining unsubscribed portion of such Shares to any person or persons at a price not less than, and upon terms no more favorable to the offeree than those specified in the Notice. If the Company does not enter into an agreement for the sale of the Shares within such period, or if such agreement is not consummated within 30 days of the execution thereof, the right provided hereunder shall be deemed to be revived and such Shares shall not be offered unless first reoffered to the Major Investors in accordance herewith.

(d) The right of first offer in this Section 2 shall not be applicable (i) to the issuance or sale of shares of common stock (or options therefor) to employees for the primary purpose of soliciting or retaining their employment pursuant to a stock option or stock purchase plan, (ii) the issuance of securities pursuant to the conversion or exercise of convertible or exercisable securities, (iii) the issuance of securities in connection with a bona fide business acquisition of or by the Company, whether by merger, consolidation, sale of assets, sale or exchange of stock or otherwise or (iv) the issuance of stock, warrants or other securities or rights to persons or entities with which the Company has business relationships provided such issuances are for other than primarily equity financing purposes and provided that at the time of any such issuance, the aggregate of such issuance and similar issuances in the preceding twelve month period do not exceed 2% of the then outstanding Common Stock of the Company (assuming full conversion and exercise of all convertible and exercisable securities).

(e) The right of first refusal set forth in this Section 2 may not be assigned or transferred, except that (i) such right is assignable by each Holder to any wholly owned subsidiary or parent of, or to any corporation or entity that is, within the meaning of the Act, controlling, controlled by or under common control with, any such Holder, and (ii) such right is assignable between and among any of the Holders.

3. MISCELLANEOUS.

3.1 SUCCESSORS AND ASSIGNS. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties (including transferees of any shares of Registrable Securities). Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

3.2 GOVERNING LAW. This Agreement shall be governed by and construed under the laws of the State of California as applied to agreements among California residents entered into and to be performed entirely within California.

3.3 COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

3.4 TITLES AND SUBTITLES. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

3.5 NOTICES. Unless otherwise provided, any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given upon personal delivery to the party to be notified or upon deposit with the United States Post Office, by registered or certified mail, postage prepaid and addressed to the party to be notified at the address indicated for such party on the signature page hereof, or at such other address as such party may designate by ten (10) days' advance written notice to the other parties.

3.6 EXPENSES. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

3.7 AMENDMENTS AND WAIVERS. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the holders of a majority of the Registrable Securities then outstanding. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each holder of any Registrable Securities then outstanding, each future holder of all such Registrable Securities, and the Company.

3.8 SEVERABILITY. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

3.9 AGGREGATION OF STOCK. All shares of Registrable Securities held or acquired by affiliated entities or persons shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

3.1. ENTIRE AGREEMENT; AMENDMENT; WAIVER. This Agreement (including the exhibits hereto, if any) constitutes the full and entire understanding and agreement between the parties with regard to the subjects hereof and thereof.

IN WITNESS WHEREOF, the parties have executed this Investors' Rights Agreement as of the date first above written.

AMERIGON INCORPORATED,

a California corporation

By:

, President

Address:

INVESTORS:

WESTAR CAPITAL II LLC

By:

Address:

BIG BEAVER INVESTMENTS LLC

By:

Address:

EXHIBIT D

March 29, 1999

[LETTERHEAD]

Westar Capital II LLC
949 South Coast Drive, Suite 650
Costa Mesa, California 92626

Big Beaver Investments L.L.C.
801 W. Big Beaver Road
Suite 201
Troy, Michigan 48084

Dear Ladies and Gentlemen:

We have acted as counsel to Amerigon Incorporated, a California corporation (the "Company"), in connection with that certain Securities Purchase Agreement dated March 29, 1999 (the "Securities Purchase Agreement") between the Company and you, the Investor Rights' Agreement dated _____ __, 1999 (the "Investor Rights' Agreement") between the Company and you and the Warrants dated _____ __, 1999 to be issued pursuant to the Securities Purchase Agreement (the "Warrants"; the Securities Purchase Agreement, the Investor Rights' Agreement and the Warrants are together referred to as the "Agreements"). We are providing this opinion to you at the request of the Company pursuant to Section 4.11 of the Securities Purchase Agreement. Except as otherwise indicated, capitalized terms used in this opinion and defined in the Agreements will have the meanings given in the Agreements.

In our capacity as such counsel, we have examined originals or copies of those corporate and other records and documents we considered appropriate. As to relevant factual matters, we have relied upon, among other things, the Company's factual representations in the Agreements and factual representations in certificates of officers of the Company. In addition, we have obtained and relied upon those certificates of public officials we considered appropriate.

We have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies. To the extent the Company's obligations depend on the enforceability of the Agreements against other parties to the Agreements, we have assumed that the Agreements are enforceable against the other parties thereto.

On the basis of such examination, our reliance upon the assumptions in this opinion and our consideration of those questions of law we considered relevant, and subject to the limitations and qualifications in this opinion, we are of the opinion that:

1. The Company has been duly incorporated, and is validly existing in good standing under the laws of the state of California, with corporate power to enter into the Agreement and to perform its obligations under the Agreements.

2. The authorized capital stock of the Company consists of 20,000,000 shares of Class A Common Stock, 600,000 shares of Class B Common Stock and 5,000,000 shares of Preferred Stock.

3. The execution, delivery and performance of the Agreements have been duly authorized by all necessary corporate action on the part of the Company, and the Agreements have been duly executed and delivered by the Company.

4. The Agreements constitute the legally valid and binding obligation of the Company, enforceable against the Company in accordance with their respective terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally (including, without limitation, fraudulent conveyance laws) and by general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law.

5. The Company's execution of and delivery of, and performance of its obligations on or prior to the date of this opinion under the Agreements do not (i) violate the Company's Articles of Incorporation or Bylaws, (ii) violate, breach, or result in a default under, the existing obligation of or restriction on the Company under any of the agreements listed on Exhibit A attached hereto, or (iii) to our knowledge, breach or otherwise violate any existing obligation of or restriction on the Company under any order, judgment or decree of any California or federal court of government authority binding on the Company.

6. The shares of Series A Preferred Stock to be issued in connection with the Agreements have been duly authorized by all necessary corporate action on the part of the Company and, upon payment for and delivery of the shares of Series A Preferred Stock in accordance with the Agreement, the Series A Preferred Stock will be validly issued, fully paid and non-assessable. The Class A Common Stock issuable upon conversion of the Series A Preferred Stock to be issued in connection with the Agreements has been duly and validly reserved for issuance and, when and if issued upon such conversion in accordance with the Company's Certificate of Determination will be validly issued, fully paid and nonassessable.

7. The Warrants to be issued in connection with the Securities Purchase Agreement have been duly authorized by all necessary corporate action on the part of the Company and, upon payment for and delivery of the Warrants in accordance with the Securities Purchase Agreement, the Contingent Warrants will be validly issued. The Class A Common Stock issuable upon exercise of the Warrants has been duly and validly reserved for issuance and, when and if issued upon such exercise in accordance with the terms of the Warrants will be validly issued, fully paid and nonassessable.

8. Except for the matters described in Exhibit B attached hereto, we have not, since _____ given substantive attention on behalf of the Company to, or represented the Company in connection with any actions, suits or proceedings pending or threatened against the Company before any court, arbitrator or governmental agency, which (i) seek to affect the enforceability of the Agreements or (ii)seek damages in excess of $_____. We call your attention to the fact that our engagement is limited to specific matters as to which we are consulted by the Company.

Our opinion in paragraph 4 above as to the enforceability of the Agreement is subject to: (i) public policy considerations, statutes or court decisions that may limit the rights of a party to obtain indemnification; and (ii) the unenforceability under certain circumstances of broadly or vaguely stated waivers or waivers of rights granted by law where the waivers are against public policy or prohibited by law.

The law covered by this opinion is limited to the present federal law of the United States, the present law of the State of California. We express no opinion as to the laws of any other jurisdiction and no opinion regarding the statutes, administrative decisions, rules, regulations or requirements of any county, municipality, subdivision or local authority of any jurisdiction.

We express no opinion as to any provision of the Agreements require written amendments or waivers of the Agreement insofar as it suggests that oral or other modifications, amendments or waivers could not be effectively agreed upon by the parties or that the doctrine of promissory estoppel might not apply.

We express no opinion as to the enforceability of Section 6.3 of the Securities Purchase Agreement.

Our use of the terms "known to us," "to our knowledge," or similar phrases to qualify a statement in this opinion means that those attorneys in this firm who have given substantive attention to the representation described in the introductory paragraph of this opinion do not have current actual knowledge that the statement is inaccurate. Such terms do not include any knowledge of other attorneys within our firm (regardless of whether they have represented or are representing the Company in connection with any other matter) or any constructive or imputed notice of any matters or items of information. We have not undertaken any independent investigation to determine the accuracy of the statement, and any limited inquiry undertaken by us during the preparation of this opinion letter should not be regarded as such an investigation.

No inference as to our knowledge of any matters bearing on the accuracy of any such statement should be drawn from the fact of our representation of the Company in connection with this opinion letter or in other matters.

This opinion is furnished by us as counsel to the Company and may be relied upon by you only in connection with the Agreement. It may not be used or relied upon by you for any other purpose or by any other person, nor may copies be delivered to any other person, without in each instance our prior written consent.

Respectfully yours,

EXHIBIT E TO SECURITIES PURCHASE AGREEMENT

INTENTIONALLY OMITTED BECAUSE FILED ELSEWHERE.

EXHIBIT F TO SECURITIES PURCHASE AGREEMENT

INTENTIONALLY OMITTED BECAUSE FILED ELSEWHERE.

EXHIBIT G TO SECURITIES PURCHASE AGREEMENT

INTENTIONALLY OMITTED BECAUSE FILED ELSEWHERE.

EXHIBIT H TO SECURITIES PURCHASE AGREEMENT

INTENTIONALLY OMITTED BECAUSE FILED ELSEWHERE.

CREDIT AGREEMENT

THIS CREDIT AGREEMENT (this "Agreement"), dated as of March 29, 1999, is made between Amerigon Incorporated, a California corporation (the "Company"), and Big Star Investments LLC, a Delaware limited liability company ("Lender").

The Company has requested the Lender to make term loans to the Company in an aggregate principal amount of up to $1,200,000. The Lender is willing to make such loans to the Company upon the terms and subject to the conditions set forth in this Agreement.

Accordingly, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01 CERTAIN DEFINED TERMS. As used in this Agreement, the following terms shall have the following meanings:

"AFFILIATE" means any Person which, directly or indirectly, controls, is controlled by or is under common control with another Person. For purposes of the foregoing, "control," "controlled by" and "under common control with" with respect to any Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

"BRIDGE LOAN WARRANT" has the meaning set forth in Section 2.11.

"BUDGET" means the Company's budget, attached hereto as Exhibit A, indicating the proposed uses of the proceeds of the Loans (including the purpose of expenditure, persons to be paid, amounts, and dates on which payments are expected to be made), including any subsequent amendments to such budget as may be approved by the Lender (which approval shall not be unreasonably withheld).

"BUSINESS DAY" means a day of the year on which commercial banks are not required or authorized by law to close in Los Angeles, California.

"CLOSING DATE" means the date upon which the conditions set forth in Sections 3.01 and 3.02 are satisfied and the initial Loan hereunder is made.

"COLLATERAL" means the property described in the Collateral Documents, and all other property now existing or hereafter acquired which may at any time be or become subject to a Lien in favor of the Lender pursuant to the Collateral Documents or otherwise, securing the payment and performance of the Obligations.

"COLLATERAL DOCUMENTS" means the Security Agreement, the Patent and Trademark Security Agreement, any other agreement pursuant to which the Company provides a Lien on its

assets in favor of the Lender and all filings (including, but not limited to, all U.C.C. financing statements filed to perfect the security interests granted in the Security Agreement), documents and agreements made or delivered pursuant thereto.

"COMMITMENT" means the Term Commitment.

"COMPANY" has the meaning set forth in the recital of parties to this Agreement.

"DEFAULT" means an Event of Default or an event or condition which with notice or lapse of time or both would constitute an Event of Default.

"ENVIRONMENTAL LAWS" means all federal, state or local laws, statutes, common law duties, rules, regulations, ordinances, judgments and codes, together with all administrative orders, directives, requests, licenses, authorizations and permits of, and agreements with (including consent decrees), any governmental agencies or authorities, in each case relating to or imposing liability or standards of conduct concerning public health, safety and environmental protection matters.

"EVENT OF DEFAULT" has the meaning set forth in Section 6.01.

"FINAL MATURITY DATE" means the earlier to occur of (i) September 30, 1999, (ii) the closing of the financing pursuant to the Securities Purchase Agreement, or (iii) the occurrence of a Trigger Event.

"GAAP" means generally accepted principles in the United States, consistently applied.

"HAZARDOUS SUBSTANCES" means any toxic, radioactive, caustic or other hazardous substances, materials, wastes, contaminants or pollutants, including asbestos, PCBs, petroleum products and byproducts, and any substances defined or listed as "hazardous substances," "hazardous materials," "hazardous wastes" or "toxic substances" (or similarly identified or having any constituent substances displaying any of the foregoing characteristics), regulated under or forming the basis for liability under any applicable Environmental Law.

"INDEBTEDNESS" means, for any Person, (i) all indebtedness or other obligations of such Person for borrowed money or for the deferred purchase price of property or services; (ii) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses; (iii) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person; (iv) all reimbursement and other obligations of such Person in respect of letters of credit and bankers acceptances and all net obligations in respect of interest rate swaps, caps, floors and collars, currency swaps, and other similar financial products; (v) all obligations under leases which shall have been or should be, in accordance with GAAP, recorded as capital leases; and (vi) all indebtedness of another Person of the types referred to in clauses (i) through (v) guaranteed directly or indirectly in any manner by the Person for whom Indebtedness is being determined, or in effect guaranteed directly or indirectly by such Person through an agreement to purchase or acquire such indebtedness, to advance or supply funds for the payment or purchase of such indebtedness or otherwise assure a

creditor against loss, or secured by any Lien upon or in property owned by the Person for whom Indebtedness is being determined, whether or not such Person has assumed or become liable for the payment of such indebtedness of such other Person.

"INVESTORS" shall mean Westar Capital II LLC and Big Beaver Investments LLC.

"LENDER" has the meaning set forth in the recital of parties to this Agreement.

"LIEN" means any mortgage, pledge, security interest, assignment, deposit arrangement, charge or encumbrance, lien or other type of preferential arrangement (other than a financing statement filed by a lessor in respect of an operating lease not intended as security).

"LOAN DOCUMENTS" means this Agreement, the Note, the Collateral Documents and all other certificates, documents, agreements and instruments delivered to the Lender under or in connection with this Agreement.

"LOANS" means the Term Loan.

"MATERIAL ADVERSE EFFECT" means any event, circumstance or condition that, individually or in the aggregate (i) has or could reasonably be expected to have a material adverse effect on the business, operations, assets, liabilities (including without limitation contingent liabilities), prospects, employee relationships, customer or supplier relationships, or the condition (financial or otherwise) of the Company; (ii) would materially impair the ability of the Company to perform or observe its obligations under or in respect of the Loan Documents; or (iii) adversely affects the legality, validity, binding effect or enforceability of any of the Loan Documents or the perfection or priority of any Lien granted to the Lender under any of the Collateral Documents.

"NOTE" has the meaning set forth in Section 2.03.

"OBLIGATIONS" means the indebtedness, liabilities and other obligations of the Company to the Lender under or in connection with the Loan Documents, including all Loans, all interest accrued thereon, all fees due under this Agreement and all other amounts payable by the Company to the Lender thereunder or in connection therewith.

"PATENT AND TRADEMARK SECURITY AGREEMENT" means the Patent and Trademark Assignment and Security Agreement between the Company and the Lender, in form and substance satisfactory to the Lender.

"PERMITTED LIENS" means: (i) Liens in favor of the Lender; (ii) the existing Liens (including leases and subleases) listed in SCHEDULE 1 or incurred in connection with the extension, renewal or refinancing of the Indebtedness secured by such existing Liens, PROVIDED that any extension, renewal or replacement Lien shall be limited to the property encumbered by the existing Lien and the principal amount of the Indebtedness being extended, renewed or refinanced does not increase; (iii) Liens for taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings and which are adequately reserved for in accordance with GAAP, PROVIDED the same does not have priority over any of the Lender's Liens and no notice of tax lien has been filed of

record; (iv) Liens of materialmen, mechanics, warehousemen, carriers or employees or other similar Liens provided for by mandatory provisions of law and securing obligations either not delinquent or being contested in good faith by appropriate proceedings and which do not in the aggregate materially impair the use or value of the property or risk the loss or forfeiture thereof; (v) Liens consisting of deposits or pledges to secure the performance of bids, trade contracts, leases, public or statutory obligations, or other obligations of a like nature incurred in the ordinary course of business (other than for Indebtedness); (vi) Liens upon or in any equipment acquired or held by the Company to secure the purchase price of such equipment or Indebtedness incurred solely for the purpose of financing the acquisition of such equipment; and (vii) restrictions and other minor encumbrances on real property which do not in the aggregate materially impair the use or value of such property or risk the loss or forfeiture thereof.

"PERSON" means an individual, corporation, partnership, joint venture, trust, unincorporated organization or any other entity of whatever nature or any governmental agency or authority.

"RESPONSIBLE OFFICER" means, with respect to any Person, the chief executive officer, the president, the chief financial officer or the treasurer of such Person, or any other senior officer of such Person having substantially the same authority and responsibility.

"SECURITY AGREEMENT" means a Security Agreement between the Company and the Lender, in form and substance satisfactory to the Lender.

"SECURITIES PURCHASE AGREEMENT" means that certain Securities Purchase Agreement of even date herewith between the Company and the Investors.

"TERM COMMITMENT" means $1,200,000 or, where the context so requires, the obligation of the Lender to make a Term Loan up to such amount on the terms and conditions set forth in this Agreement.

"TERM LOAN" has the meaning set forth in Section 2.01(b).

"TERM LOAN AVAILABILITY PERIOD" means the period extending from and including the Closing Date through the earliest of : (i) September 1, 1999, (ii) the occurrence of a Trigger Event, (iii) the date on which the financing contemplated by the Securities Purchase Agreement is completed, or (iv) the date upon which the Lender declares an Event of Default.

"TRIGGER EVENT" means that the Company (or its Board of Directors) shall have authorized, recommended, proposed or publicly announced its intention to enter into (or has failed to recommend rejection of) any tender or exchange offer, merger, consolidation, liquidation, dissolution, business combination, recapitalization, acquisition, or disposition of a material amount of assets or securities or any comparable transaction which has not been consented to in writing by the Lender.

SECTION 1.02 ACCOUNTING TERMS. Unless otherwise defined or the context otherwise requires, all accounting terms not expressly defined herein shall be construed, and all accounting determinations and computations required under this Agreement or any other Loan Document shall be made, in accordance with GAAP.

SECTION 1.03 INTERPRETATION. In the Loan Documents, except to the extent the context otherwise requires: (i) any reference to an Article, a Section, a Schedule or an Exhibit is a reference to an article or section thereof, or a schedule or an exhibit thereto, respectively, and to a subsection or a clause is, unless otherwise stated, a reference to a subsection or a clause of the Section or subsection in which the reference appears; (ii) the words "hereof," "herein," "hereto," "hereunder" and the like mean and refer to this Agreement or any other Loan Document as a whole and not merely to the specific Article, Section, subsection, paragraph or clause in which the respective word appears; (iii) the meaning of defined terms shall be equally applicable to both the singular and plural forms of the terms defined; (iv) the words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation;" (v) references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of the Loan Documents; (vi) references to statutes or regulations are to be construed as including all statutory and regulatory provisions consolidating, amending or replacing the statute or regulation referred to; (vii) any table of contents, captions and headings are for convenience of reference only and shall not affect the construction of this Agreement or any other Loan Document; and (viii) in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding"; and the word "through" means "to and including."

ARTICLE II

THE LOANS

SECTION 2.01 TERM LOAN. The Lender agrees, subject to the terms and conditions of this Agreement, to make term loans (each a "Term Loan") to the Company on the Closing Date and from time to time during the Term Loan Availability Period following the Company's compliance with the borrowing procedure under Section 2.02 below, in the aggregate principal amount up to but not exceeding the Term Commitment.

SECTION 2.02 BORROWING PROCEDURE. Each Loan shall be made upon written notice from the Company to the Lender, which notice shall be received by the Lender not later than 10:00 A.M. (California time) at least three (3) Business Days prior to the proposed borrowing date. Each such notice of borrowing shall be irrevocable and binding on the Company and shall specify the proposed date of the borrowing (which shall be a Business Day), the amount of the borrowing (which shall be at least $200,000 or a greater amount which is an integral multiple of $50,000), and payment instructions with respect to the funds to be made available to the Company. Each such notice shall also be accompanied by the Budget (updated to reconcile the use of the proceeds of any prior Loans). Upon fulfillment of the applicable conditions set forth in Article III hereof, the Lender shall make the Loan available to the Company in same day funds, or such other funds as shall separately be agreed upon by the Company and the Lender, in accordance with the payment instructions provided to the Lender as set forth in the borrowing request delivered pursuant hereto.

SECTION 2.03 EVIDENCE OF INDEBTEDNESS. At the request of the Lender, the Company shall execute and deliver for account of the Lender a promissory note (the "Note"), in

a form reasonably acceptable to the Lender ,as additional evidence of the Indebtedness of the Company to the Lender resulting from each Term Loan.

SECTION 2.04 INTEREST. The Company hereby promises to pay interest on the unpaid principal amount of each Loan from the date of such Loan until the maturity thereof, at a rate equal to 10% per annum, on the date of any prepayment of any such Loan and at maturity.

SECTION 2.05 COMPUTATIONS. All computations of fees and interest hereunder shall be made on the basis of a year of 360 days for the actual number of days occurring in the period for which any such interest or fee is payable.

SECTION 2.06 HIGHEST LAWFUL RATE. Anything herein to the contrary notwithstanding, if during any period for which interest is computed hereunder, the applicable interest rate, together with all fees, charges and other payments which are treated as interest under applicable law, as provided for herein or in any other Loan Document, would exceed the maximum rate of interest which may be charged, contracted for, reserved, received or collected by the Lender in connection with this Agreement under applicable law (the "Maximum Rate"), the Company shall not be obligated to pay, and the Lender shall not be entitled to charge, collect, receive, reserve or take, interest in excess of the Maximum Rate, and during any such period the interest payable hereunder shall be limited to the Maximum Rate.

SECTION 2.07 TERMINATION OF THE COMMITMENT. Upon the earlier to occur of (i) September 30, 1999, (ii) the occurrence of a Trigger Event, (iii) the closing of the financing pursuant to the Securities Purchase Agreement, or (iv) the Lender's declaration of an Event of Default, any unused portion of the Term Commitment shall terminate. After the Term Commitment terminates under this Section 2.07 it may not be reinstated.

SECTION 2.08 REPAYMENT OF THE LOAN. The Company hereby promises to pay to the Lender the principal amount of the Term Loans and any accrued interest thereon in full on the Final Maturity Date.

SECTION 2.09 PREPAYMENTS OF THE LOANS.

(a) OPTIONAL PREPAYMENTS. The Company may, upon prior notice to the Lender, prepay the outstanding amount of the Loans in whole or in part, without premium or penalty.

(b) NOTICE; APPLICATION. The notice given of any prepayment shall specify the date and amount of the prepayment. If the notice of prepayment is given, the Company shall make such prepayment and the prepayment amount specified in such notice shall be due and payable on the date specified therein, with accrued interest to such date on the amount prepaid.

SECTION 2.10 PAYMENTS.

(a) PAYMENTS. The Company shall make each payment under the Loan Documents, unconditionally in full without deduction, set-off, counterclaim or, to the extent permitted by applicable law, other defense, and free and clear of, and without reduction for or on

account of, any present and future taxes or withholdings (other than a tax on the overall net income of the Lender), and all liabilities with respect thereto. Each payment shall be made not later than 11:00 A.M. (California time) on the day when due to the Lender in U.S. dollars and in immediately available funds, or such other funds as shall be separately agreed upon by the Company and the Lender, in accordance with the Lender's payment instructions.

(b) EXTENSION. Whenever any payment hereunder shall be stated to be due, or whenever any interest payment date or any other date specified hereunder would otherwise occur, on a day other than a Business Day, then, except as otherwise provided herein, such payment shall be made, and such interest payment date or other date shall occur, on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest.

(c) APPLICATION. Each payment by or on behalf of the Company hereunder shall, unless a specific determination is made by the Lender with respect thereto, be applied (i) first, to accrued and unpaid interest due the Lender; and (ii) second, to principal due the Lender.

SECTION 2.11 BRIDGE LOAN WARRANT. Concurrently with the execution of this Agreement, the Company will issue to the Lender a warrant to purchase 300,000 shares of the Class A Common Stock of the Company on the terms and conditions set forth in EXHIBIT B hereto (the "Bridge Loan Warrant").

ARTICLE III

CONDITIONS PRECEDENT

SECTION 3.01 CONDITIONS PRECEDENT TO THE INITIAL LOAN. The obligation of the Lender to make its initial Loan on the date of the initial borrowing hereunder (the "Closing Date") shall be subject to the satisfaction of each of the following conditions precedent before or concurrently with the initial Loan:

(a) FEES AND EXPENSES. The Company shall have paid all fees and invoiced costs and expenses then due hereunder.

(b) LOAN DOCUMENTS. The Lender shall have received the following Loan Documents: (i) this Agreement executed by the Company, (ii) the Note required hereunder, executed by the Company; and (iii) the Collateral Documents executed by each of the respective parties thereto.

(c) DOCUMENTS AND ACTIONS RELATING TO COLLATERAL. The Lender shall have received, in form and substance satisfactory to it, results of such Lien searches as it shall reasonably request, and evidence that all filings, registrations and recordings have been made in the appropriate governmental offices, and all other action has been taken, which shall be necessary to create, in favor of the Lender, a perfected first priority Lien on the Collateral.

(d) ADDITIONAL CLOSING DOCUMENTS. The Lender shall have received the following, in form and substance satisfactory to it: (i) evidence that all (A) authorizations or

approvals of any governmental agency or authority, and (B) approvals or consents of any other Person, required in connection with the execution, delivery and performance of the Loan Documents shall have been obtained; and (ii) a certificate of the Secretary or other appropriate officer of the Company, dated the Closing Date, certifying (A) copies of the articles or certificate of incorporation, and bylaws, of the Company and the resolutions and other actions taken or adopted by the Company authorizing the execution, delivery and performance of the Loan Documents, and (B) the incumbency, authority and signatures of each officer of the Company authorized to execute and deliver the Loan Documents and act with respect thereto.

(e) LEGAL OPINION. The Lender shall have received an opinion of legal counsel to the Company dated the Closing Date, in the form attached hereto as EXHIBIT C.

(f) BRIDGE LOAN WARRANT. The Company shall have delivered to the Lender a duly executed Bridge Loan Warrant, in the form attached hereto as EXHIBIT B.

(g) PERMIT. All evidences of indebtedness issued by the Company pursuant to (and including) this Agreement shall have been qualified by permit filed with and approved by the California Department of Corporations pursuant to Section 25113 of the California Corporations Code.

(h) SECURITIES PURCHASE AGREEMENT. The Company shall have executed and delivered to the Investors the Securities Purchase Agreement.

SECTION 3.02 CONDITIONS PRECEDENT TO ALL LOANS. The obligation of the Lender to make each Loan shall be subject to the satisfaction of each of the following conditions precedent:

(a) NOTICE. The Company shall have given its notice of borrowing as provided in Section 2.02.

(b) MATERIAL ADVERSE EFFECT. On and as of the date of such Loan, there shall have occurred no change or event since the date of this Agreement (in the case of the initial Loan) or the date of the most recent borrowing (in the case of any subsequent Loan), as the case may be, that has or could reasonably be expected to have a Material Adverse Effect.

(c) NO DEFAULT. On the date of such Loan, both before and after giving effect thereto and to the application of proceeds therefrom, no material Default shall have occurred and be continuing or shall result from the making of such Loan. The giving of any notice of borrowing and the acceptance by the Company of the proceeds of each Loan made on or following the Closing Date shall each be deemed a certification to the Lender that on and as of the date of such Loan no material Default shall have occurred or shall result from the making of the Loan.

(d) BUDGET. The Company shall have provided to the Lender certification regarding the use of the proceeds received from any prior Loans as well as the proposed use of the proceeds of the currently requested Loan, as such expenditures relate to the Budget. The Company shall have demonstrated to the reasonable satisfaction of the Lender that the proposed use of the proceeds of the currently requested Loan is in accordance with the Budget.

(e) ADDITIONAL DOCUMENTS. The Lender shall have received, in form and substance satisfactory to it, such additional approvals, opinions, documents and other information as the Lender may reasonably request.

(f) LIMITATION ON AMOUNT. Notwithstanding the satisfaction of the other conditions set forth in this Section 3.02, the Lender shall not be obligated to make any Loan to the Company in an amount that exceeds the anticipated cash needs of the Company, as determined in the reasonable discretion of the Lender based on the Budget, for a period of two (2) weeks following the anticipated date of funding of such Loan.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01 REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company represents and warrants to the Lender that, except as set forth in the Disclosure Letter:

(a) ORGANIZATION AND POWERS. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of California, and has all requisite power and authority to execute, deliver and perform its obligations under the Loan Documents. The Company is qualified to do business and is in good standing in each jurisdiction in which the failure so to qualify or be in good standing would result in a Material Adverse Effect and has all requisite power and authority to own its assets and carry on its business.

(b) AUTHORIZATION; NO CONFLICT. The execution, delivery and performance by the Company of the Loan Documents have been duly authorized by all necessary corporate action of the Company and do not and will not will not (i) result in a violation of the Company's Articles of Incorporation or Bylaws, (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any material agreement, indenture or instrument to which the Company or any of its properties is subject, or result in a violation of any material law, rule, regulation, order, judgment or decree (including U.S. federal and state securities laws and regulations) applicable to the Company or by which any property or asset of the Company is bound or affected, or (iii) except as contemplated by this Agreement, result in, or require, the creation or imposition of any Lien upon or with respect to any of the properties, assets or revenues of the Company. The Company is not in violation of its Articles of Incorporation, Bylaws or other organizational documents, or of any judgment, order, writ, decree, law, rule or regulation to which the Company or its properties is subject. The Company is not in default (and no event has occurred which, with notice or lapse of time or both, would put the Company in default) under, nor has there occurred any event giving others (with notice or lapse of time or both) any rights of termination, amendment, acceleration or cancellation of, any material agreement, indenture or instrument to which the Company is a party or any of its properties is subject.

(c) BINDING OBLIGATION. The Loan Documents constitute, or when delivered under this Agreement, will constitute, legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms.

(d) CONSENTS. No authorization, consent, approval, license, exemption of, or filing or registration with, any governmental agency or authority, or approval or consent of any other Person, is required for the due execution, delivery or performance by the Company of any of the Loan Documents, except for such approvals as have been obtained or as set forth in SCHEDULE 2 hereto.

(e) LITIGATION. There is no action, suit, proceeding or investigation pending, or to the Company's knowledge, currently threatened against the Company, except as which individually or in the aggregate would not have a Material Adverse Effect. The Company is not a party or subject to the provisions of any order, writ, injunction, judgment or decree of any court or government agency or instrumentality. Except as set forth on the Disclosure Letter, there is no material action, suit, proceeding or investigation by the Company currently pending or that the Company intends to initiate.

(f) PATENTS AND TRADEMARKS. The Company owns or licenses from another person all inventions, patents, patent rights, computer software, trademarks, trademark rights, service marks, service mark rights, trade names, trade name rights and copyrights (collectively, the "Intellectual Property") necessary for its business without any conflict with or infringement of the valid rights of others and the lack of which could materially and adversely affect the operations or condition, financial or otherwise, of the Company, and the Company has not received any notice of infringement upon or conflict with the asserted rights of others. The Disclosure Letter contain a complete list of all such patents, patent rights, registered trademarks, registered service marks, registered copyrights, all agreements related to the foregoing, and all agreements pursuant to which the Company licenses Intellectual Property from or to a third party (excluding "shrink wrap" license agreements relating solely to off the shelf software which is not material to the Company's business). All Intellectual Property owned by the Company is owned free and clear of all liens, adverse claims, encumbrances, or restrictions, except for restrictions contained in the terms of the licenses listed in the Disclosure Letter. All Intellectual Property licensed by the Company is the subject of a license agreement which is legal, valid, binding and enforceable and in full force and effect. The consummation of the transactions contemplated hereby will not result in the termination or impairment of the Company's ownership of, or right to use, any Intellectual Property. The Company has a valuable body of trade secrets, including know-how, concepts, business plans, and other technical data (the "Proprietary Information") for the development, manufacture and sale of its products. The Company has the right to use the Proprietary Information free and clear of any rights, liens, encumbrances or claims of others. The Company is not aware, after reasonable investigation, that any of its employees is obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any judgment, decree or order of any court or administrative agency, that would interfere with the use of his or her best efforts to promote the interests of the Company or that would conflict with the Company's business.

(g) TITLE TO PROPERTIES; LIENS. The Company has good and marketable title to, or valid and subsisting leasehold interests in, their properties and assets, including all property

forming a part of the Collateral, and there is no Lien upon or with respect to any of such properties or assets, including any of the Collateral, except for Permitted Liens.

(h) SEC DOCUMENTS AND FINANCIAL STATEMENTS. Since January 1, 1997, the Company has timely filed all reports, schedules, forms, statements and other documents required to be filed by it with the Securities and Exchange Commission ("SEC") pursuant to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (all of the foregoing and all exhibits included therein and financial statements and schedules thereto and documents incorporated by reference therein, with amendments read together with underlying documents, are referred to herein as the "SEC Documents"). As of their respective dates, the SEC Documents complied in all material respects with the requirements of the Exchange Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. As of their respective dates, the financial statements of the Company included in the SEC Documents complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto. Such financial statements have been prepared in accordance with U.S. generally accepted accounting principles, consistently applied, during the periods involved and fairly and accurately present in all material respects the consolidated financial position of the Company and its consolidated subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments). Except as set forth in the most recent audited balance sheet provided to the Lender, the Company has no liabilities, contingent or otherwise, other than (i) liabilities incurred in the ordinary course of business subsequent to the date of such financial statements and (ii) obligations under contracts and commitments incurred in the ordinary course of business and not required under generally accepted accounting principles to be reflected in such financial statements, which, individually or in the aggregate, are not material to the financial condition or operating results of the Company. Except as disclosed in such financial statements, the Company is not a guarantor or indemnitor of any indebtedness of any other person, firm or corporation.

(i) BRIDGE LOAN WARRANT. The Bridge Loan Warrant is duly authorized and, upon issuance in accordance with the terms of this Agreement, will be validly issued, fully paid and nonassessable, and will be free of liens, claims, encumbrances and restrictions on transfer, other than restrictions on transfer under applicable state and federal securities laws. The shares of Class A Common Stock issuable upon exercise of the Bridge Loan Warrant are duly authorized and reserved for issuance, and, upon exercise of the Bridge Loan Warrant in accordance with the terms thereof, will be validly issued, fully paid and nonassessable, and will be free of liens, claims, encumbrances and restrictions on transfer, other than restrictions on transfer under applicable state and federal securities laws.

(j) TAX RETURNS. The Company has timely filed all tax returns (federal, state and local) required to be filed by it and such tax returns are true and correct in all material respects. In addition, (i) the Company has not requested any extension of time within which to file any tax returns in respect of any fiscal year which have not since been filed and no request

for waivers of the time to assess any taxes are pending or outstanding, (ii) no claim for taxes has become a lien against the property of the Company or is being asserted against the Company other than liens for taxes not yet due and payable, (iii) no audit of any tax return of the Company is being conducted by a tax authority, (iv) no extension of the statute of limitations on the assessment of any taxes has been granted to, by or applied for by, the Company and is currently in effect, and (v) there is no agreement, contract or arrangement to which the Company is a party that may result in the payment of any amount that would not be deductible by reason of Sections 280G, 162 or 404 of the Internal Revenue Code.

(k) PERMITS. The Company has all material franchises, permits, licenses and any similar authority necessary for the conduct of its business ("Permits"). The Company is not in default under any of such Permits.

(l) ENVIRONMENTAL AND SAFETY LAWS. The Company is not in violation of any applicable material statute, law or regulation relating to the environment or occupational health and safety, and no material expenditures are or will be required in order to comply with any such existing statute, law or regulation.

SECTION 4.02 REPRESENTATIONS AND WARRANTIES OF THE LENDER. The Lender represents and warrants to the Company that:

(a) INVESTMENT REPRESENTATIONS. The Lender: (i) will acquire the Note, Bridge Loan Warrant and shares underlying the Bridge Loan Warrant for its own account for investment and not with a view to any resale or other distribution (other than to affiliates) of the Note in a transaction constituting a public offering or otherwise requiring registration under the U.S. Securities Act of 1933, as amended (the "Securities Act") or in a transaction that would result in noncompliance with applicable state securities laws; (ii) has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and the risks of its acquisition of the Note , the Bridge Loan Warrant (and shares underlying the Bridge Loan Warrant) and credit extensions to the Company, (iii) is an accredited investor as such term is defined in Rule 501 of Regulation D under the Securities Act, and (iv) understands that the Note, the Bridge Loan Warrant and the shares underlying the Bridge Loan Warrant have not been registered under the Securities Act or any state securities laws.

(b) ORGANIZATION AND POWERS. The Lender is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware, and has all requisite power and authority to execute, deliver and perform its obligations under this Agreement.

(c) AUTHORIZATION; BINDING OBLIGATION. The execution, delivery and performance by the Lender of this Agreement has been duly authorized by all necessary organizational action of the Lender. This Agreement constitutes a legal, valid and binding obligation of the Lender, enforceable against the Lender in accordance with its terms.

(d) FINANCIAL CAPACITY. The Lender has access to adequate capital to enable it to satisfy its obligations to make the Loan contemplated hereby.

ARTICLE V

COVENANTS

SECTION 5.01 REPORTING COVENANTS. So long as any of the Obligations shall remain unpaid or the Lender shall have any Commitment, the Company agrees that:

(a) FINANCIAL STATEMENTS AND OTHER REPORTS. The Company will furnish to the Lender: (i) on Monday of each week, a statement of cash flow for the prior week and projected cash flow for the following two weeks; (ii) as soon as available and in any event within 10 days after the end of a month, monthly agings (aged from invoice date) of accounts receivable, payables reports, and unaudited financial statements (including a balance sheet, income statement and statement of cash flows) with respect to that month prepared on a basis consistent with such statements prepared in prior months and otherwise in accordance with GAAP and certified by a Responsible Officer as being prepared in accordance with GAAP; and (iii) as soon as available and in any event within 45 days after the end of each fiscal quarter, its quarterly consolidated and, if requested by the Lender, consolidating financial statements (including a balance sheet, income statement and statement of cash flows), prepared in accordance with GAAP, together with a certificate of a Responsible Officer of the Company stating that such financial statements fairly present in all material respects the financial condition of the Company as at such date and the results of operations of the Company for the period ended on such date and have been prepared in accordance with GAAP, subject to changes resulting from normal, year-end audit adjustments and except for the absence of notes.

(b) ADDITIONAL INFORMATION. The Company will furnish to the Lender: (i) promptly after the Company has knowledge or becomes aware thereof, notice of the occurrence of any Default; (ii) prompt written notice of all actions, suits and proceedings before any governmental agency or authority or arbitrator pending, or to the best of the Company's knowledge, threatened against or affecting the Company; (iii) prompt written notice of any other condition or event which has resulted, or that could reasonably be expected to result, in a Material Adverse Effect; (iv) promptly after the same are released, copies of all press releases; (v) promptly after the giving, sending or filing thereof, copies of all reports and financial information, if any, which the Company sends to the holders of its capital stock or other securities, and the holders, if any, of any other Indebtedness, and of all reports or filings, if any, by the Company with the Securities and Exchange Commission or any national securities exchange; and (vi) such other information respecting the operations, properties, business or condition (financial or otherwise) of the Company (including with respect to the Collateral) as the Lender may from time to time reasonably request. Each notice pursuant to claims (i) through (iii) of this subsection (b) shall be accompanied by a written statement by a Responsible Officer of the Company setting forth details of the occurrence referred to therein.

(c) CERTAIN CONTRACTS. Upon the Lender's reasonable request, and at least twice monthly after the date of this Agreement, the Company shall provide reports to the Lender concerning the status of all programs with major customers, in such detail as Lender may reasonably request.

SECTION 5.02 AFFIRMATIVE COVENANTS. So long as any of the Obligations shall remain unpaid or the Lender shall have any Commitment, the Company agrees that:

(a) PRESERVATION OF EXISTENCE, ETC. The Company will, maintain and preserve its corporate existence, its rights to transact business and all other material rights, franchises and privileges necessary or desirable in the normal course of its business and operations and the ownership of its properties, except in connection with any transactions expressly permitted by Section 5.03.

(b) PAYMENT OF TAXES, ETC. The Company will pay and discharge all taxes, fees, assessments and governmental charges or levies imposed upon it or upon its properties or assets prior to the date on which penalties attach thereto, and all lawful claims for labor, materials and supplies which, if unpaid, might become a Lien upon any properties or assets of the Company prior to the date on which penalties attach thereto except to the extent such taxes, fees, assessments or governmental charges or levies, or such claims, are being contested in good faith by appropriate proceedings and are adequately reserved against in accordance with GAAP.

(c) MAINTENANCE OF INSURANCE. The Company will carry and maintain in full force and effect, at its own expense and with financially sound and reputable insurance companies, insurance in such amounts, with such deductibles and covering such risks as is is consistent with the Company's past practices.

(d) KEEPING OF RECORDS AND BOOKS OF ACCOUNT. The Company will keep adequate records and books of account to permit preparation of financial statements in accordance with GAAP.

(e) INSPECTION RIGHTS. The Company will at any reasonable time during regular business hours and from time to time permit the Lender or any of its agents or representatives to visit and inspect any of the properties of the Company and to examine the records and books of account of the Company, and to discuss the business affairs, finances and accounts of the Company with any of the officers, employees or accountants of the Company, provided that the Company may designate one or more individuals who will be present during such discussions.

(f) COMPLIANCE WITH LAWS. The Company will comply in all material respects with the requirements of all applicable laws, rules, regulations and orders of any governmental agency or authority, including all Environmental Laws.

(g) MAINTENANCE OF PROPERTIES, ETC. The Company will maintain and preserve all of its material properties necessary or useful in the proper conduct of its business in good working order and condition in accordance with the general practice of other corporations of similar character and size, ordinary wear and tear excepted.

(h) LICENSES. The Company will obtain and maintain all licenses, authorizations, consents, filings, exemptions, registrations and other governmental approvals of any governmental agency or authority necessary in connection with the execution, delivery and performance of the Loan Documents, the consummation of the transactions therein contemplated or the operation and conduct of its business and ownership of its properties, except where the failure to do so would not have a Material Adverse Effect.

(i) USE OF PROCEEDS. The Company will use the proceeds of the Loans solely in accordance with the Budget. No amount of the proceeds of the Loans may be used in connection with the Company's electric vehicle business.

(j) FURTHER ASSURANCES AND ADDITIONAL ACTS. The Company will execute, acknowledge, deliver, file, notarize and register at its own expense all such further agreements, instruments, certificates, documents and assurances and perform such acts as the Lender shall deem necessary or appropriate to effectuate the purposes of the Loan Documents, and promptly provide the Lender with evidence of the foregoing satisfactory in form and substance to the Lender.

SECTION 5.03 NEGATIVE COVENANTS. So long as any of the Obligations shall remain unpaid or the Lender shall have any Commitment, the Company agrees that without the consent of Lender, which consent will not be unreasonably withheld:

(a) LIENS; NEGATIVE PLEDGES. (i) The Company will not create, incur, assume or suffer to exist any Lien upon or with respect to any of its properties, revenues or assets, whether now owned or hereafter acquired, other than Permitted Liens. (ii) The Company will not enter into any agreement (other than this Agreement or any other Loan Document) prohibiting the creation or assumption of any Lien upon any of its properties, revenues or assets, whether now owned or hereafter acquired.

(b) CHANGE IN NATURE OF BUSINESS. The Company will not engage in any material line of business substantially different from those lines of business carried on by it at the date hereof.

(c) RESTRICTIONS ON FUNDAMENTAL CHANGES. The Company will not merge with or consolidate into, or acquire all or substantially all of the assets of, any Person, or sell, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets.

(d) SALES OF ASSETS. The Company will not sell, lease, transfer, or otherwise dispose of, or part with control of (whether in one transaction or a series of transactions) any assets (including any shares of stock in any other Person), except: (i) sales or other dispositions of inventory, and the license, sublicense and grant of distribution and similar rights, in the ordinary course of business; (ii) sales or other dispositions of assets in the ordinary course of business which have become worn out or obsolete or which are promptly being replaced; (iii) sales or other dispositions of assets (other than accounts receivable) outside the ordinary course of business not exceeding in the aggregate $25,000 in any fiscal year; and (iv) a sale of 15% of the outstanding capital stock of AEVT Incorporated to Lon Bell upon Dr. Bell's payment of $88,000 to the Company.

(e) DISTRIBUTIONS. The Company will not declare or pay any dividends in respect of the Company's capital stock, or purchase, redeem, retire or otherwise acquire for value any of its capital stock now or hereafter outstanding, return any capital to its shareholders as such, except that the Company may: (A) declare and deliver dividends and distributions payable only in common stock of the Company; (B) purchase, redeem, retire, or otherwise acquire shares

of its capital stock with the proceeds received from a substantially concurrent issue of new shares of its capital stock; and (C) repurchase shares of Class B Common Stock as contemplated by the Securities Purchase Agreement.

(f) LOANS AND INVESTMENTS. The Company will not purchase or otherwise acquire the capital stock, assets (constituting a business unit), obligations or other securities of or any interest in any Person, or otherwise extend any credit to or make any additional investments in any Person, other than in connection with: (i) extensions of credit in the nature of accounts receivable or notes receivable arising from the sales of goods or services in the ordinary course of business; (ii) short term, investment grade money market instruments, in accordance with the Company's usual and customary treasury management policies.

(g) TRANSACTIONS WITH RELATED PARTIES. The Company will not enter into any transaction, including the purchase, sale or exchange of property or the rendering of any services, with any Affiliate, any officer or director thereof or any Person which beneficially owns or holds 5% or more of the equity securities, or 5% or more of the equity interest, thereof (a "Related Party"), or enter into, assume or suffer to exist, any employment or consulting contract with any Related Party, except (i) a transaction or contract which is in the ordinary course of the Company's business and which is upon fair and reasonable terms not less favorable to the Company than it would obtain in a comparable arm's length transaction with a Person not a Related Party (ii) the transactions and agreements contemplated by the Securities Purchase Agreement, and (iii) loans from Lon Bell to the Company at interest rates not exceeding 10% per annum and upon fair and reasonable terms not less favorable to the Company than it would obtain in a comparable arm's length transaction with a Person not a Related Party.

SECTION 5.04 CONFIDENTIALITY. The Lender will hold in confidence all, and not disclose to others for any reason whatsoever any, non-public information received by it from the Company in connection with this Agreement, except that the Lender may provide such confidential information in response to legal process or applicable governmental regulations provided that the Lender forthwith notifies the Company of its obligation to provide such confidential information and fully cooperates with the Company to protect the confidentiality of such information.

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01 EVENTS OF DEFAULT. Any of the following events which shall occur shall constitute an "Event of Default":

(a) PAYMENTS. The Company shall fail to pay when due any amount of principal of, or interest on, any Loan or Note, or any fee or other amount payable under any of the Loan Documents.

(b) REPRESENTATIONS AND WARRANTIES. Any representation or warranty by the Company under or in connection with the Loan Documents shall prove to have been incorrect in any material respect when made or deemed made.

(c) FAILURE BY COMPANY TO PERFORM CERTAIN COVENANTS. The Company shall fail to perform or observe any term, covenant or agreement contained in Section 5.03 or Subsections (a) or (i) of Section 5.02.

(d) FAILURE BY COMPANY TO PERFORM OTHER COVENANTS. The Company shall fail to perform or observe any term, covenant or agreement, other than those specified in Section 6.01(c), contained in any Loan Document on its part to be performed or observed, and any such failure shall continue for a period of 10 days from the occurrence thereof (unless the Lender determines that such failure is not capable of remedy).

(e) INSOLVENCY. (i) The Company shall (A) make a general assignment for the benefit of creditors or (B) be dissolved, liquidated, wound up or cease its corporate existence; or (ii) the Company (A) shall file a voluntary petition in bankruptcy or a petition or answer seeking reorganization, to effect a plan or other arrangement with creditors or any other relief under the Bankruptcy Reform Act of 1978 (the "Bankruptcy Code") or under any other state or federal law relating to bankruptcy or reorganization granting relief to debtors, whether now or hereafter in effect, or (B) shall file an answer admitting the jurisdiction of the court and the material allegations of any involuntary petition filed against the Company pursuant to the Bankruptcy Code or any such other state or federal law; or (iii) the Company shall be adjudicated a bankrupt, or shall make an assignment for the benefit of creditors, or shall apply for or consent to the appointment of any custodian, receiver or trustee for all or any substantial part of the Company's property, or shall take any action to authorize any of the actions or events set forth above in this subsection; or (iv) an involuntary petition seeking any of the relief specified in this subsection shall be filed against the Company and not dismissed within 60 days; or (v) any order for relief shall be entered against the Company, in any involuntary proceeding under the Bankruptcy Code or any such other state or federal law referred to in this subsection.

(f) DISSOLUTION, ETC. The Company shall (i) liquidate, wind up or dissolve (or suffer any liquidation, wind-up or dissolution), (ii) discontinue its operations, or (iii) take any corporate action to authorize any of the actions or events set forth above in this subsection (f).

(g) JUDGMENTS. (i) A final judgment or order for the payment of money in excess of $50,000 (or its equivalent in another currency) which is not fully covered by third-party insurance shall be rendered against the Company (or its equivalent in another currency); or (ii) any non-monetary judgment or order shall be rendered against the Company which has or would reasonably be expected to have a Material Adverse Effect; and in each case there shall be any period of 15 consecutive days during which such judgment continues unsatisfied or during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect.

(h) MATERIAL ADVERSE EFFECT. Any circumstance, condition, or event shall have occurred which has or could reasonably be expected to have a Material Adverse Effect.

(i) COLLATERAL DOCUMENTS. Any "Event of Default" as defined in the Collateral Documents shall have occurred; or any of the Collateral Documents after delivery thereof shall for any reason be revoked or invalidated, or otherwise cease to be in full force and effect, or the Company or any other Person shall contest in any manner the validity or

enforceability thereof, or the Company or any other Person shall deny that it has any further liability or obligation thereunder; or any of the Collateral Documents for any reason, except to the extent permitted by the terms thereof, shall cease to create a valid and perfected first priority Lien subject only to Permitted Liens in any of the Collateral purported to be covered thereby.

SECTION 6.02 EFFECT OF EVENT OF DEFAULT. If any Event of Default shall occur, the Lender may, by notice to the Company, declare the Commitment to be terminated, whereupon the same shall forthwith terminate. If any Event of Default under Section 6.01(e) shall occur, the Lender may declare the entire unpaid principal amount of the Loans and the Note, all interest accrued and unpaid thereon and all other Obligations to be forthwith due and payable, whereupon the Loans and the Note, all such accrued interest and all such other Obligations shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Company. In addition, if any Event of Default under Section 6.01(a) or Section 6.01(e) shall occur, the Lender may exercise any or all of the Lender's rights and remedies under the Collateral Documents and proceed to enforce all other rights and remedies available to the Lender under the Loan Documents and applicable law.

ARTICLE VII

MISCELLANEOUS

SECTION 7.01 AMENDMENTS AND WAIVERS. No amendment to any provision of the Loan Documents shall be effective unless it is in writing and has been signed by the Lender and the Company, and no waiver of any provision of any Loan Document, or consent to any departure by the Company therefrom, shall be effective unless it is in writing and has been signed by the Lender. Any such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 7.02 NOTICES. All notices and other communications provided for hereunder and under the other Loan Documents shall, unless otherwise stated herein, be in writing (including by facsimile transmission) and mailed, sent or delivered to the respective parties hereto at or to their respective addresses or facsimile numbers set forth below their names on the signature pages hereof, or at or to such other address or facsimile number as shall be designated by any party in a written notice to the other party hereto. All such notices and communications shall be effective (i) if delivered by hand, when delivered; (ii) if sent by mail, upon the earlier of the date of receipt or five Business Days after deposit in the mail, first class, postage prepaid; and (iii) if sent by facsimile transmission, when sent; PROVIDED, HOWEVER, that notices and communications to the Lender pursuant to Article II shall not be effective until received.

SECTION 7.03 NO WAIVER; CUMULATIVE REMEDIES. No failure on the part of the Lender to exercise, no delay in exercising, and no course of dealing with respect to, any right, remedy, power or privilege under any Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

The rights and remedies under the Loan Documents are cumulative and not exclusive of any rights, remedies, powers and privileges that may otherwise be available to the Lender.

SECTION 7.04 COSTS AND EXPENSES; INDEMNITY.

(a) COSTS AND EXPENSES. The Company agrees to pay on demand: (i) the reasonable out-of-pocket costs and expenses of the Lender and any of its Affiliates, and the reasonable fees and disbursements of counsel to the Lender and its Affiliates, in connection with the negotiation, preparation, execution, delivery and administration of the Loan Documents and any amendments, modifications or waivers of the terms thereof (but not in excess of $50,000) and (ii) all reasonable costs and expenses of the Lender and its Affiliates, and fees and disbursements of counsel, in connection with (A) any Default, (B) the enforcement or attempted enforcement of, and preservation of any rights or interests under, the Loan Documents, (C) any out-of-court workout or other refinancing or restructuring or any bankruptcy or insolvency case or proceeding, and (D) the preservation of and realization upon any of the Collateral.

(b) INDEMNIFICATION. Whether or not the transactions contemplated hereby shall be consummated, the Company hereby agrees to indemnify the Lender, any Affiliate thereof and their respective directors, officers, employees, agents, counsel and other advisors (each an "Indemnified Person") against, and hold each of them harmless from, any and all liabilities, obligations, losses, claims, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever, including the reasonable fees and disbursements of counsel to an Indemnified Person, which may be imposed on, incurred by, or asserted against any Indemnified Person, (i) in any way relating to or arising out of any of the Loan Documents, the use or intended use of the proceeds of the Loans or the transactions contemplated hereby or thereby, (ii) with respect to any investigation, litigation or other proceeding relating to any of the foregoing, irrespective of whether the Indemnified Person shall be designated a party thereto, or (iii) in any way relating to or arising out of the use, generation, manufacture, installation, treatment, storage or presence, or the spillage, leakage, leaching, migration, dumping, deposit, discharge, disposal or release, at any time, of any Hazardous Substances on, under, at or from any properties of the Company, including any personal injury or property damage suffered by any Person, and any investigation, site assessment, environmental audit, feasibility study, monitoring, clean-up, removal, containment, restoration, remedial response or remedial work undertaken by or on behalf of the any Indemnified Person at any time, voluntarily or involuntarily, with respect to the Premises (the "Indemnified Liabilities"); PROVIDED that the Company shall not be liable to any Indemnified Person for any portion of such Indemnified Liabilities to the extent they are found by a final decision of a court of competent jurisdiction to have resulted from such Indemnified Person's gross negligence or willful misconduct. If and to the extent that the foregoing indemnification is for any reason held unenforceable, the Company agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law.

SECTION 7.05 SURVIVAL. All covenants, agreements, representations and warranties made in any Loan Documents shall, except to the extent otherwise provided therein, survive the execution and delivery of this Agreement, the making of the Loans and the execution and delivery of the Note, and shall continue in full force and effect so long as the Lender has any Commitment, any Loans remain outstanding or any other Obligations remain unpaid or any

obligation to perform any other act hereunder or under any other Loan Document remains unsatisfied. Without limiting the generality of the foregoing, the obligations of the Company under Section 7.04, and all similar obligations under the other Loan Documents (including all obligations to pay costs and expenses and all indemnity obligations), shall survive the repayment of the Loans and the termination of the Commitments.

SECTION 7.06 BENEFITS OF AGREEMENT. The Loan Documents are entered into for the sole protection and benefit of the parties hereto and their successors and assigns, and no other Person shall be a direct or indirect beneficiary of, or shall have any direct or indirect cause of action or claim in connection with, any Loan Document.

SECTION 7.07 BINDING EFFECT; ASSIGNMENT. This Agreement shall become effective when it shall have been executed by the Company and the Lender and thereafter shall be binding upon, inure to the benefit of and be enforceable by the Company, the Lender and their respective successors and assigns. The Company shall not have the right to assign its rights and obligations hereunder or under the other Loan Documents or any interest herein or therein without the prior written consent of the Lender. The Lender reserves the right to sell, assign, transfer or grant participations in all or any portion of the Lender's rights and obligations hereunder and under the other Loan Documents (i) to one or more Affiliates of the Lender and/or (ii) with the prior consent of the Company (which consent shall not be unreasonably withheld) to any other Person. In the event of any such assignment, the assignee shall be deemed a "Lender" for all purposes of the Loan Documents with respect to the rights and obligations assigned to it, and the obligations of the Lender so assigned shall thereupon terminate. The Company shall, from time to time upon request of the Lender, enter into such amendments to the Loan Documents and execute and deliver such other documents as shall be necessary to effect any such grant or assignment. The Company agrees that in connection with any such grant or assignment, the Lender may deliver to the prospective participant or assignee financial statements and other relevant information relating to the Company (subject to such Person entering into a confidentiality agreement with the Company on terms reasonably satisfactory to the Company).

SECTION 7.08 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF CALIFORNIA.

SECTION 7.09 WAIVER OF JURY TRIAL. THE COMPANY AND THE LENDER EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR PARTIES, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE COMPANY AND THE LENDER EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM

OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

SECTION 7.10 ENTIRE AGREEMENT. The Loan Documents reflect the entire agreement between the Company and the Lender with respect to the matters set forth herein and therein and supersede any prior agreements, commitments, drafts, communication, discussions and understandings, oral or written, with respect thereto.

SECTION 7.11 SEVERABILITY. Whenever possible, each provision of the Loan Documents shall be interpreted in such manner as to be effective and valid under all applicable laws and regulations. If, however, any provision of any of the Loan Documents shall be prohibited by or invalid under any such law or regulation in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of such Loan Document, or the validity or effectiveness of such provision in any other jurisdiction.

SECTION 7.12 COUNTERPARTS. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Credit Agreement, as of the date first above written.

THE COMPANY

AMERIGON INCORPORATED, a California corporation

By /s/ LON E. BELL

Title:

Address:

Attn.:

Fax No.

THE LENDER

BIG STAR INVESTMENTS LLC

By: /s/ JOHN W. CLARK

Address:

Attn.:

Fax No.

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement"), dated as of March 29, 1999, is made between Amerigon Incorporated, a California corporation (the "Borrower") and Big Star Investments LLC ("Lender").

The Borrower and the Lender are parties to a Credit Agreement dated as of March 29, 1999 (as amended, modified, renewed or extended from time to time, the "Credit Agreement"). It is a condition precedent to the borrowings under the Credit Agreement that the Borrower enter into this Agreement and grant to the Lender the security interests hereinafter provided to secure the obligations of the Borrower described below.

Accordingly, the parties hereto agree as follows:

SECTION 1 DEFINITIONS; INTERPRETATION.

(a) TERMS DEFINED IN CREDIT AGREEMENT. All capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

(b) CERTAIN DEFINED TERMS. As used in this Agreement, the following terms shall have the following meanings:

"ACCOUNT CONTROL AGREEMENT" means any account control agreement or other agreement with any securities intermediary granting control with respect to any Investment Property for purposes of UCC Section 9115.

"ACCOUNTS" means any and all accounts of the Borrower, whether now existing or hereafter acquired or arising, and in any event includes all accounts receivable, contract rights, rights to payment and other obligations of any kind owed to the Borrower arising out of or in connection with the sale or lease of merchandise, goods or commodities or the rendering of services or arising from any other transaction, however evidenced, and whether or not earned by performance, all guaranties, indemnities and security with respect to the foregoing, and all letters of credit relating thereto, in each case whether now existing or hereafter acquired or arising.

"BOOKS" means all books, records and other written, electronic or other documentation in whatever form maintained now or hereafter by or for the Borrower in connection with the ownership of its assets or the conduct of its business or evidencing or containing information relating to the Collateral, including: (i) ledgers; (ii) records indicating, summarizing, or evidencing the Borrower's assets (including Inventory and Rights to Payment), business operations or financial condition; (iii) computer programs and software; (iv) computer discs, tapes, files, manuals, spreadsheets; (v) computer printouts and output of whatever kind; (vi) any other computer prepared or electronically stored, collected or reported information and equipment of any kind; and (vii) any and all other rights now or hereafter arising out of any contract or agreement between the Borrower and any service bureau, computer or data processing company or other Person charged with preparing or maintaining any of the Borrower's books or records or with credit reporting, including with regard to the Borrower's Accounts.

"CHATTEL PAPER" means all writings of whatever sort which evidence a monetary obligation and a security interest in or lease of specific goods, whether now existing or hereafter arising.

"COLLATERAL" has the meaning set forth in Section 2.

"DEPOSIT ACCOUNT" means any demand, time, savings, passbook or like account now or hereafter maintained by or for the benefit of the Borrower with a bank, savings and loan association, credit union or like organization, and all funds and amounts therein, whether or not restricted or designated for a particular purpose.

"DOCUMENTS" means any and all documents of title, bills of lading, dock warrants, dock receipts, warehouse receipts and other documents of the Borrower, whether or not negotiable, and includes all other documents which purport to be issued by a bailee or agent and purport to cover goods in any bailee's or agent's possession which are either identified or are fungible portions of an identified mass, including such documents of title made available to the Borrower for the purpose of ultimate sale or exchange of goods or for the purpose of loading, unloading, storing, shipping, transshipping, manufacturing, processing or otherwise dealing with goods in a manner preliminary to their sale or exchange, in each case whether now existing or hereafter acquired or arising.

"EQUIPMENT" means all now existing or hereafter acquired equipment of the Borrower in all of its forms, wherever located, and in any event includes any and all machinery, furniture, equipment, furnishings and fixtures in which the Borrower now or hereafter acquires any right, and all other goods and tangible personal property (other than Inventory), including tools, parts and supplies, automobiles, trucks, tractors and other vehicles, computer and other electronic data processing equipment and other office equipment, computer programs and related data processing software, and all additions, substitutions, replacements, parts, accessories, and accessions to and for the foregoing, now owned or hereafter acquired, and including any of the foregoing which are or are to become fixtures on real property.

"FINANCING STATEMENTS" has the meaning set forth in Section 3.

"GENERAL INTANGIBLES" means all general intangibles of the Borrower, now existing or hereafter acquired or arising, and in any event includes: (i) all tax and other refunds, rebates or credits of every kind and nature to which the Borrower is now or hereafter may become entitled; (ii) all good will, choses in action and causes of action, whether legal or equitable, whether in contract or tort and however arising; (iii) all Intellectual Property Collateral; (iv) all interests in limited and general partnerships and limited liability companies; (v) all rights of stoppage in transit, replevin and reclamation; (vi) all licenses, permits, consents, indulgences and rights of whatever kind issued in favor of or otherwise recognized as belonging to the Borrower by any governmental authority; and (vii) all indemnity agreements, guaranties, insurance policies and other contractual, equitable and legal rights of whatever kind or nature; in each case whether now existing or hereafter acquired or arising.

"INSTRUMENTS" means any and all negotiable instruments and every other writing which evidences a right to the payment of money, wherever located and whether now existing or hereafter acquired.

"INTELLECTUAL PROPERTY COLLATERAL" means the following properties and assets owned or held by the Borrower or in which the Borrower otherwise has any interest, now existing or hereafter acquired or arising:

(i) all patents and patent applications, domestic or foreign, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses (including such patents, patent applications and patent licenses as described in Schedule 1), all rights to sue for past, present or future infringement thereof, all rights arising therefrom and pertaining thereto and all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof;

(ii) all copyrights and applications for copyright, domestic or foreign, together with the underlying works of authorship (including titles), whether or not the underlying works of authorship have been published and whether said copyrights are statutory or arise under the common law, and all other rights and works of authorship (including the copyrights and copyright applications described in Schedule 1), all rights, claims and demands in any way relating to any such copyrights or works, including royalties and rights to sue for past, present or future infringement, and all rights of renewal and extension of copyright;

(iii) all state (including common law), federal and foreign trademarks, service marks and trade names, and applications for registration of such trademarks, service marks and trade names, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses (including such marks, names, applications and licenses as described in Schedule 1), whether registered or unregistered and wherever registered, all rights to sue for past, present or future infringement or unconsented thereof, all rights arising therefrom and pertaining thereto and all reissues, extensions and renewals thereof;

(iv) all trade secrets, trade dress, trade styles, logos, other source of business identifiers, mask-works, mask-work registrations, mask-work applications, software, confidential information, customer lists, license rights, advertising materials, operating manuals, methods, processes, know-how, algorithms, formulae, databases, quality control procedures, product, service and technical specifications, operating, production and quality control manuals, sales literature, drawings, specifications, blue prints, descriptions, inventions, name plates and catalogs; and

(v) the entire goodwill of or associated with the businesses now or hereafter conducted by the Borrower connected with and symbolized by any of the aforementioned properties and assets.

"INVENTORY" means any and all of the Borrower's inventory in all of its forms, wherever located, whether now owned or hereafter acquired, and in any event includes all goods (including goods in transit) which are held for sale, lease or other disposition, including those held for display or demonstration or out on lease or consignment or to be furnished under a

contract of service, or which are raw materials, work in process, finished goods or materials used or consumed in the Borrower's business, and the resulting product or mass, and all repossessed, returned, rejected, reclaimed and replevied goods, together with all parts, components, supplies, packing and other materials used or usable in connection with the manufacture, production, packing, shipping, advertising, selling or furnishing of such goods; and all other items hereafter acquired by the Borrower by way of substitution, replacement, return, repossession or otherwise, and all additions and accessions thereto, and any Document representing or relating to any of the foregoing at any time.

"INVESTMENT PROPERTY" means any and all investment property of the Borrower, including all securities, whether certificated or uncertificated, security entitlements, securities accounts, commodity contracts and commodity accounts, and all financial assets held in any securities account or otherwise, wherever located, and whether now existing or hereafter acquired or arising.

"LETTER OF CREDIT PROCEEDS" means any and all proceeds of written letters of credit.

"PROCEEDS" means whatever is receivable or received from or upon the sale, lease, license, collection, use, exchange or other disposition, whether voluntary or involuntary, of any Collateral or other assets of the Borrower, including "proceeds" as defined at UCC Section 9306, any and all proceeds of any insurance, indemnity, warranty or guaranty payable to or for the account of the Borrower from time to time with respect to any of the Collateral, any and all payments (in any form whatsoever) made or due and payable to the Borrower from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any governmental authority (or any Person acting under color of governmental authority), any and all other amounts from time to time paid or payable under or in connection with any of the Collateral or for or on account of any damage or injury to or conversion of any Collateral by any Person, any and all other tangible or intangible property received upon the sale or disposition of Collateral, and all proceeds of proceeds.

"RIGHTS TO PAYMENT" means all Accounts, and any and all rights and claims to the payment or receipt of money or other forms of consideration of any kind in, to and under all Chattel Paper, Documents, General Intangibles, Instruments, Investment Property and Proceeds.

"SECURED OBLIGATIONS" means the indebtedness, liabilities and other obligations of the Borrower to the Lender under or in connection with the Credit Agreement, the Notes and the other Loan Documents, including all unpaid principal of the Loans, all interest accrued thereon, all fees due under the Credit Agreement and all other amounts payable by the Borrower to the Lender thereunder or in connection therewith, whether now existing or hereafter arising, and whether due or to become due, absolute or contingent, liquidated or unliquidated, determined or undetermined.

"UCC" means the Uniform Commercial Code as the same may, from time to time, be in effect in the State of California; PROVIDED, HOWEVER, in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of the security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of California, the term "UCC" shall mean the Uniform

Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.

(c) TERMS DEFINED IN UCC. Where applicable and except as otherwise defined herein, terms used in this Agreement shall have the meanings assigned to them in the UCC.

(d) INTERPRETATION. The rules of interpretation set forth in Section 1.03 of the Credit Agreement shall be applicable to this Agreement and are incorporated herein by this reference.

SECTION 2 SECURITY INTEREST.

(a) GRANT OF SECURITY INTEREST. As security for the payment and performance of the Secured Obligations, the Borrower hereby pledges, assigns, transfers, hypothecates and sets over to the Lender, and hereby grants to the Lender a security interest in, all of the Borrower's right, title and interest in, to and under the following property, wherever located and whether now existing or owned or hereafter acquired or arising (collectively, the "Collateral"): (i) all Accounts; (ii) all Chattel Paper; (iii) all Deposit Accounts; (iv) all Documents; (v) all Equipment; (vi) all General Intangibles; (vii) all Instruments; (viii) all Inventory; (ix) all Investment Property; (x) all Books; (xi) all products and Proceeds of any and all of the foregoing; and (xii) all Letter of Credit Proceeds.

(b) BORROWER REMAINS LIABLE. Anything herein to the contrary notwithstanding, (i) the Borrower shall remain liable under any contracts, agreements and other documents included in the Collateral, to the extent set forth therein, to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (ii) the exercise by the Lender of any of the rights hereunder shall not release the Borrower from any of their duties or obligations under such contracts, agreements and other documents included in the Collateral and (iii) the Lender shall not have any obligation or liability under any contracts, agreements and other documents included in the Collateral by reason of this Agreement, nor shall the Lender be obligated to perform any of the obligations or duties of the Borrower thereunder or to take any action to collect or enforce any such contract, agreement or other document included in the Collateral hereunder.

(c) CONTINUING SECURITY INTEREST. The Borrower agrees that this Agreement shall create a continuing security interest in the Collateral which shall remain in effect until terminated in accordance with Section 22.

SECTION 3 PERFECTION PROCEDURES.

(a) FINANCING STATEMENTS, ETC. The Borrower shall execute and deliver to the Lender concurrently with the execution of this Agreement, and at any time and from time to time thereafter, all financing statements, continuation financing statements, termination statements, security agreements, chattel mortgages, assignments, patent, copyright and trademark collateral assignments, fixture filings, warehouse receipts, documents of title, affidavits, reports, notices,

schedules of account, letters of authority and all other documents and instruments, in form satisfactory to the Lender (the "Financing Statements"), and take all other action, as the Lender may request, to perfect and continue perfected, maintain the priority of or provide notice of the Lender's security interest in the Collateral and to accomplish the purposes of this Agreement.

(b) CERTAIN AGENTS. Any third person at any time and from time to time holding all or any portion of the Collateral shall be deemed to, and shall, hold the Collateral as the agent of, and as pledge holder for, the Lender. At any time and from time to time, the Lender may give notice to any third person holding all or any portion of the Collateral that such third person is holding the Collateral as the agent of, and as pledge holder for, the Lender.

SECTION 4 REPRESENTATIONS AND WARRANTIES. In addition to the representations and warranties of the Borrower set forth in the Credit Agreement, which are incorporated herein by this reference, the Borrower represents and warrants to the Lender that:

(a) LOCATION OF CHIEF EXECUTIVE OFFICE AND COLLATERAL. The Borrower's chief executive office and principal place of business is located at the address set forth in Schedule 1, and all other locations where the Borrower conducts business or Collateral is kept are set forth in Schedule 1.

(b) LOCATIONS OF BOOKS. All locations where Books pertaining to the Rights to Payment are kept, including all equipment necessary for accessing such Books and the names and addresses of all service bureaus, computer or data processing companies and other Persons keeping any Books or collecting Rights to Payment for the Borrower, are set forth in Schedule 1.

(c) TRADE NAMES AND TRADE STYLES. All trade names and trade styles under which the Borrower presently conducts its business operations are set forth in Schedule 1, and, except as set forth in Schedule 1, the Borrower has not, at any time in the past: (i) been known as or used any other corporate, trade or fictitious name; (ii) changed its name; (iii) been the surviving or resulting corporation in a merger or consolidation; or (iv) acquired through asset purchase or otherwise any business of any Person.

(d) OWNERSHIP OF COLLATERAL. The Borrower is, and, except as permitted by Section 5(i), will continue to be, the sole and complete owner of the Collateral (or, in the case of after-acquired Collateral, at the time the Borrower acquires rights in such Collateral, will be the sole and complete owner thereof), free from any Lien other than Permitted Liens.

(e) ENFORCEABILITY; PRIORITY OF SECURITY INTEREST. (i) This Agreement creates a security interest which is enforceable against the Collateral in which the Borrower now has rights and will create a security interest which is enforceable against the Collateral in which the Borrower hereafter acquires rights at the time the Borrower acquires any such rights; and (ii) the Lender has a perfected and first priority security interest in the Collateral, in which the Borrower now has rights, and will have a perfected and first priority security interest in the Collateral in which the Borrower hereafter acquires rights at the time the Borrower acquires any such rights, in each case securing the payment and performance of the Secured Obligations.

(f) OTHER FINANCING STATEMENTS. Other than (i) Financing Statements disclosed to the Lender and (ii) Financing Statements in favor of the Lender, no effective Financing Statement naming the Borrower as debtor, assignor, grantor, mortgagor, pledgor or the like and covering all or any part of the Collateral is on file in any filing or recording office in any jurisdiction.

(g) RIGHTS TO PAYMENT.

(i) The Rights to Payment represent valid, binding and enforceable obligations of the account debtors or other Persons obligated thereon, representing undisputed, bona fide transactions completed in accordance with the terms and provisions contained in any documents related thereto, and are and will be genuine, free from Liens, and not subject to any adverse claims, counterclaims, setoffs, defaults, disputes, defenses, discounts, retainages, holdbacks or conditions precedent of any kind of character, except to the extent reflected by the Borrower's reserves for uncollectible Rights to Payment or to the extent, if any, that such account debtors or other Persons may be entitled to normal and ordinary course trade discounts, returns, adjustments and allowances in accordance with Section 5(m), or as otherwise disclosed to the Lender in writing;

(ii) to the best of the Borrower's knowledge and belief, all account debtors and other obligors on the Rights to Payment are solvent and generally paying their debts as they come due;

(iii) all Rights to Payment comply with all applicable laws concerning form, content and manner of preparation and execution, including where applicable any federal or state consumer credit laws;

(iv) the Borrower has not assigned any of its rights under the Rights to Payment except as provided in this Agreement or as set forth in the other Loan Documents;

(v) all statements made, all unpaid balances and all other information in the Books and other documentation relating to the Rights to Payment are true and correct and in all respects what they purport to be; and

(vi) the Borrower has no knowledge of any fact or circumstance which would impair the validity or collectibility of any of the Rights to Payment.

(h) INVENTORY. No Inventory is stored with any bailee, warehouseman or similar Person, nor has any Inventory been consigned to the Borrower or consigned by the Borrower to any Person or is held by the Borrower for any Person under any "bill and hold" or other arrangement, except as set forth in Schedule 1.

(i) INTELLECTUAL PROPERTY.

(i) Except as set forth in Schedule 1, the Borrower (directly or through any Subsidiary) does not own, possess or use under any licensing arrangement any patents, copyrights, trademarks, service marks or trade names, nor is there currently pending before any

governmental authority any application for registration of any patent, copyright, trademark, service mark or trade name;

(ii) all patents, copyrights, trademarks, service marks and trade names are subsisting and have not been adjudged invalid or unenforceable in whole or in part;

(iii) all maintenance fees required to be paid on account of any patents have been timely paid for maintaining such patents in force, and, to the best of the Borrower's knowledge, each of the patents is valid and enforceable and the Borrower has notified the Lender in writing of all prior art (including public uses and sales) of which it is aware;

(iv) to the best of the Borrower's knowledge after due inquiry, no material infringement or unauthorized use presently is being made of any Intellectual Property Collateral by any Person;

(v) the Borrower is the sole and exclusive owner of the Intellectual Property Collateral and the past, present and contemplated future use of such Intellectual Property Collateral by the Borrower has not, does not and will not infringe or violate any right, privilege or license agreement of or with any other Person; and

(vi) the Borrower owns, has material rights under, is a party to, or an assignee of a party to all material licenses, patents, patent applications, copyrights, service marks, trademarks, trademark applications, trade names and all other Intellectual Property Collateral necessary to continue to conduct its business as heretofore conducted.

(j) EQUIPMENT.

(i) None of the Equipment or other Collateral is affixed to real property, except Collateral with respect to which the Borrower has supplied the Lender with all information and documentation necessary to make all fixture filings required to perfect and protect the priority of the Lender's security interest in all such Collateral which may be fixtures as against all Persons having an interest in the premises to which such property may be affixed; and

(ii) none of the Equipment is leased from or to any Person, except as set forth at Schedule 1 or as otherwise disclosed to the Lender.

(k) DEPOSIT ACCOUNTS. The names and addresses of all financial institutions at which the Borrower maintains its Deposit Accounts, and the account numbers and account names of such Deposit Accounts, are set forth in SCHEDULE 1.

(l) INVESTMENT PROPERTY; INSTRUMENTS. All securities accounts of Borrower and other Investment Property of Borrower are set forth in SCHEDULE 1, and all Instruments held by Borrower are also set forth in SCHEDULE 1. No Account Control Agreements exist with respect to any Investment Property other than any Account Control Agreements in favor of the Lender.

SECTION 5 COVENANTS. In addition to the covenants of the Borrower set forth in the Credit Agreement, which are incorporated herein by this reference, so long as any of the

Secured Obligations remain unsatisfied or the Lender shall have any Commitment, the Borrower agrees that:

(a) DEFENSE OF COLLATERAL. The Borrower will appear in and defend any action, suit or proceeding which may affect to a material extent its title to, or right or interest in, or the Lender's right or interest in, the Collateral.

(b) PRESERVATION OF COLLATERAL. The Borrower will do and perform all reasonable acts that may be necessary and appropriate to maintain, preserve and protect the Collateral.

(c) COMPLIANCE WITH LAWS, ETC. The Borrower will comply with all material laws, regulations and ordinances, and all policies of insurance, relating to the possession, operation, maintenance and control of the Collateral.

(d) LOCATION OF BOOKS AND CHIEF EXECUTIVE OFFICE. The Borrower will: (i) keep all Books pertaining to the Rights to Payment at the locations set forth in Schedule 1; and (ii) give at least 30 days' prior written notice to the Lender of (A) any changes in any such location where Books pertaining to the Rights to Payment are kept, including any change of name or address of any service bureau, computer or data processing company or other Person preparing or maintaining any Books or collecting Rights to Payment for the Borrower or (B) any changes in the location of the Borrower's chief executive office or principal place of business.

(e) LOCATION OF COLLATERAL. The Borrower will: (i) keep the Collateral at the locations set forth in Schedule 1 and not remove the Collateral from such locations (other than disposals of Collateral permitted by subsection (i)) except upon at least 30 days' prior written notice of any removal to the Lender; and (ii) give the Lender at least 30 days' prior written notice of any change in the locations set forth in Schedule 1.

(f) CHANGE IN NAME, IDENTITY OR STRUCTURE. The Borrower will give at least 30 days' prior written notice to the Lender of (i) any change in name, (ii) any changes in, additions to or other modifications of its trade names and trade styles set forth in Schedule 1, and (iii) any changes in its identity or structure in any manner which might make any Financing Statement filed hereunder incorrect or misleading.

(g) MAINTENANCE OF RECORDS. The Borrower will keep separate, accurate and complete Books with respect to the Collateral, disclosing the Lender's security interest hereunder.

(h) INVOICING OF SALES. The Borrower will invoice all of its sales upon forms customary in the industry and to maintain proof of delivery and customer acceptance of goods.

(i) DISPOSITION OF COLLATERAL. The Borrower will not surrender or lose possession of (other than to the Lender), sell, lease, rent, or otherwise dispose of or transfer any of the Collateral or any right or interest therein, except for sales of inventory in the ordinary course of business or to the extent permitted by the Loan Documents; PROVIDED that no such disposition or transfer of Investment Property or Instruments shall be permitted while any Event of Default exists.

(j) LIENS. The Borrower will keep the Collateral free of all Liens except Permitted Liens.

(k) EXPENSES. The Borrower will pay all expenses of protecting, storing, warehousing, insuring, handling and shipping the Collateral.

(l) LEASED PREMISES. At the Lender's request, the Borrower will obtain from each Person from whom the Borrower leases any premises at which any Collateral is at any time present such subordination, waiver, consent and estoppel agreements as the Lender may require, in form and substance satisfactory to the Lender.

(m) RIGHTS TO PAYMENT. The Borrower will:

(i) with such frequency as the Lender may require, furnish to the Lender full and complete reports, in form and substance satisfactory to the Lender, with respect to the Accounts, including information as to concentration, aging, identity of account debtors, letters of credit securing Accounts, disputed Accounts and other matters, as the Lender shall request;

(ii) give only normal discounts, allowances and credits as to Accounts and other Rights to Payment, in the ordinary course of business, according to normal trade practices utilized by the Borrower in the past, and enforce all Accounts and other Rights to Payment strictly in accordance with their terms, and take all such action to such end as may from time to time be reasonably requested by the Lender, except that the Borrower may grant any extension of the time for payment or enter into any agreement to make a rebate or otherwise to reduce the amount owing on or with respect to, or compromise or settle for less than the full amount thereof, any Account or other Right to Payment, in the ordinary course of business, according to normal trade practices utilized by the Borrower in the past, and where the amount involved does not exceed $10,000 or where the Account or Right to Payment does not exceed $10,000 or would not be materially impaired;

(iii) if any discount, allowance, credit, extension of time for payment, agreement to make a rebate or otherwise to reduce the amount owing on, or compromise or settle, an Account or other Right to Payment exists or occurs, or if, to the knowledge of the Borrower, any dispute, setoff, claim, counterclaim or defense exists or has been asserted or threatened with respect to an Account or other Right to Payment, disclose such fact fully to the Lender in the Books relating to such Account or other Right to Payment and in connection with any invoice or report furnished by the Borrower to the Lender relating to such Account or other Right to Payment;

(iv) if any Accounts arise from contracts with the United States or any department, agency or instrumentality thereof, immediately notify the Lender thereof and execute any documents and instruments and take any other steps requested by the Lender in order that all monies due and to become due thereunder shall be assigned to the Lender and notice thereof given to the federal authorities under the Federal Assignment of Claims Act;

(v) in accordance with its sound business judgment perform and comply in all material respects with its obligations in respect of the Accounts and other Rights to Payment;

(vi) upon the request of the Lender (A) at any time, notify all or any designated portion of the account debtors and other obligors on the Rights to Payment of the security interest hereunder, and (B) upon the occurrence of an Event of Default, notify the account debtors and other obligors on the Rights to Payment or any designated portion thereof that payment shall be made directly to the Lender or to such other Person or location as the Lender shall specify; and

(vii) upon the occurrence of any Event of Default, establish such lockbox or similar arrangements for the payment of the Accounts and other Rights to Payment as the Lender shall require.

(n) INSTRUMENTS, INVESTMENT PROPERTY, ETC. Upon the request of the Lender, the Borrower will (i) immediately deliver to the Lender, or an agent designated by them, appropriately endorsed or accompanied by appropriate instruments of transfer or assignment, all Instruments, Documents, Chattel Paper and certificated securities with respect to any Investment Property, all letters of credit, and all other Rights to Payment at any time evidenced by promissory notes, trade acceptances or other instruments, (ii) cause any securities intermediaries to show on their books that the Lender is the entitlement holder with respect to any Investment Property, and/or obtain Account Control Agreements in favor of the Lender from such securities intermediaries, in form and substance satisfactory to the Lender, with respect to any Investment Property, as requested by Lender, (iii) mark all Documents and Chattel Paper with such legends as the Lender shall reasonably specify, and (iv) obtain consents from any letter of credit issuers with respect to the assignment to the Agent of any Letter of Credit Proceeds.

(o) DEPOSIT ACCOUNTS AND SECURITIES ACCOUNTS. The Borrower will give the Lender immediate notice of the establishment of any new Deposit Account and any new securities account with respect to any Investment Property.

(p) INVENTORY. The Borrower will:

(i) at such times as the Lender shall request, prepare and deliver to the Lender a report of all Inventory, in form and substance satisfactory to the Lender;

(ii) upon the request of the Lender, take a physical listing of the Inventory and promptly deliver a copy of such physical listing to the Lender; and

(iii) not store any Inventory with a bailee, warehouseman or similar Person or on premises leased to the Borrower, nor dispose of any Inventory on a bill-and-hold, guaranteed sale, sale and return, sale on approval, consignment or similar basis, nor acquire any Inventory from any Person on any such basis.

(q) EQUIPMENT. The Borrower will, upon the Lender's request, deliver to the Lender a report of each item of Equipment, in form and substance reasonably satisfactory to the Lender.

(r) INTELLECTUAL PROPERTY COLLATERAL. The Borrower will:

(i) not enter into any agreement (including any license or royalty agreement) pertaining to any Intellectual Property Collateral, without the prior written consent of the Lender;

(ii) not allow or suffer any Intellectual Property Collateral to become abandoned, nor any registration thereof to be terminated, forfeited, expired or dedicated to the public;

(iii) promptly give the Lender notice of any rights the Borrower may obtain to any new patentable inventions, copyrightable works or other new Intellectual Property Collateral, prior to the filing of any application for registration thereof; and

(iv) diligently prosecute all applications for patents, copyrights and trademarks, and file and prosecute any and all continuations, continuations-in-part, applications for reissue, applications for certificate of correction and like matters as shall be reasonable and appropriate in accordance with prudent business practice, and promptly and timely pay any and all maintenance, license, registration and other fees, taxes and expenses incurred in connection with any Intellectual Property Collateral.

(s) NOTICES, REPORTS AND INFORMATION. The Borrower will (i) notify the Lender of any other modifications of or additions to the information contained in SCHEDULE 1; (ii) notify the Lender of any material claim made or asserted against the Collateral by any Person and of any change in the composition of the Collateral or other event which could materially adversely affect the value of the Collateral or the Lender's Lien thereon; (iii) furnish to the Lender such statements and schedules further identifying and describing the Collateral and such other reports and other information in connection with the Collateral as the Lender may reasonably request, all in reasonable detail; and (iv) upon request of the Lender make such demands and requests for information and reports as the Borrower is entitled to make in respect of the Collateral.

SECTION 6 RIGHTS TO PAYMENT.

(a) COLLECTION OF RIGHTS TO PAYMENT. Until the Lender exercises its rights hereunder to collect Rights to Payment, the Borrower shall endeavor in the first instance diligently to collect all amounts due or to become due on or with respect to the Rights to Payment. At the request of the Lender, upon and after the occurrence of any Event of Default, all remittances received by the Borrower shall be held in trust for the Lender and, in accordance with the Lender's instructions, remitted to the Lender or deposited to an account with the Lender in the form received (with any necessary endorsements or instruments of assignment or transfer).

(b) INVESTMENT PROPERTY AND INSTRUMENTS. At the request of the Lender, upon and after the occurrence of any Event of Default, the Lender shall be entitled to receive all distributions and payments of any nature with respect to any Investment Property or Instruments, and all such distributions or payments received by the Borrower shall be held in trust for the Lender and, in accordance with the Lender's instructions, remitted to the Lender or deposited to an account with the Lender in the form received (with any necessary endorsements or instruments of assignment or transfer). Following the occurrence of an Event of Default any

such distributions and payments with respect to any Investment Property held in any securities account shall be held and retained in such securities account, in each case as part of the Collateral hereunder. Additionally, the Lender shall have the right, upon the occurrence of an Event of Default, following prior written notice to the Borrower, to vote and to give consents, ratifications and waivers with respect to any Investment Property and Instruments, and to exercise all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining thereto, as if the Lender was the absolute owner thereof; PROVIDED that the Lender shall have no duty to exercise any of the foregoing rights afforded to them and shall not be responsible to the Borrower or any other Person for any failure to do so or delay in doing so.

SECTION 7 AUTHORIZATION; LENDER APPOINTED ATTORNEY-IN-FACT. The Lender shall have the right to, in the name of the Borrower, or in the name of the Lender or otherwise, without notice to or assent by the Borrower, and the Borrower hereby constitutes and appoints the Lender (and any of Lender's officers, employees or agents designated by Lender) as the Borrower's true and lawful attorney-in-fact, with full power and authority to:

(i) sign any of the Financing Statements which must be executed or filed to perfect or continue perfected, maintain the priority of or provide notice of the Lender's security interest in the Collateral;

(ii) Upon the occurrence of an Event of Default:

(A) take possession of and endorse any notes, acceptances, checks, drafts, money orders or other forms of payment or security and collect any Proceeds of any Collateral;

(B) sign and endorse any invoice or bill of lading relating to any of the Collateral, warehouse or storage receipts, drafts against customers or other obligors, assignments, notices of assignment, verifications and notices to customers or other obligors;

(C) send requests for verification of Rights to Payment to the customers or other obligors of the Borrower;

(D) contact, or direct the Borrower to contact, all account debtors and other obligors on the Rights to Payment and instruct such account debtors and other obligors to make all payments directly to the Lender;

(E) assert, adjust, sue for, compromise or release any claims under any policies of insurance;

(F) exercise dominion and control over, and refuse to permit further withdrawals from, Deposit Accounts maintained with any financial institution or other Person;

(G) notify each Person maintaining lockbox or similar arrangements for the payment of the Rights to Payment to remit all amounts representing collections on the Rights to Payment directly to the Lender;

(H) ask, demand, collect, receive and give acquittances and receipts for any and all Rights to Payment, enforce payment or any other rights in respect of the Rights to Payment and other Collateral, grant consents, agree to any amendments, modifications or waivers of the agreements and documents governing the Rights to Payment and other Collateral, and otherwise file any claims, take any action or institute, defend, settle or adjust any actions, suits or proceedings with respect to the Collateral, as the Lender may deem necessary or desirable to maintain, preserve and protect the Collateral, to collect the Collateral or to enforce the rights of the Lender with respect to the Collateral;

(I) execute any and all applications, documents, papers and instruments necessary for the Lender to use the Intellectual Property Collateral and grant or issue any exclusive or non-exclusive license or sublicense with respect to any Intellectual Property Collateral;

(J) execute any and all endorsements, assignments or other documents and instruments necessary to sell, lease, assign, convey or otherwise transfer title in or dispose of the Collateral; and

(K) execute and deliver to any securities intermediary or other Person any entitlement order, Account Control Agreement or other notice, document or instrument which the Lender may deem necessary of advisable to maintain, protect, realize upon and preserve the Investment Property and the Lender's security interest therein; and

(L) execute any and all such other documents and instruments, and do any and all acts and things for and on behalf of the Borrower, which the Lender may deem necessary or advisable to maintain, protect, realize upon and preserve the Collateral and the Lender's security interest therein and to accomplish the purposes of this Agreement.

The foregoing power of attorney is coupled with an interest and irrevocable so long as the Lender has any Commitment or the Secured Obligations have not been paid and performed in full. The Borrower hereby ratifies, to the extent permitted by law, all that the Lender shall lawfully and in good faith do or cause to be done by virtue of and in compliance with this Section 7.

SECTION 8 LENDER PERFORMANCE OF BORROWER OBLIGATIONS. The Lender may perform or pay any obligation which the Borrower has agreed to perform or pay under or in connection with this Agreement, and the Borrower shall reimburse the Lender on demand for any amounts paid by the Lender pursuant to this Section 8.

SECTION 9 LENDER'S DUTIES. Notwithstanding any provision contained in this Agreement, the Lender shall have no duty to exercise any of the rights, privileges or powers afforded to them and shall not be responsible to the Borrower or any other Person for any failure to do so or delay in doing so. Beyond the exercise of reasonable care to assure the safe custody of Collateral in the Lender's possession and the accounting for moneys actually received by the Lender hereunder, the Lender shall have no duty or liability to exercise or preserve any rights, privileges or powers pertaining to the Collateral.

SECTION 10 REMEDIES.

(a) REMEDIES. Upon the occurrence of any Event of Default, the Lender shall have, in addition to all other rights and remedies granted to them in this Agreement, the Credit Agreement or any other Loan Document, all rights and remedies of a secured party under the UCC and other applicable laws. Without limiting the generality of the foregoing, the Borrower agrees that:

(i) The Lender may peaceably and without notice enter any premises of the Borrower, take possession of any the Collateral, remove or dispose of all or part of the Collateral on any premises of the Borrower or elsewhere, or, in the case of Equipment, render it nonfunctional, and otherwise collect, receive, appropriate and realize upon all or any part of the Collateral, and demand, give receipt for, settle, renew, extend, exchange, compromise, adjust, or sue for all or any part of the Collateral, as the Lender may determine.

(ii) The Lender may require the Borrower to assemble all or any part of the Collateral and make it available to the Lender at any place and time designated by the Lender.

(iii) The Lender may use or transfer any of the Borrower's rights and interests in any Intellectual Property Collateral, by license, by sublicense (to the extent permitted by an applicable license) or otherwise, on such conditions and in such manner as the Lender may determine.

(iv) The Lender may secure the appointment of a receiver of the Collateral or any part thereof (to the extent and in the manner provided by applicable law).

(v) The Lender may withdraw (or cause to be withdrawn) any and all funds from any Deposit Accounts or securities accounts.

(vi) The Lender may sell, resell, lease, use, assign, transfer or otherwise dispose of any or all of the Collateral in its then condition or following any commercially reasonable preparation or processing (utilizing in connection therewith any of the Borrower's assets, without charge or liability to the Lender therefor) at public or private sale, by one or more contracts, in one or more parcels, at the same or different times, for cash or credit, or for future delivery without assumption of any credit risk, all as the Lender deems advisable; PROVIDED, HOWEVER, that the Borrower shall be credited with the net proceeds of sale only when such proceeds are finally collected by the Lender. The Lender shall have the right upon any such public sale, and, to the extent permitted by law, upon any such private sale, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption, which right or equity of redemption the Borrower hereby releases, to the extent permitted by law. The Borrower hereby agrees that the sending of notice by ordinary mail, postage prepaid, to the address of the Borrower set forth in the Credit Agreement, of the place and time of any public sale or of the time after which any private sale or other intended disposition is to be made, shall be deemed reasonable notice thereof if such notice is sent ten days prior to the date of such sale

or other disposition or the date on or after which such sale or other disposition may occur, PROVIDED that the Lender may provide the Borrower shorter notice or no notice, to the extent permitted by the UCC or other applicable law. The Borrower recognizes that the Lender may be unable to make a public sale of any or all of the Investment Property, by reason of prohibitions contained in applicable securities laws or otherwise, and expressly agrees that a private sale to a restricted group of purchasers for investment and not with a view to any distribution thereof shall be considered a commercially reasonable sale.

(b) LICENSE. For the purpose of enabling the Lender to exercise its rights and remedies under this Section 10 or otherwise in connection with this Agreement, the Borrower hereby grants to the Lender an irrevocable, non-exclusive and assignable license (exercisable without payment or royalty or other compensation to the Borrower) to use, license or sublicense any Intellectual Property Collateral, except to the extent a grant of such license would violate the terms of an existing agreement to which the Borrower is a party.

APPLICATION OF PROCEEDS. The cash proceeds actually received from the sale or other disposition or collection of Collateral, and any other amounts received in respect of the Collateral the application of which is not otherwise provided for herein, shall be applied be applied (i) first, to any fees, costs, expenses and other amounts (other than principal and interest) then due to the Lender under the Loan Documents; (ii) second, to accrued and unpaid interest due the Lender; and (iii) third, to principal due the Lender. Any surplus thereof which exists after payment and performance in full of the Secured Obligations shall be promptly paid over to the Borrower or otherwise disposed of in accordance with the UCC or other applicable law. The Borrower shall remain liable to the Lender for any deficiency which exists after any sale or other disposition or collection of Collateral.

SECTION 11 CERTAIN WAIVERS. The Borrower waives, to the fullest extent permitted by law, (i) any right of redemption with respect to the Collateral, whether before or after sale hereunder, and all rights, if any, of marshalling of the Collateral or other collateral or security for the Secured Obligations; (ii) any right to require the Lender (A) to proceed against any Person, (B) to exhaust any other collateral or security for any of the Secured Obligations, (C) to pursue any remedy in the Lender's power, or (D) to make or give any presentments, demands for performance, notices of nonperformance, protests, notices of protests or notices of dishonor in connection with any of the Collateral; and (iii) all claims, damages, and demands against the Lender arising out of the repossession, retention, sale or application of the proceeds of any sale of the Collateral

SECTION 12 NOTICES. All notices or other communications hereunder shall be given in the manner and to the addresses specified in the Credit Agreement. All such notices and other communications shall be effective (i) if delivered by hand, when delivered; (ii) if sent by mail, upon the earlier of the date of receipt or five Business Days after deposit in the mail, first class (or air mail, with respect to communications to be sent to or from the United States); and (iii) if sent by facsimile transmission, when sent.

SECTION 13 NO WAIVER; CUMULATIVE REMEDIES. No failure on the part of the Lender to exercise, and no delay in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right,

remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights and remedies under this Agreement are cumulative and not exclusive of any rights, remedies, powers and privileges that may otherwise be available to the Lender.

SECTION 14 COSTS AND EXPENSES; INDEMNIFICATION; OTHER CHARGES.

(a) COSTS AND EXPENSES. The Borrower agrees to pay on demand:

(i) the reasonable out-of-pocket costs and expenses of the Lender and any of its Affiliates, and the reasonable fees and disbursements of counsel to the Lender, in connection with the negotiation, preparation, execution, delivery and administration of this Agreement (but, together with the costs associated with the preparation of the Loan Documents, not in excess of $50,000), and any amendments, modifications or waivers of the terms thereof, and the custody of the Collateral;

(ii) all title, appraisal (including the allocated costs of internal appraisal services), survey, audit, consulting, search, recording, filing and similar costs, fees and expenses incurred or sustained by the Lender or any of its Affiliates in connection with this Agreement or the Collateral; and

(iii) all costs and expenses of the Lender and its Affiliates, and the reasonable fees and disbursements of counsel, in connection with the enforcement or attempted enforcement of, and preservation of any rights or interests under, this Agreement, including in any out-of-court workout or other refinancing or restructuring or in any bankruptcy case, and the protection, sale or collection of, or other realization upon, any of the Collateral, including all expenses of taking, collecting, holding, sorting, handling, preparing for sale, selling, or the like, and other such expenses of sales and collections of Collateral, and any and all losses, costs and expenses sustained by the Lender as a result of any failure by the Borrower to perform or observe its obligations contained herein.

(b) INDEMNIFICATION. The Borrower hereby agrees to indemnify the Lender, any Affiliate thereof, and their respective directors, officers, employees, agents, counsel and other advisors (each an "Indemnified Person") against, and hold each of them harmless from, any and all liabilities, obligations, losses, claims, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever, including the reasonable fees and disbursements of counsel to an Indemnified Person, which may be imposed on, incurred by, or asserted against any Indemnified Person, in any way relating to or arising out of this Agreement or the transactions contemplated hereby or any action taken or omitted to be taken by it hereunder (the "Indemnified Liabilities"); PROVIDED that the Borrower shall not be liable to any Indemnified Person for any portion of such Indemnified Liabilities to the extent they are found by a final decision of a court of competent jurisdiction to have resulted from such Indemnified Person's gross negligence or willful misconduct. If and to the extent that the foregoing indemnification is for any reason held unenforceable, the Borrower agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law.

(c) OTHER CHARGES. The Borrower agrees to indemnify the Lender against and hold it harmless from any and all present and future stamp, transfer, documentary and other such taxes, levies, fees, assessments and other charges made by any jurisdiction by reason of the execution, delivery, performance and enforcement of this Agreement.

(d) INTEREST. Any amounts payable to the Lender under this Section 14 or otherwise under this Agreement if not paid upon demand shall bear interest from the date of such demand until paid in full, at the rate of interest set forth in Section 2.04 of the Credit Agreement.

SECTION 15 BINDING EFFECT. This Agreement shall be binding upon, inure to the benefit of and be enforceable by the Borrower, the Lender and their respective successors and assigns.

SECTION 16 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF CALIFORNIA, EXCEPT AS REQUIRED BY MANDATORY PROVISIONS OF LAW AND TO THE EXTENT THE VALIDITY OR PERFECTION OF THE SECURITY INTERESTS HEREUNDER, OR THE REMEDIES HEREUNDER, IN RESPECT OF ANY COLLATERAL ARE GOVERNED BY THE LAW OF A JURISDICTION OTHER THAN CALIFORNIA.

SECTION 17 ENTIRE AGREEMENT; AMENDMENT. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof and shall not be amended except by the written agreement of the parties as provided in the Credit Agreement.

SECTION 18 SEVERABILITY. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under all applicable laws and regulations. If, however, any provision of this Agreement shall be prohibited by or invalid under any such law or regulation in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of this Agreement, or the validity or effectiveness of such provision in any other jurisdiction.

SECTION 19 COUNTERPARTS. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

SECTION 20 INCORPORATION OF PROVISIONS OF THE CREDIT AGREEMENT. To the extent the Credit Agreement contains provisions of general applicability to the Loan Documents, such provisions are incorporated herein by this reference.

SECTION 21 NO INCONSISTENT REQUIREMENTS. The Borrower acknowledges that this Agreement and the other Loan Documents may contain covenants and other terms and provisions variously stated regarding the same or similar matters, and agrees that all such

covenants, terms and provisions are cumulative and all shall be performed and satisfied in accordance with their respective terms.

SECTION 22 TERMINATION. Upon termination of the Commitment of the Lender and payment and performance in full of all Secured Obligations, this Agreement shall terminate and the Lender shall promptly execute and deliver to the Borrower such documents and instruments reasonably requested by the Borrower as shall be necessary to evidence termination of all security interests given by the Borrower to the Lender hereunder; PROVIDED, HOWEVER, that the obligations of the Borrower under Section 14 shall survive such termination.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement, as of the date first above written.

THE BORROWER

AMERIGON INCORPORATED, a California corporation

By /s/ LON E. BELL

Title:

THE LENDER

BIG STAR INVESTMENTS LLC

By /s/ JOHN W. CLARK

Title:

PATENT AND TRADEMARK SECURITY AGREEMENT

THIS PATENT AND TRADEMARK SECURITY AGREEMENT (this "Agreement"), dated as of March 29, 1999, is made between Amerigon Incorporated, a California corporation ("Borrower"), and Big Star Investments LLC, a Delaware limited liability company ("Lender").

Borrower and Lender are parties to a Security Agreement dated as of March 29, 1999 (as amended, modified, renewed or extended from time to time, the "Security Agreement"), which Security Agreement provides, among other things, for the grant by Borrower to Lender of a security interest in, certain of Borrower's property and assets, including, without limitation, its patents and patent applications, its trademarks, service marks and trade names, and its applications for registration of such trademarks, service marks and trade names. Pursuant to the Security Agreement, Borrower has agreed to execute and deliver this Agreement to Lender for filing with the United States Patent and Trademark Office (the "PTO") (and any other relevant recording systems in any domestic or foreign jurisdiction), and as further evidence of and to effectuate such assignment of and grant of a security interest in such patents and patent applications, trademarks, service marks and trade names, and applications for registration of such trademarks, service marks and trade names, and the other general intangibles described herein. Accordingly, Borrower and Lender hereby agree as follows:

SECTION 1. DEFINITIONS; INTERPRETATION.

(a) All capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings assigned to them in the Security Agreement.

(b) In this Agreement, (i) the meaning of defined terms shall be equally applicable to both the singular and plural forms of the terms defined; and (ii) the captions and headings are for convenience of reference only and shall not affect the construction of this Agreement.

SECTION 2. ASSIGNMENT AND GRANT OF SECURITY INTEREST.

(a) As security for the payment and performance of the Secured Obligations (as defined in the Security Agreement), Borrower hereby assigns, transfers and conveys and grants a security interest in and mortgage to Lender, for security purposes, all of Borrower's right, title and interest in, to and under the following property, whether now existing or owned or hereafter acquired, developed or arising (collectively, the "Intellectual Property Collateral"):

(i) all patents and patent applications, domestic or foreign, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses (including, without limitation, such patents and patent applications as described in SCHEDULE A hereto), all rights to sue for past, present or future infringement thereof, all rights arising therefrom and pertaining thereto and all reissues, reexaminations, divisions, continuations, renewals, extensions and continuations-in-part thereof;

(ii) all state (including common law), federal and foreign trademarks, service marks and trade names, and applications for registration of such trademarks, service marks and trade names, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses (including, without limitation, such marks, names and applications as described in SCHEDULE B hereto), whether registered or unregistered and wherever registered, all rights to sue for past, present or future infringement or unconsented use thereof, all rights arising therefrom and pertaining thereto and all reissues, extensions and renewals thereof;

(iii) the entire goodwill of or associated with the businesses now or hereafter conducted by Borrower connected with and symbolized by any of the aforementioned properties and assets;

(iv) all general intangibles (as defined in the UCC) and all intangible intellectual or other similar property of the Borrower of any kind or nature, associated with or arising out of any of the aforementioned properties and assets and not otherwise described above; and

(v) all products and proceeds of any and all of the foregoing.

(b) This Agreement shall create a continuing security interest in the Intellectual Property Collateral which shall remain in effect until terminated in accordance with Section 17 hereof.

SECTION 3. FURTHER ASSURANCES; APPOINTMENT OF LENDER AS ATTORNEY-IN-FACT. Borrower at its expense shall execute and deliver, or cause to be executed and delivered, to Lender any and all documents and instruments, in form and substance satisfactory to Lender, and take any and all action, which Lender may reasonably request from time to time, to perfect and continue perfected, maintain the priority of or provide notice of Lender's security interest in the Intellectual Property Collateral and to accomplish the purposes of this Agreement. Lender shall have the right to, in the name of the Borrower, or in the name of Lender or otherwise, without notice to or assent by the Borrower, and the Borrower hereby irrevocably constitutes and appoints Lender (and any of Lender's officers or employees or agents designated by Lender) as the Borrower's true and lawful attorney-in-fact with full power and authority, (i) to sign the name of the Borrower on all or any of such documents or instruments and perform all other acts that Lender deems necessary or advisable in order to perfect or continue perfected, maintain the priority or enforceability of or provide notice of Lender's security interest in, the Intellectual Property Collateral, and (ii) to execute any and all other documents and instruments, and to perform any and all acts and things for and on behalf of the Borrower, which Lender may deem necessary or advisable to maintain, preserve and protect the Intellectual Property Collateral and to accomplish the purposes of this Agreement, including (A) to defend, settle, adjust or (after the occurrence of any Event of Default) institute any action, suit or proceeding with respect to

the Intellectual Property Collateral, and, after the occurrence of any Event of Default, (B) to assert or retain any rights under any license agreement for any of the Intellectual Property Collateral, including without limitation any rights of the Borrower arising under Section 365(n) of the Bankruptcy Code, and (C) after the occurrence of any Event of Default, to execute any and all applications, documents, papers and instruments for Lender to use the Intellectual Property Collateral, to grant or issue any exclusive or non-exclusive license or sub-license with respect to any Intellectual Property Collateral, and to assign, convey or otherwise transfer title in or dispose of the Intellectual Property Collateral; PROVIDED, HOWEVER, that in no event shall Lender have the unilateral power, prior to the occurrence and continuation of an Event of Default, to assign any of the Intellectual Property Collateral to any Person, including themselves, without the Borrower's written consent. The foregoing shall in no way limit Lender's rights and remedies upon or after the occurrence of an Event of Default. The power of attorney set forth in this Section 3, being coupled with an interest, is irrevocable, so long as this Agreement shall not have terminated in accordance with Section 17.

SECTION 4. FUTURE RIGHTS. Except as otherwise expressly agreed to in writing by Lender, if and when the Borrower shall obtain rights to any new patentable inventions or any new trademarks, or become entitled to the benefit of any of the foregoing, or obtain rights or benefits with respect to any reissue, division, continuation, renewal, extension or continuation-in-part of any patents or trademarks or, or any improvement of any patent, the provisions of Section 2 shall automatically apply thereto and the Borrower shall give to Lender prompt notice thereof. Borrower shall do all things deemed necessary or advisable by Lender to ensure the validity, perfection, priority and enforceability of the security interests of Lender in such future acquired Intellectual Property Collateral. Borrower hereby authorizes Lender to modify, amend, or supplement the Schedules hereto and to reexecute this Agreement from time to time on Borrower's behalf and as its attorney-in-fact to include any such future Intellectual Property Collateral and to cause such reexecuted Agreement or such modified, amended or supplemented Schedules to be filed with PTO.

SECTION 5. LENDER'S DUTIES. Notwithstanding any provision contained in this Agreement, Lender shall have no duty to exercise any of the rights, privileges or powers afforded to it and shall not be responsible to the Borrower or any other Person for any failure to do so or delay in doing so. Except for the accounting for moneys actually received by Lender hereunder or in connection herewith, Lender shall have no duty or liability to exercise or preserve any rights, privileges or powers pertaining to the Intellectual Property Collateral.

SECTION 6. REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender that:

(a) A true and correct list of all of the existing Intellectual Property Collateral consisting of United States patents and patent applications and/or registrations owned by the Borrower, in whole or in part, is set forth in SCHEDULE A.

(b) A true and correct list of all of the existing Intellectual Property Collateral consisting of United States trademarks, trademark registrations and/or applications owned by the Borrower, in whole or in part, is set forth in SCHEDULE B.

(c) All patents, trademarks, service marks and trade names of Borrower are subsisting and have not been adjudged invalid or unenforceable in whole or in part.

(d) All maintenance fees at the large entity rate required to be paid on account of any patents or trademarks of Borrower have been timely paid for maintaining such patents and

trademarks in force, and, to the best of Borrower's knowledge, each of the patents and trademarks constituting part of the Intellectual Property Collateral is valid and enforceable.

(e) To the best of Borrower's knowledge after due inquiry, no material infringement or unauthorized use presently is being made of any Intellectual Property Collateral by any Person.

(f) Borrower is the sole and exclusive owner of the Intellectual Property Collateral and the past, present and contemplated future use of such Intellectual Property Collateral by Borrower has not, does not and will not infringe or violate any right, privilege or license agreement of or with any other Person.

SECTION 7. COVENANTS.

(a) Borrower will appear in and defend any action, suit or proceeding which may affect to a material extent its title to, or Lender's rights or interest in, the Intellectual Property Collateral.

(b) Borrower will not allow or suffer any Intellectual Property Collateral to become abandoned, nor any registration thereof to be terminated, forfeited, expired or dedicated to the public.

(c) Borrower will diligently prosecute all applications for patents and trademarks, and file and prosecute any and all continuations, continuations-in-part, applications for reissue, applications for certificate of correction and like matters as shall be reasonable and appropriate in accordance with prudent business practice, and promptly pay any and all maintenance, license, registration and other fees, taxes and expenses incurred in connection with any Intellectual Property Collateral.

SECTION 8. LENDER'S RIGHTS AND REMEDIES.

(a) Lender shall have all rights and remedies available to it under the Security Agreement, the other Loan Documents and applicable law with respect to the security interests in any of the Intellectual Property Collateral or any other collateral. Borrower agrees that such rights and remedies include, but are not limited to, the right of Lender as a secured party to sell or otherwise dispose of its collateral after default pursuant to the UCC. Borrower agrees that Lender shall at all times have such royalty free licenses, to the extent permitted by law and Borrower's existing contracts, for any Intellectual Property Collateral that shall be reasonably necessary to permit the exercise of any of Lender's rights or remedies upon or after the occurrence of an Event of Default and shall additionally, effective upon or after the occurrence of an Event of Default, have the right to license and/or sublicense any Intellectual Property Collateral, whether general, special or otherwise, and whether on an exclusive or a nonexclusive basis, any of the Intellectual Property Collateral, throughout the world for such term or terms, on such conditions, and in such manner, as Lender in its discretion shall determine. In addition to and without limiting any of the foregoing, upon the occurrence and during the continuance of an Event of Default, Lender shall have the right but shall in no way be obligated to bring suit, or to take such other action as Lender deems necessary or advisable, in the name of the Borrower or Lender, to enforce or protect any of the Intellectual Property Collateral, in which event the

Borrower shall, at the request of Lender, do any and all lawful acts and execute any and all documents required by Lender in aid of such enforcement. To the extent that Lender shall elect not to bring suit to enforce such Intellectual Property Collateral, Borrower agrees to use all reasonable measures and its diligent efforts, whether by action, suit, proceeding or otherwise, to prevent the infringement, misappropriation or violations thereof by others and for that purpose agrees diligently to maintain any action, suit or proceeding against any Person necessary to prevent such infringement, misappropriation or violation.

(b) The cash proceeds actually received from the sale or other disposition or collection of Intellectual Property Collateral, and any other amounts received in respect of the Intellectual Property Collateral the application of which is not otherwise provided for herein, shall be applied as provided in the Security Agreement.

SECTION 9. NOTICES. All notices or other communications hereunder shall be in writing (including by facsimile transmission) shall be mailed, sent or delivered in accordance with the Security Agreement at or to their respective addresses or facsimile numbers set forth below their names on the signature pages hereof, or at or to such other address or facsimile number as shall be designated by any party in a written notice to the other parties hereto. All such notices and other communications shall be effective as provided in the Security Agreement.

SECTION 10. NO WAIVER; CUMULATIVE REMEDIES. No failure on the part of Lender to exercise, and no delay in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights and remedies under this Agreement are cumulative and not exclusive of any rights, remedies, powers and privileges that may otherwise be available to Lender.

SECTION 11. COSTS AND EXPENSES; INDEMNITY.

(a) Borrower agrees to pay on demand all costs and expenses of Lender, including without limitation all reasonable attorneys' fees, in connection with the enforcement or attempted enforcement of, and preservation of any rights or interests under, this Agreement, and the assignment, sale or other disposal of any of the Intellectual Property Collateral.

(b) Borrower hereby agrees to indemnify Lender and any of its affiliates, and their respective directors, officers, employees, agents, counsel and other advisors (each an "Indemnified Person") against, and hold each of them harmless from, any and all liabilities, obligations, losses, claims, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever, including, without limitation, reasonable attorneys' fees and attorneys' fees incurred pursuant to Chapter 11 United States Code, which may be imposed on, incurred by, or asserted against any Indemnified Person, in any way relating to or arising out of this Agreement, including in connection with any infringement or alleged infringement with respect to any Intellectual Property Collateral, or any action taken or omitted to be taken by it hereunder (the "Indemnified Liabilities"); PROVIDED that Borrower shall not be liable to any Indemnified Person for any portion of such Indemnified Liabilities to the extent they are found by a final decision of a court of competent jurisdiction to have resulted from such

Indemnified Person's gross negligence or willful misconduct. If and to the extent that the foregoing indemnification is for any reason held unenforceable, Borrower agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law.

(c) Any amounts payable to Lender under this Section 11 or otherwise under this Agreement if not paid upon demand shall bear interest from the date of such demand until paid in full, at the rate of interest set forth in the Note.

SECTION 12. BINDING EFFECT. This Agreement shall be binding upon, inure to the benefit of and be enforceable by Borrower, Lender and their respective successors and assigns.

SECTION 13. GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the law of the State of California, except to the extent that the validity or perfection of the assignment and security interests hereunder in respect of any Intellectual Property Collateral are governed by federal law and except to the extent that Lender shall have greater rights or remedies under federal law, in which case such choice of California law shall not be deemed to deprive Lender of such rights and remedies as may be available under federal law.

SECTION 14. AMENDMENT. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof and no amendment to this Agreement, or any waiver of any provision hereof, shall be effective unless it is in writing and signed by Lender and (in the case of any amendment) the Borrower.

SECTION 15. SEVERABILITY. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under all applicable laws and regulations. If, however, any provision of this Agreement shall be prohibited by or invalid under any such law or regulation in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of this Agreement, or the validity or effectiveness of such provision in any other jurisdiction.

SECTION 16. COUNTERPARTS. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

SECTION 17. TERMINATION. Upon payment and performance in full of all Secured Obligations, this Agreement shall terminate and Lender shall promptly execute and deliver to Borrower such documents and instruments reasonably requested by Borrower as shall be necessary to evidence termination of all security interests given by Borrower to Lender hereunder, including cancellation of this Agreement by written notice from Lender to the PTO; PROVIDED, HOWEVER, that (i)the obligations of Borrower under Section 11 hereof shall survive such termination and (ii) in the event a voluntary proceeding in bankruptcy is filed by Borrower or an involuntary proceeding in bankruptcy is filed against Borrower, this Agreement and

Lender's interest in the Intellectual Property Collateral created hereby shall survive such proceeding.

SECTION 18. SECURITY AGREEMENT. Borrower acknowledges that the rights and remedies of Lender with respect to the security interests in the Intellectual Property Collateral granted hereby are more fully set forth in the Security Agreement and the other Loan Documents and all such rights and remedies are cumulative.

SECTION 19. NO INCONSISTENT REQUIREMENTS. Borrower acknowledges that this Agreement and the Security Agreement may contain covenants and other terms and provisions variously stated regarding the same or similar matters, and the Borrower agrees that all such covenants, terms and provisions are cumulative and all shall be performed and satisfied in accordance with their respective terms.

SECTION 20. CONFLICTS. In the event of any conflict or inconsistency between this Agreement and the Security Agreement, the terms of this Agreement shall control.

IN WITNESS WHEREOF, the parties hereto have duly executed this Patent and Trademark Security Agreement, as of the date first above written.

BORROWER:

AMERIGON INCORPORATED, a California corporation

By /s/ LON E. BELL

Name:
Title:

Address:

Attn:

Fax:

LENDER:

BIG STAR INVESTMENTS LLC

By /s/ JOHN W. CLARK

Name:
Title:

Address:

Attn:

Fax:

STATE OF CALIFORNIA)
) ss
COUNTY OF_____)

On _____ , before me, _____, Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

_____
Signature

[SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF_____)

On _____ , before me, _____, Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

_____
Signature

[SEAL]

BRIDGE LOAN WARRANT

THIS SECURITY AND ANY SHARES ISSUED UPON EXERCISE OF THIS SECURITY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS THE APPLICABLE SECURITY HAS BEEN REGISTERED UNDER THE ACT AND SUCH LAWS OR (1) REGISTRATION UNDER SUCH LAWS IS NOT REQUIRED AND (2) AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY IS FURNISHED TO THE COMPANY TO THE EFFECT THAT REGISTRATION UNDER THE ACT AND THE APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED.

AMERIGON INCORPORATED

WARRANT TO PURCHASE COMMON STOCK

This Warrant (the "Warrant") represents and certifies that, for value received, Big Star Investments LLC, a Delaware limited liability company (the "Holder") is entitled to subscribe for and purchase up to 300,000 shares (subject to adjustment from time to time pursuant to the provisions of Section 5 hereof) of fully paid and nonassessable Class A Common Stock of Amerigon Incorporated, a California corporation (the "Company"), at the price specified in Section 2 hereof, as such price may be adjusted from time to time pursuant to Section 5 hereof (the "Warrant Price"), subject to the provisions and upon the terms and conditions hereinafter set forth.

As used herein, the term "Class A Common Stock" shall mean the Company's presently authorized Class A Common Stock, no par value, and any stock into or for which such Common Stock may hereafter be converted or exchanged.

1. TERM OF WARRANT; CALL PROVISIONS.

(a) TERM. Subject to Section 1(b) hereof, the purchase right represented by this Warrant is exercisable, in whole or in part, at any time during a period beginning on the date that the Securities Purchase Agreement dated March 29, 1999 among the Company, Westar Capital II, LLC, and Big Beaver Investments LLC (the "Purchase Agreement") is terminated pursuant to its terms and ending five years after such date, but shall terminate upon the Closing of the transactions contemplated by the Purchase Agreement.

(b) CALL PROVISIONS. In the event that the Company shall have been required to pay a fee in excess of $600,000 pursuant to Section 6.3(b) of the Purchase Agreement, in accordance with the terms thereof, upon such payment and for a period of fifteen days following such payment, the Company shall have the right to redeem one half of the shares subject to this Warrant at an aggregate redemption price of $1,000. Upon such redemption, this Warrant will thereafter remain exercisable for 150,000 shares of Class A Common Stock at the purchase Warrant Price set forth in Section 2 hereof (subject to adjustment as provided herein).

2. WARRANT PRICE.

The Warrant Price is $1.03 per share, subject to adjustment from time to time pursuant to the provisions of Section 5 hereof.

3. METHOD OF EXERCISE OR CONVERSION; PAYMENT; ISSUANCE OF NEW WARRANT.

(a) EXERCISE. Subject to Section 1 hereof, the purchase right represented by this Warrant may be exercised by the Holder, in whole or in part, by the surrender of this Warrant (with the notice of exercise form attached hereto as EXHIBIT 1 duly executed) at the principal office of the Company and by the payment to the Company, by cashier's check or wire transfer, of an amount equal to the then applicable Warrant Price per share multiplied by the number of shares then being purchased. The Company agrees that the shares so purchased shall be deemed to be issued to the Holder as the record owner of such shares as of the close of business on the date on which this Warrant shall have been surrendered and payment made for such shares as aforesaid. In the event of any exercise of this Warrant, certificates for the shares of stock so purchased shall be delivered to the Holder within 15 business days thereafter and, unless this Warrant has been fully exercised or expired, a new Warrant representing the portion of the shares, if any, with respect to which this Warrant shall not then have been exercised, shall also be issued to the Holder within such 15 business day period.

(b) CONVERSION. Subject to Section 1 hereof, the Holder may convert this Warrant (the "Conversion Right"), in whole or in part, into the number of shares (less the number of shares which have been previously exercised or as to which the Conversion Right has been previously exercised) calculated pursuant to the following formula by surrendering this Warrant (with the notice of exercise form attached hereto as EXHIBIT 1 duly executed) at the principal office of the Company specifying the number of shares the rights to purchase which the Holder desires to convert:

$$X = \frac{Y\,(A - B)}{A}$$

where: X = the number of shares of Class A Common Stock to be issued to the Holder;

Y = the number of shares of Class A Common Stock subject to this Warrant for which the Conversion Right is being exercised;

A = the Market Price of the Common Stock (as defined below) as of the trading day immediately preceding the date of exercise of this Warrant; and

B = the Warrant Price

For purposes hereof, the "Market Price of the Common Stock" shall be the closing price per share of the Class A Common Stock of the Company on the principal national securities exchange on which the Class A Common Stock of the Company is then listed or admitted to trading or, if not then listed or traded on

any such exchange, on the NASDAQ National Market System, or if then not listed or traded on such system, the closing bid price per share on NASDAQ or other over-the-counter trading market. If at any time such quotations are not available, the market price of a share of Class A Common Stock shall be the highest price per share which the Company could obtain from a willing buyer (not a current employee or director) for shares of Class A Common Stock sold by the Company, from authorized but unissued shares, as determined in good faith by the Board of Directors of the Company, unless the Company shall become subject to a merger, acquisition or other consolidation pursuant to which the Company is not the surviving party, in which case the market price of a share of Class A Common Stock shall be deemed to be the value received by the holders of the Company's Class A Common Stock for each share of Class A Common Stock pursuant to the Company's acquisition.

The Company agrees that the shares so converted shall be deemed issued to the Holder as the record owner of such shares as of the close of business on the date on which this Warrant shall have been surrendered as aforesaid. In the event of any conversion of this Warrant, certificates for the shares of stock so converted shall be delivered to the holder hereof within 15 business days thereafter and, unless this Warrant has been fully converted or expired, a new Warrant representing the portion of the shares, if any, with respect to which this Warrant shall not then have been converted, shall also be issued to the holder hereof within such 15-day period.

4. STOCK FULLY PAID; RESERVATION OF SHARES.

All Class A Common Stock which may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be fully paid and nonassessable, and free from all United States taxes, liens and charges with respect to the issue thereof. During the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized, and reserved for the purpose of the issuance upon exercise of the purchase rights evidenced by this Warrant, a sufficient number of shares of its Class A Common Stock to provide for the exercise of the rights represented by this Warrant.

5. ADJUSTMENT OF PURCHASE PRICE AND NUMBER OF SHARES.

(a) ADDITIONAL SHARES. In the event that the Company shall issue additional shares of Class A Common Stock, or other securities exchangeable for, exerciseable for, or convertible into additional shares of Class A Common Stock, for consideration per share less than the Warrant Price on the date of and immediately prior to any such issue, then and in such event, the per share Warrant Price shall be reduced concurrently with such issuance or sale, to a price equal to the consideration per share of such issuance; provided that the Warrant Price shall not be so reduced at such time if the amount of such reduction would be an amount less than $0.01, but any such amount shall be carried forward and reduction with respect thereto made at the time of and together with any subsequent reduction which, together with such amount and any other amount or amounts so carried forward, shall aggregate $0.01 or more. No adjustment in the Warrant Price shall be made on account of (i) the grant of options exercisable for, or sales

of, Class A Common Stock pursuant to employee benefit plans previously approved by the Company's shareholders, (ii) the issuance of warrants to Spencer Trask Securities, Inc. in connection with the transaction contemplated by the Purchase Agreement (or the exercise of such warrants), or (iii) the issuance of stock, warrants or other securities or rights to persons or entities with which the Company has business relationships provided such issuances are for other than primarily equity financing purposes and provided that (i) any such issuance does not exceed 2% of the then outstanding Class A Common Stock of the Company (assuming full conversion and exercise of all convertible and exercisable securities) and (ii) the aggregate of all such issuances since the date of this Warrant do not exceed 5% of the then outstanding Class A Common Stock of the Company (assuming full conversion and exercise of all convertible and exercisable securities).

(b) STOCK SPLITS AND COMBINATIONS. If the Company at any time or from time to time after the date this Warrant is issued effects a subdivision of the outstanding Class A Common Stock pursuant to a stock split or similar event, the Warrant Price shall be proportionately decreased, and conversely, if the Company at any time or from time to time after the date this Warrant is issued combines the outstanding shares of Class A Common Stock into a smaller number of shares in a reverse stock split or similar event, the Warrant Price shall be proportionately increased. Upon the adjustment of the Warrant Price pursuant to the foregoing provisions, the number of shares of Class A Common Stock subject to the exercise of the Warrant shall be adjusted to the nearest full share by multiplying the shares subject to the Warrant by a fraction, the numerator of which is the Warrant Price immediately prior to such adjustment and the denominator of which is the Warrant Price immediately after such adjustment. Any adjustment under this subsection (b) shall be effective at the close of business on the date the subdivision or combination becomes effective.

(c) CERTAIN DIVIDENDS AND DISTRIBUTIONS. If the Company at any time or from time to time after the date this Warrant is issued makes, or fixes a record date for the determination of holders of Class A Common Stock entitled to receive a dividend or other distribution payable in additional shares of Class A Common Stock, then and in each such event the number of shares of Class A Common Stock subject to the Warrant shall be increased and the Warrant Price then in effect shall be decreased as of the date of such issuance or, in the event such record date is fixed, as of the close of business on such record date, by:

(i) multiplying the Warrant Price then in effect by a fraction (1) the numerator of which is the total number of shares of Class A Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (2) the denominator of which shall be the total number of shares of Class A Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Class A Common Stock issuable in payment of such dividend or distribution; and

(ii) multiplying the number of shares of Class A Common Stock subject to the Warrant by a fraction (1) the numerator of which is the total number of shares of Class A Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Class A Common Stock issuable in payment of such dividend or distribution, and (2) the

denominator of which shall be the total number of shares of Class A Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date.

If, however, such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the number of shares of Class A Common Stock subject to the Warrant and the Warrant Price thereof shall be recomputed accordingly as of the close of business on such record date and thereafter shall be adjusted pursuant to this subsection (c) as of the time of actual payment of such dividends or distributions.

(d) OTHER ADJUSTMENTS. In the event the Company at any time or from time to time after the date this Warrant is issued:

(i) makes a dividend or other distribution payable in securities of the Company other than shares of Class A Common Stock, or

(ii) changes any Class A Common Stock into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification or otherwise (other than a subdivision or combination of shares or stock dividend or a reorganization, merger, consolidation or sale of assets provided for elsewhere in this Section 5), or

(iii) effects a capital reorganization of the Class A Common Stock (other than a recapitalization, subdivision, combination, reclassification or exchange of shares provided for elsewhere in this Section 5) or merger or consolidation of the Company with or into another corporation, or the sale of all or substantially all of the Company's properties and assets to any other person,

then, in each such event, any and all new, substituted or additional securities to which Holder is or would be entitled by reason of its ownership of the shares underlying this Warrant shall be immediately subject to the Warrant and be included in the shares underlying this Warrant for all purposes hereunder. After each such event, the Warrant Price per share shall be proportionately adjusted so that the aggregate Warrant Price upon exercise of the Warrant shall remain the same as before such event.

6. NOTICE OF ADJUSTMENTS.

Whenever any Warrant Price shall be adjusted pursuant to Section 5 hereof, the Company shall prepare a certificate signed by its chief financial officer setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated, the Warrant Price after giving effect to such adjustment and the number of shares then purchasable upon exercise of this Warrant, and shall cause copies of such certificate to be mailed (by first class mail, postage prepaid) to the Holder of this Warrant at the address specified in Section 9(c) hereof, or at such other address as may be provided to the Company in writing by the Holder of this Warrant.

7. FRACTIONAL SHARES.

No fractional shares of Class A Common Stock will be issued in conjunction with any exercise hereunder, but in lieu of such fractional shares the Company shall make a cash payment therefore on the basis of the Warrant Price then in effect.

8. COMPLIANCE WITH SECURITIES ACT.

The Holder of this Warrant, by acceptance hereof, agrees that this Warrant and the shares of Class A Common Stock to be issued on exercise hereof are being acquired for investment and that it will not offer, sell or otherwise dispose of this Warrant or any shares of Class A Common Stock to be issued upon exercise hereof except under circumstances which will not result in a violation of the Securities Act of 1933, as amended (the "Act"). This Warrant and all shares of Class A Common Stock issued upon exercise of this Warrant (unless registered under the Act) shall be stamped and imprinted with a legend substantially in the following form:

"THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS IT HAS BEEN REGISTERED UNDER THE ACT AND SUCH LAWS OR (1) REGISTRATION UNDER SUCH LAWS IS NOT REQUIRED AND (2) AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY IS FURNISHED TO THE COMPANY TO THE EFFECT THAT REGISTRATION UNDER THE ACT AND THE APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED."

9. MISCELLANEOUS.

(a) NO RIGHTS AS SHAREHOLDER. The Holder of this Warrant shall not be entitled to vote or receive dividends or be deemed the Holder of Class A Common Stock or any other securities of the Company that may at any time be issuable on the exercise hereof for any purpose, nor shall anything contained herein be construed to confer upon the Holder of this Warrant, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action (whether upon any recapitalization, issuance of stock, reclassification of stock, change of par value or change of stock to no par value, consolidation, merger, conveyance or otherwise) or to receive notice of meetings, or to receive dividends or subscription rights or otherwise until the Warrant shall have been exercised and the shares purchasable upon the exercise hereof shall have become deliverable, as provided herein.

(b) REPLACEMENT. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction, or mutilation of this Warrant and, in the case of mutilation, on surrender and cancellation of this Warrant, the Company, at the Holder's expense, will execute and deliver, in lieu of this Warrant, a new Warrant of like tenor.

(c) NOTICE. Any notice given to either party under this Warrant shall be in writing, and any notice hereunder shall be deemed to have been given upon the earlier of delivery thereof by hand delivery, by courier, or by standard form of telecommunication or three (3) business days after the mailing thereof in the U.S. mail if sent registered mail with postage prepaid, addressed to the Company at its principal executive offices and to the Holder at its address set forth in the Company's books and records or at such other address as the Holder may have provided to the Company in writing.

(d) GOVERNING LAW. This Warrant shall be governed and construed under the laws of the State of California.

[Remainder of page intentionally left blank]

This Warrant is executed as of this 29th day of March, 1999.

AMERIGON INCORPORATED

By: /s/ LON E. BELL

Name:

Title:

EXHIBIT 1

NOTICE OF EXERCISE

TO: AMERIGON INCORPORATED

1. Check Box that Applies:

/ / The undersigned hereby elects to purchase _____ shares of Class A Common Stock of AMERIGON INCORPORATED pursuant to the terms of the attached Warrant, and tenders herewith payment of the purchase price of such shares in full.

/ / The undersigned hereby elects to convert the attached warrant into _____ shares of Class A Common Stock of AMERIGON INCORPORATED pursuant to the terms of the attached Warrant.

2. Please issue a certificate or certificates representing said shares of Class A Common Stock in the name of the undersigned or in such other name as is specified below:

_____
(Name)
_____

_____
(Address)

3. The undersigned represents that the aforesaid shares of Class A Common Stock are being acquired for the account of the undersigned for investment and not with a view to, or for resale in connection with, the distribution thereof and that the undersigned has no present intention of distributing or reselling such shares.

_____
Signature

SHARE EXCHANGE AGREEMENT

This SHARE EXCHANGE AGREEMENT (this "Agreement") is entered into as of March 29, 1999 by and between AMERIGON INCORPORATED, a California corporation, whose address is 5462 Irwindale Avenue, Irwindale, California 91706 (hereafter referred to as "Company") and Lon E. Bell, an officer of Company, whose address is 1819 North Grand Oaks, Altadena, California 91001 (hereafter referred to as "Bell").

RECITALS

WHEREAS, Company has caused AEVT Incorporated ("Subsidiary"), a California corporation, to be created, with the Company as the sole initial shareholder of Subsidiary;

WHEREAS, as partial consideration for the issuance of Subsidiary's shares to Company, Company has contributed substantially all of its assets relating to the manufacture and sale of electric vehicles to Subsidiary;

WHEREAS, subsequent to the incorporation of Subsidiary, Company transferred to Bell 150 shares of common stock of Subsidiary, representing 15% of Subsidiary's outstanding common stock, and Company now holds 85% of Subsidiary's outstanding common stock; and

WHEREAS, Company desires to redeem and cancel all shares of Company's Class B Common Stock held or controlled by Bell or his affiliates or related persons (the "Class B Shares"); and

WHEREAS, subject to obtaining approval of holders of a majority of the disinterested shares of Company, Company is willing to exchange all of the shares of Subsidiary's outstanding common stock owned by Company for the Class B Shares.

NOW, THEREFORE, in consideration of the premises set forth above, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

ARTICLE I
SHARE TRANSFER

SECTION 1.1 SHARE TRANSFER.

(a) Company hereby agrees, upon satisfaction of the Closing Conditions (as defined herein), to transfer to Bell 850 shares of common stock of Subsidiary (the "Subsidiary Shares"), representing all of the shares of common stock of Subsidiary owned by Company, and Bell hereby agrees, upon the satisfaction of the Closing Conditions, to simultaneously deliver all outstanding Class B Shares to Company for cancellation (such transaction is collectively referred to herein as the "Exchange"). The "Closing Conditions" are (i) the approval of the Exchange by a majority of the disinterested shares voting thereon at a duly called meeting of the shareholders

of Company, (ii) the closing of the transactions contemplated by the Securities Purchase Agreement, dated as of March 29, 1999, among Company and each of the "Investors" named therein, and (iii) Company having the legal capacity to effect a repurchase of the Class B Shares in accordance with the California General Corporation Law.

(b) The Exchange will occur at the offices of Company or its counsel immediately after the condition set forth in Section 1.1(a)(ii) is satisfied, if all Closing Conditions are then satisfied, or at such other place and time as Company and Bell may agree to.

SECTION 1.2 SHARE PURCHASE.

(a) If the condition set forth in Section 1.1(a)(i) is not met but the other Closing Conditions are met, then:

(1) Bell will sell all outstanding Class B Shares to Company for a price per share equal to 5% of the average of the closing price of Company's Class A Common Shares at the close of trading on each of the ten immediately preceding days during which Company's Class A Common Shares were traded on the NASDAQ Stock Exchange (such transaction is collectively referred to herein as the "Purchase"); and

(2) Company will grant to Bell the following rights:

(i) the right to appoint a majority of the members of Subsidiary's Board of Directors;

(ii) if Company proposes to transfer all or any part of its Subsidiary Shares (or is required by operation of law or other involuntary transfer to do so), the right to purchase such Subsidiary Shares in accordance with the following provisions:

(A) Company will deliver a written notice ("Option Notice") to Bell stating (w) Company's bona fide intention to transfer such Subsidiary Shares, (x) the number of Subsidiary Shares to be transferred, (y) the purchase price and terms of payment for which Company proposes to transfer such Subsidiary Shares, and (iv) the name and address of the proposed purchaser, and

(B) within 30 days after receipt of the Option Notice, Bell will have the right to elect to purchase all or any part of the Subsidiary Shares upon the price and terms of payment designated in the Option Notice (or, if the consideration proposed to be paid is not cash, for cash in an amount equal to the fair market value of the non-cash consideration proposed to be paid) by delivering written notice of his exercise of such right within such 30-day period, and the closing of such purchase will occur within 90 days after receipt of such notice and Company and Bell will execute such documents and instruments and make such deliveries as may be reasonably required to consummate such purchase; and

(iii) if an Option Notice is provided by Company, the right to participate in the proposed sale of Subsidiary Shares on the same terms and conditions, and for the same consideration per Subsidiary Share, as Company, by giving written

notice to Company within 10 days after delivery of the Option Notice; PROVIDED that Bell must, and will then be obligated to, sell the same pro-rata number of his Subsidiary Shares as Company is selling of its Subsidiary Shares.

(b) The Purchase will occur at the offices of Company or its counsel immediately after the conditions set forth in Sections 1.1(a)(ii), 1.1(a)(iii), and 1.2(a)(1) are satisfied, if at all.

ARTICLE II
REPRESENTATIONS AND WARRANTIES

SECTION 2.1 REPRESENTATIONS AND WARRANTIES OF COMPANY.

(a) Company hereby represents and warrants that that it has sole and marketable title to the Subsidiary Shares, and that such Subsidiary Shares, when transferred to Bell will be free and clear of all liens, claims and encumbrances.

(b) The Company has the corporate power and authority to execute this Agreement and to consummate the Exchange and the Purchase in accordance with the terms of this Agreement, and the execution and delivery of this Agreement has been duly authorized by the Board of Directors of Company and is a legally valid and binding obligation of Company.

SECTION 2.2 REPRESENTATIONS AND WARRANTIES OF BELL.

(a) Bell hereby represents and warrants that that he has sole and marketable title to the Class B Shares, and that such Class B Shares, when transferred to Company, will be free and clear of all liens, claims and encumbrances.

(b) Bell hereby represents and warrants that he has the right, power and authority to execute this Agreement and to consummate the Exchange and the Purchase, and this Agreement is a legally valid and binding obligation of Bell.

ARTICLE III
MISCELLANEOUS

SECTION 3.1 GOVERNING LAW.

THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES, AND OF THE UNITED STATES.

SECTION 3.2 AMENDMENTS.

No amendment, modification, termination or waiver of any provision of this Agreement, shall be effective unless the same shall be in writing and signed by an authorized officer of

Company (other than Bell) and Bell. Any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given.

SECTION 3.3 SEVERABILITY.

In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

SECTION 3.4 COUNTERPARTS.

This Agreement may be executed in one or more counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document.

SECTION 3.5 INTEGRATION.

This Agreement, together with any exhibits and schedules hereto, constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior agreements and understandings of the parties in connection therewith.

SECTION 3.6 FURTHER ASSURANCES.

Each party hereto agrees to execute, acknowledge and deliver any and all further instruments, and to do any and all further acts, as may be necessary or appropriate to carry out the intent and purpose of this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

AMERIGON INCORPORATED

By: /s/ Richard A. Weisbart
Name: Richard A. Weisbart
Title: President

/s/ LON E. BELL
LON E. BELL

EXHIBIT 21

LIST OF SUBSIDIARIES
AEVT Incorporated

EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-03290 and No. 333-44007) of Amerigon Incorporated of our report dated March 23, 1999 appearing on page F-2 of this Form 10-K.

PRICEWATERHOUSECOOPERS LLP

Costa Mesa, California
March 30, 1999

EXHIBIT 23.2

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statements on Form S-3 (No. 333-25805) of Amerigon Incorporated of our report dated March 23, 1999 appearing on page F-2 of this Form 10-K.

PRICEWATERHOUSECOOPERS LLP

Costa Mesa, California
March 30, 1999

5
1,000

YEAR	
	DEC-31-1998
	JAN-01-1998
	DEC-31-1998
	1,667
	0
	275
	(101)
	105
	2,082
	2,218
	(1,656)
	2,644
	892
	0
	0
	0
	28,149
	(26,423)
	2,644
	0
	770
	0
	8,712
	0
	0
	17
	(7,704)
	0
	(7,704)
	0
	0
	0
	(7,704)
	(4.03)
	(4.03)