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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
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FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the fiscal year ended December 31, 2001

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 0-21810  
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AMERIGON INCORPORATED  
(Exact name of registrant as specified in its charter)

California

95-4318554

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(State or other jurisdiction of  
incorporation or organization)

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(I.R.S. Employer  
Identification No.)

5462 Irwindale Avenue, Irwindale, CA

91706-2058

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(Address of principal executive offices)

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(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:

Common Stock, no par value

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(Title of Class)  
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Class A Warrants

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(Title of Class)  
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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  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 March 7, 2002, was \$16,959,480. (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). As of March 7,  
2002, the registrant had 10,771,230 of its shares of its common stock issued  
and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE.

Portions of the registrant's definitive proxy statement for its 2002 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.

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ITEM 1. BUSINESS

General

We design, develop, market and manufacture proprietary high technology electronic systems for sale to automobile and truck original equipment manufacturers. In 2001, we completed our second full year of producing and selling our Climate Control Seat(TM) ("CCS(TM)") product, which provides year-round comfort by providing both heating and cooling to seat occupants. Since we started commercial production, we have shipped more than 200,000 units of our CCS product through 2001 to three customers, Johnson Controls, Inc., Lear Corporation and NHK Spring Company, Ltd. Johnson Controls supplies the Lincoln Mercury division of Ford Motor Company with our CCS product for installation in the Lincoln Navigator sports utility vehicles, while NHK supplies our CCS product to Toyota Motor Corporation for use in the Lexus LS 430 and Toyota Celsior luxury automobiles. We began shipments to Lear in November 2001 for the Lincoln Blackwood luxury utility vehicle, where our CCS product is a standard feature (100% installation) for the first time.

We were incorporated in California in 1991 and originally focused our efforts on developing electric vehicles and high technology automotive systems. Because the electric vehicle market did not develop as rapidly as anticipated, we are now focusing our efforts on our CCS product, our only commercial product at the present time.

Business Strategy

Our strategy is to build upon our existing relationships with automobile manufacturers and their suppliers and to become the leading provider of climate-controlled seating to the automotive marketplace. Our strategy includes the following key elements:

- . Continuing to encourage automobile manufacturers to specify that their seat suppliers install our CCS product
- . Working with first tier seat suppliers to offer our product to their customers
- . Completing development of the next generation of the CCS technology
- . Increasing global penetration with automotive companies
- . Continuing to expand our intellectual property

Products

Climate Control Seat

Our CCS product utilizes exclusive licensed and patented technology, as well as three of our own patents, on a variable temperature seat climate control system to enhance the comfort of vehicle passengers. We have an additional patent pending for further improvements we have made to the CCS technology. Our CCS product uses one or more solid-state thermoelectric devices, which generate heating or cooling depending upon the polarity of the current applied to the device.

A thermoelectric device is the heart of a compact heat pump built by us for use in our CCS product. Air is forced through the heat pump and thermally conditioned in response to switch input from the seat occupant. The conditioned air circulates by a specially designed fan through ducts in the seat cushion and seat back, so that the surface can be heated or cooled. Each seat has individual electronic controls to adjust the level of heating or cooling. Our CCS product substantially improves comfort from conventional air conditioners by focusing the cooling directly on the passenger through the seat, rather than waiting until ambient air cools the seat surface behind the passenger.

Our CCS product has reached the stage where it can be mass-produced for a particular automobile manufacturer. Since each vehicle model's seats are not the same, we must tailor the CCS components to meet each seat design. In the past three years, we have supplied prototype seats containing our CCS product to

virtually every major automobile manufacturer and seat supplier. If a manufacturer wishes to integrate our CCS product into a seat, it provides us with automotive seats to be modified so that we can install a unit in a prototype. The seat is then returned to the manufacturer for evaluation and testing. If the manufacturer accepts our CCS product, a program can then be launched for a particular model on a production basis, but it normally takes one to two years from the time a manufacturer decides to include our CCS product in a vehicle model to actual volume production for that vehicle. During this process, we derive minimal funding from prototype sales but generally obtain no significant revenue until mass production begins. We have active development programs on over twenty vehicle platforms, although we cannot be certain that our CCS product will be implemented on all of these vehicles.

In March 2000, we entered into an agreement with Ford Motor Company, which gives us the exclusive right to supply our CCS product to Ford's first tier suppliers for installation in Ford, Lincoln and Mercury branded vehicles produced and sold in North America (other than Ford-branded vehicles produced by AutoAlliance International, Inc.) through December 31, 2004. Ford is not obligated to purchase any CCS units, however, under the agreement.

We currently supply our CCS product to the following automobile manufacturers and seat suppliers:

Vehicle	Seat Supplier	Number of Units Sold in 2001	Program Started
Lexus LS 430/ Toyota Celsior luxury sedan....	NHK	56,160	June 2001
Lincoln Navigator sports utility vehicle.....	Johnson Controls	41,292	Nov 1999
Lincoln Blackwood luxury utility vehicle.....	Lear	1,695	Nov 2001

In January 2002, we announced that our CCS product would be available as an option in the newly-designed 2003 model year Ford Expedition sport utility vehicle. We expect to commence product shipments to Lear for installation in the 2003 Ford Expedition in March 2002, which will be available at dealer showrooms in early summer 2002. We are working with many other automotive manufacturers and their seat suppliers to have our CCS product included in other models commencing with the 2003 model year and beyond.

**Discontinued Products**

We were founded in 1991 to focus on advanced automotive technologies, including electric vehicles. We suspended funding the electric vehicle program in August 1998. During 2000, we had another product under development, the AmeriGuard(TM) radar-based speed and distance sensor system, designed to alert drivers to the presence of objects near the vehicle. We decided to cease funding the development of AmeriGuard in December 2000 to focus our resources on marketing of the CCS product and developing the next generation CCS device.

**Research and Development**

Our research and development activities are an essential component of our efforts to develop products for introduction in the marketplace. Our research and development activities are expensed as incurred. These expenses include direct expenses for wages, materials and services associated with the development of our products and reimbursements from customers. Research and development expenses do not include any portion of general and administrative expenses.

We continue to do additional research and development to advance the design of the CCS product with the goal of making the unit less complex, easier to package and less expensive to manufacture and install. There can be no assurance that this development program will result in improved products. A broad patent has been approved, but not yet been issued, for the next-generation of our CCS product.

Research and development expenses for our CCS technology include not only development of next generation technologies but also application engineering (meaning engineering to adapt CCS components to meet the design criteria of a particular vehicle's seat and electrical system). Vehicle seats are not the same and each has different configuration requirements. Any related reimbursements for the costs incurred in this adaptation process are accounted for as a credit to research and development expense.

In May 2001, we formalized our research and development subsidiary, BSST LLC, to develop much more efficient thermoelectric devices and products using the improved technology. The limitation on applications for thermoelectrics has been their relatively poor efficiency. We believe that, through a combination of proprietary methods for improving thermoelectric efficiency and improved thermoelectric materials, there are substantial prospects for the design and development of innovative thermoelectric systems in applications outside of our present product line.

We are constructing test systems to demonstrate performance and to develop a comprehensive knowledge of the technology as applied to various potential market sectors beyond the automotive industry, such as temperature control and power generation. Ultimately we believe the potential exists for solid state (thermoelectric) air conditioners to be developed that replace traditional systems, which use compressors, R134a and other gases. Our objective is that our unique technology will occupy an important place in this value chain.

The net amounts spent for research and development activities in 2001, 2000 and 1999 were \$3,836,000, \$4,099,000 and \$3,721,000, respectively. Also included in research and development are expenses associated with BSST of \$991,000 for 2001, and nil for 2000 and 1999, respectively. Because of changing levels of research and development activity, our research and development expenses fluctuate from period to period.

#### Marketing, Customers and Sales

We are a second-tier supplier to automobile and truck manufacturers. As such, we focus our marketing efforts on automobile and truck manufacturers and their first-tier suppliers. We have not and do not expect to market directly to consumers. For our CCS product, our strategy has been to convince the major automobile companies that our CCS product is an attractive feature that will meet with consumer acceptance and has favorable economics, including high profitability to the manufacturers. The manufacturers will then direct us to work with their seat supplier to incorporate our CCS product into future seat designs. We also market directly to the major domestic and foreign automotive seat suppliers. The CCS products we sell are affected by the levels of new vehicle sales and the general business conditions in the automotive industry.

For our most recent fiscal year, our revenues to NHK, Johnson Controls, and Lear were \$3,578,000, \$2,740,000, and \$118,000, representing 55.5%, 42.5%, and 1.8% of total revenues, respectively.

Initial customer response to our CCS product has been positive. During 2000, we engaged an independent polling firm to poll a sample of Lincoln Navigator owners, some with our CCS product and some without. Results showed that customer satisfaction with our CCS product was high and that most owners with CCS product would purchase it as an option in the future.

Replacing the traditional seat heater, our CCS product is currently offered as an optional feature on the Lincoln Navigator, Lexus LS 430, and Toyota Celsior and as a standard feature on the Lincoln Blackwood. In January 2002, our CCS product was selected for installation in the 2003 Ford Expedition. Approximately 29,500 Lincoln Navigators and 180,000 Ford Expeditions were produced in the 2001 calendar year.

#### Outsourcing, Contractors and Suppliers

We currently have limited manufacturing capacity for CCS products. To date, we have been engaged in manufacturing in California for two years, producing moderate quantities. We are outsourcing production to lower-cost countries in order to be price competitive and expand our market beyond the luxury vehicle segment.

We rely on various vendors and suppliers for the components of our products. We expect that we will procure these components through purchase orders with no guaranteed supply arrangements. While we believe 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 our business and operations.

In March 2001, we entered into a manufacturing and supply agreement with Ferrotec Corporation, a Tokyo-based manufacturer. In exchange for a \$2.0 million fee, we granted Ferrotec the exclusive right to manufacture CCS products for ultimate distribution to our customers within certain Asian countries subject to Ferrotec's obligation to be competitive in all important supplier attributes. The region includes China, Japan, Taiwan, Korea, India, Thailand, Vietnam, Malaysia, Indonesia and the Philippines. The initial term of the agreement began April 1, 2001 and expires on April 1, 2011. The \$2.0 million fee is being amortized on a straight-line basis over the term of the agreement and is recorded as an offset to cost of sales.

#### Proprietary Rights and Patents

We have adopted a policy of seeking to obtain, where practical, the exclusive rights to use technology related to our products through patents or licenses for proprietary technologies or processes. We have historically acquired developed technologies through licenses and joint development contracts in order to optimize our expenditure of capital and time, and sought to adapt and commercialize such technologies in automotive products, which were suitable for mass production. We also developed technologies or furthered the development of acquired technologies through internal research and development efforts by our engineers.

We currently have one license arrangement for our CCS product. Feher Design, Inc. has granted to us an exclusive worldwide license to use specific CCS technologies covered by three 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, we hold three issued patents on a variable temperature seat climate control system. In addition, we jointly own seven patents and/or patent applications with Honda Motor Co. We are 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 our intellectual property position in Japan.

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 U.S. 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 our patent position. If this change results in a shorter period of patent coverage, our business could be adversely affected to the extent that the duration and/or level of the royalties we 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. We may experience competition directly from automobile manufacturers or other major suppliers, most of which have the capability to manufacture competing products. Many of our existing and potential competitors have considerably greater financial and other resources than we do, including, but not limited to, an established customer base, greater research and development capability, established manufacturing capability and greater marketing and sales resources. We also compete indirectly with related products that do not offer equivalent features to our products, but can substitute for our products, such as heated and ventilated seats. We believe that our products will compete on the basis of performance, quality, and price.

We are not aware of any competitors that are presently offering systems for both active heating and cooling of automotive car seats, although substantial competition exists for the supply of heated-only seats and several companies are offering a product that circulates ambient air through a seat without active cooling. In addition, Mercedes Benz and Saab offer options on certain new models that combine 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 we own or license. Our CCS product 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.

#### Financial Information About Industry Segments and Geographic Areas

Our business segment and geographic areas information is incorporated herein by reference from Note 17 of our financial statements and related financial information indexed on page F-1 of this report and incorporated by reference into this report.

#### Employees

As of December 31, 2001, we had 62 employees and three outside contractors. None of our employees are subject to collective bargaining agreements. We consider our employee relations to be satisfactory.

#### Risk Factors

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 our 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 that could cause actual results to differ materially from those described in the forward-looking statements. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Factors that could cause such results to differ materially from those described in the forward-looking statements include those set forth below.

#### Risks Relating to our Business

We are only in the early stage of commercialization and marketing of our products and our sales may not significantly increase

Although we began operations in 1991, we have only engaged in the commercial manufacturing and marketing of our products since 1999. In December 1997, we received our first production orders for our CCS product, but shipments of production units in 1998 were very small. We had product revenues of \$6,447,000 in 2001, \$6,886,000 in 2000 and \$336,000 in 1999. In 1998, we were selected by Ford to supply our CCS product to Johnson Controls for installation in the 2000 model year Lincoln Navigator and our CCS product was selected by the Toyota Motor Corporation to supply NHK for installation in the 2001 model year Lexus LS 430 and Toyota Celsior luxury automobiles. Our CCS product is currently being offered as an optional feature on these vehicles. There can be no assurance that sales will significantly increase or that we will become profitable.

We have incurred substantial operating losses since our inception and we are continuing to incur losses

We have incurred substantial operating losses since our inception. We had operating losses of \$7,387,000 in 2001, \$9,575,000 in 2000 and \$7,644,000 in 1999. As of December 31, 2001, we had accumulated deficits since inception of \$62,845,000. Our accumulated deficits are attributable to the historical costs of developmental and other start-up activities, including the industrial design, development and marketing of discontinued products and a significant loss incurred on a major electric vehicle development contract.

Thus, approximately \$33.0 million of our accumulated deficit arose from past efforts in electric vehicles, integrated voice technology or radar, all discontinued products as of December 31, 2001. We have been in



production of the CCS product for approximately 26 months and have fixed operating costs that can only be absorbed by higher volumes. Our breakeven point is considerably above our current production levels. As a result, we expect to incur significant losses in the near term, although we expect to generate operating profit in the fourth quarter of 2002. We will not be able to achieve a quarterly operating profit by year-end unless we are successful in significantly increasing our CCS product revenues by year-end.

We have suffered net losses of \$7,691,000, \$11,274,000 and \$7,575,000 and we have used cash in operating activities of \$6,677,000, \$9,370,000 and \$7,491,000 in 2001, 2000 and 1999, respectively.

We have funded our financial needs from inception primarily through net proceeds received through our initial public offering as well as other equity and debt financing. At December 31, 2001, we had cash and cash equivalents of \$456,000 and working capital deficit of \$839,000. Based on our current operating plan, we believe cash at December 31, 2001 along with the net proceeds from our February 2002 private placement will be sufficient to meet our operating needs through the end of 2002.

The completion of our February 2002 private placement may have resulted in an "ownership change" of the Company under Section 382 of the Internal Revenue Code. As a result, the amount of our future annual income that may be offset by our prior net losses may be limited. This limit may be equal to our equity value on the change date multiplied by a "long term tax-exempt rate" which was 5.01% as of the change date.

Our ability to market our products successfully depends on acceptance of our product by automotive manufacturers and consumers

We have engaged in a lengthy development process on our CCS product which involved developing a prototype for proof of concept and then adapting the basic system to actual seats provided by various automotive manufacturers and their seat suppliers. In the past three years, we have supplied prototype seats containing our CCS product to virtually every major automobile manufacturer and seat supplier. As a result of this process, we have been selected by a number of automotive manufacturers to supply a number of current vehicles.

Our ability to market our CCS product successfully depends upon the willingness of automobile manufacturers to incur the substantial expense involved in the purchase and installation of our products and systems, and, ultimately, upon the acceptance of our product by consumers. Automobile manufacturers may be reluctant to purchase key components from a small, development stage company with limited financial and other resources. Our success depends upon the acceptance of our CCS product by automotive manufacturers, and ultimately, the automobile consumer. No assurances can be made that either automotive manufacturers or consumers will accept our CCS product.

We commenced initial production shipments to Johnson Controls for Ford in late November 1999. We are working with many other automotive manufacturers and their seat suppliers in an effort to have the CCS product included in other models commencing with the 2003 model year and beyond. We currently have active development programs on over twenty vehicle platforms, but no assurance can be given that our CCS product will be implemented in all of these vehicles. While we have the only actively-cooled seat available, competitors are introducing ventilated seats, which provide some of the cooled-seat attributes and are very price competitive with our CCS product. Additionally, heat only devices are readily available from our competitors.

We may need additional financing in the future

We have experienced negative cash flow from operations since our inception and have expended, and expect to continue to expend, substantial funds to continue our development and marketing efforts. We have not generated and do not expect to generate in the near future sufficient revenues from the sales of our principal products to cover our operating expenses. We had negative cash flows from operations of \$6,677,000 in 2001, \$9,370,000 in 2000 and \$7,491,000 in 1999.

On February 25, 2002, we completed the sale of 4,333,368 shares of common stock and warrants to purchase 2,166,684 shares of common stock in a private placement to selected institutional and accredited investors, resulting in gross proceeds of \$6,500,052. The \$6,500,052 excludes \$2,580,903 representing the principal amount of a bridge loan and accrued interest on that loan, which was exchanged by the holder for 1,720,602 shares of common stock and warrants to purchase 860,301 shares of common stock. The warrants issued in the private placement have an exercise price of \$2.00 per share and expire on February 25, 2007.

Based on our current plans, we believe that the net funds raised with the February 2002 private placement will be sufficient to meet our operating needs until at least the end of 2002. The actual funds that we will need to operate during this period will be determined by many factors, some of which are beyond our control, and lower than anticipated sales of our products or higher than anticipated expenses could require us to need additional financing sooner.

The disruption or loss of relationships with vendors and suppliers for the components for our products could materially adversely affect our business

Our ability to market and manufacture our products successfully is dependent on relationships with both third party vendors and suppliers. We rely on various vendors and suppliers for the components of our products and procure these components through purchase orders, with no guaranteed supply arrangements. 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 our business, operations and cash flows. Our business and operations could also be materially adversely affected by delays in deliveries from suppliers.

The planned outsourcing of production entails risks of production interruption and unexpected costs

To date, we have been engaged in manufacturing in California for two years, producing moderate quantities. We are outsourcing production to lower-cost countries in order to be price competitive and expand our market beyond the luxury vehicle segment. The shift of production for North America to a supplier plant in Chihuahua, Mexico in the first quarter of 2002 entails risk of production interruption and unexpected costs. Similar risks exist for planned production shifts to China for Asian production later in 2002.

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 our business and financial condition. Moreover, the inability to meet demand for our products on a timely basis would materially adversely affect our reputation and prospects.

We are not sure we will be able to persuade potential customers of the merits of our products and justify their costs to increase our sales

Because of the sophisticated nature and early stage of development of our products, we will be required to educate potential customers and demonstrate that the merits of our products justify the costs associated with such products. We have relied on, and will continue to rely on, automobile manufacturers and their dealer networks to market our 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 we will be able to continue to market our products properly so as to generate meaningful product sales increases.

The sales cycle for our products is lengthy and the lengthy cycle impedes growth in our sales

The sales cycle in the automotive components industry is lengthy and can be as long as five years or more for products that must be designed into a vehicle, because some companies take that long to design and develop a vehicle. 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. As a result, from the time that a manufacturer develops a strong interest in our CCS product, it normally will take several years before our CCS product is available to consumers in that manufacturer's vehicles.

In the automotive components industry, products typically proceed through five stages of research and development. Initial research on the product concept comes first, to assess its technical feasibility and economic costs and benefits. This stage often includes development of an internal prototype for the component supplier's own evaluation. If the product appears feasible, the component supplier manufactures a functioning prototype to demonstrate and test the product's features. These prototypes are then marketed and sold to automotive companies for testing and evaluation. If an automobile manufacturer shows interest in the product, it typically works with the component supplier to refine the product, then purchases second and subsequent generation engineering prototypes for further evaluation. Finally, the automobile manufacturer either decides to purchase the component for a production vehicle or terminates the program.

The time required to progress through these five stages to commercialization varies widely. Generally, the more a component must be integrated with other vehicle systems, the longer the process takes. Further, products that are installed by the factory usually require extra time for evaluation because other vehicle systems are affected, and a decision to introduce the product into the vehicle is not easily reversed. Because our CCS product affects other vehicle systems and is a factory-installed item, the process takes a significant amount of time to commercialization.

Our industry is subject to intense competition and our products may be rendered obsolete by future technological developments in the industry

The automotive component industry is subject to intense competition. Virtually all of our competitors are substantially larger in size, have substantially greater financial, marketing and other resources than we do, and have more extensive experience and records of successful operations than we do. Several competitors have introduced ventilated seats in an effort to respond to our proprietary cooled seat technology. Competition extends to attracting and retaining qualified technical and marketing personnel. There can be no assurance that we will successfully differentiate our products from those of our competitors, that the marketplace will consider our current or proposed products to be superior or even comparable to those of our competitors, or that we can succeed in establishing relationships with automobile manufacturers. Furthermore, no assurance can be given that competitive pressures we face will not adversely affect our financial performance.

Due to the rapid pace of technological change, as with any technology-based product, our products may even be rendered obsolete by future developments in the industry. Our competitive position would be adversely affected if we were unable to anticipate such future developments and obtain access to the new technology.

Any failure to protect our intellectual property could harm our business and competitive position

As of December 31, 2001, we owned seven U.S. patents and had four U.S. patents pending and our subsidiary BSST had six U.S. patents pending. We were also licensees of three patents and joint owners with Honda Motor Co. of two U.S. patents and five Japanese patent applications. We also owned five foreign patents and had sixteen foreign patent applications pending. We believe that patents and proprietary rights have been and will continue to be very important in enabling us to compete. There can be no assurance that any new patents will be granted or that our or our licensors' patents and proprietary rights will not be challenged or circumvented or will provide us with meaningful competitive advantages or that 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 our licensors or us. Failure to obtain patents in certain foreign countries may materially adversely affect our ability to compete effectively in certain international markets. We are aware that an unrelated party filed a patent application in Japan on March 30, 1992, with respect to technology similar to our CCS technology. We hold current and future rights to licensed technology through licensing agreements requiring the payment of minimum royalties and must continue to comply with those licensing agreements. Failure to do so or loss of such agreements could materially and adversely affect our business.

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 we either own or have licenses to certain patents, and are 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 us will be challenged, invalidated, or circumvented, or that any rights granted thereunder will not provide us adequate protection. There is an additional risk that we may be required to participate in interference proceedings to determine the priority of inventions or may be required to commence litigation to protect our rights, which could result in substantial costs.

Our products may conflict with patents that have been or may be granted to competitors or others

Other persons could bring legal actions against us claiming damages and seeking to enjoin manufacturing and marketing of our products for allegedly conflicting with patents held by them. Any such litigation could result in substantial cost to us and diversion of effort by our management and technical personnel. If any such actions are successful, in addition to any potential liability for damages, we could be required to obtain a license in order to continue to manufacture or market the affected products. There can be no assurance that we 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 our business. In addition, if we become involved in litigation, it could consume a substantial portion of our time and resources. However, we have not received any notice that our products infringe on the proprietary rights of third parties.

We rely on trade secret protection through confidentiality agreements and the agreements could be breached

We also rely on trade secrets that we seek 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 we would have adequate remedies for any such breach or that our 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 our proposed projects, disputes may arise as to the proprietary rights to such information that may not be resolved in our favor. We 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 and diversion of effort by our 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.

Our customers typically reserve the right unilaterally to cancel contracts or reduce prices, and the exercise of such right could reduce or eliminate any financial benefit to us anticipated from such contract

Automotive customers typically reserve the right unilaterally to 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 receipt by us. Any unilateral cancellation of, or price reduction with respect to, any contract that we may obtain could reduce or eliminate any financial benefits anticipated from such contract and could have a material adverse effect on our financial condition and results of operations.

Our success will depend in large part on retaining key personnel, which may be affected by the planned relocation of our corporate offices

Our success will depend to a large extent upon the continued contributions of key personnel. The loss of the services of Dr. Lon E. Bell, the head of BSST LLC, our research and development subsidiary, would have a material adverse effect on the success of Amerigon. We have obtained key-person life insurance coverage in the amount of \$2,000,000 on the life of Dr. Bell.

Our success will also depend, in part, upon our ability to retain qualified engineering and other technical and marketing personnel. There is significant competition for technologically qualified personnel in our business and we may not be successful in recruiting or retaining sufficient qualified personnel.

By December 2002, we will relocate our corporate offices to the Detroit area while technical development will remain in Southern California. With this move, key personnel not willing to relocate will need to be replaced and we may not be successful in recruiting or retaining sufficient qualified personnel. Also, close coordination between our Detroit corporate offices and our Southern California team will be required.

Our reliance on outside major contractors may impair our ability to complete certain projects and manufacture products on a timely basis

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

Our business exposes us to potential product liability risks

Our business will expose us 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 our products. If available, product liability insurance generally is expensive. While we presently have \$6,000,000 of product liability coverage with an additional \$2,000,000 in product recall coverage, there can be no assurance that we will be able to obtain or maintain such insurance on acceptable terms with respect to other products we may develop, or that any insurance obtained will provide adequate protection against any potential liabilities. When and if high volume production begins, we may elect to purchase additional insurance coverage. This is expected to occur with the current policy renewal period of May 1, 2002. In the event of a successful claim against us, a lack or insufficiency of insurance coverage could have a material adverse effect on our business and operations.

Because many of the largest automotive manufacturers are located in foreign countries, our business is subject to the risks associated with foreign sales

Many of the world's largest automotive manufacturers are located in foreign countries. Accordingly, our business is subject to many of the risks of international operations, including governmental controls, tariff restrictions, foreign currency fluctuations and currency control regulations. However, historically, substantially all of our sales to foreign countries have been denominated in U.S. dollars. As such, our 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.

Our use of contractors located in foreign countries will subject us to the risks of international operations

Furthermore, we are engaging contractors located in foreign countries. Accordingly, we 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 our business.

#### Risks Relating to Share Ownership

Our significant shareholders control the company

Big Beaver Investments LLC and Westar Capital II LLC each own 4,500 shares of Series A Preferred Stock, which are convertible into common stock at an initial conversion price of \$1.675 per common share. On February 25, 2002, we entered into a separate agreement with Big Beaver pursuant to which it acquired an additional 1,720,602 shares of common stock and warrants to purchase an additional 860,301 shares of common stock at a price of \$2.00 per share. Big Beaver and Westar Capital have the right to elect a majority of our directors as well as preemptive rights on future financings, so as to maintain their percentage ownership and have registration rights. Based upon the terms of the Series A Preferred Stock, Big Beaver and Westar Capital together in the aggregate held approximately 46% of our common equity (on an as converted basis, excluding options and warrants), as of February 28, 2002.

Our quarterly results may fluctuate significantly, and our small public "float" adversely affects liquidity of our common stock and stock price

Our quarterly operating results may fluctuate significantly in the future due to such factors as acceptance of our product by automotive manufacturers and consumers, timing of our product introductions, availability and pricing of components from third parties, competition, timing of orders, foreign currency exchange rates, technological changes and economic conditions generally. Broad market fluctuations in the stock markets can, obviously, adversely affect the market price of our 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 our common stock.

Without a significantly larger number of shares available for trading by the public, or public "float," our common stock is less liquid than stocks with broader public ownership, and as a result, trading prices of the common stock may significantly fluctuate and certain institutional investors may be unwilling to invest in such a thinly traded security.

We have anti-takeover defenses that could make it more difficult for a third party to acquire a majority of our outstanding voting stock

The Series A Preferred Stock, which is outstanding, confers upon its holders 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 common stock on any other matter submitted to shareholders. As of December 31, 2001, the holders of the Series A Preferred Stock had approximately 56% of our voting shares and had the ability to approve or prevent any subsequent change of control.

In addition, our 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 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 our outstanding voting stock.

Future sales of eligible shares may lower the price of our common stock

On February 25, 2002, we completed the sale of 4,333,368 shares of common stock and warrants to purchase 2,166,684 shares of common stock in a private placement to selected institutional and accredited investors, resulting in gross proceeds of \$6,500,052. The \$6,500,052 excludes \$2,580,903 representing the principal amount of a bridge loan and accrued interest on that loan, which was exchanged by the holder for 1,720,602 shares of common stock and warrants to purchase 860,301 shares of common stock. As partial compensation for services rendered in the private placement, Roth Capital Partners, LLC, was granted a warrant to purchase up to 550,005 shares of our common stock. The warrants issued in the private placement have an exercise price of \$2.00 per share and expire on February 25, 2007. Although the shares issued in the private placement are restricted under the Securities Act, we have agreed that, on or before March 27, 2002, we will file with the Securities and Exchange Commission a registration statement under the Securities Act to permit the resale of the common stock issued in the private placement (including those shares issuable upon exercise of the warrants). The shares will become eligible for resale when the Securities and Exchange Commission declares the registration statement effective.

In March 2001, Ferrotec acquired 200,000 restricted shares of our common stock. The subscription agreement grants Ferrotec demand registration rights beginning one year from the closing of the subscription agreement and piggyback registration rights if we propose to register any securities before then.

Our Series A Preferred Stock is convertible into 5,373,134 shares of common stock and the holders thereof possess demand and piggyback registration rights.

As part of the agreement with Ford dated March 2000, we granted warrants to Ford exercisable for our common stock. Warrants for the right to purchase 108,000 shares of common stock at an exercise price of \$2.75 per share were issued and fully vested in 2000. Additional warrants will be granted and vested based upon purchases by Ford of a specified number of CCS units throughout the length of the agreement. If Ford achieves all of the incentive levels required under the agreement, warrants will be granted and vested for an additional 1,300,000 shares of common stock.

Employees and directors (who are not deemed affiliates) hold options to buy 830,622 shares of common stock at December 31, 2001. We may issue options to purchase up to an additional 579,158 shares of common stock at December 31, 2001 under our stock option plans. The common stock to be issued upon exercise of these options, has been registered, and therefore, may be freely sold when issued. As of February 28, 2002, we also have outstanding additional warrants to buy 867,309 shares of common stock with exercise prices ranging from \$1.15 to \$5.30 and have expiration dates ranging from November 6, 2003 to March 27, 2007.

Future sales of the shares described above could depress the market price of our common stock.

We do not anticipate paying dividends on our common stock

We have never paid any cash dividends on our common stock and do not anticipate paying dividends in the near future.

Delisting from an active trading market may adversely affect the liquidity and trading price of our common stock

Although our common stock is quoted on The Nasdaq SmallCap Market, there can be no assurance that we now, or in the future will be able to, meet all requirements for continued quotation thereon. In November 2001, we were informed by Nasdaq that it was reviewing our eligibility for continued listing on The Nasdaq SmallCap Market. Effective November 1, 2002, we will also need to comply with a Nasdaq requirement requiring the maintenance of a minimum stockholders' equity of \$2,500,000. In the absence of an active trading market or if our common stock cannot be traded on The Nasdaq SmallCap Market, our common stock could instead be traded on secondary exchanges, such as the OTC Bulletin Board. In such event, the liquidity and trading price of our common stock in the secondary market may be adversely affected. In addition, if our common stock is delisted, broker-dealers have certain regulatory burdens imposed on them which may discourage broker-dealers from effecting transactions in our common stock, further limiting the liquidity thereof.

ITEM 2. PROPERTIES

We maintain our corporate headquarters, manufacturing and research and development facilities in leased space of approximately 40,000 square feet in Irwindale, California. Our lease expires December 31, 2002. The current monthly rent under the lease is approximately \$20,000. We have other leased offices in Dearborn, Michigan, Germany and Japan, which collectively cost approximately \$15,000 per month. We believe that these facilities are adequate for their present requirements, except for Dearborn, which will be expanded.

ITEM 3. LEGAL PROCEEDINGS

We are subject to litigation from time to time in the ordinary course of our business, but there is no current pending litigation to which we are a party.

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

None.



PART II

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

Our common stock trades on The Nasdaq SmallCap Market under the symbol ARGN. The following table sets forth the high and low bid prices for our common stock as reported on The Nasdaq SmallCap Market for each quarterly period from January 1, 2000 through December 31, 2001. Such prices reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

	High	Low
	-----	-----
2000		
1st Quarter.....	25.50	2.50
2nd Quarter .....	15.00	7.25
3rd Quarter.....	9.00	5.00
4th Quarter.....	5.13	1.81
2001		
1st Quarter.....	3.63	1.56
2nd Quarter.....	4.70	1.95
3rd Quarter.....	3.23	1.20
4th Quarter .....	2.46	0.70

As of March 15, 2002, there were approximately 225 holders of record of our common stock (not including beneficial owners holding shares in nominee accounts). The closing bid price of our common stock on March 15, 2002 was \$3.49 per share. We have not paid any cash dividends since formation and we do not expect to pay any cash dividends in the foreseeable future.

On February 25, 2002, we completed the sale of 4,333,368 shares of common stock and warrants to purchase 2,166,684 shares of common stock in a private placement to selected institutional and accredited investors, resulting in gross proceeds of \$6,500,052. The \$6,500,052 excludes \$2,580,903 representing the principal amount of a bridge loan and accrued interest on that loan, which was exchanged by the holder for 1,720,602 shares of common stock and warrants to purchase 860,301 shares of common stock. The warrants issued in the private placement have an exercise price of \$2.00 per share and expire on February 25, 2007.

The securities sold were exempt from registration under Section 4(2) and Regulation D of the Securities Act of 1933, as amended, for non-public offerings to accredited investors. The proceeds from the sale of securities will be used for working capital, product development and general corporate purposes.

ITEM 6. SELECTED FINANCIAL DATA

	Year Ended December 31,				
	-----				
	(In thousands except per share data)				
	1997	1998	1999	2000	2001
	-----	-----	-----	-----	-----
Product revenues.....	\$ --	\$ 18	\$ 336	\$ 6,886	\$ 6,447
Net loss.....	(5,417)	(7,704)	(7,575)	(11,274)	(7,691)
Net loss per basic and diluted share(1).....	(3.08)	(4.03)	(8.29)	(3.43)	(1.66)
Accumulated deficit.....	(28,601)	(36,305)	(43,880)	(55,154)	(62,845)

	As of December 31,				
	-----				
	(In thousands)				
	1997	1998	1999	2000	2001
	-----	-----	-----	-----	-----
Working capital (deficit).....	\$ 8,826	\$ 1,190	\$ 1,481	\$ 3,200	\$ (839)
Total assets.....	10,568	2,644	3,721	8,745	5,836
Long term obligations and redeemable preferred stock.....	41	26	8,278	5	1,694
Capitalized lease obligations....	41	65	27	12	5

(1) Numbers adjusted to give effect to the 1-for-5 reverse stock split that became effective on January 26, 1999. Our common stock began trading on the adjusted basis on The Nasdaq SmallCap Market on January 28, 1999.

Unaudited Quarterly Financial Data Schedule  
For the Years Ended December 31, 2001 and 2000  
(In thousands)

	For the three months ended,			
	March 31, 2001	June 30, 2001	September 30, 2001	December 31, 2001
Net sales.....	\$2,335	\$1,117	\$1,506	\$1,489
Gross profit.....	300	247	226	224
Net loss.....	(1,823)	(1,742)	(1,786)	(2,340)
Basic and diluted net loss per share.....	\$(0.41)	\$(0.37)	\$(0.38)	\$(0.50)

	For the three months ended,			
	March 31, 2000	June 30, 2000	September 30, 2000	December 31, 2000
Net sales.....	\$ 954	\$ 944	\$1,779	\$3,209
Gross profit.....	109	143	143	217
Loss before extraordinary item..	(2,064)	(4,661)	(2,376)	(2,880)
Net loss.....	(2,064)	(3,954)	(2,376)	(2,880)
Basic and diluted net loss per share.....	\$(1.08)	\$(1.66)	\$(0.54)	\$(0.65)

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, and is qualified in its entirety by, our financial statements (and notes related thereto) and other more detailed financial information appearing elsewhere in this report.

Overview

We design, develop market and manufacture proprietary high technology electronic systems for sale to automobile and truck original equipment manufacturers. In 2001, we completed our second full year of producing and selling our CCS product, which provides year-round comfort by providing both heating and cooling to seat occupants. Since we started commercial production, we have shipped more than 200,000 units of our CCS product through 2001 to three customers, Johnson Controls, Lear and NHK. Johnson Controls supplies the Lincoln Mercury division of Ford with our CCS product for installation in the Lincoln Navigator, while NHK supplies our CCS product to Toyota for use in the Lexus LS 430 and Toyota Celsior luxury automobiles. We began shipments to Lear in November 2001 for the Lincoln Blackwood luxury utility vehicle, where our CCS product is a standard feature (100% installation) for the first time.

We operate as a supplier to the auto industry. Inherent in this market are costs and expenses well in advance of the receipt of orders (and resulting revenues) from customers. This is due in part to automotive manufacturers requiring the coordination and testing of proposed new components and sub-systems. Revenues from these expenditures may not be realized for two to three years as the manufacturers tend to group new components and enhancements into annual or every two to three year vehicle model introductions.

Critical Accounting Policies

The Securities and Exchange Commission ("SEC") recently issued disclosure guidance for "critical accounting policies." The SEC defines "critical accounting policies" as those that require application of management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods.

Our significant accounting policies are described in Note 3 in the Notes to the Consolidated Financial Statements. Not all of these significant accounting policies require management to make difficult, subjective or complex judgments or estimates. However, the following policies could be deemed to be critical within the SEC definition.

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amount of assets and liabilities, revenues and expenses, and related disclosures at the date of our financial statements. Actual results may differ from these estimates under different assumptions or conditions. These estimates and assumptions include, but are not limited to:

- . Warranty reserves
- . Allowances for doubtful accounts
- . Inventory reserves

#### Revenue Recognition

We recognize revenue when persuasive evidence of a sale. This evidence includes proof that delivery of product has occurred or services have been rendered, the price of the product delivered or service performed has been fixed or determined with the acceptance of a customer purchase order, and collection of the receivable for the product or service is reasonably assured.

Provision for estimated future cost of warranty for product delivered is recorded when revenue is recognized. While we believe our warranty reserve is adequate and that the judgment applied is appropriate, such amount estimated to be due and payable could differ materially from what will actually transpire in the future.

#### Income Taxes

Our income taxes are determined under guidelines prescribed by SFAS No. 109, "Accounting for Income Taxes." Under the liability method specified by SFAS No. 109, our 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 when we consider it more likely than not that the asset will not be realized. Because of our net losses generated since inception, we have not recognized any of this net deferred tax asset. It is possible, however, that we could be profitable in the future at levels which may cause us to conclude that it is more likely than not that we will realize all or a portion of our accumulated net losses. Upon reaching such a conclusion, we would immediately record the estimated net realizable value of the deferred tax asset at that time.

#### Results of Operations Year Ended December 31, 2001 Compared to Year Ended December 31, 2000

Revenues. Revenues were \$6,447,000 in 2001 as compared with revenues of \$6,886,000 in 2000. The decrease was due to a planned price reduction in 2001 for a design change to the CCS product installed on the Lincoln Navigator. The year ended 2001 marked our second year as an operating company producing and selling a commercial product. In 2000, we had two customers and three vehicle lines: Johnson Controls with the Lincoln Navigator and NHK with the Lexus LS 430 and Toyota Celsior. Late in 2001, we also began shipments to Lear for the Lincoln Blackwood.

Product Costs. Product costs decreased from \$6,274,000 in 2000 to \$5,450,000 in 2001. The decrease is due to the reduction of material, labor and freight expenses in 2001 from 2000 caused by the startup of production for the Navigator and Lexus product lines in 2000. Material, labor and freight expenses were \$5,782,000 and \$6,268,000 for 2001 and 2000, respectively. In April 2001, the amortization of the Ferrotec manufacturing and supply agreement began. The amortization is an offset to product cost, with \$150,000 and nil recorded for 2001 and 2000, respectively. We anticipate future product costs to increase in absolute dollars while decreasing as a percentage of revenue. Product costs include tooling costs and related reimbursements; net reimbursements of \$203,000 and \$34,000 were recorded for 2001 and 2000, respectively.

Research and Development Expenses. Research and development expenses decreased to \$3,836,000 in 2001 from \$4,099,000 in 2000. The change was caused by a decrease in salaries and benefits of \$883,000 due to

lower staffing in the CCS engineering departments and the discontinued staffing of the radar engineering department, along with a \$371,000 decrease in overhead in 2001. These decreases were offset by \$991,000 for research and development expense incurred by our subsidiary, BSST LLC in 2001.

**Selling, General and Administrative Expenses.** Selling, general and administrative expenses decreased to \$4,548,000 in 2001 compared to \$6,088,000 in 2000. The change was due to a net decrease in salaries, bonuses and benefits of \$850,000 and professional fees of \$506,000. These decreases are slightly offset by the amortization of the deferred Ford value participation agreement benefit of \$293,000 and \$199,000 in 2001 and 2000, respectively (see Note 6 to the consolidated financial statements). We also experienced decreases in recruiting and general supplies of \$174,000 and \$102,000, respectively.

**Interest Income.** Net interest income in 2001 decreased to \$54,000 due to lower cash levels. We also incurred interest expense of \$377,000 in 2001 compared to \$2,607,000 in 2000. The primary cause for this decrease was due to an interest charge of \$226,000 in 2001 for the amortized debt discount associated with our 2001 bridge loan compared to a non-cash charge of \$2,500,000 in 2000 relating to the beneficial conversion feature of 2000 bridge loan (see Note 7 to the consolidated financial statements). We also incurred \$37,000 and \$49,000 in interest as a result of the bridge loans in 2001 and 2000, respectively. Due to the consolidation of financial statements with our 90% owned subsidiary BSST LLC in 2001, we recognized a \$19,000 adjustment to minority interest in 2001 (see Note 16 to the consolidated financial statements).

#### Results of Operations Year Ended December 31, 2000 Compared to Year Ended December 31, 1999

**Revenues.** Revenues were \$6,886,000 in 2000 as compared with revenues of \$336,000 in 1999. The large increase was due to an increase in CCS units shipped from about 5,000 in 1999 to over 100,000 in 2000. The year 2000 marked our first full year as an operating company producing and selling a commercial product.

**Product Costs.** Product costs increased from \$778,000 in 1999 to \$6,274,000 in 2000. The increase is due to the much larger shipments of CCS product in 2000 compared to 1999. We experienced a positive gross margin of \$612,000 in 2000 compared to a negative gross margin of \$442,000 in 1999, due to fixed costs being spread over the higher production volume in 2000. Product costs include tooling costs and related reimbursements; net reimbursements of \$34,000 and \$184,000 were recorded for 2000 and 1999, respectively.

**Research and Development Expenses.** Research and development expenses increased to \$4,099,000 in 2000 from \$3,721,000 in 1999. The change was due to an increase in salaries and benefits of \$530,000 due to higher staffing in the engineering departments, and a \$373,000 increase in overhead. These increases were offset by a \$348,000 decrease in consulting/temporary help and a \$126,000 decrease in prototype costs (net of reimbursements). Consulting/temporary help was higher in 1999 due to expenditures on a consultant to the radar department and a greater reliance on temporary workers. The decrease in prototype costs is due to greater reimbursements in 2000 compared to 1999.

**Selling, General and Administrative Expenses.** Selling, general and administrative expenses increased to \$6,088,000 in 2000 compared to \$3,481,000 in 1999. The change was due to an increase in salaries, bonuses and benefits of \$1,119,000, professional fees of \$819,000, and amortization of the deferred Ford value participation agreement benefit of \$199,000 (see Note 6 to the consolidated financial statements). We also experienced increases in travel and recruiting of \$145,000 and \$103,000, respectively. The increases in 2000 related to the launch of the CCS product on the Lincoln Navigator, Lexus LS 430, Toyota Celsior and Lincoln Blackwood vehicles.

**Interest Income.** Net interest income in 2000 increased to \$201,000 due to cash provided by the sale of our common stock in June 2000 (see Note 8 to the consolidated financial statements). We also incurred interest expense of \$2,607,000 in 2000. The primary cause was a non-cash interest charge of \$2.5 million relating to the beneficial conversion feature of the bridge loan (see Note 7 to the consolidated financial statements). We also incurred \$49,000 in bridge loan interest and \$57,000 in amortized bridge loan discount.

## Liquidity and Capital Resources

As of December 31, 2001, we had a working capital deficit of \$839,000. As of December 31, 2001, our cash and cash equivalents decreased by \$2,396,000 from \$2,852,000 at December 31, 2000, primarily due to the cash used in operating activities of \$6,677,000, which mainly reflected the net loss of \$7,691,000. Investing activities used \$714,000 in the purchase of manufacturing equipment and tooling for CCS production and the addition of restricted cash held by BSST LLC. Financing activities provided \$4,995,000 due primarily to Ferrotec payments of \$3,000,000 and bridge loan advances of \$2,000,000.

On February 25, 2002, we completed the sale of 4,333,368 shares of common stock and warrants to purchase 2,166,684 shares of common stock in a private placement to selected institutional and accredited investors, resulting in gross proceeds of \$6,500,052. The \$6,500,052 excludes \$2,580,903 representing the principal amount of a bridge loan and accrued interest on that loan, which was exchanged by the holder for 1,720,602 shares of common stock and warrants to purchase 860,301 shares of common stock. We agreed to file a registration statement relating to the resale of the securities offered in the private placement with the Securities and Exchange Commission as soon as reasonably practical and we are subject to monetary penalties in the event such registration statement is not filed by March 27, 2002 and declared effective by May 26, 2002 (June 10, 2002 if the SEC selects the registration statement for review).

In April 2001, we received a total of \$3,000,000 from Ferrotec, consisting of a \$2,000,000 fee in connection with a manufacturing and supply agreement and \$1,000,000 for the purchase of restricted shares of our common stock.

On June 14, 2000, we completed a privately placed financing with accredited investors, pursuant to which we sold shares of our common stock for gross proceeds of \$11,000,000. In addition, Westar and Big Beaver elected to convert \$1,500,000 of the debt under an earlier bridge loan into shares of our common stock.

BSST LLC was established in August 2000 by Dr. Lon E. Bell, the founder of Amerigon. BSST is engaged in a research and product development effort to improve the efficiency of thermoelectric devices. In September 2000, we entered into an option agreement with BSST to purchase a 90% interest in BSST for an aggregate of \$2,000,000 payable over time. We paid \$150,000 to BSST for the option rights at that time. The original option agreement was amended to extend the termination date from January 31, 2001 to May 31, 2001, in exchange for additional option payments totaling \$360,000. On May 31, 2001, we exercised our option by paying \$400,000 to BSST. As of December 31, 2001, the Company had paid to BSST \$1,369,000 and is required to pay an additional \$631,000 in installments of no more than \$133,333 in any month pursuant to the Option Agreement. In addition, we have, as the majority owner of BSST, certain funding obligations to BSST of up to \$500,000 per year.

We expect to incur losses until we are selling units in the automotive market with appropriate volumes and margin. The production volumes that we presently expect for the Lincoln Navigator, Lincoln Blackwood, Lexus LS 430 and Toyota Celsior will not be sufficient to break even. The addition of the high-volume Ford Expedition, plus four to five new vehicle lines, is expected to generate sufficient volume by the fourth quarter to obtain break even results on an on-going basis. We are working with many automobile manufacturers for future introduction of our CCS technology in the 2004 model year (2003 calendar year) and beyond, but there is no guarantee these manufacturers will introduce our products.

In May 2001, we announced that our CCS product was selected to be included in four to five additional automotive vehicle lines, which we are expecting to introduce over the next 12 months. These additional vehicle lines will bring to nine the total number of vehicle lines where our CCS product has been selected to be included as either an optional or standard feature. Because of confidentiality restrictions, however, we are not permitted to identify the additional vehicle lines and the automotive and seat manufacturers at this time. Larger orders for the CCS products may require significant expenses for tooling and to set up manufacturing and/or assembly processes.

We have suffered net losses of \$7,691,000, \$11,274,000 and \$7,575,000 and have used cash in operating activities of \$6,677,000, \$9,370,000 and \$7,491,000 for the years ended December 31, 2001, 2000 and 1999, respectively, and had an accumulated deficit of \$62,845,000 as of December 31, 2001. We expect to incur losses for the near term, but anticipated revenues and net proceeds from our February 2002 private placement should be sufficient to cover our fixed manufacturing, overhead and operating costs through the end of 2002.

We have funded our financial needs from inception primarily through net proceeds received through our initial public offering as well as other equity and debt financing. At December 31, 2001, we had cash and cash equivalents of \$456,000 and working capital deficit of \$839,000. Based on our current operating plan, we believe cash at December 31, 2001 along with the net proceeds from the February 2002 private placement (see Note 18 of the consolidated financial statements) will be sufficient to meet our operating and investment needs through the end of 2002.

In the event that unfavorable conditions in the automotive industry or other factors adversely affect our cash and working capital position, we would seek to implement measures to mitigate the impact of such events on our ability to satisfy our operating needs. Key elements of our contingency plan could include, but probably would not be limited to:

- . obtaining asset-based financing from banks or other financial institutions;
- . implementing internal cash conservation measures to limit discretionary spending; and
- . seeking outside financing for BSST's operating needs.

#### Recent Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," which became effective for the Company in 2001. SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. We have not experienced, and do not expect, any significant impact on our financial results from SFAS No. 133.

In June 2001, the FASB issued SFAS No. 141, "Business Combinations." SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. Use of the pooling-of-interest method is prohibited. We have evaluated this standard and believe that adoption will not have an impact on our consolidated financial statements.

In July 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 changes the accounting for goodwill from an amortization method to an impairment-only approach and will be effective for fiscal years beginning after December 14, 2001. We have evaluated this standard and believe that adoption will not have an impact on our consolidated financial statements.

In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 requires that the fair value of a liability for an asset retirement obligation to be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made and will be effective for fiscal years beginning after June 15, 2002. We have evaluated this standard and believe that adoption will not have an impact on its consolidated financial statements.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 requires that one accounting model be used for long-lived assets to be disposed of by sale, whether previously held and used or newly acquired, broaden the presentation of discontinued operations to include more disposal transactions and will be effective for fiscal years beginning after December 14, 2001. We have evaluated this standard and believe that adoption will not have an impact on its consolidated financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure to market risk for changes in interest rates relates primarily to our investment portfolio. We place our investments in debt instruments of the U. S. government and in high-quality corporate issuers. As stated in our policy, we seek to ensure the safety and preservation of our invested funds by limiting default risk and market risk. We have no investments denominated in foreign country currencies and therefore none is subject to foreign exchange risk.

The table below presents the carrying value and related weighted average interest rates for our investment portfolio. The carrying value approximates fair value at December 31, 2001.

Marketable Securities -----	Carrying Value (in thousands) -----	Average Rate of Return at December 31, 2001 (Annualized) -----
Cash equivalents.....	\$456	5.47%

Had the 2002 Private Placement occurred on December 31, 2001, the proforma basic and diluted net loss per share reported would have been \$0.48.

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 our definitive proxy statement to be filed with the SEC in connection with our 2002 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," "Compensation Committee Interlocks and Insider Participation," "Option Grant Table," and "Aggregate Options Exercised and Year-End Values" in our definitive proxy statement to be filed with the SEC in connection with our 2002 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" in our definitive proxy statement to be filed with the SEC in connection with our 2002 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 our definitive proxy statement to be filed with the SEC in connection with our 2002 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:

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2. Financial Statement Schedule.

The following Schedule to Financial Statements is included herein:

Schedule II--Valuation and Qualifying Accounts.

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 filed with the California Secretary of State on April 23, 1993 (previously filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2000 and incorporated herein by reference)
3.1.2	Certificate of Amendment of Articles of Incorporation filed with the California Secretary of State on December 5, 1996 (previously filed as Exhibit 3.1.2 to the Company's Registration Statement on Form S-2, as amended, File No. 333-17401, and incorporated herein by reference)
3.1.3	Certificate of Amendment of Articles of Incorporation filed with the California Secretary of State on January 26, 1999 (previously filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1999 and incorporated herein by reference)
3.1.4	Certificate of Amendment of Articles of Incorporation filed with the California Secretary of State on May 31, 2000
3.2	Certificate of Determination of Rights, Preferences and Privileges of the Series A Convertible Preferred Stock filed with the California Secretary of State on May 26, 1996, as amended on August 22, 2000 (previously filed as Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2000 and incorporated herein by reference)
3.3	Amended and Restated Bylaws of the Company (previously filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on June 16, 1997 and incorporated herein by reference)
4.1	Form of Specimen Certificate of Company's Common Stock
4.2.1	Contingent Warrant dated June 8, 1999 from the Company to Westar Capital II LLC relating to warrants issued to Spencer Trask Securities Incorporated and affiliates (previously filed as Exhibit 5.3.5 to the Company's Registration Statement on Form S-8, File No. 333-44007, and incorporated herein by reference)

Exhibit Number	Description
4.2.2	Contingent Warrant dated June 8, 1999 from the Company to Big Beaver Investments LLC relating to warrants issued to Spencer Trask Securities Incorporated and affiliates (previously filed as Exhibit 5.3.6 to the Company's Registration Statement on Form S-8, File No. 333-44007, and incorporated herein by reference)
4.2.3	Contingent Warrant dated June 8, 1999 from the Company to Westar Capital II LLC relating to warrants issued to Lido Consulting and Sutro and Company (previously filed as Exhibit 5.3.7 to the Company's Registration Statement on Form S-8, File No. 333-44007, and incorporated herein by reference)
4.2.4	Contingent Warrant dated June 8, 1999 from the Company to Big Beaver Investments LLC relating to warrants issued to Lido Consulting and Sutro and Company (previously filed as Exhibit 5.3.8 to the Company's Registration Statement on Form S-8, File No. 333-44007, and incorporated herein by reference)
4.3	Bridge Loan Warrant dated March 16, 2000 (previously filed as Exhibit 10.26 to the Company's Annual Report on Form 10-K for the period ended December 31, 1999 and incorporated herein by reference)
4.4	Ford Warrant dated March 27, 2000 (previously filed as Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2000 and incorporated herein by reference)
4.5	Second Amended and Restated Bridge Loan Warrant dated February 12, 2002 with Big Beaver Investments LLC
4.6	Form of Warrant issued on February 25, 2002 to Special Situations Funds
4.7	Form of Warrant issued on February 25, 2002 to MicroCapital Funds
4.8	Warrant issued on February 25, 2002 to Big Beaver Investments LLC
4.9	Placement Agent Warrant issued on February 25, 2002 to Roth Capital Partners LLC
10.1*	1993 Stock Option Plan, together with Form of Incentive Stock Option Agreement and Nonqualified Stock Option Agreement (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)
10.2*	Stock Option Agreement, effective May 13, 1993, between Lon E. Bell and Roy A. Anderson (previously filed as Exhibit 10.6.1 to the Company's Registration Statement on Form S-2, as amended, File No. 333-17401 and incorporated herein by reference)
10.3*	Form of Indemnity Agreement between the Company and each of its officers and directors (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)
10.4.1	Option and License Agreement dated as of November 2, 1992 between the Company and Feher Design, Inc. (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)
10.4.2	Amendment to Option and License Agreement between the Company and Feher Design dated September 1, 1997 (previously filed as Exhibit 10.14 to the Company's Annual Report on Form 10-K for the period ended December 31, 1997 and incorporated herein by reference)
10.5	Standard Lease dated January 1, 1998 between the Company and Dillingham Partners (previously filed as Exhibit 10.15 to the Company's Annual Report on Form 10-K for the period ended December 31, 1997 and incorporated herein by reference)

Exhibit Number	Description
10.6	Securities Purchase Agreement dated March 29, 1999 by and among the Company, Westar Capital II LLC and Big Beaver Investments LLC (previously filed as Exhibit 10.17 to the Company's Annual Report on Form 10-K for the period ended December 31, 1998 and incorporated herein by reference)
10.7	Reserved
10.8	Value Participation Agreement dated March 27, 2000 between the Company and Ford Motor Company (previously filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2000 and incorporated herein by reference)
10.9	Manufacturing and Supply Agreement with Ferrotec Corporation dated March 28, 2001 (previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2001 and incorporated herein by reference)
10.10	Subscription Agreement with Ferrotec Corporation dated March 28, 2001 (previously filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2001 and incorporated herein by reference)
10.11.1*	Amended and Restated 1997 Stock Incentive Plan (previously filed as Appendix A to the Company's Definitive Proxy Statement on Schedule 14A filed on April 30, 2001, as amended, and incorporated herein by reference)
10.11.2*	Form of Employee Incentive Stock Option Agreement (previously filed as Exhibit 4.2 to the Company's Registration Statement on Form S-8 filed on January 9, 1998, File No. 333-44007, and incorporated herein by reference)
10.11.3*	Form of Non-Employee Nonqualified Stock Option Agreement (previously filed as Appendix A to the Company's Definitive Proxy Statement on Schedule 14A filed on April 30, 2001, as amended, and incorporated herein by reference)
10.12	Assignment and Subscription Agreement dated September 4, 2000 between Dr. Lon E. Bell and BSST LLC (previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2001 and incorporated herein by reference)
10.13*	Employment Agreement dated May 30, 2001 between Dr. Lon E. Bell and BSST LLC (previously filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2001 and incorporated herein by reference)
10.14.1	Option Agreement dated September 4, 2000 among the Company, BSST LLC and Dr. Lon E. Bell (previously filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2001 and incorporated herein by reference)
10.14.2	First Amendment dated January 29, 2001 to Option Agreement among the Company, BSST LLC and Dr. Lon E. Bell (previously filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2001 and incorporated herein by reference)
10.14.3	Second Amendment dated March 19, 2001 to Option Agreement among the Company, BSST LLC and Dr. Lon E. Bell (previously filed as Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2001 and incorporated herein by reference)
10.14.4	Third Amendment dated September 20, 2001 to Option Agreement among the Company, BSST LLC and Dr. Lon E. Bell (previously filed as Exhibit 10.8 to the Company's Current Report on Form 8-K filed on September 25, 2001 and incorporated herein by reference)
10.15*	Revenue Sharing Agreement dated September 4, 2000 between BSST LLC and Dr. Lon E. Bell (previously filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2001 and incorporated herein by reference)

Exhibit Number	Description
10.16	Amended and Restated Operating Agreement of BSST LLC dated May 30, 2001 (previously filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2001 and incorporated herein by reference)
10.17.1	Credit Agreement dated September 20, 2001 between the Company and Big Beaver Investments LLC (previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 25, 2001)
10.17.2	First Amendment dated December 1, 2001 to Credit Agreement between the Company and Big Beaver Investments LLC
10.17.3	Security Agreement dated September 20, 2001 between the Company and Big Beaver Investments LLC (previously filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on September 25, 2001)
10.17.4	Patent and Trademark Security Agreement dated September 20, 2001 between the Company and Big Beaver Investments LLC (previously filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on September 25, 2001)
10.17.5	Membership Interest Pledge Agreement dated September 20, 2001 between the Company and Big Beaver Investments LLC (previously filed as Exhibit 10.7 to the Company's Current Report on Form 8-K filed on September 25, 2001)
10.17.6	Convertible Promissory Note dated September 20, 2001 issued to Big Beaver Investments LLC (previously filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed on September 25, 2001)
10.18	Purchase Agreement dated February 12, 2002 with Special Situation Funds
10.19	Purchase Agreement dated February 12, 2002 with MicroCapital Funds
10.20	Exchange Agreement dated February 12, 2002 with Big Beaver Investments LLC
10.21	Form of Registration Rights Agreement dated February 25, 2002 with Special Situations Funds, MicroCapital Funds, and Big Beaver Investments LLC
10.22.1	Investors' Rights Agreement dated June 8, 1999 among the Company, Big Beaver Investments LLC, and Westar Capital II LLC (previously filed as Exhibit 5.2 to the Company's Current Report on Form 8-K filed on June 18, 1999 and incorporated herein by reference)
10.22.2	First Amendment to Investors' Rights Agreement dated March 16, 2000 among the Company, Big Beaver Investments LLC, and Westar Capital II LLC
10.22.3	Second Amendment to Investors' Rights Agreement dated September 20, 2001 among the Company, Big Beaver Investments LLC, and Westar Capital II LLC (previously filed as Exhibit 10.6 to the Company's Current Report on Form 8-K filed on September 25, 2001 and incorporated herein by reference)
21	List of Subsidiaries
23	Consent of PricewaterhouseCoopers LLC

(b) Reports on Form 8-K.

On October 26, 2001, the Company filed a Current Report on Form 8-K (event date October 25, 2000) to report under Items 5 (other events) and 7 (exhibits).

On December 11, 2001, the Company filed a Current Report on Form 8-K (event date November 27, 2001) to report under Item 5 (other events).

\* Indicates management contract or compensatory plan or arrangement.

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## AMERIGON INCORPORATED

## BALANCE SHEETS

(In thousands, except share data)

	December 31,		
	2001	2000	Pro Forma 2001 (Note 19)
			(unaudited)
ASSETS			
Current Assets:			
Cash & cash equivalents.....	\$ 456	\$ 2,852	\$ 6,900
Restricted cash.....	496	--	496
Accounts receivable less allowance of \$50, and \$55, respectively.....	1,268	1,375	1,268
Inventory.....	1,163	1,478	1,163
Prepaid expenses and other assets.....	383	487	185
	-----	-----	-----
Total current assets.....	3,766	6,192	10,012
Property and equipment, net.....	1,192	1,383	1,192
Deferred exclusivity fee, net.....	878	1,170	878
	-----	-----	-----
Total assets.....	\$ 5,836	\$ 8,745	\$12,082
	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)			
Current Liabilities:			
Accounts payable.....	\$ 1,446	\$ 1,376	\$ 1,446
Accrued liabilities.....	922	1,446	922
Bridge loan payable.....	2,037	--	--
Deferred manufacturing agreement--current portion.....	200	--	200
Deferred revenue.....	--	170	--
	-----	-----	-----
Total current liabilities.....	4,605	2,992	2,568
Deferred manufacturing agreement--long term portion.....	1,650	--	1,650
Long term portion of capital lease.....	--	5	--
Minority interest in subsidiary.....	44	--	44
	-----	-----	-----
Total liabilities.....	6,299	2,997	4,262
	-----	-----	-----
Commitments (Note 15)			
Shareholders' equity (deficit):			
Preferred stock:			
Series A--no par value; convertible; 9,000 shares authorized, 9,000 issued and outstanding at December 31, 2001, 2000 and pro forma; liquidation preference of \$10,575 (Note 9).....	8,267	8,267	8,267
Common stock:			
No par value; 20,000,000 shares authorized, 4,717,000 and 4,428,000 issued and outstanding at December 31, 2001 and 2000; 10,771,000 issued and outstanding at December 31, 2001 pro forma.....	39,192	37,947	41,842
Paid-in capital.....	14,945	14,689	20,858
Deferred compensation.....	(22)	(1)	(22)
Accumulated deficit.....	(62,845)	(55,154)	(63,125)
	-----	-----	-----
Total shareholders' equity (deficit).....	(463)	5,748	7,820
	-----	-----	-----
Total liabilities and shareholders' equity (deficit).....	\$ 5,836	\$ 8,745	\$12,082
	=====	=====	=====

The accompanying notes are an integral part of these financial statements

AMERIGON INCORPORATED

STATEMENTS OF OPERATIONS

(In thousands, except per share data)

	Year Ended December 31,		
	2001	2000	1999
Product revenues.....	\$ 6,447	\$ 6,886	\$ 336
Cost of sales.....	5,450	6,274	778
Gross margin.....	997	612	(442)
Operating costs and expenses:			
Research and development.....	3,836	4,099	3,721
Selling, general and administrative.....	4,548	6,088	3,481
Total operating costs and expenses.....	8,384	10,187	7,202
Operating loss.....	(7,387)	(9,575)	(7,644)
Interest income.....	54	201	135
Interest expense.....	(377)	(2,607)	(30)
Minority interest in subsidiary.....	19	--	--
Loss on disposal of property and equipment.....	--	--	(36)
Loss before extraordinary item.....	(7,691)	(11,981)	(7,575)
Extraordinary gain from extinguishment of debt.....	--	707	--
Net loss.....	(7,691)	(11,274)	(7,575)
Deemed dividend to preferred shareholders.....	--	--	(8,267)
Net loss attributable to common shareholders.....	\$ (7,691)	\$ (11,274)	\$ (15,842)
Basic and diluted net loss per share:			
Loss before extraordinary item.....	\$ (1.66)	\$ (3.65)	\$ (8.29)
Extraordinary gain from extinguishment of debt.....	--	0.22	--
Net loss.....	\$ (1.66)	\$ (3.43)	\$ (8.29)
Weighted average number of shares outstanding.....	4,629	3,283	1,910

The accompanying notes are an integral part of these financial statements





The accompanying notes are an integral part of these financial statements

AMERIGON INCORPORATED  
STATEMENTS OF CASH FLOWS

(In thousands)

	Year Ended December 31,		
	2001	2000	1999
<b>Operating Activities:</b>			
Net loss.....	\$(7,691)	\$(11,274)	\$(7,575)
Adjustments to reconcile net loss to cash used in operating activities:			
Depreciation and amortization.....	576	562	344
Amortization of debt discount.....	226	57	--
Extraordinary gain on extinguishment of debt.....	--	(707)	--
Deferred revenue.....	(170)	170	(44)
Non-cash interest.....	--	2,500	--
Provision for doubtful accounts.....	(5)	(3)	(43)
Minority interest in subsidiary.....	19	--	--
Loss from sale of assets.....	--	--	36
Compensation from grant of non-employee stock options and warrants.....	9	(4)	15
Change in operating assets and liabilities:			
Accounts receivable.....	112	(1,090)	(65)
Inventory.....	315	(988)	(385)
Prepaid expenses and other assets.....	104	(236)	(115)
Accounts payable.....	70	784	229
Accrued liabilities.....	(242)	859	112
	(6,677)	(9,370)	(7,491)
<b>Investing Activities:</b>			
Purchase of property and equipment.....	(243)	(695)	(869)
Other investing activities.....	25	--	--
Increase in restricted cash.....	(496)	--	--
Purchase of short term investments.....	--	--	(1,854)
Sale of short term investments.....	--	--	1,854
	(714)	(695)	(869)
<b>Financing Activities:</b>			
Proceeds from Series A Preferred Stock and Warrants.....	--	--	9,001
Cost of issuance of Series A Preferred Stock and Warrants.....	--	--	(734)
Proceeds from deferred manufacturing agreement....	2,000	--	--
Proceeds from issuance of common stock.....	1,000	11,056	--
Cost of issuance of common stock.....	--	(1,270)	--
Repayment of capital lease.....	(5)	(16)	(15)
Proceeds from Bridge Financing.....	2,000	2,500	1,200
Repayment of Bridge Financing.....	--	(1,000)	(1,200)
Sale of shares in consolidated subsidiary.....	--	--	88
	4,995	11,270	8,340
Net increase (decrease) in cash and cash equivalents.....	(2,396)	1,205	(20)
Cash and cash equivalents at beginning of period.....	2,852	1,647	1,667
	\$ 456	\$ 2,852	\$ 1,647

The accompanying notes are an integral part of these financial statements

AMERIGON INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS

Note 1 -- The Company

The Company designs, develops, markets and manufactures proprietary high technology electronic components and systems for sale to car and truck original equipment manufacturers ("OEMs"). In 2001, the Company completed its second consecutive year of producing and selling its Climate Control Seat(TM) ("CCS(TM)"), which provides year-round comfort by providing both heating and cooling to seat occupants. The Company has shipped more than 200,000 units of its CCS product through 2001 to three customers, Johnson Controls, Inc. ("JCI"), Lear Corporation ("Lear") and NHK Spring Company, Ltd ("NHK"). JCI supplies the Lincoln Mercury division of Ford Motor Company ("Ford") with its CCS product for installation in the Lincoln Navigator Sport Utility Vehicle ("SUV"), while NHK supplies its CCS product to Toyota Motor Corporation for use in the Lexus LS 430 and Toyota Celsior luxury automobiles. The Company began shipments to Lear in November 2001 for the Lincoln Mercury Blackwood sport utility truck where its product is standard for the first time.

The Company was incorporated in California in 1991 and originally focused its efforts on developing electric vehicles and high technology automotive systems. The Company is now focusing its efforts on its CCS product, its only commercial product. The Company suspended funding the electric vehicle program in August 1998.

Ceasing Development of AmeriGuard(TM)

In December 2000, the Company's Board of Directors decided to cease funding the development of AmeriGuard, a radar-based speed and distance sensor system, in order to focus the Company's resources on the marketing of the CCS product and development of the next generation CCS device.

Note 2 -- Basis of Presentation

Liquidity and Capital Resources

The Company has suffered net losses of \$7,691,000, \$11,274,000 and \$7,575,000 and has used cash in operating activities of \$6,677,000, \$9,370,000 and \$7,491,000 for the years ended December 31, 2001, 2000 and 1999, respectively, and the Company had an accumulated deficit of \$62,845,000 as of December 31, 2001. The Company expects to incur losses for the near term, but management believes anticipated revenues and net proceeds from the 2002 Private Placement (Note 18) should be sufficient to cover the Company's fixed manufacturing, overhead and operating costs through the end of 2002.

The Company has funded its financial needs from inception primarily through net proceeds received through its initial public offering as well as other equity and debt financing. At December 31, 2001, the Company had cash and cash equivalents of \$456,000 and working capital deficit of \$839,000. Based on the Company's current operating plan, management believes cash at December 31, 2001 along with the net proceeds from the 2002 Private Placement (Note 18) will be sufficient to meet operating and investment needs through the end of 2002.

On February 25, 2002, the Company completed the sale of 4,333,368 shares of common stock and warrants to purchase 2,166,684 shares of common stock in a private placement to selected institutional and accredited investors, resulting in gross proceeds of \$6,500,052. The \$6,500,052 excludes \$2,580,903 representing the principal amount of a bridge loan and accrued interest on that loan, which was exchanged by the holder for 1,720,602 shares of common stock and warrants to purchase 860,301 shares of common stock. The Company agreed to file a registration statement relating to the resale of the securities offered in the private placement with the Securities and Exchange Commission as soon as reasonably practical and it is subject to monetary penalties in the event such registration statement is not filed by March 27, 2002 and declared effective by May 26, 2002 (June 10, 2002 if the SEC selects the registration statement for review).

In the event that unfavorable conditions in the automotive industry or other factors adversely affect the cash and working capital position, the Company would seek to implement measures to mitigate the impact of such events on its ability to satisfy its operating needs. Key elements of the Company's contingency plan could include, but probably would not be limited to:

- .obtaining asset-based financing from banks or other financial institutions;
- .implementing internal cash conservation measures to limit discretionary spending; and
- .seeking outside financing for BSST's operating needs.

#### Reverse Stock Split

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.

#### Note 3 -- Summary of Significant Accounting Policies

##### Consolidation

The consolidated financial statements at December 31, 2001, reflect the consolidated financial position and consolidated operating results of the Company and, since June 1, 2001, BSST. Intercompany accounts have been eliminated in consolidation. The 10% of BSST not owned by the Company is reflected as minority interest. Had the acquisition of BSST occurred as of January 1, 2001, the pro forma consolidated net loss for the year ended December 31, 2001, would not have been significantly different.

Restricted cash represents cash that is available exclusively to BSST.

##### 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, approximates 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.

##### Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with original maturities of less than 90 days to be cash equivalents.

##### 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 a money market fund managed by a major U.S. financial services company and the credit risk is considered limited. Credit risk associated with accounts

receivable is limited by the large size and creditworthiness of the Company's commercial customers. The Company maintains an allowance for uncollectible accounts receivable based upon expected collectibility and generally does not require collateral.

Inventory

Inventory is valued at the lower of cost (the first-in, first-out basis), or market.

Deferred Exclusivity Fee

The deferred exclusivity fee created by the warrants granted to Ford relating to the Value Participation Agreement (the "VPA") is being amortized on a straight line basis through December 31, 2004.

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 might not be recoverable. Management does not believe that there are any material impairments at December 31, 2001.

Depreciation and amortization are computed using the straight-line method. The estimated useful lives of the Company's property and equipment is as follows:

	Useful Life
	-----
Description of property and equipment:	
Equipment	5 years
Computer equipment	1 to 3 years
Leasehold improvements	Shorter of estimated life or term of lease
Production tooling	Estimated life of tool

Product Revenues

The Company recognizes revenue when persuasive evidence of an arrangement exists including:

- .Delivery has occurred or services have been rendered;
- .The seller's price to the buyer is fixed or determinable; and
- .Collectibility is reasonably assured.

Provision for estimated future cost of warranty is recorded when revenue is recognized.

Customer Owned Tooling

Costs for tooling developed for and owned by the Company's customers, net of reimbursements, are included in product costs. Net tooling reimbursements for 2001, 2000 and 1999 were:

	Years ended December 31,		
	-----		
	2001	2000	1999
	-----		
Net tooling reimbursement.....	\$202,848	\$34,158	\$184,116

Research and Development Expenses

Research and development activities are expensed as incurred. The Company groups development and prototype costs and related reimbursements in research and development. Development and prototype costs, net of reimbursements, for 2001, 2000 and 1999 were:

Years ended December 31,		
2001	2000	1999

Net development and prototype costs.....	\$456,173	\$24,472	\$150,661
--	-----------	----------	-----------

Accounting for Stock-Based Compensation

As permitted by Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," the Company accounts for its stock-based compensation arrangements for stock option grants to employees pursuant to Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and complies with the disclosure provisions of SFAS No. 123. Under APB No. 25, compensation cost is recognized based on the difference, if any, on the date of grant between the fair value of the Company's stock and the amount an employee must pay to acquire the stock.

The Company accounts for non-employee stock-based awards in which goods or services are the consideration received for the equity instruments issued in accordance with the provision of SFAS No. 123 and Emerging Issues Task Force No. 96-18, "Accounting for Equity Instruments that are Issued to other than Employees for Acquiring, or in Conjunction with Selling, Goods or Services."

Income Taxes

Income taxes are determined under guidelines prescribed by SFAS No. 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 when management considers it more likely than not that the asset will not be realized.

Net Loss per Share

Basic loss 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, 2001, 2000 and 1999 do not include the effect of:

	December 31,		
	2001	2000	1999
Stock options outstanding for:			
1993 and 1997 Stock Option Plans.....	830,622	921,447	871,180
Shares of Common Stock issuable upon the exercise of warrants.....	4,681,447	3,997,382	2,705,374
Shares of Common Stock issuable upon the exercise of an option for Unit Purchase Options granted to underwriter.....	190,400	190,400	190,400
Common Stock issuable upon the conversion of Series A Preferred Stock.....	5,373,134	5,373,134	5,373,134
Total.....	11,075,603	10,482,363	9,140,088

In 1999, net loss available to common shareholders represents the net loss for the year ended December 31, 1999, increased by a deemed non-cash dividend of \$8,267,000, to the holders of Series A Preferred Stock (Note 9) resulting from the beneficial difference between the conversion price and the fair market value of Common Stock on the date of issuance of the Series A Preferred Stock.

#### Recent Accounting Pronouncements

In June 2001, the FASB issued SFAS No. 141, "Business Combinations." SFAS No 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. Use of the pooling-of-interest method is prohibited. The Company has evaluated this standard and believes that adoption will not have an impact on its consolidated financial statements.

In July 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 changes the accounting for goodwill from an amortization method to an impairment-only approach and will be effective for fiscal years beginning after December 14, 2001. The Company has evaluated this standard and believes that adoption will not have an impact on its consolidated financial statements.

In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 requires that the fair value of a liability for an asset retirement obligation to be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made and will be effective for fiscal years beginning after June 15, 2002. The Company has evaluated this standard and believes that adoption will not have an impact on its consolidated financial statements.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 requires that one accounting model be used for long-lived assets to be disposed of by sale, whether previously held and used or newly acquired, broaden the presentation of discontinued operations to include more disposal transactions and will be effective for fiscal years beginning after December 14, 2001. The Company has evaluated this standard and believes that adoption will not have an impact on its consolidated financial statements.

Note 4 -- Details of Certain Financial Statement Components (in thousands)

	December 31,	
	2001	2000
Inventory:		
Raw material.....	\$ 866	\$ 1,118
Work in Process.....	53	76
Finished goods.....	244	452
	-----	-----
	1,163	1,646
Less: inventory allowance.....	--	(168)
	-----	-----
	\$ 1,163	\$ 1,478
	=====	=====
Prepaid Expenses and Other Assets:		
Deposits.....	\$ 289	\$ 404
Prepaid insurance.....	94	83
	-----	-----
	\$ 383	\$ 487
	=====	=====
Property and Equipment:		
Equipment.....	\$ 1,902	\$ 1,851
Computer equipment.....	745	739
Leasehold improvements.....	317	316
Production tooling.....	851	666
	-----	-----
	3,815	3,572
Less: accumulated depreciation and amortization.....	(2,623)	(2,189)
	-----	-----
	\$ 1,192	\$ 1,383
	=====	=====
Accrued liabilities:		
Accrued salaries.....	\$ 310	\$ 710
Accrued vacation.....	138	209
Other accrued liabilities.....	474	527
	-----	-----
	\$ 922	\$ 1,446
	=====	=====

Property and equipment includes assets acquired under capital leases of approximately \$60,000 at December 31, 2001 and 2000, and accumulated amortization of \$57,000 and \$49,000 at December 31, 2001 and 2000, respectively.

Note 5 -- Income Taxes

There are no assets or liabilities for income taxes, or income tax expense included in the financial statements because the Company has losses since inception for both book and tax purposes. The deferred tax assets and related valuation allowance were comprised of the following at December 31 (in thousands):

	December 31,		
	2001	2000	1999
Deferred tax assets:			
Net operating loss.....	\$ 19,928	\$ 18,520	\$ 14,746
Credits.....	1,512	884	798
Depreciation.....	343	343	238
Deferred Revenue.....	933	--	--
Other.....	375	590	157
	-----	-----	-----
	23,091	20,337	15,939
Less: valuation allowance.....	(23,091)	(20,337)	(15,939)
	-----	-----	-----
Net deferred tax asset.....	\$ --	\$ --	\$ --
	=====	=====	=====



Realization of the future tax benefits related to the deferred tax assets is dependent on the Company's ability to generate taxable income within the net operating loss carryforward period. Management has considered these factors in reaching its conclusion that the Company's deferred tax assets at December 31, 2001 require a full valuation allowance.

A reconciliation between the statutory Federal income tax rate of 34% and the effective rate of income tax expense for each of the three years in the period ended December 31, 2001 is as follows:

	December 31,		
	2001	2000	1999
	-----	-----	-----
Statutory Federal income tax rate.....	(34.0%)	(34.0%)	(34.0%)
Increase (decrease) in taxes resulting from:			
State tax, net of federal benefit.....	(3.4%)	(5.8%)	(5.8%)
Nondeductible expenses...	0.1%	0.1%	--
Change in valuation allowance.....	37.3%	39.7%	39.8%
	-----	-----	-----
Effective rate.....	--%	--%	--%
	=====	=====	=====

Because of the "change of ownership" provision of the Tax Reform Act of 1986, utilization of the Company's net operating loss and research credit carryforwards is subject to annual limitation against income in future periods. As a result of the annual limitation, a portion of these carryforwards may expire before ultimately becoming available to reduce future tax liabilities. The Company has Federal Net Operating Loss (NOL) carryforwards of approximately \$54,393,000 at December 31, 2001, which expire between 2013 and 2022. Approximately \$35,556,000 of these NOL's were incurred prior to the Preferred Financing during 1999, which qualified as a change in ownership under the Internal Revenue Code. The change in ownership limits the amount of the NOL which may be used to approximately \$591,000 per year. The NOL incurred after the change in ownership mentioned above, totaling approximately \$18,837,000 may also be subject to an annual limitation under Section 382 of the Internal Revenue Code as a result of the 2002 Private Placement (Note 18).

Note 6 -- Ford Agreement

On March 27, 2000, the Company entered into a Value Participation Agreement ("VPA") with Ford Motor Company ("Ford"). Pursuant to the VPA, Ford agreed that, through December 31, 2004, the Company has the exclusive right to manufacture and supply CCS units to Ford's Tier 1 suppliers for installation in Ford, Lincoln and Mercury branded vehicles produced and sold in North America (other than Ford branded vehicles produced by AutoAlliance International, Inc.). Ford is not obligated to purchase any CCS units under the VPA.

As part of the VPA, the Company granted to Ford warrants exercisable for Common Stock. A warrant for the right to purchase 82,197 shares of Common Stock at an exercise price of \$2.75 per share was issued and fully vested on March 27, 2000. The fair value of the warrant of \$1,148,000 was determined using the Black-Scholes valuation model and was recorded as a deferred exclusivity fee on the balance sheet. In addition, Ford received an additional fully vested warrant to purchase 26,148 shares of Common Stock due to certain anti-dilution provisions of the VPA that were triggered by the Company's Private Placement in June 2000. The fair value of the additional warrant of \$220,000 was determined using the Black-Scholes model and has been accounted for in the same manner as the deferred exclusivity fee. This fee is being amortized on a straight-line basis from April 2000 to December 2004, the initial term of the Agreement, amortization of \$293,000 and \$199,000 were recorded as selling, general and administrative expense in 2001 and 2000, respectively. Additional warrants will be granted and vested based upon purchases by Ford's Tier 1 suppliers of a specified number of CCS units throughout the length of the VPA. The exercise price of these additional warrants depends on when such warrants vest, with the exercise price increasing each year. If Ford does not achieve specific goals in any year, the VPA contains provisions for Ford to make up the shortfall in the next succeeding year. If Ford achieves all of the incentive levels required under the VPA, warrants will be granted and vested for an additional 1,300,140 shares of Common Stock. The Ford warrants contain a cashless exercise provision, which allows Ford to exercise

their warrants and receive a number of shares equal in value to the difference between the then market price of the Common Stock and the exercise price of the warrant, multiplied by the number of warrant shares being exercised. As of December 31, 2001, no warrants had been issued related to incentive levels and none of the warrants issued to Ford had been exercised.

#### Note 7 -- Bridge Loan Financing

##### 2001 Bridge Loan

On September 30, 2001, the Company obtained a Bridge Loan facility from Big Beaver Investments LLC (one of the Company's two holders of preferred stock and then representing 28.1% ownership on an as converted basis) for an aggregate principal amount of up to \$1,500,000 (the "Bridge Loan"). The Bridge Loan accrued interest at 10% per annum, payable at maturity, December 1, 2001 or on the date of the repayment. On December 1, 2001, Big Beaver and the Company amended the Bridge Loan to increase the aggregate principal amount to \$2,500,000 and with this amendment increased the accrued interest to 12.5% per annum. The amended Bridge Loan was due on the earlier of March 1, 2002 or upon the occurrence of a Trigger Event, defined to have occurred when the Company (or its Board of Directors) shall have authorized, recommended, proposed or publicly announced its intention to enter into (or 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 the assets of securities or any comparable transaction which has not been consented to in writing by Big Beaver. This loan was collateralized by substantially all of the Company's assets. As of December 30, 2001, the Company had drawn \$2,000,000 of the Bridge Loan and accrued interest of \$37,153.

In connection with entering into the Bridge Loan, the Company issued a warrant for the right to purchase 652,174 shares (this number was reduced to 326,087 concurrent with completion of the 2002 Private Placement (Note 18)) of the Company's Common Stock at a price of \$1.15 per share. The proceeds of the Bridge Loan were allocated between the Bridge Loan and the warrants based upon their estimated relative fair values. The allocated value of the warrant is \$226,000 which was amortized to interest expense as of December 31, 2001.

On February 25, 2002, the Company completed the sale of 4,333,368 shares of Common Stock and warrants to purchase 2,166,684 shares of Common Stock in a private placement to selected institutional and accredited investors, resulting in gross proceeds of \$6,500,052 (Note 18). The \$6,500,052 excludes \$2,580,903 representing the principal amount of the Bridge Loan and accrued interest on that loan, which was exchanged by the holder for 1,720,602 shares of Common Stock and warrants to purchase 860,301 shares of Common Stock. The warrants issued in the private placement have an exercise price of \$2.00 per share and expire on February 25, 2007.

##### 2000 Bridge Loan

On March 16, 2000, the Company obtained a bridge loan from Big Star Investments LLC (a limited liability company owned by Westar and Big Beaver, the Company's two principal shareholders) for an aggregate principal amount of \$2.5 million. The loan accrued interest at 10% per annum. Upon completion of the 2000 Private Placement (Note 8), the Company repaid \$1.0 million of bridge loan principal and accrued interest of \$49,000. The Company's \$1.0 million payment was allocated for accounting purposes between reacquiring the beneficial conversion feature and the debt. Due to this allocation, the debt was extinguished for less than its net book value, resulting in a \$775,000 extraordinary gain on extinguishment of debt. The remaining \$1.5 million of bridge loan principal was exchanged for 300,000 shares of Common Stock and warrants to purchase 50,000 shares of Common Stock, which was issued equally to Westar and Big Beaver.

##### 1999 Bridge Loan

On March 29, 1999, the Company entered into a Security Purchase Agreement (the "Preferred Financing") with Westar Capital II and Big Beaver (the "Investors") for the sale of Series A Preferred Stock (Note 9). In connection with the Preferred Financing, prior to the close of the Preferred Financing, the Investors extended to

the Company \$1,200,000 in bridge notes bearing interest at 10% per annum which were due and payable upon the earlier of the closing of the Preferred Financing or September 30, 1999. At the close of the sale of the Preferred Financing, the Company repaid the bridge notes and \$14,000 in interest to the Investors with proceeds received from the sale of Series A Preferred Stock.

#### Note 8 -- 2000 Private Placement

On June 14, 2000, the Company completed the sale of 2.2 million shares of its Common Stock to selected institutional and accredited investors, resulting in gross proceeds of \$11.0 million, with issuance costs of \$1.3 million ("2000 Private Placement"). The \$11.0 million excludes a \$1.5 million advance on a bridge loan which was exchanged for 300,000 shares of Common Stock and issued to Westar and Big Beaver, the owners of Big Star, the lender on the bridge loan. As partial compensation for services rendered in the 2000 Private Placement, Roth Capital Partners, Inc., was granted a warrant to purchase up to 188,000 shares of the Company's Common Stock at \$5.00 per share. The value of such warrant of \$1.4 million was determined using the Black-Scholes model and was reflected as non-cash offering expense.

#### Note 9 -- Convertible Preferred Stock

Under the terms of the Preferred Financing, on June 8, 1999, the Company issued 9,000 shares of Series A Preferred Stock and warrants to purchase, as adjusted, up to 1,644,664 shares of Common Stock (Note 11) in exchange for \$9,001,000. Costs in connection with the financing were \$734,000, resulting in net proceeds of \$8,267,000. The Series A Preferred Stock is convertible into 5,373,134 shares of Common Stock.

Also in conjunction with the Preferred Financing, in accordance with Emerging Issues Task Force Consensus No. 98-5, "Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios", the Company recorded a non-cash deemed dividend to the Series A Preferred shareholders of \$8,267,000, or \$4.33 per weighted average common share outstanding for the year ended December 31, 1999, resulting from the difference between the conversion price of \$1.675 and the closing price of Common Stock on the date of issuance, June 8, 1999 of \$4.31.

The following summarizes the terms of the convertible preferred stock:

#### Conversion

Each issued share of Series A Preferred Stock is immediately convertible, in full and not in part, into shares of Class A Common Stock based on the formula of \$1,000 of the face value divided by the Conversion Price. The Conversion Price is \$1.675, subject to proportional adjustments for certain dilutive issuance, splits and combinations and other recapitalizations or reorganizations. A total of 5,373,134 shares of Common Stock has been reserved for issuance in the event of the conversion of Series A Convertible Preferred Stock.

#### Voting Rights

The holder of each share of Series A Preferred Stock has the right to one vote for each share of Common Stock into which such Series A Preferred Stock could then be converted. The holders of this Series A Preferred Stock, as a class, have the right to elect five of the seven seats on the Board of Directors of the Company.

#### Dividends

The Series A Preferred Stock will receive dividends on an "as-converted" basis with the Common Stock when and if declared by the Board of Directors. The dividends are noncumulative and are payable in preference to any dividends on common stock.

## Liquidation Preference

Upon liquidation, dissolution or winding up of Amerigon, each share of Series A Redeemable and Convertible Preferred Stock is entitled to a liquidation preference of \$1,000 plus 7% of the original issue price (\$1,000) annually for up to four years after issuance plus any declared but unpaid dividends in priority to any distribution to the Common Stock, which will receive the remaining assets of Amerigon. As of December 31, 2001, the liquidation preference was \$10,575,000.

## Redemption

On or after January 1, 2003, if the closing price of the Common Stock for the past 60 days has been at least four times the then Conversion Price (\$1.675 per share at December 31, 2001), Amerigon may redeem the Series A Redeemable and Convertible Preferred Stock for an amount equal to the Series A Redemption Price, which was \$10,575,000 at December 31, 2001.

## Note 10 -- Common Stock

On May 24, 2000, the shareholders approved the elimination of the Class B Common Stock and the renaming of the Class A Common Stock to "Common Stock".

In conjunction with the 1997 public offering, fees to the underwriter included an option until February 12, 2002, to purchase 1,700 Units (the "Unit Purchase Option") at \$1,493.50 consisting of 56 shares of Common Stock and 56 Class A Warrants. As of December 31, 2001, the underwriter's option had not been exercised and this option expired unexercised on February 12, 2002.

## Note 11 -- Stock Warrants

### Warrants Issued in Connection with the Preferred Financing and Bridge Financing

In conjunction with the Preferred Financing (Note 9) the Company issued contingent warrants to purchase 1,229,574 shares of Common Stock at exercise prices ranging from \$2.67 to \$51.25 in exchange for \$1,000. During 2000, additional contingent warrants to purchase 423,946 were issued due to certain anti-dilution provisions in the contingent warrants. In addition, contingent warrants for 8,856 shares of Common Stock expired in 2000. At December 31, 2001, the Company had outstanding contingent warrants to issue 1,644,454 shares of Common Stock. The warrants could only be exercised to the extent that Class A Warrants were exercised by existing warrant holders and then only in the proportion of the Company's equity purchased and at the same exercise price as the exercising warrant holders. The proceeds of the Preferred Financing were allocated between the preferred stock and the warrants based on the relative fair values of the preferred stock and the warrants. The fair value allocated to the warrants granted was less than \$1,000. The Class A Warrants expired on February 12, 2002 without any being exercised and accordingly the contingent warrants are no longer exercisable.

Also in conjunction with the Preferred Financing (Note 9), the Company granted to financial advisors warrants to purchase 45,000 shares of Common Stock at exercise prices ranging from \$2.67 to \$5.30 per share. The relative fair value of the warrants granted was \$1,000 and was reflected as paid in capital. The warrants are exercisable at any time prior to dates ranging from November 6, 2003 to June 10, 2004 and none had been exercised as of December 31, 2001.

In conjunction with the 2000 Bridge Loan (Note 7), Big Star (Big Beaver and Westar Capital) received a warrant to purchase an aggregate of 50,000 shares of Common Stock at an exercise price of \$5.00 per share, which was assigned a relative fair value of \$173,000 (Note 7) and reflected as additional paid in capital. The warrant expires in 2005 if not exercised. The number of shares of Common Stock issuable upon exercise of this warrant and the exercise price of this warrant were adjusted in connection with the 2002 Private Placement (Note 18).

In conjunction with the 2001 Bridge Loan (Note 7), Big Beaver received a warrant that is exercisable for 326,087 shares of Common Stock at an exercise price of \$1.15 per share, which were assigned a relative fair value of \$226,000 (Note 7) and reflected as additional paid in capital. The warrant expires in 2006 if not exercised.

#### Warrants Issued in Connection with Public Offerings

In connection with debt financing obtained in 1996 and the follow-on public offering completed in 1997, at December 31, 1999, the Company had in the aggregate 7,094,000 outstanding warrants to issue 1,418,800 shares of Common Stock (324,000 shares related to the 1996 debt financing and 1,094,800 shares related to the 1997 Public Offering). At December 31, 1999, each registered warrant holder was entitled to convert five warrants for one share of Common Stock at an exercise price of \$25.00.

Effective March 27, 2000, due to certain anti-dilution provisions in the Class A warrants which were triggered by the issuance of a warrant to Ford (Note 6), additional warrants were issued to the Class A warrant holders to purchase 49,976 shares of Common Stock. As a result of the issuance of the additional Class A warrants, the Company had in the aggregate 7,343,880 outstanding warrants to issue 1,468,776 shares of Common Stock. As of such date, each registered warrant holder was entitled to convert five warrants for one share of Common Stock at an exercise price of \$24.149.

On March 30, 2000, the Company announced its election to reduce by a factor of five the number of outstanding warrants, rather than continue to require five warrants to be exercised in order to acquire one share of Common Stock. Each warrant outstanding after making this adjustment represents the same interest as five outstanding warrants. As a result of this election and subject to the surrender by holders of existing warrant certificates and the cancellation of any warrants to acquire less than one share of Common Stock, the Company has in the aggregate 1,468,776 outstanding warrants to issue 1,468,776 shares of Common Stock, with each registered warrant holder entitled to convert one warrant for one share of Common Stock at an exercise price of \$24.149.

The issuance of 2.5 million shares of Common Stock in June 2000 triggered certain anti-dilution provisions in the Class A Warrants which required the Company to issue additional warrants to the Class A warrant holders to purchase 524,488 shares of Common Stock. As a result, the number of Class A Warrants outstanding increased to 1,993,264. As a result of the warrant issued to Ford in March 2000, and the issuance of the 2.5 million shares of Common Stock in June, the total exercise price for each publicly traded warrant has been lowered from \$25.00 to \$17.795.

The Company may, upon 30 days' written notice, redeem each Class A Warrant in exchange for \$.05 per Class A Warrant, provided that before any such redemption, the closing bid price of the Common Stock as reported by The Nasdaq SmallCap Market or the closing bid price on any national exchange (if the Company's 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, 2001, the Company had not exercised this option and none of these warrants had been exercised. Pursuant to the terms of the Class A Warrants, on February 12, 2002, these warrants expired unexercised.

#### Note 12 -- Stock Options

##### 1997 and 1993 Stock Option Plans

Under the Company's 1997 and 1993 Stock Option Plans (the "Plans"), as amended in May 2001, 1,300,000 and 110,000 shares, respectively, of the Company's 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 ten 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.

Options granted generally vest 20% per year over five years and expire after ten years. However, option vesting may be accelerated at the discretion of the Board of Directors.

The following table summarizes stock option activity:

	1997 and 1993 Stock Option Plans			Bell Options	
	Shares Available For Grant	Number of Options Outstanding	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Exercise Price
Outstanding at December 31, 1998.....	121,583	198,250	12.35	118,422	13.25
Authorized.....	1,150,000	--	--	--	--
Granted.....	(760,000)	760,000	3.14	--	--
Canceled.....	90,990	(90,990)	10.98	(118,422)	13.25
-----	-----	-----	-----	-----	-----
Outstanding at December 31, 1999.....	602,573	867,260	4.63	--	\$ --
-----	-----	-----	-----	=====	=====
Granted.....	(95,000)	95,000	5.25		
Expired.....	(25,168)	--	--		
Exercised.....	--	(17,885)	3.10		
Canceled.....	22,927	(22,927)	8.79		
-----	-----	-----	-----		
Outstanding at December 31, 2000.....	505,332	921,448	4.62		
Granted.....	(99,000)	99,000	1.73		
Expired.....	(17,000)	--	--		
Canceled.....	189,826	(189,826)	5.60		
-----	-----	-----	-----		
Outstanding at December 31, 2001.....	579,158	830,622	\$4.05		
-----	=====	=====	=====		

The following table summarizes information concerning currently outstanding and exercisable stock options for the 1993 and 1997 Stock Option Plans as of December 31, 2001:

Range of Exercise Prices	Options Outstanding at December 31, 2001			Options Exercisable at December 31, 2001	
	Number Outstanding	Weighted-Average Remaining Contractual Life	Weighted- Average Exercise Price	Number Vested and Exercisable	Weighted- Average Exercise Price
\$1.05-- 2.91	95,000	5.66	\$1.50	80,783	\$1.30
3.06-- 3.31	546,946	5.19	3.06	431,446	3.06
3.45--11.40	141,881	7.56	4.96	84,231	5.39
13.15--21.90	46,795	0.63	17.98	45,994	18.05
	-----			-----	
	830,622			642,454	
	=====			=====	

The Company accounts for these plans under APB Opinion No. 25. Had compensation expense for these plans been determined consistent with SFAS No. 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,		
	2001	2000	1999
	(In thousands, except per share data)		
Net loss			
As reported.....	\$ (7,691)	\$ (11,274)	\$ (7,575)
Pro Forma.....	(8,578)	(12,149)	(8,409)
Basic and diluted loss per share			
As reported.....	\$ (1.66)	\$ (3.43)	\$ (8.29)
Pro Forma.....	\$ (1.85)	(3.70)	(8.73)

The fair value of each stock option grant has been estimated pursuant to SFAS No. 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		
	2001	2000	1999
Risk-free interest rates.....	6.75%	6.5%	6%
Expected dividend yield.....	none	none	none
Expected lives.....	5.0 yrs.	5.0 yrs.	4.5 yrs.
Expected volatility.....	96%	96%	96%

The weighted average grant date fair values of options granted under the 1993 and 1997 Stock Option Plans during 2001, 2000 and 1999 were \$1.43, \$4.73 and \$2.39, respectively.

Note 13 -- Supplemental Disclosure of Cash Flow Information and Non-Cash Activity

Significant non-cash items:

	Years ended December 31,		
	2001	2000	1999
Issuance of warrants to underwriter of private placement.....	--	1,440	--
Exchange of bridge note payable for common stock.....	--	1,452	--
Issuance of stock options to non-employees.....	3	47	--
Issuance of common stock for bonus awards.....	245	--	--
Issuance of warrants to underwriter in conjunction with the bridge loan	--	173	--
Issuance of warrants to consultants for exclusivity rights.....	--	1,369	--

Cash paid for interest in 2001, 2000 and 1999 were \$2,000, \$51,000 and \$21,000, respectively.

Note 14 -- Licenses

In 1992, the Company obtained the worldwide license to manufacture and sell technology for a CCS product 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 incurred royalty expense under this license agreement of \$46,000, \$33,000 and \$43,000 in 2001, 2000 and 1999, respectively. These royalties are recorded as cost of goods sold.

Note 15 -- Commitments

The Company leases its current facility in Irwindale, California from a partnership controlled by Dr. Bell, a shareholder of the Company. The lease expires on December 31, 2002, and requires the Company to pay \$20,000 per month. The Company also leases certain equipment under operating leases, which expire through 2002. Rent expense under all of the Company's operating leases was \$476,000, \$348,000 and \$328,000 for 2001, 2000 and 1999, respectively. Future minimum lease payments under all operating leases are \$402,000, \$152,000, \$159,000 and \$73,000 in 2002, 2003, 2004 and 2005, respectively, and nil thereafter.

The Company entered into an office and computer equipment lease under a long-term lease arrangement in 1997 which is reported as capital lease. The terms of this lease is five years with an interest rate of 13.3%. The final payment for this lease is November 2002. Lease payments under this capital lease are \$6,000 for the year ending December 31, 2002 of which \$1,000 represents total interest to be paid and \$5,000 was included in liabilities at December 31, 2001.

On March 28, 2001, the Company entered into a Manufacturing and Supply Agreement (the "Agreement") with Ferrotec Corporation ("Ferrotec"), a Tokyo-based manufacturer. The Agreement grants to Ferrotec the exclusive right to manufacture CCS units in certain countries primarily located in the Far East (the "Territory") for ultimate distribution by Amerigon to its customers within the Territory, with the understanding that the parties will enter into good faith negotiations to establish a joint venture for the purpose of purchasing, marketing, selling and distributing the CCS units in the Territory. The Territory includes China, Japan, Taiwan, Korea, India, Thailand, Vietnam, Malaysia, Indonesia and the Philippines. The initial term of the Agreement began April 1, 2001 and expires on April 1, 2011. The \$2,000,000 fee paid by Ferrotec to the Company in connection with the Agreement has been recorded as a deferred manufacturing agreement liability on the consolidated financial statements and is being amortized as an offset to cost of sales expense on a straight-line basis over the term of the Agreement at a rate of \$200,000 a year. Ferrotec also entered into a Subscription Agreement with the Company, whereby Ferrotec purchased 200,000 shares of unregistered Common Stock at \$5.00 per share. The Subscription Agreement grants Ferrotec demand registration rights beginning one year from the closing of the Subscription Agreement and piggy-back registration rights if the Company proposes to register any securities before then. The Company received the \$2,000,000 and \$1,000,000 payments under the two agreements in April 2001.

Note 16 -- Related Party Transactions

Investment in BSST / Restricted Cash

Dr. Lon Bell, the founder and Vice Chairman of Amerigon, established BSST as a Delaware limited liability company in August 2000. BSST is engaged in a research and development effort to improve the efficiency of thermoelectric devices. The objective of these efforts is to expand the applications of thermoelectric devices to automotive and non-automotive applications that could include, for example, temperature control and power generation.

In September 2000, the Company entered into an option agreement with BSST to purchase 2,000 Series A Preferred Shares, which represents a 90% interest in BSST, for \$2,000,000. At December 31, 2001, the Company has paid to BSST \$1,369,000 and is required to pay an additional \$631,000 in installments of no more than \$133,000 in any month. This acquisition was accounted for by the purchase method of accounting. The Preferred Shares give the Company a 90% voting interest and a 90% interest in the results of operations of BSST. At the time of the exercise of its option, the Company recorded a charge to research and development costs of \$357,000 representing the excess of its investment to date in BSST over the proportional underlying net assets of BSST. In addition, the Company recorded \$136,900, which reflects 10% of the installments paid to BSST per the option agreement, as research and development expense.



The consolidated financial statements at December 31, 2001, reflect the consolidated financial position and consolidated operating results of the Company and, since June 1, 2001, BSST. Intercompany accounts have been eliminated in consolidation. The 10% of BSST not owned by the Company is reflected as minority interest. Had the acquisition of BSST occurred as of January 1, 2001, the pro forma consolidated net loss for the year ended December 31, 2001, would not have been significantly different.

Restricted cash represents cash that is available exclusively to BSST.

#### Outsourcing of Production

In January 2002, the Company began outsourcing production of product for its North American customers to a supplier plant in Chihuahua, Mexico. The supplier is an affiliate of Big Beaver Investments LLC (one of the Company's two major shareholders). A significant cost reduction was achieved by the outsourcing of production to this plant. The Company anticipates the first shipments from this supplier plant in March 2002.

#### EV

On March 23, 1999, the Company's Board of Directors agreed to form a subsidiary to hold the Company's electric vehicle (EV) operations. Pursuant to discussions held among the Company's Board of Directors and Dr. Bell, Vice Chairman of the Board and a shareholder of the Company, the Company agreed to sell to Dr. Bell a 15% interest in the EV subsidiary for \$88,000. On March 29, 1999, the 15% was sold to Dr. Bell and was reflected as paid-in capital. On May 26, 1999, the shareholders voted to sell the remaining interest, 85%, of the EV subsidiary to Dr. Bell in exchange for all of his Class B Common Stock (Note 10). The Company recorded a loss of \$36,000 on the transfer of related assets to Dr. Bell.

#### Lease of Building in Irwindale, California

The Company leases its current facility in Irwindale, California from a partnership controlled by Dr. Bell, the founder and Vice Chairman of the Company (Note 15).

#### Note 17 -- Segment Reporting

The Company has adopted SFAS No. 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.
- . BSST LLC (BSST) -- a subsidiary engaged in a research and development effort to improve the efficiency of thermoelectric devices and develop products based on this new technology.
- . Radar (AmeriGuard) -- radar-based sensing system that detects objects that reflect radar signals near the automobile and provides an audible or visual signal as the driver approaches the object. In December 2000, the Company's Board of Directors decided to cease funding the development of AmeriGuard in order to focus the Company's resources on marketing the CCS product and developing the next generation CCS device.

The table below presents information about the reported revenues and operating loss of Amerigon for the years ended December 31, 2001, 2000 and 1999 (in thousands, except footnote). Asset information by reportable segment is not reported, since management does not produce such information.

	CCS	BSST	AmeriGuard	Reconciling Items	As Reported
	-----	----	-----	-----	-----
2001					
Revenue.....	\$6,447	\$ --	\$ --	\$ --	\$6,447
Operating loss.....	(1,848)	(991)	--	(4,548) (/1/)	(7,387)
2000					
Revenue.....	\$6,886	\$ --	\$ --	\$ --	\$6,886
Operating loss.....	(2,798)	--	(689)	(6,088) (/1/)	(9,575)
1999					
Revenue.....	\$ 336	\$ --	\$ --	\$ --	\$ 336
Operating loss.....	(3,316)	--	(847)	(3,481) (/1/)	(7,644)

(1) Represents selling, general and administrative costs of \$4,330,000, \$5,859,000 and \$3,255,000, respectively, and depreciation expense of \$218,000, \$229,000 and \$226,000, respectively, for years ended December 31, 2001, 2000 and 1999.

Revenue information by geographic area (in thousands):

	2001	2000	1999
	-----	-----	----
United States.....	\$2,868	\$4,271	\$336
Asia.....	3,579	2,615	--
	-----	-----	----
Total Revenues.....	\$6,447	\$6,886	\$336
	=====	=====	=====

In 2001, two customers, one foreign (NHK) and one domestic (JCI), represented 56% and 43%, respectfully, of the Company's sales. In 2000, two customers, one foreign (NHK) and one domestic (JCI), represented 38% and 61%, respectively, of the Company's sales. In 1999, one customer (JCI) represented 87% of the Company's sales.

#### Note 18 -- Subsequent Events

In January 2002, Ford announced that our CCS product would be offered as an option in the 2003 Expedition SUV. The 2003 Expedition will be available to the public in early summer 2002.

In January 2002, the Company began outsourcing production of product for its North American customers to a supplier plant in Chihuahua, Mexico. The supplier is an affiliate of Big Beaver Investments LLC (one of the Company's two major shareholders). A significant cost reduction was achieved by the outsourcing of production to this plant. The Company anticipates the first shipments from this supplier plant in March 2002.

On February 12, 2002, the Class A warrants to purchase 1,993,264 shares of Common Stock (Note 11) expired without any being exercised and, as a result, the contingent warrants issued by the Company are no longer exercisable as these contingent warrants were only exercisable to the extent that the Class A Warrants were exercised.

On February 25, 2002, the Company completed the sale of 4,333,368 shares of Common Stock and warrants to purchase 2,166,684 shares of Common Stock in a Private Placement (the "2002 Private Placement") to selected institutional and accredited investors, resulting in total proceeds of \$6,500,052, less issuance costs of \$652,000. The \$6,500,052 excludes \$2,580,903 of a bridge loan and accrued interest (Note 7), which was exchanged by Big Beaver, the lender of the bridge loan, for 1,720,602 shares of Common Stock and warrants to

purchase 860,301 shares of Common Stock. As partial compensation for service rendered in the Private Placement, Roth Capital Partners, LLC, was granted a warrant to purchase up to 550,005 shares of the Company's Common Stock at \$2.00 per share. The value of such warrant of \$985,000 was determined using the Black-Scholes model and will be recorded as a non-cash offering cost to paid in capital. The pro forma effect of the 2002 Private Placement is reflected in the Company's consolidated financial statements. The warrants issued in the private placement have an exercise price of \$2.00 per share and expire on February 25, 2007. The expiration date of the warrants may be extended if the Company fails to maintain the effectiveness of a registration statement to be filed with the Securities and Exchange Commission in accordance with the terms of a registration rights agreement with the investors.

Upon completion of the 2002 Private Placement:

- . a "change of ownership" under applicable federal tax statutes and regulations may have occurred, potentially subjecting approximately \$18.8 million of the Company's current net operating losses (Note 5) to annual limitations against income in future periods; and
- . the number of shares of Common Stock issuable upon exercise, and the exercise price, of the warrant (Note 11) issued in conjunction with the 2000 Bridge Loan (Note 7) were adjusted to 166,667 and \$1.50, respectively.

Note 19 -- Unaudited Pro Forma Balance Sheet Information

The consolidated unaudited pro forma balance sheet reflects the completion of the 2002 Private Placement as if this transaction, as discussed in Note 18, had occurred on December 31, 2001. If the 2002 Private Placement had occurred on December 31, 2001, the basic and diluted net loss per share would have been \$0.48.

AMERIGON INCORPORATED

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS

For the Years Ended December 31, 2001, 2000 and 1999

(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, 1999.....	101	16	--	(59)	58
Year Ended December 31, 2000.....	58	--	--	(3)	55
Year Ended December 31, 2001.....	55	--	--	(5)	50
Allowance for Inventory					
Year Ended December 31, 1999.....	100	121	--	(101)	120
Year Ended December 31, 2000.....	120	60	--	(12)	168
Year Ended December 31, 2001.....	168	--	(168)	--	--
Allowance for Deferred Income Tax Assets					
Year Ended December 31, 1999.....	13,067	2,872	--	--	15,939
Year Ended December 31, 2000.....	15,939	4,398	--	--	20,337
Year Ended December 31, 2001.....	20,337	2,754	--	--	23,091

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of  
Amerigon Incorporated

In our opinion, the consolidated financial statements listed in the index appearing under Item 14(a)(1) on page 22 present fairly, in all material respects, the financial position of Amerigon Incorporated at December 31, 2001 and 2000, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 14(a)(2) on page 22 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, 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 our opinion.

PRICEWATERHOUSECOOPERS LLP

Orange County, California  
March 20, 2002

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/ Oscar B. Marx III \_\_\_\_\_  
 Oscar B. Marx III  
 Chief Executive Officer

March 22, 2002

\_\_\_\_\_  
 (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.

Each person whose signature appears below hereby authorizes Oscar B. Marx III and Sandra L. Grouf, or any of them, as attorneys-in-fact to sign on his or her behalf, individually, and in each capacity stated below, and to file all amendments and/or supplements to this Annual Report on Form 10-K.

Signature -----	Capacity -----	Date ----
/s/ Oscar B. Marx, III _____ Oscar B. Marx, III	Chief Executive Officer and Director (Principal Executive Officer)	March 22, 2002
/s/ Sandra L. Grouf _____ Sandra L. Grouf	Chief Financial Officer, Treasurer and Secretary (Principal Financial Officer and Principal Accounting Officer)	March 22, 2002
/s/ Lon E. Bell _____ Lon E. Bell	Director	March 22, 2002
/s/ Francois J. Castaing _____ Francois J. Castaing	Director	March 22, 2002
/s/ John W. Clark _____ John W. Clark	Director	March 22, 2002
/s/ Paul Oster _____ Paul Oster	Director	March 22, 2002
/s/ James J. Paulsen _____ James J. Paulsen	Director	March 22, 2002

CERTIFICATE OF AMENDMENT  
OF  
AMENDED AND RESTATED  
ARTICLES OF INCORPORATION  
OF  
AMERIGON INCORPORATED

Richard A. Weisbart and Sandra L. Grouf 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. Paragraph (1) of Article III of the Corporation's Amended and Restated Articles of Incorporation is amended to read as follows:

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

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

"[Intentionally Deleted]"

4. On the effective date of the filing of this Amendment to the Amended and Restated Articles of Incorporation (the "Effective Date"), the Class B Stock will be eliminated and the Class A Common Stock will be renamed Common Stock. There shall be no effect on the outstanding shares.

5. The foregoing amendments of the Amended and Restated Articles of Incorporation have been duly approved by the Board of Directors of the Corporation.

6. The Corporation has only shares of Class A Common Stock and Series A Preferred 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 1,914,089 shares of Class A Common Stock, no shares of Class B Common Stock, and 9,000 shares of Series A Preferred Stock; 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 May 26, 2000.

-----  
Richard A. Weisbart

-----  
Sandra L. Grouf



Number  
LU-

COMMON STOCK

SHARES

AMERIGON  
-----  
INCORPORATED UNDER THE LAWS OF THE STATE OF  
CALIFORNIA

-----  
SEE REVERSE FOR CERTAIN  
DEFINITIONS

CUSIP 03070L 30 0

This Certifies that

is the recordholder of

FULLY PAID AND NON ASSESSABLE SHARES OF THE COMMON STOCK,  
WITHOUT PAR VALUE, OF

Amerigon Incorporated, transferable only on the books of the Corporation by the  
Holder hereof in person or by duly authorized attorney upon surrender of this  
certificate properly endorsed. This certificate is not valid unless  
countersigned and registered by the Transfer Agent and Registrar.

Witness the Facsimile seal of the Corporation and the facsimile signatures  
of its duly authorized officers.

Dated

/s/ Sandra L. Grouf  
SECRETARY

[SEAL]

/s/ O. B. Marx III  
CHIEF EXECUTIVE OFFICER

Countersigned and registered:  
U.S. Stock Transfer Corporation  
(Glendale, CA)  
Transfer Agent and Registrar

By:  
Authorized Signature

A statement of the rights, preferences and restrictions granted to or imposed upon each class of shares authorized to be issued and upon the holders thereof may be obtained by shareholders, upon request and without charge, from the Corporation at its principal executive office or from the Transfer Agent.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common	UNIF GIFT MIN ACT - _____ Custodian _____ (Cust) (Minor)
TEN ENT - as tenants by the entireties	under Uniform Gifts to Minors
JT TEN - as joint tenants with right of survivorship and not as tenants in common	Act _____ (State)
COM PROP - as community property	UNIF TRF MIN ACT - _____ Custodian (until age _____) (Cust)
	_____ under Uniform Transfers (Minor)
	to Minors Act _____ (State)

Additional abbreviations may also be used though not in the above list.

For Value Received, \_\_\_\_\_ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER  
IDENTIFYING NUMBER OF ASSIGNEE  
- -----  
- -----

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

\_\_\_\_\_ Shares  
of the Common Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

\_\_\_\_\_ Attorney  
to transfer the said Stock on the books of the within named Corporation with full power of substitution in the premises.

Dated \_\_\_\_\_

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS  
WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION  
OR ENLARGEMENT OR ANY CHANGE WHATEVER.

Signature(s) Guaranteed:

By

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION.  
(BANKS, STOCK BROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH  
MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM). PURSUANT TO  
S.E.C. RULE 17 Ad-15.

SECOND AMENDED AND RESTATED  
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

SECOND AMENDED AND RESTATED  
WARRANT TO PURCHASE COMMON STOCK

This Second Amended and Restated Warrant (this "Warrant") represents and certifies that, for value received, Big Beaver Investments LLC, a Delaware limited liability company (the "Holder"), is entitled to subscribe for and purchase three hundred twenty six thousand eighty seven (326,087) shares (subject to adjustment from time to time pursuant to the provisions of Section 4 hereof) of fully paid and nonassessable Common Stock of Amerigon Incorporated, a California corporation (the "Company"), at \$1.15 per shares (the "Exercise Price"). The number of shares purchasable upon exercise of this Warrant and the Exercise Price shall be subject to adjustment from time to time as described in Section 4 hereof.

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

1. TERM OF WARRANT.

The purchase right represented by this Warrant is exercisable, in whole or in part, at any time during a period beginning on the effective date of this Warrant (as set forth in the last paragraph of this Warrant) and ending five (5) years after such date (the "Warrant Term").

2. METHOD OF EXERCISE; PAYMENT; ISSUANCE OF NEW WARRANT.

a. 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 Exercise 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, a certificate or certificates for the shares of stock so purchased shall be delivered to the Holder within fifteen (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 fifteen (15) business day period.

3. STOCK FULLY PAID; RESERVATION OF SHARES.

All 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 liens, charges and United States taxes 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 Common Stock to provide for the exercise of the rights represented by this Warrant.

4. ADJUSTMENT OF PURCHASE PRICE AND NUMBER OF SHARES.

a. 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 Common Stock pursuant to a stock split or similar event, the Exercise 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 Common Stock into a smaller number of shares in a reverse stock split or similar event, the Exercise Price shall be proportionately increased. Upon the adjustment of the Exercise Price pursuant to the foregoing provisions, the number of shares of 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 Exercise Price immediately prior to such adjustment and the denominator of which is the Exercise Price immediately after such adjustment. Any adjustment under this subsection (a) shall be effective at the close of business on the date the subdivision or combination becomes effective.

b. 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 Common Stock entitled to receive a dividend or other distribution payable in additional shares of Common Stock, then and in each such event the number of shares of Common Stock subject to this Warrant shall be increased and the Exercise 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 Exercise Price then in effect by a fraction (A) the numerator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (B) the denominator of which shall be the total number of shares of 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 Common Stock issuable in payment of such dividend or distribution; and

(ii) multiplying the number of shares of Common Stock subject to the Warrant by a fraction (A) the numerator of which is the total number of shares of 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 Common Stock issuable in payment of such dividend or distribution, and (B) the denominator of which shall be the total number of shares of 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 Common Stock subject to the Warrant and the Exercise 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 (b) as of the time of actual payment of such dividends or distributions.

c. 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 Common Stock, or

(ii) changes any 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 4), or

(iii) effects a capital reorganization of the Common Stock (other than a recapitalization, subdivision, combination, reclassification or exchange of shares provided for elsewhere in this Section 4) or merger or consolidation of the Company with or into another corporation or entity, 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 the Holder is or would be entitled by reason of its ownership of the shares underlying this Warrant shall be immediately subject to this Warrant and be included in the shares underlying this Warrant for all purposes hereunder. After each such event, the Exercise Price per share shall be proportionately adjusted so that the aggregate Exercise Price upon exercise of this Warrant shall remain the same as before such event.

#### 5. NOTICE OF ADJUSTMENTS.

Whenever any Exercise Price shall be adjusted pursuant to Section 4 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 Exercise 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 8(c) hereof, or at such other address as may be provided to the Company in writing by the Holder of this Warrant.

6. FRACTIONAL SHARES.

No fractional shares of 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 Exercise Price then in effect.

7. COMPLIANCE WITH SECURITIES ACT.

The Holder of this Warrant, by acceptance hereof, agrees that this Warrant and the shares of 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 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 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."

8. 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 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.

e. PRIOR WARRANT SUPERCEDED. Upon due execution of this Warrant by the Company, receipt of this Warrant by the Holder and, effectiveness of this Warrant in accordance with the next paragraph of this Warrant, this Warrant shall supercede and replace the Amended and Restated Bridge Loan Warrant dated December 1, 2001, which prior warrant shall be terminated.

[Signature Page Follows]

This Second Amended and Restated Bridge Loan Warrant is effective as of the closing of the sale of shares and warrants to purchase shares of the Company pursuant to that certain Purchase Agreement dated February 12, 2002 by and among the Company and Special Situations Fund III, L.P., Special Situation Funds Cayman Fund, L.P., Special Situations Private Equity Fund, L.P. and Special Situations Technology Fund, L.P.

AMERIGON INCORPORATED, a California corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Agreed and Acknowledged:

Big Beaver Investments, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



NOTICE OF EXERCISE  
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TO: AMERIGON INCORPORATED

1. Check Box that Applies:

The undersigned hereby elects to purchase \_\_\_\_\_ shares of  
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.

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

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(Name)

-----  
-----  
(Address)

3. The undersigned represents that the aforesaid shares of 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.

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Signature



Section 3. Exercise of Warrant. Subject to the provisions hereof, the

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Warrantholder may exercise this Warrant in whole or in part at any time upon surrender of the Warrant, together with delivery of the duly executed Warrant exercise form attached hereto as Appendix A (the "Exercise Agreement") and payment by cash, certified check or wire transfer of funds for the aggregate Warrant Price for that number of Warrant Shares then being purchased, to the Company during normal business hours on any business day at the Company's principal executive offices (or such other office or agency of the Company as it may designate by notice to the holder hereof). The Warrant Shares so purchased shall be deemed to be issued to the holder hereof or such holder's designee, as the record owner of such shares, as of the close of business on the date on which this Warrant shall have been surrendered (or evidence of loss, theft or destruction thereof and security or indemnity satisfactory to the Company), the Warrant Price shall have been paid and the completed Exercise Agreement shall have been delivered. Certificates for the Warrant Shares so purchased, representing the aggregate number of shares specified in the Exercise Agreement, shall be delivered to the holder hereof within a reasonable time, not exceeding three (3) business days, after this Warrant shall have been so exercised. The certificates so delivered shall be in such denominations as may be requested by the holder hereof and shall be registered in the name of such holder or such other name as shall be designated by such holder. If this Warrant shall have been exercised only in part, then, unless this Warrant has expired, the Company shall, at its expense, at the time of delivery of such certificates, deliver to the holder a new Warrant representing the number of shares with respect to which this Warrant shall not then have been exercised. As used herein, "business day" means a day, other than a Saturday or Sunday, on which banks in New York City are open for the general transaction of business. Each exercise hereof shall constitute the re-affirmation by the Warrantholder that the representations and warranties contained in Sections 5.3, 5.4, 5.5, 5.6, 5.7, 5.8 and 5.9 of the Purchase Agreement (as defined below) are true and correct in all material respects with respect to the Warrantholder as of the time of such exercise.

Section 4. Compliance with the Securities Act of 1933. The Company may

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cause the legend set forth on the first page of this Warrant to be set forth on each Warrant or similar legend on any security issued or issuable upon exercise of this Warrant, unless counsel for the Company is of the opinion as to any such security that such legend is unnecessary.

Section 5. Payment of Taxes. The Company will pay any documentary stamp

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taxes attributable to the initial issuance of Warrant Shares issuable upon the exercise of the Warrant; provided, however, that the Company shall not be required to pay any tax or taxes which may be payable in respect of any transfer involved in the issuance or delivery of any certificates for Warrant Shares in a name other than that of the registered holder of this Warrant in respect of which such shares are issued, and in such case, the Company shall not be required to issue or deliver any certificate for Warrant Shares or any Warrant until the person requesting the same has paid to the Company the amount of such tax or has established to the Company's reasonable satisfaction that such tax has been paid. The holder shall be responsible for income and gift taxes due under federal, state or other law, if any such tax is due.

Section 6. Mutilated or Missing Warrants. In case this Warrant shall be

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mutilated, lost, stolen, or destroyed, the Company shall issue in exchange and substitution of and upon

cancellation of the mutilated Warrant, or in lieu of and substitution for the Warrant lost, stolen or destroyed, a new Warrant of like tenor and for the purchase of a like number of Warrant Shares, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction of the Warrant, and with respect to a lost, stolen or destroyed Warrant, reasonable indemnity or bond with respect thereto, if requested by the Company.

Section 7. Reservation of Common Stock. The Company hereby represents and

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warrants that there have been reserved, and the Company shall at all applicable times keep reserved until issued (if necessary) as contemplated by this Section 7, out of the authorized and unissued shares of Common Stock, sufficient shares to provide for the exercise of the rights of purchase represented by this Warrant. The Company agrees that all Warrant Shares issued upon exercise of the Warrant shall be, at the time of delivery of the certificates for such Warrant Shares upon the due exercise of this Warrant, duly authorized, validly issued, fully paid and non-assessable shares of Common Stock of the Company.

Section 8. Adjustments. Subject and pursuant to the provisions of this

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Section 8, the Warrant Price and number of Warrant Shares subject to this Warrant shall be subject to adjustment from time to time as set forth hereinafter.

(a) If the Company shall, at any time or from time to time while this Warrant is outstanding, pay a dividend or make a distribution on its Common Stock in shares of Common Stock, subdivide its outstanding shares of Common Stock into a greater number of shares or combine its outstanding shares of Common Stock into a smaller number of shares or issue by reclassification of its outstanding shares of Common Stock any shares of its capital stock (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing corporation), then the number of Warrant Shares purchasable upon exercise of the Warrant and the Warrant Price in effect immediately prior to the date upon which such change shall become effective, shall be adjusted by the Company so that the Warrantholder thereafter exercising the Warrant shall be entitled to receive the number of shares of Common Stock or other capital stock which the Warrantholder would have received if the Warrant had been exercised immediately prior to such event upon payment of a Warrant Price that has been adjusted to reflect a fair allocation of the economics of such event to the Warrantholder. Such adjustments shall be made successively whenever any event listed above shall occur.

(b) If any capital reorganization, reclassification of the capital stock of the Company, consolidation or merger of the Company with another corporation in which the Company is not the survivor, or sale, transfer or other disposition of all or substantially all of the Company's assets to another corporation shall be effected, then, as a condition of such reorganization, reclassification, consolidation, merger, sale, transfer or other disposition, lawful and adequate provision shall be made whereby each Warrantholder shall thereafter have the right to purchase and receive upon the basis and upon the terms and conditions herein specified and in lieu of the Warrant Shares immediately theretofore issuable upon exercise of the Warrant, such shares of stock, securities or assets (including cash) as would have been issuable or payable with respect to or in exchange for a number of Warrant Shares equal to the number of Warrant Shares immediately theretofore issuable upon exercise of the Warrant, had such reorganization,

reclassification, consolidation, merger, sale, transfer or other disposition not taken place, and in any such case appropriate provision shall be made with respect to the rights and interests of each Warrantholder to the end that the provisions hereof (including, without limitation, provision for adjustment of the Warrant Price) shall thereafter be applicable, as nearly equivalent as may be practicable in relation to any shares of stock, securities or assets (including cash) thereafter deliverable upon the exercise thereof. The Company shall not effect any such consolidation, merger, sale, transfer or other disposition unless prior to or simultaneously with the consummation thereof the successor corporation (if other than the Company) resulting from such consolidation or merger, or the corporation purchasing or otherwise acquiring such assets or other appropriate corporation or entity shall assume the obligation to deliver to the holder of the Warrant such shares of stock, securities or assets as, in accordance with the foregoing provisions, such holder may be entitled to purchase, and the other obligations under this Warrant. The provisions of this paragraph (b) shall similarly apply to successive reorganizations, reclassifications, consolidations, mergers, sales, transfers or other dispositions.

(c) In case the Company shall fix a payment date for the making of a distribution to all holders of Common Stock (including any such distribution made in connection with a consolidation or merger in which the Company is the continuing corporation) of evidences of indebtedness or assets (other than (i) cash dividends or cash distributions payable out of consolidated earnings or earned surplus, (ii) dividends or distributions referred to in Section 8(a), or (iii) distributions of the assets or equity interests of BSST LLC, a Delaware limited liability company (or its successor in interest)), or subscription rights or warrants, the Warrant Price to be in effect after such payment date shall be determined by multiplying the Warrant Price in effect immediately prior to such payment date by a fraction, the numerator of which shall be the total number of shares of Common Stock outstanding multiplied by the Market Price (as defined below) per share of Common Stock immediately prior to such payment date, less the fair market value (as determined by the Company's Board of Directors in good faith) of said assets or evidences of indebtedness so distributed, or of such subscription rights or warrants, and the denominator of which shall be the total number of shares of Common Stock outstanding multiplied by such Market Price per share of Common Stock immediately prior to such payment date. "Market Price" as of a particular date (the "Valuation Date") shall mean the following: (a) if the Common Stock is then listed on a national stock exchange, the closing sale price of one share of Common Stock on such exchange on the last trading day prior to the Valuation Date; (b) if the Common Stock is then quoted on the NASDAQ Stock Market, Inc. National Market System or SmallCap Market System ("Nasdaq"), the closing sale price of one share of Common Stock on Nasdaq on the last trading day prior to the Valuation Date or, if no such closing sale price is available, the average of the high bid and the low asked price quoted on Nasdaq on the last trading day prior to the Valuation Date; or (c) if the Common Stock is not then listed on a national stock exchange or quoted on Nasdaq, the Fair Market Value of one share of Common Stock as of the Valuation Date, shall be determined in good faith by the Board of Directors of the Company and the Warrantholder. The Board of Directors of the Company shall respond promptly, in writing, to an inquiry by the Warrantholder prior to the exercise hereunder as to the Market Value of a share of Common Stock as determined by the Board of Directors of the Company. In the event that the Board of Directors of the Company and the Warrantholder are unable to agree upon the Market Value in respect of subpart (c) hereof, the Company and the

Warrantholder shall jointly select an appraiser, who is experienced in such matters. The decision of such appraiser shall be final and conclusive, and the cost of such appraiser shall be borne evenly by the Company and the Warrantholder. Such adjustment shall be made successively whenever such a payment date is fixed.

(d) For the term of this Warrant, in addition to the provisions contained above, the Warrant Price shall be subject to adjustment as provided below. An adjustment to the Warrant Price shall become effective immediately after the payment date in the case of each dividend or distribution and immediately after the effective date of each other event which requires an adjustment.

(e) In the event that, as a result of an adjustment made pursuant to this Section 8, the holder of this Warrant shall become entitled to receive any shares of capital stock of the Company other than shares of Common Stock, the number of such other shares so receivable upon exercise of this Warrant shall be subject thereafter to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Warrant Shares contained in this Warrant.

(f) Except as provided in subsection (g) hereof, if and whenever the Company shall issue or sell, or is, in accordance with any of subsections (f)(1) through (f)(6) hereof, deemed to have issued or sold, any shares of Common Stock for a consideration per share less than the Warrant Price in effect immediately prior to the time of such issue or sale, then and in each such case (a "Trigger Issuance") the then-existing Warrant Price, shall be reduced, as of the close of business on the effective date of the Trigger Issuance, to a price determined as follows:

$$\text{Adjusted Warrant Price} = \frac{(A \times B) + D}{A+C}$$

where

"A" equals the number of shares of Common Stock outstanding, including Additional Shares (as defined below) deemed to be issued hereunder (whether deemed to be issued prior to, on or after the date hereof), immediately preceding such Trigger Issuance;

"B" equals the Warrant Price in effect immediately preceding such Trigger Issuance;

"C" equals the number of Additional Shares of Common Stock issued or deemed issued hereunder as a result of the Trigger Issuance; and

"D" equals the aggregate consideration, if any, received or deemed to be received by the Company upon such Trigger Issuance;

provided, however, that in no event shall the Warrant Price after giving effect to such Trigger Issuance be greater than the Warrant Price in effect prior to such Trigger Issuance.

For purposes of this subsection (f), "Additional Shares of Common Stock" shall mean all shares of Common Stock issued by the Company or deemed to be issued pursuant to this subsection (f), other than Excluded Issuances (as defined in subsection (g) hereof).

For purposes of this subsection (f), the following subsections (f)(1) to (f)(6) shall also be applicable (subject, in each such case, to the provisions of subsection (g) hereof) and to each other subsection contained in this subsection (f):

(f)(1) Issuance of Rights or Options. In case at any time the Company shall in any manner grant (directly and not by assumption in a merger or otherwise) any warrants or other rights to subscribe for or to purchase, or any options for the purchase of, Common Stock or any stock or security convertible into or exchangeable for Common Stock (such warrants, rights or options being called "Options" and such convertible or exchangeable stock or securities being called "Convertible Securities") whether or not such Options or the right to convert or exchange any such Convertible Securities are immediately exercisable, and the price per share for which Common Stock is issuable upon the exercise of such Options or upon the conversion or exchange of such Convertible Securities (determined by dividing (i) the sum (which sum shall constitute the applicable consideration) of (x) the total amount, if any, received or receivable by the Company as consideration for the granting of such Options, plus (y) the aggregate amount of additional consideration payable to the Company upon the exercise of all such Options, plus (z), in the case of such Options which relate to Convertible Securities, the aggregate amount of additional consideration, if any, payable upon the issue or sale of such Convertible Securities and upon the conversion or exchange thereof, by (ii) the total maximum number of shares of Common Stock issuable upon the exercise of such Options or upon the conversion or exchange of all such Convertible Securities issuable upon the exercise of such Options) shall be less than the Warrant Price in effect immediately prior to the time of the granting of such Options, then the total number of shares of Common Stock issuable upon the exercise of such Options or upon conversion or exchange of the total amount of such Convertible Securities issuable upon the exercise of such Options shall be deemed to have been issued for such price per share as of the date of granting of such Options or the issuance of such Convertible Securities and thereafter shall be deemed to be outstanding for purposes of adjusting the Warrant Price. Except as otherwise provided in subsection 8(f)(3), no adjustment of the Warrant Price shall be made upon the actual issue of such Common Stock or of such Convertible Securities upon exercise of such Options or upon the actual issue of such Common Stock upon conversion or exchange of such Convertible Securities.

(f) (2) Issuance of Convertible Securities. In case the Company shall in any manner issue (directly and not by assumption in a merger or otherwise) or sell any Convertible Securities, whether or not the rights to exchange or convert any such Convertible Securities are immediately exercisable, and the price per share for which Common Stock is issuable upon such conversion or exchange (determined by dividing (i) the sum (which sum shall constitute the applicable consideration) of (x) the total amount received or receivable by the Company as consideration for the issue or sale of such Convertible Securities, plus (y) the aggregate amount of additional consideration, if any, payable to the Company upon the conversion or exchange thereof, by (ii) the total number of shares of Common Stock issuable upon the conversion or exchange of all such Convertible Securities) shall be less than the Warrant Price in effect immediately prior to the time of such issue or sale, then the total maximum number of shares of Common Stock issuable upon conversion or exchange of all such Convertible Securities shall be deemed to have been issued for such price per share as of the date of the issue or sale of such Convertible Securities and thereafter shall be deemed to be outstanding for purposes of adjusting the Warrant Price, provided that (a) except as otherwise provided in subsection 8(f) (3), no adjustment of the Warrant Price shall be made upon the actual issuance of such Common Stock upon conversion or exchange of such Convertible Securities and (b) no further adjustment of the Warrant Price shall be made by reason of the issue or sale of Convertible Securities upon exercise of any Options to purchase any such Convertible Securities for which adjustments of the Warrant Price have been made pursuant to the other provisions of subsection 8(f).

(f) (3) Change in Option Price or Conversion Rate. Upon the happening of any of the following events, namely, if the purchase price provided for in any Option referred to in subsection 8(f) (1) hereof, the additional consideration, if any, payable upon the conversion or exchange of any Convertible Securities referred to in subsections 8(f) (1) or 8(f) (2), or the rate at which Convertible Securities referred to in subsections 8(f) (1) or 8(f) (2) are convertible into or exchangeable for Common Stock shall change at any time (including, but not limited to, changes under or by reason of provisions designed to protect against dilution), the Warrant Price in effect at the time of such event shall forthwith be readjusted to the Warrant Price which would have been in effect at such time had such Options or Convertible Securities still outstanding provided for such changed purchase price, additional consideration or conversion rate, as the case may be, at the time initially granted, issued or sold. On the termination of any Option for which any adjustment was made pursuant to this subsection 8(f) or any right to convert or exchange Convertible Securities for which any adjustment was made pursuant to this subsection 8(f) (including without limitation upon the redemption or purchase for consideration of Convertible Securities by the Company), the Warrant Price then in effect hereunder shall forthwith be changed to the Warrant Price which would have been in effect at the time of such termination had such Option or Convertible Securities, to the extent outstanding immediately prior to such termination, never been issued.



(f) (4) Consideration for Stock. In case any shares of Common Stock, Options or Convertible Securities shall be issued or sold for cash, the consideration received therefor shall be deemed to be the cash amount received by the Company therefor, without deduction therefrom of any expenses incurred or any underwriting commissions or concessions paid or allowed by the Company in connection therewith. In case any shares of Common Stock, Options or Convertible Securities shall be issued or sold for a consideration other than cash, the amount of the consideration other than cash received by the Company shall be deemed to be the fair value of such consideration as determined in good faith by the Board of Directors of the Company, after deduction of any expenses incurred or any underwriting commissions or concessions paid or allowed by the Company in connection therewith. In case any Options shall be issued in connection with the issue and sale of other securities of the Company, together comprising one integral transaction in which no specific consideration is allocated to such Options by the parties thereto, such Options shall be deemed to have been issued for such consideration as determined in good faith by the Board of Directors of the Company.

(f) (5) Record Date. In case the Company shall take a record of the holders of its Common Stock for the purpose of entitling them (i) to receive a dividend or other distribution payable in Common Stock, Options or Convertible Securities or (ii) to subscribe for or purchase Common Stock, Options or Convertible Securities, then such record date shall be deemed to be the date of the issue or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

(f) (6) Treasury Shares. The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Company or any of its wholly-owned subsidiaries, and the disposition of any such shares (other than the cancellation or retirement thereof) shall be considered an issue or sale of Common Stock for the purpose of this subsection (f).

(g) Anything herein to the contrary notwithstanding, the Company shall not be required to make any adjustment of the Warrant Price in the case of the issuance of (A) capital stock, Options or Convertible Securities issued to directors, officers, employees or consultants of the Company in connection with their service as directors of the Company, their employment by the Company or their retention as consultants by the Company pursuant to an equity compensation program approved by the Board of Directors or the shareholders of the Company, (B) shares of Common Stock upon the conversion or exercise of Options or Convertible Securities issued prior to the date hereof, (C) shares of Common Stock and Convertible Securities issued to Big Beaver Investments, LLC pursuant to the terms of the Exchange Agreement, dated February 12, 2002, and shares of Common Stock issuable upon the exercise or

conversion of such Convertible Securities in accordance with their terms, (D) Convertible Securities issued to Roth Capital in payment of the placement agency fees as disclosed in the Purchase Agreement; and shares of Common Stock issuable upon the exercise or conversion of such Convertible Securities in accordance with their terms, and (E) shares of Common Stock issued or issuable by reason of a dividend, stock split or other distribution on the Common Stock (but only to the extent that such a dividend, split or distribution results in an adjustment in the Warrant Price pursuant to the other provisions of this Warrant) (collectively, "Excluded Issuances").

Section 9. Fractional Interest. The Company shall not be required to issue  
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fractions of Warrant Shares upon the exercise of the Warrant. If any fractional share of Common Stock would, except for the provisions of the first sentence of this Section 9, be delivered upon such exercise, the Company, in lieu of delivering such fractional share, shall pay to the exercising holder of this Warrant an amount in cash equal to the Fair Market Value of such fractional share of Common Stock on the date of exercise. As used in this Warrant, "Fair Market Value" of a share of Common Stock as of a particular date (the "Valuation Date") shall mean the following: (a) if the Common Stock is then listed on a national stock exchange, the closing sale price of one share of Common Stock on such exchange on the last trading day prior to the Valuation Date; (b) if the Common Stock is then quoted on Nasdaq, the closing sale price of one share of Common Stock on Nasdaq on the last trading day prior to the Valuation Date or, if no such closing sale price is available, the average of the high bid and the low sales price quoted on Nasdaq on the last trading day prior to the Valuation Date; or (c) if the Common Stock is not then listed on a national stock exchange or quoted on Nasdaq, the Fair Market Value of one share of Common Stock as of the Valuation Date, shall be determined in good faith by the Board of Directors of the Company.

Section 10. Extension of Expiration Date. If the Company fails to cause any  
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Registration Statement covering Registrable Securities (unless otherwise defined herein, capitalized terms are as defined in the Registration Rights Agreement dated of even date herewith (the "Registration Rights Agreement")) to be declared effective prior to the applicable dates set forth therein and the Blackout Period (whether alone, or in combination with any other Blackout Period) continues for more than 60 days in any 12 month period, or for more than a total of 90 days, then the Expiration Date of this Warrant shall be extended one day for each day beyond the 60-day or 90-day limits, as the case may be, that the Blackout Period continues.

Section 11. Benefits. Nothing in this Warrant shall be construed to give  
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any person, firm or corporation (other than the Company and the Warrantholder) any legal or equitable right, remedy or claim, it being agreed that this Warrant shall be for the sole and exclusive benefit of the Company and the Warrantholder.

Section 12. Notices to Warrantholder. Upon the happening of any event  
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requiring an adjustment of the Warrant Price, the Company shall promptly give written notice thereof to the Warrantholder at the address appearing in the records of the Company, stating the adjusted Warrant Price and the adjusted number of Warrant Shares resulting from such event and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is

based. Failure to give such notice to the Warrantholder or any defect therein shall not affect the legality or validity of the subject adjustment.

Section 13. Identity of Transfer Agent. The Transfer Agent for the Common

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Stock is US Stock Transfer. Upon the appointment of any subsequent transfer agent for the Common Stock or other shares of the Company's capital stock issuable upon the exercise of the rights of purchase represented by the Warrant, the Company will mail to the Warrantholder a statement setting forth the name and address of such transfer agent.

Section 14. Notices. Unless otherwise provided, any notice required or

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permitted under this Warrant shall be given in writing and shall be deemed effectively given as hereinafter described (i) if given by personal delivery, then such notice shall be deemed given upon such delivery, (ii) if given by telex or telecopier, then such notice shall be deemed given upon receipt of confirmation of complete transmittal, (iii) if given by mail, then such notice shall be deemed given upon the earlier of (A) receipt of such notice by the recipient or (B) three days after such notice is deposited in first class mail, postage prepaid, and (iv) if given by an internationally recognized overnight air courier, then such notice shall be deemed given one day after delivery to such carrier. All notices shall be addressed as follows: (i) if to the Warrantholder, at its address as set forth in the Company's books and records and, if to the Company, at the address as follows, or at such other address as the Warrantholder or the Company may designate by ten days' advance written notice to the other:

If to the Company:

Amerigon Incorporated  
5462 Irwindale Avenue  
Irwindale, California 91706  
Attention: Chief Executive Officer  
Fax: 626.815.7441

With a copy to:

O'Melveny & Myers LLP  
400 South Hope Street  
Los Angeles, California 90071  
Attention: John A. Laco  
Fax: 213.430.6407

Section 15. Registration Rights. The initial holder of this Warrant is

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entitled to the benefit of certain registration rights with respect to the shares of Common Stock issuable upon the exercise of this Warrant as provided in the Registration Rights Agreement, and any subsequent holder hereof may be entitled to such rights.

Section 16. Successors. All the covenants and provisions hereof by or for

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the benefit of the Warrantholder shall bind and inure to the benefit of its respective successors and assigns hereunder.

Section 17. Governing Law. This Warrant shall be governed by, and construed

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in accordance with, the internal laws of the State of New York, without reference to the choice of law provisions thereof. The Company and, by accepting this Warrant, the Warrantholder, each irrevocably submits to the exclusive jurisdiction of the courts of the State of New York located in New York County and the United States District Court for the Southern District of New York for the purpose of any suit, action, proceeding or judgment relating to or arising out of this Warrant and the transactions contemplated hereby. Service of process in connection with any such suit, action or proceeding may be served on each party hereto anywhere in the world by the same methods as are specified for the giving of notices under this Warrant. The Company and, by accepting this Warrant, the Warrantholder, each irrevocably consents to the jurisdiction of any such court in any such suit, action or proceeding and to the laying of venue in such court. The Company and, by accepting this Warrant, the Warrantholder, each irrevocably waives any objection to the laying of venue of any such suit, action or proceeding brought in such courts and irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

Section 18. Call Provision. Notwithstanding any other provision contained

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herein to the contrary, in the event that the closing bid price of a share of Common Stock as traded on the Nasdaq (or such other exchange or stock market on which the Common Stock may then be listed or quoted) exceeds \$4.00 (appropriately adjusted for any stock split, reverse stock split, stock dividend or other reclassification or combination of the Common Stock occurring after the date hereof) for twenty (20) consecutive trading sessions and all of the shares of Common Stock issuable hereunder either (i) are registered pursuant to an effective Registration Statement (as defined in the Registration Rights Agreement) which is available for sales of such shares of Common Stock or (ii) no longer constitute Registrable Securities (as defined in the Registration Rights Agreement), the Company, upon thirty (30) days prior written notice (the "Notice Period") following such twenty (20) day period, to the Warrantholder, may call this Warrant, in whole but not in part, at a redemption price equal to \$0.01 per share of Common Stock then purchasable pursuant to this Warrant; provided, however, that the Company simultaneously redeems all Company Warrants (as defined in Section 20 below) on the same terms. Notwithstanding any such notice by the Company, the Warrantholder shall have the right to exercise this Warrant prior to the end of the Notice Period.

Section 19. No Rights as Stockholder. Prior to the exercise of this

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Warrant, the Warrantholder shall not have or exercise any rights as a stockholder of the Company by virtue of its ownership of this Warrant.

Section 20. Amendment; Waiver. This Warrant is one of a series of Warrants

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of like tenor issued by the Company pursuant to the Purchase Agreement, dated as of February 12, 2002, among the Company and the original holders of Warrants, except as to the number of shares of Common Stock subject thereto, and initially covering an aggregate of 1,833,350 shares

of Common Stock (collectively, the "Company Warrants"). Any term of this Warrant may be amended or waived (including the adjustment provisions included in Section 8 of this Warrant) upon the written consent of the Company and the holders of Company Warrants representing at least 50% of the number of shares of Common Stock then subject to outstanding Company Warrants (the "Majority Holders"); provided, that (x) any such amendment or waiver must apply to all

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Company Warrants; and (y) the number of Warrant Shares subject to this Warrant, the Warrant Price and the expiration date of this Warrant may not be amended, and the right to exercise this Warrant may not be altered or waived, without the written consent of the Warrantholder.

Section 21. Section Headings. The section heading in this Warrant are for

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the convenience of the Company and the Warrantholder and in no way alter, modify, amend, limit or restrict the provisions hereof.

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed, as of the 25(th) day of February, 2002.

AMERIGON INCORPORATED

By: \_\_\_\_\_

Name:

Title:

APPENDIX A  
AMERIGON INCORPORATED  
WARRANT EXERCISE FORM

To: Amerigon Incorporated

The undersigned hereby irrevocably elects to exercise the right of purchase represented by the within Warrant ("Warrant") for, and to purchase thereunder by the payment of the Warrant Price and surrender of the Warrant,

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shares of Common Stock ("Warrant Shares") provided for therein, and requests that certificates for the Warrant Shares be issued as follows:

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Name  
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Address  
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Federal Tax ID or Social Security No.

and delivered by (euro) certified mail to the above address, or  
(euro) electronically (provide DWAC  
Instructions: ), or  
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(euro) other (specify:  
).  
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and, if the number of Warrant Shares shall not be all the Warrant Shares purchasable upon exercise of the Warrant, that a new Warrant for the balance of the Warrant Shares purchasable upon exercise of this Warrant be registered in the name of the undersigned Warrantholder or the undersigned's Assignee as below indicated and delivered to the address stated below.

Dated: \_\_\_\_\_, \_\_\_\_\_

Note: The signature must correspond with

Signature: \_\_\_\_\_

the name of the registered holder as written on the first page of the Warrant in every particular, without alteration or enlargement or any change whatever, unless the Warrant has been assigned.

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Name (please print)

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Address

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Federal Identification or  
Social Security No.

Assignee:

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counsel to the effect that such transfer is exempt from the registration requirements of the Securities Act of 1933, to establish that such transfer is being made in accordance with the terms hereof, and a new Warrant shall be issued to the transferee and the surrendered Warrant shall be canceled by the Company.

Section 3. Exercise of Warrant. Subject to the provisions hereof, the  
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Warrantholder may exercise this Warrant in whole or in part at any time upon surrender of the Warrant, together with delivery of the duly executed Warrant exercise form attached hereto as Appendix A (the "Exercise Agreement") and payment by cash, certified check or wire transfer of funds for the aggregate Warrant Price for that number of Warrant Shares then being purchased, to the Company during normal business hours on any business day at the Company's principal executive offices (or such other office or agency of the Company as it may designate by notice to the holder hereof). The Warrant Shares so purchased shall be deemed to be issued to the holder hereof or such holder's designee, as the record owner of such shares, as of the close of business on the date on which this Warrant shall have been surrendered (or evidence of loss, theft or destruction thereof and security or indemnity satisfactory to the Company), the Warrant Price shall have been paid and the completed Exercise Agreement shall have been delivered. Certificates for the Warrant Shares so purchased, representing the aggregate number of shares specified in the Exercise Agreement, shall be delivered to the holder hereof within a reasonable time, not exceeding three (3) business days, after this Warrant shall have been so exercised. The certificates so delivered shall be in such denominations as may be requested by the holder hereof and shall be registered in the name of such holder or such other name as shall be designated by such holder. If this Warrant shall have been exercised only in part, then, unless this Warrant has expired, the Company shall, at its expense, at the time of delivery of such certificates, deliver to the holder a new Warrant representing the number of shares with respect to which this Warrant shall not then have been exercised. As used herein, "business day" means a day, other than a Saturday or Sunday, on which banks in New York City and California are open for the general transaction of business. Each exercise hereof shall constitute the re-affirmation by the Warrantholder that the representations and warranties contained in Sections 5.3, 5.4, 5.5, 5.6, 5.7, 5.8 and 5.9 of the Purchase Agreement (as defined below) are true and correct in all material respects with respect to the Warrantholder as of the time of such exercise.

Section 4. Compliance with the Securities Act of 1933. The Company may  
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cause the legend set forth on the first page of this Warrant to be set forth on each Warrant or similar legend on any security issued or issuable upon exercise of this Warrant, unless counsel for the Company is of the opinion as to any such security that such legend is unnecessary.

Section 5. Payment of Taxes. The Company will pay any documentary stamp  
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taxes attributable to the initial issuance of Warrant Shares issuable upon the exercise of the Warrant; provided, however, that the Company shall not be required to pay any tax or taxes which may be payable in respect of any transfer involved in the issuance or delivery of any certificates for Warrant Shares in a name other than that of the registered holder of this Warrant in respect of which such shares are issued, and in such case, the Company shall not be required to issue or deliver any certificate for Warrant Shares or any Warrant until the person requesting the same has paid to the Company the amount of such tax or has established to the Company's reasonable

satisfaction that such tax has been paid. The holder shall be responsible for income and gift taxes due under federal, state or other law, if any such tax is due.

Section 6. Mutilated or Missing Warrants. In case this Warrant shall be

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mutilated, lost, stolen, or destroyed, the Company shall issue in exchange and substitution of and upon cancellation of the mutilated Warrant, or in lieu of and substitution for the Warrant lost, stolen or destroyed, a new Warrant of like tenor and for the purchase of a like number of Warrant Shares, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction of the Warrant, and with respect to a lost, stolen or destroyed Warrant, reasonable indemnity or bond with respect thereto, if requested by the Company.

Section 7. Reservation of Common Stock. The Company hereby represents and

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warrants that there have been reserved, and the Company shall at all applicable times keep reserved until issued (if necessary) as contemplated by this Section 7, out of the authorized and unissued shares of Common Stock, sufficient shares to provide for the exercise of the rights of purchase represented by this Warrant. The Company agrees that all Warrant Shares issued upon exercise of the Warrant shall be, at the time of delivery of the certificates for such Warrant Shares upon the due exercise of this Warrant, duly authorized, validly issued, fully paid and non-assessable shares of Common Stock of the Company.

Section 8. Adjustments. Subject and pursuant to the provisions of this

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Section 8, the Warrant Price and number of Warrant Shares subject to this Warrant shall be subject to adjustment from time to time as set forth hereinafter.

(a) If the Company shall, at any time or from time to time while this Warrant is outstanding, pay a dividend or make a distribution on its Common Stock in shares of Common Stock, subdivide its outstanding shares of Common Stock into a greater number of shares or combine its outstanding shares of Common Stock into a smaller number of shares or issue by reclassification of its outstanding shares of Common Stock any shares of its capital stock (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing corporation), then the number of Warrant Shares purchasable upon exercise of the Warrant and the Warrant Price in effect immediately prior to the date upon which such change shall become effective, shall be adjusted by the Company so that the Warrantholder thereafter exercising the Warrant shall be entitled to receive the number of shares of Common Stock or other capital stock which the Warrantholder would have received if the Warrant had been exercised immediately prior to such event upon payment of a Warrant Price that has been adjusted to reflect a fair allocation of the economics of such event to the Warrantholder. Such adjustments shall be made successively whenever any event listed above shall occur.

(b) If any capital reorganization, reclassification of the capital stock of the Company, consolidation or merger of the Company with another corporation in which the Company is not the survivor, or sale, transfer or other disposition of all or substantially all of the Company's assets to another corporation shall be effected, then, as a condition of such reorganization, reclassification, consolidation, merger, sale, transfer or other disposition, lawful and adequate provision shall be made whereby each Warrantholder shall thereafter have the right

to purchase and receive upon the basis and upon the terms and conditions herein specified and in lieu of the Warrant Shares immediately theretofore issuable upon exercise of the Warrant, such shares of stock, securities or assets (including cash) as would have been issuable or payable with respect to or in exchange for a number of Warrant Shares equal to the number of Warrant Shares immediately theretofore issuable upon exercise of the Warrant, had such reorganization, reclassification, consolidation, merger, sale, transfer or other disposition not taken place, and in any such case appropriate provision shall be made with respect to the rights and interests of each Warrantholder to the end that the provisions hereof (including, without limitation, provision for adjustment of the Warrant Price) shall thereafter be applicable, as nearly equivalent as may be practicable in relation to any shares of stock, securities or assets (including cash) thereafter deliverable upon the exercise thereof. The Company shall not effect any such consolidation, merger, sale, transfer or other disposition unless prior to or simultaneously with the consummation thereof the successor corporation (if other than the Company) resulting from such consolidation or merger, or the corporation purchasing or otherwise acquiring such assets or other appropriate corporation or entity shall assume the obligation to deliver to the holder of the Warrant such shares of stock, securities or assets as, in accordance with the foregoing provisions, such holder may be entitled to purchase, and the other obligations under this Warrant. The provisions of this paragraph (b) shall similarly apply to successive reorganizations, reclassifications, consolidations, mergers, sales, transfers or other dispositions.

(c) In case the Company shall fix a payment date for the making of a distribution to all holders of Common Stock (including any such distribution made in connection with a consolidation or merger in which the Company is the continuing corporation) of evidences of indebtedness or assets (other than (i) cash dividends or cash distributions payable out of consolidated earnings or earned surplus, (ii) dividends or distributions referred to in Section 8(a), or (iii) distributions of the assets or equity interests of BSST LLC, a Delaware limited liability company (or its successor in interest)), or subscription rights or warrants, the Warrant Price to be in effect after such payment date shall be determined by multiplying the Warrant Price in effect immediately prior to such payment date by a fraction, the numerator of which shall be the total number of shares of Common Stock outstanding multiplied by the Market Price (as defined below) per share of Common Stock immediately prior to such payment date, less the fair market value (as determined by the Company's Board of Directors in good faith) of said assets or evidences of indebtedness so distributed, or of such subscription rights or warrants, and the denominator of which shall be the total number of shares of Common Stock outstanding multiplied by such Market Price per share of Common Stock immediately prior to such payment date. "Market Price" as of a particular date (the "Valuation Date") shall mean the following: (a) if the Common Stock is then listed on a national stock exchange, the closing sale price of one share of Common Stock on such exchange on the last trading day prior to the Valuation Date; (b) if the Common Stock is then quoted on the NASDAQ Stock Market, Inc. National Market System or SmallCap Market System ("Nasdaq"), the closing sale price of one share of Common Stock on Nasdaq on the last trading day prior to the Valuation Date or, if no such closing sale price is available, the average of the high bid and the low asked price quoted on Nasdaq on the last trading day prior to the Valuation Date; or (c) if the Common Stock is not then listed on a national stock exchange or quoted on Nasdaq, the Fair Market Value of one share of Common Stock as of the Valuation Date, shall be determined in good faith by the Board of Directors of the

Company and the Warrantholder. The Board of Directors of the Company shall respond promptly, in writing, to an inquiry by the Warrantholder prior to the exercise hereunder as to the Market Value of a share of Common Stock as determined by the Board of Directors of the Company. In the event that the Board of Directors of the Company and the Warrantholder are unable to agree upon the Market Value in respect of subpart (c) hereof, the Company and the Warrantholder shall jointly select an appraiser, who is experienced in such matters. The decision of such appraiser shall be final and conclusive, and the cost of such appraiser shall be borne evenly by the Company and the Warrantholder. Such adjustment shall be made successively whenever such a payment date is fixed.

(d) For the term of this Warrant, in addition to the provisions contained above, the Warrant Price shall be subject to adjustment as provided below. An adjustment to the Warrant Price shall become effective immediately after the payment date in the case of each dividend or distribution and immediately after the effective date of each other event which requires an adjustment.

(e) In the event that, as a result of an adjustment made pursuant to this Section 8, the holder of this Warrant shall become entitled to receive any shares of capital stock of the Company other than shares of Common Stock, the number of such other shares so receivable upon exercise of this Warrant shall be subject thereafter to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Warrant Shares contained in this Warrant.

(f) Except as provided in subsection (g) hereof, if and whenever the Company shall issue or sell, or is, in accordance with any of subsections (f)(1) through (f)(6) hereof, deemed to have issued or sold, any shares of Common Stock for a consideration per share less than the Warrant Price in effect immediately prior to the time of such issue or sale, then and in each such case (a "Trigger Issuance") the then-existing Warrant Price, shall be reduced, as of the close of business on the effective date of the Trigger Issuance, to a price determined as follows:

$$\text{Adjusted Warrant Price} = \frac{(A \times B) + D}{A+C}$$

where

"A" equals the number of shares of Common Stock outstanding, including Additional Shares (as defined below) deemed to be issued hereunder (whether deemed to be issued prior to, on or after the date hereof), immediately preceding such Trigger Issuance;

"B" equals the Warrant Price in effect immediately preceding such Trigger Issuance;

"C" equals the number of Additional Shares of Common Stock issued or deemed issued hereunder as a result of the Trigger Issuance; and

"D" equals the aggregate consideration, if any, received or deemed to be received by the Company upon such Trigger Issuance;

provided, however, that in no event shall the Warrant Price after giving effect to such Trigger Issuance be greater than the Warrant Price in effect prior to such Trigger Issuance.

For purposes of this subsection (f), "Additional Shares of Common Stock" shall mean all shares of Common Stock issued by the Company or deemed to be issued pursuant to this subsection (f), other than Excluded Issuances (as defined in subsection (g) hereof).

For purposes of this subsection (f), the following subsections (f) (1) to (f) (6) shall also be applicable (subject, in each such case, to the provisions of subsection (g) hereof) and to each other subsection contained in this subsection (f):

(f) (1) Issuance of Rights or Options. In case at any time the Company shall in any manner grant (directly and not by assumption in a merger or otherwise) any warrants or other rights to subscribe for or to purchase, or any options for the purchase of, Common Stock or any stock or security convertible into or exchangeable for Common Stock (such warrants, rights or options being called "Options" and such convertible or exchangeable stock or securities being called "Convertible Securities") whether or not such Options or the right to convert or exchange any such Convertible Securities are immediately exercisable, and the price per share for which Common Stock is issuable upon the exercise of such Options or upon the conversion or exchange of such Convertible Securities (determined by dividing (i) the sum (which sum shall constitute the applicable consideration) of (x) the total amount, if any, received or receivable by the Company as consideration for the granting of such Options, plus (y) the aggregate amount of additional consideration payable to the Company upon the exercise of all such Options, plus (z), in the case of such Options which relate to Convertible Securities, the aggregate amount of additional consideration, if any, payable upon the issue or sale of such Convertible Securities and upon the conversion or exchange thereof, by (ii) the total maximum number of shares of Common Stock issuable upon the exercise of such Options or upon the conversion or exchange of all such Convertible Securities issuable upon the exercise of such Options) shall be less than the Warrant Price in effect immediately prior to the time of the granting of such Options, then the total number of shares of Common Stock issuable upon the exercise of such Options or upon conversion or exchange of the total amount of such Convertible Securities issuable upon the exercise of such Options shall be deemed to have been issued for such price per share as of the date of granting of such Options or the issuance of such Convertible Securities and thereafter shall be deemed to be outstanding for purposes of adjusting the Warrant Price. Except as otherwise provided in subsection 8(f) (3), no adjustment of the Warrant Price shall be made upon the actual issue of such Common Stock

or of such Convertible Securities upon exercise of such Options or upon the actual issue of such Common Stock upon conversion or exchange of such Convertible Securities.

(f) (2) Issuance of Convertible Securities. In case the Company shall in any manner issue (directly and not by assumption in a merger or otherwise) or sell any Convertible Securities, whether or not the rights to exchange or convert any such Convertible Securities are immediately exercisable, and the price per share for which Common Stock is issuable upon such conversion or exchange (determined by dividing (i) the sum (which sum shall constitute the applicable consideration) of (x) the total amount received or receivable by the Company as consideration for the issue or sale of such Convertible Securities, plus (y) the aggregate amount of additional consideration, if any, payable to the Company upon the conversion or exchange thereof, by (ii) the total number of shares of Common Stock issuable upon the conversion or exchange of all such Convertible Securities) shall be less than the Warrant Price in effect immediately prior to the time of such issue or sale, then the total maximum number of shares of Common Stock issuable upon conversion or exchange of all such Convertible Securities shall be deemed to have been issued for such price per share as of the date of the issue or sale of such Convertible Securities and thereafter shall be deemed to be outstanding for purposes of adjusting the Warrant Price, provided that (a) except as otherwise provided in subsection 8(f) (3), no adjustment of the Warrant Price shall be made upon the actual issuance of such Common Stock upon conversion or exchange of such Convertible Securities and (b) no further adjustment of the Warrant Price shall be made by reason of the issue or sale of Convertible Securities upon exercise of any Options to purchase any such Convertible Securities for which adjustments of the Warrant Price have been made pursuant to the other provisions of subsection 8(f).

(f) (3) Change in Option Price or Conversion Rate. Upon the happening of any of the following events, namely, if the purchase price provided for in any Option referred to in subsection 8(f) (1) hereof, the additional consideration, if any, payable upon the conversion or exchange of any Convertible Securities referred to in subsections 8(f) (1) or 8(f) (2), or the rate at which Convertible Securities referred to in subsections 8(f) (1) or 8(f) (2) are convertible into or exchangeable for Common Stock shall change at any time (including, but not limited to, changes under or by reason of provisions designed to protect against dilution), the Warrant Price in effect at the time of such event shall forthwith be readjusted to the Warrant Price which would have been in effect at such time had such Options or Convertible Securities still outstanding provided for such changed purchase price, additional consideration or conversion rate, as the case may be, at the time initially granted, issued or sold. On the termination of any Option for which any adjustment was made pursuant to this subsection 8(f) or any right to convert or exchange Convertible Securities for which any adjustment was made pursuant to this subsection 8(f) (including without limitation upon the redemption or purchase for consideration of Convertible Securities by the Company), the Warrant Price

then in effect hereunder shall forthwith be changed to the Warrant Price which would have been in effect at the time of such termination had such Option or Convertible Securities, to the extent outstanding immediately prior to such termination, never been issued.

(f) (4) Consideration for Stock. In case any shares of Common Stock, Options or Convertible Securities shall be issued or sold for cash, the consideration received therefor shall be deemed to be the cash amount received by the Company therefor, without deduction therefrom of any expenses incurred or any underwriting commissions or concessions paid or allowed by the Company in connection therewith. In case any shares of Common Stock, Options or Convertible Securities shall be issued or sold for a consideration other than cash, the amount of the consideration other than cash received by the Company shall be deemed to be the fair value of such consideration as determined in good faith by the Board of Directors of the Company, after deduction of any expenses incurred or any underwriting commissions or concessions paid or allowed by the Company in connection therewith. In case any Options shall be issued in connection with the issue and sale of other securities of the Company, together comprising one integral transaction in which no specific consideration is allocated to such Options by the parties thereto, such Options shall be deemed to have been issued for such consideration as determined in good faith by the Board of Directors of the Company.

(f) (5) Record Date. In case the Company shall take a record of the holders of its Common Stock for the purpose of entitling them (i) to receive a dividend or other distribution payable in Common Stock, Options or Convertible Securities or (ii) to subscribe for or purchase Common Stock, Options or Convertible Securities, then such record date shall be deemed to be the date of the issue or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

(f) (6) Treasury Shares. The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Company or any of its wholly-owned subsidiaries, and the disposition of any such shares (other than the cancellation or retirement thereof) shall be considered an issue or sale of Common Stock for the purpose of this subsection (f).

(g) Anything herein to the contrary notwithstanding, the Company shall not be required to make any adjustment of the Warrant Price in the case of the issuance of (A) capital stock, Options or Convertible Securities issued to directors, officers, employees or consultants of the Company in connection with their service as directors of the Company, their employment by the Company or their retention as consultants by the Company pursuant to an equity compensation program approved by the Board of Directors or the shareholders of the Company,



(B) shares of Common Stock upon the conversion or exercise of Options or Convertible Securities issued prior to the date hereof, (C) shares of Common Stock and Convertible Securities issued to Big Beaver Investments, LLC pursuant to the terms of the Exchange Agreement, dated February 12, 2002, and shares of Common Stock issuable upon the exercise or conversion of such Convertible Securities in accordance with their terms, (D) Convertible Securities issued to Roth Capital in payment of the placement agency fees as disclosed in the Purchase Agreement; and shares of Common Stock issuable upon the exercise or conversion of such Convertible Securities in accordance with their terms, and (E) shares of Common Stock issued or issuable by reason of a dividend, stock split or other distribution on the Common Stock (but only to the extent that such a dividend, split or distribution results in an adjustment in the Warrant Price pursuant to the other provisions of this Warrant) (collectively, "Excluded Issuances").

Section 9. Fractional Interest. The Company shall not be required to issue

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fractions of Warrant Shares upon the exercise of the Warrant. If any fractional share of Common Stock would, except for the provisions of the first sentence of this Section 9, be delivered upon such exercise, the Company, in lieu of delivering such fractional share, shall pay to the exercising holder of this Warrant an amount in cash equal to the Fair Market Value of such fractional share of Common Stock on the date of exercise. As used in this Warrant, "Fair Market Value" of a share of Common Stock as of a particular date (the "Valuation Date") shall mean the following: (a) if the Common Stock is then listed on a national stock exchange, the closing sale price of one share of Common Stock on such exchange on the last trading day prior to the Valuation Date; (b) if the Common Stock is then quoted on Nasdaq, the closing sale price of one share of Common Stock on Nasdaq on the last trading day prior to the Valuation Date or, if no such closing sale price is available, the average of the high bid and the low sales price quoted on Nasdaq on the last trading day prior to the Valuation Date; or (c) if the Common Stock is not then listed on a national stock exchange or quoted on Nasdaq, the Fair Market Value of one share of Common Stock as of the Valuation Date, shall be determined in good faith by the Board of Directors of the Company.

Section 10. Extension of Expiration Date. If the Company fails to cause any

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Registration Statement covering Registrable Securities (unless otherwise defined herein, capitalized terms are as defined in the Registration Rights Agreement dated of even date herewith (the "Registration Rights Agreement")) to be declared effective prior to the applicable dates set forth therein and the Blackout Period (whether alone, or in combination with any other Blackout Period) continues for more than 60 days in any 12 month period, or for more than a total of 90 days, then the Expiration Date of this Warrant shall be extended one day for each day beyond the 60-day or 90-day limits, as the case may be, that the Blackout Period continues.

Section 11. Benefits. Nothing in this Warrant shall be construed to give

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any person, firm or corporation (other than the Company and the Warrantholder) any legal or equitable right, remedy or claim, it being agreed that this Warrant shall be for the sole and exclusive benefit of the Company and the Warrantholder.

Section 12. Notices to Warrantholder. Upon the happening of any event

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requiring an adjustment of the Warrant Price, the Company shall promptly give written notice thereof to the Warrantholder at the address appearing in the records of the Company, stating the adjusted Warrant Price and the adjusted number of Warrant Shares resulting from such event and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. Failure to give such notice to the Warrantholder or any defect therein shall not affect the legality or validity of the subject adjustment.

Section 13. Identity of Transfer Agent. The Transfer Agent for the Common

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Stock is US Stock Transfer. Upon the appointment of any subsequent transfer agent for the Common Stock or other shares of the Company's capital stock issuable upon the exercise of the rights of purchase represented by the Warrant, the Company will mail to the Warrantholder a statement setting forth the name and address of such transfer agent.

Section 14. Notices. Unless otherwise provided, any notice required or

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permitted under this Warrant shall be given in writing and shall be deemed effectively given as hereinafter described (i) if given by personal delivery, then such notice shall be deemed given upon such delivery, (ii) if given by telex or telecopier, then such notice shall be deemed given upon receipt of confirmation of complete transmittal, (iii) if given by mail, then such notice shall be deemed given upon the earlier of (A) receipt of such notice by the recipient or (B) three days after such notice is deposited in first class mail, postage prepaid, and (iv) if given by an internationally recognized overnight air courier, then such notice shall be deemed given one day after delivery to such carrier. All notices shall be addressed as follows: (i) if to the Warrantholder, at its address as set forth in the Company's books and records and, if to the Company, at the address as follows, or at such other address as the Warrantholder or the Company may designate by ten days' advance written notice to the other:

If to the Company:

Amerigon Incorporated  
5462 Irwindale Avenue  
Irwindale, California 91706  
Attention: Chief Executive Officer  
Fax: 626.815.7441

With a copy to:

O'Melveny & Myers LLP  
400 South Hope Street  
Los Angeles, California 90071  
Attention: John A. Laco  
Fax: 213.430.6407

Section 15. Registration Rights. The initial holder of this Warrant is

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entitled to the benefit of certain registration rights with respect to the shares of Common Stock issuable upon

the exercise of this Warrant as provided in the Registration Rights Agreement, and any subsequent holder hereof may be entitled to such rights.

Section 16. Successors. All the covenants and provisions hereof by or for

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the benefit of the Warrantholder shall bind and inure to the benefit of its respective successors and assigns hereunder.

Section 17. Governing Law. This Warrant shall be governed by, and construed

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in accordance with, the internal laws of the State of New York, without reference to the choice of law provisions thereof. The Company and, by accepting this Warrant, the Warrantholder, each irrevocably submits to the exclusive jurisdiction of the courts of the State of New York located in New York County and the United States District Court for the Southern District of New York for the purpose of any suit, action, proceeding or judgment relating to or arising out of this Warrant and the transactions contemplated hereby. Service of process in connection with any such suit, action or proceeding may be served on each party hereto anywhere in the world by the same methods as are specified for the giving of notices under this Warrant. The Company and, by accepting this Warrant, the Warrantholder, each irrevocably consents to the jurisdiction of any such court in any such suit, action or proceeding and to the laying of venue in such court. The Company and, by accepting this Warrant, the Warrantholder, each irrevocably waives any objection to the laying of venue of any such suit, action or proceeding brought in such courts and irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

Section 18. Call Provision. Notwithstanding any other provision contained\

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herein to the contrary, in the event that the closing bid price of a share of Common Stock as traded on the Nasdaq (or such other exchange or stock market on which the Common Stock may then be listed or quoted) exceeds \$4.00 (appropriately adjusted for any stock split, reverse stock split, stock dividend or other reclassification or combination of the Common Stock occurring after the date hereof) for twenty (20) consecutive trading sessions and all of the shares of Common Stock issuable hereunder either (i) are registered pursuant to an effective Registration Statement (as defined in the Registration Rights Agreement) which is available for sales of such shares of Common Stock or (ii) no longer constitute Registrable Securities (as defined in the Registration Rights Agreement), the Company, upon thirty (30) days prior written notice (the "Notice Period") following such twenty (20) day period, to the Warrantholder, may call this Warrant, in whole but not in part, at a redemption price equal to \$0.01 per share of Common Stock then purchasable pursuant to this Warrant; provided, however, that the Company simultaneously redeems all Company Warrants (as defined in Section 20 below) on the same terms. Notwithstanding any such notice by the Company, the Warrantholder shall have the right to exercise this Warrant prior to the end of the Notice Period.

Section 19. No Rights as Stockholder. Prior to the exercise of this

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Warrant, the Warrantholder shall not have or exercise any rights as a stockholder of the Company by virtue of its ownership of this Warrant.

Section 20. Prohibition on Transfer. This Warrant and the Warrant Shares

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are subject to a one-year prohibition on the Warrantholder's ability to sell, transfer or otherwise dispose of such securities as set forth in Section 5.11 of the Purchase Agreement dated February 12, 2002, a copy of which may be requested free of charge from the Company at the address set forth in Section 14.

Section 21. Amendment; Waiver. This Warrant is one of a series of Warrants

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of like tenor issued by the Company (but not part of the series of Warrants issued to Special Situations funds or to Big Beaver Investments LLC on the same date hereof) pursuant to the Purchase Agreement, dated as of February 12, 2002, among the Company and the original holders of Warrants, except as to the number of shares of Common Stock subject thereto, and initially covering an aggregate of 333,334 shares of Common Stock (collectively, the "Company Warrants"). Any term of this Warrant may be amended or waived (including the adjustment provisions included in Section 8 of this Warrant) upon the written consent of the Company and the holders of Company Warrants representing at least 50% of the number of shares of Common Stock then subject to outstanding Company Warrants (the "Majority Holders"); provided, that (x) any such amendment or waiver must apply to all Company Warrants; and (y) the number of Warrant Shares subject to this Warrant, the Warrant Price and the expiration date of this Warrant may not be amended, and the right to exercise this Warrant may not be altered or waived, without the written consent of the Warrantholder.

Section 22. Section Headings. The section heading in this Warrant are for

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the convenience of the Company and the Warrantholder and in no way alter, modify, amend, limit or restrict the provisions hereof.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed, as of the 25th day of February, 2002.

AMERIGON INCORPORATED

By: \_\_\_\_\_

Name:

Title:

APPENDIX A  
AMERIGON INCORPORATED  
WARRANT EXERCISE FORM

To: Amerigon Incorporated

The undersigned hereby irrevocably elects to exercise the right of purchase represented by the within Warrant ("Warrant") for, and to purchase thereunder by the payment of the Warrant Price and surrender of the Warrant,

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shares of Common Stock ("Warrant Shares") provided for therein, and requests that certificates for the Warrant Shares be issued as follows:

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Name  
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Address  
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Federal Tax ID or Social Security No.

and delivered by (euro) certified mail to the above address, or  
(euor) electronically (provide DWAC Instructions: \_\_\_\_\_), or  
(euor) other (specify: \_\_\_\_\_).

and, if the number of Warrant Shares shall not be all the Warrant Shares purchasable upon exercise of the Warrant, that a new Warrant for the balance of the Warrant Shares purchasable upon exercise of this Warrant be registered in the name of the undersigned Warrantholder or the undersigned's Assignee as below indicated and delivered to the address stated below.

Dated: \_\_\_\_\_, \_\_\_\_\_

Note: The signature must correspond with the name of the registered holder as written on the first page of the Warrant in every particular, without alteration or enlargement or any change whatever, unless the Warrant has been assigned.

Signature: \_\_\_\_\_  
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Name (please print)  
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Address  
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Federal Identification or  
Social Security No.  
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Assignee:  
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THIS WARRANT HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR EXEMPTION FROM REGISTRATION UNDER THE FOREGOING LAWS.

SUBJECT TO THE PROVISIONS OF SECTION 10 HEREOF, THIS WARRANT SHALL BE VOID AFTER 5:00 P.M. EASTERN TIME ON FEBRUARY 25, 2007 (the "EXPIRATION DATE").

No. 2002 BBI-1

AMERIGON INCORPORATED

WARRANT TO PURCHASE 860,301 SHARES OF  
COMMON STOCK, NO PAR VALUE

For VALUE RECEIVED, Big Beaver Investments LLC ("Warrantholder"), is entitled to purchase, subject to the provisions of this Warrant, from Amerigon Incorporated, a California corporation ("Company"), at any time not later than 5:00 P.M., Eastern time, on the Expiration Date, at an exercise price per share equal to \$2.00 (the exercise price in effect being herein called the "Warrant Price"), 860,301 shares ("Warrant Shares") of the Company's Common Stock, no par value ("Common Stock"). The number of Warrant Shares purchasable upon exercise of this Warrant and the Warrant Price shall be subject to adjustment from time to time as described herein.

Section 1. Registration. The Company shall maintain books for the transfer  
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and registration of the Warrant. Upon the initial issuance of this Warrant, the Company shall issue and register the Warrant in the name of the Warrantholder.

Section 2. Transfers. As provided herein, this Warrant may be transferred  
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only pursuant to a registration statement filed under the Securities Act of 1933, as amended ("Securities Act"), or an exemption from such registration. Subject to such restrictions, the Company shall transfer this Warrant from time to time upon the books to be maintained by the Company for that purpose, upon surrender thereof for transfer properly endorsed or accompanied by appropriate instructions for transfer and such other documents as may be reasonably required by the Company, including, if required by the Company, an opinion of its counsel to the effect that such transfer is exempt from the registration requirements of the Securities Act of 1933, to establish that such transfer is being made in accordance with the terms hereof, and a new Warrant shall be issued to the transferee and the surrendered Warrant shall be canceled by the Company.

Section 3. Exercise of Warrant. Subject to the provisions hereof, the

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Warrantholder may exercise this Warrant in whole or in part at any time upon surrender of the Warrant, together with delivery of the duly executed Warrant exercise form attached hereto as Appendix A (the "Exercise Agreement") and payment by cash, certified check or wire transfer of funds for the aggregate Warrant Price for that number of Warrant Shares then being purchased, to the Company during normal business hours on any business day at the Company's principal executive offices (or such other office or agency of the Company as it may designate by notice to the holder hereof). The Warrant Shares so purchased shall be deemed to be issued to the holder hereof or such holder's designee, as the record owner of such shares, as of the close of business on the date on which this Warrant shall have been surrendered (or evidence of loss, theft or destruction thereof and security or indemnity satisfactory to the Company), the Warrant Price shall have been paid and the completed Exercise Agreement shall have been delivered. Certificates for the Warrant Shares so purchased, representing the aggregate number of shares specified in the Exercise Agreement, shall be delivered to the holder hereof within a reasonable time, not exceeding three (3) business days, after this Warrant shall have been so exercised. The certificates so delivered shall be in such denominations as may be requested by the holder hereof and shall be registered in the name of such holder or such other name as shall be designated by such holder. If this Warrant shall have been exercised only in part, then, unless this Warrant has expired, the Company shall, at its expense, at the time of delivery of such certificates, deliver to the holder a new Warrant representing the number of shares with respect to which this Warrant shall not then have been exercised. As used herein, "business day" means a day, other than a Saturday or Sunday, on which banks in New York City are open for the general transaction of business. Each exercise hereof shall constitute the re-affirmation by the Warrantholder that the representations and warranties contained in Sections 5.3, 5.4, 5.5, 5.6, 5.7, 5.8 and 5.9 of the Exchange Agreement dated as of February 12, 2002 between the Company and the Warrantholder are true and correct in all material respects with respect to the Warrantholder as of the time of such exercise.

Section 4. Compliance with the Securities Act of 1933. The Company may

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cause the legend set forth on the first page of this Warrant to be set forth on each Warrant or similar legend on any security issued or issuable upon exercise of this Warrant, unless counsel for the Company is of the opinion as to any such security that such legend is unnecessary.

Section 5. Payment of Taxes. The Company will pay any documentary stamp

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taxes attributable to the initial issuance of Warrant Shares issuable upon the exercise of the Warrant; provided, however, that the Company shall not be required to pay any tax or taxes which may be payable in respect of any transfer involved in the issuance or delivery of any certificates for Warrant Shares in a name other than that of the registered holder of this Warrant in respect of which such shares are issued, and in such case, the Company shall not be required to issue or deliver any certificate for Warrant Shares or any Warrant until the person requesting the same has paid to the Company the amount of such tax or has established to the Company's reasonable satisfaction that such tax has been paid. The holder shall be responsible for income and gift taxes due under federal, state or other law, if any such tax is due.



Section 6. Mutilated or Missing Warrants. In case this Warrant shall be

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mutilated, lost, stolen, or destroyed, the Company shall issue in exchange and substitution of and upon cancellation of the mutilated Warrant, or in lieu of and substitution for the Warrant lost, stolen or destroyed, a new Warrant of like tenor and for the purchase of a like number of Warrant Shares, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction of the Warrant, and with respect to a lost, stolen or destroyed Warrant, reasonable indemnity or bond with respect thereto, if requested by the Company.

Section 7. Reservation of Common Stock. The Company hereby represents and

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warrants that there have been reserved, and the Company shall at all applicable times keep reserved until issued (if necessary) as contemplated by this Section 7, out of the authorized and unissued shares of Common Stock, sufficient shares to provide for the exercise of the rights of purchase represented by this Warrant. The Company agrees that all Warrant Shares issued upon exercise of the Warrant shall be, at the time of delivery of the certificates for such Warrant Shares upon the due exercise of this Warrant, duly authorized, validly issued, fully paid and non-assessable shares of Common Stock of the Company.

Section 8. Adjustments. Subject and pursuant to the provisions of this

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Section 8, the Warrant Price and number of Warrant Shares subject to this Warrant shall be subject to adjustment from time to time as set forth hereinafter.

(a) If the Company shall, at any time or from time to time while this Warrant is outstanding, pay a dividend or make a distribution on its Common Stock in shares of Common Stock, subdivide its outstanding shares of Common Stock into a greater number of shares or combine its outstanding shares of Common Stock into a smaller number of shares or issue by reclassification of its outstanding shares of Common Stock any shares of its capital stock (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing corporation), then the number of Warrant Shares purchasable upon exercise of the Warrant and the Warrant Price in effect immediately prior to the date upon which such change shall become effective, shall be adjusted by the Company so that the Warrantholder thereafter exercising the Warrant shall be entitled to receive the number of shares of Common Stock or other capital stock which the Warrantholder would have received if the Warrant had been exercised immediately prior to such event upon payment of a Warrant Price that has been adjusted to reflect a fair allocation of the economics of such event to the Warrantholder. Such adjustments shall be made successively whenever any event listed above shall occur.

(b) If any capital reorganization, reclassification of the capital stock of the Company, consolidation or merger of the Company with another corporation in which the Company is not the survivor, or sale, transfer or other disposition of all or substantially all of the Company's assets to another corporation shall be effected, then, as a condition of such reorganization, reclassification, consolidation, merger, sale, transfer or other disposition, lawful and adequate provision shall be made whereby each Warrantholder shall thereafter have the right to purchase and receive upon the basis and upon the terms and conditions herein specified and in lieu of the Warrant Shares immediately theretofore issuable upon exercise of the Warrant, such shares of stock, securities or assets (including cash) as would have been issuable or payable with

respect to or in exchange for a number of Warrant Shares equal to the number of Warrant Shares immediately theretofore issuable upon exercise of the Warrant, had such reorganization, reclassification, consolidation, merger, sale, transfer or other disposition not taken place, and in any such case appropriate provision shall be made with respect to the rights and interests of each Warrantholder to the end that the provisions hereof (including, without limitation, provision for adjustment of the Warrant Price) shall thereafter be applicable, as nearly equivalent as may be practicable in relation to any shares of stock, securities or assets (including cash) thereafter deliverable upon the exercise thereof. The Company shall not effect any such consolidation, merger, sale, transfer or other disposition unless prior to or simultaneously with the consummation thereof the successor corporation (if other than the Company) resulting from such consolidation or merger, or the corporation purchasing or otherwise acquiring such assets or other appropriate corporation or entity shall assume the obligation to deliver to the holder of the Warrant such shares of stock, securities or assets as, in accordance with the foregoing provisions, such holder may be entitled to purchase, and the other obligations under this Warrant. The provisions of this paragraph (b) shall similarly apply to successive reorganizations, reclassifications, consolidations, mergers, sales, transfers or other dispositions.

(c) In case the Company shall fix a payment date for the making of a distribution to all holders of Common Stock (including any such distribution made in connection with a consolidation or merger in which the Company is the continuing corporation) of evidences of indebtedness or assets (other than (i) cash dividends or cash distributions payable out of consolidated earnings or earned surplus, (ii) dividends or distributions referred to in Section 8(a), or (iii) distributions of the assets or equity interests of BSST LLC, a Delaware limited liability company (or its successor in interest)), or subscription rights or warrants, the Warrant Price to be in effect after such payment date shall be determined by multiplying the Warrant Price in effect immediately prior to such payment date by a fraction, the numerator of which shall be the total number of shares of Common Stock outstanding multiplied by the Market Price (as defined below) per share of Common Stock immediately prior to such payment date, less the fair market value (as determined by the Company's Board of Directors in good faith) of said assets or evidences of indebtedness so distributed, or of such subscription rights or warrants, and the denominator of which shall be the total number of shares of Common Stock outstanding multiplied by such Market Price per share of Common Stock immediately prior to such payment date. "Market Price" as of a particular date (the "Valuation Date") shall mean the following: (a) if the Common Stock is then listed on a national stock exchange, the closing sale price of one share of Common Stock on such exchange on the last trading day prior to the Valuation Date; (b) if the Common Stock is then quoted on the NASDAQ Stock Market, Inc. National Market System or SmallCap Market System ("Nasdaq"), the closing sale price of one share of Common Stock on Nasdaq on the last trading day prior to the Valuation Date or, if no such closing sale price is available, the average of the high bid and the low asked price quoted on Nasdaq on the last trading day prior to the Valuation Date; or (c) if the Common Stock is not then listed on a national stock exchange or quoted on Nasdaq, the Fair Market Value of one share of Common Stock as of the Valuation Date, shall be determined in good faith by the Board of Directors of the Company and the Warrantholder. The Board of Directors of the Company shall respond promptly, in writing, to an inquiry by the Warrantholder prior to the exercise hereunder as to the Market Value of a share of Common Stock as determined by the Board of Directors of the

Company. In the event that the Board of Directors of the Company and the Warrantholder are unable to agree upon the Market Value in respect of subpart (c) hereof, the Company and the Warrantholder shall jointly select an appraiser, who is experienced in such matters. The decision of such appraiser shall be final and conclusive, and the cost of such appraiser shall be borne evenly by the Company and the Warrantholder. Such adjustment shall be made successively whenever such a payment date is fixed.

(d) For the term of this Warrant, in addition to the provisions contained above, the Warrant Price shall be subject to adjustment as provided below. An adjustment to the Warrant Price shall become effective immediately after the payment date in the case of each dividend or distribution and immediately after the effective date of each other event which requires an adjustment.

(e) In the event that, as a result of an adjustment made pursuant to this Section 8, the holder of this Warrant shall become entitled to receive any shares of capital stock of the Company other than shares of Common Stock, the number of such other shares so receivable upon exercise of this Warrant shall be subject thereafter to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Warrant Shares contained in this Warrant.

(f) Except as provided in subsection (g) hereof, if and whenever the Company shall issue or sell, or is, in accordance with any of subsections (f) (1) through (f) (6) hereof, deemed to have issued or sold, any shares of Common Stock for a consideration per share less than the Warrant Price in effect immediately prior to the time of such issue or sale, then and in each such case (a "Trigger Issuance") the then-existing Warrant Price, shall be reduced, as of the close of business on the effective date of the Trigger Issuance, to a price determined as follows:

$$\text{Adjusted Warrant Price} = \frac{(A \times B) + D}{A+C}$$

where

"A" equals the number of shares of Common Stock outstanding, including Additional Shares (as defined below) deemed to be issued hereunder (whether deemed to be issued prior to, on or after the date hereof), immediately preceding such Trigger Issuance;

"B" equals the Warrant Price in effect immediately preceding such Trigger Issuance;

"C" equals the number of Additional Shares of Common Stock issued or deemed issued hereunder as a result of the Trigger Issuance; and

"D" equals the aggregate consideration, if any, received or deemed to be received by the Company upon such Trigger Issuance;

provided, however, that in no event shall the Warrant Price after giving effect to such Trigger Issuance be greater than the Warrant Price in effect prior to such Trigger Issuance.

For purposes of this subsection (f), "Additional Shares of Common Stock" shall mean all shares of Common Stock issued by the Company or deemed to be issued pursuant to this subsection (f), other than Excluded Issuances (as defined in subsection (g) hereof).

For purposes of this subsection (f), the following subsections (f)(1) to (f)(6) shall also be applicable (subject, in each such case, to the provisions of subsection (g) hereof) and to each other subsection contained in this subsection (f):

(f)(1) Issuance of Rights or Options. In case at any time the Company shall in any manner grant (directly and not by assumption in a merger or otherwise) any warrants or other rights to subscribe for or to purchase, or any options for the purchase of, Common Stock or any stock or security convertible into or exchangeable for Common Stock (such warrants, rights or options being called "Options" and such convertible or exchangeable stock or securities being called "Convertible Securities") whether or not such Options or the right to convert or exchange any such Convertible Securities are immediately exercisable, and the price per share for which Common Stock is issuable upon the exercise of such Options or upon the conversion or exchange of such Convertible Securities (determined by dividing (i) the sum (which sum shall constitute the applicable consideration) of (x) the total amount, if any, received or receivable by the Company as consideration for the granting of such Options, plus (y) the aggregate amount of additional consideration payable to the Company upon the exercise of all such Options, plus (z), in the case of such Options which relate to Convertible Securities, the aggregate amount of additional consideration, if any, payable upon the issue or sale of such Convertible Securities and upon the conversion or exchange thereof, by (ii) the total maximum number of shares of Common Stock issuable upon the exercise of such Options or upon the conversion or exchange of all such Convertible Securities issuable upon the exercise of such Options) shall be less than the Warrant Price in effect immediately prior to the time of the granting of such Options, then the total number of shares of Common Stock issuable upon the exercise of such Options or upon conversion or exchange of the total amount of such Convertible Securities issuable upon the exercise of such Options shall be deemed to have been issued for such price per share as of the date of granting of such Options or the issuance of such Convertible Securities and thereafter shall be deemed to be outstanding for purposes of adjusting the Warrant Price. Except as otherwise provided in subsection 8(f)(3), no adjustment of the Warrant Price shall be made upon the actual issue of such Common Stock or of such Convertible Securities upon exercise of such Options or upon the actual issue of such Common Stock upon conversion or exchange of such Convertible Securities.

(f) (2) Issuance of Convertible Securities. In case the Company shall in any manner issue (directly and not by assumption in a merger or otherwise) or sell any Convertible Securities, whether or not the rights to exchange or convert any such Convertible Securities are immediately exercisable, and the price per share for which Common Stock is issuable upon such conversion or exchange (determined by dividing (i) the sum (which sum shall constitute the applicable consideration) of (x) the total amount received or receivable by the Company as consideration for the issue or sale of such Convertible Securities, plus (y) the aggregate amount of additional consideration, if any, payable to the Company upon the conversion or exchange thereof, by (ii) the total number of shares of Common Stock issuable upon the conversion or exchange of all such Convertible Securities) shall be less than the Warrant Price in effect immediately prior to the time of such issue or sale, then the total maximum number of shares of Common Stock issuable upon conversion or exchange of all such Convertible Securities shall be deemed to have been issued for such price per share as of the date of the issue or sale of such Convertible Securities and thereafter shall be deemed to be outstanding for purposes of adjusting the Warrant Price, provided that (a) except as otherwise provided in subsection 8(f) (3), no adjustment of the Warrant Price shall be made upon the actual issuance of such Common Stock upon conversion or exchange of such Convertible Securities and (b) no further adjustment of the Warrant Price shall be made by reason of the issue or sale of Convertible Securities upon exercise of any Options to purchase any such Convertible Securities for which adjustments of the Warrant Price have been made pursuant to the other provisions of subsection 8(f).

(f) (3) Change in Option Price or Conversion Rate. Upon the happening of any of the following events, namely, if the purchase price provided for in any Option referred to in subsection 8(f) (1) hereof, the additional consideration, if any, payable upon the conversion or exchange of any Convertible Securities referred to in subsections 8(f) (1) or 8(f) (2), or the rate at which Convertible Securities referred to in subsections 8(f) (1) or 8(f) (2) are convertible into or exchangeable for Common Stock shall change at any time (including, but not limited to, changes under or by reason of provisions designed to protect against dilution), the Warrant Price in effect at the time of such event shall forthwith be readjusted to the Warrant Price which would have been in effect at such time had such Options or Convertible Securities still outstanding provided for such changed purchase price, additional consideration or conversion rate, as the case may be, at the time initially granted, issued or sold. On the termination of any Option for which any adjustment was made pursuant to this subsection 8(f) or any right to convert or exchange Convertible Securities for which any adjustment was made pursuant to this subsection 8(f) (including without limitation upon the redemption or purchase for consideration of Convertible Securities by the Company), the Warrant Price then in effect hereunder shall forthwith be changed to the Warrant Price which would have been in effect at the time of such termination had such Option or Convertible Securities, to the extent outstanding immediately prior to such termination, never been issued.

(f) (4) Consideration for Stock. In case any shares of Common Stock, Options or Convertible Securities shall be issued or sold for cash, the consideration received therefor shall be deemed to be the cash amount received by the Company therefor, without deduction therefrom of any expenses incurred or any underwriting commissions or concessions paid or allowed by the Company in connection therewith. In case any shares of Common Stock, Options or Convertible Securities shall be issued or sold for a consideration other than cash, the amount of the consideration other than cash received by the Company shall be deemed to be the fair value of such consideration as determined in good faith by the Board of Directors of the Company, after deduction of any expenses incurred or any underwriting commissions or concessions paid or allowed by the Company in connection therewith. In case any Options shall be issued in connection with the issue and sale of other securities of the Company, together comprising one integral transaction in which no specific consideration is allocated to such Options by the parties thereto, such Options shall be deemed to have been issued for such consideration as determined in good faith by the Board of Directors of the Company.

(f) (5) Record Date. In case the Company shall take a record of the holders of its Common Stock for the purpose of entitling them (i) to receive a dividend or other distribution payable in Common Stock, Options or Convertible Securities or (ii) to subscribe for or purchase Common Stock, Options or Convertible Securities, then such record date shall be deemed to be the date of the issue or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

(f) (6) Treasury Shares. The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Company or any of its wholly-owned subsidiaries, and the disposition of any such shares (other than the cancellation or retirement thereof) shall be considered an issue or sale of Common Stock for the purpose of this subsection (f).

(g) Anything herein to the contrary notwithstanding, the Company shall not be required to make any adjustment of the Warrant Price in the case of the issuance of (A) capital stock, Options or Convertible Securities issued to directors, officers, employees or consultants of the Company in connection with their service as directors of the Company, their employment by the Company or their retention as consultants by the Company pursuant to an equity compensation program approved by the Board of Directors or the shareholders of the Company, (B) shares of Common Stock upon the conversion or exercise of Options or Convertible Securities issued prior to the date hereof, (C) shares of Common Stock and Convertible Securities issued to investors pursuant to the terms of the certain purchase or exchange agreements, each dated February 12, 2002, and shares of Common Stock issuable upon the

exercise or conversion of such Convertible Securities in accordance with their terms, (D) Convertible Securities issued to Roth Capital in payment of the placement agency fees as disclosed in the purchase agreements; and shares of Common Stock issuable upon the exercise or conversion of such Convertible Securities in accordance with their terms, and (E) shares of Common Stock issued or issuable by reason of a dividend, stock split or other distribution on the Common Stock (but only to the extent that such a dividend, split or distribution results in an adjustment in the Warrant Price pursuant to the other provisions of this Warrant) (collectively, "Excluded Issuances").

Section 9. Fractional Interest. The Company shall not be required to issue  
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fractions of Warrant Shares upon the exercise of the Warrant. If any fractional share of Common Stock would, except for the provisions of the first sentence of this Section 9, be delivered upon such exercise, the Company, in lieu of delivering such fractional share, shall pay to the exercising holder of this Warrant an amount in cash equal to the Fair Market Value of such fractional share of Common Stock on the date of exercise. As used in this Warrant, "Fair Market Value" of a share of Common Stock as of a particular date (the "Valuation Date") shall mean the following: (a) if the Common Stock is then listed on a national stock exchange, the closing sale price of one share of Common Stock on such exchange on the last trading day prior to the Valuation Date; (b) if the Common Stock is then quoted on Nasdaq, the closing sale price of one share of Common Stock on Nasdaq on the last trading day prior to the Valuation Date or, if no such closing sale price is available, the average of the high bid and the low sales price quoted on Nasdaq on the last trading day prior to the Valuation Date; or (c) if the Common Stock is not then listed on a national stock exchange or quoted on Nasdaq, the Fair Market Value of one share of Common Stock as of the Valuation Date, shall be determined in good faith by the Board of Directors of the Company.

Section 10. Extension of Expiration Date. If the Company fails to cause any  
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Registration Statement covering Registrable Securities (unless otherwise defined herein, capitalized terms are as defined in the Registration Rights Agreement dated of even date herewith (the "Registration Rights Agreement")) to be declared effective prior to the applicable dates set forth therein and the Blackout Period (whether alone, or in combination with any other Blackout Period) continues for more than 60 days in any 12 month period, or for more than a total of 90 days, then the Expiration Date of this Warrant shall be extended one day for each day beyond the 60-day or 90-day limits, as the case may be, that the Blackout Period continues.

Section 11. Benefits. Nothing in this Warrant shall be construed to give  
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any person, firm or corporation (other than the Company and the Warrantholder) any legal or equitable right, remedy or claim, it being agreed that this Warrant shall be for the sole and exclusive benefit of the Company and the Warrantholder.

Section 12. Notices to Warrantholder. Upon the happening of any event  
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requiring an adjustment of the Warrant Price, the Company shall promptly give written notice thereof to the Warrantholder at the address appearing in the records of the Company, stating the adjusted Warrant Price and the adjusted number of Warrant Shares resulting from such event and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is

based. Failure to give such notice to the Warrantholder or any defect therein shall not affect the legality or validity of the subject adjustment.

Section 13. Identity of Transfer Agent. The Transfer Agent for the Common

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Stock is U.S. Stock Transfer Co. Upon the appointment of any subsequent transfer agent for the Common Stock or other shares of the Company's capital stock issuable upon the exercise of the rights of purchase represented by the Warrant, the Company will mail to the Warrantholder a statement setting forth the name and address of such transfer agent.

Section 14. Notices. Unless otherwise provided, any notice required or

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permitted under this Warrant shall be given in writing and shall be deemed effectively given as hereinafter described (i) if given by personal delivery, then such notice shall be deemed given upon such delivery, (ii) if given by telex or telecopier, then such notice shall be deemed given upon receipt of confirmation of complete transmittal, (iii) if given by mail, then such notice shall be deemed given upon the earlier of (A) receipt of such notice by the recipient or (B) three days after such notice is deposited in first class mail, postage prepaid, and (iv) if given by an internationally recognized overnight air courier, then such notice shall be deemed given one day after delivery to such carrier. All notices shall be addressed as follows: (i) if to the Warrantholder, at its address as set forth in the Company's books and records and, if to the Company, at the address as follows, or at such other address as the Warrantholder or the Company may designate by ten days' advance written notice to the other:

If to the Company:

Amerigon Incorporated  
5462 Irwindale Avenue  
Irwindale, California 91706  
Attention: Chief Executive Officer  
Fax: 626.815.7441

With a copy to:

O'Melveny & Myers LLP  
400 South Hope Street  
Los Angeles, California 90071  
Attention: John A. Laco  
Fax: 213.430.6407

Section 15. Registration Rights. The initial holder of this Warrant is

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entitled to the benefit of certain registration rights with respect to the shares of Common Stock issuable upon the exercise of this Warrant as provided in the Registration Rights Agreement, and any subsequent holder hereof may be entitled to such rights.



Section 16. Successors. All the covenants and provisions hereof by or for

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the benefit of the Warrantholder shall bind and inure to the benefit of its respective successors and assigns hereunder.

Section 17. Governing Law. This Warrant shall be governed by, and construed

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in accordance with, the internal laws of the State of New York, without reference to the choice of law provisions thereof. The Company and, by accepting this Warrant, the Warrantholder, each irrevocably submits to the exclusive jurisdiction of the courts of the State of New York located in New York County and the United States District Court for the Southern District of New York for the purpose of any suit, action, proceeding or judgment relating to or arising out of this Warrant and the transactions contemplated hereby. Service of process in connection with any such suit, action or proceeding may be served on each party hereto anywhere in the world by the same methods as are specified for the giving of notices under this Warrant. The Company and, by accepting this Warrant, the Warrantholder, each irrevocably consents to the jurisdiction of any such court in any such suit, action or proceeding and to the laying of venue in such court. The Company and, by accepting this Warrant, the Warrantholder, each irrevocably waives any objection to the laying of venue of any such suit, action or proceeding brought in such courts and irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

Section 18. Call Provision. Notwithstanding any other provision contained

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herein to the contrary, in the event that the closing bid price of a share of Common Stock as traded on the Nasdaq (or such other exchange or stock market on which the Common Stock may then be listed or quoted) exceeds \$4.00 (appropriately adjusted for any stock split, reverse stock split, stock dividend or other reclassification or combination of the Common Stock occurring after the date hereof) for twenty (20) consecutive trading sessions and all of the shares of Common Stock issuable hereunder either (i) are registered pursuant to an effective Registration Statement (as defined in the Registration Rights Agreement) which is available for sales of such shares of Common Stock or (ii) no longer constitute Registrable Securities (as defined in the Registration Rights Agreement), the Company, upon thirty (30) days prior written notice (the "Notice Period") following such twenty (20) day period, to the Warrantholder, may call this Warrant, in whole but not in part, at a redemption price equal to \$0.01 per share of Common Stock then purchasable pursuant to this Warrant. Notwithstanding any such notice by the Company, the Warrantholder shall have the right to exercise this Warrant prior to the end of the Notice Period.

Section 19. No Rights as Stockholder. Prior to the exercise of this

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Warrant, the Warrantholder shall not have or exercise any rights as a stockholder of the Company by virtue of its ownership of this Warrant.

Section 20. Amendment; Waiver. Any term of this Warrant may be amended or

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waived (including the adjustment provisions included in Section 8 of this Warrant) upon the written consent of the Company and the Warrantholder.

Section 21. Section Headings. The section heading in this Warrant are for

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the convenience of the Company and the Warrantholder and in no way alter, modify, amend, limit or restrict the provisions hereof.

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed, as of the 25th day of February, 2002.

AMERIGON INCORPORATED

By: \_\_\_\_\_

Name:

Title:

APPENDIX A  
AMERIGON INCORPORATED  
WARRANT EXERCISE FORM

To: Amerigon Incorporated

The undersigned hereby irrevocably elects to exercise the right of purchase represented by the within Warrant ("Warrant") for, and to purchase thereunder by the payment of the Warrant Price and surrender of the Warrant,

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shares of Common Stock ("Warrant Shares") provided for therein, and requests that certificates for the Warrant Shares be issued as follows:

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Name  
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Address  
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Federal Tax ID or Social Security No.

and delivered by (euro) certified mail to the above address, or  
(euro) electronically (provide DWAC  
Instructions: \_\_\_\_\_), or  
\_\_\_\_\_  
(euro) other (specify: \_\_\_\_\_).  
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and, if the number of Warrant Shares shall not be all the Warrant Shares purchasable upon exercise of the Warrant, that a new Warrant for the balance of the Warrant Shares purchasable upon exercise of this Warrant be registered in the name of the undersigned Warrantholder or the undersigned's Assignee as below indicated and delivered to the address stated below.

Dated: \_\_\_\_\_, \_\_\_\_\_

Note: The signature must correspond with

Signature: \_\_\_\_\_

the name of the registered holder as written on the first page of the Warrant in every particular, without alteration or enlargement or any change whatever, unless the Warrant has been assigned.

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Name (please print)  
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Address  
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Federal Identification or  
Social Security No.

Assignee:

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THIS WARRANT HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR EXEMPTION FROM REGISTRATION UNDER THE FOREGOING LAWS.

SUBJECT TO THE PROVISIONS OF SECTION 10 HEREOF, THIS WARRANT SHALL BE VOID AFTER 5:00 P.M. EASTERN TIME ON FEBRUARY 25, 2007 (the "EXPIRATION DATE").

No. 2002 RC-1

AMERIGON INCORPORATED

WARRANT TO PURCHASE 550,005 SHARES OF  
COMMON STOCK, NO PAR VALUE

For VALUE RECEIVED, Roth Capital Partners, LLC ("Warrantholder"), is entitled to purchase, subject to the provisions of this Warrant, from Amerigon Incorporated, a California corporation ("Company"), at any time not later than 5:00 P.M., Eastern time, on the Expiration Date, at an exercise price per share equal to \$2.00 (the exercise price in effect being herein called the "Warrant Price"), 550,005 shares ("Warrant Shares") of the Company's Common Stock, no par value ("Common Stock"). The number of Warrant Shares purchasable upon exercise of this Warrant and the Warrant Price shall be subject to adjustment from time to time as described herein.

Section 1. Registration. The Company shall maintain books for the transfer  
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and registration of the Warrant. Upon the initial issuance of this Warrant, the Company shall issue and register the Warrant in the name of the Warrantholder.

Section 2. Transfers. As provided herein, this Warrant may be transferred  
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only pursuant to a registration statement filed under the Securities Act of 1933, as amended ("Securities Act"), or an exemption from such registration. Subject to such restrictions, the Company shall transfer this Warrant from time to time upon the books to be maintained by the Company for that purpose, upon surrender thereof for transfer properly endorsed or accompanied by appropriate instructions for transfer and such other documents as may be reasonably required by the Company, including, if required by the Company, an opinion of its counsel to the effect that such transfer is exempt from the registration requirements of the Securities Act of 1933, to establish that such transfer is being made in accordance with the terms hereof, and a new Warrant shall be issued to the transferee and the surrendered Warrant shall be canceled by the Company.

Section 3. Exercise of Warrant. Subject to the provisions hereof, the

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Warrantholder may exercise this Warrant in whole or in part at any time upon surrender of the Warrant, together with delivery of the duly executed Warrant exercise form attached hereto as Appendix A (the "Exercise Agreement") and payment by cash, certified check or wire transfer of funds for the aggregate Warrant Price for that number of Warrant Shares then being purchased, to the Company during normal business hours on any business day at the Company's principal executive offices (or such other office or agency of the Company as it may designate by notice to the holder hereof). The Warrant Shares so purchased shall be deemed to be issued to the holder hereof or such holder's designee, as the record owner of such shares, as of the close of business on the date on which this Warrant shall have been surrendered (or evidence of loss, theft or destruction thereof and security or indemnity satisfactory to the Company), the Warrant Price shall have been paid and the completed Exercise Agreement shall have been delivered. Certificates for the Warrant Shares so purchased, representing the aggregate number of shares specified in the Exercise Agreement, shall be delivered to the holder hereof within a reasonable time, not exceeding three (3) business days, after this Warrant shall have been so exercised. The certificates so delivered shall be in such denominations as may be requested by the holder hereof and shall be registered in the name of such holder or such other name as shall be designated by such holder. If this Warrant shall have been exercised only in part, then, unless this Warrant has expired, the Company shall, at its expense, at the time of delivery of such certificates, deliver to the holder a new Warrant representing the number of shares with respect to which this Warrant shall not then have been exercised. As used herein, "business day" means a day, other than a Saturday or Sunday, on which banks in New York City are open for the general transaction of business. As a condition to each exercise hereof, the Warrantholder shall represent and warrant as true and correct that the securities to be received upon exercise are being acquired for the Warrantholder's own account and not with a view to the resale or distribution of any part thereof in violation of the Securities Act, that the Warrantholder can bear the economic risk and complete loss of its investment and is knowledgeable and experienced in financial or business matters such that it is capable of evaluating the merits and risks of its investment, and that the Warrantholder is an "accredited investor" as defined in Rule 501(a) of Regulation D, as amended, under the Securities Act.

Section 4. Compliance with the Securities Act of 1933. The Company may

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cause the legend set forth on the first page of this Warrant to be set forth on each Warrant or similar legend on any security issued or issuable upon exercise of this Warrant, unless counsel for the Company is of the opinion as to any such security that such legend is unnecessary.

Section 5. Payment of Taxes. The Company will pay any documentary stamp

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taxes attributable to the initial issuance of Warrant Shares issuable upon the exercise of the Warrant; provided, however, that the Company shall not be required to pay any tax or taxes which may be payable in respect of any transfer involved in the issuance or delivery of any certificates for Warrant Shares in a name other than that of the registered holder of this Warrant in respect of which such shares are issued, and in such case, the Company shall not be required to issue or deliver any certificate for Warrant Shares or any Warrant until the person requesting the same has paid to the Company the amount of such tax or has established to the Company's reasonable

satisfaction that such tax has been paid. The holder shall be responsible for income and gift taxes due under federal, state or other law, if any such tax is due.

Section 6. Mutilated or Missing Warrants. In case this Warrant shall be

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mutilated, lost, stolen, or destroyed, the Company shall issue in exchange and substitution of and upon cancellation of the mutilated Warrant, or in lieu of and substitution for the Warrant lost, stolen or destroyed, a new Warrant of like tenor and for the purchase of a like number of Warrant Shares, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction of the Warrant, and with respect to a lost, stolen or destroyed Warrant, reasonable indemnity or bond with respect thereto, if requested by the Company.

Section 7. Reservation of Common Stock. The Company hereby represents and

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warrants that there have been reserved, and the Company shall at all applicable times keep reserved until issued (if necessary) as contemplated by this Section 7, out of the authorized and unissued shares of Common Stock, sufficient shares to provide for the exercise of the rights of purchase represented by this Warrant. The Company agrees that all Warrant Shares issued upon exercise of the Warrant shall be, at the time of delivery of the certificates for such Warrant Shares upon the due exercise of this Warrant, duly authorized, validly issued, fully paid and non-assessable shares of Common Stock of the Company.

Section 8. Adjustments. Subject and pursuant to the provisions of this

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Section 8, the Warrant Price and number of Warrant Shares subject to this Warrant shall be subject to adjustment from time to time as set forth hereinafter.

(a) If the Company shall, at any time or from time to time while this Warrant is outstanding, pay a dividend or make a distribution on its Common Stock in shares of Common Stock, subdivide its outstanding shares of Common Stock into a greater number of shares or combine its outstanding shares of Common Stock into a smaller number of shares or issue by reclassification of its outstanding shares of Common Stock any shares of its capital stock (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing corporation), then the number of Warrant Shares purchasable upon exercise of the Warrant and the Warrant Price in effect immediately prior to the date upon which such change shall become effective, shall be adjusted by the Company so that the Warrantholder thereafter exercising the Warrant shall be entitled to receive the number of shares of Common Stock or other capital stock which the Warrantholder would have received if the Warrant had been exercised immediately prior to such event upon payment of a Warrant Price that has been adjusted to reflect a fair allocation of the economics of such event to the Warrantholder. Such adjustments shall be made successively whenever any event listed above shall occur.

(b) If any capital reorganization, reclassification of the capital stock of the Company, consolidation or merger of the Company with another corporation in which the Company is not the survivor, or sale, transfer or other disposition of all or substantially all of the Company's assets to another corporation shall be effected, then, as a condition of such reorganization, reclassification, consolidation, merger, sale, transfer or other disposition, lawful and adequate provision shall be made whereby each Warrantholder shall thereafter have the right



to purchase and receive upon the basis and upon the terms and conditions herein specified and in lieu of the Warrant Shares immediately theretofore issuable upon exercise of the Warrant, such shares of stock, securities or assets (including cash) as would have been issuable or payable with respect to or in exchange for a number of Warrant Shares equal to the number of Warrant Shares immediately theretofore issuable upon exercise of the Warrant, had such reorganization, reclassification, consolidation, merger, sale, transfer or other disposition not taken place, and in any such case appropriate provision shall be made with respect to the rights and interests of each Warrantholder to the end that the provisions hereof (including, without limitation, provision for adjustment of the Warrant Price) shall thereafter be applicable, as nearly equivalent as may be practicable in relation to any shares of stock, securities or assets (including cash) thereafter deliverable upon the exercise thereof. The Company shall not effect any such consolidation, merger, sale, transfer or other disposition unless prior to or simultaneously with the consummation thereof the successor corporation (if other than the Company) resulting from such consolidation or merger, or the corporation purchasing or otherwise acquiring such assets or other appropriate corporation or entity shall assume the obligation to deliver to the holder of the Warrant such shares of stock, securities or assets as, in accordance with the foregoing provisions, such holder may be entitled to purchase, and the other obligations under this Warrant. The provisions of this paragraph (b) shall similarly apply to successive reorganizations, reclassifications, consolidations, mergers, sales, transfers or other dispositions.

(c) In case the Company shall fix a payment date for the making of a distribution to all holders of Common Stock (including any such distribution made in connection with a consolidation or merger in which the Company is the continuing corporation) of evidences of indebtedness or assets (other than (i) cash dividends or cash distributions payable out of consolidated earnings or earned surplus, (ii) dividends or distributions referred to in Section 8(a), or (iii) distributions of the assets or equity interests of BSST LLC, a Delaware limited liability company (or its successor in interest)), or subscription rights or warrants, the Warrant Price to be in effect after such payment date shall be determined by multiplying the Warrant Price in effect immediately prior to such payment date by a fraction, the numerator of which shall be the total number of shares of Common Stock outstanding multiplied by the Market Price (as defined below) per share of Common Stock immediately prior to such payment date, less the fair market value (as determined by the Company's Board of Directors in good faith) of said assets or evidences of indebtedness so distributed, or of such subscription rights or warrants, and the denominator of which shall be the total number of shares of Common Stock outstanding multiplied by such Market Price per share of Common Stock immediately prior to such payment date. "Market Price" as of a particular date (the "Valuation Date") shall mean the following: (a) if the Common Stock is then listed on a national stock exchange, the closing sale price of one share of Common Stock on such exchange on the last trading day prior to the Valuation Date; (b) if the Common Stock is then quoted on the NASDAQ Stock Market, Inc. National Market System or SmallCap Market System ("Nasdaq"), the closing sale price of one share of Common Stock on Nasdaq on the last trading day prior to the Valuation Date or, if no such closing sale price is available, the average of the high bid and the low asked price quoted on Nasdaq on the last trading day prior to the Valuation Date; or (c) if the Common Stock is not then listed on a national stock exchange or quoted on Nasdaq, the Fair Market Value of one share of Common Stock as of the Valuation Date, shall be determined in good faith by the Board of Directors of the

Company and the Warrantholder. The Board of Directors of the Company shall respond promptly, in writing, to an inquiry by the Warrantholder prior to the exercise hereunder as to the Market Value of a share of Common Stock as determined by the Board of Directors of the Company. In the event that the Board of Directors of the Company and the Warrantholder are unable to agree upon the Market Value in respect of subpart (c) hereof, the Company and the Warrantholder shall jointly select an appraiser, who is experienced in such matters. The decision of such appraiser shall be final and conclusive, and the cost of such appraiser shall be borne evenly by the Company and the Warrantholder. Such adjustment shall be made successively whenever such a payment date is fixed.

(d) For the term of this Warrant, in addition to the provisions contained above, the Warrant Price shall be subject to adjustment as provided below. An adjustment to the Warrant Price shall become effective immediately after the payment date in the case of each dividend or distribution and immediately after the effective date of each other event which requires an adjustment.

(e) In the event that, as a result of an adjustment made pursuant to this Section 8, the holder of this Warrant shall become entitled to receive any shares of capital stock of the Company other than shares of Common Stock, the number of such other shares so receivable upon exercise of this Warrant shall be subject thereafter to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Warrant Shares contained in this Warrant.

(f) Except as provided in subsection (g) hereof, if and whenever the Company shall issue or sell, or is, in accordance with any of subsections (f) (1) through (f) (6) hereof, deemed to have issued or sold, any shares of Common Stock for a consideration per share less than the Warrant Price in effect immediately prior to the time of such issue or sale, then and in each such case (a "Trigger Issuance") the then-existing Warrant Price, shall be reduced, as of the close of business on the effective date of the Trigger Issuance, to a price determined as follows:

$$\text{Adjusted Warrant Price} = \frac{(A \times B) + D}{A+C}$$

where

"A" equals the number of shares of Common Stock outstanding, including Additional Shares (as defined below) deemed to be issued hereunder (whether deemed to be issued prior to, on or after the date hereof), immediately preceding such Trigger Issuance;

"B" equals the Warrant Price in effect immediately preceding such Trigger Issuance;

"C" equals the number of Additional Shares of Common Stock issued or deemed issued hereunder as a result of the Trigger Issuance; and

"D" equals the aggregate consideration, if any, received or deemed to be received by the Company upon such Trigger Issuance;

provided, however, that in no event shall the Warrant Price after giving effect to such Trigger Issuance be greater than the Warrant Price in effect prior to such Trigger Issuance.

For purposes of this subsection (f), "Additional Shares of Common Stock" shall mean all shares of Common Stock issued by the Company or deemed to be issued pursuant to this subsection (f), other than Excluded Issuances (as defined in subsection (g) hereof).

For purposes of this subsection (f), the following subsections (f) (1) to (f) (6) shall also be applicable (subject, in each such case, to the provisions of subsection (g) hereof) and to each other subsection contained in this subsection (f):

(f) (1) Issuance of Rights or Options. In case at any time the Company shall in any manner grant (directly and not by assumption in a merger or otherwise) any warrants or other rights to subscribe for or to purchase, or any options for the purchase of, Common Stock or any stock or security convertible into or exchangeable for Common Stock (such warrants, rights or options being called "Options" and such convertible or exchangeable stock or securities being called "Convertible Securities") whether or not such Options or the right to convert or exchange any such Convertible Securities are immediately exercisable, and the price per share for which Common Stock is issuable upon the exercise of such Options or upon the conversion or exchange of such Convertible Securities (determined by dividing (i) the sum (which sum shall constitute the applicable consideration) of (x) the total amount, if any, received or receivable by the Company as consideration for the granting of such Options, plus (y) the aggregate amount of additional consideration payable to the Company upon the exercise of all such Options, plus (z), in the case of such Options which relate to Convertible Securities, the aggregate amount of additional consideration, if any, payable upon the issue or sale of such Convertible Securities and upon the conversion or exchange thereof, by (ii) the total maximum number of shares of Common Stock issuable upon the exercise of such Options or upon the conversion or exchange of all such Convertible Securities issuable upon the exercise of such Options) shall be less than the Warrant Price in effect immediately prior to the time of the granting of such Options, then the total number of shares of Common Stock issuable upon the exercise of such Options or upon conversion or exchange of the total amount of such Convertible Securities issuable upon the exercise of such Options shall be deemed to have been issued for such price per share as of the date of granting of such Options or the issuance of such Convertible Securities and thereafter shall be deemed to be outstanding for purposes of adjusting the Warrant Price. Except as otherwise provided in subsection 8(f) (3), no adjustment of the Warrant Price shall be made upon the actual issue of such Common Stock

or of such Convertible Securities upon exercise of such Options or upon the actual issue of such Common Stock upon conversion or exchange of such Convertible Securities.

(f) (2) Issuance of Convertible Securities. In case the Company shall in any manner issue (directly and not by assumption in a merger or otherwise) or sell any Convertible Securities, whether or not the rights to exchange or convert any such Convertible Securities are immediately exercisable, and the price per share for which Common Stock is issuable upon such conversion or exchange (determined by dividing (i) the sum (which sum shall constitute the applicable consideration) of (x) the total amount received or receivable by the Company as consideration for the issue or sale of such Convertible Securities, plus (y) the aggregate amount of additional consideration, if any, payable to the Company upon the conversion or exchange thereof, by (ii) the total number of shares of Common Stock issuable upon the conversion or exchange of all such Convertible Securities) shall be less than the Warrant Price in effect immediately prior to the time of such issue or sale, then the total maximum number of shares of Common Stock issuable upon conversion or exchange of all such Convertible Securities shall be deemed to have been issued for such price per share as of the date of the issue or sale of such Convertible Securities and thereafter shall be deemed to be outstanding for purposes of adjusting the Warrant Price, provided that (a) except as otherwise provided in subsection 8(f) (3), no adjustment of the Warrant Price shall be made upon the actual issuance of such Common Stock upon conversion or exchange of such Convertible Securities and (b) no further adjustment of the Warrant Price shall be made by reason of the issue or sale of Convertible Securities upon exercise of any Options to purchase any such Convertible Securities for which adjustments of the Warrant Price have been made pursuant to the other provisions of subsection 8(f).

(f) (3) Change in Option Price or Conversion Rate. Upon the happening of any of the following events, namely, if the purchase price provided for in any Option referred to in subsection 8(f) (1) hereof, the additional consideration, if any, payable upon the conversion or exchange of any Convertible Securities referred to in subsections 8(f) (1) or 8(f) (2), or the rate at which Convertible Securities referred to in subsections 8(f) (1) or 8(f) (2) are convertible into or exchangeable for Common Stock shall change at any time (including, but not limited to, changes under or by reason of provisions designed to protect against dilution), the Warrant Price in effect at the time of such event shall forthwith be readjusted to the Warrant Price which would have been in effect at such time had such Options or Convertible Securities still outstanding provided for such changed purchase price, additional consideration or conversion rate, as the case may be, at the time initially granted, issued or sold. On the termination of any Option for which any adjustment was made pursuant to this subsection 8(f) or any right to convert or exchange Convertible Securities for which any adjustment was made pursuant to this subsection 8(f) (including without limitation upon the redemption or purchase for consideration of Convertible Securities by the Company), the Warrant Price

then in effect hereunder shall forthwith be changed to the Warrant Price which would have been in effect at the time of such termination had such Option or Convertible Securities, to the extent outstanding immediately prior to such termination, never been issued.

(f) (4) Consideration for Stock. In case any shares of Common Stock, Options or Convertible Securities shall be issued or sold for cash, the consideration received therefor shall be deemed to be the cash amount received by the Company therefor, without deduction therefrom of any expenses incurred or any underwriting commissions or concessions paid or allowed by the Company in connection therewith. In case any shares of Common Stock, Options or Convertible Securities shall be issued or sold for a consideration other than cash, the amount of the consideration other than cash received by the Company shall be deemed to be the fair value of such consideration as determined in good faith by the Board of Directors of the Company, after deduction of any expenses incurred or any underwriting commissions or concessions paid or allowed by the Company in connection therewith. In case any Options shall be issued in connection with the issue and sale of other securities of the Company, together comprising one integral transaction in which no specific consideration is allocated to such Options by the parties thereto, such Options shall be deemed to have been issued for such consideration as determined in good faith by the Board of Directors of the Company.

(f) (5) Record Date. In case the Company shall take a record of the holders of its Common Stock for the purpose of entitling them (i) to receive a dividend or other distribution payable in Common Stock, Options or Convertible Securities or (ii) to subscribe for or purchase Common Stock, Options or Convertible Securities, then such record date shall be deemed to be the date of the issue or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

(f) (6) Treasury Shares. The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Company or any of its wholly-owned subsidiaries, and the disposition of any such shares (other than the cancellation or retirement thereof) shall be considered an issue or sale of Common Stock for the purpose of this subsection (f).

(g) Anything herein to the contrary notwithstanding, the Company shall not be required to make any adjustment of the Warrant Price in the case of the issuance of (A) capital stock, Options or Convertible Securities issued to directors, officers, employees or consultants of the Company in connection with their service as directors of the Company, their employment by the Company or their retention as consultants by the Company pursuant to an equity compensation program approved by the Board of Directors or the shareholders of the Company,

(B) shares of Common Stock upon the conversion or exercise of Options or Convertible Securities issued prior to the date hereof, (C) shares of Common Stock and Convertible Securities issued to Big Beaver Investments, LLC pursuant to the terms of the Exchange Agreement, dated February 12, 2002, and shares of Common Stock issuable upon the exercise or conversion of such Convertible Securities in accordance with their terms, (D) Convertible Securities issued to Roth Capital in payment of the placement agency fees as disclosed in the Purchase Agreement; and shares of Common Stock issuable upon the exercise or conversion of such Convertible Securities in accordance with their terms, and (E) shares of Common Stock issued or issuable by reason of a dividend, stock split or other distribution on the Common Stock (but only to the extent that such a dividend, split or distribution results in an adjustment in the Warrant Price pursuant to the other provisions of this Warrant) (collectively, "Excluded Issuances").

Section 9. Fractional Interest. The Company shall not be required to issue

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fractions of Warrant Shares upon the exercise of the Warrant. If any fractional share of Common Stock would, except for the provisions of the first sentence of this Section 9, be delivered upon such exercise, the Company, in lieu of delivering such fractional share, shall pay to the exercising holder of this Warrant an amount in cash equal to the Fair Market Value of such fractional share of Common Stock on the date of exercise. As used in this Warrant, "Fair Market Value" of a share of Common Stock as of a particular date (the "Valuation Date") shall mean the following: (a) if the Common Stock is then listed on a national stock exchange, the closing sale price of one share of Common Stock on such exchange on the last trading day prior to the Valuation Date; (b) if the Common Stock is then quoted on Nasdaq, the closing sale price of one share of Common Stock on Nasdaq on the last trading day prior to the Valuation Date or, if no such closing sale price is available, the average of the high bid and the low sales price quoted on Nasdaq on the last trading day prior to the Valuation Date; or (c) if the Common Stock is not then listed on a national stock exchange or quoted on Nasdaq, the Fair Market Value of one share of Common Stock as of the Valuation Date, shall be determined in good faith by the Board of Directors of the Company.

Section 10. [Intentionally Omitted].

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Section 11. Benefits. Nothing in this Warrant shall be construed to give

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any person, firm or corporation (other than the Company and the Warrantholder) any legal or equitable right, remedy or claim, it being agreed that this Warrant shall be for the sole and exclusive benefit of the Company and the Warrantholder.

Section 12. Notices to Warrantholder. Upon the happening of any event

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requiring an adjustment of the Warrant Price, the Company shall promptly give written notice thereof to the Warrantholder at the address appearing in the records of the Company, stating the adjusted Warrant Price and the adjusted number of Warrant Shares resulting from such event and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. Failure to give such notice to the Warrantholder or any defect therein shall not affect the legality or validity of the subject adjustment.

Section 13. Identity of Transfer Agent. The Transfer Agent for the Common

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Stock is US Stock Transfer. Upon the appointment of any subsequent transfer agent for the Common Stock or other shares of the Company's capital stock issuable upon the exercise of the rights of purchase represented by the Warrant, the Company will mail to the Warrantholder a statement setting forth the name and address of such transfer agent.

Section 14. Notices. Unless otherwise provided, any notice required or

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permitted under this Warrant shall be given in writing and shall be deemed effectively given as hereinafter described (i) if given by personal delivery, then such notice shall be deemed given upon such delivery, (ii) if given by telex or telecopier, then such notice shall be deemed given upon receipt of confirmation of complete transmittal, (iii) if given by mail, then such notice shall be deemed given upon the earlier of (A) receipt of such notice by the recipient or (B) three days after such notice is deposited in first class mail, postage prepaid, and (iv) if given by an internationally recognized overnight air courier, then such notice shall be deemed given one day after delivery to such carrier. All notices shall be addressed as follows: (i) if to the Warrantholder, at its address as set forth in the Company's books and records and, if to the Company, at the address as follows, or at such other address as the Warrantholder or the Company may designate by ten days' advance written notice to the other:

If to the Company:

Amerigon Incorporated  
5462 Irwindale Avenue  
Irwindale, California 91706  
Attention: Chief Executive Officer  
Fax: 626.815.7441

With a copy to:

O'Melveny & Myers LLP  
400 South Hope Street  
Los Angeles, California 90071  
Attention: John A. Laco  
Fax: 213.430.6407

Section 15. Registration Rights. The initial holder of this Warrant is

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entitled to the benefit of certain registration rights with respect to the shares of Common Stock issuable upon the exercise of this Warrant as provided in the Appendix B hereto, and any subsequent holder hereof may be entitled to such  
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rights.

Section 16. Successors. All the covenants and provisions hereof by or for

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the benefit of the Warrantholder shall bind and inure to the benefit of its respective successors and assigns hereunder.

Section 17. Governing Law. This Warrant shall be governed by, and construed

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in accordance with, the internal laws of the State of New York, without reference to the choice of law provisions thereof. The Company and, by accepting this Warrant, the Warrantholder, each irrevocably submits to the exclusive jurisdiction of the courts of the State of New York located in New York County and the United States District Court for the Southern District of New York for the purpose of any suit, action, proceeding or judgment relating to or arising out of this Warrant and the transactions contemplated hereby. Service of process in connection with any such suit, action or proceeding may be served on each party hereto anywhere in the world by the same methods as are specified for the giving of notices under this Warrant. The Company and, by accepting this Warrant, the Warrantholder, each irrevocably consents to the jurisdiction of any such court in any such suit, action or proceeding and to the laying of venue in such court. The Company and, by accepting this Warrant, the Warrantholder, each irrevocably waives any objection to the laying of venue of any such suit, action or proceeding brought in such courts and irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

Section 18. Call Provision. Notwithstanding any other provision contained

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herein to the contrary, in the event that the closing bid price of a share of Common Stock as traded on the Nasdaq (or such other exchange or stock market on which the Common Stock may then be listed or quoted) exceeds \$4.00 (appropriately adjusted for any stock split, reverse stock split, stock dividend or other reclassification or combination of the Common Stock occurring after the date hereof) for twenty (20) consecutive trading sessions and all of the shares of Common Stock issuable hereunder either (i) are registered pursuant to an effective registration statement under the Securities Act which is available for sales of such shares of Common Stock or (ii) no longer constitute Registrable Securities (as defined in the Appendix B), the Company, upon thirty (30) days

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prior written notice (the "Notice Period") following such twenty (20) day period, to the Warrantholder, may call this Warrant, in whole but not in part, at a redemption price equal to \$0.01 per share of Common Stock then purchasable pursuant to this Warrant. Notwithstanding any such notice by the Company, the Warrantholder shall have the right to exercise this Warrant prior to the end of the Notice Period.

Section 19. No Rights as Stockholder. Prior to the exercise of this

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Warrant, the Warrantholder shall not have or exercise any rights as a stockholder of the Company by virtue of its ownership of this Warrant.

Section 20. Amendment; Waiver. Any term of this Warrant may be amended or

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waived (including the adjustment provisions included in Section 8 of this Warrant) upon the written consent of the Company and the Warrantholder.

Section 21. Section Headings. The section heading in this Warrant are for

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the convenience of the Company and the Warrantholder and in no way alter, modify, amend, limit or restrict the provisions hereof.



IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed, as of the 25th day of February, 2002.

AMERIGON INCORPORATED

By: \_\_\_\_\_

Name:

Title:

APPENDIX A  
AMERIGON INCORPORATED  
WARRANT EXERCISE FORM

To: Amerigon Incorporated

The undersigned hereby irrevocably elects to exercise the right of purchase represented by the within Warrant ("Warrant") for, and to purchase thereunder by the payment of the Warrant Price and surrender of the Warrant,

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shares of Common Stock ("Warrant Shares") provided for therein, and requests that certificates for the Warrant Shares be issued as follows:

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Name  
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Address  
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Federal Tax ID or Social Security No.

and delivered by (euro) certified mail to the above address, or  
(euro) electronically (provide DWAC  
Instructions: ), or  
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(euro) other (specify:

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and, if the number of Warrant Shares shall not be all the Warrant Shares purchasable upon exercise of the Warrant, that a new Warrant for the balance of the Warrant Shares purchasable upon exercise of this Warrant be registered in the name of the undersigned Warrantholder or the undersigned's Assignee as below indicated and delivered to the address stated below.

Dated: \_\_\_\_\_, \_\_\_\_\_

Note: The signature must correspond with

Signature: \_\_\_\_\_

the name of the registered holder as written on the first page of the Warrant in every particular, without alteration or enlargement or any change whatever, unless the Warrant has been assigned.

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Name (please print)  
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Address  
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Federal Identification or  
Social Security No.

Assignee:

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APPENDIX B  
AMERIGON INCORPORATED  
REGISTRATION RIGHTS

1. Demand Registration Rights.  
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(a) Registration. Prior to the expiration of this Warrant, the holders  
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of a majority of the Warrants shall have the right, exercisable at any time by written notice (the "Demand Notice") to the Company, to request the Company to file a registration statement, on such form as shall be appropriate under the Securities Act covering the resale of the Common Stock issuable pursuant to this Warrant (the "Registrable Securities"), and to use commercially reasonable efforts to qualify the Registrable Securities for sale under the blue sky laws of any applicable state or local jurisdiction reasonably requested, in each case as soon as reasonably practicable but in no event later than 60 days after such Demand Notice (a "Demand Registration Statement"); provided, however, the  
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Company shall not be required to file such registration statement for a period not to exceed one hundred twenty (120) days immediately following the date a public offering of the Common Stock (pursuant to an effective registration statement under the Securities Act) is commenced; provided, further, if in the  
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good faith opinion of the Company such registration or qualification would, if not deferred, materially and adversely affect a proposed business or financial transaction of substantial importance to the Company, the Company may defer such registration or qualification for a single period (specified in such notice) of not more than ninety (90) days. The Demand Notice shall specify the number of shares to be registered or qualified and the jurisdictions in which such registration or qualification is desired. The Warrantholder may only exercise the rights pursuant to this Appendix B once.

Upon the receipt of a Demand Notice, the Company shall promptly (a) take such steps as are necessary or appropriate to prepare for a registration or qualification of the Registrable Securities and (b) give written notice to the holders of the Registrable Securities of a proposed registration or qualification by the Company under the Securities Act and under the securities or blue sky laws of the requested jurisdictions and shall, as expeditiously as possible, in good faith, use commercially reasonable efforts to effect any such registration or qualification of the Registrable Securities reasonably designated in such request, all to the extent required to permit the disposition (in accordance with the intended methods thereof) by the prospective sellers of Registrable Securities to be registered or qualified, with notification to or approval of any governmental authority under any Federal or state law or any listing with any securities exchange, which may be required to permit the sale or disposition of any Registrable Securities which the holders of such shares propose to make, and the Company shall keep effective and current such registration or qualification for a period of one hundred twenty (120) days.

If the managing underwriter, if any, who shall be selected by the Person who originally requested such registration to manage the distribution of the Registrable Securities being registered, advises the prospective sellers in writing that the aggregate number of Registrable Securities to be sold in the proposed distribution and other shares of Common Stock, if any, requested to be registered by other holders of registration rights or proposed to be included in such registration by the Company would exceed the amount of securities that can be successfully offered then there shall be included in such offering the number of such securities

which the underwriter believes will not jeopardize the success of the offering and the Registrable Securities to be sold by each prospective seller shall be reduced on a pro rata basis.

(b) Registration and Qualification Procedures. Whenever the Company is

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required by the provisions of Section 1(a) of this Appendix B to use commercially reasonable efforts to effect the registration of any of its securities under the Securities Act and state securities or blue sky laws, the Company will, as expeditiously as is possible:

(i) prepare and file with the Commission a registration statement with respect to such securities (which registration statement shall be on Form S-3 (or any successor form) if the Company is eligible to file a registration statement on Form S-3 (or any successor form) and the Warrantholder hereof requests that the Company use such Form S-3) in connection with which the Company will give the sellers, their underwriters, if any, and their respective counsel and accountants the opportunity to participate in the preparation of such registration statement, each prospectus included therein or filed with the Commission, and each amendment thereof or supplement thereto, and will give each of them such access to its books and records and such opportunities to discuss the business of the Company with its officers and the independent public accountants who have certified its financial statements as shall be necessary, in the opinion of such sellers' and such underwriters' respective counsel, to conduct a reasonable investigation within the meaning of the Securities Act;

(ii) prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective and the prospectus current and to comply with the provisions of the Securities Act with respect to the sale of all securities covered by such registration statement whenever the seller of such securities shall desire to sell the same; provided, however, the Company shall have no obligation to file any amendment or  
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supplement at its own expense more than one hundred twenty (120) days after the effective date of such registration statement;

(iii) furnish to each seller such numbers of copies of preliminary prospectuses and prospectuses and each supplement or amendment thereto and such other documents as each seller may reasonably request in order to facilitate the sale or other disposition of the securities owned by such seller in conformity with (i) the requirements of the Securities Act and (ii) the seller's proposed method of distribution;

(iv) use commercially reasonable efforts to register or qualify the securities covered by such registration statement under the securities or blue sky laws of such jurisdictions within the United States as each seller shall reasonably request, and do such other reasonable acts and things as may be required of it to enable each seller to consummate the sale or other disposition in such jurisdictions of the securities owned by such seller; provided, however,  
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that the Company shall not be required to (i) qualify as a foreign corporation or consent to a general and unlimited service of process in any such jurisdiction, or (ii) qualify as a dealer in securities;

(v) notify each seller at any time when a prospectus relating to the registration is required to be delivered under the Securities Act, upon discovery that, or upon 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 any material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made, at the request of any such seller promptly prepare and furnish to such seller a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such securities, such prospectus shall not include an untrue statement of a material fact or omit 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 under which they were made; and

(vi) keep each prospective seller of Registrable securities advised in writing as to the initiation and progress of any registration under Section 1(a) of this Appendix B.

(c) Expenses. All "Registration Expenses" (as defined below) shall be

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borne by the Company. All "Selling Expenses" (as defined below) shall be borne by the Warrantholder pro rata with all other selling shareholders participating in such registration on the basis of the number of the shares registered on their behalf. "Registration Expenses" shall mean all expenses incurred by the Company in complying with the provisions of this Appendix B, including, without limitation, all registration, qualification and filing fees, printing expenses, escrow fees, fees and disbursements of counsel for the Company, blue sky fees and expenses, and the expense of any special audits incident to or required by any such registration (but excluding the compensation of regular employees of the Company, which shall be paid in any event by the Company), but excluding Selling Expenses. "Selling Expenses" shall mean all fees of counsel to selling stockholders, underwriting discounts, selling commissions and stock transfer taxes applicable to the sale of the Common Stock pursuant to the registration statement.

(d) Suspension of Effectiveness. The Company's obligations under

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paragraph (a) above shall not restrict its ability to suspend the effectiveness of, or direct the Warrantholder not to offer or sell securities under, the registration statement, at any time, for such reasonable period of time which the Company believes is necessary to prevent the premature disclosure of any events or information having a material effect on the Company. In addition, The Company shall not be required to keep the registration statement effective, or may, without suspending such effectiveness, instruct the Warrantholder not to sell the Common Stock during any period during which the Company is instructed, directed, ordered or otherwise requested by any governmental agency or self-regulatory organization to stop or suspend such trading or sales.

(e) Holdback Agreement. In the event of any filing of a prospectus

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supplement or the commencement of an underwritten public distribution of the Company's securities under a registration statement, the Warrantholder agrees not to effect any public sale or distribution of the Company's Common Stock (except pursuant to such registration statement to the extent the Warrantholder's Registrable Securities are included therein), including a sale pursuant to Rule 144 under the Act, during a period designated by the Company in a written notice duly given to the Warrantholder, which period shall commence approximately 14 days prior to the effective date of any such filing of such prospectus supplement or the commencement of such

underwritten public distribution of such Common Stock under a registration statement and shall continue for up to 134 consecutive days.

(f) Information. The Company may require the Warrantholder to furnish

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to the Company such information regarding itself and the distribution of the Common Stock as the Company may from time to time reasonably request in writing and such other information as may be legally required in connection with such registration. The Warrantholder agrees to furnish promptly to the Company all information required to be disclosed in order to make any previously furnished information not materially misleading.

(g) Indemnification.  
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(i) The Company will indemnify the Warrantholder against all reasonable expenses, claims, losses, damages and liabilities (or actions in respect thereof), including any of the foregoing incurred in the defense and settlement of any litigation, arising out of or based upon any untrue statement (or alleged untrue statement) of a material fact contained in the registration statement, prospectus or documents incorporated by reference therein, or based upon any omission (or alleged omission) of a material fact required to be stated therein or necessary to make the statements therein not misleading, and including any of the foregoing incurred or arising out of any violation by the Company of the Act or any rule or regulation promulgated under the Act; provided, however, that the Company will not be under an obligation to indemnify

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the Warrantholder if any of the foregoing are based upon any untrue statement or omission or alleged untrue statement or omission made in reliance upon information furnished to the Company by the Warrantholder; provided further that

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the indemnity agreements contained in this subsection shall not apply to amounts paid in any settlement if such settlement is effected without the prior written consent of the Company.

(ii) The Warrantholder, if participating in the registration pursuant hereto, will indemnify the Company, its directors and officers, each person who controls the Company within the meaning of Section 15 of the Act, and each other selling shareholder participating in such registration (a "Selling Member"), against all reasonable expenses, claims, losses, damages and liabilities incurred and actions arising out of any untrue statement (or alleged untrue statement) of a material fact contained in any registration statement and any documents related thereto or based upon any omission (or alleged omission) of a material fact required to be stated therein or necessary to make the statements therein not misleading, and including any of the foregoing incurred or arising out of the violation by any the Warrantholder of the Act or any rule or regulation promulgated thereunder or under the Securities Exchange Act of 1934; provided, however, that the Warrantholder will only be obligated to indemnify any of them for any of the foregoing based upon a material misstatement or an omission (alleged or otherwise) made in reliance upon information furnished to the Company by the Warrantholder.

(iii) Each party entitled to indemnification under this Section ("Indemnified Party") shall give prompt notice to the party required to provide indemnification ("Indemnifying Party") as soon as Indemnified Party has actual knowledge of any claim for which indemnity may be sought, and shall permit Indemnifying Party to assume and control the defense of any such claim or any litigation resulting therefrom, provided that Indemnified Party will have the right to approve (whose approval shall not be unreasonably withheld) of the

counsel chosen by Indemnifying Party to defend such claim or litigation, and provided that Indemnified Party may participate in such defense at Indemnified Party's expense. The failure of any Indemnified Party to give notice of a claim subject to indemnification shall not relieve Indemnifying Party of its obligations under this Agreement unless the failure to give such notice is prejudicial to Indemnifying Party's ability to defend such claim. Indemnifying Party shall not assume the defense for matters as to which there is a conflict of interest or separate and different defense. In defending such claim, Indemnifying Party shall not, without the prior written consent of Indemnified Party, consent to the entry of any judgment or enter into any settlement which does not include an unconditional provision releasing Indemnified Party from all liability in respect to such claim or litigation.

(iv) The obligations of the Company and the Warrantholder under this subsection (g) shall survive the completion of any offering of Common Stock pursuant to the registration statement hereunder, and otherwise.

(h) Other Covenants. The Warrantholder agrees, in connection with any  
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disposition of Common Stock, to comply with all applicable prospectus delivery requirements of the Securities and Exchange Commission. The Warrantholder further agrees that upon receipt of any notice from the Company of the happening of any event of the kind requiring the cessation of the distribution of a prospectus or the distribution of a supplemented or amended prospectus, the Warrantholder will forthwith discontinue disposition of Common Stock pursuant to the registration statement covering such shares until the Warrantholder's receipt of the copies of the supplemented or amended prospectus from the Company, or until it is advised in writing by the Company that the use of the prospectus may be resumed, and, if so directed by the Company, the Warrantholder will deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in the Warrantholder's possession, of the prospectus covering such shares current at the time of receipt of such notice.

(i) Assignment. The rights granted to the Warrantholder pursuant to  
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this Appendix B may not be, directly or indirectly, assigned or transferred except in connection with a transfer of this Warrant.



FIRST AMENDMENT TO THE CREDIT AGREEMENT

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THIS FIRST AMENDMENT TO THE CREDIT AGREEMENT (this "Amendment"), effective as of December 1, 2001 (the "Effective Date"), is entered into by and between Amerigon Incorporated, a California corporation (the "Company"), and Big Beaver Investments LLC, a Delaware limited liability company (the "Lender").

RECITALS

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A. The Company and the Lender are parties to that certain Credit Agreement dated as of September 20, 2001 (the "Credit Agreement") pursuant to which the Lender has extended to the Company the principal amount of One Million Five Hundred Thousand Dollars (\$1,500,000).

B. The Company desires to obtain an additional loan from the Lender in the principal amount of One Million Dollars (\$1,000,000) (the "Additional Loan") pursuant to the terms and conditions of the Credit Agreement, as amended by this Amendment.

C. In addition, the Company and the Lender desire to make certain amendments to the Credit Agreement as provided herein.

NOW, THEREFORE, for valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Defined Terms. Unless otherwise defined in this Amendment, capitalized terms used herein shall have the meanings assigned to them in the Credit Agreement.

2. Amendments To Credit Agreement.

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(a) The following definitions as set forth in Section 1.01 of the Credit Agreement shall be amended in its entirety as follows:

"FINAL MATURITY DATE" means the earlier to occur of: (i) March 1, 2002; (ii) the occurrence of a Trigger Event; or (iii) acceleration of the Loan pursuant to Section 6.02.

"LOAN DOCUMENTS" means the Credit Agreement dated as of September 20, 2001 (the "Credit Agreement") between the Company and the Lender, the First Amendment to the Credit Agreement effective as of December 1, 2001 (the "Amendment") between the Company and the Lender, the Note, the Collateral Documents (as each of the foregoing may be restated, amended, modified, renewed, or extended from time to time), and all other certificates, documents, agreements and instruments delivered to the Lender under or in connection with the Loan.

"MARKET PRICE" shall mean the lowest price per share of Common Stock determined by: (i) the average closing bid price of the Common Stock, for ten (10) consecutive Business Days ending on November 27, 2001 (the "Market Price Determination Date"), as reported by Nasdaq, if the Common Stock is traded on the Nasdaq SmallCap Market; (ii) the average last reported sale price of the Common Stock, for ten (10) consecutive Business Days ending on the Market Price Determination Date, as reported by the primary exchange on which the Common Stock is traded, if the Common Stock is traded on a national securities exchange, or by Nasdaq, if the Common Stock is traded on the Nasdaq National Market; (iii) the average closing bid price or the last reported sale price, as the case may be, for the ninety (90) calendar days ending on the Market Price Determination Date; or (iv) a price not to exceed \$1.15 per share.

(b) Section 2.01 of the Credit Agreement shall be amended in its entirety as follows:

SECTION 2.01 LOAN. Subject to the terms and conditions of the Loan Documents, including satisfaction of the conditions set forth under Article III of this Agreement, the Lender agrees to make a term loan to the Company in an aggregate principal amount of Two Million Five Hundred Thousand Dollars (\$2,500,000) (the "Loan"), to be advanced to the Company in multiple distributions as follows (each a "Loan Advance"): (i) the first distribution of Five Hundred Thousand Dollars (\$500,000) is to be advanced on the Closing Date (the "First Loan Advance"); (ii) the second distribution of Two Hundred Fifty-Thousand Dollars (\$250,000) is to be advanced on October 1, 2001 or such other later date as mutually agreed between the parties (the "Second Loan Advance"); (iii) the third distribution of Two Hundred Fifty-Thousand Dollars (\$250,000) is to be advanced within two (2) Business Days after the Company satisfies the conditions set forth in Section 3.04, but in no event earlier than October 1, 2001 or such other later date as mutually agreed between the parties (the "Third Loan Advance"); (iv) the fourth distribution of Five Hundred Thousand Dollars (\$500,000) is to be advanced on November 1, 2001 or such other later date as mutually agreed between the parties (the "Fourth Loan Advance"); and (v) the final distribution or distributions of an aggregate of One Million Dollars (\$1,000,000) are to be advanced on or before January 24, 2002 or such other later date as mutually agreed between the parties (the "Final Loan Advance"). Whenever any Loan Advance hereunder shall be stated to be made on a day other than a Business Day, then such Loan Advance shall be made on the next succeeding Business Day.

The first paragraph of Section 2.04 of the Credit Agreement shall be amended in its entirety as follows (provided that the second paragraph of Section 2.04 shall remain applicable without modification or amendment):

SECTION 2.04 INTEREST. The Company hereby promises to pay, on the date of any prepayment of the Loan and at the Final Maturity Date, interest on the unpaid principal amount of the Loan from the date of each Loan distribution until

maturity thereof at a rate equal to ten percent (10%) per annum from the Closing Date through December 1, 2001, and at a rate equal to twelve and one-half percent (12 1/2%) per annum after December 1, 2001 for all unpaid principal amounts under the Loan.

Section 2.12 of the Credit Agreement shall be amended in its entirety as follows:

SECTION 2.12. WARRANT. Concurrently with the execution of this Agreement, and in consideration of the Lender's agreement to make the Loan to the Company, the Company will issue to the Lender a warrant to purchase an amount of the Common Stock of the Company equal to thirty (30%) of the principal amount of the Loan (i.e. \$750,000) divided by the exercise price as set forth in the warrant, and on the terms and conditions set forth in the warrant.

Section 3.02(c) of the Credit Agreement shall be amended in its entirety as follows:

OFFICER'S CERTIFICATE. The Lender shall have received certificates duly executed by a disinterested Responsible Officer of the Company dated the date of each Loan Advance certifying in such detail as the Lender may reasonably request to the fulfillment of the conditions specified in Sections 3.02(a) and 3.02(b).

Section 7.04(a) of the Credit Agreement shall be amended in its entirety as follows:

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 Loan, including the negotiation, preparation, execution, delivery and administration of the Loan Documents and any amendments, modifications or waivers of the terms thereof, 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. Without limiting the foregoing, the Lender shall have the right, but not the obligation, to automatically deduct from each Loan Advance any and all of the foregoing costs and expenses of the Lender and any of its Affiliates incurred or reasonably expected to be incurred in connection with the Loan; accordingly, the amount of such Loan Advance actually disbursed to the Company may be less of such deducted amounts.

Section 7.07 of the Credit Agreement shall be amended in its entirety as follows:

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 permitted successors and permitted assigns. The Company shall not have the right to assign its rights or Obligations or any interest herein or therein without the prior written consent of the Lender. The Lender reserves the right freely 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 to any 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).

The following provisions shall be added to the end of Article III of the Credit Agreement:

SECTION 3.06 CONDITIONS PRECEDENT TO THE FINAL LOAN ADVANCE. The obligation of the Lender to make the Final Loan Advance shall be subject to the satisfaction of each of the following conditions precedent before or concurrently on the date of the Final Loan Advance (the "Amendment Closing Date"):

(a) COMPLIANCE. The Company shall have performed and complied with all conditions precedent set forth in Sections 3.01 and 3.02.

(b) DOCUMENTS. The Lender shall have received each of the following in form and substance satisfactory to it:

(i) the Amendment duly executed by the Company;

(ii) the duly executed Amended and Restated Convertible Promissory Note (the "Amended Note");

(iii) an opinion of legal counsel to the Company dated as of the Amendment Closing Date;

(iv) the duly executed Amended and Restated Bridge Loan Warrant (the "Amended Warrant");

(v) the Third Amendment to the Investors' Rights Agreement executed by the Company and Westar Capital II, LLC ("Westar");

(vi) an estoppel certificate dated the Amendment Closing Date and executed by Westar, the Company, each disinterested member of the Board of Directors of the Company (the "Board"), and each disinterested executive officer of the Company;

(vii) evidence that (A) all authorizations or approvals of any governmental agency or authority, and 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 (B) a certificate of the Secretary or other appropriate officer of the Company, dated the Amendment Closing Date, certifying (1) copies of its Charter Documents and the resolutions and other actions taken or adopted by disinterested members of the Board or shareholders of the Company authorizing the execution, delivery and performance of the Loan Documents and such other documents referenced herein, (2) the incumbency, authority and signatures of each officer of the Company authorized to execute and deliver the Loan Documents and act with respect thereto, (3) the disinterested members of the Board have acknowledged that the Loan Documents were negotiated at arm's length and the consideration therefor is fair and based in part upon advice of Roth Capital, (4) the disinterested members of the Board have waived any right to re-characterize the Loan Documents and transactions contemplated therein as equity participation, and (5) the disinterested members of the Board have approved the form and substance of this Amendment, the Amended Note and the Amended Warrant, and the transactions contemplated therein; and

(viii) a certificate duly executed by a disinterested Responsible Officer of the Company dated the Amendment Closing Date certifying in such detail as the Lender may reasonably request to the fulfillment of all conditions contained in this Section 3.06.

3. Representations And Warranties. The Company hereby represents and  
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warrants to the Lender as follows:

(a) No Default or Event of Default has occurred and is continuing.

(b) There has been no material breach of any term or condition of any of the Loan Documents.

(c) All representations and warranties of the Company contained in the Credit Agreement are true and correct and apply with full force and effect to this Amendment.

(d) All Collateral Documents apply with full force and effect to this Amendment and the Additional Loan.

(e) The execution, delivery and performance by the Company of this Amendment have been duly authorized by all necessary corporate and other action and do not and will not require any registration with, consent or approval of, notice to or action by, any Person in order to be effective and enforceable. The Credit Agreement as amended by this Amendment constitutes the legal, valid and binding obligations of the Company, enforceable against it in accordance with its respective terms, without defense, counterclaim or offset, 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.

(f) The Company is entering into this Amendment on the basis of its own investigation and for its own reasons, without reliance upon the Lender or any other Person.

4. Reservation Of Rights. The Company acknowledges and agrees that the  
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execution and delivery by the Lender of this Amendment shall not be deemed to create a course of dealing or otherwise obligate the Lender to forbear or execute similar amendments under the same or similar circumstances in the future. The Company further acknowledges and agrees that, except as expressly provided in the Loan Documents, neither the Lender nor any of its Affiliates have any commitment or other undertaking to advance any additional funds to the Company or its Affiliates.

5. Prior Warrant and Note. Upon due execution of the Amended Note and  
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the Amended Warrant by the Company and receipt thereof by the Lender, the Amended Note and the Amended Warrant shall supercede and replace the Convertible Promissory Note and the Bridge Loan Warrant, each dated September 20, 2001, issued by the Company to the Lender in connection with the Credit Agreement.

6. Miscellaneous.  
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(a) Except as herein expressly amended by this Amendment, all terms, covenants and provisions of the Credit Agreement are and shall remain in full force and effect and all references therein to such Credit Agreement shall henceforth refer to the Credit Agreement as amended by this Amendment. This Amendment shall be deemed incorporated into, and a part of, the Credit Agreement.

(b) This Amendment, together with the Credit Agreement, contains the entire and exclusive agreement of the parties hereto with reference to the matters discussed herein and therein. This Amendment supersedes all prior drafts and communications with respect thereto. This Amendment may not be amended except in accordance with the provisions of Section 7.01 of the Credit Agreement.

(c) This Amendment 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 permitted successors and

permitted assigns. The Company shall not have the right to assign its rights or Obligations or any interest herein or therein without the prior written consent of the Lender. The Lender reserves the right freely 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 to any Person.

(d) This Amendment shall be governed by and construed in accordance with the law of the State of California.

(e) This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

(f) Each of the parties hereto understands and agrees that this Amendment (and any other document required herein) may be delivered by any party thereto either in the form of an executed original or an executed original sent by facsimile transmission to be followed promptly by mailing of a hard copy original, and that receipt by the Lender of a facsimile transmitted document purportedly bearing the signature of the Company shall bind the Company with the same force and effect as the delivery of a hard copy original. Any failure by the Lender to receive the hard copy executed original of such document shall not diminish the binding effect of receipt of the facsimile transmitted executed original of such document which hard copy page was not received by the Lender.

[Remainder of page intentionally left blank; signatures follow]

IN WITNESS WHEREOF, the parties hereto have duly executed this First Amendment to the Credit Agreement effective as of the Effective Date.

THE COMPANY:

AMERIGON INCORPORATED, a California corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

THE LENDER:

BIG BEAVER INVESTMENTS LLC, a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



PURCHASE AGREEMENT

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THIS PURCHASE AGREEMENT ("Agreement") is made as of the 12th day of February, 2002 by and among Amerigon Incorporated, a California corporation (the "Company"), and the Investors set forth on the signature pages affixed hereto (each an "Investor" and collectively the "Investors").

Recitals

A. The Company and the Investors are executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by the provisions of Regulation D ("Regulation D"), as promulgated by the U.S. Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended; and

B. The Investors wish to purchase from the Company, and the Company wishes to sell and issue to the Investors, upon the terms and conditions stated in this Agreement, (i) an aggregate of 3,666,700 shares of common stock, no par value, of the Company (the "Common Stock"), and (ii) warrants to purchase an aggregate of 1,833,350 shares of Common Stock in the form attached hereto as Exhibit A (the "Warrants"); and

C. Contemporaneous with the sale of the Common Stock and Warrants, the parties hereto will execute and deliver a Registration Rights Agreement, in the form attached hereto as Exhibit B (the "Registration Rights Agreement"), pursuant to which the Company will agree to provide certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, and applicable state securities laws; and

D. Contemporaneous with the sale of the Common Stock and Warrants, the Company will effect the conversion or exchange of all amounts outstanding under its existing bridge loan facility with Big Beaver Investments, LLC (including interest) into shares of Common Stock and warrants to purchase shares of Common Stock on the same terms (including as to price) as contemplated hereby.

In consideration of the mutual promises made herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Definitions. In addition to those terms defined above and elsewhere in

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this Agreement, for the purposes of this Agreement, the following terms shall have the meanings here set forth:

"Affiliate" means, with respect to any Person, any other Person which

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directly or indirectly Controls, is controlled by, or is under common control with, such Person.

"Agreements" means this Agreement, the Warrants and the Registration  
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Rights Agreement.

"Business Day" means a day, other than a Saturday or Sunday, on which  
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banks in New York City and Los Angeles are open for the general transaction of  
business.

"Company's Knowledge" means the actual knowledge of the "executive  
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officers" (as that term is defined in Rule 405 promulgated under the 1933 Act)  
of the Company, after due inquiry.

"Control" means the possession, direct or indirect, of the power to  
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direct or cause the direction of the management and policies of a Person,  
whether through the ownership of voting securities, by contract or otherwise.

"Intellectual Property" means all of the following: (i) patents,  
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patent applications, patent disclosures and inventions (whether or not  
patentable and whether or not reduced to practice); (ii) trademarks, service  
marks, trade dress, trade names, corporate names, logos, slogans and Internet  
domain names, together with all goodwill associated with each of the foregoing;  
(iii) copyrights and copyrightable works; (iv) registrations, applications and  
renewals for any of the foregoing; (v) trade secrets, confidential information  
and know-how (including but not limited to ideas, formulae, compositions,  
manufacturing and production processes and techniques, research and development  
information, drawings, specifications, designs, business and marketing plans,  
and customer and supplier lists and related information); and (vi) proprietary  
computer software (including but not limited to data, data bases and  
documentation).

"Material Adverse Effect" means a material adverse effect on the  
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assets, liabilities, results of operations, condition (financial or otherwise),  
business, or prospects of the Company and its subsidiaries taken as a whole.

"Nasdaq" means the NASDAQ Stock Market, Inc. SmallCap Market System.  
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"Person" means an individual, corporation, partnership, limited  
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liability company, trust, business trust, association, joint stock company,  
joint venture, sole proprietorship, unincorporated organization, governmental  
authority or any other form of entity not specifically listed herein.

"Purchase Price" means Five Million Five Hundred Thousand Fifty  
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Dollars (\$5,500,050).

"SEC Filings" has the meaning set forth in Section 4.6.  
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"Securities" means the Shares, the Warrants and the Warrant Shares.  
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"Shares" means the shares of Common Stock being purchased by the  
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Investors hereunder.

"Subsidiary" has the meaning set forth in Section 4.1.

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"Warrant Shares" means the shares of Common Stock issuable upon

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exercise of or otherwise pursuant to the Warrants.

"1933 Act" means the Securities Act of 1933, as amended, and the rules

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and regulations promulgated thereunder.

"1934 Act" means the Securities Exchange Act of 1934, as amended, and

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the rules and regulations promulgated thereunder.

2. Purchase and Sale of the Shares and Warrants. Subject to the terms and

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conditions of this Agreement, on the Closing Date, each of the Investors shall severally, and not jointly, purchase, and the Company shall sell and issue to the Investors, the Shares and Warrants in the respective amounts set forth opposite the Investors' names on the signature pages attached hereto in exchange for the Purchase Price as specified in Section 3 below.

3. Closing. Upon confirmation that the conditions to closing specified

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herein have been satisfied, the Company shall deliver to Lowenstein Sandler PC, in trust, a certificate or certificates, registered in such name or names as the Investors may designate, representing the Shares and Warrants, with instructions that such certificates are to be held for release to the Investors only upon payment of the Purchase Price to the Company. Upon receipt by Lowenstein Sandler PC of the certificates, each Investor shall promptly cause a wire transfer in same day funds to be sent to the account of the Company as instructed in writing by the Company, in an amount representing such Investor's pro rata portion of the Purchase Price as set forth on the signature pages to this Agreement. On the date (the "Closing Date") the Company receives such funds, the certificates evidencing the Shares and Warrants shall be released to the Investors (the "Closing"). The purchase and sale of the Shares and Warrants shall take place at the offices of Lowenstein Sandler PC, 1330 Avenue of the Americas, 21st Floor, New York, New York, or at such other location and on such other date as the Company and the Investors shall mutually agree.

4. Representations and Warranties of the Company. The Company hereby

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represents and warrants to the Investors that, except as set forth in the schedules delivered herewith (collectively, the "Disclosure Schedules"):

4. 1 Organization, Good Standing and Qualification. Each of the

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Company and its Subsidiaries is a corporation duly incorporated or a limited liability company duly formed, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation and has all requisite corporate or limited liability company power and authority to carry on its business as now conducted and to own its properties. Each of the Company and its Subsidiaries is duly qualified to do business as a foreign corporation or a foreign limited liability company and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property makes such qualification or leasing necessary unless the failure to so qualify has not and could not reasonably be expected to

have a Material Adverse Effect. The Company's subsidiaries are reflected on Schedule 4.1 hereto (the "Subsidiaries").

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4.2 Authorization. The Company has full power and authority and has

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taken all requisite action on the part of the Company, its officers, directors and shareholders necessary for (i) the authorization, execution and delivery of the Agreements, (ii) authorization of the performance of all obligations of the Company hereunder or thereunder, and (iii) the authorization, issuance (or reservation for issuance) and delivery of the Securities. The Agreements constitute the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability, relating to or affecting creditors' rights generally.

4.3 Capitalization. Schedule 4.3 sets forth (a) the authorized capital

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stock of the Company on the date hereof; (b) the number of shares of capital stock issued and outstanding; (c) the number of shares of capital stock issuable pursuant to the Company's stock plans; and (d) the number of shares of capital stock issuable and reserved for issuance pursuant to securities (other than the Shares and the Warrants) exercisable for, or convertible into or exchangeable for any shares of capital stock of the Company. All of the issued and outstanding shares of the Company's capital stock have been duly authorized and validly issued and are fully paid, nonassessable and free of pre-emptive rights and were issued in full compliance with applicable law. All of the issued and outstanding equity interests of each Subsidiary have been duly authorized and validly issued and are fully paid, nonassessable and free of pre-emptive rights, were issued in full compliance with applicable law and, except as described on Schedule 4.3, are owned by the Company, beneficially and of record, subject to

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no lien, encumbrance or other adverse claim. No Person is entitled to pre-emptive or similar statutory or contractual rights with respect to any securities of the Company. Except as described on Schedule 4.3, there are no

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outstanding warrants, options, convertible securities or other rights, agreements or arrangements of any character under which the Company or any of its Subsidiaries is or may be obligated to issue any equity securities of any kind and except as contemplated by this Agreement, neither the Company nor any of its Subsidiaries is currently in negotiations for the issuance of any equity securities of any kind. Except as described on Schedule 4.3 and except for the

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Registration Rights Agreement, there are no voting agreements, buy-sell agreements, option or right of first purchase agreements or other agreements of any kind among the Company and any of the securityholders of the Company relating to the securities of the Company held by them. Except as described on Schedule 4.3, the Company has not granted any Person any currently outstanding

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or future arising right to require the Company to register any securities of the Company under the 1933 Act, whether on a demand basis or in connection with the registration of securities of the Company for its own account or for the account of any other Person.

Schedule 4.3 sets forth a true and complete table setting forth the

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pro forma capitalization of the Company on a fully diluted basis giving effect to (i) the issuance of the Shares and the Warrants, (ii) any adjustments in other securities resulting from such issuance, and (iii) the exercise or conversion of all outstanding securities. Except as described on Schedule 4.3,

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the issuance of the Securities hereunder will not trigger any outstanding anti-dilution rights.

4.4 Valid Issuance. The Shares have been duly and validly authorized

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and, when issued and paid for pursuant to this Agreement, will be validly issued, fully paid and nonassessable free and clear of all encumbrances and restrictions, except for restrictions on transfer set forth in this Agreement or imposed by applicable securities laws. The Warrants have been duly and validly authorized. Upon the due exercise of the Warrants, the Warrant Shares issuable upon such exercise will be validly issued, fully paid and non-assessable free and clear of all encumbrances and restrictions, except for restrictions on transfer set forth in this Agreement or imposed by applicable securities laws. The Company has reserved a sufficient number of shares of Common Stock for issuance upon the exercise of the Warrants, free and clear of all encumbrances and restrictions, except for restrictions on transfer set forth in this Agreement or imposed by applicable securities laws.

4.5 Consents. Except as described on Schedule 4.20, the execution,

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delivery and performance by the Company of the Agreements and the offer, issuance and sale of the Securities require no consent of, action by or in respect of, or filing with, any Person, governmental body, agency, or official other than filings that have been made pursuant to applicable state securities laws and post-sale filings pursuant to applicable state and federal securities laws which the Company undertakes to file within the applicable time periods. The Company has taken all action necessary to exempt (i) the sale of the Securities, (ii) the issuance of the Warrant Shares upon due exercise of the Warrants, and (iii) the other transactions contemplated by this Agreement from the provisions of any anti-takeover or business combination law or statute binding on the Company or to which the Company or any of its assets and properties may be subject.

4.6 Delivery of SEC Filings; Business. The Company has provided the

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Investors with copies of the Company's most recent Annual Report on Form 10-K for the fiscal year ended December 31, 2000 (as amended prior to the date hereof, the "10-K"), and all other reports filed by the Company pursuant to the 1934 Act since the filing of the 10-K and prior to the date hereof (collectively, the "SEC Filings"). The SEC Filings are the only filings required of the Company pursuant to the 1934 Act for such period. The Company and its Subsidiaries are engaged only in the business described in the SEC Filings and the SEC Filings contain a complete and accurate description in all material respects of the business of the Company and its Subsidiaries, taken as a whole as of the date such SEC Filing was filed with the SEC.

4.7 Use of Proceeds. The proceeds of the sale of the Common Stock and

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the Warrants hereunder shall be used by the Company for working capital and general corporate purposes.

4.8 No Material Adverse Change. Since September 30, 2001, except as

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identified and described in the SEC Filings or as described on Schedule 4.8,

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there has not been:

(i) any change in the consolidated assets, liabilities, financial condition or operating results of the Company from that reflected in the financial statements included in the 10-K, except for changes in the ordinary course of business which have not and

could not reasonably be expected to have a Material Adverse Effect, individually or in the aggregate;

(ii) any declaration or payment of any dividend, or any authorization or payment of any distribution, on any of the capital stock of the Company, or any redemption or repurchase of any securities of the Company;

(iii) any material damage, destruction or loss, whether or not covered by insurance to any assets or properties of the Company or its Subsidiaries;

(iv) any waiver, not in the ordinary course of business, by the Company or any Subsidiary of a material right or of a material debt owed to it;

(v) any satisfaction or discharge of any lien, claim or encumbrance or payment of any obligation by the Company or a Subsidiary, except in the ordinary course of business and which is not material to the assets, properties, financial condition, operating results or business of the Company and its Subsidiaries taken as a whole (as such business is presently conducted and as it is proposed to be conducted);

(vi) any change or amendment to the Company's Articles of Incorporation or by-laws, or material change to any material contract or arrangement by which the Company or any Subsidiary is bound or to which any of their respective assets or properties is subject;

(vii) any material labor difficulties or labor union organizing activities with respect to employees of the Company or any Subsidiary;

(viii) any transaction entered into by the Company or a Subsidiary other than in the ordinary course of business;

(ix) the loss of the services of any key employee, or material change in the composition or duties of the senior management of the Company or any Subsidiary;

(x) the loss or threatened loss of any customer which has had or could reasonably be expected to have a Material Adverse Effect; or

(xi) any other event or condition of any character that has had or could reasonably be expected to have a Material Adverse Effect.

#### 4.9 SEC Filings; S-3 Eligibility.

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(a) At the time of filing thereof, the SEC Filings complied as to form in all material respects with the requirements of the 1934 Act and did not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(b) During the preceding two years, each registration statement and any amendment thereto filed by the Company pursuant to the 1933 Act and the rules and regulations thereunder, as of the date such statement or amendment became effective, complied as to form in all material respects with the 1933 Act and did not 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 made therein, in light of the circumstances under which they were made, not misleading; and each prospectus filed pursuant to Rule 424(b) under the 1933 Act, as of its issue date and as of the closing of any sale of securities pursuant thereto did not 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 made therein, in the light of the circumstances under which they were made, not misleading.

(c) The Company is eligible to use Form S-3 to register the Registrable Securities (as such term is defined in the Registration Rights Agreement) for sale by the Investors as contemplated by the Registration Rights Agreement.

4.10 No Conflict, Breach, Violation or Default. The execution,  
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delivery and performance of the Agreements by the Company and the issuance and sale of the Securities will not conflict with or result in a breach or violation of any of the terms and provisions of, or constitute a default under (i) the Company's Articles of Incorporation or the Company's Bylaws, both as in effect on the date hereof (copies of which have been provided to the Investors before the date hereof), or (ii)(a) any statute, rule, regulation or order of any governmental agency or body or any court, domestic or foreign, having jurisdiction over the Company, any Subsidiary or any of their respective assets or properties, or (b) any agreement or instrument to which the Company or any Subsidiary is a party or by which the Company or a Subsidiary is bound or to which any of their respective assets or properties is subject, except, in the case of clause (ii) only, as would not reasonably be expected to have a Material Adverse Effect, individually or in the aggregate.

4.11 Tax Matters. The Company and each Subsidiary has timely prepared  
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and filed all tax returns required to have been filed by the Company or such Subsidiary with all appropriate governmental agencies and timely paid all taxes shown thereon or otherwise owed by it, except for those taxes being contested in good faith and for which the Company or such Subsidiary has established adequate reserves in accordance with generally accepted accounting principles. The charges, accruals and reserves on the books of the Company in respect of taxes for all fiscal periods are adequate in all material respects, and there are no material unpaid assessments against the Company or any Subsidiary nor, to the Company's Knowledge, any basis for the assessment of any additional taxes, penalties or interest for any fiscal period or audits by any federal, state or local taxing authority except for any assessment which is not material to the Company and its Subsidiaries, taken as a whole. All taxes and other assessments and levies that the Company or any Subsidiary is required to withhold or to collect for payment have been duly withheld and collected and paid to the proper governmental entity or third party when due. There are no tax liens or claims pending or, to the Company's Knowledge, threatened against the Company or any Subsidiary or any of their respective assets or property. Except as

described on Schedule 4.11, there are no outstanding tax sharing agreements or

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other such arrangements between the Company and any Subsidiary or other corporation or entity.

4.12 Title to Properties. Except as disclosed in the SEC Filings, the

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Company and each Subsidiary has good and marketable title to all real properties and all other properties and assets owned by it, in each case free from liens, encumbrances and defects that would materially affect the value thereof or materially interfere with the use made or currently planned to be made thereof by them; and except as disclosed in the SEC Filings, the Company and each Subsidiary holds any leased real or personal property under valid and enforceable leases with no exceptions that would materially interfere with the use made or currently planned to be made thereof by them.

4.13 Certificates, Authorities and Permits. The Company and each

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Subsidiary possess adequate certificates, authorities or permits issued by appropriate governmental agencies or bodies necessary to conduct the business now operated by it, and neither the Company nor any Subsidiary has received any notice of proceedings relating to the revocation or modification of any such certificate, authority or permit that, if determined adversely to the Company or such Subsidiary, could reasonably be expected to have a Material Adverse Effect, individually or in the aggregate.

4.14 No Labor Disputes. No material labor dispute with the employees

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of the Company or any Subsidiary exists or, to the Company's Knowledge, is imminent.

4.15 Intellectual Property.

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(a) All Intellectual Property of the Company and its Subsidiaries is currently in compliance with all legal requirements (including timely filings, proofs and payments of fees) and is valid and enforceable. No Intellectual Property of the Company or its Subsidiaries which is necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted has been or is now involved in any cancellation, dispute or litigation, and, to the Company's Knowledge, no such action is threatened. No patent of the Company or its Subsidiaries has been or is now involved in any interference, reissue, re-examination or opposition proceeding.

(b) All of the licenses and sublicenses and consent, royalty or other agreements concerning Intellectual Property which are necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted to which the Company or any Subsidiary is a party or by which any of their assets are bound (other than generally commercially available, non-custom, off-the-shelf software application programs having a retail acquisition price of less than \$10,000 per license) (collectively, "License Agreements") are valid and binding obligations of the Company or its Subsidiaries that are parties thereto and, to the Company's Knowledge, the other parties thereto, enforceable in accordance with their terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws affecting the enforcement of creditors' rights generally, and there exists no event or condition which will result in a material violation or breach of or constitute (with or without due



notice or lapse of time or both) a default by the Company or any of its Subsidiaries under any such License Agreement.

(c) The Company and its Subsidiaries own or have the valid right to use all of the Intellectual Property necessary for the conduct of the Company's and each of its Subsidiaries' businesses substantially as currently conducted or as currently proposed to be conducted and for the ownership, maintenance and operation of the Company's and its Subsidiaries' properties and assets.

(d) The Company and its Subsidiaries own or have the valid right to use the Intellectual Property that is necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted, free and clear of all liens, encumbrances, adverse claims or obligations to license all such owned Intellectual Property, other than licenses entered into in the ordinary course of the Company's and its Subsidiaries' businesses. The Company and its Subsidiaries have a valid and enforceable right to use all other Intellectual Property used or held for use in the respective businesses of the Company and its Subsidiaries. The Company and its Subsidiaries have the right to use all of the owned and licensed Intellectual Property which is necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted in all jurisdictions in which they conduct their businesses.

(e) The Company and each of its Subsidiaries have taken reasonable steps to maintain, police and protect the Intellectual Property which it owns and which is necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted, including the execution of appropriate confidentiality agreements and intellectual property and work product assignments and releases. The conduct of the Company's and its Subsidiaries' businesses as currently conducted does not infringe or otherwise impair or conflict with (collectively, "Infringe") any Intellectual Property rights of any third party, and, to the Company's Knowledge, the Intellectual Property rights of the Company and its Subsidiaries which are necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted are not being Infringed by any third party. There is no litigation or order pending or outstanding or, to the Company's Knowledge, threatened or imminent, that seeks to limit or challenge or that concerns the ownership, use, validity or enforceability of any Intellectual Property of the Company and its Subsidiaries and the Company's and its Subsidiaries' use of any Intellectual Property owned by a third party, and, to the Company's Knowledge, there is no valid basis for the same.

(f) The consummation of the transactions contemplated hereby will not result in the alteration, loss, impairment of or restriction on the Company's or any of its Subsidiaries' ownership or right to use any of the Intellectual Property which is necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted.

(g) All software owned by the Company or any of its Subsidiaries, and, to the Company's Knowledge, all software licensed from third parties by the Company or

any of its Subsidiaries, (i) is free from any material defect, bug, virus, or programming, design or documentation error; (ii) operates and runs in a reasonable and efficient business manner; and (iii) conforms in all material respects to the specifications and purposes thereof, except for such cases where it could not reasonably be expected to have a Material Adverse Effect, individually or in the aggregate.

(h) The Company and its Subsidiaries have taken reasonable steps to protect the Company's and its Subsidiaries' rights in their confidential information and trade secrets. Each employee, consultant and contractor who has had access to proprietary Intellectual Property which is necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted has executed an agreement to maintain the confidentiality of such Intellectual Property and has executed appropriate agreements that are substantially consistent with the Company's standard forms thereof. Except under confidentiality obligations, there has been no material disclosure of any of the Company's or its Subsidiaries' confidential information or trade secrets to any third party.

4.16 Environmental Matters. Neither the Company nor any Subsidiary is  
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in violation of any statute, rule, regulation, decision or order of any governmental agency or body or any court, domestic or foreign, relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances (collectively, "Environmental Laws"), owns or operates any real property contaminated with any substance that is subject to any Environmental Laws, is liable for any off-site disposal or contamination pursuant to any Environmental Laws, and is subject to any claim relating to any Environmental Laws, which violation, contamination, liability or claim has had or could reasonably be expected to have a Material Adverse Effect, individually or in the aggregate; and there is no pending or, to the Company's Knowledge, threatened investigation that might lead to such a claim.

4.17 Litigation. Except as described on Schedule 4.17, there are no  
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pending actions, suits or proceedings against or affecting the Company, its Subsidiaries or any of its or their properties; and to the Company's Knowledge, no such actions, suits or proceedings are threatened or contemplated.

4.18 Financial Statements. The financial statements included in each  
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SEC Filing present fairly, in all material respects, the consolidated financial position of the Company as of the dates shown and its consolidated results of operations and cash flows for the periods shown, and such financial statements have been prepared in conformity with United States generally accepted accounting principles applied on a consistent basis (except as may be disclosed therein or in the notes thereto, and, in the case of quarterly financial statements, as permitted by Form 10-Q under the 1934 Act). Except as set forth in the financial statements of the Company included in the SEC Filings filed prior to the date hereof or as described on Schedule 4.18, neither the Company

nor any of its Subsidiaries has incurred any liabilities, contingent or otherwise, except those incurred in the ordinary course of business, consistent (as to amount and nature) with past practices since the date of such financial statements, none of

which, individually or in the aggregate, have had or could reasonably be expected to have a Material Adverse Effect.

4.19 Insurance Coverage. The Company and each Subsidiary maintain in

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full force and effect insurance coverage that is customary for comparably situated companies for the business being conducted and properties owned or leased by the Company and each Subsidiary, and the Company reasonably believes such insurance coverage to be adequate against all liabilities, claims and risks against which it is customary for comparably situated companies to insure.

4.20 Compliance with Nasdaq Continued Listing Requirements; Hardship

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Exemption. Except as set forth in Schedule 4.20, the Company is in compliance  
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with applicable Nasdaq SmallCap Market continued listing requirements. Except as set forth in Schedule 4.20, there are no proceedings pending or, to the

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Company's Knowledge, threatened against the Company relating to the continued listing of the Company's Common Stock on the Nasdaq SmallCap Market and the Company has not received any notice of, nor to the Company's Knowledge is there any basis for, the delisting of the Common Stock from the Nasdaq SmallCap Market. Pursuant to Marketplace Rule 4350(i)(2), Nasdaq has exempted the sale of the Securities contemplated hereby from the provisions of Rule 4350 upon compliance by the Company with the shareholder notification requirements of such Rule (the "Exemption"). Reliance on Rule 4350(i)(2) was approved by the Audit Committee of the Company's Board of Directors as required by such Rule. Copies of all applications, correspondence and other materials relating to the granting of the Exemption have been provided to the Investors. None of the documents provided by the Company to Nasdaq in connection with the Exemption contained, as of the date thereof, a misstatement of a material fact or the omission of a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

4.21 Brokers and Finders. Except as described on Schedule 4.21, no

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Person will have, as a result of the transactions contemplated by this Agreement, any valid right, interest or claim against or upon the Company, any Subsidiary or an Investor for any commission, fee or other compensation pursuant to any agreement, arrangement or understanding entered into by or on behalf of the Company.

4.22 No Directed Selling Efforts or General Solicitation. Neither the

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Company nor any Person acting on its behalf has conducted any general solicitation or general advertising (as those terms are used in Regulation D) in connection with the offer or sale of any of the Securities.

4.23 No Integrated Offering. Neither the Company nor any of its

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Affiliates, nor any Person acting on its or their behalf has, directly or indirectly, made any offers or sales of any Company security or solicited any offers to buy any security, under circumstances that would adversely affect reliance by the Company on Section 4(2) for the exemption from registration for the transactions contemplated hereby or would require registration of the Securities under the 1933 Act.

4.24 Private Placement. The offer and sale of the Securities to the

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Investors as contemplated hereby is exempt from the registration requirements of the 1933 Act.

4.25 Questionable Payments. Neither the Company nor any of its

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Subsidiaries nor, to the Company's Knowledge, any of their respective current or former shareholders, directors, officers, employees, agents or other Persons acting on behalf of the Company or any Subsidiary, has on behalf of the Company or any Subsidiary or in connection with their respective businesses: (a) used any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity; (b) made any direct or indirect unlawful payments to any governmental officials or employees from corporate funds; (c) established or maintained any unlawful or unrecorded fund of corporate monies or other assets; (d) made any false or fictitious entries on the books and records of the Company or any Subsidiary; or (e) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment of any nature.

4.26 Disclosures. The written materials delivered to the Investors in

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connection with the transactions contemplated by the Agreements do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

5. Representations and Warranties of the Investor. Each of the Investors

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hereby severally, and not jointly, represents and warrants to the Company that:

5.1 Organization and Existence. The Investor is a validly existing

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corporation, limited partnership or limited liability company and has all requisite corporate, partnership or limited liability company power and authority to invest in the Securities pursuant to this Agreement.

5.2 Authorization. The execution, delivery and performance by the

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Investor of the Agreements have been duly authorized and the Agreements will each constitute the valid and legally binding obligation of the Investor, enforceable against the Investor in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability, relating to or affecting creditors' rights generally.

5.3 Purchase Entirely for Own Account. The Securities to be received

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by the Investor hereunder will be acquired for the Investor's own account, not as nominee or agent, and not with a view to the resale or distribution of any part thereof in violation of the 1933 Act, and the Investor has no present intention of selling, granting any participation in, or otherwise distributing the same in violation of the 1933 Act. The Investor is not a registered broker dealer or an entity engaged in the business of being a broker dealer.

5.4 Investment Experience. The Investor acknowledges that it can bear

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the economic risk and complete loss of its investment in the Securities and has such knowledge and

experience in financial or business matters that it is capable of evaluating the merits and risks of the investment contemplated hereby.

5.5 Disclosure of Information. The Investor has had an opportunity to

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receive all additional information related to the Company requested by it and to ask questions of and receive answers from the Company regarding the Company, its business and the terms and conditions of the offering of the Securities. The Investor acknowledges receipt of copies of the SEC Filings. Neither such inquiries nor any other due diligence investigation conducted by the Investor shall modify, amend or affect the Investor's right to rely on the Company's representations and warranties contained in this Agreement.

5.6 Restricted Securities. The Investor understands that the

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Securities are characterized as "restricted securities" under the U.S. 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 1933 Act only in certain limited circumstances.

5.7 Legends. It is understood that, until the earlier of (i)

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registration for resale pursuant to the Registration Rights Agreement or (ii) the time when such Securities may be sold pursuant to Rule 144(k), certificates evidencing such Securities may bear the following or any similar legend:

(a) "The securities represented hereby may not be transferred unless (i) such securities have been registered for sale pursuant to the Securities Act of 1933, as amended, (ii) such securities may be sold pursuant to Rule 144(k), or (iii) the Company has received an opinion of counsel satisfactory to it that such transfer may lawfully be made without registration under the Securities Act of 1933 or qualification under applicable state securities laws."

(b) If required by the authorities of any state in connection with the issuance of sale of the Securities, the legend required by such state authority.

Upon the earlier of (i) registration for resale pursuant to the Registration Rights Agreement and receipt by the Company of the Investor's written confirmation and agreement that such Securities will not be disposed of except in compliance with the prospectus delivery requirements of the 1933 Act or (ii) Rule 144(k) becoming available the Company shall, upon an Investor's written request, use commercially reasonable efforts to cause certificates evidencing the Securities to be replaced with certificates which do not bear such restrictive legends within three (3) Business Days and Warrant Shares subsequently issued in respect of the Warrants shall not bear such restrictive legends provided the provisions of either clause (i) or clause (ii) above, as applicable, are satisfied with respect to such Warrant Shares. When the Company is required to cause unlegended certificates to replace previously issued legended certificates, if unlegended certificates are not delivered to an Investor within seven (7) Business Days of submission by that Investor of legended certificate(s) to the Company's transfer agent together with a representation letter in customary form (five (5) Business Days if the Investor notifies the Company in connection with such submission that it intends to transfer or dispose of some or all of the

securities represented by such certificate), the Company shall be liable to the Investor for a penalty equal to 1% of the aggregate purchase price of the Securities evidenced by such certificate(s) for each thirty (30) day period (or portion thereof) beyond such seven (7) or five (5) Business Day period, as applicable, that the unlegended certificates have not been so delivered.

5.8 Accredited Investor. The Investor is an accredited investor as  
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defined in Rule 501(a) of Regulation D, as amended, under the 1933 Act.

5.9 No General Solicitation. The Investor did not learn of the  
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investment in the Securities as a result of any public advertising or general solicitation.

5.10 Brokers and Finders. No Person will have, as a result of the  
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transactions contemplated by this Agreement, any valid right, interest or claim against or upon the Company, any Subsidiary or an Investor for any commission, fee or other compensation pursuant to any agreement, arrangement or understanding entered into by or on behalf of the Investors.

6. Conditions to the Closings.  
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6.1 Conditions to the Investors' Obligations. The obligation of the  
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Investors to purchase the Securities at the Closing is subject to the fulfillment to the Investors' satisfaction, on or prior to the Closing Date, of the following conditions, any of which may be waived by the Investors agreeing hereunder to purchase a majority of the Shares and Warrants (the "Required Investors"):

(a) The representations and warranties made by the Company in Section 4 hereof qualified as to materiality shall be true and correct at all times prior to the Closing Date, except to the extent any such representation or warranty expressly speaks as of an earlier date, in which case such representation or warranty shall be true and correct as of such earlier date, and, the representations and warranties made by the Company in Section 4 hereof not qualified as to materiality shall be true and correct in all material respects at all times prior to the Closing Date, except to the extent any such representation or warranty expressly speaks as of an earlier date, in which case such representation or warranty shall be true and correct in all material respects as of such earlier date. The Company shall have performed in all material respects all obligations and conditions herein required to be performed or observed by it on or prior to the Closing Date.

(b) The Company shall have obtained in a timely fashion any and all consents, permits, approvals, registrations and waivers necessary or appropriate for consummation of the purchase and sale of the Securities all of which shall be in full force and effect.

(c) The Company shall have executed and delivered the  
Registration Rights Agreement.

(d) The Company shall have complied in all respects with the requirements of the Exemption and any waiting periods relating thereto shall have expired and

the Shares and the Warrant Shares shall have been approved for inclusion in Nasdaq upon official notice of issuance.

(e) The Company shall have entered into an agreement in form and substance reasonably satisfactory to the Investors (the "Exchange Agreement") pursuant to which the Company shall effect the conversion or exchange of all amounts outstanding under its existing bridge loan facility with Big Beaver Investments, LLC (including interest) into shares of Common Stock and warrants to purchase shares of Common Stock on the same economic terms (including as to price) as contemplated hereby (the "Exchange"); provided, however, that an Exchange Agreement that contains substantially the same terms and conditions as set forth herein shall be considered acceptable to the Investors.

(f) The Exchange shall have been consummated in accordance with the terms of the Exchange Agreement.

(g) The Company shall have entered into one or more agreements in form and substance reasonably satisfactory to the Investors (the "Other Investment Agreements") pursuant to which the Company agrees to sell shares of Common Stock and warrants to purchase Common Stock to one or more institutional investors on the same economic terms (including as to price) as contemplated hereby (except that such investors shall be subject to a one-year prohibition on their ability to sell, transfer or otherwise dispose of their shares of Common Stock and warrants (including short sales and other similar hedging techniques) (the "Other Investment"); provided, however, that an Other Investment Agreement that contains substantially the same terms and conditions as set forth herein (other than the lock-up described above) shall be considered acceptable to the Investors.

(h) The Other Investment shall have been consummated in accordance with the terms of the Other Investment Agreement and, together with the gross proceeds of the sale of the Shares and Warrants, shall result in gross proceeds to the Company of at least Six Million Five Hundred Thousand Dollars (\$6,500,000).

(i) No judgment, writ, order, injunction, award or decree of or by any court, or judge, justice or magistrate, including any bankruptcy court or judge, or any order of or by any governmental authority, shall have been issued, and no action or proceeding shall have been instituted by any governmental authority, enjoining or preventing the consummation of the transactions contemplated hereby or in the other Agreements.

(j) The Company shall have delivered a Certificate, executed on behalf of the Company by its Chief Executive Officer or its Chief Financial Officer, dated as of the Closing Date, certifying to the fulfilment of the conditions specified in subsections (a), (b), (d), (f) and (h) of this Section 6.1.

(k) The Company shall have delivered a Certificate, executed on behalf of the Company by its Secretary, dated as of the Closing Date, certifying the resolutions adopted by the Board of Directors of the Company approving the transactions contemplated by this Agreement and the other Agreements and the issuance of the Securities, certifying the

current versions of the Certificate of Incorporation and Bylaws of the Company and certifying as to the signatures and authority of persons signing the Agreements and related documents on behalf of the Company.

(l) The Investors shall have received an opinion from O'Melveny & Myers LLP, the Company's counsel, dated as of the Closing Date, in form and substance reasonably acceptable to the Investors and addressing such legal matters as the Investors may reasonably request.

(m) No stop order or suspension of trading shall have been imposed by Nasdaq, the SEC or any other governmental regulatory body with respect to public trading in the Common Stock.

6.2 Conditions to Obligations of the Company. The Company's obligation

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to sell and issue the Securities at the Closing is subject to the fulfillment to the satisfaction of the Company on or prior to the Closing Date of the following conditions, any of which may be waived by the Company:

(a) The representations and warranties made by the Investors in Section 5 hereof, other than the representations and warranties contained in Sections 5.3, 5.4, 5.5, 5.6, 5.7, 5.8 and 5.9 (the "Investment Representations"), shall be true and correct in all material respects when made, and shall be true and correct in all material respects on the Closing Date with the same force and effect as if they had been made on and as of said date. The Investment Representations shall be true and correct in all respects when made, and shall be true and correct in all respects on the Closing Date with the same force and effect as if they had been made on and as of said date. The Investors shall have performed in all material respects all obligations and conditions herein required to be performed or observed by them on or prior to the Closing Date.

(b) The Investors shall have executed and delivered the Registration Rights Agreement.

(c) The Investors shall have delivered the Purchase Price to the Company.

(d) The Shares and the Warrant Shares shall have been approved for inclusion in Nasdaq upon official notice of issuance.

(e) No judgment, writ, order, injunction, award or decree of or by any court, or judge, justice or magistrate, including any bankruptcy court or judge, or any order of or by any governmental authority, shall have been issued, and no action or proceeding shall have been instituted by any governmental authority, enjoining or preventing the consummation of the transactions contemplated hereby or in the other Agreements.

6.3 Termination of Obligations to Effect Closing; Effects.



(a) The obligations of the Company, on the one hand, and the Investors, on the other hand, to effect the Closing shall terminate as follows:

(i) Upon the mutual written consent of the Company and the Required Investors;

(ii) By the Company if any of the conditions set forth in Section 6.2 shall have become incapable of fulfillment, and shall not have been waived by the Company;

(iii) By the Required Investors if any of the conditions set forth in Section 6.1 shall have become incapable of fulfillment, and shall not have been waived by the Required Investors; or

(iv) By either the Company or the Required Investors if the Closing has not occurred on or prior to March 31, 2002;

provided, however, that, except in the case of clause (i) above, the party seeking to terminate its obligation to effect the Closing shall not then be in breach of any of its representations, warranties, covenants or agreements contained in this Agreement or the other Agreements if such breach has resulted in the circumstances giving rise to such party's seeking to terminate its obligation to effect the Closing.

(b) In the event of termination by the Company or the Required Investors of their obligations to effect the Closing pursuant to this Section 6.3, written notice thereof shall forthwith be given to the other parties hereto and the obligation of all parties to effect the Closing shall be terminated, without further action by any party. Nothing in this Section 6.3 shall be deemed to release any party from any liability for any breach by such party of the terms and provisions of this Agreement or the other Agreements or to impair the right of any party to compel specific performance by any other party of its obligations under this Agreement or the other Agreements.

#### 7. Covenants and Agreements of the Company.

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##### 7.1 Covenants and Agreements of the Company. Commencing on the date

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hereof and continuing until such time as the Investors no longer own in the aggregate at least 916,675 shares of Common Stock (appropriately adjusted for any stock split, reverse stock split, stock dividend or other reclassification or combination of the Common Stock occurring after the date hereof), the Investors shall have the right to participate in future capital raising transactions on the terms and conditions set forth in this Section 7.1. During such period, the Company shall give ten (10) Business Days advance written notice to such Investors prior to any non-public offer or sale of any of the Company's securities by providing to the Investors a term sheet containing all material business terms of the proposed transaction. The Investors and their respective assignees shall have the right (pro rata in accordance with such Investors' participation in this offering) to purchase such Investor's Pro Rata Share (as defined below) of such securities which are the subject of the proposed transaction for the same consideration and

on the same terms and conditions as contemplated for such third-party sale. The Investors' rights hereunder must be exercised in writing by the Investors within five (5) Business Days following receipt of the notice from the Company. If, subsequent to the Company giving notice to an Investor hereunder but prior to the Investor exercising its right to participate (or the expiration of the five-Business Day period without response from the Investor), the terms and conditions of the proposed third-party sale are changed in any material respect from that disclosed in the term sheet provided to such Investor, the Company shall be required to provide a new notice to the Investor hereunder and the Investors shall have the right, which must be exercised within five (5) Business Days of such new notice, to exercise their rights to purchase the securities on such changed terms and conditions as provided hereunder. In the event the Investors do not exercise their rights hereunder, or affirmatively decline to engage in the proposed transaction with the Company, then the Company may proceed with such proposed transaction on the same terms and conditions as noticed to the Investors. An Investor's "Pro Rata Share" for purposes of this Section 7.1 is the ratio of (a) the sum of (i) the number of Shares the Investor holds plus (ii) the number of Warrant Shares which the Investor has the right to acquire to (b) a number of shares of Common Stock equal to the sum of (x) the total number of shares of Common Stock then outstanding plus (y) the total number of shares of Common Stock into which all then outstanding shares of preferred stock and other convertible securities of the Company are then convertible plus (z) the total number of shares of Common Stock underlying all then outstanding and presently exercisable options, warrants and other rights to purchase shares of Common Stock.

7.2 Limitation on Certain Actions. (a) For a period of one year from

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the Closing, the Company shall not offer or sell any Equity Securities (as defined below) at a price per share lower than the per Share Purchase Price or otherwise on terms more favorable to the purchaser thereof than those contained in the Agreements without the consent of the Required Investors, which consent shall not be unreasonably withheld; provided, however, that the restrictions in this sentence shall not apply to the issuance of an Equity Security to an officer, director, employee or consultant to the Company or any Subsidiary pursuant to any incentive or stock option plan of the Company approved by the Board of Directors or the shareholders of the Company. The term "Equity Securities" means the Company's capital stock, warrants, rights, and options giving the holder thereof the right to acquire shares of capital stock, and any security directly or indirectly convertible into or exercisable for or exchangeable into shares of the Company's capital stock.

(b) Commencing on the date hereof and continuing until such time as the Investors no longer own in the aggregate at least 366,670 shares of Common Stock (appropriately adjusted for any stock split, reverse stock split, stock dividend or other reclassification or combination of the Common Stock occurring after the date hereof), the Company shall not offer or sell or enter into any agreement, arrangement or understanding to offer or sell any Equity Security if the Equity Security (or any agreement, arrangement or understanding entered into in connection therewith) provides for the future adjustment of (i) the purchase price therefor, (ii) the number of Equity Securities to be issued, or (iii) the conversion, exercise or exchange rate applicable thereto (other than customary anti-dilution provisions no more favorable to the holder than those contained in the Warrants) without the prior written consent of the Required Investors, which consent shall not be unreasonably withheld or delayed.

7.3 Reservation of Common Stock. The Company shall at all times

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reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of providing for the exercise of the Warrants, such number of shares of Common Stock as shall from time to time equal the number of shares sufficient to permit the exercise of the Warrants issued pursuant to this Agreement in accordance with their respective terms.

7.4 Reports. The Company will furnish to such Investors and/or their

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assignees such information relating to the Company and its Subsidiaries as from time to time may reasonably be requested by such Investors and/or their assignees; provided, however, that such Investors and/or assignees shall hold in confidence any confidential or proprietary information received from the Company and identified as such at the time of disclosure such information and shall use any such confidential or proprietary information solely for the purpose of monitoring and evaluating their investment in the Company and; provided, further, that the Company shall not be required to provide any information to the Investors which, if disclosed to such Investors and/or their assignees pursuant to the terms of this Section 7.4, would, in the good faith judgment of the Company, cause the Company or any Subsidiary to violate the terms of a confidentiality undertaking binding on the Company or such Subsidiary. Each Investor and/or assignee acknowledges that it is aware, and that it will advise its representatives who are given access to such information, that the United States securities laws may prohibit a person who has material, non-public information concerning matters that may be disclosed to it pursuant to this Section 7.4 from purchasing or selling securities of the Company or a company which may be, or may be affiliated with, a party to a business arrangement or proposed business arrangement with the Company or from communicating such information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such securities. The Company shall not disclose material nonpublic information to the Investors, or to advisors to or representatives of the Investors, unless prior to disclosure of such information the Company identifies such information as being material nonpublic information and provides the Investors, such advisors and representatives with the opportunity to accept or refuse to accept such material nonpublic information for review.

7.5 No Conflicting Agreements. The Company will not take any action,

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enter into any agreement or make any commitment that would conflict or interfere in any material respect with the obligations to the Investors under the Agreements.

7.6 Insurance. The Company shall not materially reduce the insurance

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coverages described in Section 4.19.

7.7 Compliance with Laws. The Company will comply in all material

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respects with all applicable laws, rules, regulations, orders and decrees of all governmental authorities.

7.8 Nasdaq Listing and Related Matters; Compliance with Nasdaq

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Exemption Requirements. (a) Promptly following the execution and delivery of

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this Agreement, the Company shall take all action necessary to cause the Shares and the Warrant Shares to be listed on Nasdaq no later than the Closing Date and to comply with the terms and conditions of the Exemption, including, but not limited to, (i) issuing a press release in a form reasonably

satisfactory to Nasdaq, and (ii) mailing to all shareholders a notification (the "Notification") to the effect that the Audit Committee of the Board of Directors of the Company has expressly approved the determination not to seek shareholder approval in connection with the offer and sale of the Securities in reliance on the exception provided in Nasdaq Marketplace Rule 4350(i)(2), Nasdaq has approved the Exemption, and describing the basis for the Exemption. The Notification shall not at any time prior to the Closing Date contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(b) Further, if the Company applies to have its Common Stock or other securities traded on any other principal stock exchange or market, it shall include in such application the Shares and the Warrant Shares and will take such other action as is necessary to cause such Common Stock to be so listed. The Company will use commercially reasonable efforts to continue the listing and trading of its Common Stock on Nasdaq and, in accordance, therewith, will use commercially reasonable efforts to comply in all respects with the Company's reporting, filing and other obligations under the bylaws or rules of such exchange, as applicable.

7.9 Termination of Covenants. The provisions of Sections 7.4 through

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7.7 shall terminate and be of no further force and effect upon the earliest of (i) the mutual consent of the Company and the Required Investors, (ii) the date on which the Company's obligations to maintain an effective registration statement under the Registration Rights Agreement terminate, or (iii) the occurrence of a "Change of Control" of the Company. As used herein, "Change of Control" means the consolidation or merger of the Company with or into any other entity or entities which results in the holders of Common Stock of the Company immediately prior to such transaction owning less than 50% of the voting power of the successor entity and pursuant to which such holders receive either (i) cash, (ii) freely tradable securities, or (iii) a combination of cash and freely tradable securities, the sale, conveyance or other disposition by the Company of all or substantially all of its assets, or the consummation of a tender or exchange offer pursuant to which a Person (including any group) becomes the beneficial owner of 80% or more of the outstanding voting power of the Company.

8. Survival and Indemnification.

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8.1 Survival. All representations, warranties, covenants and

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agreements contained in this Agreement shall be deemed to be representations, warranties, covenants and agreements as of the date hereof and shall survive the execution and delivery of this Agreement for a period of eighteen (18) months from the Closing Date; provided, however, that the provisions contained in Section 7 hereof shall survive in accordance therewith.

8.2 Indemnification. The Company agrees to indemnify and hold

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harmless, on an after-tax and after insurance recovery basis, each Investor and its Affiliates and their respective directors, officers, employees and agents from and against any and all losses, claims, damages, liabilities and expenses (including without limitation reasonable attorney fees and disbursements and other expenses incurred in connection with investigating, preparing or defending any action, claim or proceeding, pending or threatened and the costs of enforcement hereof) (collectively, "Losses") to which such Person may become subject as a result of any

breach of representation, warranty, covenant or agreement made by or to be performed on the part of the Company under the Agreements, and will reimburse any such Person for all such amounts as they are incurred by such Person.

8.3 Conduct of Indemnification Proceedings. Promptly after

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receipt by any Person (the "Indemnified Person") of notice of any demand, claim or circumstances which would or might give rise to a claim or the commencement of any action, proceeding or investigation in respect of which indemnity may be sought pursuant to Section 8.2, such Indemnified Person shall promptly notify the Company in writing and the Company shall assume the defense thereof, including the employment of counsel reasonably satisfactory to such Indemnified Person, and shall assume the payment of all fees and expenses; provided,

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however, that the failure of any Indemnified Person so to notify the Company

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shall not relieve the Company of its obligations hereunder except to the extent that the Company is materially prejudiced by such failure to notify. In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless: (i) the Company and the Indemnified Person shall have mutually agreed to the retention of such counsel; or (ii) in the reasonable judgment of counsel to such Indemnified Person representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. The Company shall not be liable for any settlement of any proceeding effected without its written consent, which consent shall not be unreasonably withheld, but if settled with such consent, or if there be a final judgment for the plaintiff, the Company shall indemnify and hold harmless such Indemnified Person from and against any loss or liability (to the extent stated above) by reason of such settlement or judgment. Without the prior written consent of the Indemnified Person, which consent shall not be unreasonably withheld, the Company shall not effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Person is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Person from all liability arising out of such proceeding.

9. Miscellaneous.

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9.1 Successors and Assigns. This Agreement may not be assigned by a

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party hereto without the prior written consent of the Company or the Required Investors, as applicable, provided, however, (i) an Investor may assign its rights and delegate its duties hereunder in whole or in part to an Affiliate or to a third party acquiring some portion or all of its Securities in a private transaction without the prior written consent of the Company or the other Investors, after notice duly given by such Investor to the Company and the other Investors, provided, that no such assignment or obligation shall affect the obligations of such Investor hereunder, and (ii) the Company may assign its rights and delegate its duties hereunder to any surviving or successor corporation in connection with a merger or consolidation of the Company with another corporation, or a sale, transfer or other disposition of all or substantially all of the Company's assets to another corporation, without the prior written consent of the Investors, after notice duly given by the Company to the Investors. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective permitted successors and assigns of the parties. 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.

9.2 Counterparts; Faxes. This Agreement may be executed in two or more

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counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may also be executed via facsimile, which shall be deemed an original.

9.3 Titles and Subtitles. The titles and subtitles used in this

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Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

9.4 Notices. Unless otherwise provided, any notice required or

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permitted under this Agreement shall be given in writing and shall be deemed effectively given as hereinafter described (i) if given by personal delivery, then such notice shall be deemed given upon such delivery, (ii) if given by telex or telecopier, then such notice shall be deemed given upon receipt of confirmation of complete transmittal, (iii) if given by mail, then such notice shall be deemed given upon the earlier of (A) receipt of such notice by the recipient or (B) three days after such notice is deposited in first class mail, postage prepaid, and (iv) if given by an internationally recognized overnight air courier, then such notice shall be deemed given one day after delivery to such carrier. All notices shall be addressed to the party to be notified at the address as follows, or at such other address as such party may designate by ten days' advance written notice to the other party:

If to the Company:

Amerigon Incorporated  
5462 Irwindale Avenue  
Irwindale, California 91706  
Attention: Chief Executive Officer  
Fax: 626.815.7441

With a copy to:

O'Melveny & Myers LLP  
400 South Hope Street  
Los Angeles, California 90071  
Attention: John A. Laco  
Fax: 213.430.6407

If to the Investors, to the addresses set forth on the signature pages hereto.

9.5 Expenses. The parties hereto shall pay their own costs and

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expenses in connection herewith, except that the Company shall pay the reasonable fees and expenses of counsel to the Investors at the Closing, but not in excess of \$35,000. The Company shall

reimburse the Investors upon demand for all reasonable out-of-pocket expenses incurred by the Investors, including without limitation reimbursement of attorneys' fees and disbursements, in connection with any amendment, modification or waiver of this Agreement or the other Agreements. In the event that legal proceedings are commenced by any party to this Agreement against another party to this Agreement in connection with this Agreement or the other Agreements, the party or parties which do not prevail in such proceedings shall severally, but not jointly, pay their pro rata share of the reasonable attorneys' fees and other reasonable out-of-pocket costs and expenses incurred by the prevailing party in such proceedings.

9.6 Amendments and Waivers. Any term of this Agreement may be amended

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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 Required Investors. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each holder of any Securities purchased under this Agreement at the time outstanding, each future holder of all such securities, and the Company.

9.7 Publicity. No public release or announcement concerning the

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transactions contemplated hereby shall be issued by the Company or the Investors without the prior consent of the Company (in the case of a release or announcement by the Investors) or Special Situations Fund III, L.P. ("SSF") (in the case of a release or announcement by the Company) (which consents shall not be unreasonably withheld), except as such release or announcement may be required by law or the applicable rules or regulations of any securities exchange or securities market, in which case the Company or the Investors, as the case may be, shall allow SSF or the Company, as applicable, to the extent reasonably practicable in the circumstances, reasonable time to comment on such release or announcement in advance of such issuance.

9.8 Severability. Any provision of this Agreement that is prohibited

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or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof but shall be interpreted as if it were written so as to be enforceable to the maximum extent permitted by applicable law, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, the parties hereby waive any provision of law which renders any provision hereof prohibited or unenforceable in any respect.

9.9 Entire Agreement. This Agreement, including the Exhibits and the

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Disclosure Schedules, and the other Agreements constitute the entire agreement among the parties hereof with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter hereof and thereof.

9.10 Further Assurances. The parties shall execute and deliver all

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such further instruments and documents and take all such other actions as may reasonably be required to carry out the transactions contemplated hereby and to evidence the fulfillment of the agreements herein contained.

9.11 Governing Law; Consent to Jurisdiction. This Agreement shall be

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governed by, and construed in accordance with, the internal laws of the State of New York without regard to the choice of law principles thereof. Each of the parties hereto irrevocably submits to the exclusive jurisdiction of the courts of the State of New York located in New York County and the United States District Court for the Southern District of New York for the purpose of any suit, action, proceeding or judgment relating to or arising out of this Agreement and the transactions contemplated hereby. Service of process in connection with any such suit, action or proceeding may be served on each party hereto anywhere in the world by the same methods as are specified for the giving of notices under this Agreement. Each of the parties hereto irrevocably consents to the jurisdiction of any such court in any such suit, action or proceeding and to the laying of venue in such court. Each party hereto irrevocably waives any objection to the laying of venue of any such suit, action or proceeding brought in such courts and irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

[signature page follows]



IN WITNESS WHEREOF, the parties have executed this Agreement or caused their duly authorized officers to execute this Agreement as of the date first above written.

The Company:

AMERIGON INCORPORATED

By:

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Name:

Title:

-25-

The Investors: SPECIAL SITUATIONS FUND III, L.P.

By: \_\_\_\_\_  
Name: David Greenhouse  
Title: General Partner

Aggregate Purchase Price: \$2,800,050  
Number of Shares: 1,866,700  
Number of Warrants: 933,350

Address for Notice: 153 E. 53rd Street  
55th Floor  
New York, NY 10022

with a copy to:  
Lowenstein Sandler PC  
65 Livingston Avenue  
Roseland, NJ 07068  
Attn: John D. Hogoboom, Esq.  
Telephone: 973.597.2500  
Facsimile: 973.597.2400

SPECIAL SITUATIONS CAYMAN FUND, L.P.

By: \_\_\_\_\_  
Name: David Greenhouse  
Title: General Partner

Aggregate Purchase Price: \$850,050  
Number of Shares: 566,700  
Number of Warrants: 283,350

Address for Notice: 153 E. 53rd Street  
55th Floor  
New York, NY 10022

with a copy to:

Lowenstein Sandler PC  
65 Livingston Avenue  
Roseland, NJ 07068  
Attn: John D. Hogoboom, Esq.  
Telephone: 973.597.2500  
Facsimile: 973.597.2400

SPECIAL SITUATIONS PRIVATE EQUITY FUND, L.P.

By: \_\_\_\_\_

Name: David Greenhouse  
Title: General Partner

Aggregate Purchase Price: \$1,399,950  
Number of Shares: 933,300  
Number of Warrants: 466,650

153 E. 53rd Street  
55th Floor  
New York, NY 10022

with a copy to:

Lowenstein Sandler PC  
65 Livingston Avenue  
Roseland, NJ 07068  
Attn: John D. Hogoboom, Esq.

Telephone: 973.597.2500  
Facsimile: 973.597.2400

SPECIAL SITUATIONS TECHNOLOGY FUND, L.P.

By: \_\_\_\_\_

Name: David Greenhouse  
Title: General Partner

Aggregate Purchase Price: \$450,000  
Number of Shares: 300,000  
Number of Warrants: 150,000

Address for Notice:

153 E. 53rd Street  
55th Floor  
New York, NY 10022

with a copy to:

Lowenstein Sandler PC  
65 Livingston Avenue  
Roseland, NJ 07068  
Attn: John D. Hogoboom, Esq.  
Telephone: 973.597.2500  
Facsimile: 973.597.2400

PURCHASE AGREEMENT  
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THIS PURCHASE AGREEMENT ("Agreement") is made as of the 12th day of February, 2002 by and among Amerigon Incorporated, a California corporation (the "Company"), and the Investors set forth on the signature pages affixed hereto (each an "Investor" and collectively the "Investors").

Recitals

A. The Company and the Investors are executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by the provisions of Regulation D ("Regulation D"), as promulgated by the U.S. Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended; and

B. The Investors wish to purchase from the Company, and the Company wishes to sell and issue to the Investors, upon the terms and conditions stated in this Agreement, (i) an aggregate of 666,668 shares of common stock, no par value, of the Company (the "Common Stock"), and (ii) warrants to purchase an aggregate of 333,334 shares of Common Stock in the form attached hereto as Exhibit A (the "Warrants"); and

C. Contemporaneous with the sale of the Common Stock and Warrants, the parties hereto will execute and deliver a Registration Rights Agreement, in the form attached hereto as Exhibit B (the "Registration Rights Agreement"), pursuant to which the Company will agree to provide certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, and applicable state securities laws; and

D. Contemporaneous with the sale of the Common Stock and Warrants, the Company will effect the conversion or exchange of all amounts outstanding under its existing bridge loan facility with Big Beaver Investments, LLC (including interest) into shares of Common Stock and warrants to purchase shares of Common Stock on the same terms (including as to price) as contemplated hereby.

In consideration of the mutual promises made herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Definitions. In addition to those terms defined above and elsewhere in -----

this Agreement, for the purposes of this Agreement, the following terms shall have the meanings here set forth:

"Affiliate" means, with respect to any Person, any other Person which -----

directly or indirectly Controls, is controlled by, or is under common control with, such Person.

"Agreements" means this Agreement, the Warrants and the Registration

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Rights Agreement.

"Business Day" means a day, other than a Saturday or Sunday, on which

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banks in New York City and Los Angeles are open for the general transaction of business.

"Company's Knowledge" means the actual knowledge of the "executive

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officers" (as that term is defined in Rule 405 promulgated under the 1933 Act) of the Company, after due inquiry.

"Control" means the possession, direct or indirect, of the power to

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direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Intellectual Property" means all of the following: (i) patents,

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patent applications, patent disclosures and inventions (whether or not patentable and whether or not reduced to practice); (ii) trademarks, service marks, trade dress, trade names, corporate names, logos, slogans and Internet domain names, together with all goodwill associated with each of the foregoing; (iii) copyrights and copyrightable works; (iv) registrations, applications and renewals for any of the foregoing; (v) trade secrets, confidential information and know-how (including but not limited to ideas, formulae, compositions, manufacturing and production processes and techniques, research and development information, drawings, specifications, designs, business and marketing plans, and customer and supplier lists and related information); and (vi) proprietary computer software (including but not limited to data, data bases and documentation).

"Material Adverse Effect" means a material adverse effect on the

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assets, liabilities, results of operations, condition (financial or otherwise), business, or prospects of the Company and its subsidiaries taken as a whole.

"Nasdaq" means the NASDAQ Stock Market, Inc. SmallCap Market System.

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"Person" means an individual, corporation, partnership, limited

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liability company, trust, business trust, association, joint stock company, joint venture, sole proprietorship, unincorporated organization, governmental authority or any other form of entity not specifically listed herein.

"Purchase Price" means One Million Two Dollars (\$1,000,002).

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"SEC Filings" has the meaning set forth in Section 4.6.

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"Securities" means the Shares, the Warrants and the Warrant Shares.

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"Shares" means the shares of Common Stock being purchased by the

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Investors hereunder.

"Subsidiary" has the meaning set forth in Section 4.1.

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"Warrant Shares" means the shares of Common Stock issuable upon  
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exercise of or otherwise pursuant to the Warrants.

"1933 Act" means the Securities Act of 1933, as amended, and the rules  
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and regulations promulgated thereunder.

"1934 Act" means the Securities Exchange Act of 1934, as amended, and  
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the rules and regulations promulgated thereunder.

2. Purchase and Sale of the Shares and Warrants. Subject to the terms and  
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conditions of this Agreement, on the Closing Date, each of the Investors shall  
severally, and not jointly, purchase, and the Company shall sell and issue to  
the Investors, the Shares and Warrants in the respective amounts set forth  
opposite the Investors' names on the signature pages attached hereto in exchange  
for the Purchase Price as specified in Section 3 below.

3. Closing. Upon confirmation that the conditions to closing specified  
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herein have been satisfied, the Company shall deliver to such person as the  
Investor share direct, in trust, a certificate or certificates, registered in  
such name or names as the Investors may designate, representing the Shares and  
Warrants, with instructions that such certificates are to be held for release to  
the Investors only upon payment of the Purchase Price to the Company. Upon  
receipt by such person of the certificates, each Investor shall promptly cause a  
wire transfer in same day funds to be sent to the account of the Company as  
instructed in writing by the Company, in an amount representing such Investor's  
pro rata portion of the Purchase Price as set forth on the signature pages to  
this Agreement. On the date (the "Closing Date") the Company receives such  
funds, the certificates evidencing the Shares and Warrants shall be released to  
the Investors (the "Closing"). The purchase and sale of the Shares and Warrants  
shall take place at the offices of O'Melveny & Myers, 400 South Hope Street,  
Suite 1700, Los Angeles, California 90071, or at such other location and on such  
other date as the Company and the Investors shall mutually agree.

4. Representations and Warranties of the Company. The Company hereby  
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represents and warrants to the Investors that, except as set forth in the  
schedules delivered herewith (collectively, the "Disclosure Schedules"):

4. 1 Organization, Good Standing and Qualification. Each of the  
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Company and its Subsidiaries is a corporation duly incorporated or a limited  
liability company duly formed, validly existing and in good standing under the  
laws of the jurisdiction of its incorporation or formation and has all requisite  
corporate or limited liability company power and authority to carry on its  
business as now conducted and to own its properties. Each of the Company and its  
Subsidiaries is duly qualified to do business as a foreign corporation or a  
foreign limited liability company and is in good standing in each jurisdiction  
in which the conduct of its business or its ownership or leasing of property  
makes such qualification or leasing necessary unless the failure to so qualify  
has not and could not reasonably be expected to have a Material Adverse Effect.  
The Company's subsidiaries are reflected on Schedule 4.1 hereto (the  
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"Subsidiaries").

4.2 Authorization. The Company has full power and authority and has

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taken all requisite action on the part of the Company, its officers, directors and shareholders necessary for (i) the authorization, execution and delivery of the Agreements, (ii) authorization of the performance of all obligations of the Company hereunder or thereunder, and (iii) the authorization, issuance (or reservation for issuance) and delivery of the Securities. The Agreements constitute the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability, relating to or affecting creditors' rights generally.

4.3 Capitalization. Schedule 4.3 sets forth (a) the authorized capital

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stock of the Company on the date hereof; (b) the number of shares of capital stock issued and outstanding; (c) the number of shares of capital stock issuable pursuant to the Company's stock plans; and (d) the number of shares of capital stock issuable and reserved for issuance pursuant to securities (other than the Shares and the Warrants) exercisable for, or convertible into or exchangeable for any shares of capital stock of the Company. All of the issued and outstanding shares of the Company's capital stock have been duly authorized and validly issued and are fully paid, nonassessable and free of pre-emptive rights and were issued in full compliance with applicable law. All of the issued and outstanding equity interests of each Subsidiary have been duly authorized and validly issued and are fully paid, nonassessable and free of pre-emptive rights, were issued in full compliance with applicable law and, except as described on Schedule 4.3, are owned by the Company, beneficially and of record, subject to

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no lien, encumbrance or other adverse claim. No Person is entitled to pre-emptive or similar statutory or contractual rights with respect to any securities of the Company. Except as described on Schedule 4.3, there are no

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outstanding warrants, options, convertible securities or other rights, agreements or arrangements of any character under which the Company or any of its Subsidiaries is or may be obligated to issue any equity securities of any kind and except as contemplated by this Agreement, neither the Company nor any of its Subsidiaries is currently in negotiations for the issuance of any equity securities of any kind. Except as described on Schedule 4.3 and except for the

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Registration Rights Agreement, there are no voting agreements, buy-sell agreements, option or right of first purchase agreements or other agreements of any kind among the Company and any of the securityholders of the Company relating to the securities of the Company held by them. Except as described on Schedule 4.3, the Company has not granted any Person any currently outstanding

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or future arising right to require the Company to register any securities of the Company under the 1933 Act, whether on a demand basis or in connection with the registration of securities of the Company for its own account or for the account of any other Person.

Schedule 4.3 sets forth a true and complete table setting forth the

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pro forma capitalization of the Company on a fully diluted basis giving effect to (i) the issuance of the Shares and the Warrants, (ii) any adjustments in other securities resulting from such issuance, and (iii) the exercise or conversion of all outstanding securities. Except as described on Schedule 4.3,

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the issuance of the Securities hereunder will not trigger any outstanding anti-dilution rights.



4.4 Valid Issuance. The Shares have been duly and validly authorized

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and, when issued and paid for pursuant to this Agreement, will be validly issued, fully paid and nonassessable free and clear of all encumbrances and restrictions, except for restrictions on transfer set forth in this Agreement or imposed by applicable securities laws. The Warrants have been duly and validly authorized. Upon the due exercise of the Warrants, the Warrant Shares issuable upon such exercise will be validly issued, fully paid and non-assessable free and clear of all encumbrances and restrictions, except for restrictions on transfer set forth in this Agreement or imposed by applicable securities laws. The Company has reserved a sufficient number of shares of Common Stock for issuance upon the exercise of the Warrants, free and clear of all encumbrances and restrictions, except for restrictions on transfer set forth in this Agreement or imposed by applicable securities laws.

4.5 Consents. Except as described on Schedule 4.20, the execution,

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delivery and performance by the Company of the Agreements and the offer, issuance and sale of the Securities require no consent of, action by or in respect of, or filing with, any Person, governmental body, agency, or official other than filings that have been made pursuant to applicable state securities laws and post-sale filings pursuant to applicable state and federal securities laws which the Company undertakes to file within the applicable time periods. The Company has taken all action necessary to exempt (i) the sale of the Securities, (ii) the issuance of the Warrant Shares upon due exercise of the Warrants, and (iii) the other transactions contemplated by this Agreement from the provisions of any anti-takeover or business combination law or statute binding on the Company or to which the Company or any of its assets and properties may be subject.

4.6 Delivery of SEC Filings; Business. The Company has provided the

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Investors with copies of the Company's most recent Annual Report on Form 10-K for the fiscal year ended December 31, 2000 (as amended prior to the date hereof, the "10-K"), and all other reports filed by the Company pursuant to the 1934 Act since the filing of the 10-K and prior to the date hereof (collectively, the "SEC Filings"). The SEC Filings are the only filings required of the Company pursuant to the 1934 Act for such period. The Company and its Subsidiaries are engaged only in the business described in the SEC Filings and the SEC Filings contain a complete and accurate description in all material respects of the business of the Company and its Subsidiaries, taken as a whole as of the date such SEC Filing was filed with the SEC.

4.7 Use of Proceeds. The proceeds of the sale of the Common Stock and

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the Warrants hereunder shall be used by the Company for working capital and general corporate purposes.

4.8 No Material Adverse Change. Since September 30, 2001, except as

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identified and described in the SEC Filings or as described on Schedule 4.8,

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there has not been:

(i) any change in the consolidated assets, liabilities, financial condition or operating results of the Company from that reflected in the financial statements included in the 10-K, except for changes in the ordinary course of business which have not and could not reasonably be expected to have a Material Adverse Effect, individually or in the aggregate;

(ii) any declaration or payment of any dividend, or any authorization or payment of any distribution, on any of the capital stock of the Company, or any redemption or repurchase of any securities of the Company;

(iii) any material damage, destruction or loss, whether or not covered by insurance to any assets or properties of the Company or its Subsidiaries;

(iv) any waiver, not in the ordinary course of business, by the Company or any Subsidiary of a material right or of a material debt owed to it;

(v) any satisfaction or discharge of any lien, claim or encumbrance or payment of any obligation by the Company or a Subsidiary, except in the ordinary course of business and which is not material to the assets, properties, financial condition, operating results or business of the Company and its Subsidiaries taken as a whole (as such business is presently conducted and as it is proposed to be conducted);

(vi) any change or amendment to the Company's Articles of Incorporation or by-laws, or material change to any material contract or arrangement by which the Company or any Subsidiary is bound or to which any of their respective assets or properties is subject;

(vii) any material labor difficulties or labor union organizing activities with respect to employees of the Company or any Subsidiary;

(viii) any transaction entered into by the Company or a Subsidiary other than in the ordinary course of business;

(ix) the loss of the services of any key employee, or material change in the composition or duties of the senior management of the Company or any Subsidiary;

(x) the loss or threatened loss of any customer which has had or could reasonably be expected to have a Material Adverse Effect; or

(xi) any other event or condition of any character that has had or could reasonably be expected to have a Material Adverse Effect.

#### 4.9 SEC Filings; S-3 Eligibility.

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(a) At the time of filing thereof, the SEC Filings complied as to form in all material respects with the requirements of the 1934 Act and did not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(b) During the preceding two years, each registration statement and any amendment thereto filed by the Company pursuant to the 1933 Act and the rules and regulations thereunder, as of the date such statement or amendment became effective, complied as to form in all material respects with the 1933 Act and did not 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 made therein, in light of the circumstances under which they were made, not misleading; and each prospectus filed pursuant to Rule 424(b) under the 1933 Act, as of its issue date and as of the closing of any sale of securities pursuant thereto did not 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 made therein, in the light of the circumstances under which they were made, not misleading.

(c) The Company is eligible to use Form S-3 to register the Registrable Securities (as such term is defined in the Registration Rights Agreement) for sale by the Investors as contemplated by the Registration Rights Agreement.

4.10 No Conflict, Breach, Violation or Default. The execution,  
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delivery and performance of the Agreements by the Company and the issuance and sale of the Securities will not conflict with or result in a breach or violation of any of the terms and provisions of, or constitute a default under (i) the Company's Articles of Incorporation or the Company's Bylaws, both as in effect on the date hereof (copies of which have been provided to the Investors before the date hereof), or (ii)(a) any statute, rule, regulation or order of any governmental agency or body or any court, domestic or foreign, having jurisdiction over the Company, any Subsidiary or any of their respective assets or properties, or (b) any agreement or instrument to which the Company or any Subsidiary is a party or by which the Company or a Subsidiary is bound or to which any of their respective assets or properties is subject, except, in the case of clause (ii) only, as would not reasonably be expected to have a Material Adverse Effect, individually or in the aggregate.

4.11 Tax Matters. The Company and each Subsidiary has timely prepared  
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and filed all tax returns required to have been filed by the Company or such Subsidiary with all appropriate governmental agencies and timely paid all taxes shown thereon or otherwise owed by it, except for those taxes being contested in good faith and for which the Company or such Subsidiary has established adequate reserves in accordance with generally accepted accounting principles. The charges, accruals and reserves on the books of the Company in respect of taxes for all fiscal periods are adequate in all material respects, and there are no material unpaid assessments against the Company or any Subsidiary nor, to the Company's Knowledge, any basis for the assessment of any additional taxes, penalties or interest for any fiscal period or audits by any federal, state or local taxing authority except for any assessment which is not material to the Company and its Subsidiaries, taken as a whole. All taxes and other assessments and levies that the Company or any Subsidiary is required to withhold or to collect for payment have been duly withheld and collected and paid to the proper governmental entity or third party when due. There are no tax liens or claims pending or, to the Company's Knowledge, threatened against the Company or any Subsidiary or any of their respective assets or property. Except as described on Schedule 4.11, there are no outstanding tax sharing agreements or other such  
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arrangements between the Company and any Subsidiary or other corporation or entity.

4.12 Title to Properties. Except as disclosed in the SEC Filings, the  
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Company and each Subsidiary has good and marketable title to all real properties and all other properties and assets owned by it, in each case free from liens, encumbrances and defects that would materially affect the value thereof or materially interfere with the use made or currently planned to be made thereof by them; and except as disclosed in the SEC Filings, the Company and each Subsidiary holds any leased real or personal property under valid and enforceable leases with no exceptions that would materially interfere with the use made or currently planned to be made thereof by them.

4.13 Certificates, Authorities and Permits. The Company and each  
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Subsidiary possess adequate certificates, authorities or permits issued by appropriate governmental agencies or bodies necessary to conduct the business now operated by it, and neither the Company nor any Subsidiary has received any notice of proceedings relating to the revocation or modification of any such certificate, authority or permit that, if determined adversely to the Company or such Subsidiary, could reasonably be expected to have a Material Adverse Effect, individually or in the aggregate.

4.14 No Labor Disputes. No material labor dispute with the employees  
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of the Company or any Subsidiary exists or, to the Company's Knowledge, is imminent.

4.15 Intellectual Property.  
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(a) All Intellectual Property of the Company and its Subsidiaries is currently in compliance with all legal requirements (including timely filings, proofs and payments of fees) and is valid and enforceable. No Intellectual Property of the Company or its Subsidiaries which is necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted has been or is now involved in any cancellation, dispute or litigation, and, to the Company's Knowledge, no such action is threatened. No patent of the Company or its Subsidiaries has been or is now involved in any interference, reissue, re-examination or opposition proceeding.

(b) All of the licenses and sublicenses and consent, royalty or other agreements concerning Intellectual Property which are necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted to which the Company or any Subsidiary is a party or by which any of their assets are bound (other than generally commercially available, non-custom, off-the-shelf software application programs having a retail acquisition price of less than \$10,000 per license) (collectively, "License Agreements") are valid and binding obligations of the Company or its Subsidiaries that are parties thereto and, to the Company's Knowledge, the other parties thereto, enforceable in accordance with their terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws affecting the enforcement of creditors' rights generally, and there exists no event or condition which will result in a material violation or breach of or constitute (with or without due notice or lapse of time or both) a default by the Company or any of its Subsidiaries under any such License Agreement.

(c) The Company and its Subsidiaries own or have the valid right to use all of the Intellectual Property necessary for the conduct of the Company's and each of its Subsidiaries' businesses substantially as currently conducted or as currently proposed to be conducted and for the ownership, maintenance and operation of the Company's and its Subsidiaries' properties and assets.

(d) The Company and its Subsidiaries own or have the valid right to use the Intellectual Property that is necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted, free and clear of all liens, encumbrances, adverse claims or obligations to license all such owned Intellectual Property, other than licenses entered into in the ordinary course of the Company's and its Subsidiaries' businesses. The Company and its Subsidiaries have a valid and enforceable right to use all other Intellectual Property used or held for use in the respective businesses of the Company and its Subsidiaries. The Company and its Subsidiaries have the right to use all of the owned and licensed Intellectual Property which is necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted in all jurisdictions in which they conduct their businesses.

(e) The Company and each of its Subsidiaries have taken reasonable steps to maintain, police and protect the Intellectual Property which it owns and which is necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted, including the execution of appropriate confidentiality agreements and intellectual property and work product assignments and releases. The conduct of the Company's and its Subsidiaries' businesses as currently conducted does not infringe or otherwise impair or conflict with (collectively, "Infringe") any Intellectual Property rights of any third party, and, to the Company's Knowledge, the Intellectual Property rights of the Company and its Subsidiaries which are necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted are not being Infringed by any third party. There is no litigation or order pending or outstanding or, to the Company's Knowledge, threatened or imminent, that seeks to limit or challenge or that concerns the ownership, use, validity or enforceability of any Intellectual Property of the Company and its Subsidiaries and the Company's and its Subsidiaries' use of any Intellectual Property owned by a third party, and, to the Company's Knowledge, there is no valid basis for the same.

(f) The consummation of the transactions contemplated hereby will not result in the alteration, loss, impairment of or restriction on the Company's or any of its Subsidiaries' ownership or right to use any of the Intellectual Property which is necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted.

(g) All software owned by the Company or any of its Subsidiaries, and, to the Company's Knowledge, all software licensed from third parties by the Company or any of its Subsidiaries, (i) is free from any material defect, bug, virus, or programming, design or documentation error; (ii) operates and runs in a reasonable and efficient business manner; and

(iii) conforms in all material respects to the specifications and purposes thereof, except for such cases where it could not reasonably be expected to have a Material Adverse Effect, individually or in the aggregate.

(h) The Company and its Subsidiaries have taken reasonable steps to protect the Company's and its Subsidiaries' rights in their confidential information and trade secrets. Each employee, consultant and contractor who has had access to proprietary Intellectual Property which is necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted has executed an agreement to maintain the confidentiality of such Intellectual Property and has executed appropriate agreements that are substantially consistent with the Company's standard forms thereof. Except under confidentiality obligations, there has been no material disclosure of any of the Company's or its Subsidiaries' confidential information or trade secrets to any third party.

4.16 Environmental Matters. Neither the Company nor any Subsidiary is

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in violation of any statute, rule, regulation, decision or order of any governmental agency or body or any court, domestic or foreign, relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances (collectively, "Environmental Laws"), owns or operates any real property contaminated with any substance that is subject to any Environmental Laws, is liable for any off-site disposal or contamination pursuant to any Environmental Laws, and is subject to any claim relating to any Environmental Laws, which violation, contamination, liability or claim has had or could reasonably be expected to have a Material Adverse Effect, individually or in the aggregate; and there is no pending or, to the Company's Knowledge, threatened investigation that might lead to such a claim.

4.17 Litigation. Except as described on Schedule 4.17, there are no

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pending actions, suits or proceedings against or affecting the Company, its Subsidiaries or any of its or their properties; and to the Company's Knowledge, no such actions, suits or proceedings are threatened or contemplated.

4.18 Financial Statements. The financial statements included in each

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SEC Filing present fairly, in all material respects, the consolidated financial position of the Company as of the dates shown and its consolidated results of operations and cash flows for the periods shown, and such financial statements have been prepared in conformity with United States generally accepted accounting principles applied on a consistent basis (except as may be disclosed therein or in the notes thereto, and, in the case of quarterly financial statements, as permitted by Form 10-Q under the 1934 Act). Except as set forth in the financial statements of the Company included in the SEC Filings filed prior to the date hereof or as described on Schedule 4.18, neither the Company

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nor any of its Subsidiaries has incurred any liabilities, contingent or otherwise, except those incurred in the ordinary course of business, consistent (as to amount and nature) with past practices since the date of such financial statements, none of which, individually or in the aggregate, have had or could reasonably be expected to have a Material Adverse Effect.

4.19 Insurance Coverage. The Company and each Subsidiary maintain in

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full force and effect insurance coverage that is customary for comparably situated companies for the business being conducted and properties owned or leased by the Company and each Subsidiary, and the Company reasonably believes such insurance coverage to be adequate against all liabilities, claims and risks against which it is customary for comparably situated companies to insure.

4.20 Compliance with Nasdaq Continued Listing Requirements; Hardship

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Exemption. Except as set forth in Schedule 4.20, the Company is in compliance  
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with applicable Nasdaq SmallCap Market continued listing requirements. Except as set forth in Schedule 4.20, there are no proceedings pending or, to the

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Company's Knowledge, threatened against the Company relating to the continued listing of the Company's Common Stock on the Nasdaq SmallCap Market and the Company has not received any notice of, nor to the Company's Knowledge is there any basis for, the delisting of the Common Stock from the Nasdaq SmallCap Market. Pursuant to Marketplace Rule 4350(i)(2), Nasdaq has exempted the sale of the Securities contemplated hereby from the provisions of Rule 4350 upon compliance by the Company with the shareholder notification requirements of such Rule (the "Exemption"). Reliance on Rule 4350(i)(2) was approved by the Audit Committee of the Company's Board of Directors as required by such Rule. Copies of all applications, correspondence and other materials relating to the granting of the Exemption have been provided to the Investors. None of the documents provided by the Company to Nasdaq in connection with the Exemption contained, as of the date thereof, a misstatement of a material fact or the omission of a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

4.21 Brokers and Finders. Except as described on Schedule 4.21, no

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Person will have, as a result of the transactions contemplated by this Agreement, any valid right, interest or claim against or upon the Company, any Subsidiary or an Investor for any commission, fee or other compensation pursuant to any agreement, arrangement or understanding entered into by or on behalf of the Company.

4.22 No Directed Selling Efforts or General Solicitation. Neither the

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Company nor any Person acting on its behalf has conducted any general solicitation or general advertising (as those terms are used in Regulation D) in connection with the offer or sale of any of the Securities.

4.23 No Integrated Offering. Neither the Company nor any of its

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Affiliates, nor any Person acting on its or their behalf has, directly or indirectly, made any offers or sales of any Company security or solicited any offers to buy any security, under circumstances that would adversely affect reliance by the Company on Section 4(2) for the exemption from registration for the transactions contemplated hereby or would require registration of the Securities under the 1933 Act.

4.24 Private Placement. The offer and sale of the Securities to the

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Investors as contemplated hereby is exempt from the registration requirements of the 1933 Act.

4.25 Questionable Payments. Neither the Company nor any of its

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Subsidiaries nor, to the Company's Knowledge, any of their respective current or former shareholders, directors, officers, employees, agents or other Persons acting on behalf of the Company or any Subsidiary, has on behalf of the Company or any Subsidiary or in connection with their respective businesses: (a) used any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity; (b) made any direct or indirect unlawful payments to any governmental officials or employees from corporate funds; (c) established or maintained any unlawful or unrecorded fund of corporate monies or other assets; (d) made any false or fictitious entries on the books and records of the Company or any Subsidiary; or (e) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment of any nature.

4.26 Disclosures. The written materials delivered to the Investors in

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connection with the transactions contemplated by the Agreements do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

5. Representations and Warranties of the Investor. Each of the Investors

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hereby severally, and not jointly, represents and warrants to the Company that:

5.1 Organization and Existence. The Investor is a validly existing

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corporation, limited partnership or limited liability company and has all requisite corporate, partnership or limited liability company power and authority to invest in the Securities pursuant to this Agreement.

5.2 Authorization. The execution, delivery and performance by the

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Investor of the Agreements have been duly authorized and the Agreements will each constitute the valid and legally binding obligation of the Investor, enforceable against the Investor in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability, relating to or affecting creditors' rights generally.

5.3 Purchase Entirely for Own Account. The Securities to be received

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by the Investor hereunder will be acquired for the Investor's own account, not as nominee or agent, and not with a view to the resale or distribution of any part thereof in violation of the 1933 Act, and the Investor has no present intention of selling, granting any participation in, or otherwise distributing the same in violation of the 1933 Act. The Investor is not a registered broker dealer or an entity engaged in the business of being a broker dealer.

5.4 Investment Experience. The Investor acknowledges that it can bear

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the economic risk and complete loss of its investment in the Securities and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment contemplated hereby.



5.5 Disclosure of Information. The Investor has had an opportunity to

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receive all additional information related to the Company requested by it and to ask questions of and receive answers from the Company regarding the Company, its business and the terms and conditions of the offering of the Securities. The Investor acknowledges receipt of copies of the SEC Filings. Neither such inquiries nor any other due diligence investigation conducted by the Investor shall modify, amend or affect the Investor's right to rely on the Company's representations and warranties contained in this Agreement.

5.6 Restricted Securities. The Investor understands that the

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Securities are characterized as "restricted securities" under the U.S. 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 1933 Act only in certain limited circumstances.

5.7 Legends. It is understood that, until the earlier of (i)

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registration for resale pursuant to the Registration Rights Agreement or (ii) the time when such Securities may be sold pursuant to Rule 144(k), certificates evidencing such Securities may bear the following or any similar legend:

(a) "The securities represented hereby may not be transferred unless (i) such securities have been registered for sale pursuant to the Securities Act of 1933, as amended, (ii) such securities may be sold pursuant to Rule 144(k), or (iii) the Company has received an opinion of counsel satisfactory to it that such transfer may lawfully be made without registration under the Securities Act of 1933 or qualification under applicable state securities laws."

(b) "The securities are subject to a one-year prohibition on the holder's ability to sell, transfer or otherwise dispose of such securities as set forth in Section 5.11 of the Purchase Agreement dated February , 2002, a  
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copy of which may be requested free of charge from the Company."

(c) If required by the authorities of any state in connection with the issuance of sale of the Securities, the legend required by such state authority.

Upon the earlier of (i) registration for resale pursuant to the Registration Rights Agreement and receipt by the Company of the Investor's written confirmation and agreement that such Securities will not be disposed of except in compliance with the prospectus delivery requirements of the 1933 Act or (ii) Rule 144(k) becoming available the Company shall, upon an Investor's written request, use commercially reasonable efforts to cause certificates evidencing the Securities to be replaced with certificates which do not bear such restrictive legends within three (3) Business Days and Warrant Shares subsequently issued in respect of the Warrants shall not bear such restrictive legends provided the provisions of either clause (i) or clause (ii) above, as applicable, are satisfied with respect to such Warrant Shares. When the Company is required to cause unlegended certificates to replace previously issued legended certificates, if unlegended certificates are not delivered to an Investor within seven (7) Business Days of submission by that Investor of legended certificate(s) to the Company's transfer agent together with a representation

letter in customary form (five (5) Business Days if the Investor notifies the Company in connection with such submission that it intends to transfer or dispose of some or all of the Securities represented by such certificate), the Company shall be liable to the Investor for a penalty equal to 1% of the aggregate purchase price of the Securities evidenced by such certificate(s) for each thirty (30) day period (or portion thereof) beyond such seven (7) or five (5) Business Day period, as applicable, that the unlegended certificates have not been so delivered.

5.8 Accredited Investor. The Investor is an accredited investor as  
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defined in Rule 501(a) of Regulation D, as amended, under the 1933 Act.

5.9 No General Solicitation. The Investor did not learn of the  
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investment in the Securities as a result of any public advertising or general solicitation.

5.10 Brokers and Finders. No Person will have, as a result of the  
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transactions contemplated by this Agreement, any valid right, interest or claim against or upon the Company, any Subsidiary or an Investor for any commission, fee or other compensation pursuant to any agreement, arrangement or understanding entered into by or on behalf of the Investors.

5.11 Lock-up. The Investor hereby agrees that it shall not during a period of 365 days after the Closing, without the prior written consent of the Other Investors (as defined below), directly or indirectly, (i) offer, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, or otherwise dispose of or transfer (including any short sales) any of the shares of the Common Stock or Warrants (including the shares of Common Stock acquired upon exercise of the Warrants) (collectively the "Securities") purchased by Investors hereunder or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Securities, whether any such swap or transaction is to be settled by delivery of shares of the Common Stock or other securities, in cash or otherwise. The term "Other Investors" means the Special Situation Funds purchasing, at closing, an aggregate of 3,666,700 shares of common stock of the Company and 1,833,350 Warrants.

## 6. Conditions to the Closings. -----

6.1 Conditions to the Investors' Obligations. The obligation of the  
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Investors to purchase the Securities at the Closing is subject to the fulfillment to the Investors' satisfaction, on or prior to the Closing Date, of the following conditions, any of which may be waived by the Investors agreeing hereunder to purchase a majority of the Shares and Warrants (the "Required Investors"):

(a) The representations and warranties made by the Company in Section 4 hereof qualified as to materiality shall be true and correct at all times prior to the Closing Date, except to the extent any such representation or warranty expressly speaks as of an earlier date, in which case such representation or warranty shall be true and correct as of such earlier date, and, the representations and warranties made by the Company in Section 4 hereof not qualified as to materiality shall be true and correct in all material respects at all times prior to

the Closing Date, except to the extent any such representation or warranty expressly speaks as of an earlier date, in which case such representation or warranty shall be true and correct in all material respects as of such earlier date. The Company shall have performed in all material respects all obligations and conditions herein required to be performed or observed by it on or prior to the Closing Date.

(b) The Company shall have obtained in a timely fashion any and all consents, permits, approvals, registrations and waivers necessary or appropriate for consummation of the purchase and sale of the Securities all of which shall be in full force and effect.

(c) The Company shall have executed and delivered the Registration Rights Agreement.

(d) The Company shall have complied in all respects with the requirements of the Exemption and any waiting periods relating thereto shall have expired and the Warrant Shares shall have been approved for inclusion in Nasdaq upon official notice of issuance.

(e) The Company shall have entered into an agreement in form and substance reasonably satisfactory to the Investors (the "Exchange Agreement") pursuant to which the Company shall effect the conversion or exchange of all amounts outstanding under its existing bridge loan facility with Big Beaver Investments, LLC (including interest) into shares of Common Stock and warrants to purchase shares of Common Stock on the same economic terms (including as to price) as contemplated hereby (the "Exchange"); provided, however, that an Exchange Agreement that contains substantially the same terms and conditions as set forth herein shall be considered acceptable to the Investors.

(f) The Exchange shall have been consummated in accordance with the terms of the Exchange Agreement.

(g) The Company shall have entered into one or more agreements in form and substance reasonably satisfactory to the Investors (the "Other Investment Agreements") pursuant to which the Company agrees to sell shares of Common Stock and warrants to purchase Common Stock to one or more institutional investors on the same economic terms (including as to price) as contemplated hereby (except that such investors shall not be subject to a one-year prohibition on their ability to sell, transfer or otherwise dispose of their shares of Common Stock and warrants (the "Other Investment") ; provided, however, that an Other Investment Agreement that contains substantially the same terms and conditions as set forth herein (except for the lock-up described above) shall be considered acceptable to the Investors.

(h) The Other Investment shall have been consummated in accordance with the terms of the Other Investment Agreement and, together with the gross proceeds of the sale of the Shares and Warrants, shall result in gross proceeds to the Company of at least Six Million Five Hundred Thousand Dollars (\$6,500,000).

(i) No judgment, writ, order, injunction, award or decree of or by any court, or judge, justice or magistrate, including any bankruptcy court or judge, or any order of or by any governmental authority, shall have been issued, and no action or proceeding shall have been instituted by any governmental authority, enjoining or preventing the consummation of the transactions contemplated hereby or in the other Agreements.

(j) The Company shall have delivered a Certificate, executed on behalf of the Company by its Chief Executive Officer or its Chief Financial Officer, dated as of the Closing Date, certifying to the fulfillment of the conditions specified in subsections (a), (b), (d), (f) and (h) of this Section 6.1.

(k) The Company shall have delivered a Certificate, executed on behalf of the Company by its Secretary, dated as of the Closing Date, certifying the resolutions adopted by the Board of Directors of the Company approving the transactions contemplated by this Agreement and the other Agreements and the issuance of the Securities, certifying the current versions of the Certificate of Incorporation and Bylaws of the Company and certifying as to the signatures and authority of persons signing the Agreements and related documents on behalf of the Company.

(l) The Investors shall have received an opinion from O'Melveny & Myers LLP, the Company's counsel, dated as of the Closing Date, in form and substance reasonably acceptable to the Investors and addressing such legal matters as the Investors may reasonably request.

(m) No stop order or suspension of trading shall have been imposed by Nasdaq, the SEC or any other governmental regulatory body with respect to public trading in the Common Stock.

6.2 Conditions to Obligations of the Company. The Company's obligation  
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to sell and issue the Securities at the Closing is subject to the fulfillment to the satisfaction of the Company on or prior to the Closing Date of the following conditions, any of which may be waived by the Company:

(a) The representations and warranties made by the Investors in Section 5 hereof, other than the representations and warranties contained in Sections 5.3, 5.4, 5.5, 5.6, 5.7, 5.8 and 5.9 (the "Investment Representations"), shall be true and correct in all material respects when made, and shall be true and correct in all material respects on the Closing Date with the same force and effect as if they had been made on and as of said date. The Investment Representations shall be true and correct in all respects when made, and shall be true and correct in all respects on the Closing Date with the same force and effect as if they had been made on and as of said date. The Investors shall have performed in all material respects all obligations and conditions herein required to be performed or observed by them on or prior to the Closing Date.

(b) The Investors shall have executed and delivered the Registration Rights Agreement.

(c) The Investors shall have delivered the Purchase Price to the Company.

(d) The shares and the Warrant shares shall have been approved for inclusion in Nasdaq upon notice of issuance.

(e) No judgment, writ, order, injunction, award or decree of or by any court, or judge, justice or magistrate, including any bankruptcy court or judge, or any order of or by any governmental authority, shall have been issued, and no action or proceeding shall have been instituted by any governmental authority, enjoining or preventing the consummation of the transactions contemplated hereby or in the other Agreements.

6.3 Termination of Obligations to Effect Closing; Effects.  
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(a) The obligations of the Company, on the one hand, and the Investors, on the other hand, to effect the Closing shall terminate as follows:

(i) Upon the mutual written consent of the Company and the Required Investors;

(ii) By the Company if any of the conditions set forth in Section 6.2 shall have become incapable of fulfillment, and shall not have been waived by the Company;

(iii) By the Required Investors if any of the conditions set forth in Section 6.1 shall have become incapable of fulfillment, and shall not have been waived by the Required Investors; or

(iv) By either the Company or the Required Investors if the Closing has not occurred on or prior to March 31, 2002;

provided, however, that, except in the case of clause (i) above, the party seeking to terminate its obligation to effect the Closing shall not then be in breach of any of its representations, warranties, covenants or agreements contained in this Agreement or the other Agreements if such breach has resulted in the circumstances giving rise to such party's seeking to terminate its obligation to effect the Closing.

(b) In the event of termination by the Company or the Required Investors of their obligations to effect the Closing pursuant to this Section 6.3, written notice thereof shall forthwith be given to the other parties hereto and the obligation of all parties to effect the Closing shall be terminated, without further action by any party. Nothing in this Section 6.3 shall be deemed to release any party from any liability for any breach by such party of the terms and provisions of this Agreement or the other Agreements or to impair the right of any party to compel specific performance by any other party of its obligations under this Agreement or the other Agreements.

7. Covenants and Agreements of the Company.

7.1 Covenants and Agreements of the Company. Commencing on the date

hereof and continuing until such time as the Investors no longer own in the aggregate at least 166,666 shares of Common Stock (appropriately adjusted for any stock split, reverse stock split, stock dividend or other reclassification or combination of the Common Stock occurring after the date hereof), the Investors shall have the right to participate in future capital raising transactions on the terms and conditions set forth in this Section 7.1. During such period, the Company shall give ten (10) Business Days advance written notice to such Investors prior to any non-public offer or sale of any of the Company's securities by providing to the Investors a term sheet containing all material business terms of the proposed transaction. The Investors and their respective assignees shall have the right (pro rata in accordance with such Investors' participation in this offering) to purchase such Investor's Pro Rata Share (as defined below) of such securities which are the subject of the proposed transaction for the same consideration and on the same terms and conditions as contemplated for such third-party sale. The Investors' rights hereunder must be exercised in writing by the Investors within five (5) Business Days following receipt of the notice from the Company. If, subsequent to the Company giving notice to an Investor hereunder but prior to the Investor exercising its right to participate (or the expiration of the five-Business Day period without response from the Investor), the terms and conditions of the proposed third-party sale are changed in any material respect from that disclosed in the term sheet provided to such Investor, the Company shall be required to provide a new notice to the Investor hereunder and the Investors shall have the right, which must be exercised within five (5) Business Days of such new notice, to exercise their rights to purchase the securities on such changed terms and conditions as provided hereunder. In the event the Investors do not exercise their rights hereunder, or affirmatively decline to engage in the proposed transaction with the Company, then the Company may proceed with such proposed transaction on the same terms and conditions as noticed to the Investors. An Investor's "Pro Rata Share" for purposes of this Section 7.1 is the ratio of (a) the sum of (i) the number of Shares the Investor holds plus (ii) the number of Warrant Shares which the Investor has the right to acquire to (b) a number of shares of Common Stock equal to the sum of (x) the total number of shares of Common Stock then outstanding plus (y) the total number of shares of Common Stock into which all then outstanding shares of preferred stock and other convertible securities of the Company are then convertible plus (z) the total number of shares of Common Stock underlying all then outstanding and presently exercisable options, warrants and other rights to purchase shares of Common Stock.

7.2 Limitation on Certain Actions. (a) For a period of one year from

the Closing, the Company shall not offer or sell any Equity Securities (as defined below) at a price per share lower than the per Share Purchase Price or otherwise on terms more favorable to the purchaser thereof than those contained in the Agreements without the consent of the Required Investors, which consent shall not be unreasonably withheld; provided, however, that the restrictions in this sentence shall not apply to the issuance of an Equity Security to an officer, director, employee or consultant to the Company or any Subsidiary pursuant to any incentive or stock option plan of the Company approved by the Board of Directors or the shareholders of the Company. The term "Equity Securities" means the Company's capital stock, warrants, rights, and options giving the holder thereof the right to acquire shares of capital stock, and any security

directly or indirectly convertible into or exercisable for or exchangeable into shares of the Company's capital stock.

(b) Commencing on the date hereof and continuing until such time as the Investors no longer own in the aggregate at least 66,667 shares of Common Stock (appropriately adjusted for any stock split, reverse stock split, stock dividend or other reclassification or combination of the Common Stock occurring after the date hereof), the Company shall not offer or sell or enter into any agreement, arrangement or understanding to offer or sell any Equity Security if the Equity Security (or any agreement, arrangement or understanding entered into in connection therewith) provides for the future adjustment of (i) the purchase price therefor, (ii) the number of Equity Securities to be issued, or (iii) the conversion, exercise or exchange rate applicable thereto (other than customary anti-dilution provisions no more favorable to the holder than those contained in the Warrants) without the prior written consent of the Required Investors, which consent shall not be unreasonably withheld or delayed.

7.3 Reservation of Common Stock. The Company shall at all times

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reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of providing for the exercise of the Warrants, such number of shares of Common Stock as shall from time to time equal the number of shares sufficient to permit the exercise of the Warrants issued pursuant to this Agreement in accordance with their respective terms.

7.4 Reports. The Company will furnish to such Investors and/or their

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assignees such information relating to the Company and its Subsidiaries as from time to time may reasonably be requested by such Investors and/or their assignees; provided, however, that such Investors and/or assignees shall hold in confidence any confidential or proprietary information received from the Company and identified as such at the time of disclosure such information and shall use any such confidential or proprietary information solely for the purpose of monitoring and evaluating their investment in the Company and; provided, further, that the Company shall not be required to provide any information to the Investors which, if disclosed to such Investors and/or their assignees pursuant to the terms of this Section 7.4, would, in the good faith judgment of the Company, cause the Company or any Subsidiary to violate the terms of a confidentiality undertaking binding on the Company or such Subsidiary. Each Investor and/or assignee acknowledges that it is aware, and that it will advise its representatives who are given access to such information, that the United States securities laws may prohibit a person who has material, non-public information concerning matters that may be disclosed to it pursuant to this Section 7.4 from purchasing or selling securities of the Company or a company which may be, or may be affiliated with, a party to a business arrangement or proposed business arrangement with the Company or from communicating such information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such securities. The Company shall not disclose material nonpublic information to the Investors, or to advisors to or representatives of the Investors, unless prior to disclosure of such information the Company identifies such information as being material nonpublic information and provides the Investors, such advisors and representatives with the opportunity to accept or refuse to accept such material nonpublic information for review.

7.5 No Conflicting Agreements. The Company will not take any action,  
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enter into any agreement or make any commitment that would conflict or interfere  
in any material respect with the obligations to the Investors under the  
Agreements.

7.6 Insurance. The Company shall not materially reduce the insurance  
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coverages described in Section 4.19.

7.7 Compliance with Laws. The Company will comply in all material  
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respects with all applicable laws, rules, regulations, orders and decrees of all  
governmental authorities.

7.8 Nasdaq Listing and Related Matters; Compliance with Nasdaq  
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Exemption Requirements. (a) Promptly following the execution and delivery of  
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this Agreement, the Company shall take all action necessary to cause the Shares  
and the Warrant Shares to be listed on Nasdaq no later than the Closing Date and  
to comply with the terms and conditions of the Exemption, including, but not  
limited to, (i) issuing a press release in a form reasonably satisfactory to  
Nasdaq, and (ii) mailing to all shareholders a notification (the "Notification")  
to the effect that the Audit Committee of the Board of Directors of the Company  
has expressly approved the determination not to seek shareholder approval in  
connection with the offer and sale of the Securities in reliance on the  
exception provided in Nasdaq Marketplace Rule 4350(i)(2), Nasdaq has approved  
the Exemption, and describing the basis for the Exemption. The Notification  
shall not at any time prior to the Closing Date contain any untrue statement of  
a material fact or omit to state any material fact necessary in order to make  
the statements made therein, in light of the circumstances under which they were  
made, not misleading.

(b) Further, if the Company applies to have its Common Stock or other  
securities traded on any other principal stock exchange or market, it shall  
include in such application the Shares and the Warrant Shares and will take such  
other action as is necessary to cause such Common Stock to be so listed. The  
Company will use commercially reasonable efforts to continue the listing and  
trading of its Common Stock on Nasdaq and, in accordance, therewith, will use  
commercially reasonable efforts to comply in all respects with the Company's  
reporting, filing and other obligations under the bylaws or rules of such  
exchange, as applicable.

7.9 Termination of Covenants. The provisions of Sections 7.4 through  
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7.7 shall terminate and be of no further force and effect upon the earliest of  
(i) the mutual consent of the Company and the Required Investors, (ii) the date  
on which the Company's obligations to maintain an effective registration  
statement under the Registration Rights Agreement terminate, or (iii) the  
occurrence of a "Change of Control" of the Company. As used herein, "Change of  
Control" means the consolidation or merger of the Company with or into any other  
entity or entities which results in the holders of Common Stock of the Company  
immediately prior to such transaction owning less than 50% of the voting power  
of the successor entity and pursuant to which such holders receive either (i)  
cash, (ii) freely tradable securities, or (iii) a combination of cash and freely  
tradable securities, the sale, conveyance or other disposition by the Company of  
all or substantially all of its assets, or the consummation of a tender or  
exchange offer pursuant to which a Person (including any group) becomes the  
beneficial owner of 80% or more of the outstanding voting power of the Company.



8. Survival and Indemnification.

8.1 Survival. All representations, warranties, covenants and

agreements contained in this Agreement shall be deemed to be representations, warranties, covenants and agreements as of the date hereof and shall survive the execution and delivery of this Agreement for a period of eighteen (18) months from the Closing Date; provided, however, that the provisions contained in Section 7 hereof shall survive in accordance therewith.

8.2 Indemnification. The Company agrees to indemnify and hold

harmless, on an after-tax and after insurance recovery basis, each Investor and its Affiliates and their respective directors, officers, employees and agents from and against any and all losses, claims, damages, liabilities and expenses (including without limitation reasonable attorney fees and disbursements and other expenses incurred in connection with investigating, preparing or defending any action, claim or proceeding, pending or threatened and the costs of enforcement hereof) (collectively, "Losses") to which such Person may become subject as a result of any breach of representation, warranty, covenant or agreement made by or to be performed on the part of the Company under the Agreements, and will reimburse any such Person for all such amounts as they are incurred by such Person.

8.3 Conduct of Indemnification Proceedings. Promptly after

receipt by any Person (the "Indemnified Person") of notice of any demand, claim or circumstances which would or might give rise to a claim or the commencement of any action, proceeding or investigation in respect of which indemnity may be sought pursuant to Section 8.2, such Indemnified Person shall promptly notify the Company in writing and the Company shall assume the defense thereof, including the employment of counsel reasonably satisfactory to such Indemnified Person, and shall assume the payment of all fees and expenses; provided, however, that the failure of any Indemnified Person so to notify the Company shall not relieve the Company of its obligations hereunder except to the extent that the Company is materially prejudiced by such failure to notify. In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless: (i) the Company and the Indemnified Person shall have mutually agreed to the retention of such counsel; or (ii) in the reasonable judgment of counsel to such Indemnified Person representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. The Company shall not be liable for any settlement of any proceeding effected without its written consent, which consent shall not be unreasonably withheld, but if settled with such consent, or if there be a final judgment for the plaintiff, the Company shall indemnify and hold harmless such Indemnified Person from and against any loss or liability (to the extent stated above) by reason of such settlement or judgment. Without the prior written consent of the Indemnified Person, which consent shall not be unreasonably withheld, the Company shall not effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Person is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Person from all liability arising out of such proceeding.

9. Miscellaneous.

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9.1 Successors and Assigns. This Agreement may not be assigned by a

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party hereto without the prior written consent of the Company or the Required Investors, as applicable, provided, however, (i) an Investor may assign its rights and delegate its duties hereunder in whole or in part to an Affiliate or to a third party acquiring some portion or all of its Securities in a private transaction without the prior written consent of the Company or the other Investors, after notice duly given by such Investor to the Company and the other Investors, provided, that no such assignment or obligation shall affect the obligations of such Investor hereunder, and (ii) the Company may assign its rights and delegate its duties hereunder to any surviving or successor corporation in connection with a merger or consolidation of the Company with another corporation, or a sale, transfer or other disposition of all or substantially all of the Company's assets to another corporation, without the prior written consent of the Investors, after notice duly given by the Company to the Investors. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective permitted successors and assigns of the parties. 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.

9.2 Counterparts; Faxes. This Agreement may be executed in two or more

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counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may also be executed via facsimile, which shall be deemed an original.

9.3 Titles and Subtitles. The titles and subtitles used in this

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Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

9.4 Notices. Unless otherwise provided, any notice required or

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permitted under this Agreement shall be given in writing and shall be deemed effectively given as hereinafter described (i) if given by personal delivery, then such notice shall be deemed given upon such delivery, (ii) if given by telex or telecopier, then such notice shall be deemed given upon receipt of confirmation of complete transmittal, (iii) if given by mail, then such notice shall be deemed given upon the earlier of (A) receipt of such notice by the recipient or (B) three days after such notice is deposited in first class mail, postage prepaid, and (iv) if given by an internationally recognized overnight air courier, then such notice shall be deemed given one day after delivery to such carrier. All notices shall be addressed to the party to be notified at the address as follows, or at such other address as such party may designate by ten days' advance written notice to the other party:

If to the Company:

Amerigon Incorporated  
5462 Irwindale Avenue  
Irwindale, California 91706  
Attention: Chief Executive Officer  
Fax: 626.815.7441

With a copy to:

O'Melveny & Myers LLP  
400 South Hope Street  
Los Angeles, California 90071  
Attention: John A. Laco  
Fax: 213.430.6407

If to the Investors, to the addresses set forth on the signature pages hereto.

9.5 Expenses. The parties hereto shall pay their own costs and

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expenses in connection herewith. The Company shall reimburse the Investors upon demand for all reasonable out-of-pocket expenses incurred by the Investors, including without limitation reimbursement of attorneys' fees and disbursements, in connection with any amendment, modification or waiver of this Agreement or the other Agreements. In the event that legal proceedings are commenced by any party to this Agreement against another party to this Agreement in connection with this Agreement or the other Agreements, the party or parties which do not prevail in such proceedings shall severally, but not jointly, pay their pro rata share of the reasonable attorneys' fees and other reasonable out-of-pocket costs and expenses incurred by the prevailing party in such proceedings.

9.6 Amendments and Waivers. Any term of this Agreement may be amended

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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 Required Investors. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each holder of any Securities purchased under this Agreement at the time outstanding, each future holder of all such securities, and the Company.

9.7 Publicity. No public release or announcement concerning the

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transactions contemplated hereby shall be issued by the Company or the Investors without the prior consent of the Company (in the case of a release or announcement by the Investors) or MicroCapital LP and MicroCapital Ltd. (collectively, "Microcap") (in the case of a release or announcement by the Company) (which consents shall not be unreasonably withheld), except as such release or announcement may be required by law or the applicable rules or regulations of any securities exchange or securities market, in which case the Company or the Investors, as the case may be, shall allow Microcap or the Company, as applicable, to the extent reasonably practicable in the circumstances, reasonable time to comment on such release or announcement in advance of such issuance.

9.8 Severability. Any provision of this Agreement that is prohibited

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or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof but shall be interpreted as if it were written so as to be enforceable to the maximum extent permitted by applicable law, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, the parties hereby waive any provision of law which renders any provision hereof prohibited or unenforceable in any respect.

9.9 Entire Agreement. This Agreement, including the Exhibits and the

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Disclosure Schedules, and the other Agreements constitute the entire agreement among the parties hereof with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter hereof and thereof.

9.10 Further Assurances. The parties shall execute and deliver all

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such further instruments and documents and take all such other actions as may reasonably be required to carry out the transactions contemplated hereby and to evidence the fulfillment of the agreements herein contained.

9.11 Governing Law; Consent to Jurisdiction. This Agreement shall be

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governed by, and construed in accordance with, the internal laws of the State of New York without regard to the choice of law principles thereof. Each of the parties hereto irrevocably submits to the exclusive jurisdiction of the courts of the State of New York located in New York County and the United States District Court for the Southern District of New York for the purpose of any suit, action, proceeding or judgment relating to or arising out of this Agreement and the transactions contemplated hereby. Service of process in connection with any such suit, action or proceeding may be served on each party hereto anywhere in the world by the same methods as are specified for the giving of notices under this Agreement. Each of the parties hereto irrevocably consents to the jurisdiction of any such court in any such suit, action or proceeding and to the laying of venue in such court. Each party hereto irrevocably waives any objection to the laying of venue of any such suit, action or proceeding brought in such courts and irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Agreement or caused their duly authorized officers to execute this Agreement as of the date first above written.

The Company:

AMERIGON INCORPORATED

By:

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Name:

Title:

The Investors:

MicroCapital LP

By:

-----  
Name:  
Title:

Aggregate Purchase Price: \$550,002.00  
Number of Shares: 366,668  
Number of Warrants: 183,334

Address for Notice:  
Ian P. Ellis  
410 Jessie Street, Suite 1002  
San Francisco, California 94103  
Telephone: 415.625.3600  
Facsimile: 415.625.0836

With a copy to:  
Mitch Nichter  
Paul, Hastings, Janovsky & Walker LLP  
345 California Street, Suite 2900  
San Francisco, California 94104  
Telephone: 415.835.1600  
Facsimile: 415.217.5333

MicroCapital Ltd.

By:

-----  
Name:  
Title:

Aggregate Purchase Price: \$450,000.00  
Number of Shares: 300,000  
Number of Warrants: 150,000

Address for Notice:  
Ian P. Ellis  
410 Jessie Street, Suite 1002  
San Francisco, California 94103  
Telephone: 415.625.3600  
Facsimile: 415.625.0836

With a copy to:  
Mitch Nichter  
Paul, Hastings, Janovsky & Walker LLP  
345 California Street, Suite 2900  
San Francisco, California 94104  
Telephone: 415.835.1600  
Facsimile: 415.217.5333

## EXCHANGE AGREEMENT

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THIS EXCHANGE AGREEMENT ("Agreement") is made as of the 12th day of February, 2002 by and among Amerigon Incorporated, a California corporation (the "Company"), and the Investor set forth on the signature pages affixed hereto.

## Recitals

A. The Company and the Investor are executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by the provisions of Regulation D ("Regulation D"), as promulgated by the U.S. Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended; and

B. The Company and the Investor have previously entered into a Credit Agreement dated as of September 20, 2001 (as amended to the date hereof, the "Credit Agreement") which provides for a bridge loan facility under which the Company has borrowed \$2,500,000 in principal indebtedness and on which interest has accrued but not been paid; and

C. The Investor wishes to exchange with the Company, and the Company exchange with the Investor, upon the terms and conditions stated in this Agreement, (i) the principal amount of indebtedness outstanding under the Credit Agreement (\$2,500,000) plus accrued interest thereunder (collectively, referred to herein as the "Indebtedness") for (ii) the number of shares of Common Stock of the Company, no par value ("Common Stock") equal to the quotient of (x) \$2,500,000 plus accrued but unpaid interest on the Credit Agreement as of the Closing Date and (y) \$1.50, and in addition, the Investor shall receive one warrant to purchase shares of Common Stock in the form attached hereto as Exhibit A for each dollar of Indebtedness (the "Warrants"); the Company and the Investor acknowledge and agree that assuming the Closing (as defined below) occurs on February 25, 2002, the number of Shares of Common Stock and Warrants for which the Indebtedness will be exchanged is 1,720,602 and 860,301, respectively; and

D. Contemporaneous with the sale of the Common Stock and Warrants, the parties hereto will execute and deliver a Registration Rights Agreement, in the form attached hereto as Exhibit B (the "Registration Rights Agreement"), pursuant to which the Company will agree to provide certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, and applicable state securities laws; and

D. Contemporaneous with the closing of this Agreement, the Company will issue and sell (i) an aggregate of 4,333,368 shares of Common Stock and (ii) Warrants to purchase an aggregate of 2,166,684 shares of Common Stock pursuant to separate Purchase Agreements dated as of the date hereof with the investors named therein.



In consideration of the mutual promises made herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Definitions. In addition to those terms defined above and elsewhere in

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this Agreement, for the purposes of this Agreement, the following terms shall have the meanings here set forth:

"Affiliate" means, with respect to any Person, any other Person which

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directly or indirectly Controls, is controlled by, or is under common control with, such Person.

"Agreements" means this Agreement, the Warrants and the Registration

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Rights Agreement.

"Business Day" means a day, other than a Saturday or Sunday, on which

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banks in New York City and Los Angeles are open for the general transaction of business.

"Company's Knowledge" means the actual knowledge of the "executive

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officers" (as that term is defined in Rule 405 promulgated under the 1933 Act) of the Company, after due inquiry.

"Control" means the possession, direct or indirect, of the power to

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direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Intellectual Property" means all of the following: (i) patents,

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patent applications, patent disclosures and inventions (whether or not patentable and whether or not reduced to practice); (ii) trademarks, service marks, trade dress, trade names, corporate names, logos, slogans and Internet domain names, together with all goodwill associated with each of the foregoing; (iii) copyrights and copyrightable works; (iv) registrations, applications and renewals for any of the foregoing; (v) trade secrets, confidential information and know-how (including but not limited to ideas, formulae, compositions, manufacturing and production processes and techniques, research and development information, drawings, specifications, designs, business and marketing plans, and customer and supplier lists and related information); and (vi) proprietary computer software (including but not limited to data, data bases and documentation).

"Material Adverse Effect" means a material adverse effect on the

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assets, liabilities, results of operations, condition (financial or otherwise), business, or prospects of the Company and its subsidiaries taken as a whole.

"Nasdaq" means the NASDAQ Stock Market, Inc. SmallCap Market System.

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"Person" means an individual, corporation, partnership, limited

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liability company, trust, business trust, association, joint stock company, joint venture, sole proprietorship, unincorporated organization, governmental authority or any other form of entity not specifically listed herein.

"SEC Filings" has the meaning set forth in Section 4.6.  
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"Securities" means the Shares, the Warrants and the Warrant Shares.  
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"Shares" means the shares of Common Stock being received by the  
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Investor hereunder in exchange for the Indebtedness.

"Subsidiary" has the meaning set forth in Section 4.1.  
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"Warrant Shares" means the shares of Common Stock issuable upon  
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exercise of or otherwise pursuant to the Warrants.

"1933 Act" means the Securities Act of 1933, as amended, and the rules  
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and regulations promulgated thereunder.

"1934 Act" means the Securities Exchange Act of 1934, as amended, and  
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the rules and regulations promulgated thereunder.

2. Exchange of Indebtedness for Shares and Warrants. Subject to the terms  
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and conditions of this Agreement, on the Closing Date, the Investor shall exchange with the Company the Indebtedness for the Shares and the Warrants .

3. Closing. Upon confirmation that the conditions to closing specified  
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herein have been satisfied, the Company shall deliver to such person as the Investor shall direct, in trust, a certificate or certificates, registered in such name or names as the Investor may designate, representing the Shares and Warrants, with instructions that such certificates are to be held for release to the Investor upon acknowledgement from the Investor that delivery of such Shares and Warrants extinguishes the Indebtedness. On the date (the "Closing Date") the Company receives such acknowledgement, the certificates evidencing the Shares and Warrants shall be released to the Investor (the "Closing"). The exchange shall take place at the offices of O'Melveny & Myers LLP, 114 Pacifica, Suite 100, Irvine, California 92618, or at such other location and on such other date as the Company and the Investor shall mutually agree. The Investor hereby agrees that effective upon the Closing, the number of shares of Common Stock of the Company purchasable by Investor under that certain Amended and Restated Bridge Loan Warrant at \$1.15 per share shall be reduced from 652,174 to 326,087 and the Company shall deliver to Investor at Closing a revised Amended and Restated Warrant reflecting such change and the existing Amended and Restated Bridge Loan Warrant shall be surrendered to the Company at Closing and marked cancelled.

4. Representations and Warranties of the Company. The Company hereby  
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represents and warrants to the Investor that, except as set forth in the schedules delivered herewith (collectively, the "Disclosure Schedules"):

4. 1 Organization, Good Standing and Qualification. Each of the

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Company and its Subsidiaries is a corporation duly incorporated or a limited liability company duly formed, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation and has all requisite corporate or limited liability company power and authority to carry on its business as now conducted and to own its properties. Each of the Company and its Subsidiaries is duly qualified to do business as a foreign corporation or a foreign limited liability company and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property makes such qualification or leasing necessary unless the failure to so qualify has not and could not reasonably be expected to have a Material Adverse Effect. The Company's subsidiaries are reflected on Schedule 4.1 hereto (the

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"Subsidiaries").

4.2 Authorization. The Company has full power and authority and has

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taken all requisite action on the part of the Company, its officers, directors and shareholders necessary for (i) the authorization, execution and delivery of the Agreements, (ii) authorization of the performance of all obligations of the Company hereunder or thereunder, and (iii) the authorization, issuance (or reservation for issuance) and delivery of the Securities. The Agreements constitute the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability, relating to or affecting creditors' rights generally.

4.3 Capitalization. Schedule 4.3 sets forth (a) the authorized capital

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stock of the Company on the date hereof; (b) the number of shares of capital stock issued and outstanding; (c) the number of shares of capital stock issuable pursuant to the Company's stock plans; and (d) the number of shares of capital stock issuable and reserved for issuance pursuant to securities (other than the Shares and the Warrants) exercisable for, or convertible into or exchangeable for any shares of capital stock of the Company. All of the issued and outstanding shares of the Company's capital stock have been duly authorized and validly issued and are fully paid, nonassessable and free of pre-emptive rights and were issued in full compliance with applicable law. All of the issued and outstanding equity interests of each Subsidiary have been duly authorized and validly issued and are fully paid, nonassessable and free of pre-emptive rights, were issued in full compliance with applicable law and, except as described on Schedule 4.3, are owned by the Company, beneficially and of record, subject to

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no lien, encumbrance or other adverse claim. No Person is entitled to pre-emptive or similar statutory or contractual rights with respect to any securities of the Company. Except as described on Schedule 4.3, there are no

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outstanding warrants, options, convertible securities or other rights, agreements or arrangements of any character under which the Company or any of its Subsidiaries is or may be obligated to issue any equity securities of any kind and except as contemplated by this Agreement, neither the Company nor any of its Subsidiaries is currently in negotiations for the issuance of any equity securities of any kind. Except as described on Schedule 4.3 and except for the

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Registration Rights Agreement, there are no voting agreements, buy-sell agreements, option or right of first purchase agreements or other agreements of any kind among the Company and any of the securityholders of the Company relating to the securities of the Company held by them. Except as described on Schedule 4.3, the Company has not granted any Person any currently outstanding

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or future arising right to require the Company to register any securities of

the Company under the 1933 Act, whether on a demand basis or in connection with the registration of securities of the Company for its own account or for the account of any other Person.

Schedule 4.3 sets forth a true and complete table setting forth the

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pro forma capitalization of the Company on a fully diluted basis giving effect to (i) the issuance of the Shares and the Warrants, (ii) any adjustments in other securities resulting from such issuance, and (iii) the exercise or conversion of all outstanding securities. Except as described on Schedule 4.3,

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the issuance of the Securities hereunder will not trigger any outstanding anti-dilution rights.

4.4 Valid Issuance. The Shares have been duly and validly authorized

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and, when issued and paid for pursuant to this Agreement, will be validly issued, fully paid and nonassessable free and clear of all encumbrances and restrictions, except for restrictions on transfer set forth in this Agreement or imposed by applicable securities laws. The Warrants have been duly and validly authorized. Upon the due exercise of the Warrants, the Warrant Shares issuable upon such exercise will be validly issued, fully paid and non-assessable free and clear of all encumbrances and restrictions, except for restrictions on transfer set forth in this Agreement or imposed by applicable securities laws. The Company has reserved a sufficient number of shares of Common Stock for issuance upon the exercise of the Warrants, free and clear of all encumbrances and restrictions, except for restrictions on transfer set forth in this Agreement or imposed by applicable securities laws.

4.5 Consents. Except as described on Schedule 4.20, the execution,

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delivery and performance by the Company of the Agreements and the offer, issuance and sale of the Securities require no consent of, action by or in respect of, or filing with, any Person, governmental body, agency, or official other than filings that have been made pursuant to applicable state securities laws and post-sale filings pursuant to applicable state and federal securities laws which the Company undertakes to file within the applicable time periods. The Company has taken all action necessary to exempt (i) the sale of the Securities, (ii) the issuance of the Warrant Shares upon due exercise of the Warrants, and (iii) the other transactions contemplated by this Agreement from the provisions of any anti-takeover or business combination law or statute binding on the Company or to which the Company or any of its assets and properties may be subject.

4.6 Delivery of SEC Filings; Business. The Company has provided the

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Investor with copies of the Company's most recent Annual Report on Form 10-K for the fiscal year ended December 31, 2000 (as amended prior to the date hereof, the "10-K"), and all other reports filed by the Company pursuant to the 1934 Act since the filing of the 10-K and prior to the date hereof (collectively, the "SEC Filings"). The SEC Filings are the only filings required of the Company pursuant to the 1934 Act for such period. The Company and its Subsidiaries are engaged only in the business described in the SEC Filings and the SEC Filings contain a complete and accurate description in all material respects of the business of the Company and its Subsidiaries, taken as a whole as of the date such SEC Filing was filed with the SEC.

4.7 [Intentionally deleted.]

4.8 No Material Adverse Change. Since September 30, 2001, except as

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identified and described in the SEC Filings or as described on Schedule 4.8,  
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there has not been:

(i) any change in the consolidated assets, liabilities, financial condition or operating results of the Company from that reflected in the financial statements included in the 10-K, except for changes in the ordinary course of business which have not and could not reasonably be expected to have a Material Adverse Effect, individually or in the aggregate;

(ii) any declaration or payment of any dividend, or any authorization or payment of any distribution, on any of the capital stock of the Company, or any redemption or repurchase of any securities of the Company;

(iii) any material damage, destruction or loss, whether or not covered by insurance to any assets or properties of the Company or its Subsidiaries;

(iv) any waiver, not in the ordinary course of business, by the Company or any Subsidiary of a material right or of a material debt owed to it;

(v) any satisfaction or discharge of any lien, claim or encumbrance or payment of any obligation by the Company or a Subsidiary, except in the ordinary course of business and which is not material to the assets, properties, financial condition, operating results or business of the Company and its Subsidiaries taken as a whole (as such business is presently conducted and as it is proposed to be conducted);

(vi) any change or amendment to the Company's Articles of Incorporation or by-laws, or material change to any material contract or arrangement by which the Company or any Subsidiary is bound or to which any of their respective assets or properties is subject;

(vii) any material labor difficulties or labor union organizing activities with respect to employees of the Company or any Subsidiary;

(viii) any transaction entered into by the Company or a Subsidiary other than in the ordinary course of business;

(ix) the loss of the services of any key employee, or material change in the composition or duties of the senior management of the Company or any Subsidiary;

(x) the loss or threatened loss of any customer which has had or could reasonably be expected to have a Material Adverse Effect; or

(xi) any other event or condition of any character that has had or could reasonably be expected to have a Material Adverse Effect.

4.9 SEC Filings; S-3 Eligibility.

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(a) At the time of filing thereof, the SEC Filings complied as to form in all material respects with the requirements of the 1934 Act and did not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(b) During the preceding two years, each registration statement and any amendment thereto filed by the Company pursuant to the 1933 Act and the rules and regulations thereunder, as of the date such statement or amendment became effective, complied as to form in all material respects with the 1933 Act and did not 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 made therein, in light of the circumstances under which they were made, not misleading; and each prospectus filed pursuant to Rule 424(b) under the 1933 Act, as of its issue date and as of the closing of any sale of securities pursuant thereto did not 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 made therein, in the light of the circumstances under which they were made, not misleading.

(c) The Company is eligible to use Form S-3 to register the Registrable Securities (as such term is defined in the Registration Rights Agreement) for sale by the Investor as contemplated by the Registration Rights Agreement.

4.10 No Conflict, Breach, Violation or Default. The execution,

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delivery and performance of the Agreements by the Company and the issuance and sale of the Securities will not conflict with or result in a breach or violation of any of the terms and provisions of, or constitute a default under (i) the Company's Articles of Incorporation or the Company's Bylaws, both as in effect on the date hereof (copies of which have been provided to the Investor before the date hereof), or (ii) (a) any statute, rule, regulation or order of any governmental agency or body or any court, domestic or foreign, having jurisdiction over the Company, any Subsidiary or any of their respective assets or properties, or (b) any agreement or instrument to which the Company or any Subsidiary is a party or by which the Company or a Subsidiary is bound or to which any of their respective assets or properties is subject, except, in the case of clause (ii) only, as would not reasonably be expected to have a Material Adverse Effect, individually or in the aggregate.

4.11 Tax Matters. The Company and each Subsidiary has timely prepared

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and filed all tax returns required to have been filed by the Company or such Subsidiary with all appropriate governmental agencies and timely paid all taxes shown thereon or otherwise owed by it, except for those taxes being contested in good faith and for which the Company or such Subsidiary has established adequate reserves in accordance with generally accepted accounting principles. The charges, accruals and reserves on the books of the Company in respect of taxes for all fiscal periods are adequate in all material respects, and there are no material unpaid assessments against the Company or any Subsidiary nor, to the Company's Knowledge, any basis for the assessment of any additional taxes, penalties or interest for any fiscal period or

audits by any federal, state or local taxing authority except for any assessment which is not material to the Company and its Subsidiaries, taken as a whole. All taxes and other assessments and levies that the Company or any Subsidiary is required to withhold or to collect for payment have been duly withheld and collected and paid to the proper governmental entity or third party when due. There are no tax liens or claims pending or, to the Company's Knowledge, threatened against the Company or any Subsidiary or any of their respective assets or property. Except as described on Schedule 4.11, there are no

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outstanding tax sharing agreements or other such arrangements between the Company and any Subsidiary or other corporation or entity.

4.12 Title to Properties. Except as disclosed in the SEC Filings, the

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Company and each Subsidiary has good and marketable title to all real properties and all other properties and assets owned by it, in each case free from liens, encumbrances and defects that would materially affect the value thereof or materially interfere with the use made or currently planned to be made thereof by them; and except as disclosed in the SEC Filings, the Company and each Subsidiary holds any leased real or personal property under valid and enforceable leases with no exceptions that would materially interfere with the use made or currently planned to be made thereof by them.

4.13 Certificates, Authorities and Permits. The Company and each

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Subsidiary possess adequate certificates, authorities or permits issued by appropriate governmental agencies or bodies necessary to conduct the business now operated by it, and neither the Company nor any Subsidiary has received any notice of proceedings relating to the revocation or modification of any such certificate, authority or permit that, if determined adversely to the Company or such Subsidiary, could reasonably be expected to have a Material Adverse Effect, individually or in the aggregate.

4.14 No Labor Disputes. No material labor dispute with the employees

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of the Company or any Subsidiary exists or, to the Company's Knowledge, is imminent.

4.15 Intellectual Property.

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(a) All Intellectual Property of the Company and its Subsidiaries is currently in compliance with all legal requirements (including timely filings, proofs and payments of fees) and is valid and enforceable. No Intellectual Property of the Company or its Subsidiaries which is necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted has been or is now involved in any cancellation, dispute or litigation, and, to the Company's Knowledge, no such action is threatened. No patent of the Company or its Subsidiaries has been or is now involved in any interference, reissue, re-examination or opposition proceeding.

(b) All of the licenses and sublicenses and consent, royalty or other agreements concerning Intellectual Property which are necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted to which the Company or any Subsidiary is a party or by which any of their assets are bound (other than generally commercially available, non-custom, off-the-shelf software application programs having a retail acquisition price of less than \$10,000 per license)

(collectively, "License Agreements") are valid and binding obligations of the Company or its Subsidiaries that are parties thereto and, to the Company's Knowledge, the other parties thereto, enforceable in accordance with their terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws affecting the enforcement of creditors' rights generally, and there exists no event or condition which will result in a material violation or breach of or constitute (with or without due notice or lapse of time or both) a default by the Company or any of its Subsidiaries under any such License Agreement.

(c) The Company and its Subsidiaries own or have the valid right to use all of the Intellectual Property necessary for the conduct of the Company's and each of its Subsidiaries' businesses substantially as currently conducted or as currently proposed to be conducted and for the ownership, maintenance and operation of the Company's and its Subsidiaries' properties and assets.

(d) The Company and its Subsidiaries own or have the valid right to use the Intellectual Property that is necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted, free and clear of all liens, encumbrances, adverse claims or obligations to license all such owned Intellectual Property, other than licenses entered into in the ordinary course of the Company's and its Subsidiaries' businesses. The Company and its Subsidiaries have a valid and enforceable right to use all other Intellectual Property used or held for use in the respective businesses of the Company and its Subsidiaries. The Company and its Subsidiaries have the right to use all of the owned and licensed Intellectual Property which is necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted in all jurisdictions in which they conduct their businesses.

(e) The Company and each of its Subsidiaries have taken reasonable steps to maintain, police and protect the Intellectual Property which it owns and which is necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted, including the execution of appropriate confidentiality agreements and intellectual property and work product assignments and releases. The conduct of the Company's and its Subsidiaries' businesses as currently conducted does not infringe or otherwise impair or conflict with (collectively, "Infringe") any Intellectual Property rights of any third party, and, to the Company's Knowledge, the Intellectual Property rights of the Company and its Subsidiaries which are necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted are not being Infringed by any third party. There is no litigation or order pending or outstanding or, to the Company's Knowledge, threatened or imminent, that seeks to limit or challenge or that concerns the ownership, use, validity or enforceability of any Intellectual Property of the Company and its Subsidiaries and the Company's and its Subsidiaries' use of any Intellectual Property owned by a third party, and, to the Company's Knowledge, there is no valid basis for the same.

(f) The consummation of the transactions contemplated hereby will not result in the alteration, loss, impairment of or restriction on the Company's or any of its



Subsidiaries' ownership or right to use any of the Intellectual Property which is necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted.

(g) All software owned by the Company or any of its Subsidiaries, and, to the Company's Knowledge, all software licensed from third parties by the Company or any of its Subsidiaries, (i) is free from any material defect, bug, virus, or programming, design or documentation error; (ii) operates and runs in a reasonable and efficient business manner; and (iii) conforms in all material respects to the specifications and purposes thereof, except for such cases where it could not reasonably be expected to have a Material Adverse Effect, individually or in the aggregate.

(h) The Company and its Subsidiaries have taken reasonable steps to protect the Company's and its Subsidiaries' rights in their confidential information and trade secrets. Each employee, consultant and contractor who has had access to proprietary Intellectual Property which is necessary for the conduct of Company's and each of its Subsidiaries' respective businesses as currently conducted or as currently proposed to be conducted has executed an agreement to maintain the confidentiality of such Intellectual Property and has executed appropriate agreements that are substantially consistent with the Company's standard forms thereof. Except under confidentiality obligations, there has been no material disclosure of any of the Company's or its Subsidiaries' confidential information or trade secrets to any third party.

4.16 Environmental Matters. Neither the Company nor any Subsidiary is

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in violation of any statute, rule, regulation, decision or order of any governmental agency or body or any court, domestic or foreign, relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances (collectively, "Environmental Laws"), owns or operates any real property contaminated with any substance that is subject to any Environmental Laws, is liable for any off-site disposal or contamination pursuant to any Environmental Laws, and is subject to any claim relating to any Environmental Laws, which violation, contamination, liability or claim has had or could reasonably be expected to have a Material Adverse Effect, individually or in the aggregate; and there is no pending or, to the Company's Knowledge, threatened investigation that might lead to such a claim.

4.17 Litigation. Except as described on Schedule 4.17, there are no

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pending actions, suits or proceedings against or affecting the Company, its Subsidiaries or any of its or their properties; and to the Company's Knowledge, no such actions, suits or proceedings are threatened or contemplated.

4.18 Financial Statements. The financial statements included in each

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SEC Filing present fairly, in all material respects, the consolidated financial position of the Company as of the dates shown and its consolidated results of operations and cash flows for the periods shown, and such financial statements have been prepared in conformity with United States generally accepted accounting principles applied on a consistent basis (except as may be disclosed therein or in the notes thereto, and, in the case of quarterly financial statements, as

permitted by Form 10-Q under the 1934 Act). Except as set forth in the financial statements of the Company included in the SEC Filings filed prior to the date hereof or as described on Schedule 4.18, neither the Company nor any of its

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Subsidiaries has incurred any liabilities, contingent or otherwise, except those incurred in the ordinary course of business, consistent (as to amount and nature) with past practices since the date of such financial statements, none of which, individually or in the aggregate, have had or could reasonably be expected to have a Material Adverse Effect.

4.19 Insurance Coverage. The Company and each Subsidiary maintain in

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full force and effect insurance coverage that is customary for comparably situated companies for the business being conducted and properties owned or leased by the Company and each Subsidiary, and the Company reasonably believes such insurance coverage to be adequate against all liabilities, claims and risks against which it is customary for comparably situated companies to insure.

4.20 Compliance with Nasdaq Continued Listing Requirements; Hardship

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Exemption. Except as set forth in Schedule 4.20, the Company is in compliance  
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with applicable Nasdaq SmallCap Market continued listing requirements. Except as set forth in Schedule 4.20, there are no proceedings pending or, to the

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Company's Knowledge, threatened against the Company relating to the continued listing of the Company's Common Stock on the Nasdaq SmallCap Market and the Company has not received any notice of, nor to the Company's Knowledge is there any basis for, the delisting of the Common Stock from the Nasdaq SmallCap Market. Pursuant to Marketplace Rule 4350(i)(2), Nasdaq has exempted the sale of the Securities contemplated hereby from the provisions of Rule 4350 upon compliance by the Company with the shareholder notification requirements of such Rule (the "Exemption"). Reliance on Rule 4350(i)(2) was approved by the Audit Committee of the Company's Board of Directors as required by such Rule. Copies of all applications, correspondence and other materials relating to the granting of the Exemption have been provided to the Investor. None of the documents provided by the Company to Nasdaq in connection with the Exemption contained, as of the date thereof, a misstatement of a material fact or the omission of a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

4.21 Brokers and Finders. Except as described on Schedule 4.21, no

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Person will have, as a result of the transactions contemplated by this Agreement, any valid right, interest or claim against or upon the Company, any Subsidiary or an Investor for any commission, fee or other compensation pursuant to any agreement, arrangement or understanding entered into by or on behalf of the Company.

4.22 No Directed Selling Efforts or General Solicitation. Neither the

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Company nor any Person acting on its behalf has conducted any general solicitation or general advertising (as those terms are used in Regulation D) in connection with the offer or sale of any of the Securities.

4.23 No Integrated Offering. Neither the Company nor any of its

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Affiliates, nor any Person acting on its or their behalf has, directly or indirectly, made any offers or sales of any

Company security or solicited any offers to buy any security, under circumstances that would adversely affect reliance by the Company on Section 4(2) for the exemption from registration for the transactions contemplated hereby or would require registration of the Securities under the 1933 Act.

4.24 Private Placement. The offer and sale of the Securities to the

Investor as contemplated hereby is exempt from the registration requirements of the 1933 Act.

4.25 Questionable Payments. Neither the Company nor any of its

Subsidiaries nor, to the Company's Knowledge, any of their respective current or former shareholders, directors, officers, employees, agents or other Persons acting on behalf of the Company or any Subsidiary, has on behalf of the Company or any Subsidiary or in connection with their respective businesses: (a) used any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity; (b) made any direct or indirect unlawful payments to any governmental officials or employees from corporate funds; (c) established or maintained any unlawful or unrecorded fund of corporate monies or other assets; (d) made any false or fictitious entries on the books and records of the Company or any Subsidiary; or (e) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment of any nature.

4.26 Disclosures. The written materials delivered to the Investor in

connection with the transactions contemplated by the Agreements do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

5. Representations and Warranties of the Investor. The Investor hereby

represents and warrants to the Company that:

5.1 Organization and Existence. The Investor is a validly existing

corporation, limited partnership or limited liability company and has all requisite corporate, partnership or limited liability company power and authority to invest in the Securities pursuant to this Agreement.

5.2 Authorization. The execution, delivery and performance by the

Investor of the Agreements have been duly authorized and the Agreements will each constitute the valid and legally binding obligation of the Investor, enforceable against the Investor in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability, relating to or affecting creditors' rights generally.

5.3 Exchange Entirely for Own Account. The Securities to be received

by the Investor hereunder will be acquired for the Investor's own account, not as nominee or agent, and not with a view to the resale or distribution of any part thereof in violation of the 1933 Act, and the Investor has no present intention of selling, granting any participation in, or otherwise distributing the same in violation of the 1933 Act. The Investor is not a registered broker dealer or an entity engaged in the business of being a broker dealer.

5.4 Investment Experience. The Investor acknowledges that it can bear

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the economic risk and complete loss of its investment in the Securities and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment contemplated hereby.

5.5 Disclosure of Information. The Investor has had an opportunity to

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receive all additional information related to the Company requested by it and to ask questions of and receive answers from the Company regarding the Company, its business and the terms and conditions of the offering of the Securities. The Investor acknowledges receipt of copies of the SEC Filings. Neither such inquiries nor any other due diligence investigation conducted by the Investor shall modify, amend or affect the Investor's right to rely on the Company's representations and warranties contained in this Agreement.

5.6 Restricted Securities. The Investor understands that the

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Securities are characterized as "restricted securities" under the U.S. 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 1933 Act only in certain limited circumstances.

5.7 Legends. It is understood that, until the earlier of (i)

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registration for resale pursuant to the Registration Rights Agreement or (ii) the time when such Securities may be sold pursuant to Rule 144(k), certificates evidencing such Securities may bear the following or any similar legend:

(a) "The securities represented hereby may not be transferred unless (i) such securities have been registered for sale pursuant to the Securities Act of 1933, as amended, (ii) such securities may be sold pursuant to Rule 144(k), or (iii) the Company has received an opinion of counsel satisfactory to it that such transfer may lawfully be made without registration under the Securities Act of 1933 or qualification under applicable state securities laws."

(b) If required by the authorities of any state in connection with the issuance of sale of the Securities, the legend required by such state authority.

Upon the earlier of (i) registration for resale pursuant to the Registration Rights Agreement and receipt by the Company of the Investor's written confirmation and agreement that such Securities will not be disposed of except in compliance with the prospectus delivery requirements of the 1933 Act or (ii) Rule 144(k) becoming available the Company shall, upon an Investor's written request, use commercially reasonable efforts to cause certificates evidencing the Securities to be replaced with certificates which do not bear such restrictive legends within three (3) Business Days and Warrant Shares subsequently issued in respect of the Warrants shall not bear such restrictive legends provided the provisions of either clause (i) or clause (ii) above, as applicable, are satisfied with respect to such Warrant Shares. When the Company is required to cause unlegended certificates to replace previously issued legended certificates, if unlegended certificates are not delivered to an Investor within seven (7) Business Days of submission by that

Investor of legended certificate(s) to the Company's transfer agent together with a representation letter in customary form (five (5) Business Days if the Investor notifies the Company in connection with such submission that it intends to transfer or dispose of some or all of the securities represented by such certificate), the Company shall be liable to the Investor for a penalty equal to 1% of the aggregate dollar amount of Indebtedness exchanged for the Securities evidenced by such certificate(s) for each thirty (30) day period (or portion thereof) beyond such seven (7) or five (5) Business Day period, as applicable, that the unlegended certificates have not been so delivered.

5.8 Accredited Investor. The Investor is an accredited investor as

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defined in Rule 501(a) of Regulation D, as amended, under the 1933 Act.

5.9 No General Solicitation. The Investor did not learn of the

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investment in the Securities as a result of any public advertising or general solicitation.

5.10 Brokers and Finders. No Person will have, as a result of the

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transactions contemplated by this Agreement, any valid right, interest or claim against or upon the Company, any Subsidiary or the Investor for any commission, fee or other compensation pursuant to any agreement, arrangement or understanding entered into by or on behalf of the Investor.

6. Conditions to the Closings.

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6.1 Conditions to the Investor's Obligations. The obligation of the

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Investor to exchange Indebtedness for Shares and Warrants at the Closing is subject to the fulfillment to the Investor's satisfaction, on or prior to the Closing Date, of the following conditions, any of which may be waived by the Investor:

(a) The representations and warranties made by the Company in Section 4 hereof qualified as to materiality shall be true and correct at all times prior to the Closing Date, except to the extent any such representation or warranty expressly speaks as of an earlier date, in which case such representation or warranty shall be true and correct as of such earlier date, and, the representations and warranties made by the Company in Section 4 hereof not qualified as to materiality shall be true and correct in all material respects at all times prior to the Closing Date, except to the extent any such representation or warranty expressly speaks as of an earlier date, in which case such representation or warranty shall be true and correct in all material respects as of such earlier date. The Company shall have performed in all material respects all obligations and conditions herein required to be performed or observed by it on or prior to the Closing Date.

(b) The Company shall have obtained in a timely fashion any and all consents, permits, approvals, registrations and waivers necessary or appropriate for consummation of the exchange of Indebtedness for Shares and Warrants all of which shall be in full force and effect.

(c) The Company shall have executed and delivered the Registration Rights Agreement.

(d) The Company shall have complied in all respects with the requirements of the Exemption and any waiting periods relating thereto shall have expired and the Shares and the Warrant Shares shall have been approved for inclusion in Nasdaq upon official notice of issuance.

(e) [Intentionally deleted.]

(f) [Intentionally deleted.]

(g) The Company shall have entered into one or more agreements in form and substance reasonably satisfactory to the Investor (the "Other Investment Agreements") pursuant to which the Company agrees to sell shares of Common Stock and warrants to purchase Common Stock to one or more institutional investors on the same economic terms (including as to price) as contemplated hereby (the "Other Investments"); provided, however, that an Other Investment Agreement that contains substantially the same terms and conditions as set forth herein (other than the other shares and warrants shall be sold for cash consideration) shall be considered acceptable to the Investor.

(h) The Other Investments shall have been consummated in accordance with the terms of the Other Investment Agreement and shall result in gross proceeds to the Company of at least Six Million Five Hundred Thousand Dollars (\$6,500,000).

(i) No judgment, writ, order, injunction, award or decree of or by any court, or judge, justice or magistrate, including any bankruptcy court or judge, or any order of or by any governmental authority, shall have been issued, and no action or proceeding shall have been instituted by any governmental authority, enjoining or preventing the consummation of the transactions contemplated hereby or in the other Agreements.

(j) The Company shall have delivered a Certificate, executed on behalf of the Company by its Chief Executive Officer or its Chief Financial Officer, dated as of the Closing Date, certifying to the fulfilment of the conditions specified in subsections (a), (b), (d), and (h) of this Section 6.1.

(k) The Company shall have delivered a Certificate, executed on behalf of the Company by its Secretary, dated as of the Closing Date, certifying the resolutions adopted by the Board of Directors of the Company approving the transactions contemplated by this Agreement and the other Agreements and the issuance of the Securities, certifying the current versions of the Certificate of Incorporation and Bylaws of the Company and certifying as to the signatures and authority of persons signing the Agreements and related documents on behalf of the Company.

(l) The Investor shall have received an opinion from O'Melveny & Myers LLP, the Company's counsel, dated as of the Closing Date, in form and substance reasonably acceptable to the Investor and addressing such legal matters as the Investor may reasonably request.

(m) No stop order or suspension of trading shall have been imposed by Nasdaq, the SEC or any other governmental regulatory body with respect to public trading in the Common Stock.

6.2 Conditions to Obligations of the Company. The Company's obligation

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to sell and issue the Securities at the Closing is subject to the fulfillment to the satisfaction of the Company on or prior to the Closing Date of the following conditions, any of which may be waived by the Company:

(a) The representations and warranties made by the Investor in Section 5 hereof, other than the representations and warranties contained in Sections 5.3, 5.4, 5.5, 5.6, 5.7, 5.8 and 5.9 (the "Investment Representations"), shall be true and correct in all material respects when made, and shall be true and correct in all material respects on the Closing Date with the same force and effect as if they had been made on and as of said date. The Investment Representations shall be true and correct in all respects when made, and shall be true and correct in all respects on the Closing Date with the same force and effect as if they had been made on and as of said date. The Investor shall have performed in all material respects all obligations and conditions herein required to be performed or observed by them on or prior to the Closing Date.

(b) The Investor shall have executed and delivered the Registration Rights Agreement.

(c) The Investor shall have delivered written documentation confirming that the Indebtedness has been extinguished..

(d) The Shares and the Warrant Shares shall have been approved for inclusion in Nasdaq upon official notice of issuance.

(e) No judgment, writ, order, injunction, award or decree of or by any court, or judge, justice or magistrate, including any bankruptcy court or judge, or any order of or by any governmental authority, shall have been issued, and no action or proceeding shall have been instituted by any governmental authority, enjoining or preventing the consummation of the transactions contemplated hereby or in the other Agreements.

6.3 Termination of Obligations to Effect Closing; Effects.

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(a) The obligations of the Company, on the one hand, and the Investor, on the other hand, to effect the Closing shall terminate as follows:

(i) Upon the mutual written consent of the Company and the Investor;

(ii) By the Company if any of the conditions set forth in Section 6.2 shall have become incapable of fulfillment, and shall not have been waived by the Company;

(iii) By the Investor if any of the conditions set forth in Section 6.1 shall have become incapable of fulfillment, and shall not have been waived by the Investor; or

(iv) By either the Company or the Investor if the Closing has not occurred on or prior to March 31, 2002;

provided, however, that, except in the case of clause (i) above, the party seeking to terminate its obligation to effect the Closing shall not then be in breach of any of its representations, warranties, covenants or agreements contained in this Agreement or the other Agreements if such breach has resulted in the circumstances giving rise to such party's seeking to terminate its obligation to effect the Closing.

(b) In the event of termination by the Company or the Investor of their obligations to effect the Closing pursuant to this Section 6.3, written notice thereof shall forthwith be given to the other parties hereto and the obligation of all parties to effect the Closing shall be terminated, without further action by any party. Nothing in this Section 6.3 shall be deemed to release any party from any liability for any breach by such party of the terms and provisions of this Agreement or the other Agreements or to impair the right of any party to compel specific performance by any other party of its obligations under this Agreement or the other Agreements.

7. Covenants and Agreements of the Company.  
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7.1 Covenants and Agreements of the Company. Commencing on the date  
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hereof and continuing until such time as the Investor no longer owns in the aggregate at least 25% of the Shares acquired hereunder (appropriately adjusted for any stock split, reverse stock split, stock dividend or other reclassification or combination of the Common Stock occurring after the date hereof), the Investor shall have the right to participate in future capital raising transactions on the terms and conditions set forth in this Section 7.1. During such period, the Company shall give ten (10) Business Days advance written notice to such Investor prior to any non-public offer or sale of any of the Company's securities by providing to the Investor a term sheet containing all material business terms of the proposed transaction. The Investor and its respective assignees shall have the right (pro rata in accordance with such Investor's participation in this offering) to purchase such Investor's Pro Rata Share (as defined below) of such securities which are the subject of the proposed transaction for the same consideration and on the same terms and conditions as contemplated for such third-party sale. The Investor's rights hereunder must be exercised in writing by the Investor within five (5) Business Days following receipt of the notice from the Company. If, subsequent to the Company giving notice to an Investor hereunder but prior to the Investor exercising its right to participate (or the expiration of the five-Business Day period without response from the Investor), the terms and conditions of the proposed third-party sale are changed in any material respect from that disclosed in the term sheet provided to such Investor, the Company shall be required to provide a new notice to the Investor hereunder and the Investor shall have the right, which must be exercised within five (5) Business Days of such new notice, to exercise their rights to purchase the securities on such



changed terms and conditions as provided hereunder. In the event the Investor does not exercise their rights hereunder, or affirmatively decline to engage in the proposed transaction with the Company, then the Company may proceed with such proposed transaction on the same terms and conditions as noticed to the Investor. An Investor's "Pro Rata Share" for purposes of this Section 7.1 is the ratio of (a) the sum of (i) the number of Shares the Investor holds plus (ii) the number of Warrant Shares which the Investor has the right to acquire to (b) a number of shares of Common Stock equal to the sum of (x) the total number of shares of Common Stock then outstanding plus (y) the total number of shares of Common Stock into which all then outstanding shares of preferred stock and other convertible securities of the Company are then convertible plus (z) the total number of shares of Common Stock underlying all then outstanding and presently exercisable options, warrants and other rights to purchase shares of Common Stock.

7.2 Limitation on Certain Actions. (a) For a period of one year from  
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the Closing, the Company shall not offer or sell any Equity Securities (as defined below) at a price per share lower than \$1.50 or otherwise on terms more favorable to the purchaser thereof than those contained in the Agreements without the consent of the Investor, which consent shall not be unreasonably withheld; provided, however, that the restrictions in this sentence shall not apply to the issuance of an Equity Security to an officer, director, employee or consultant to the Company or any Subsidiary pursuant to any incentive or stock option plan of the Company approved by the Board of Directors or the shareholders of the Company. The term "Equity Securities" means the Company's capital stock, warrants, rights, and options giving the holder thereof the right to acquire shares of capital stock, and any security directly or indirectly convertible into or exercisable for or exchangeable into shares of the Company's capital stock.

(b) Commencing on the date hereof and continuing until such time as the Investor no longer owns in the aggregate at least 10% of the Shares acquired hereunder (appropriately adjusted for any stock split, reverse stock split, stock dividend or other reclassification or combination of the Common Stock occurring after the date hereof), the Company shall not offer or sell or enter into any agreement, arrangement or understanding to offer or sell any Equity Security if the Equity Security (or any agreement, arrangement or understanding entered into in connection therewith) provides for the future adjustment of (i) the purchase price therefor, (ii) the number of Equity Securities to be issued, or (iii) the conversion, exercise or exchange rate applicable thereto (other than customary anti-dilution provisions no more favorable to the holder than those contained in the Warrants) without the prior written consent of the Investor, which consent shall not be unreasonably withheld or delayed.

7.3 Reservation of Common Stock. The Company shall at all times  
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reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of providing for the exercise of the Warrants, such number of shares of Common Stock as shall from time to time equal the number of shares sufficient to permit the exercise of the Warrants issued pursuant to this Agreement in accordance with their respective terms.

7.4 Reports. The Company will furnish to such Investor and/or its  
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assignees such information relating to the Company and its Subsidiaries as from time to time may reasonably be requested by such Investor and/or its assignees; provided, however, that such Investor and/or assignees shall hold in confidence any confidential or proprietary information

received from the Company and identified as such at the time of disclosure such information and shall use any such confidential or proprietary information solely for the purpose of monitoring and evaluating their investment in the Company and; provided, further, that the Company shall not be required to provide any information to the Investor which, if disclosed to such Investor and/or its assignees pursuant to the terms of this Section 7.4, would, in the good faith judgment of the Company, cause the Company or any Subsidiary to violate the terms of a confidentiality undertaking binding on the Company or such Subsidiary. The Investor and/or assignee acknowledges that it is aware, and that it will advise its representatives who are given access to such information, that the United States securities laws may prohibit a person who has material, non-public information concerning matters that may be disclosed to it pursuant to this Section 7.4 from purchasing or selling securities of the Company or a company which may be, or may be affiliated with, a party to a business arrangement or proposed business arrangement with the Company or from communicating such information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such securities. The Company shall not disclose material nonpublic information to the Investor, or to advisors to or representatives of the Investor, unless prior to disclosure of such information the Company identifies such information as being material nonpublic information and provides the Investor, such advisors and representatives with the opportunity to accept or refuse to accept such material nonpublic information for review.

7.5 No Conflicting Agreements. The Company will not take any action, -----  
enter into any agreement or make any commitment that would conflict or interfere in any material respect with the obligations to the Investor under the Agreements.

7.6 Insurance. The Company shall not materially reduce the insurance -----  
coverages described in Section 4.19.

7.7 Compliance with Laws. The Company will comply in all material -----  
respects with all applicable laws, rules, regulations, orders and decrees of all governmental authorities.

7.8 Nasdaq Listing and Related Matters; Compliance with Nasdaq -----  
Exemption Requirements. (a) Promptly following the execution and delivery of -----  
this Agreement, the Company shall take all action necessary to cause the Shares and the Warrant Shares to be listed on Nasdaq no later than the Closing Date and to comply with the terms and conditions of the Exemption, including, but not limited to, (i) issuing a press release in a form reasonably satisfactory to Nasdaq, and (ii) mailing to all shareholders a notification (the "Notification") to the effect that the Audit Committee of the Board of Directors of the Company has expressly approved the determination not to seek shareholder approval in connection with the offer and sale of the Securities in reliance on the exception provided in Nasdaq Marketplace Rule 4350(i)(2), Nasdaq has approved the Exemption, and describing the basis for the Exemption. The Notification shall not at any time prior to the Closing Date contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(b) Further, if the Company applies to have its Common Stock or other securities traded on any other principal stock exchange or market, it shall include in such application the Shares and the Warrant Shares and will take such other action as is necessary to cause such Common Stock to be so listed. The Company will use commercially reasonable efforts to continue the listing and trading of its Common Stock on Nasdaq and, in accordance, therewith, will use commercially reasonable efforts to comply in all respects with the Company's reporting, filing and other obligations under the bylaws or rules of such exchange, as applicable.

7.9 Termination of Covenants. The provisions of Sections 7.4 through  
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7.7 shall terminate and be of no further force and effect upon the earliest of (i) the mutual consent of the Company and the Investor, (ii) the date on which the Company's obligations to maintain an effective registration statement under the Registration Rights Agreement terminate, or (iii) the occurrence of a "Change of Control" of the Company. As used herein, "Change of Control" means the consolidation or merger of the Company with or into any other entity or entities which results in the holders of Common Stock of the Company immediately prior to such transaction owning less than 50% of the voting power of the successor entity and pursuant to which such holders receive either (i) cash, (ii) freely tradable securities, or (iii) a combination of cash and freely tradable securities, the sale, conveyance or other disposition by the Company of all or substantially all of its assets, or the consummation of a tender or exchange offer pursuant to which a Person (including any group) becomes the beneficial owner of 80% or more of the outstanding voting power of the Company.

8. Survival and Indemnification.  
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8.1 Survival. All representations, warranties, covenants and  
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agreements contained in this Agreement shall be deemed to be representations, warranties, covenants and agreements as of the date hereof and shall survive the execution and delivery of this Agreement for a period of eighteen (18) months from the Closing Date; provided, however, that the provisions contained in Section 7 hereof shall survive in accordance therewith.

8.2 Indemnification. The Company agrees to indemnify and hold  
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harmless, on an after-tax and after insurance recovery basis, the Investor and its Affiliates and their respective directors, officers, employees and agents from and against any and all losses, claims, damages, liabilities and expenses (including without limitation reasonable attorney fees and disbursements and other expenses incurred in connection with investigating, preparing or defending any action, claim or proceeding, pending or threatened and the costs of enforcement hereof) (collectively, "Losses") to which such Person may become subject as a result of any breach of representation, warranty, covenant or agreement made by or to be performed on the part of the Company under the Agreements, and will reimburse any such Person for all such amounts as they are incurred by such Person.

8.3 Conduct of Indemnification Proceedings. Promptly after receipt by  
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any Person (the "Indemnified Person") of notice of any demand, claim or circumstances which would or might give rise to a claim or the commencement of any action, proceeding or investigation in respect of which indemnity may be sought pursuant to Section 8.2, such Indemnified Person shall promptly notify the Company in writing and the Company shall assume

the defense thereof, including the employment of counsel reasonably satisfactory to such Indemnified Person, and shall assume the payment of all fees and expenses; provided, however, that the failure of any Indemnified Person so to

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notify the Company shall not relieve the Company of its obligations hereunder except to the extent that the Company is materially prejudiced by such failure to notify. In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless: (i) the Company and the Indemnified Person shall have mutually agreed to the retention of such counsel; or (ii) in the reasonable judgment of counsel to such Indemnified Person representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. The Company shall not be liable for any settlement of any proceeding effected without its written consent, which consent shall not be unreasonably withheld, but if settled with such consent, or if there be a final judgment for the plaintiff, the Company shall indemnify and hold harmless such Indemnified Person from and against any loss or liability (to the extent stated above) by reason of such settlement or judgment. Without the prior written consent of the Indemnified Person, which consent shall not be unreasonably withheld, the Company shall not effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Person is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Person from all liability arising out of such proceeding.

9. Miscellaneous.

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9.1 Successors and Assigns. This Agreement may not be assigned by

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a party hereto without the prior written consent of the Company or the Investor, as applicable, provided, however, (i) an Investor may assign its rights and delegate its duties hereunder in whole or in part to an Affiliate or to a third party acquiring some portion or all of its Securities in a private transaction without the prior written consent of the Company, after notice duly given by the Investor to the Company, provided, that no such assignment or obligation shall affect the obligations of the Investor hereunder, and (ii) the Company may assign its rights and delegate its duties hereunder to any surviving or successor corporation in connection with a merger or consolidation of the Company with another corporation, or a sale, transfer or other disposition of all or substantially all of the Company's assets to another corporation, without the prior written consent of the Investor, after notice duly given by the Company to the Investor. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective permitted successors and assigns of the parties. 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.

9.2 Counterparts; Faxes. This Agreement may be executed in two or

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more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may also be executed via facsimile, which shall be deemed an original.

9.3 Titles and Subtitles. The titles and subtitles used in this

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Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

9.4 Notices. Unless otherwise provided, any notice required or

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permitted under this Agreement shall be given in writing and shall be deemed effectively given as hereinafter described (i) if given by personal delivery, then such notice shall be deemed given upon such delivery, (ii) if given by telex or telecopier, then such notice shall be deemed given upon receipt of confirmation of complete transmittal, (iii) if given by mail, then such notice shall be deemed given upon the earlier of (A) receipt of such notice by the recipient or (B) three days after such notice is deposited in first class mail, postage prepaid, and (iv) if given by an internationally recognized overnight air courier, then such notice shall be deemed given one day after delivery to such carrier. All notices shall be addressed to the party to be notified at the address as follows, or at such other address as such party may designate by ten days' advance written notice to the other party:

If to the Company:

Amerigon Incorporated  
5462 Irwindale Avenue  
Irwindale, California 91706  
Attention: Chief Executive Officer  
Fax: 626.815.7441

With a copy to:

O'Melveny & Myers LLP  
400 South Hope Street  
Los Angeles, California 90071  
Attention: John A. Laco  
Fax: 213.430.6407

If to the Investor, to the addresses set forth on the signature pages hereto.

9.5 Expenses. The parties hereto shall pay their own costs and

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expenses in connection herewith, except that the Company shall pay the reasonable fees and expenses of counsel to the Investors at the Closing. The Company shall reimburse the Investor upon demand for all reasonable out-of-pocket expenses incurred by the Investor, including without limitation reimbursement of attorneys' fees and disbursements, in connection with any amendment, modification or waiver of this Agreement or the other Agreements. In the event that legal proceedings are commenced by any party to this Agreement against another party to this Agreement in connection with this Agreement or the other Agreements, the party or parties which do not prevail in such proceedings shall severally, but not jointly, pay their pro rata share of the reasonable attorneys' fees and other reasonable out-of-pocket costs and expenses incurred by the prevailing party in such proceedings.

9.6 Amendments and Waivers. Any term of this Agreement may be

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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 Investor. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each holder of any Securities received under this Agreement at the time outstanding, each future holder of all such securities, and the Company.

9.7 Publicity. No public release or announcement concerning the

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transactions contemplated hereby shall be issued by the Company or the Investor without the prior consent of the Company (in the case of a release or announcement by the Investor) or Big Beaver Investments LLC ("Big Beaver") (in the case of a release or announcement by the Company) (which consents shall not be unreasonably withheld), except as such release or announcement may be required by law or the applicable rules or regulations of any securities exchange or securities market, in which case the Company or the Investor, as the case may be, shall allow Big Beaver or the Company, as applicable, to the extent reasonably practicable in the circumstances, reasonable time to comment on such release or announcement in advance of such issuance.

9.8 Severability. Any provision of this Agreement that is

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prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof but shall be interpreted as if it were written so as to be enforceable to the maximum extent permitted by applicable law, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, the parties hereby waive any provision of law which renders any provision hereof prohibited or unenforceable in any respect.

9.9 Entire Agreement. This Agreement, including the Exhibits and

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the Disclosure Schedules, and the other Agreements constitute the entire agreement among the parties hereof with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter hereof and thereof; provided, however, this Agreement does not supersede or modify that certain Investors Rights Agreement dated as of June 8, 1999, by and among the Company, the Investor and Westar Capital II LLC, a Delaware limited liability company ("Westar"), as amended.

9.10 Further Assurances. The parties shall execute and deliver

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all such further instruments and documents and take all such other actions as may reasonably be required to carry out the transactions contemplated hereby and to evidence the fulfillment of the agreements herein contained.

9.11 Governing Law; Consent to Jurisdiction. This Agreement shall

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be governed by, and construed in accordance with, the internal laws of the State of New York without regard to the choice of law principles thereof. Each of the parties hereto irrevocably submits to the exclusive jurisdiction of the courts of the State of New York located in New York County and the United States District Court for the Southern District of New York for the purpose of any suit, action, proceeding or judgment relating to or arising out of this Agreement

and the transactions contemplated hereby. Service of process in connection with any such suit, action or proceeding may be served on each party hereto anywhere in the world by the same methods as are specified for the giving of notices under this Agreement. Each of the parties hereto irrevocably consents to the jurisdiction of any such court in any such suit, action or proceeding and to the laying of venue in such court. Each party hereto irrevocably waives any objection to the laying of venue of any such suit, action or proceeding brought in such courts and irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

[signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement or caused their duly authorized officers to execute this Agreement as of the date first above written.

The Company:

AMERIGON INCORPORATED

By: \_\_\_\_\_

Name:

Title:



The Investor:

BIG BEAVER INVESTMENTS LLC

By:

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Name:

Title:

Address for Notice:

801 W. Big Beaver Road, Suite 201  
Troy, Michigan 48084  
Attn: President  
Facsimile: 248.362.3033

with a copy to:

McDermott, Will & Emery  
18191 Von Karman Avenue, Suite 500  
Irvine, California 92612  
Attn: John Miles, Esq.

Facsimile: 949.851.9348

REGISTRATION RIGHTS AGREEMENT  
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This Registration Rights Agreement (the "Agreement") is made and entered into as of this 25th day of February, 2002 by and among Amerigon Incorporated, a California corporation (the "Company"), and the "Investors" named in that certain Purchase Agreement by and among the Company and the Investors (the "Purchase Agreement").

The parties hereby agree as follows:

1. Certain Definitions.  
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As used in this Agreement, the following terms shall have the following meanings:

"Affiliate" means, with respect to any person, any other person which  
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directly or indirectly controls, is controlled by, or is under common control with, such person.

"Business Day" means a day, other than a Saturday or Sunday, on which  
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banks in New York City and Los Angeles are open for the general transaction of business.

"Closing Price" as of any date means (a) the closing bid price of one  
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share of Common Stock as reported on The Nasdaq Stock Market, Inc. SmallCap Market System ("Nasdaq") on such date, (b) if no closing bid price is available, the average of the high bid and the low asked price quoted on Nasdaq on such date, or (c) if the shares of Common Stock are not then quoted on Nasdaq, the value of one share of Common Stock on such date as shall be determined in good faith by the Board of Directors of the Company and the Required Investors, provided, that if the Board of Directors of the Company and the Required Investors are unable to agree upon the value of a share of Common Stock pursuant to this subpart (c), the Company and the Required Investors shall jointly select an appraiser who is experienced in such matters. The decision of such appraiser shall be final and conclusive, and the cost of such appraiser shall be borne one half by the Company and one half by the Investors.

"Common Stock" shall mean the Company's common stock, no par value.  
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"Investors" shall mean the Investors identified in the Purchase Agreement and any Affiliate or permitted transferee of any Investor who is a subsequent holder of any Warrants or Registrable Securities.

"Prospectus" shall mean the prospectus included in any Registration  
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Statement, as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by such Registration Statement and by all other amendments and supplements to the prospectus, including post-effective amendments and all material incorporated by reference in such prospectus.

"Register," "registered" and "registration" refer to a registration  
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made by preparing and filing a Registration Statement or similar document in compliance with the 1933

Act (as defined below), and the declaration or ordering of effectiveness of such Registration Statement or document.

"Registrable Securities" shall mean the shares of Common Stock

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issuable (i) pursuant to the Purchase Agreement, (ii) upon the exercise of the Warrants, if any, and (iii) pursuant to the provisions of Sections 2(a) and 2(c) below, and any other securities issued or issuable with respect to or in exchange for Registrable Securities; provided, that, a security shall cease to be a Registrable Security upon (A) sale pursuant to a Registration Statement or Rule 144 under the 1933 Act, or (B) such security becoming eligible for sale by the Investors pursuant to Rule 144(k).

"Registration Statement" shall mean any registration statement of the

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Company filed under the 1933 Act that covers the resale of any of the Registrable Securities pursuant to the provisions of this Agreement, amendments and supplements to such Registration Statement, including post-effective amendments, all exhibits and all material incorporated by reference in such Registration Statement.

"Required Investors" means the Investors holding a majority of the

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Registrable Securities.

"SEC" means the U.S. Securities and Exchange Commission.

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"1933 Act" means the Securities Act of 1933, as amended, and the rules

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and regulations promulgated thereunder.

"1934 Act" means the Securities Exchange Act of 1934, as amended, and

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the rules and regulations promulgated thereunder.

"Warrants" means, the warrants to purchase shares of Common Stock

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which may be issued to the Investors pursuant to the Purchase Agreement, the form of which is attached to the Purchase Agreement as Exhibit A.

"Warrant Shares" means the shares of Common Stock issuable upon the

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exercise of the Warrants.

## 2. Registration.

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(a) Registration Statement. Promptly following the closing of the

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purchase and sale of shares of Common Stock contemplated by the Purchase Agreement (the "Closing Date") but no later than thirty (30) days after the Closing Date (the "Filing Deadline"), the Company shall prepare and file with the SEC one Registration Statement on Form S-3 (or, if Form S-3 is not then available to the Company, on such form of registration statement as is then available to effect a registration for resale of the Registrable Securities), covering the resale of the Registrable Securities in an amount at least equal to the number of shares of Common Stock issued to the Investors on the Closing Date plus the number of shares of Common Stock necessary to permit the exercise in full of the Warrants. Such Registration Statement also shall cover, to the extent allowable under the 1933 Act and the rules promulgated thereunder (including Rule 416), such indeterminate number of additional shares of Common Stock

resulting from stock splits, stock dividends or similar transactions with respect to the Registrable Securities. The Company shall use its reasonable best efforts to obtain from each person who now has piggyback registration rights a waiver of those rights with respect to the Registration Statement. The Registration Statement (and each amendment or supplement thereto, and each request for acceleration of effectiveness thereof) shall be provided in accordance with Section 3(c) to the Investors and their counsel prior to its filing or other submission. If a Registration Statement covering the Registrable Securities is not filed with the SEC on or prior to the Filing Deadline, the Company will make pro rata payments to each Investor, as liquidated damages and not as a penalty, in an amount equal to 2.0% of the aggregate amount paid by such Investor on the Closing Date to the Company for any 30-day period or pro rata for any portion thereof following the date by which such Registration Statement should have been filed for which no Registration Statement is filed with respect to the Registrable Securities. Such payments shall constitute the Investors' exclusive remedy for such events, except for the Investors' right to seek equitable remedies, such as specific performance. Such payments shall be made to each Investor in cash or, at the option of such Investor, in additional fully paid and non-assessable shares of Common Stock not later than three Business Days following the end of each 30-day period. For this purpose, each share of Common Stock shall be deemed to have a value equal to the arithmetic mean of the Closing Prices for the ten (10) trading days beginning twenty (20) trading days prior to the issuance of such shares.

(b) Expenses. The Company will pay all expenses associated with  
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each registration, including filing and printing fees, counsel and accounting fees and expenses, costs associated with clearing the Registrable Securities for sale under applicable state securities laws, listing fees and the Investors' reasonable expenses in connection with the registration, but excluding discounts, commissions, fees of underwriters, selling brokers, dealer managers or similar securities industry professionals with respect to the Registrable Securities being sold.

(c) Effectiveness.  
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(i) The Company shall use commercially reasonable efforts to have the Registration Statement declared effective as soon as practicable. If a Registration Statement covering the Registrable Securities is not declared effective by the SEC within ninety (90) days after the Closing Date (or within 105 days after the Closing Date if the SEC reviews the Registration Statement), then the Company will make pro rata payments to each Investor, as liquidated damages and not as a penalty, in an amount equal to 2.0% of the aggregate amount invested by such Investor for any month or pro rata for any portion thereof following the date by which such Registration Statement should have been effective (the "Blackout Period"). Such payments shall constitute the Investors' exclusive remedy for such events, except for the Investors' right to seek equitable remedies, such as specific performance. The amounts payable as liquidated damages pursuant to this paragraph shall be paid monthly within three (3) Business Days of the last day of each month following the commencement of the Blackout Period until the termination of the Blackout Period. Such payments shall be made to each Investor in cash or, at the option of such Investor, in additional fully paid and non-assessable shares of Common Stock. Each share of Common Stock shall be deemed to have a value equal to the arithmetic mean of the Closing Prices for the ten (10) trading days beginning twenty (20) trading days prior to the issuance of such shares.

(ii) For not more than twenty (20) consecutive days or for a total of not more than forty-five (45) days in any twelve (12) month period, the Company may delay the disclosure of material non-public information concerning the Company, by suspending the use of any Prospectus included in any registration contemplated by this Section containing such information, the disclosure of which at the time is not, in the good faith opinion of the Company, in the best interests of the Company (an "Allowed Delay"); provided, that the Company shall promptly (a) notify the Investors in writing of the existence of (but in no event, without the prior written consent of an Investor, shall the Company disclose to such Investor any of the facts or circumstances regarding) material non-public information giving rise to an Allowed Delay, and (b) advise the Investors in writing to cease all sales under the Registration Statement until the end of the Allowed Delay.

(d) Underwritten Offering. If any offering pursuant to a  
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Registration Statement pursuant to Section 2(a) hereof involves an underwritten offering, the Company shall have the right to select an investment banker and manager to administer the offering, which investment banker or manager shall be reasonably satisfactory to the Required Investors.

3. Company Obligations. The Company will use commercially reasonable  
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efforts to effect the registration of the Registrable Securities in accordance with the terms hereof, and pursuant thereto the Company will, as expeditiously as possible:

(a) use commercially reasonable efforts to cause such Registration Statement to become effective and to remain continuously effective for a period that will terminate upon the earlier of (i) the date on which all Registrable Securities covered by such Registration Statement as amended from time to time, have been sold, and (ii) the date on which all Registrable Securities covered by such Registration Statement may be sold pursuant to Rule 144(k);

(b) prepare and file with the SEC such amendments and post-effective amendments to the Registration Statement and the Prospectus as may be necessary to keep the Registration Statement effective for the period specified in Section 3(a) and to comply with the provisions of the 1933 Act and the 1934 Act with respect to the distribution of all of the Registrable Securities covered thereby;

(c) provide copies to and permit counsel designated by the Investors to review each Registration Statement and all amendments and supplements thereto no fewer than three (3) Business Days prior to their filing with the SEC and not file any document to which such counsel reasonably objects;

(d) furnish to the Investors and their legal counsel (i) promptly after the same is prepared and publicly distributed, filed with the SEC, or received by the Company (but not later than two (2) Business Days after the filing date, receipt date or sending date, as the case may be, one (1) copy of any Registration Statement and any amendment thereto, each preliminary prospectus and Prospectus and each amendment or supplement thereto, and each letter written by or on behalf of the Company to the SEC or the staff of the SEC, and each item of correspondence from the SEC or the staff of the SEC, in each case relating to such Registration Statement (other than any portion of any thereof which contains information for

which the Company has sought confidential treatment), and (ii) such number of copies of a Prospectus, including a preliminary prospectus, and all amendments and supplements thereto and such other documents as each Investor may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Investor that are covered by the related Registration Statement;

(e) in the event the Company selects an underwriter for the offering, the Company shall enter into and perform its reasonable obligations under an underwriting agreement, in usual and customary form, including, without limitation, customary indemnification and contribution obligations, with the underwriter of such offering;

(f) if required by the underwriter, or if any Investor is described in the Registration Statement as an underwriter, the Company shall furnish, on the effective date of the Registration Statement (except with respect to clause (i) below) and on the date that Registrable Securities are delivered to an underwriter, if any, for sale in connection with the Registration Statement (including any Investor deemed to be an underwriter), (i) (A) in the case of an underwritten offering, an opinion, dated as of the closing date of the sale of Registrable Securities to the underwriters, from independent legal counsel representing the Company for purposes of such Registration Statement, in form, scope and substance as is customarily given in an underwritten public offering, addressed to the underwriters and the Investors participating in such underwritten offering or (B) in the case of an "at the market" offering, an opinion, dated as of or promptly after the effective date of the Registration Statement to the Investors, from independent legal counsel representing the Company for purposes of such Registration Statement, in form, scope and substance as is customarily given in a public offering, addressed to the Investors, and (ii) use commercially reasonable efforts to obtain a letter, dated as of the effective date of such Registration Statement and confirmed as of the applicable dates described above, from the Company's independent certified public accountants in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriters (including any Investor deemed to be an underwriter);

(g) use commercially reasonable efforts to (i) prevent the issuance of any stop order or other suspension of effectiveness and, (ii) if such order is issued, obtain the withdrawal of any such order at the earliest possible moment;

(h) prior to any public offering of Registrable Securities, use commercially reasonable efforts to register or qualify or cooperate with the Investors and their counsel in connection with the registration or qualification of such Registrable Securities for offer and sale under the securities or blue sky laws of such jurisdictions requested by the Investors and do any and all other commercially reasonable acts or things necessary or advisable to enable the distribution in such jurisdictions of the Registrable Securities covered by the Registration Statement;

(i) use commercially reasonable efforts to cause all Registrable Securities covered by a Registration Statement to be listed on each securities exchange, interdealer quotation system or other market on which similar securities issued by the Company are then listed;

(j) immediately notify the Investors, at any time when a Prospectus relating to Registrable Securities is required to be delivered under the 1933 Act, upon discovery that, or upon the happening of any event as a result of which, the Prospectus included in a Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, and at the request of any such holder, promptly prepare and furnish to such holder a reasonable number of copies of a supplement to or an amendment of such Prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Securities, such Prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing; and

(k) otherwise use commercially reasonable efforts to comply with all applicable rules and regulations of the SEC under the 1933 Act and the 1934 Act, take such other actions as may be reasonably necessary to facilitate the registration of the Registrable Securities hereunder; and make available to its security holders, as soon as reasonably practicable, but not later than the Availability Date (as defined below), an earnings statement covering a period of at least twelve (12) months, beginning after the effective date of each Registration Statement, which earnings statement shall satisfy the provisions of Section 11(a) of the 1933 Act (for the purpose of this subsection 3(k), "Availability Date" means the 45th day following the end of the fourth fiscal quarter that includes the effective date of such Registration Statement, except that, if such fourth fiscal quarter is the last quarter of the Company's fiscal year, "Availability Date" means the 90th day after the end of such fourth fiscal quarter).

(l) With a view to making available to the Investors the benefits of Rule 144 (or its successor rule) and any other rule or regulation of the SEC that may at any time permit the Investors to sell shares of Common Stock to the public without registration, the Company covenants and agrees to: (i) make and keep public information available, as those terms are understood and defined in Rule 144, until the earlier of (A) six months after such date as all of the shares of Common Stock purchased by them pursuant to the Purchase Agreement (including the Warrant Shares) may be resold pursuant to Rule 144(k) or any other rule of similar effect or (B) such date as all of the shares of Common Stock purchased by them pursuant to the Purchase Agreement (including the Warrant Shares) shall have been resold; (ii) file with the SEC in a timely manner all reports and other documents required of the Company under the 1934 Act; and (iii) furnish to each Investor upon request, as long as such Investor owns any shares of Common Stock purchased by them pursuant to the Purchase Agreement (including the Warrant Shares), (A) a written statement by the Company that it has complied with the reporting requirements of the 1934 Act, (B) a copy of the Company's most recent Annual Report on Form 10-K or Quarterly Report on Form 10-Q, and (C) such other information as may be reasonably requested in order to avail such Investor of any rule or regulation of the SEC that permits the selling of any such shares of Common Stock without registration.

4. Due Diligence Review; Information. The Company shall make available,

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during normal business hours, for inspection and review by the Investors, advisors to and representatives of the Investors (who may or may not be affiliated with the Investors and who are reasonably acceptable to the Company), any underwriter participating in any disposition of shares of Common Stock on behalf of the Investors pursuant to a Registration Statement or

amendments or supplements thereto or any blue sky, NASD or other filing, all financial and other records, all SEC Filings (as defined in the Purchase Agreement) and other filings with the SEC, and all other corporate documents and properties of the Company as may be reasonably necessary for the purpose of such review, and cause the Company's officers, directors and employees, within a reasonable time period, to supply all such information reasonably requested by the Investors or any such representative, advisor or underwriter in connection with such Registration Statement (including, without limitation, in response to all questions and other inquiries reasonably made or submitted by any of them), prior to and from time to time after the filing and effectiveness of the Registration Statement for the sole purpose of enabling the Investors and such representatives, advisors and underwriters and their respective accountants and attorneys to conduct initial and ongoing due diligence with respect to the Company and the accuracy of such Registration Statement.

The Company shall not disclose material nonpublic information to the Investors, or to advisors to or representatives of the Investors, unless prior to disclosure of such information the Company identifies such information as being material nonpublic information and provides the Investors, such advisors and representatives with the opportunity to accept or refuse to accept such material nonpublic information for review.

5. Obligations of the Investors.  
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(a) Each Investor shall furnish in writing to the Company such information regarding itself, the Registrable Securities held by it and the intended method of disposition of the Registrable Securities held by it, as shall be reasonably required to effect the registration of such Registrable Securities and shall execute such documents in connection with such registration as the Company may reasonably request. At least five (5) Business Days prior to the first anticipated filing date of any Registration Statement, the Company shall notify each Investor of the information the Company requires from such Investor if such Investor elects to have any of the Registrable Securities included in the Registration Statement. An Investor shall provide such information to the Company at least two (2) Business Days prior to the first anticipated filing date of such Registration Statement if such Investor elects to have any of the Registrable Securities included in the Registration Statement.

(b) Each Investor, by its acceptance of the Registrable Securities agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of a Registration Statement hereunder, unless such Investor has notified the Company in writing of its election to exclude all of its Registrable Securities from such Registration Statement.

(c) In the event the Company, at the request of the Investors, determines to engage the services of an underwriter, such Investor agrees to enter into and perform its obligations under an underwriting agreement, in usual and customary form, including, without limitation, customary indemnification and contribution obligations, with the managing underwriter of such offering and take such other actions as are reasonably required in order to expedite or facilitate the dispositions of the Registrable Securities.



(d) Each Investor agrees that, upon receipt of any notice from the Company of either (i) the commencement of an Allowed Delay pursuant to Section 2(c)(ii) or (ii) the happening of an event pursuant to Section 3(j) hereof, such Investor will immediately discontinue disposition of Registrable Securities pursuant to the Registration Statement covering such Registrable Securities, until the Investor's receipt of the copies of the supplemented or amended prospectus filed with the SEC and declared effective and, if so directed by the Company, the Investor shall deliver to the Company (at the expense of the Company) or destroy (and deliver to the Company a certificate of destruction) all the copies in the Investor's possession of the Prospectus covering the Registrable Securities current at the time of receipt of such notice.

(e) No Investor may participate in any third party underwritten registration hereunder unless it (i) agrees to sell the Registrable Securities on the basis provided in any underwriting arrangements in usual and customary form entered into by the Company, (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements, and (iii) agrees to pay its pro rata share of all underwriting discounts and commissions. Notwithstanding the foregoing, no Investor shall be required to make any representations to such underwriter, other than those with respect to itself and the Registrable Securities owned by it, including its right to sell the Registrable Securities, and any indemnification in favor of the underwriter by the Investors shall be several and not joint and limited in the case of any Investor, to the proceeds received by such Investor from the sale of its Registrable Securities. The scope of any such indemnification in favor of an underwriter shall be limited to the same extent as the indemnity provided in Section 6(b) hereof.

#### 6. Indemnification.

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##### (a) Indemnification by the Company. The Company will indemnify

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and hold harmless each Investor and its officers, directors, members, employees and agents, successors and assigns, and each other person, if any, who controls such Investor within the meaning of the 1933 Act, against any losses, claims, damages or liabilities, joint or several, to which such seller, officer, director, member, or controlling person may become subject under the 1933 Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon: (i) any untrue statement or alleged untrue statement of any material fact contained in any Registration Statement, any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereof; (ii) any blue sky application or other document executed by the Company specifically for that purpose or based upon written information furnished by the Company filed in any state or other jurisdiction in order to qualify any or all of the Registrable Securities under the securities laws thereof (any such application, document or information herein called a "Blue Sky Application"); (iii) 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; (iv) any violation by the Company or its agents of any rule or regulation promulgated under the 1933 Act applicable to the Company or its agents and relating to action or inaction required of the Company in connection with such registration; or (v) any failure to register or qualify the Registrable Securities included in any such Registration in any state where the Company or its agents has affirmatively undertaken or agreed in writing that the Company will undertake such registration or qualification on an Investor's behalf (the undertaking of any underwriter chosen by the Company being attributed to

the Company) and will reimburse such Investor, and each such officer, director or member and each such controlling person for 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

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Company will not be liable in any such case if and to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission so made in conformity with information furnished by such Investor or any such controlling person in writing specifically for use in such Registration Statement or Prospectus.

(b) Indemnification by the Investors. In connection with any

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registration pursuant to the terms of this Agreement, each Investor will furnish to the Company in writing such information as the Company reasonably requests concerning the holders of Registrable Securities or the proposed manner of distribution for use in connection with any Registration Statement or Prospectus and agrees, severally but not jointly, to indemnify and hold harmless, to the fullest extent permitted by law, the Company, its directors, officers, employees, stockholders and each person who controls the Company (within the meaning of the 1933 Act) against any losses, claims, damages, liabilities and expense (including reasonable attorney fees) resulting from any untrue statement of a material fact or any omission of a material fact required to be stated in the Registration Statement or Prospectus or preliminary prospectus or amendment or supplement thereto or necessary to make the statements therein not misleading, to the extent, but only to the extent that such untrue statement or omission is contained in any information furnished in writing by such Investor to the Company specifically for inclusion in such Registration Statement or Prospectus or amendment or supplement thereto. In no event shall the liability of an Investor be greater in amount than the dollar amount of the proceeds (net of all expense paid by such Investor and the amount of any damages such holder has otherwise been required to pay by reason of such untrue statement or omission) received by such Investor upon the sale of the Registrable Securities included in the Registration Statement giving rise to such indemnification obligation.

(c) Conduct of Indemnification Proceedings. Any person entitled

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to indemnification hereunder shall (i) give prompt notice to the indemnifying party of any claim with respect to which it seeks indemnification and (ii) permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party; provided that any person

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entitled to indemnification hereunder shall have the right to employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such person unless (a) the indemnifying party has agreed to pay such fees or expenses, or (b) the indemnifying party shall have failed to assume the defense of such claim and employ counsel reasonably satisfactory to such person or (c) in the reasonable judgment of any such person, based upon written advice of its counsel, a conflict of interest exists between such person and the indemnifying party with respect to such claims (in which case, if the person notifies the indemnifying party in writing that such person elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such claim on behalf of such person); and provided, further, that the failure of any indemnified party to give notice as

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provided herein shall not relieve the indemnifying party of its obligations hereunder, except to the extent that such failure to give notice shall materially adversely affect the indemnifying party in the defense of any such claim or litigation. It is understood that the indemnifying party shall not, in connection with any

proceeding in the same jurisdiction, be liable for fees or expenses of more than one separate firm of attorneys at any time for all such indemnified parties. No indemnifying party will, except with the consent of the indemnified party, consent to entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect of such claim or litigation.

(d) Contribution. If for any reason the indemnification provided

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for in the preceding paragraphs (a) and (b) is unavailable to an indemnified party or insufficient to hold it harmless, other than as expressly specified therein, then the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative fault of the indemnified party and the indemnifying party, as well as any other relevant equitable considerations. No person guilty of fraudulent misrepresentation within the meaning of Section 11(f) of the 1933 Act shall be entitled to contribution from any person not guilty of such fraudulent misrepresentation. In no event shall the contribution obligation of a holder of Registrable Securities be greater in amount than the dollar amount of the proceeds (net of all expenses paid by such holder and the amount of any damages such holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission) received by it upon the sale of the Registrable Securities giving rise to such contribution obligation.

7. Miscellaneous.

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(a) Amendments and Waivers. This Agreement may be amended only by

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a writing signed by the parties hereto. The Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company shall have obtained the written consent to such amendment, action or omission to act, of the Required Investors.

(b) Notices. All notices and other communications provided for or

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permitted hereunder shall be made as set forth in Section 9.4 of the Purchase Agreement.

(c) Assignments and Transfers by Investors. The provisions of

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this Agreement shall be binding upon and inure to the benefit of the Investors and their respective successors and assigns. An Investor may transfer or assign, in whole or from time to time in part, to one or more persons its rights hereunder in connection with the transfer of Registrable Securities by such Investor to such person, provided that such Investor complies with all laws applicable thereto and provides written notice of assignment to the Company promptly after such assignment is effected.

(d) Assignments and Transfers by the Company. This Agreement may

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not be assigned by the Company (whether by operation of law or otherwise) without the prior written consent of each Investor, provided, however, that the Company may assign its rights and delegate its duties hereunder to any surviving or successor corporation in connection with a merger or consolidation of the Company with another corporation, or a sale, transfer or other disposition of all or substantially all of the Company's assets to another corporation, without the prior written consent of the Investors, after notice duly given by the Company to each Investor.

(e) Benefits of the Agreement. The terms and conditions of this

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Agreement shall inure to the benefit of and be binding upon the respective permitted successors and assigns of the parties. 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.

(f) Counterparts; Faxes. This Agreement may be executed in two or

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more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may also be executed via facsimile, which shall be deemed an original.

(g) Titles and Subtitles. The titles and subtitles used in this

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Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

(h) Severability. Any provision of this Agreement that is

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prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof but shall be interpreted as if it were written so as to be enforceable to the maximum extent permitted by applicable law, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, the parties hereby waive any provision of law which renders any provisions hereof prohibited or unenforceable in any respect.

(i) Further Assurances. The parties shall execute and deliver all

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such further instruments and documents and take all such other actions as may reasonably be required to carry out the transactions contemplated hereby and to evidence the fulfillment of the agreements herein contained.

(j) Entire Agreement. This Agreement is intended by the parties

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as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

(k) Governing Law; Consent to Jurisdiction. This Agreement shall

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be governed by, and construed in accordance with, the internal laws of the State of New York without regard to the choice of law principles thereof. Each of the parties hereto irrevocably submits to the exclusive jurisdiction of the courts of the State of New York located in New York County and the United States District Court for the Southern District of New York for the purpose of any suit, action, proceeding or judgment relating to or arising out of this Agreement and the transactions contemplated hereby. Service of process in connection with any such suit, action or proceeding may be served on each party hereto anywhere in the world by the same methods as are specified for the giving of notices under this Agreement. Each of the parties hereto irrevocably consents to the jurisdiction of any such court in any such suit, action or proceeding and to the laying of venue in such court. Each party hereto irrevocably waives any

objection to the laying of venue of any such suit, action or proceeding brought in such courts and irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

IN WITNESS WHEREOF, the parties have executed this Agreement or caused their duly authorized officers to execute this Agreement as of the date first above written.

The Company:

AMERIGON INCORPORATED

By:

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Name:

Title:

The Investors:

FIRST AMENDMENT TO THE INVESTORS' RIGHTS AGREEMENT

This First Amendment to the Investors' Rights Agreement (this "Amendment") dated as of March 16, 2000, is by and between Amerigon Incorporated, a California corporation (the "Company") and Westar Capital II LLC, a Delaware limited liability company ("Westar") and Big Beaver Investments LLC, a Delaware limited liability company ("Big Beaver") (together, the "Investors") and amends the Investors' Rights Agreement dated as of June 8, 1999 among the Company and the Investors (the "Investors' Rights Agreement"). All terms not otherwise defined herein shall have the meanings set forth in the Investors' Rights Agreement.

RECITALS

WHEREAS, the Company and the Investors, through Big Star Investments LLC ("Big Star"), have entered into a Credit Agreement, dated as of March 16, 2000;

WHEREAS, the Note issued by Company pursuant to the Credit Agreement (the "Credit Agreement") is convertible into Common Stock of the Company as provided therein;

WHEREAS, in order to induce Big Star to enter into the Credit Agreement, the Company and Big Star have entered into a certain Bridge Warrant Agreement, dated as of March 16, 2000 (the "Warrant Agreement"), pursuant to which the Company has agreed to issue to Big Star certain warrants ("Bridge Warrants") to purchase shares of Common Stock of the Company as provided therein;

WHEREAS, the Company desires to amend and restate the definition of "Registrable Securities" and to include definitions for "Bridge Loan," "Bridge Note," and "Bridge Warrants" in the Investors' Rights Agreement;

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree to amend the Investors' Rights Agreement as provided herein:

1. Section 1.1(g) of the Investors' Rights Agreement is amended and restated as follows:

"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 Bridge Note and the Bridge Warrants, and (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.

The following definitions are added after Section 1.1(i) of the Investors' Rights Agreement.

"(j) The term `Bridge Note' means the promissory note executed and delivered by Company to Big Star pursuant to the Credit Agreement dated as of March 16, 2000 between Company and Big Star, as amended, restated, modified or supplemented from time to time (the "Bridge Credit Agreement").

(k) The term `Bridge Warrants' means the Bridge Warrant dated March 16, 2000 issued by the Company to Big Star and any additional Bridge Warrants issued to Big Star pursuant to the Bridge Credit Agreement (as defined in Section 1.1(j) above).

2. Right of First Offer. The Investors acknowledge that the Company has  
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satisfied its obligations to the Major Investors pursuant to Section 2 of the Investors' Rights Agreement in connection with the issuance of the Bridge Note and the Bridge Warrants.
3. Miscellaneous.  
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  - 3.1 Successors and Assigns. This Amendment and the rights and obligations  
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of the parties hereunder shall inure to the benefit of, and be binding upon, their respective successors, assigns and legal representatives.
  - 3.2 Governing Law. This Amendment shall be governed by and construed  
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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 Amendment may be executed in two or more  
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counterparts, each of which shall be deemed an original but all of which, when taken together, shall constitute one and the same instrument.
  - 3.4 Titles and Subtitles. The titles and subtitles used in this Amendment  
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are used for convenience only and are not to be considered in construing or interpreting this Amendment.
  - 3.5 Expenses. If any action at law or in equity is necessary to enforce  
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or interpret the terms of this Amendment, 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.
  - 3.6 Amendments and Waivers. Any term of this Amendment may be amended and  
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the observance of any term of this Amendment 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.

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

3.8 Entire Agreement; Amendment; Waiver. This Amendment constitutes the  
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entire agreement between the parties hereto with respect to the subject matter hereof.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the day and year first written above.

AMERIGON INCORPORATED,  
a California corporation

By: \_\_\_\_\_  
Name:  
Title:

INVESTORS:

WESTAR CAPITAL II LLC

By: \_\_\_\_\_  
Name:  
Title:

BIG BEAVER INVESTMENTS LLC

By: \_\_\_\_\_  
Name:  
Title:

List of Subsidiaries

1. BSST LLC, a Delaware limited liability company, which is owned 90% by the Company and 10% by Dr. Lon E. Bell
2. Amerigon Mauritius Incorporated, a corporation incorporated in the Republic of Mauritius, a wholly-owned subsidiary with no assets or operations

[Letterhead of PricewaterhouseCoopers]

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-40454) and on Form S-8 (No. 333-61632, 333-03296 and 333-44007) of Amerigon Incorporated of our report dated March 20, 2002 relating to the financial statements and financial statement schedule, which appear in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Orange County, California  
March 22, 2002