UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K
FOR ANNUAL AND TRANSITION REPORTS
PURSUANT TO SECTIONS 13 OR 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934

(Mark One)

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

For the fiscal year ended December 31, 1999

OR

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

For the transition period from to
Commission file number 0-21810

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

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

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

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

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

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

Class A Warrants
(Title of Class)

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

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

The aggregate market value of the voting stock held by non-affiliates of the registrant, computed by reference to the average bid and asked prices of such stock as of March 9, 2000, was $35,814,169 (For purposes of this computation, the registrant has excluded the market value of all shares of its Common Stock reported as being beneficially owned by executive officers and directors of the registrant; such exclusion shall not be deemed to constitute an admission that any such person is an "affiliate" of the registrant.)

At March 9, 2000, the registrant had issued and outstanding 1,910,089 shares of Class A Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE.

Portions of the registrant's definitive proxy statement for its 2000 Annual Meeting of Shareholders to be filed with the Commission within 120 days after the close of the registrant's fiscal year are incorporated by reference into Part III.

ITEM 1. BUSINESS

General

Amerigon Incorporated (the "Company") is a developer, marketer and manufacturer of proprietary high technology electronic components and systems for sale to car and truck original equipment manufacturers ("OEMs"). The Company is currently focusing the majority of its efforts on the introduction of its primary product, a Climate Control Seat(TM) ("CCS(TM)") which provides year round comfort by providing both heating and cooling to seat occupants. The Company recently began shipping the CCS product to Johnson Controls, Inc. ("JCI"), a worldwide automotive seat supplier. In November 1999, JCI began supplying the Lincoln Mercury Division of Ford Motor Company ("Ford") with the Company's CCS product for installation in the 2000 model year Lincoln Navigator SUV.

Additionally, the Company has a product still under development. The AmeriGuard(TM) radar-based speed and distance sensor system alerts drivers to the presence of objects near the vehicle.

Financial Information About Industry Segments

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

Business Strategy

The Company's strategy is to build upon the existing relationships with automobile manufacturers and their suppliers currently in place and to become the leading provider of climate controlled seating to the automotive marketplace. Key elements of the Company strategy include:

- Increasing market penetration with global automotive companies.
- Continuing to partner with major automotive seat companies.
- Completing the next generation of the CCS technology.
- Continuing to expand its intellectual property.

Products

Climate Control Seat System

The Company's CCS system utilizes a combination of an exclusive license of patented technology and three of the Company's own patents to manufacture a system to actively manage the seat surface temperature to enhance the year round temperature comfort of automobile passengers. The CCS uses small thermoelectric heat pumps, which are solid-state electronic devices, which generate heat or cooling depending upon the polarity of the current applied to the circuit.

This thermoelectric device is the heart of a compact heat pump built by the Company. Air is forced through the heat pump and thermally conditioned based upon the switch input from the occupant. The conditioned air is then circulated utilizing ducts in the seat to provide temperature comfort for the occupant. Each seat has individual electronic controls to adjust the level of heating or cooling. The CCS uses substantially less energy than conventional air conditioners by focusing the cooling directly on the passengers through the seat, rather than cooling the entire ambient air volume and the interior surfaces of the vehicle.

In the past two years, the Company has supplied prototype seats containing its CCS system to virtually every major automobile manufacturer and seat supplier. The Company was selected by Ford to supply the CCS product to JCI for installation in the 2000 model year Lincoln Navigator SUV. Approximately 47,000 Lincoln Navigators were produced in the 1998 calendar year. The CCS product is being offered as an optional feature on

this vehicle, replacing the traditional seat heater. Initial production shipments to JCI commenced in late November 1999. The Company is also in final pre-production preparation to supply its CCS products to a major Japanese automotive manufacturer for installation in a 2001 model year luxury vehicle. The Company is working with many other automotive OEMs and their seat suppliers in an effort to have the CCS product included in other models commencing with the 2002 model year and beyond. The Company currently has active development programs on other vehicle platforms, but no assurance can be given that its CCS system will be implemented in any of these vehicles.

On March 27, 2000, the Company entered into a Value Participation Agreement ("VPA") with the 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 Auto Alliance, Inc.). Ford is not obligated to purchase any CCS units under the VPA.

The CCS product has reached the stage where it can be mass-produced for a particular OEM. However, since each vehicle's seats are not the same, the Company must tailor its CCS components to meet each seat design. If an OEM wishes to integrate the CCS unit into a seat, it will provide the Company with one of its automotive seats to be modified so that a CCS unit may be installed as a prototype. The seat is then returned to the OEM for evaluation and testing. If the OEM accepts the product, a program can then be launched to put the CCS in a particular model on a production basis, but it normally takes one to two years from the time an OEM decides to include the CCS in a car model to actual volume production for that model vehicle. During that process, the Company derives minimal revenue from prototype sales and development contracts but generally obtains no significant revenue until volume production begins.

Radar for Maneuvering Applications

Several automotive OEMs are now offering ultrasonic or infrared laser distance sensors for parking aids and there are infrared and radar sensors being used for adaptive cruise control. The Company believes that its radar technology offers superior performance to ultrasonic as defined by easier packaging, no styling impact and all-weather performance. Competitive products in the automotive industry have utilized ultrasonic and infrared sensors which require direct line of sight from the sensor to the target and infrared requires installation with optical lenses. The Company uses swept-range radar, which transmits millions of short radio impulses every second. The Company's system is designed to operate with a five-meter range from the perimeter of the vehicle. AmeriGuard radar is intended for precision parking, back-up warning, side object detection, lane change, and safety restraint. The Company's radar technology is less susceptible to environmental conditions, such as dirt, rain, fog or snow than ultrasonic and infrared sensors and can even penetrate plastic, allowing it to be mounted inside plastic bumpers or tail light assemblies.

Between 400,000 and 500,000 heavy truck vehicles are produced globally each year. In addition, by Company estimates, there are four to five million heavy trucks in service globally. Each of these vehicles operates daily in tight maneuvering situations and could benefit significantly from back-up warning and side object warning systems. The Company has identified this global truck population to be its target market and is developing products to service these needs.

The Company has applied its technology to develop demonstration prototypes of a back-up warning system (BWS) and a side object detector (SOD). The BWS is activated when the vehicle is put into reverse and detects objects behind the vehicle while providing an audible/visual signal to alert the driver. The SOD detects objects to the side of the vehicle when the driver attempts to turn or change lanes and emits an audible warning signal.

On April 2, 1998, the Company entered into a joint research project with New Mexico State Highway and Transportation Department (NMSHTD) Research Bureau to evaluate the Company's radar for New Mexico's Highway Maintenance and Construction Departments. In the project, the Company's radar sensors were installed in heavy construction equipment used by the department. A special user interface was designed by the Company to warn vehicle operators if an object is behind the vehicle when it is in reverse. Detected objects included people, posts, vehicles, walls and other structures. Two phases of the three-phase project were successfully

completed in 1998 and the NMSHTD Research Bureau approved the final phase of the project in December 1998. This final phase consists of 60 vehicles which have been equipped with back-up warning systems for extensive field test and evaluation. The NMSHTD operates a fleet of approximately 5,000 vehicles and successful completion of Phase III may result in the installation of the Company's radar product in some of those vehicles.

The Company believes it has generated interest in its radar product from other State Departments of Transportation. Management believes there may be a market opportunity to equip trucks and heavy construction equipment with its radar product as an after-market item. In addition, management believes there is an opportunity to sell the radar product by including the product in systems manufactured by one or more truck lighting suppliers. The Company is currently working to obtain a development program with one of the leading suppliers of lighting systems for trucks and buses with a goal of integrating the Company's radar product into these lighting systems. Although the Company's radar technology could be adapted to passenger vehicles, given the lengthy time period from prototype to commercial sales to automotive OEMs, this is not a near term prospect. The Company believes that success in the heavy truck market will lead to automotive market interest.

Considerable research and development will be required to develop this radar technology into finished products, including design and development of application software, antenna systems and production engineering to reduce costs and increase reliability. The Company expects that approximately $1,500,000 will be expended over the next year in development to bring the product to market. The Company does not expect to generate any significant revenue from its radar technology in the immediate future. No assurance can be given that the Company will be successful in reducing costs or increasing reliability or that the Company will be able to develop its radar technology into finished products.

Disposition of Electric Vehicle Operations

The Company was originally founded to focus on advanced automotive technologies, including electric vehicles ("EV"). As a recipient of a number of federal and state government grants relating to the development of EV, the Company spent many years developing and conducting research on EV, and had research and development contracts with commercial companies relating to EV. The Company incurred substantial losses from EV activities, including significant cost overruns on an EV development contract. By December 31, 1997, the Company had completed substantially all work on its EV contracts.

During 1997, the Company's Board of Directors decided to focus primarily on the CCS and AmeriGuard radar products. After trying and failing to obtain either a strategic partner who would provide financing for an EV joint venture, or a purchaser for its EV assets, the Board of Directors decided to suspend funding the EV program (effective August 1998) because it was generating continuing losses and utilizing resources that the Board felt would be better utilized in development of the CCS and radar products. In March 1999, the Board of Directors agreed to form a subsidiary to hold the Company's EV operations. The Company then sold to Dr. Lon Bell, a significant shareholder, officer and director of the Company, a 15% interest in the EV subsidiary for $88,000. In May 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.

Interactive Voice Systems (IVS(TM))

In 1997, the Company entered into a joint venture agreement with Yazaki Corporation ("Yazaki") to develop and market the Company's voice activated navigation technology. Under the terms of the agreement, IVS, Inc. ("IVS(TM)") was created with Yazaki owning a majority interest in IVS and the Company owning a minority interest (16% on a fully diluted basis). The Company received $1,800,000 in cash and a note receivable for $1,000,000 in consideration for net assets related to the Company's voice interactive technology totaling approximately $89,000. In addition, the Company incurred costs of $348,000 associated with the sale. At the end of 1998, due to delays in product development, Yazaki decided to discontinue funding for the joint venture. The Company did not provide any further funds to continue IVS's operation in 1999. IVS declared bankruptcy on September 30, 1999.

Research and Development

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

The Company continues 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 patent application has been approved (but a patent has not yet been issued) for a modified version of the CCS.

Research and development expenses for the Company's CCS technology include not only development of next generation technologies but also application engineering, which is engineering to adapt its CCS components to meet the design criteria of a particular vehicle's seat. Each vehicle's seats are not the same and each has different configuration requirements. The costs incurred in this adaptation process are accounted for as research and development expense.

The total amounts spent for research and development activities in the year ended December 31, 1999, 1998 and 1997 were $2,478,000, $3,202,000 and $2,072,000, respectively. Included in these amounts for each of such periods were $43,000, $43,000 and $168,000, respectively, in payments for license rights to technology and minimum royalties. The Company's research and development expenses fluctuate significantly from period to period, due both to changing levels of research and development activity and changes in the amount of such activities that are covered by customer contracts or grants.

Marketing and Sales

The Company is a second-tier supplier to car and truck OEMs. As such, the Company's marketing efforts are focused on car and truck OEMs and their direct, or tier 1, suppliers. The Company has not and does not expect to market directly to consumers. For the CCS system, the Company's strategy has been to convince the major automobile companies that the CCS is an attractive feature which will meet with consumer acceptance and which has favorable economics, including high gross margins to the OEM. The OEM then directs the Company to work with their seat supplier to incorporate the CCS into future seat designs. The Company also markets directly to the major domestic and foreign automotive seat suppliers.

For the radar product, the Company's efforts are focused on truck lighting manufacturers as well as major truck fleet operators who may be interested in the Company's radar product as an after-market item. The Company does not use general advertising, but instead concentrates on direct contact with prospective customers and business partners.

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

The time required to progress through these five stages of commercialization varies widely. The most significant factor influencing the time required to complete the product sales cycle relates to the required level of integration of the component into other vehicle systems. Products that are installed by the factory generally require a medium amount of time for evaluation since other vehicle systems are affected and because a decision to introduce the product into the vehicle is not easily reversed. The CCS product has a moderate effect on other vehicle systems and is a factory-installed item. The Company's radar system could be sold as an after-market item or could be factory installed and, if the latter, would have a greater impact on other vehicle systems.

The Company's ability to successfully market its CCS and radar products will in large part be dependent upon the willingness of automobile manufacturers and other OEMs to incur the substantial expense involved in the purchase and installation of its products and systems, and ultimately, upon the acceptance of these products by consumers. The Company should begin obtaining consumer feedback soon, as the CCS product has already been installed in model year 2000 Lincoln Navigator vehicles.

Manufacturing, Contractors and Suppliers

The Company currently has limited manufacturing capacity for CCS systems. The Company intends to further develop its manufacturing capability in order to implement its business plan, control product quality and delivery, shorten product development cycle times, and protect and further develop proprietary technologies and processes. This capability is expected to be developed internally through the purchase of new equipment and the hiring of additional personnel. Management anticipates purchasing equipment for a second production line in March 2000 in anticipation of increased production for model year 2001 vehicles. There can be no assurance that the efforts to establish the Company's manufacturing operations for any of its products will not exceed estimated costs or take longer than expected or that other anticipated problems will not arise that will materially adversely affect the Company's operations, financial condition and/or business prospects.

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

Proprietary Rights and Patents

The Company has historically acquired existing technologies through licenses and joint development contracts in order to optimize its expenditure of capital and time, and sought to adapt and commercialize such technologies in automotive products which were suitable for mass production. The Company also developed new technologies or furthered the development of acquired technologies through internal research and development efforts by its engineers.

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

CCS

Pursuant to an Option and License Agreement with Feher Design, Inc. ("Feher"), Feher has granted to the Company 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. As part of the agreement, all intellectual property developed by the Company related to variable temperature seats is

owned by the Company but such licensor will have the right to license the Company's technology on a non-exclusive basis for use in products other than products intended for use in cars, trucks, buses, vans and recreational vehicles.

In addition to the aforementioned license rights to the CCS technology, the Company holds three issued patents on a variable temperature seat climate control system. The Company also has one additional patent pending with respect to certain improvements to the CCS technology developed by the Company. The Company is aware that an unrelated party filed a patent application in Japan on March 30, 1992 with respect to technology similar to the CCS technology. However, to date, this application remains subject to examination and no patent has been issued to the party filing such application. If such patent were to issue and be upheld, it could have a material adverse effect upon the Company's intellectual property position in Japan.

Radar For Maneuvering and Applications

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

As of December 31, 1999, the Company also had two additional patents pending on its radar technology.

General

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

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

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

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

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

Competition

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

CCS

The Company is not aware of any competitors that are offering systems for both 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 which circulates ambient air through a seat without active cooling. In addition, Mercedes Benz and Saab offer options on certain new models which 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 the Company owns or licenses. CCS competes indirectly with alternative methods of providing passenger climate control in a vehicle such as heating and air conditioning systems, which are currently available for almost all vehicles.

Radar for Maneuvering and Applications

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

Employees

As of December 31, 1999, the Company had 65 employees and 3 outside contractors. None of the employees are subject to collective bargaining agreements. The Company considers its 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 the Company's plans and objectives for future operations, assumptions underlying such plans and objectives and other forward-looking statements included in this section, "Item 1 Business," "Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations," and in other places in this Report. Such statements may be identified by the use of forward-looking terminology such as "may," "will" "expect" "believe," "estimate," "anticipate" "intend," "continue," or similar terms, variations of such terms or the negative of such terms. Such statements are based on management's current expectations and are subject to a number of factors and uncertainties which could cause actual results to differ materially from those described in the forward-looking statements. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Factors which could cause such results to differ materially from those described in the forward-looking statements include those set forth below.

Risks Relating to the Company's Business

Early Stage of Commercialization

Although the Company began operations in 1991, the Company is only in the early stages of commercial manufacturing and marketing of its products. The Company originally focused its efforts on developing electric vehicles and other automotive systems. Because the electric vehicle market did not develop as rapidly as the Company anticipated, it substantially scaled back its efforts in that area beginning in 1997 and completely disposed of its electric vehicle business in June 1999 to focus completely on the CCS and AmeriGuard radar products. In December 1997, the Company received its first production order for the CCS product but shipments of production units in 1998 were minimal. The Company commenced initial production shipments to JCI in late November 1999 to supply its CCS product to JCI for installation in the 2000 model year Lincoln Navigator SUV. There can be no assurance that sales will significantly increase, or that the Company will become profitable.

Substantial Operating Losses Since Inception

The Company has incurred substantial operating losses since its inception. As of December 31, 1999 and December 31, 1998, the Company has accumulated deficits since inception of $43,880,000 and $36,305,000, respectively. The accumulated deficits are attributable to the costs of developmental and other start-up activities, including the industrial design, development and marketing of its products and a significant loss incurred on a major electric vehicle development contract. Of the $23 million the Company spent between inception and 1996, $18 to $21 million of that amount was spent on electric vehicles or integrated voice technology, another discontinued product. As is typical for a development company transitioning for the first time into a production company, the Company has continued to incur losses due to continuing expenses without significant revenues or profit margins on the sale of products, and expects to incur significant losses for the foreseeable future.

Need for Additional Financing

As is customary for a development stage company only now initiating production, the Company has experienced negative cash flow from operations since its inception and has expended, and expects to continue to expend, substantial funds to continue in its development and marketing efforts. In addition, as the CCS product now requires production in larger quantities, the Company will incur increased manufacturing costs. The Company has not generated and does not expect to generate in the near future sufficient revenues from the sales of its principal products to cover its operating expenses. The Company will require additional financing through bank borrowings, debt or equity financing or otherwise to finance its operations. No assurance can be given that such alternate funding sources can be obtained or will provide sufficient financing for the Company.

Dependence on Acceptance by Consumers; Market Competition

The Company has engaged in a lengthy development process on the CCS product which involved developing a prototype for proof of concept and then adapting the basic system to actual seats provided by various automotive OEMs and their seat suppliers. In the last two years, the Company has supplied prototype seats containing its CCS system to virtually every major car manufacturer. As a result of this process, the Company has been selected by Ford to supply its CCS product to JCI for installation in the 2000 model year Lincoln Navigator SUV. The CCS product is being offered as an optional feature on this vehicle. The Company commenced initial production shipments to JCI in late November 1999. The Company is working with many other automotive OEMs and their seat suppliers in an effort to have the CCS product included in other models commencing with the 2002 model year and beyond. It currently has active development programs on nine other vehicle platforms, but no assurance can be given that the Company's CCS system will be implemented in any of these vehicles. Furthermore, there is no assurance that consumers will accept or desire this CCS product. This may prevent the CCS product from becoming a standard (as opposed to an optional) feature in vehicles and also may prevent other automotive OEMs from adopting this CCS product as an optional or standard feature for other models.

Dependence on Relationships with Third Parties

The Company's ability to successfully market and manufacture its products is dependent on relationships with both third party suppliers and customers.

The Company's success in marketing the CCS product is dependent on acceptance of the product by automotive OEMs and their seat suppliers. The CCS product is being offered as an optional feature on the 2000 model year Lincoln Navigator SUV and the Company is working with many other automotive OEMs and their seat suppliers in an effort to have the CCS product included in other models commencing with the 2001 model year and beyond. However, there is no assurance that automotive OEMs will accept this product.

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

In light of the lengthy sales cycles to automotive OEMs and recent successes with the Company's radar products in tests with trucks and heavy construction equipment, the Company has decided to focus its radar product in the truck and heavy construction equipment market rather than sales to automotive OEMs for passenger vehicles. The Company is currently working to obtain a development program with one of the world's leading suppliers of lighting systems for trucks and buses with a goal of integrating the Company's radar product into its lighting systems for heavy trucks. However, the Company does not yet have a commitment from this company and, in any event, the success of this approach 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 such party.

Limited Manufacturing Experience

To date, the Company has been engaged in only limited manufacturing in small quantities, and there can be no assurance that the efforts to establish manufacturing operations for any of its products will not exceed estimated costs or take longer than expected or that other unanticipated problems will not arise which will materially adversely affect the Company's operations, financial condition and/or business prospects. Automobile manufacturers demand on-time delivery of quality products, and some have required the payment of substantial financial penalties for failure to deliver components to their plants on a timely basis. Such penalties, as well as costs to avoid them, such as working overtime and overnight air freighting parts that normally are shipped by

other less expensive means of transportation, could have a material adverse effect on the Company's business and financial condition. Moreover, the inability to meet demand for the Company's products on a timely basis would materially adversely affect its reputation and prospects.

Limited Marketing Capabilities; Uncertainty of Market Acceptance

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

Time Lag from Prototype to Commercial Sales

The sales cycle in the automotive components industry is lengthy and can be as long as five years or more for products that must be designed into a vehicle, since some companies take up to five years to design and develop a car. Even when selling parts that are neither safety-critical nor highly integrated into the vehicle, there are still many stages that an automotive supply company must go through before achieving commercial sales. The sales cycle is lengthy because an automobile manufacturer must develop a high degree of assurance that the products it buys will meet customer needs, interface as easily as possible with the other parts of a vehicle and with the automobile manufacturer's production and assembly process, and have minimal warranty, safety and service problems. As a result, from the time that an OEM develops a strong interest in the Company's CCS product, it normally will take several years before the CCS is available to consumers in that OEM's vehicles.

Radar Technology Still in Development Stage

In contrast to CCS, which has begun commercial production, the Company's AmeriGuard product is still in a developmental stage. As with all development projects, the Board of Directors will monitor its progress and future prospects carefully. If the current test with the New Mexico Highway and Transportation Department is unsuccessful or the Company's efforts to obtain a development program with a supplier of truck lighting systems fail, the Board may reconsider its decision to continue development of the radar technology.

Competition; Possible Obsolescence of Technology

The automotive component industry is subject to intense competition. Virtually all of the Company's competitors are substantially larger in size, have substantially greater financial, marketing and other resources than the Company, and have more extensive experience and records of successful operations than the Company. Competition extends to attracting and retaining qualified technical and marketing personnel. There can be no assurance that the Company will successfully differentiate its products from those of its competitors, that the marketplace will consider the Company's current or proposed products to be superior or even comparable to those of its competitors, or that it can succeed in establishing relationships with automobile manufacturers. Furthermore, no assurance can be given that the competitive pressures the Company faces will not adversely affect its financial performance. Due to the rapid pace of technological change, as with any technology-based product, the Company's products may be rendered obsolete by future developments in the industry. The Company's competitive position would be adversely affected if it was unable to anticipate such future developments and obtain access to the new technology.

Limited Protection of Patents and Proprietary Rights

As of December 31, 1999, the Company owned three patents and had three patents pending. The Company is also the licensee of sixteen patents. The Company believes that patents and proprietary rights have been and will continue to be very important in enabling it to compete. There can be no assurance that any new patents will be granted or that the Company or its licensors' patents and proprietary rights will not be challenged or circumvented or will provide it with any meaningful competitive advantages or that any pending patent applications will issue. Furthermore, there can be no assurance that others will not independently develop similar products or will not design around any patents that have been or may be issued to the Company's licensors or itself. Failure to obtain patents in certain foreign countries may materially adversely affect the Company's ability to compete effectively in certain international markets. The Company is aware that an unrelated party filed a patent application in Japan on March 30, 1992 with respect to certain improvements to the CCS technology.

The Company holds current and future rights to licensed technology through licensing agreements requiring the payment of minimum royalties and must continue to comply with these licensing agreements. Failure to do so or loss of such agreements could materially and adversely affect the Company's business.

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

Exclusive License on Heated and Cooled Seats; Non-Exclusive License on Radar Technology

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

The Company's license from Lawrence Livermore National Laboratory (LLNL) for one type of radar technology became non-exclusive as of December 31, 1998. The lack of exclusivity means that the Company has reduced intellectual property protection for products developed based on this license and faces possible competition from other companies who can also acquire this license from LLNL.

Special Factors Applicable to the Automotive Industry in General

Automotive customers typically reserve the right to unilaterally cancel contracts completely or to require unilateral price reductions. Although they generally reimburse companies for actual out-of-pocket costs incurred with respect to the particular contract up to the point of cancellation, these reimbursements typically do not cover costs associated with acquiring general purpose assets such as facilities and capital equipment, and may be subject to negotiation and substantial delays in receipts. Any unilateral cancellation of, or price reduction with respect to, any contract that the Company may obtain could reduce or eliminate any financial benefits anticipated from such contract and could have a material adverse effect on its financial condition and results of operations.

Dependence on Key Personnel; Need to Retain Technical Personnel

The Company's success will depend to a large extent upon the continued contributions of Richard A. Weisbart, President and Chief Executive Officer, and Dr. Lon E. Bell. The Company has obtained key-person life insurance coverage in the amount of $2,000,000 on the life of Dr. Bell. The loss of the services of Dr. Bell, Mr. Weisbart or any of the Company's executive personnel could have a material adverse effect on the Company. The Company's success will also depend, in part, upon the Company's ability to retain qualified engineering and other technical and marketing personnel. There is significant competition for technologically qualified personnel in the geographical area of the Company's business and the Company may not be successful in recruiting or retaining sufficient qualified personnel.

Reliance on Major Contractors; Risks of International Operations

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

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

Potential Product Liability

The Company's business will expose it to potential product liability risks which are inherent in the manufacturing, marketing and sale of automotive components. In particular, there may be substantial warranty and liability risks associated with its products. If available, product liability insurance generally is expensive. While the Company presently has $6,000,000 of product liability coverage with an additional $1,000,000 in product recall coverage, there can be no assurance that the Company will be able to obtain or maintain such insurance on acceptable terms with respect to other products it may develop, or that any insurance obtained will provide adequate protection against any potential liabilities. When and if high volume production begins, the Company expects to purchase additional insurance coverage. This is expected to occur with the current policy renewal period of May 1, 2000. In the event of a successful claim against it, a lack or insufficiency of insurance coverage could have a material adverse effect on the Company's business and operations.

Risk of Foreign Sales

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

Risks Relating to Share Ownership

Controlling Shareholders

On March 29, 1999, the Company entered into a Securities Purchase Agreement with Westar Capital II LLC ("Westar Capital II") and Big Beaver Investments LLC ("Big Beaver") (the "Investors") pursuant to which the Investors invested $9 million in Amerigon in return for 9,000 shares of Series A Preferred Stock (which are convertible into Class A Common Stock at an initial conversion price of $1.675 per common share) and Contingent Warrants. The Contingent Warrants are exercisable only to the extent certain other warrants to purchase Class A Common Stock are exercised, and then only to purchase a number of shares in proportion to the shares purchased by the exercise of such other warrants in an amount equal to the percentage interest in the Company that they had after the initial investment (on an as converted basis). In connection with this transaction, the Investors obtained the right to elect a majority of the Company's directors as well as rights of first refusal on future financing and registration rights. In addition, based upon the terms of the Series A Preferred Stock the last sales price as of the close of trading on December 31, 1999, the Investors have approximately 73.8% of the Company's common equity (on an as converted basis, excluding options and warrants).

Other Significant Shareholders

As part of the VPA, the Company will grant to Ford warrants exercisable for Class A Common Shares. A warrant for the right to purchase 82,197 shares of Class A Common Stock at an exercise price of $2.75 per share was issued and fully vested on March 27, 2000. Additional warrants will be granted and vested based upon purchases by Ford of a specified number of CCS units in a given year 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 986,364 shares of Class A Common Stock. The total number of shares subject to warrants which may become vested will be adjusted in certain circumstances for antidilution purposes, including an adjustment for equity issuances of up to $15 million on or before September 30, 2000, so that the percentage interest in the Company represented by the aggregate number of shares subject to warrants is not diluted by such issuances.

Fluctuations in Quarterly Results; Small "Float" and Possible Volatility of Stock Price

The Company's quarterly operating results may fluctuate significantly in the future due to such factors as acceptance of the Company's product by OEMs and consumers, timing of its product introductions, availability and pricing of components from third parties, 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 the Class A Common Stock. In addition, failure to meet or exceed analysts' expectations of financial performance may result in immediate and significant price and volume fluctuations in the Class A Common Stock.

Without a significantly larger public float, the Company's Class A Common Stock will be less liquid than stocks with broader public ownership, and as a result, trading prices for the Company's Stock may significantly fluctuate and certain institutional investors may be unwilling to invest in such a thinly traded security.

Potential Conflicts of Interest

On March 16, 2000, the Company entered into a credit facility with Big Star Investments LLC ("Big Star") (a limited liability company owned by Westar Capital II and Big Beaver, the Company's two largest shareholders), for an initial advance of $1.5 million and, at the Company's request and subject to Big Star's sole discretion, additional advances of up to an additional $2.5 million. John W. Clark, a director of the Company, is a partner of Westar Capital II. Oscar Marx, III, Chairman of the Board of the Company, is Chief Executive Officer of Big Beaver and Paul Oster, a director of the Company, is Chief Financial Officer of Big Beaver. Both

of these companies are partners in the credit facility. This transaction, combined with Mr. Clark's, Mr. Marx's and Mr. Oster's membership on the Board of Directors, could give rise to conflicts of interest.

Anti-Takeover Effects of Preferred 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 Class A Common Stock on any other matter submitted to shareholders.

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

Future Sales of Eligible Shares May Lower Price of Common Shares

The Company has 1,910,089 shares of Class A Common Stock outstanding as of the close of trading on December 31, 1999, which are eligible for sale under Rule 144 of the Securities Act of 1933, as amended. In addition, employees and directors (who are not deemed affiliates) hold options to buy 871,180 shares of Class A Common Stock. The Class A Common Stock to be issued upon exercise of these options, has been registered, and therefore, may be freely sold when issued. The Company also has outstanding warrants to buy 2,705,374 shares of Class A Common Stock. Any shares registered will be eligible for resale. If these shares are not sold they may be included in certain registration statements to be filed by the Company in the future.

The Company may issue options to purchase up to an additional 598,653 shares of Class A Common Stock under the Company's stock option plans, which will be fully transferable when issued.

Furthermore, the Series A Convertible Preferred Stock is convertible into 5,373,134 shares of Class A Common Stock and the holders thereof possess demand and piggyback registration rights. Future sales by them could depress the market price of the Class A Common Stock.

Sales of substantial amounts of Class A Common Stock into the public market could lower the market price of the Class A Common Stock.

Lack of Dividends on Common Stock

The Company has never paid any cash dividends on the Company's Common Stock and does not anticipate paying dividends in the near future.

ITEM 2. PROPERTIES

The Company maintains its corporate headquarters, manufacturing and research and development facilities in leased space of approximately 40,000 square feet in Irwindale, California. The Company's lease expires December 31, 2002. The current monthly rent under the lease is approximately $20,000. The Company has other immaterial leased sales offices. The Company believes that these facilities are adequate for their present requirements.

ITEM 3. LEGAL PROCEEDINGS

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

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

None

PART II

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

The Company's Class A Common Stock trades on the Nasdaq SmallCap Market under the symbol ARGNA. The Company's Class A Warrants trade on the Nasdaq Bulletin Board under the symbol ARGNW. The following table sets forth the high and low bid prices for the Class A Common Stock as reported on the Nasdaq SmallCap Market for each quarterly period (or part thereof) from the beginning of the first quarter of 1998 through fourth quarter of 1999. Such prices reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

	High(1)	Low(1)
1998		
1st Quarter	$14.06	$5.00
2nd Quarter	6.88	3.13
3rd Quarter	3.59	1.25
4th Quarter	5.00	0.63
1999		
1st Quarter	3.44	0.81
2nd Quarter	6.22	0.75
3rd Quarter	5.25	3.00
4th Quarter	4.91	2.00

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

As of March 17, 2000, there were approximately 1,110 holders of record of the Class A Common Stock (not including beneficial owners holding shares in nominee accounts). The closing bid price of the Class A Common Stock on December 31, 1999 was $3.00.

The Company has not paid any cash dividends since formation and, given the Company's present financial status and their anticipated financial requirements, does not expect to pay any cash dividends in the foreseeable future.

On March 16, 2000, the Company obtained a loan from Big Star Investments for an initial advance of $1.5 million and, at the Company's request and subject to Big Star's sole discretion, additional advances of up to an additional $2.5 million, which bears interest at 10% per annum and matures on August 31, 2000. Under the terms of the 2000 Bridge Loan, the principal and accrued interest is convertible at any time into Class A Common Stock at a conversion price (the "Conversion Price") equal to the average closing bid price of the Common Stock during the 10 days preceding the date of the 2000 Bridge Loan (the "Market Price"). The Conversion Price will be adjusted in the event the Company issues in excess of $5 million of equity securities in an offering at an issuance price that is less than the Market Price with respect to the 2000 Bridge Loan. The adjusted conversion price in such case would be reduced to the issuance price in such equity offering.

The warrant (the "Warrant") issued in connection with the 2000 Bridge Loan provides for the purchase of an amount of Class A Common Stock up to 10% of the principal amount of the 2000 Bridge Loan divided by the exercise price (the "Exercise Price"). The Exercise Price for the Warrant is the same price as the Conversion Price. The Warrant will expire if not exercised within 5 years from the date of the 2000 Bridge Loan. Under the terms of the 2000 Bridge Loan, the number of shares issued under the Bridge Loan and Warrant may not exceed 19.99% of the current outstanding shares of Class A Common Stock.

The securities sold are exempt from registration under the Securities Act of 1933 (the "Securities Act"), as amended, under an exemption for non-public offerings to accredited investors. Both Westar Capital II and Big Beaver are accredited investors as defined in the Securities Act. The proceeds from the sale of securities will be used for working capital and general corporate purposes.

ITEM 6. SELECTED FINANCIAL DATA

	Year Ended December 31,				
	(In thousands except per share data)				
	1995	1996	1997	1998	1999
Total revenues	$ 7,809	$ 7,447	$ 1,308	$ 770	$ 784
Net loss	(3,237)	(9,997)	(5,417)	(7,704)	(7,575)
Net loss per basic and diluted share(1)	(4.90)	(12.30)	(3.08)	(4.03)	(8.29)
Accumulated deficit	(13,187)	(23,184)	(28,601)	(36,305)	(43,880)

	As of December 31,				
	(In thousands)				
	1995	1996	1997	1998	1999
Working capital (deficit)	$6,481	$(3,315)	$ 8,826	$1,190	$1,481
Total assets	8,995	3,922	10,568	2,644	3,721
Capitalized lease obligations	68	43	41	65	27

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

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

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

Overview

Amerigon Incorporated is in the business of developing and manufacturing vehicle components for automotive OEMs. The Company was incorporated in California on April 23, 1991 as a research and development entity focused on creating electric vehicles ("EV"). During 1998, the Company decided to suspend funding activities associated with EV and directed its resources to developing and commercializing the Climate Control Seat(TM) ("CCS(TM)") and Radar for Maneuvering and Safety ("AmeriGuard(TM)"), which are both products of the Company's research. On May 26, 1999, the shareholders of the Company voted to discontinue EV operations. As a result, the Company is now principally positioned to bring to market the CCS and AmeriGuard product lines and, accordingly, has incurred significant sales and marketing, prototype and engineering expenses to gain orders for production vehicles.

The Company is now operating 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 OEM's 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 OEMs tend to group new components and enhancements into annual or every two to three year vehicle model introductions.

Results of Operations Year Ended December 31, 1999 Compared to Year Ended December 31, 1998

Revenues. Revenues for year ended December 31, 1999 ("1999") were $784,000 as compared with revenues of $770,000 in the year ended December 31, 1998 ("1998"). The change was due to a decrease in revenues generated by the direct development contracts associated with the radar program of $304,000 offset by the increase in product shipments for the CCS program of $318,000 as the Company began shipping mass-volumes of its CCS in the fourth quarter of 1999.

Product Costs. Product costs increased from $48,000 in 1998 to $962,000 in 1999. During 1999, the Company continued to incur costs related to the ramp-up of production of the Company's CCS units which began shipping in mass-volumes starting in the fourth quarter 1999. The Company anticipates product costs to increase in absolute dollars while decreasing as a percentage of revenue.

Development Contract Costs. Development contract costs increased to $1,507,000 in 1999 from $1,364,000 in 1998. This was primarily due to the costs incurred in conjunction with the pre-production of the CCS for a major automotive supplier which is anticipated to be in production by mid 2000.

Research and Development Expenses. Research and development expenses decreased to $2,478,000 in 1999 from $3,202,000 in 1998. The decrease was due to the Company's shift of emphasis from research and development to direct development contracts and pre-production efforts associated with the anticipated contracts with CCS.

Selling, General and Administrative Expenses. Selling, general and administrative ("SG&A") expenses decreased to $3,481,000 in 1999 compared to $4,098,000 in 1998. The change was due to a decrease in recruiting and other outside/consulting services in 1999. The Company expects SG&A expenses to increase as it hires additional employees in connection with the development of the radar products and the commencement of production and marketing of the CCS.

Interest Income. Net interest income in 1999 decreased to $105,000 due to a decline in cash balances before the completion of the sale of Series A Preferred Stock (See Note 8 to the financial statements). The Company also incurred interest expense of $14,000 as a result of a bridge loan of $1,200,000 and $9,000 associated with the amortization of deferred financing costs.

Results of Operations Year Ended December 31, 1998 Compared to Year Ended December 31, 1997

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

During 1998, development continued on CCS and the Company's radar system, some of which was funded by development contracts. Development contract revenue relating to the Company's CCS and radar products decreased to $752,000 in 1998, a decline of $556,000, or approximately 43% from the $1,308,000 in such revenue recorded for 1997. The decrease in 1998 principally reflects the Company's completion in 1997 of work on several development contracts. The Company is not seeking to obtain new development contracts and continues to focus its efforts on working toward production contracts for CCS and radar sensor systems.

Development Contract Costs. Development contract costs decreased to $1,364,000 in 1998 from $2,611,000 in 1997, primarily due to decreased activity in the Company's electric vehicle program in 1997 and the end of allocating administrative expenses to this category.

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

Selling, General and Administrative Expenses. Selling, general and administrative ("SG&A") expenses decreased by $373,000, or approximately 8%, in 1998 to $4,098,000 from $4,471,000 in 1997. The decrease in 1998 was primarily due a reclassification of certain expenses to research and development, fees related to the electric vehicle development and fees related to the formation of the joint venture in 1997.

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

Liquidity and Capital Resources

As of December 31, 1999, the Company had working capital of $1,481,000.

On March 29, 1999, Big Star provided a secured credit facility (the "1999 Bridge Loan") to the Company for up to $1.2 million which beared interest at 10% per annum and matured on the earlier of September 30, 1999 or the completion of an equity financing. As additional consideration for the 1999 Bridge Loan, the Company issued detachable five-year warrants to purchase 300,000 shares of Class A Common Stock at $1.03 per share, subject to adjustment. The warrants were canceled upon the completion of a subsequent equity investment with the Investors. The 1999 Bridge Loan was secured by a lien on virtually all of the Company's assets. The 1999 Bridge Loan was necessary to allow the Company to continue operations pending the closing of a subsequent equity financing.

On June 8, 1999, the Company completed an equity financing (the "Preferred Financing") with the Investors pursuant to which the Company sold 9,000 shares of Series A Convertible Preferred Stock for $9,001,000. The Preferred Stock is convertible into Class A Common Stock. In addition, the Company issued warrants to purchase up to 1,229,574 shares of Class A Common Stock. The warrants were exercisable only to the extent certain other warrants to purchase Class A Common Stock are exercised and then only in an amount that will enable the Investors to maintain the same percentage interest in the Company that they have in the Company after the initial investment on a fully converted basis. This transaction was approved by the shareholders at the 1999 Annual Meeting.

The Company's principal sources of operating capital have been the proceeds of its various financing transactions and, to a lesser extent, revenues from sale of CCS units to JCI, grants, development contracts and sale of prototypes to customers.

The Company entered into a production contract with JCI for CCS units with the initial shipments occurring in the fourth quarter of 1999. The Company has spent to date $2,430,000 for tooling, equipment and materials related to this contract and expects to spend an additional $730,000 for tooling, equipment and materials for this product line in the first quarter of 2000. The agreement with JCI has generated, to date, Product and Development Contract revenues of $293,000 and $150,000, respectively.

As of December 31, 1999, the cash and cash equivalents decreased by $20,000 primarily due to the cash raised by the Preferred Financing offset by the cash used in operating activities of $7,491,000, which was mainly attributable to the net loss of $7,575,000. Investing activities used $869,000 as the Company purchased production equipment and tooling for CCS production. Financing activities provided $8,340,000 due primarily to $8,267,000 from net proceeds of the Preferred Financing.

The Company's initial production orders will not provide adequate volumes to achieve appropriate profit margins or a positive cash flow. These margins and cash levels can only be achieved through the addition of future CCS production orders, along with the introduction of Ameriguard. With these additional programs, the Company expects to require significant capital to fund expenses for tooling, the set up of manufacturing and/or assembly processes and other near-term production engineering and manufacturing, as well as research and development and marketing of these products.

On March 16, 2000, Big Star provided a senior secured convertible credit facility (the "2000 Bridge Loan") to the Company for an initial advance of $1.5 million and, at the Company's request and subject to Big Star's sole discretion, additional advances of up to an additional $2.5 million, which bears interest at 10% per annum and matures on August 31, 2000. The principal and accrued interest of the 2000 Bridge Loan are convertible at any time into Class A Common Stock at a conversion price (the "Conversion Price") equal to the average closing bid price of the Common Stock during the ten days preceding the date of the 2000 Bridge Loan (the "Market Price"). The Conversion Price will be adjusted in the event the Company issues in excess of $5 million of equity securities in an offering at an issuance price that is less than the Market Price with respect to the 2000 Bridge Loan. The adjusted conversion price in such case would be reduced to the issuance price in such equity

offering. As additional consideration for the 2000 Bridge Loan, the Company issued a warrant (the "Warrant") to purchase an amount of Class A Common Stock up to 10% of the principal amount of the 2000 Bridge Loan divided by the exercise price (the "Exercise Price"). The Exercise Price for the Warrant is the same price as the Conversion Price. The Warrant will expire if not exercised within 5 years from the date of the 2000 Bridge Loan. Under the terms of the 2000 Bridge Loan, the number of shares issued under the Bridge Loan and Warrant may not exceed 19.99% of the current outstanding shares of Class A Common Stock. The 2000 Bridge Loan is secured by a lien on virtually all of the Company's assets.

The Company will need to raise additional cash from financing sources to fund its operations. There can be no assurance that funding sources will be obtained or will provide sufficient financing for the Company.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

The table below presents the carrying value and related weighted average interest rates for the Company's investment portfolio. The carrying value approximates fair value at December 31, 1999.

Marketable Securities	Carrying Value (in thousands)	Average Rate of Return at December 31, 1999 (Annualized)
Cash equivalents.....	$1,647	5.0%

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

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

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this item is incorporated by reference from the information contained under the captions entitled "Election of Directors," "Executive Officers" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Company's definitive proxy statement to be filed with the Commission in connection with the Company's 2000 Annual Meeting of Shareholders.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference from the information contained under the captions entitled "Executive Compensation," "Executive Compensation Table," "Report of the Compensation Committee on Executive Compensation," "Compensation Committee Interlocks and Insider Participation," "Option Grant Table," "Aggregate Options Exercised and Year-End Values," and "Performance Graph" in the Company's definitive proxy statement to be filed with the Commission in connection with the Company's 2000 Annual Meeting of Shareholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this item is incorporated by reference from the information contained under the caption entitled "Security Ownership of Certain Beneficial Owners and Management" and "Escrow Shares" in the Company's definitive proxy statement to be filed with the Commission in connection with the Company's 2000 Annual Meeting of Shareholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item is incorporated by reference from the information contained under the caption entitled "Certain Transactions" in the Company's definitive proxy statement to be filed with the Commission in connection with the Company's 2000 Annual Meeting of Shareholders.

PART IV

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

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

1. Financial Statements.

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

2. Financial Statement Schedule.

The following Schedule to Financial Statements is included herein:

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

3. Exhibits.

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

Exhibit Number	Description
3.1.1	Amended and Restated Articles of Incorporation (the "Articles") of the Company(1)
3.1.2	Certificate of Amendment of Articles filed with the California Secretary of State on December 5, 1996(3)
3.1.3	Certificate of Amendment of Articles filed with the California Secretary of State on January 26, 1999(8)
3.2	Amended and Restated Bylaws of the Company(3)
4.1.1	Form of Warrant Agreement among the Company, the Underwriter and U.S. Stock Transfer Corporation as Warrant Agent(3)
4.2	Form of Warrant Certificate for Class A Warrant(3)
4.3	Form of Specimen Certificate of Company's Class A Common Stock(1)
4.4	Escrow Agreement among the Company, U.S. Stock Transfer Corporation and the shareholders named therein(1)
10.1	1993 Stock Option Plan, together with Form of Incentive Stock Option Agreement and Nonqualified Stock Option Agreement(1)
10.4	Form of Underwriter's Unit Purchase Option(3)
10.5.1	Stock Option Agreement ("Bell Stock Option Agreement"), effective May 13, 1993, between Lon E. Bell and Roy A. Anderson(3)
10.5.2	List of omitted Bell Stock Option Agreements with Company directors(3)
10.6	Form of Indemnity Agreement between the Company and each of its officers and directors(1)

Exhibit Number	Description
10.7	License Agreement, dated as of January 20, 1994, by and between the Company and the Regents of the University of California, together with a letter from the Regents to the Company dated September 19, 1996 relating thereto(3)**
10.7.1	Termination of Limited Exclusive License Agreement dated as of June 1998 between the Company and the Regents of the University of California(7)
10.7.2	Limited Nonexclusive License Agreement dated as of June 1998 between the Company and the Regents of the University of California(7)
10.8	Option and License Agreement dated as of November 2, 1992 between the Company and Feher Design, Inc.(1)
10.9	Shareholders Agreement, dated May 13, 1993, by and among the Company and the shareholders named therein(1)
10.10	Stock Purchase Agreement and Registration Rights Agreement between the Company and Fidelity Copernicus Fund, L.P. and Fidelity Galileo Fund, L.P., dated December 29, 1995(2)
10.11	Stock Purchase Agreement and Registration Rights Agreement between the Company and HBI Financial Inc., dated December 29, 1995(2)
10.13	Joint Venture Agreement between Yazaki Corporation and Amerigon Incorporated, dated July 22, 1997(5)
10.14	Amendment to Option and License Agreement between Amerigon and Feher Design dated September 1, 1997(6)
10.15	Standard Lease dated January 1, 1998 between Amerigon and Dillingham Partners(6)
10.16	Letter Agreement dated December 16, 1998 between the Company and Sudarshan K. Maini
10.17	Securities Purchase Agreement dated March 29, 1999 by and among the Company, Westar Capital II LLC and Big Beaver Investments LLC(7)
10.18	Credit Agreement dated March 29, 1999 between the Company and Big Star Investments LLC(7)
10.19	Security Agreement dated March 29, 1999 between the Company and Big Star Investments LLC(7)
10.20	Patent and Trademark Security Agreement dated March 29, 1999 between the Company and Big Star Investments LLC(7)
10.21	Bridge Warrant dated March 29, 1999(7)
10.22	Share Exchange Agreement dated March 29, 1999 between the Company and Lon E. Bell(7)
10.23	Credit Agreement dated March 16, 2000 between the Company and Big Star Investments LLC
10.24	Security Agreement dated March 16, 2000 between the Company and Big Star Investments LLC
10.25	Patent and Trademark Security Agreement dated March 16, 2000 between the Company and Big Star Investments LLC
10.26	Bridge Loan Warrant dated March 16, 2000
10.27	Letter to Amerigon Incorporated Regarding Series A Preferred Stock
23.1	Consent of PricewaterhouseCoopers LLP
27	Financial Data Schedule

(b) Reports on Form 8-K.

During the quarter ended December 31, 1999, the Company filed no Current Reports on Form 8-K.

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

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

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

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

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

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

(7) Previously filed as an exhibit to the Company's Current Report on Form 10-K for the period ended December 31, 1998 and incorporated herein by reference.

(8) Previously filed as an exhibit to the Company's Current Report on Form 10-Q for the period ended June 30, 1999 and incorporated herein by reference.

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of
Amerigon Incorporated

In our opinion, the financial statements listed in the index appearing under Item 14 (a) (1) on page 21 present fairly, in all material respects, the financial position of Amerigon Incorporated at December 31, 1999 and 1998, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1999 in conformity with accounting principles generally accepted in the United States. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 14 (a) (2) on page 21 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, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

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

PRICEWATERHOUSECOOPERS LLP

Costa Mesa, California
February 4, 2000, except for Note 10, as
to which the date is March 30, 2000 and
for Note 17, as to which the date is March 27, 2000.

AMERIGON INCORPORATED

BALANCE SHEETS

(In thousands)

	December 31,		
	1999	1998	Pro Forma 1999 (Note 18)
			(Unaudited)
ASSETS			
Current assets:			
Cash & cash equivalents	$ 1,647	$ 1,667	$ 1,647
Accounts receivable less allowance of $58 and $101, respectively	282	174	282
Inventory	490	105	490
Prepaid expenses and other assets	251	136	251
Total current assets	2,670	2,082	2,670
Property and equipment, net	1,051	562	1,051
Total assets	$ 3,721	$ 2,644	$ 3,721
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)			
Current liabilities:			
Accounts payable	$ 592	$ 363	$ 592
Deferred revenue	--	44	--
Accrued liabilities	597	485	597
Total current liabilities	1,189	892	1,189
Long term portion of capital lease	11	26	11
Total liabilities	1,200	918	1,200
Mandatorily redeemable preferred stock:			
Series A--Preferred Stock--no par value; redeemable and convertible; 9 shares authorized, 9 and none issued and outstanding at December 31, 1999 and 1998; none issued and outstanding pro forma; liquidation preference of $9,315 (Note 8)	8,267	--	--
Commitments (Note 13)			
Shareholders' equity (deficit):			
Preferred stock:			
Series A--no par value; convertible; 9 shares authorized, none issued and outstanding at December 31, 1999 and 1998; 9 issued and outstanding pro forma; liquidation preference of $9,315 (Note 8)	--	--	8,267
Common stock:			
Class A--no par value; 20,000 shares authorized, 1,910 issued and outstanding at December 31, 1999 and 1998 and pro forma	28,149	28,149	28,149
Class B--no par value; 600 shares authorized, none issued and outstanding	--	--	--
Paid-in capital	10,059	9,882	10,059
Deferred compensation	(74)	--	(74)
Accumulated deficit	(43,880)	(36,305)	(43,880)
Total shareholders' equity (deficit)	(5,746)	1,726	2,521
Total liabilities and shareholders' equity (deficit)	$ 3,721	$ 2,644	$ 3,721

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,		
	1999	1998	1997
Revenues:			
Product	$ 336	$ 18	$ --
Development contracts	448	752	1,308
Total revenues	784	770	1,308
Costs and expenses:			
Product	962	48	--
Development contracts	1,507	1,364	2,611
Research and development	2,478	3,202	2,072
Selling, general and administrative	3,481	4,098	4,471
Total costs and expenses	8,428	8,712	9,154
Operating loss	(7,644)	(7,942)	(7,846)
Interest income	135	255	477
Interest expense	(30)	(17)	(71)
Gain (loss) on disposal of property and equipment	(36)	--	2,363
Loss before extraordinary item	(7,575)	(7,704)	(5,077)
Extraordinary loss from extinguishment of indebtedness	--	--	(340)
Net loss	$ (7,575)	$(7,704)	$(5,417)
Deemed dividend to preferred shareholders (Note 8)	(8,267)	--	--
Net loss available to common shareholders	$(15,842)	$(7,704)	$(5,417)
Basic and diluted net loss per share:			
Loss before extraordinary item	$ (8.29)	$ (4.03)	$ (2.89)
Extraordinary loss from extinguishment of indebtedness	--	--	(0.19)
Net loss	$ (8.29)	$ (4.03)	$ (3.08)
Weighted average number of shares outstanding	1,910	1,910	1,758

The accompanying notes are an integral part of these financial statements

AMERIGON INCORPORATED

STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)

(In thousands)

	Class A Common Stock					
	Shares	Amount	Paid-in Capital	Deferred Compensation	Accumulated Deficit	Total
Balance at December 31, 1996	814	$17,321	$ 3,115	$ --	$(23,184)	$(2,748)
Issuance of common stock (public offering)	1,096	10,828	6,617	--	--	17,445
Conversion of Bridge Debentures into Class A Warrants	--	--	150	--	--	150
Net loss	--	--	--	--	(5,417)	(5,417)
Balance at December 31, 1997	1,910	28,149	9,882	--	(28,601)	9,430
Net loss		--		--	(7,704)	(7,704)
Balance at December 31, 1998	1,910	28,149	9,882	--	(36,305)	1,726
Issuance of warrants to purchase Class A Common Stock in conjunction with Bridge Loan Financing (Note 10)	--	--	9	--	--	9
Issuance of warrants to purchase Class A Common Stock in exchange for services	--	--	1	--	--	1
Issuance of shares in consolidated subsidiary to shareholder	--	--	88	--	--	88
Issuance of option to purchase Class A Common Stock	--	--	79	(74)	--	5
Net loss	--	--	--	--	(7,575)	(7,575)
Balance at December 31, 1999	1,910	$28,149	$10,059	$(74)	$(43,880)	$(5,746)

The accompanying notes are an integral part of these financial statements

AMERIGON INCORPORATED

STATEMENTS OF CASH FLOWS

(In thousands)

	Year Ended December 31,		
	1999	1998	1997
Operating Activities:			
Net loss	$(7,575)	$(7,704)	$(5,417)
Adjustments to reconcile net loss to cash used in operating activities:			
Depreciation and amortization	344	582	162
Provision for doubtful accounts	(43)	21	--
(Gain) loss from sale of assets	36	--	(2,363)
Compensation from grant of non-employee stock options and warrants	15	--	--
Change in operating assets and liabilities:			
Accounts receivable	(65)	60	933
Unbilled revenue	--	--	1,157
Inventory	(385)	(70)	(35)
Prepaid expenses and other assets	(115)	60	548
Accounts payable	229	(287)	(1,265)
Deferred revenue	(44)	(53)	(57)
Accrued liabilities	112	164	(133)
Net cash used in operating activities	(7,491)	(7,227)	(6,470)
Investing Activities:			
Purchase of property and equipment	(869)	(449)	(302)
Proceeds from sale of assets	--	971	1,800
Purchase of short term investments	(1,854)	--	(2,400)
Sale of short term investments	1,854	2,400	--
Net cash (used in) provided by investing activities	(869)	2,922	(902)
Financing Activities:			
Proceeds from Series A Preferred Stock and Warrants	9,001	--	--
Cost of issuance of Series A Preferred Stock and Warrants	(734)	--	--
Proceeds from sale of common stock units	--	--	20,137
Cost of issuance of common stock units	--	--	(2,542)
Repayment of line of credit	--	--	(1,187)
Repayment of capital lease	(15)	(65)	(2)
Proceeds from Bridge Financing	1,200	--	--
Repayment of Bridge Financing	(1,200)	--	(3,000)
Proceeds from notes payable to shareholder	--	--	250
Repayment of notes payable to shareholder	--	--	(450)
Sale of shares in consolidated subsidiary	88	--	--
Net cash (used in) provided by financing activities	8,340	(65)	13,206
Net (decrease) increase in cash and cash equivalents	(20)	(4,370)	5,834
Cash and cash equivalents at beginning of period	1,667	6,037	203
Cash and cash equivalents at end of period	$ 1,647	$ 1,667	$ 6,037
Supplemental disclosures of cash flow information:			
Cash paid for interest	$ 21	$ 17	$ 71
Supplemental schedule of non-cash activity			
Purchase of equipment under capital lease	$ --	$ 50	$ 23

The accompanying notes are an integral part of these financial statements

Note 1 -- The Company

Amerigon Incorporated (the "Company"), incorporated in California in April 1991, is a developer, marketer and manufacturer of proprietary, high technology electronic components and systems for sale to car and truck original equipment manufacturers ("OEMs"). The Company is currently focusing the majority of its efforts on the introduction of its primary product, a Climate Control Seat(TM) ("CCS(TM)"), which provides both heating and cooling to seat occupants. The Company has one other product under development, the AmeriGuard(TM) radar-based speed and distance sensor system, which alterts drivers to the presence of objects near the vehicle.

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

Through September 30, 1999, the Company was in the development stage. During the fourth quarter of 1999, the Company's planned principal operations commenced with the first significant sales and production of CCS systems. Accordingly, the Company is no longer considered a development stage company.

Disposition of Electric Vehicle Operations

The Company was originally founded to focus on advanced automotive technologies, including electric vehicle systems ("EV"). As a recipient of a number of federal and state government grants relating to the development of EV, the Company spent many years developing and conducting research on EV, and had research and development contracts with commercial companies relating to EV. The Company incurred substantial losses from EV activities, including significant cost overruns on an EV development contract. By December 31, 1997, the Company had completed substantially all work on its EV contracts.

During 1997, the Company's Board of Directors decided to focus primarily on the CCS and AmeriGuard radar products. After trying and failing to obtain either a strategic partner who would provide financing for an EV joint venture, or to purchase for its EV assets, the Board of Directors decided to suspend funding the EV program (effective August 1998) because it was generating continuing losses and utilizing resources that the Board felt would be better utilized in development of the CCS and radar products. In June 1999, the Company disposed of its electric vehicle operations (Note 14).

Note 2 -- Basis of Presentation

Basis of Presentation

The Company has suffered recurring losses and negative cash flows from operations since inception and has a significant accumulated deficit and expects to incur future losses. Consequently, in order to fund continuing operations, the Company will need to raise additional financing. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate sufficient cash flow to meet its obligations as they come due. In this regard, on March 8, 2000, the Board of Directors approved a financing transaction with an investor group to obtain a bridge loan (Note 17), which is due at the earlier of August 31, 2000 or the occurrence of certain Trigger Events, as described in Note 17. Management is seeking additional sources of permanent equity or long term financing to fund its operations. The outcome of such efforts to obtain additional financing cannot be assured.

Note 2 -- Basis of Presentation (Continued)

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

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.

Reclassifications

Certain prior year amounts have been reclassified to conform with current period presentation.

Note 3 -- Summary of Significant Accounting Policies

Disclosures About Fair Value of Financial Instruments

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

Use of Estimates

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

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 uncollectable accounts receivable based upon expected collectibility and generally does not require collateral.

Inventory

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

Property and Equipment

Property and equipment, including additions and improvements, are recorded at cost. Expenditures for repairs and maintenance are charged to expense as incurred. When property or equipment is retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts. Gains or losses from retirements and disposals are recorded as other income or expense. Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. Management does not believe that there are any material impairments at December 31, 1999 and 1998.

Note 3 -- Summary of Significant Accounting Policies (Continued)

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

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

Product Revenues

Revenues from product sales are recognized at the time of shipment to the customer. Provision for estimated future cost of warranty is recorded when revenue is recognized.

Development Contract Revenues

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

Research and Development Expenses

Research and development activities are expensed as incurred. Research and development expenses associated with projects that are specifically funded by development contracts are classified as costs of development contracts in the Statements of Operations. All other research and development expenses that are not associated with projects that are not specifically funded by development contracts are classified as research and development. Research and development excludes any overhead or administrative costs.

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 pursuant to Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and complies with the disclosure provision 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.

Note 3 -- Summary of Significant Accounting Policies (Continued)

Net Loss per Share

Under the provisions of SFAS 128, "Earnings 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 loss 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, dilutive net loss per share for the years ended December 31, 1999, 1998 and 1997 does not include the effect of:

	December 31,		
	1999	1998	1997
Stock options outstanding for:			
1993 and 1997 Stock Option Plans.....	871,180	203,170	115,637
Options granted by an officer to directors and officers.....	--	118,422	119,768
Shares of Class A Common Stock issuable upon the exercise of warrants.....	2,705,374	1,430,800	1,471,751
Common stock issuable upon the conversion of Series A Preferred Stock.....	5,373,134	--	--
Total.....	8,949,688	1,752,392	1,707,156

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

Comprehensive Loss

For the years ended December 31, 1999, 1998 and 1997, there was no difference between net loss and comprehensive loss.

Recent Accounting Pronouncement

Effective January 1, 1999, the Company adopted Statement of Position No. 98-5, "Reporting on the Costs of Start-up Activities." SOP No. 98-5 requires that all start-up costs related to new operations must be expensed as incurred. In addition, start-up costs that were capitalized in the past must be written off when SOP No. 98-5 is adopted. The implementation of SOP 98-5 did not have a material effect on the financial statements.

In December 1999, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements." SAB No. 101 provides the SEC staff's views in applying generally accepted accounting principles to selected revenue recognition issues. SAB No. 101, as amended, is required to be adopted by registrants no later than their second fiscal quarter of the fiscal year beginning after December 15, 1999. The Company is currently analyzing SAB No. 101, but believes that adoption of this new accounting principle will not have a material effect on the Company's financial statements.

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

	December 31,	
	1999	1998
Inventory:		
Raw material	$ 398	$ 173
Work in Process	20	30
Finished goods	192	2
	610	205
Less: inventory allowance	(120)	(100)
	$ 490	$ 105
Prepaid Expenses and Other Assets:		
Deposits	$ 171	$ 104
Prepaid insurance	80	32
	$ 251	$ 136
Property and Equipment:		
Equipment	$ 1,426	$ 1,000
Computer equipment	672	663
Leasehold improvements	252	225
Production tooling	527	330
	2,877	2,218
Less: accumulated depreciation and amortization	(1,826)	(1,656)
	$ 1,051	$ 562
Accrued Liabilities:		
Accrued salaries	$ 220	$ 201
Accrued vacation	187	171
Other accrued liabilities	190	113
	$ 597	$ 485

Property and equipment includes assets acquired under capital leases of approximately $50,000 at December 1999 and 1998, respectively, and accumulated amortization of $13,000 and $10,000 at December 31, 1999 and 1998, respectively.

Note 5 -- Income Taxes

There are no assets or liabilities for income taxes, nor income tax expense included in the financial statements because the Company has losses since inception for both book and tax purposes. The deferred tax assets and related valuation allowance were comprised of the following at December 31 (in thousands):

	December 31,		
	1999	1998	1997
Deferred tax assets:			
Net Operating Loss	$ 15,316	$ 12,488	$ 9,755
Credits	798	718	551
Effect of State Taxes	(596)	(480)	(390)
Depreciation	253	219	74
Other	168	122	56
	15,939	13,067	10,046
Less: valuation allowance	(15,939)	(13,067)	(10,046)
Net deferred tax asset	$ --	$ --	$ --

Note 5 -- Income Taxes (Continued)

Realization of the future tax benefits related to the deferred tax assets is dependent on many factors, including 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, 1999 should be fully reserved.

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 ended December 31, 1999 is as follows:

	December 31,		
	1999	1998	1997
Statutory federal income tax rate	(34.0%)	(34.0%)	(34.0%)
Increase (decrease) in taxes resulting from:			
State tax, net of federal benefit	(5.8%)	(5.8%)	(6.1%)
Nondeductible expenses	--	0.1%	(1.1%)
Change in valuation allowance	39.8%	39.7%	41.2%
Effective Rate	--%	--%	--%

At December 31, 1999 the Company has net operating loss carryforwards for federal and state income tax purposes of approximately $40.1 million and $19.0 million, respectively, and tax credits for federal and state income tax purposes of $488,000 and $310,000, respectively. The federal net operating loss carryforwards expire in 2008 through 2019 and state net operating loss carryforwards expire in 1999 through 2004.

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 may be 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.

Note 6 -- Extraordinary Loss

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

Note 7 -- Bridge Note

On March 29, 1999, the Company entered into a Security Purchase Agreement (the "Preferred Financing") with Westar Capital II and Big Beaver (Note 8) for the sale of Series A Preferred Stock. 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. As discussed in Note 10, in conjunction with the issuance of these bridge notes, the Company granted warrants to purchase 300,000 shares of Class A Common Stock which were canceled upon the close of the Preferred Financing.

Note 8 -- Redeemable and 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 up to 1,229,574 shares of Class A Common Stock (Note 10) 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 will initially be convertible into 5,373,134 shares of Class A Common Stock.

Note 8 -- Redeemable and Convertible Preferred Stock (Continued)

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 Class A Common Stock on the date of issuance, June 8, 1999 of $4.31.

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 Class A 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 Class A 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 Redeemable and Convertible Preferred Stock will receive dividends on an "as-converted" basis with the Class A 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, including a merger, acquisition or sale of assets where there is a change in control, 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 Class A Common Stock, which will receive the remaining assets of Amerigon. As of December 31, 1999, the liquidation preference was $9,315,000.

The Company's Certificate of Determination of Rights, Preferences and Privileges of the Series A Preferred Stock ("Certificate") states that a liquidation, dissolution or winding up of the Company shall be deemed to be occasioned by (A) the acquisition of the corporation by another entity by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger or consolidation) or (B) a sale of all or substantially all of the assets of the corporation unless the corporation's shareholders will immediately after such acquisition or sale hold at least 50% of the voting power of the surviving or acquiring entity. This provision is deemed to be a condition of redemption that is not solely within the control of the issuer. As such, the Company is required to classify the Series A Preferred Stock as mandatorily redeemable or mezzanine equity. In March 2000, the holders of the Series A Preferred Stock agreed to amend the Certificate to eliminate this provision (Note 18).

Redemption

On or after January 1, 2003, if the closing price of the Class A Common Stock for the past 60 days has been at least four times the then Conversion Price ($1.675 per share at December 31, 1999), Amerigon may redeem the Series A Redeemable and Convertible Preferred Stock for an amount equal to the liquidation preference.

Note 9 -- Common Stock

The Class A and Class B Common Stock are substantially the same on a share-for-share basis, except that holders of outstanding shares of Class B Common Stock will be entitled to receive dividends and distributions upon liquidation at a per share rate equal to five percent of the per share rate received by holders of outstanding shares of Class A Common Stock. The Class B Common Stock is neither transferable nor convertible and is subject to cancellation under certain circumstances. At December 31, 1999 and 1998, no shares of Class B Common Stock were issued and outstanding. As discussed below, 600,000 shares were held in escrow as Class A Common Stock at December 31, 1998, of which 518,580 were released as Class B Common Stock on April 30, 1999. These Class B shares were reacquired and canceled as part of the sale of the EV subsidiary in 1999 (Note 14).

Follow-on Public Offering of Class A Common Stock and Class A Warrants

On February 18, 1997, the Company completed a public offering of 17,000 units (the "Units"), each consisting of 56 shares of Class A Common Stock and 280 Class A Warrants to purchase, at $25.00 per share plus five warrants, Class A Common Stock, resulting in the issuance of 952,000 shares of Class A Common Stock and 4,760,000 Class A Warrants. In addition, on March 7, 1997, the underwriter exercised an option to purchase an additional 2,550 Units or 142,800 shares of Class A Common Stock and 714,000 Class A Warrants to cover over allotments. Proceeds to the Company, net of expenses of $2,541,500, were approximately $17,445,000. Fees to the underwriter included an option until February 12, 2002, to purchase 340 Units (the "Unit Purchase Option") at 145% of the price to the public. The Unit Purchase Option is not exercisable by the underwriter until February 12, 2000.

Escrow Agreement

Prior to the effective date of the June 1993 initial public offering of the Company's common stock, 600,000 shares of the Company's Class A Common Stock ("Escrowed Contingent Shares") were deposited into escrow by the then existing shareholders in proportion to their then current holdings. These shares were scheduled to be released from escrow upon the earlier of (1) the attainment during the period through December 31, 1998 of certain goals, as adjusted, including prescribed earnings levels or (2) on April 30, 1999. All shares that had not been released from escrow by April 30, 1999 were to be exchanged for shares of Class B Common Stock, which then would be released from escrow to the shareholders who remained either an employee, director or consultant of the Company on April 30, 1999. As the Company did not achieve such goals, on April 30, 1999, 518,580 shares held in escrow were automatically exchanged for shares of Class B Common Stock and were released to Lon Bell, the only remaining shareholder. The remaining 81,420 shares were canceled. In conjunction with the sale of the EV subsidiary, (Notes 1 and 14), all shares of Class B Common Stock were acquired by the Company and canceled.

Note 10 -- Stock Warrants

Warrants Issued in Connection with the Preferred Financing

In conjunction with the Preferred Financing (Note 8), the Company issued contingent warrants to purchase shares of Class A Common Stock at exercise prices ranging from $2.67 to $51.25 in exchange for $1,000. At December 31, 1999, the Company had outstanding contingent warrants to issue 1,229,574 shares of Class A Common Stock. Effective March 27, 2000, as a result of the issuance to Ford Motor Company of a warrant to purchase shares of the Company's Class A Common Stock (Note 17), the Company had outstanding contingent warrants to issue 1,266,456 shares of Class A Common Stock. The warrants can only be exercised to the extent that certain other warrants to purchase Class A Common Stock are 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 value allocated to the warrants granted was less than $1,000. The warrants are exercisable at any time prior to dates ranging from December 28, 2000 to March 23, 2004. None of the warrants had been exercised as of December 31, 1999.

Note 10 -- Stock Warrants (Continued)

Also in conjunction with the Preferred Financing (Note 8), the Company granted to financial advisors warrants to purchase 45,000 shares of Class A Common Stock at exercise prices ranging from $2.67 to $5.30. The fair value of the warrants granted, as determined using the Black-Scholes model was $1,000 and was reflected as paid-in capital. The warrants are exercisable at various dates ranging from March to June 2004 and none had been exercised as of December 31, 1999.

In conjunction with the issuance of bridge notes as described in (Note 7), the note holders received warrants to purchase 300,000 shares of Class A Common Stock at an exercise price of $1.03. Such warrants would only become exercisable at anytime during a period beginning on the date that the Preferred Financing was terminated and ending five years after such date, but would terminate upon the closing of the Preferred Financing. The fair value of the warrants granted was $9,000 and was recorded as interest expense. Upon the closing of the Preferred Financing in June 1999, (Note 8), these warrants were canceled.

Warrants Issued in Connection with Public Offerings

In connection with debt financing obtained in 1996 and the follow-on public offering completed in 1997 (Note 9), at December 31, 1999, the Company had in the aggregate 7,094,000 outstanding warrants to issue 1,418,800 shares of Class A 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 Class A Common Stock at an exercise price of $25.00.

Effective March 27, 2000, as a result of the issuance to Ford Motor Company of a warrant to purchase shares of the Company's Class A Common Stock (Note 17) and subject to the surrender by holders of existing warrant certificates, the Company had in the aggregate 7,343,880 outstanding warrants to issue 1,468,776 shares of Class A Common Stock. As of such date, each registered warrant holder was entitled to convert five warrants for one share of Class A 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 Class A Common Stock. Each warrant outstanding after making this adjustment will represent 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 Class A Common Stock, the Company will have in the aggregate 1,468,776 outstanding warrants to issue 1,468,776 shares of Class A Common Stock, with each registered warrant holder entitled to convert one warrant for one share of Class A Common Stock at an exercise price of $24.149.

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 Class A Common Stock as reported by the NASDAQ SmallCap Market or the closing bid price on any national exchange (if the Company's Class A Common Stock is listed thereon) shall have, for 30 consecutive days ending within 15 days of the date of the notice of redemption, averaged in excess of $43.75 (subject to adjustment in the event of any stock splits or other similar events). As of December 31, 1999, the Company had not exercised this option and none of these warrants had been exercised.

In connection with the Company's June 1993 initial public offering of its common stock, the Company issued to third parties warrants to purchase 12,000 shares of Class A Common Stock at $51.25 per share as a financial advisory fee. These warrants expire on December 28, 2000 and none of the warrants had been exercised as of December 31, 1999.

Note 11 -- Stock Options

1993 and 1997 Stock Option Plans

Under the Company's 1997 and 1993 Stock Option Plans (the "Plans"), as amended in June 1995, 150,000 and 110,000 shares, respectively of the Company's Class A Common Stock are reserved for issuance, pursuant

to which officers and employees of the Company as well as other persons who render services to or are otherwise associated with the Company are eligible to receive qualified ("incentive") and/or non-qualified stock options. On June 23, 1999, the Board of Directors approved an amendment to the 1997 Stock Option Plan to increase the maximum number of shares of Common Stock that may be delivered pursuant to all Options (including both Nonqualified Stock Options and Incentive Stock Options) granted not to exceed 1,300,000 shares. This amendment is subject to shareholder approval.

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, except that the term of an incentive stock option granted under the Plans to a shareholder owning more than 10% of the voting power of the Company on the date of grant may not exceed five years and its exercise price may not be less than 110% of the fair market value of the Common Stock on the date of the grant.

Options Granted by Vice Chairman ("Bell Options")

Dr. Lon E. Bell, the Vice Chairman and founder of the Company, had granted options to purchase shares of his Class A Common Stock, 75% of which were Escrowed Contingent Shares (Note 9). The holder of these options could exercise the portions of his options related to Escrowed Contingent Shares only upon release of these shares from escrow as Class A Common Stock. As discussed in Note 9, shares held in escrow were released on April 30, 1999 as Class B Common Stock. As such, all options to purchase shares of Dr. Bell's Class A Common Stock were canceled. In conjunction with the sale of the EV subsidiary (Notes 1 and 14), all shares of Class B Common Stock were canceled.

The following table summarizes stock option activity:

	1993 and 1997 Stock Option Plans		Bell Options	
	Shares Available For Grant	Number of Options Granted	Weighted Average Exercise Price	Number of Options Granted	Weighted Average Exercise Price
Outstanding at December 31, 1996	312,059	53,165	$47.20	135,386	$12.00
Granted	(115,880)	115,880	17.50	--	--
Canceled	76,323	(53,408)	46.10	(13,305)	33.45
Exercised	--	--	--	(2,313)	5.75
Outstanding at December 31, 1997	272,502	115,637	18.45	119,768	13.55
Granted	(120,995)	120,995	6.15	--	--
Canceled	27,370	(33,462)	13.15	(1,346)	5.75
Outstanding at December 31, 1998	178,877	203,170	11.95	118,422	13.25
Authorized	1,150,000	--	--	--	--
Granted	(759,000)	759,000	3.16	--	--
Canceled	28,776	(90,990)	8.03	(118,422)	13.25
Outstanding at December 31, 1999	598,653	871,180	$ 8.43	--	$ --

Note 11 -- Stock Options (Continued)

The following table summarizes information concerning currently outstanding and exercisable stock options for the 1993 and 1997 Stock Option Plans as of December 31, 1999:

	Options Outstanding at December 31, 1999			Options Exercisable at December 31, 1999	
Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Vested and Exercisable	Weighted-Average Exercise Price
$ 1.55- 3.06	643,700	9.44	$ 3.05	120,414	$ 3.06
3.31- 3.88	91,000	8.88	3.59	--	--
4.00-11.40	56,220	8.86	7.15	8,067	10.34
13.15-18.15	75,000	2.16	17.25	64,998	17.11
20.30-51.85	5,260	2.44	21.13	5,259	21.13
	871,180			198,738	

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

	Years ended December 31,	
	1999	1998
	(In thousands, except per share data)	
Net loss		
As reported	$(7,575)	$(7,704)
Pro forma	(9,401)	(8,274)
Basic and diluted loss per share		
As reported	$ (8.29)	$ (4.03)
Pro forma	(9.25)	(4.33)

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

	1993 and 1997 Stock Option Plans	
	1999	1998
Risk free interest rates	6%	6%
Expected dividend yield	none	none
Expected lives	4.5 yrs.	4.3 yrs.
Expected volatility	96%	60%

The weighted average grant date fair values of options granted under the 1993 and 1997 Stock Option Plans during 1999 and 1998 were $3.14 and $6.26, respectively.

Note 12 -- Licenses

Climate Control Seat System. In 1992, the Company obtained the worldwide license to manufacture and sell technology for a CCS system to individual automotive OEMs. Under the terms of the license agreement, royalties are payable based on cumulative net sales and do not require minimum payments. The Company has recorded royalty expense under this license agreement of $43,000, $43,000 and $18,000 in 1999, 1998 and 1997, respectively. These royalties are recorded as research and development expense.

Note 12 -- Licenses (Continued)

Radar System. In January 1994, the Company entered into a license agreement for exclusive rights in certain automotive applications to certain radar technology. Royalties are required to be paid based on cumulative net sales and are subject to minimum annual royalties beginning in 1995. The minimum royalty payments for 1997 were $150,000 and were expensed as research and development costs. This licensing agreement was converted to a non-exclusive agreement in 1998.

Note 13 -- Commitments

The Company leases its current facility in Irwindale, California from a partnership controlled by Dr. Bell, a significant shareholder of the Company. The Company believes that the terms of the lease are at least as favorable as those that could be obtained from other lessors. The agreement 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 $268,000, $266,000 and $415,000 for 1999, 1998 and 1997, respectively. Future minimum lease payments under all operating leases are $266,000, $258,000, $247,000, in 2000, 2001 and 2002 respectively, and nil thereafter.

The Company has entered into certain office and computer equipment leases under long-term lease arrangements, which are reported as capital leases. The terms of the leases range from three to five years with interest rates ranging from 11.8% to 19.7%. Future minimum lease payments under these capital leases are $19,000, $6,000 and $6,000, respectively, for years ending December 31, 2000, 2001 and 2002 of which $4,000 represents total interest to be paid and $16,000 was included in liabilities at December 31, 1999.

Note 14 -- Related Party Transactions

Dr. Bell, Vice Chairman of the Board and founder of the Company, co-founded CALSTART in 1992, served as its interim President, and for five years had served on CALSTART's Board of Directors and is a member of its Executive Committee. Included in accounts receivable at December 31, 1998 and 1999, was a receivable owed to the Company from CALSTART of $41,000 and nil, respectively, relating primarily to amounts withheld from payments made by CALSTART under several development programs.

On March 23, 1999, the Company's Board of Directors agreed to form a subsidiary to hold the Company's EV operations. Pursuant to discussions held among the Company's Board of Directors and Dr. Bell, Vice Chairman of the Board and a significant shareholder of the Company, the Company agreed to sell to Dr. Bell a 15% interest in the EV subsidiary for $88,000. 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 9). The Company recorded a loss of $36,000 on the transfer of related assets to Dr. Bell.

Note 15 -- Joint Venture Agreement

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

Note 16 -- Segment Reporting

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

Note 16 -- Segment Reporting (Continued)

The Company's reportable segments are as follows:

- Climate Control Seats (CCS) -- variable temperature climate control seat system designed to improve the temperature comfort of automobile occupants.

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

- Electric Vehicle Systems (EV) -- design and development of electric vehicles and related components. As discussed in Notes 1 and 14, all EV related assets were sold to Dr. Bell, a significant shareholder of the Company. Also, as discussed in Note 1, the Company's Board of Directors decided to suspend funding of the EV program in August 1998.

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

The table below presents information about the reported revenues and operating loss of Amerigon for the years ended December 31, 1999, 1998 and 1997 (in thousands). Asset information by reportable segment is not reported, since management does not produce such information.

	CCS	Radar	EV	IVS	Reconciling Items	As Reported
1999						
Revenue	$ 784	$ --	$ --	$ --	$ --	$ 784
Operating loss	(3,316)	(847)	--	--	(3,481)(1)	(7,644)
1998						
Revenue	396	329	45	--	--	770
Operating loss	(2,844)	(455)	(545)	--	(4,098)(1)	(7,942)
1997						
Revenue	451	135	611	111	--	1,308
Operating loss	(978)	(702)	(1,194)	(501)	(4,471)(1)	(7,846)

- ----------
(1) Represents selling, general and administrative costs of $3,255,000, $3,752,000 and $4,309,000, respectively, and depreciation expense of $226,000, $346,000 and $162,000, respectively, for years ended December 31, 1999, 1998 and 1997.

Revenue information by geographic area (in thousands):

	1999	1998	1997
United States--Commercial	$491	$ 58	$ 211
United States--Government	--	103	416
Asia	247	461	556
Europe	46	148	125
Total Revenues	$784	$770	$1,308

In 1999, two customers (CCS), one foreign and one commercial, represented 30% and 53%, respectively, of the Company's sales. In 1998 three customers, two foreign (CCS) and one government (Radar) represented 12%, 30% and 13%, respectively, of the Company's sales. In 1997, three customers, one foreign and one government (EV) and one foreign (CCS/Radar) represented 11%, 30% and 19%, respectively, of the Company's sales.

Note 17 -- Subsequent Events

Bridge Facility

In March 2000, the Company obtained a loan from Big Star for an initial advance of $1.5 million and, at the Company's request and subject to Big Star's sole discretion, additional advances of up to an additional $2.5 million. The advances accrue interest at 10% per annum, payable at maturity or on the date of any prepayment. The principal and accrued interest of the initial loan are convertible at any time into Class A Common Stock at a conversion price (the "Conversion Price") equal to the average closing bid price of the Common Stock during the ten days preceding the date of the bridge loan (the "Market Price"). The Conversion price will be adjusted in the event the Company issues in excess of $5 million of equity securities in an offering at an issuance price that is less than the Market Price with respect to the bridge loan. Additional advances will also be convertible based on the average price of the Company's Class A Common Stock during the ten days preceding such additional advances. The loans are due on the earlier of August 31, 2000, or upon the occurrence of a Trigger Event as defined as an event that the Company (or its Board of Directors) shall have authorized, recommended, proposed or publicly announced its intention to enter into (or has failed to recommend rejection of) any tender or exchange offer, merger consolidation, liquidation, dissolution, business combination, recapitalization, acquisition, or disposition of a material amount of the assets or securities or any comparable transaction which has not been consented to in writing by Big Star. The Company has granted liens on substantially all of its assets as collateral for this loan. Warrants to purchase Class A Common Stock of the Company were also issued in connection with the loan for the number of shares equal to 10% of the principal amount of the advances made divided by the conversion price. The exercise price for the warrants and provision for future adjustments to their exercise prices are the same as for the loans.

Ford Agreement

On March 27, 2000, the Company entered into a Value Participation Agreement ("VPA") with the 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 Auto Alliance, Inc.). Ford is not obligated to purchase any CCS units under the VPA.

As part of the VPA, the Company will grant to Ford warrants exercisable for Class A Common Shares. A warrant for the right to purchase 82,197 shares of Class A Common Stock at an exercise price of $2.75 per share was issued and fully vested on March 27, 2000. Additional warrants will be granted and vested based upon purchases by Ford of a specified number of CCS units in a given year 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 986,364 shares of Class A Common Stock. The total number of shares subject to warrants which may become vested will be adjusted in certain circumstances for antidilution purposes, including an adjustment for equity issuances of up to $15 million on or before September 30, 2000, so that the percentage interest in the Company represented by the aggregate number of shares subject to warrants is not diluted by such issuances.

Modification of the Company's Certificate of Determination

In March 2000, the holders of the Series A Preferred Stock entered into an agreement whereby, subject to shareholder approval, the holders agreed to amend the Company's Certificate of Determination to eliminate the provision as discussed in Note 8, which defined a merger, acquisition or sale of assets where there is change in control as a liquidation event.

Note 18 -- Unaudited Pro Forma Balance Sheet Information

The unaudited pro forma balance sheet reflects the reclassification of the Series A Redeemable and Convertible Preferred Stock to equity as if the agreement to amend the Certificate of Determination, as discussed in Note 17, had occurred on December 31, 1999.

AMERIGON INCORPORATED

SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS

For the Years Ended December 31, 1999, 1998 and 1997

(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, 1997	$ 80	$ --	$ --	$ --	$ 80
Year Ended December 31, 1998	80	27	--	(6)	101
Year Ended December 31, 1999	101	16	--	(59)	58
Allowance for Inventory					
Year Ended December 31, 1997	--	--	--	--	--
Year Ended December 31, 1998	--	100	--	--	100
Year Ended December 31, 1999	100	121		(101)	120
Allowance for Deferred Income Tax Assets					
Year Ended December 31, 1997	7,161	2,885	--	--	10,046
Year Ended December 31, 1998	10,046	3,021	--	--	13,067
Year Ended December 31, 1999	13,067	2,872	--	--	15,939

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/ Richard A. Weisbart
Richard A. Weisbart
President, Chief Executive Officer
and Chief Financial Officer

March 30, 2000
(Date)

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

Signature	Capacity	Date
/s/ Richard A. Weisbart Richard A. Weisbart	President, Chief Executive Officer and Chief Financial Officer	March 30, 2000
/s/ Lon E. Bell, Ph. D Lon E. Bell, Ph. D.	Vice Chairman of the Board and Chief Technology Officer	March 30, 2000
/s/ Roy A. Anderson Roy A. Anderson	Director	March 30, 2000
/s/ John W. Clark John W. Clark	Director	March 30, 2000
/s/ Oscar B. Marx, III Oscar B. Marx, III	Chairman of the Board	March 30, 2000
/s/ Paul Oster Paul Oster	Director	March 30, 2000
/s/ James J. Paulsen James J. Paulsen	Director	March 30, 2000
/s/ Sandra L. Grouf Sandra L. Grouf	Controller (Principal Accounting Officer)	March 30, 2000

[GRAPHIC]

EXHIBIT 10.16

LETTER AGREEMENT

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

Sudarshan K. Maini, an Indian citizen, having his addresses at Maini Sadan, Lavelle Road, Bangalore, acting for himself and
Maini Materials Movement Pvt.Ltd., a company incorporated and registred under the Companies Act, 1956, having its registered office at 122 Bommasandra Industrial Estate, Bangalore, and
Maini Precision Products Pvt.Ltd., a company incorporated and registered under the Companies Act, 1956 and having its registered office at B-59 Peenya Industrial Estate, Bangalore,
hereinafter collectively referred to as "Maini" (which expression shall unless be repugnant to the context or meaning thereof be deemed to include their successors in interest and permitted assigns) of the FIRST PART.

AND

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

This letter sets forth our agreement with respect to the formation, capitalization and operation of a proposed joint venture company ("Newco") which will design, manufacture, test, distribute, sell, and service Road Worthy (as defined below) electric powered vehicles (collectively, the "Products") in India, Sri Lanka, Bangladesh, Pakistan, Nepal, Myanmar, Seychelles and the Maldives (collectively, the "Territory")

[SEAL]

RANGA SWAMY

utilizing technology owned by Amerigon Incorporated ("Amerigon"). Road Worthy vehicles shall mean cars, vans, trucks, busses, 3-wheel and 2-wheel electric vehicles for on-road use, but excluding industrial, construction, agricultural, golf and other non-road vehicle types.

Our understanding includes the following terms and conditions to be incorporated in definitive agreements:

1. Background.

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

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

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

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

2. Formation of Newco.

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

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

3. Capitalization of Newco.

(a) The parties will seek to capitalize Newco as described in Schedule B attached hereto. Amerigon's capital contribution to Newco shall consist of (1) the license to Newco of its electric vehicle ("EV") technology on an exclusive basis for the manufacture, distribution, sale and servicing of the Products in the Territory, (2) the contribution in-kind of certain tangible assets (electric vehicles and manufacturing kits as set forth on Schedule A), and (3) those other assets described in Schedule A attached hereto. Maini's capital contribution will consist of (1) the homologation certification of the earlier version of the REVA and any other exemptions/concessions including sales tax and road tax exemptions/concessions, (2) market research and studies for the REVA, (3) supplier information and test results and (4) cash and in-kind capital contribution as described in Schedule A attached hereto and shall be made at the times and in the manner specified in Schedule A hereto. CM, Bob Marcellini and David Bell will each receive equity as set forth on Schedule B in the form of a restricted stock grant for services rendered in the past and future. Such restricted stock will be non-transferable until vested. 30% of such stock for each will vest immediately and the remainder will vest in equal monthly amounts over a three year period from the formation of Newco or earlier upon such person completing providing services to Newco as specified in the Schedule A. Failure to provide

services as contemplated by the Operating Plan will result in a forfeiture of the restricted stock grant. In addition, US$2.67 million is intended to be raised from Investors. A portion of the equity (4.5%) will be reserved for future issuance for purposes including a stock option plan (which may not exceed 2% of the total capital), raising additional capital, and issuance to employees in exchange for salary reductions (for such purpose, at a price of 50% of the then fair market value of the equity). Except as set forth in the preceding sentence, all future non-cash contributions shall be valued at fair market value or other mutually agreeable valuation method.

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

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

4. Newco Governance.

(a) Newco shall have a Board of Directors (the "Board") consisting of not more than fifteen (15) directors, with at least one director to be selected by each of Maini, Amerigon and the Investors. The Board will also have outside directors. One director shall be the Managing Director of Newco. The Managing Director shall be appointed by the mutual consent of Amerigon and Maini and shall be a professionally qualified person. The Managing Director shall serve at the pleasure of the Board of Directors and be appointed upon such terms and conditions as the parties may mutually agree upon. Chetan Maini shall be the first Managing Director of the company. The Chairman of the Board shall

be a director appointed by Maini and the Vice-Chairman shall be a director appointed by Amerigon. The term of each of the other directors, except the Chairman, shall be for three (3) years. A director appointed by a particular party may be replaced at any time by such party upon notice to the other parties. Any replacement director shall be satisfactory to the other parties. A director may be removed only by the party appointing such director or by a majority vote of the other directors, but only for cause (e.g. breach of fiduciary duty or malfeasance). In the event that the number of directors is increased, the number of directors a party will appoint in general will be proportionate to its ownership interest in Newco. For every Amerigon director, Amerigon will and for every Maini director, Maini may, appoint an alternate director resident in India, approved by the Board of Directors of Newco as required by The Companies Act of India. The attendance of at least one Amerigon director or his alternate and at least one Maini director or his alternate shall constitute a quorum.

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

(c) The Board shall appoint the officers of the Newco, which shall include a Managing Director, a Chief Operating Officer, a Chief Financial Officer and a Secretary. The same person may hold more than one officer position. Officers shall serve at the pleasure of the Board and may be removed by the Board at any time. The Board shall meet on a regular basis (not less frequently than quarterly) and, in the first two years after the formation of the JV, management shall have monthly meetings and subsequent telephonic conference calls with the members of the Board to discuss Newco's operations and progress relative to the Operating Plan. The shareholders of Newco shall meet at least once per year at a time and place to be determined by the Board. All Board members are to be notified on the agenda to be discussed at the board meeting, at least one week prior to the Board meeting unless mutually agreed upon in writing by Amerigon and Maini.

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

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

5. Transactions between Newco and Amerigon or Maini or Others.

(a) Concurrently with formation and capitalization of a Newco, Amerigon will enter into a royalty bearing license (the "EV License") with Newco pursuant to which Amerigon will license Amerigon's EV technology on an exclusive basis in the Territory. Newco will have no right to sublicense and no rights to the EV technology outside the Territory; provided, however, that with Amerigon's prior written consent, which will not be unreasonably withheld, Newco may manufacture products in the Territory for export outside the Territory in order to fulfill commitments given to the Indian government and outlined in the Operating Plan (currently, 15%-20% of vehicles manufactured). The parties recognize that Amerigon retains all rights to the technology outside the Territory and may limit or restrict Newco's exports of finished products incorporating the technology. Amerigon intends to enter into additional joint ventures with other parties outside the Territory and may grant to such parties exclusive rights which would prevent Newco from exporting products to certain areas. Prior to making any significant investments to modify the REVA for export outside the Territory, Newco will consult with Amerigon to determine appropriate terms and conditions on such exports to assure minimum export time period and volume. Newco will pay Amerigon royalties of 5% on domestic sales and 8% on export sales for a period of 5 years (commencing with the first year of operating profit, which the parties anticipate to be year 3). Royalty payments will be calculated per the Indian Industrial Policy. Royalties will be paid no less frequently than annually and once a quarter in the 3rd, 4th and 5th year of royalty payment, and the EV License will contain other customary terms and conditions

acceptable to Amerigon. If in year 3 Newco has an operating profit but would have a net loss if it paid Amerigon the required royalty, Newco will have an option to defer payment of such party of the royalty for year 3 as would cause it to have a net loss and pay such portion of the royalty the following year, without interest.

(b) Amerigon will enter into an exclusive, royalty-free, nontransferable license with Newco to manufacture and sell Amerigon's proprietary Climate Control Seat system ("CCS") in the Territory, but only for electric vehicles manufactured in the Territory (the "CCS License"). The CCS License will contain other terms and conditions acceptable to Amerigon. In connection with the CCS License, Newco will send one engineer to visit Amerigon's offices to learn more about the CCS for the purpose of integrating it into the REVA. It is anticipated that this process would take about 6 weeks. It is also anticipated that Newco will select one of Amerigon's existing CCS models for integration into the REVA. If Newco desires to purchase finished CCS modules from Amerigon, Amerigon will supply them, regardless of quantity ordered, at the same price that Amerigon charges its principal customer for the same model. If Newco assembles CCS units in the Territory but desires to purchase parts from Amerigon, Amerigon will attempt to supply Newco with parts and will charge Newco cost plus 10% (plus all applicable taxes, duties, etc.), FOB Amerigon's facility in Irwindale, California. All sales of products will be made pursuant to Amerigon's standard terms and conditions of sale. In Newco desires to manufacture the CCS in the Territory, Amerigon will cooperate with Newco and provide technical assistance; provided, however, that Newco will reimburse Amerigon for all direct costs associated with such assistance.

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

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

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

6. Transfer of Shares: Shareholder Protection.

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

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

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

7. Liquidity.

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

be satisfied by a down payment and payments over time), and (iii) the right to cause a sale of Newco.

8. Definitive Agreements.

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

9. Expenses.

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

10. Confidentiality.

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

11. Dispute Resolution.

Any disagreement, dispute, controversy or claim (a "Dispute") arising out of or relating to Newco, this agreement or any related agreements, the obligations of the shareholders of Newco or the parties to this agreement, shall be

resolved first through friendly consultations among the parties in dispute and if such Dispute is not resolved through friendly consultations, then through binding arbitration conducted by the International Chamber of Commerce (Paris), in accordance with its International Arbitration Rules. The arbitral panel shall consist of a single arbitrator who is independent of the shareholders and such arbitration shall be conducted in London, England, or any other location agreed to in writing by the parties. The language to be used in the arbitration shall be English, although documentary evidence may be in other languages. The decision of the arbitration panel shall be final and binding on all the shareholders and may be entered in any court having jurisdiction and enforced against the shareholders. The arbitration provisions shall not preclude in any way a shareholder from seeking or obtaining preliminary or injunctive or other equitable relief from court of competent jurisdiction. If the subject matter of the Dispute relates to the infringement or misappropriation of copyrights, patents, trade secrets or other proprietary rights, the party alleging such infringement or misappropriation may elect to institute an action in a court of competent jurisdiction without using the arbitration provisions set forth herein.

12. Governing Law.

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

13. General.

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

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

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

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

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

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

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

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

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

SIGNED AND DELIVERED
ON BEHALF OF:
AMERIGON INCORPORATED ("AMERIGON")
By Mr. Lon E. Bell

/s/ Lon E. Bell
Name: Lon E. Bell
Designation: Chairman and Chief Executive Officer.

SIGNED AND DELIVERED TO
MR. SUDARSHAN K. MAINI
ON BEHALF OF:
HIMSELF AND
MAINI MATERIALS MOVEMENT PVT.LTD.
MAINI PRECISION PRODUCTS PVT.LTD.
(collectively "MAINI")
by: Mr. Sudarshan K. Maini

/s/ Sudarshan K. Maini
Name: Sudarshan K. Maini
Designation: Chairman

SCHEDULE A
OPERATING PLAN

I) Amerigon's Contribution
- -------------------------

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

1. All CAD models, drawings, electrical schematics for the REVA design
2. All software and hardware information for the REVA's EMS
3. Test reports, REVA specific test software, test results etc.
4. Database of all information about suppliers, part cost, weight, build level, BOM etc.
5. All interior and exterior concept sketches related to REVA design
6. Exterior pictures and masters of the REVA
7. REVA 1/4 scale mold
8. 5 complete vehicles (yellow, green, 2 white and red). Amerigon will transfer lease arrangements with CALSTART (for the REVA used in Alameda) and WINROCK (for the 2 REVA's used in Delhi. The Newco will keep one vehicle at all times at Amerigon.
9. 3 aluminum running chassis and 16 vehicle kits
10. Prototype tooling and fixtures for the REVA including all body, chassis, interior, door frame, seats.
11. Electric Vehicle Test equipment used by the REVA program: IPS bench tester (including dedicated computer), data acquisition, harness tester, specific electronic testing and assembly tools.
12. All specific equipment including computers for assembly, programming, debugging and testing of the EMS and IPS for the REVA.
13. Library of all books, magazines, technical papers and supplier catalogs related to REVA.
14. Miscellaneous EV equipment that is required by the REVA program. This would include floor chargers, motors, controllers, spare parts, etc.

Other

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

2. Computers: Amerigon will allow Newco use of IDEAS and CATIA stations that originally belong to the REVA program for a period of 6 months. In addition, Amerigon will transfer 1 CATIA computer station and 1 IDEAS computer station with all software and accessories to Newco, if permitted by the terms of the software licenses.
3. Employees: To enable the program to continue smoothly, Amerigon will continue to employ Chetan Maini, Todd Cameron, Ellen Morris and Dudley Hurter for a period of 4-6 months on its payroll. Newco will reimburse Amerigon for all direct employee costs including benefits (20% of base salary). Amerigon will be liable for all previously accrued vacation cost and severance costs. If the period exceeds 6 months, Amerigon and Newco will need to re-discuss this issue. Amerigon will also allow the use of Steve Griffin for the EV program on a priority basis. It is anticipated that Newco will require his services for 8-10 hrs a week. David Bell is key to the proper execution of the REVA's electrical system and EMS and hence the technical success of the program. Upon signing of the MOU, David Bell will be immediately allowed to work on the REVA Program for a minimum of 25% of his time. It is understood that it would take David Bell approximately 10 weeks to transition the radar program responsibility to another person. It is expected that his time commitment to the REVA program will gradually increase to 75% by the end of 10 weeks, and to 100% in less than 18 weeks. Amerigon will do its best to make sure that this happens. During this period, Amerigon will continue to employ David Bell and be reimbursed by Newco for his direct costs including benefits.

II) Maini's contribution
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1. Indian component costing and supplier information and quotations.
2. Marketing studies, research including all results of India 2010 Exhibition.
3. Test results including Shaker tests conducted at ARAI, safety tests and road tests in Bangalore.
4. Homologation and roadworthiness certification for the earlier REVA prototype
5. Transfer of employees to the JV, that are currently employed by the Maini Group and that worked on the REVA program.
6. US $ 1 million in new cash. A significant portion will be invested in Indian Rupees.
7. Land, buildings and infrastructure for the first 3 years. Sufficient land and building space would be provided so as to accommodate the production per the current business plan. This would work out to approximately 1000 cars per single shift. Infrastructure support would include use of Maini group's current power and generator system, water, security, canteen services etc. The JV will pay monthly costs for all utility services such as power, water etc. The JV will pay monthly costs for all utility services such as power, water etc. to Maini Group. Where costs are difficult to determine, a fair market value will be assessed.
8. Maini Group will provide the JV a 15 acre plot of land in Malur, for production expansion. Although the business plan required the use of the additional land in 2001, it is free to use it prior to that for the expansion of its manufacturing facilities.

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

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

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

III) Time and manner of contribution

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

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

	Q1-99	Q2-99	Q3-99	Q4-99	Q1-2000	Total
Maini	160	160	300	230	150	1000
Investors		870	670	670	460	2670
Total	160	1030	970	900	610	3670

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

IV) Employee stock plan

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

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

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

V) Key highlights of the Implementation Plan

A. Project Schedule and Start up Plan

A summary of the project schedule and key milestones is shown below. Based on finalizing financing by the end of December 98, production will commence by Feb 1, 2000. The critical path item is testing which is a 1-year period for the prototype vehicles and 3 month period for pre-production vehicles. This is essential to ensure that the quality and reliability of the vehicle is to the highest standards.

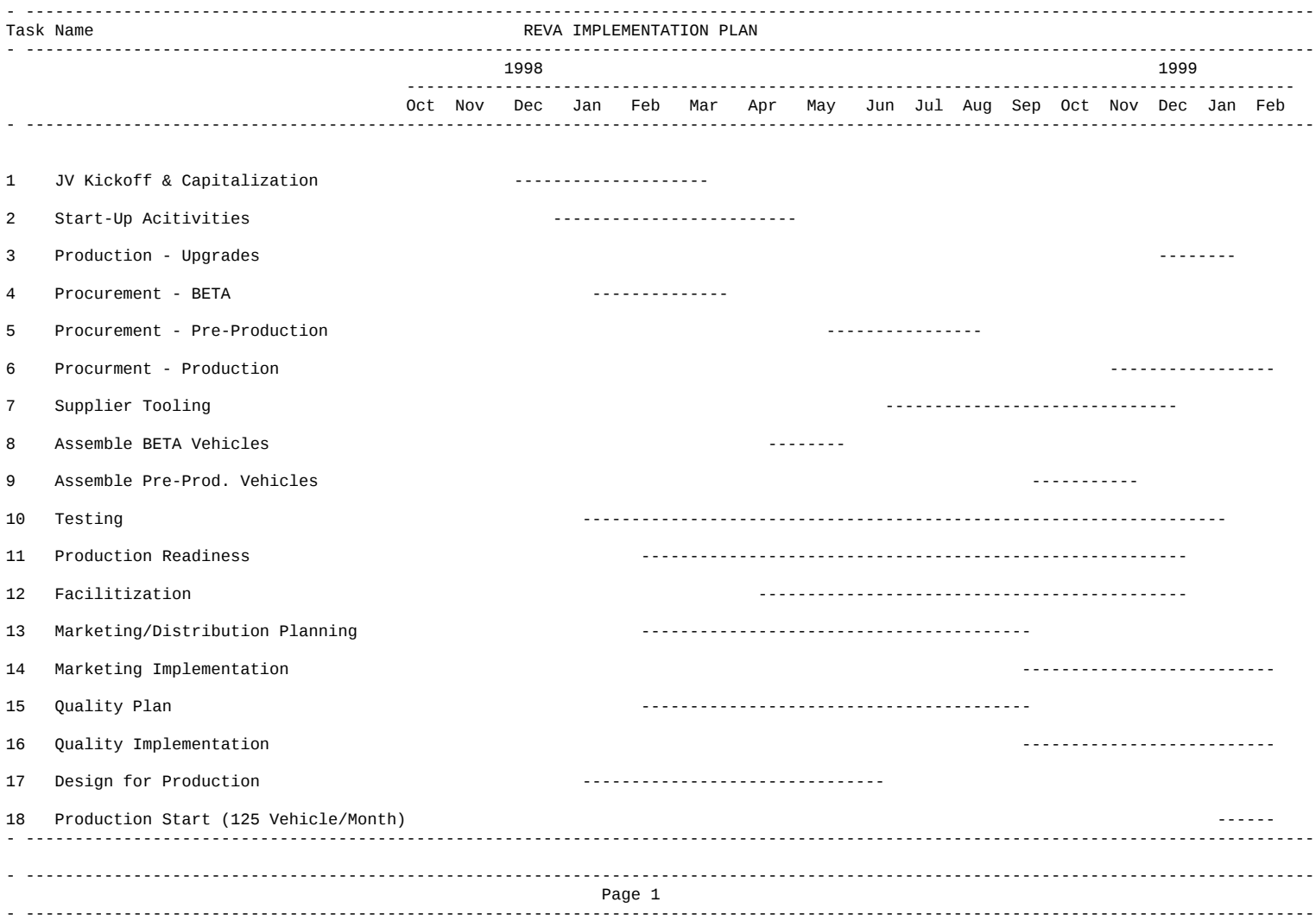
The start-up plan would include detail project planning supported by a key person in India. Simultaneously, an organizing and operating team in India will be formed. In the US, the focus on the first 3 months will be data compilation, shipping of kits, and working on key long term items-body panels,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

The production design effort will be for 5 months and all tools and fixtures should be completed by October 99, giving 2 months for tooling verification and pilot production run.

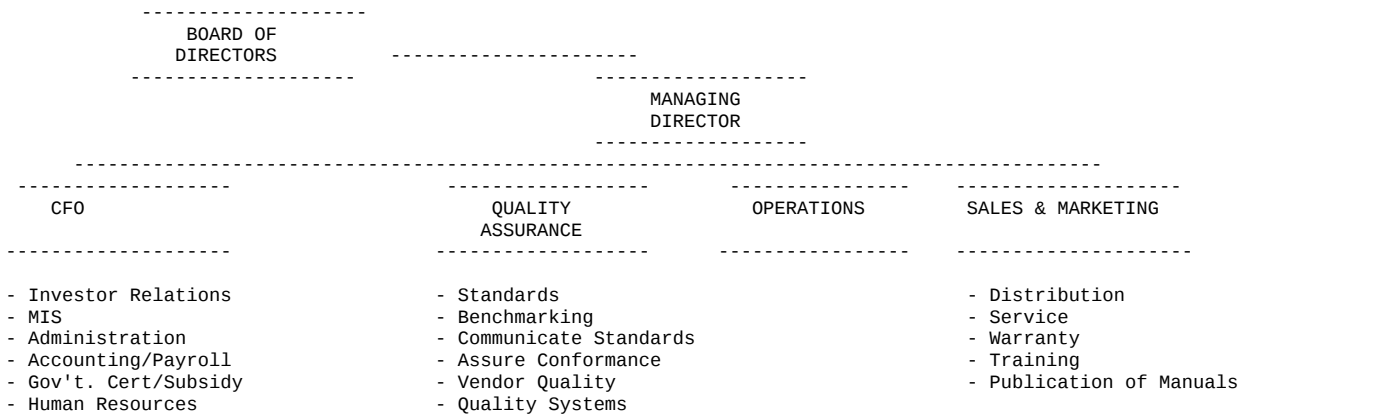
B. Organization and Staffing Plan

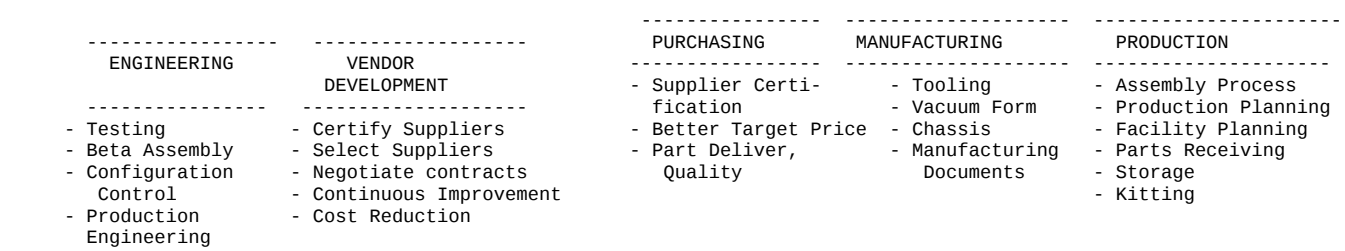
For the first year (prior to production), the JV would employ a team of 55 people as shown in the table below. The proposed organization chart is shown as two phases: Phase One for initial start-up and Phase Two as the company matures. Maini Group will be able to transfer a skeleton staff of 15 people for start-up that are ideally suited for the project. The remaining to be hired. The company will recruit 8-10 people who have previously worked on the REVA project. The recruitment process will take 2-4 months. Work using the skeleton team will start prior to that. Candidates who potentially fit the roles of key managers have been identified and will be recruited.

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


Task Name
REVA IMPLEMENTATION PLAN
1998
1999
Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb
1 JV Kickoff & Capitalization
2 Start-Up Acitivities
3 Production - Upgrades
4 Procurement - BETA
5 Procurement - Pre-Production
6 Procurment - Production
7 Supplier Tooling
8 Assemble BETA Vehicles
9 Assemble Pre-Prod. Vehicles
10 Testing
11 Production Readiness
12 Facilitization
13 Marketing/Distribution Planning
14 Marketing Implementation
15 Quality Plan
16 Quality Implementation
17 Design for Production
18 Production Start (125 Vehicle/Month)

Org. Chart for Proposed India JV thru Year 2
October 19, 1998





Org. Chart for Proposed India JV after Year 2
October 19, 1998

BOARD OF
DIRECTORS

MANAGING
DIRECTOR

CFO	RESEARCH & DEVELOPMENT	QUALITY ASSURANCE	OPERATION	SALES & MARKETING
- -Investor Relations	-Product Support	-Standards		-Distribution
- -MIS	-New Product Development	-Benchmarking		-Service
- -Administration	-Product Evolution	-Communicate Standards		-Warranty
- -Accounting/Payroll		-Assure Conformance		-Training
- -Gov't. Cert/Subsidy		-Vendor Quality		-Publication of Manuals
- -Human Resources		-Quality Systems		

ENGINEERING	PURCHASING	MANUFACTURING	PRODUCTION
-Product Modification	-Supplier Certification	-Tooling	-Assembly Process
-Continuous Improvement	-Part Delivery, Quality	-Vacuum Form	-Production Planning
-Cost Reduction	-Cost Reduction	-Chassis	-Facility Planning
-Configuration Control		-Manufacturing Documents	-Parts Receiving
			-Storage
			-Kitting

To assist in administration set up, accounting, payroll, purchasing (not vendor development), housekeeping, etc., Maini Group will provide the required resources.

Indian Staff	Number
Managing Director	1
Key Managers	9
Engineering Team Leaders	5
Engineers (Design/Production/Test)	12
Automotive Engineering Consultants	4
Sales and Marketing	6
Vendor Development	3
Test Technicians	6
Assembly Technicians	7
Administration Support	2
Total	55

In the US, a skeleton team will assist in completion and compiling of all design information. This will include Amerigon's current employees as well as key automotive consultants who have previous experience with the REVA project. Some employees from Amerigon will also spend a significant portion of their time in India to transfer the technology and assist with start-up.

C. Marketing Plan

Based on marketing surveys and work done by the leading marketing agencies in India, the following attributes of the REVA are to be marketed.

- Low cost entry
- Low operation and maintenace cost
- Ease of operation
- Environment friendly
- Pleasant, reliable, quiet & clean
- Not a "typical car"
- Battery leasing

The company will engage a highly qualified marketing firm to develop and implement an aggressive marketing and public relations plan. This will include, market surveys, detail market strategy for launch, advertisements, printed material development, road shows etc.

The company will initially focus on high profile cities as well as cities that are close to the new company so as to be able to better service the customer. The REVA will initially launch in Bangalore followed by Pune, Delhi, Agra and Coimbatore. Market surveys identify showed high sales potential for the REVA. Coimbatore is close to Bangalore, so that service can be monitored during the start-up phase. Delhi and Agra are high profile cities. Agra is the the only city in India where fossil fuel powered vehicles is banned around the Taj Mahal area and so is targeted.

The company will target private as well as institutional buyers. Private buyer demographics will include; young executives, lady drivers, retired persons, college students, etc. Institution buyer demographics will include Government offices, hospitals, universities, utility companies, etc.

In addition, the company will also focus on export markets. Initial markets will include neighboring countries such as Nepal, Bangladesh, Sri Lanka, Pakistan and Schelles, for example. (Nepal has very favorable tax laws for electric vehicles. Non-electric vehicles are taxed over 60% well as electric vehicles are only taxed at less than 5%). Other potential export markets include Southeast Asia, Africa, Europe and the US. In Europe over 25,000 diesel and electric vehicles were sold in 1997 that were the size of the REVA. The REVA will sell in Europe for $7000 which compares very favorably with other micro cars that sell for $9000-$13,000 in Europe. In the US, new legislation introduced in May 98, allows the use of low speed vehicles on city roads with minimum homologation. The REVA can very easily meet the requirements under this classification. Two companies in Canada and US have started to market Neighborhood electric vehicles (NEV's) that sell for between $7000-$8000. When compared to the REVA, these vehicles have lower range, acceleration, seating capacity and are not enclosed. US dealers that have seen the REVA have expressed serious interest in selling the vehicle and feel that it will compete very favorably against other NEV's.

As mentioned above, battery leasing will be highlighted as part of the marketing campaign. The batteries for the REVA will be leased to the end consumer for a period of 3-4 years. The fuel costs (battery and electricity) with battery leasing is Re 0.90/km (2.2 cents/km) for the REVA compared to Rs 2.15/km (5.4 cents) for Maruti 800. Battery leasing has several advantages:

1) The responsibility of the battery warranty lies with the battery manufacturer. This ensures that operating cost over time will not change and removes any fear that the customer is liable in case the battery prematurely fails.

2) The consumer does not have to pay a large amount at purchase or at replacement time for the batteries. He pays for it "as he uses it".

3) As battery technology changes, it provides the customer options for newer battery types when replacement is due. For example, a customer could choose to pay a premium for batteries with greater range.

Based on discussions with dealers and marketing agencies, the car will be launched at a lower price. In addition a free battery pack will be provided with the vehicle. The subsidy received form the government will be used to finance these activities.

D. Quality Philosophy

Making the REVA reliable and of high quality standards is going to be the key to success. Sufficient funds have been provided for quality training and engaging experienced, knowledgeable, Quality Assurance personnel. A detail quality plan will be established and executed for all components, vendors, in-house fabrication and assembly, prior to production.

Initial quality perception must be very high to insure customer satisfaction. This is to be achieved by:

- Ensuring that the design and components have significant performance margins.
- Publicizing test results and other measures of quality as part of the marketing program.
- Having measurable quality standards and goals for vendors, internal manufacturing and after sale service.
- Establishing and tracking customer satisfaction measures.
- Using perceived value measurements to guide product improvement.

In addition, production will only commerce after testing of all components has been completed and all failures or non-conformance addressed.

SCHEDULE B

	Equity Stake (%)	Contribution In Cash
Maini Group	43.50	US$1 million or equivalent Indian rupees
Amerigon	25.00	--
Investors	20.00	US$2.67 million
Chetan Maini	4.25	--
Bob Marcellini	1.55	--
David Bell	1.20	--
Open Pool	4.50	n/a
TOTAL	100.00	

EXHIBIT 10.23

CREDIT AGREEMENT

THIS CREDIT AGREEMENT (this "Agreement"), dated as of March 16, 2000, is made between Amerigon Incorporated, a California corporation (the "Company"), and Big Star Investments LLC ("Lender").

The Company has requested the Lender to make term loans to the Company in an aggregate principal amount of up to $1,500,000 (the "Initial Loans"). The Lender is willing to make such loans to the Company upon the terms and subject to the conditions set forth in this Agreement. In addition, this Agreement also provides for the advance of up to $2,500,000 in aggregate principal amount of term loans in the event the Lender, in its sole discretion, elects to make such loans to the Company (the "Additional Loans"). The Initial Loans and any Additional Loans are collectively referred to herein as the "Loans."

The Lender may elect to convert its Loans into Class A Common Stock of the Company as provided herein.

In order to induce the Lender to enter into this Agreement, the Company has agreed to issue certain warrants to the Lender or its members as provided herein.

This Agreement amends and restates and supersedes the Credit Agreement dated as of March 28, 1999 among the Company and lender (the "Prior Credit Agreement").

Accordingly, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01 CERTAIN DEFINED TERMS. As used in this Agreement, the following terms shall have the following meanings:

"ADDITIONAL BRIDGE LOAN WARRANTS" has the meaning set forth in Section 2.11.

"AFFILIATE" means any Person which, directly or indirectly, controls, is controlled by or is under common control with another Person. For purposes of the foregoing, "control," "controlled by" and "under common control with" with respect to any Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

"BRIDGE LOAN WARRANTS" means the Initial Bridge Loan Warrants and any Additional Bridge Loan Warrants.

"BUSINESS DAY" means a day of the year on which commercial banks are not required or authorized by law to close in Los Angeles, California.

"CLOSING DATE" means the date upon which the conditions set forth in Sections 3.01 and 3.02 are satisfied and the initial Loan hereunder is made.

"COLLATERAL" means the property described in the Collateral Documents, and all other property now existing or hereafter acquired which may at any time be or become subject to a Lien in favor of the Lender pursuant to the Collateral Documents or otherwise, securing the payment and performance of the Obligations.

"COLLATERAL DOCUMENTS" means the Security Agreement, the Patent and Trademark Security Agreement, any other agreement pursuant to which the Company provides a Lien on its assets in favor of the Lender and all filings (including, but not limited to, all U.C.C. financing statements filed to perfect the security interests granted in the Security Agreement), documents and agreements made or delivered pursuant thereto.

"COMMITMENT" means $1,500,000 or, where the context so requires, the obligation of the Lender to make an Initial Loan up to such amount on the terms and conditions set forth in this Agreement.

"COMPANY" has the meaning set forth in the recital of parties to this Agreement.

"DEFAULT" means an Event of Default or an event or condition which with notice or lapse of time or both would constitute an Event of Default.

"ENVIRONMENTAL LAWS" means all federal, state or local laws, statutes, common law duties, rules, regulations, ordinances, judgments and codes, together with all administrative orders, directives, requests, licenses, authorizations and permits of, and agreements with (including consent decrees), any governmental agencies or authorities, in each case relating to or imposing liability or standards of conduct concerning public health, safety and environmental protection matters.

"EVENT OF DEFAULT" has the meaning set forth in Section 6.01.

"FINAL MATURITY DATE" means the earlier to occur of (i) August 31, 2000, or (ii) the occurrence of a Trigger Event.

"GAAP" means generally accepted accounting principles in the United States, consistently applied.

"HAZARDOUS SUBSTANCES" means any toxic, radioactive, caustic or other hazardous substances, materials, wastes, contaminants or pollutants, including asbestos, PCBs, petroleum products and byproducts, and any substances defined or listed as "hazardous substances," "hazardous materials," "hazardous wastes" or "toxic substances" (or similarly identified or having any constituent substances displaying any of the foregoing characteristics), regulated under or forming the basis for liability under any applicable Environmental Law.

"INDEBTEDNESS" means, for any Person, (i) all indebtedness or other obligations of such Person for borrowed money or for the deferred purchase price of property or services which purchase price is (a) due more than six months from the date of incurrence of the obligation in

respect thereof, or (b) evidenced by a note or similar written instrument, but excluding trade payables incurred in the ordinary course of business; (ii) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses described in clause (i) above; (iii) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person; (iv) all reimbursement and other obligations of such Person in respect of letters of credit and bankers acceptances and all net obligations in respect of interest rate swaps, caps, floors and collars, currency swaps, and other similar financial products; (v) all obligations under leases which shall have been or should be, in accordance with GAAP, recorded as capital leases; and (vi) all indebtedness of another Person of the types referred to in clauses (i) through (v) guaranteed directly or indirectly in any manner by the Person for whom Indebtedness is being determined, or in effect guaranteed directly or indirectly by such Person through an agreement to purchase or acquire such indebtedness, to advance or supply funds for the payment or purchase of such indebtedness or otherwise assure a creditor against loss, or secured by any Lien upon or in property owned by the Person for whom Indebtedness is being determined, whether or not such Person has assumed or become liable for the payment of such indebtedness of such other Person.

"INITIAL BRIDGE LOAN WARRANTS" has the meaning set forth in Section 2.11.

"INVESTORS" shall mean Westar Capital II LLC and Big Beaver Investments LLC.

"INVESTORS RIGHTS AGREEMENT" means the Investors' Rights Agreement dated as of June 8, 1999 among the Company and the Investors.

"LENDER" has the meaning set forth in the recital of parties to this Agreement.

"LIEN" means any mortgage, pledge, security interest, assignment, deposit arrangement, charge or encumbrance, lien or other type of preferential arrangement (other than a financing statement filed by a lessor in respect of an operating lease not intended as security).

"LOAN AVAILABILITY PERIOD" means the period extending from and including the Closing Date through the earliest of : (i) August 31, 2000, (ii) the occurrence of a Trigger Event, or (iii) the date upon which the Lender declares an Event of Default.

"LOAN DOCUMENTS" means this Agreement, the Note, the Collateral Documents and all other certificates, documents, agreements and instruments delivered to the Lender under or in connection with this Agreement.

"LOANS" means the Initial Loan, and any Additional Loans.

"MARKET PRICE" shall mean, with respect to a particular Loan (i) the average closing bid price of the Class A Common Stock, for ten (10) consecutive business days ending on the date that Lender makes such Loan to Company, as reported by Nasdaq, if the Class A Common Stock is traded on the Nasdaq SmallCap Market, or (ii) the average last reported sale price of the Class A Common Stock, for ten (10) consecutive business days ending on the date that Lender makes such Loans to the Company, as reported by the primary exchange on which the Class A Common Stock is traded, if the Class A Common Stock is traded on a national securities

exchange, or by Nasdaq, if the Class A Common Stock is traded on the Nasdaq National Market.

"MATERIAL ADVERSE EFFECT" means any event, circumstance or condition that, individually or in the aggregate (i) has or could reasonably be expected to have a material adverse effect on the business, operations, assets, liabilities (including without limitation contingent liabilities), prospects, employee relationships, customer or supplier relationships, or the condition (financial or otherwise) of the Company; (ii) would materially impair the ability of the Company to perform or observe its obligations under or in respect of the Loan Documents; or (iii) adversely affects the legality, validity, binding effect or enforceability of any of the Loan Documents or the perfection or priority of any Lien granted to the Lender under any of the Collateral Documents.

"NOTE" has the meaning set forth in Section 2.03.

"OBLIGATIONS" means the indebtedness, liabilities and other obligations of the Company to the Lender under or in connection with the Loan Documents, including all Loans, all interest accrued thereon, all fees due under this Agreement and all other amounts payable by the Company to the Lender thereunder or in connection therewith.

"PATENT AND TRADEMARK SECURITY AGREEMENT" means the Patent and Trademark Assignment and Security Agreement between the Company and the Lender, in form and substance satisfactory to the Lender.

"PERMITTED LIENS" means: (i) Liens in favor of the Lender; (ii) the existing Liens (including leases and subleases) listed in SCHEDULE 1 or incurred in connection with the extension, renewal or refinancing of the Indebtedness secured by such existing Liens, PROVIDED that any extension, renewal or replacement Lien shall be limited to the property encumbered by the existing Lien and the principal amount of the Indebtedness being extended, renewed or refinanced does not increase; (iii) Liens for taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings and which are adequately reserved for in accordance with GAAP, PROVIDED the same does not have priority over any of the Lender's Liens and no notice of tax lien has been filed of record; (iv) Liens of materialmen, mechanics, warehousemen, carriers or employees or other similar Liens provided for by mandatory provisions of law and securing obligations either not delinquent or being contested in good faith by appropriate proceedings and which do not in the aggregate materially impair the use or value of the property or risk the loss or forfeiture thereof; (v) Liens consisting of deposits or pledges to secure the performance of bids, trade contracts, leases, public or statutory obligations, or other obligations of a like nature incurred in the ordinary course of business (other than for Indebtedness); (vi) Liens upon or in any equipment acquired or held by the Company to secure the purchase price of such equipment or Indebtedness incurred solely for the purpose of financing the acquisition of such equipment; and (vii) restrictions and other minor encumbrances on real property which do not in the aggregate materially impair the use or value of such property or risk the loss or forfeiture thereof.

"PERSON" means an individual, corporation, partnership, joint venture, trust, unincorporated organization or any other entity of whatever nature or any governmental agency or authority.

"RESPONSIBLE OFFICER" means, with respect to any Person, the chief executive officer, the president, the chief financial officer or the treasurer of such Person, or any other senior officer of such Person having substantially the same authority and responsibility.

"SECURITY AGREEMENT" means a Security Agreement between the Company and the Lender, in form and substance satisfactory to the Lender.

"TRIGGER EVENT" means that the Company (or its Board of Directors) shall have authorized, recommended, proposed or publicly announced its intention to enter into (or has failed to recommend rejection of) any tender or exchange offer, merger, consolidation, liquidation, dissolution, business combination, recapitalization, acquisition, or disposition of a material amount of assets or securities or any comparable transaction which has not been consented to in writing by the Lender.

SECTION 1.02 ACCOUNTING TERMS. Unless otherwise defined or the context otherwise requires, all accounting terms not expressly defined herein shall be construed, and all accounting determinations and computations required under this Agreement or any other Loan Document shall be made, in accordance with GAAP.

SECTION 1.03 INTERPRETATION. In the Loan Documents, except to the extent the context otherwise requires: (i) any reference to an Article, a Section, a Schedule or an Exhibit is a reference to an article or section thereof, or a schedule or an exhibit thereto, respectively, and to a subsection or a clause is, unless otherwise stated, a reference to a subsection or a clause of the Section or subsection in which the reference appears; (ii) the words "hereof," "herein," "hereto," "hereunder" and the like mean and refer to this Agreement or any other Loan Document as a whole and not merely to the specific Article, Section, subsection, paragraph or clause in which the respective word appears; (iii) the meaning of defined terms shall be equally applicable to both the singular and plural forms of the terms defined; (iv) the words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation;" (v) references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of the Loan Documents; (vi) references to statutes or regulations are to be construed as including all statutory and regulatory provisions consolidating, amending or replacing the statute or regulation referred to; (vii) any table of contents, captions and headings are for convenience of reference only and shall not affect the construction of this Agreement or any other Loan Document; and (viii) in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding"; and the word "through" means "to and including."

ARTICLE II

THE LOANS

SECTION 2.01 LOANS. The Lender agrees, subject to the terms and conditions of this Agreement, to make term loans (each an "Initial Loan") to the Company on the Closing Date and from time to time during the Loan Availability Period following the Company's

compliance with the borrowing procedure under Section 2.02 below, in the aggregate principal amount up to but not exceeding the Term Commitment.

The Lender may agree in its sole discretion, subject to the terms and conditions of this Agreement, to make additional loans in an aggregate principal amount not to exceed $2,500,000 (each an "Additional Loan") to the Company from time to time during the Loan Availability Period following the Company's compliance with the borrowing procedure under Section 2.02 below. In addition, the Company acknowledges that neither the Lender nor either of its investors have been granted the requisite internal approvals which are a condition to the making of Additional Loans and such approvals may not be forthcoming and would only be obtained in the sole discretion of the Lender and its investors. Nothing in this Agreement or any other Loan Document shall constitute a commitment or other undertaking by the Lender or any of its investors or affiliates to make Additional Loans.

SECTION 2.02 BORROWING PROCEDURE. Each Loan shall be made upon written notice from the Company to the Lender, which notice shall be received by the Lender not later than 10:00 A.M. (California time) at least three (3) Business Days prior to the proposed borrowing date. Each such notice of borrowing shall be irrevocable and binding on the Company and shall specify the proposed date of the borrowing (which shall be a Business Day), the amount of the borrowing (which shall be at least $200,000 or a greater amount which is an integral multiple of $50,000), and payment instructions with respect to the funds to be made available to the Company. Upon fulfillment of the applicable conditions set forth in Article III hereof, the Lender shall make the Loan available to the Company in same day funds, or such other funds as shall separately be agreed upon by the Company and the Lender, in accordance with the payment instructions provided to the Lender as set forth in the borrowing request delivered pursuant hereto.

SECTION 2.03 EVIDENCE OF INDEBTEDNESS. At the request of the Lender, the Company shall execute and deliver for account of the Lender a promissory note (the "Note"), in a form reasonably acceptable to the Lender, as additional evidence of the Indebtedness of the Company to the Lender resulting from each Loan.

SECTION 2.04 INTEREST. The Company hereby promises to pay interest on the unpaid principal amount of each Loan from the date of such Loan until the maturity thereof, at a rate equal to 10% per annum, on the date of any prepayment of any such Loan and at maturity.

Any principal payments on the Loans not paid when due and, to the extent permitted by applicable law, any interest payments on the Loans not paid when due, in each case whether at stated maturity, by notice of prepayment, by acceleration or otherwise, shall thereafter bear interest (including post-petition interest in any proceeding under applicable bankruptcy laws) payable on demand at a rate which is 2% per annum in excess of the interest rate otherwise payable under this Agreement for Loans. Payment or acceptance of the increased rates of interest provided for in this paragraph is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of Lender.

SECTION 2.05 COMPUTATIONS. All computations of fees and interest hereunder shall be made on the basis of a year of 360 days for the actual number of days occurring in the period for which any such interest or fee is payable.

SECTION 2.06 HIGHEST LAWFUL RATE. Anything herein to the contrary notwithstanding, if during any period for which interest is computed hereunder, the applicable interest rate, together with all fees, charges and other payments which are treated as interest under applicable law, as provided for herein or in any other Loan Document, would exceed the maximum rate of interest which may be charged, contracted for, reserved, received or collected by the Lender in connection with this Agreement under applicable law (the "Maximum Rate"), the Company shall not be obligated to pay, and the Lender shall not be entitled to charge, collect, receive, reserve or take, interest in excess of the Maximum Rate, and during any such period the interest payable hereunder shall be limited to the Maximum Rate.

SECTION 2.07 TERMINATION OF THE COMMITMENT. Upon the earlier to occur of (i) August 31, 2000, (ii) the occurrence of a Trigger Event, or (iii) the Lender's declaration of an Event of Default, any unused portion of the Term Commitment shall terminate. After the Term Commitment terminates under this Section 2.07 it may not be reinstated.

SECTION 2.08 REPAYMENT OF THE LOAN. The Company hereby promises to pay to the Lender the principal amount of the Term Loans and any accrued interest thereon in full on the Final Maturity Date.

SECTION 2.09 PREPAYMENTS OF THE LOANS.

(a) OPTIONAL PREPAYMENTS. The Company may, upon prior notice to the Lender, prepay the outstanding amount of the Loans in whole or in part, without premium or penalty.

(b) NOTICE; APPLICATION. The notice given of any prepayment shall specify the date and amount of the prepayment. If the notice of prepayment is given, the Company shall make such prepayment and the prepayment amount specified in such notice shall be due and payable on the date specified therein, with accrued interest to such date on the amount prepaid.

SECTION 2.10 PAYMENTS.

(a) PAYMENTS. The Company shall make each payment under the Loan Documents, unconditionally in full without deduction, set-off, counterclaim or, to the extent permitted by applicable law, other defense, and free and clear of, and without reduction for or on account of, any present and future taxes or withholdings (other than a tax on the overall net income of the Lender), and all liabilities with respect thereto. Each payment shall be made not later than 11:00 A.M. (California time) on the day when due to the Lender in U.S. dollars and in immediately available funds, or such other funds as shall be separately agreed upon by the Company and the Lender, in accordance with the Lender's payment instructions.

(b) EXTENSION. Whenever any payment hereunder shall be stated to be due, or whenever any interest payment date or any other date specified hereunder would otherwise occur, on a day other than a Business Day, then, except as otherwise provided herein,

such payment shall be made, and such interest payment date or other date shall occur, on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest.

(c) APPLICATION. Each payment by or on behalf of the Company hereunder shall, unless a specific determination is made by the Lender with respect thereto, be applied (i) first, to accrued and unpaid interest due the Lender; and (ii) second, to principal due the Lender.

SECTION 2.11 CONVERSION OF LOANS INTO CLASS A COMMON STOCK. The Lender shall have conversion rights as follows (the "Conversion Rights"):

(a) CONVERSION RIGHTS. The Lender may elect in its sole discretion to convert the principal of or interest accrued under all or a portion of any Loan into Class A Common Stock of the Company at a conversion price equal to the Market Price of the Class A Common Stock as of the date that such Loan was made to the Company; provided that in the event the Company issues in excess of $5 million of equity securities in an offering at an issuance price that is less than the Market Price with respect to a particular Loan, the conversion price relating to such Loan shall be reduced to such issuance price (the "Conversion Price"). The Conversion Price for the Note shall be subject to adjustment as set forth in subsection 2.11(c).

(b) MECHANICS OF CONVERSION. Before the Lender shall be entitled to convert the Note into shares of Class A Common Stock, the Lender shall, in the case of a partial conversion of the Note, indicate on the face of the Note the amount so converted and provide a copy of the Note to the Company or, in the case of the conversion of all of the remaining outstanding principal and interest due under the Note, surrender the Note, duly endorsed, at the office of the Company and shall give written notice to the Company at its principal corporate office, of the election to convert the same or a portion thereof and shall state therein the name or names in which the certificate or certificates for shares of Class A Common Stock are to be issued. The Company shall, as soon as practicable thereafter, issue and deliver at such office to Lender, or to the nominee or nominees of Lender, a certificate or certificates for the number of shares of Class A Common Stock to which such persons shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the Note and the person or persons entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Class A Common Stock as of such date. If the conversion is in connection with an underwritten offering of securities registered pursuant to the Securities Act of 1933, the conversion may, at the option of Lender, be conditioned upon the closing with the underwriters of the sale of securities pursuant to such offering, in which event the person(s) entitled to receive the Class A Common Stock upon conversion of the Note shall not be deemed to have converted such Note until immediately prior to the closing of such sale of securities.

(c) CONVERSION PRICE ADJUSTMENTS OF NOTE FOR CERTAIN DILUTIVE ISSUANCES, SPLITS AND COMBINATIONS. The Conversion Price of the Note shall be subject to adjustment from time to time as follows:

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

(ii) If the number of shares of Class A Common Stock outstanding at any time after the Closing Date is decreased by a combination of the outstanding shares of common stock, then, following the record date of such combination, the Conversion Price for the Note shall be appropriately increased so that the number of shares of Class A Common Stock issuable on conversion of the Note or a portion thereof shall be decreased in proportion to such decrease in outstanding shares.

(iii) All adjustments to the Conversion Price will be calculated to the nearest cent of a dollar. No adjustment in the Conversion Price will be required unless such adjustment would require an increase or decrease of at least one cent per dollar; provided, however, that any adjustments which by reason of this Section 2.11(c)(iii) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All adjustments to the Conversion Price shall be made successively.

(d) RECAPITALIZATIONS AND REORGANIZATIONS. If the Class A Common Stock issuable upon conversion of the Note shall be changed into or exchanged for a different class or classes of capital stock, or other securities or property whether by reorganization, recapitalization or otherwise (other than a subdivision, combination or merger or sale of assets transaction provided for elsewhere in this Section 2.11) provision shall be made so that the Lender shall thereafter be entitled to receive upon conversion of the Note the number of shares of stock or other securities or property, to which a holder of Class A Common Stock deliverable upon conversion would have been entitled on such recapitalization or reorganization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 2.11 with respect to the rights of the Lender after the recapitalization or reorganization to the end that the provisions of this Section 2.11 (including adjustment of the Conversion Price then in effect and the number of shares purchasable upon conversion of the Note) shall be applicable after the event as nearly equivalent as may be practicable.

(e) NO IMPAIRMENT. The Company will not, by amendment of its Articles of Incorporation or through any reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to

avoid the observance or performances of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out all of the provisions of this Section 2.11 and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of the Lender against impairment.

(f) NO FRACTIONAL SHARES AND CERTIFICATE AS TO ADJUSTMENTS.

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

(ii) Upon the occurrence of each adjustment or readjustment of the Conversion Price of the Note pursuant to this Section 2.11, the Company, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to the Lender a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Company shall, upon the written request at any time of the Lender, furnish or cause to be furnished to the Lender a like certificate setting forth (A) such adjustment and readjustment, (B) the Conversion Price for the Note at the time in effect , and (C) the number of shares of Class A Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of the Note.

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

(h) RESERVATION OF STOCK ISSUABLE UPON CONVERSION. The Company shall at all times reserve and keep available out of its authorized but unissued shares of Class A Common Stock, solely for the purpose of effecting conversion of the Note, such number of its shares of Class A Common Stock as shall from time to time be sufficient to effect the conversion of the Note; and it at any time the number of authorized but unissued shares of Class A Common Stock shall not be sufficient to effect the conversion of the Note, in addition to such other remedies as shall be available to the Lender, the Company will take such corporate action as may, in the option of its counsel, be necessary to increase its authorized but unissued shares of Class A Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite shareholder approval of any necessary amendment to its articles of incorporation.

(i) NO STOCKHOLDER RIGHTS. Nothing contained in this Agreement shall be construed as conferring upon the Lender or any other person the right to vote or to consent to receive notice as a stockholder in respect of meeting of stockholders for the election of directors of the Company or any or any other matters or any other rights whatsoever as a stockholder of the Company; and no dividends or interest shall be payable or accrued in respect of the Note or the Class A Common Stock obtainable under this Section 2.11 until, and only to the extent that, this Note shall have been converted.

(j) Any Loans that are converted into Class A Common Stock as provided herein will be deemed to be paid in full for all purposes of this Agreement and the other Loan Documents.

SECTION 2.12 WARRANTS.

(a) Concurrently with the execution of this Agreement, and in consideration of the Lender's agreement to make Initial Loans to the Company, the Company will issue to the Lender a warrant to purchase an amount of the Class A Common Stock of the Company equal to 10% of the principal amount of the Initial Loans divided by the Exercise Price (as defined below) and on the terms and conditions set forth in EXHIBIT A hereto (the "Initial Bridge Loan Warrants").

(b) In addition, on any date that the Lender, in its sole discretion, makes Additional Loans to the Company, in consideration thereof, the Company will issue to the Lender additional warrants to purchase shares of the Class A Common Stock of the Company on the terms and conditions set forth in EXHIBIT A hereto and in an amount equal to 10% of the principal amount of the Additional Loans provided by Lender divided by the Exercise Price (the "Additional Bridge Loan Warrants").

(c) The Exercise Price of any Warrants shall be equal to the Conversion Price calculated as of the date of the particular Loan as further provided in the Bridge Loan Warrants.

SECTION 2.13 LIMITATION ON CONVERSION RIGHTS AND EXERCISE OF WARRANTS. In no event shall the Lender be entitled to convert the Note or exercise the Warrants to the extent that, after giving effect to such conversion or exercise, the Lender shall have acquired pursuant to such conversion and exercise more than 19.99% of the outstanding Class A Common Stock of the Company such that a shareholder vote would have been required in connection with the issuance of the Note and the Bridge Loan Warrants under applicable NASDAQ rules or to the extent that the Class A Common Stock issued pursuant to the conversion or exercise of the Note and the Bridge Loan Warrants exceeds the amount approved by the California Department of Corporations. In the event Lender anticipates that the Class A Common Stock issued pursuant to the conversion or exercise of the Note and the Bridge Loan Warrants may exceed the amount approved by the California Department of Corporations, then at the Lender's request the Company shall apply for an additional permit from the California Department of Corporations covering any additional shares of Class A Common Stock requested by Lender and use its best efforts to have such application approved.

ARTICLE III

CONDITIONS PRECEDENT

SECTION 3.01 CONDITIONS PRECEDENT TO THE INITIAL LOAN. The obligation of the Lender to make its initial Loan on the date of the initial borrowing hereunder (the "Closing Date") shall be subject to the satisfaction of each of the following conditions precedent before or concurrently with the initial Loan:

(a) FEES AND EXPENSES. The Company shall have paid all fees and invoiced costs and expenses then due hereunder.

(b) LOAN DOCUMENTS. The Lender shall have received the following Loan Documents: (i) this Agreement executed by the Company, (ii) the Note required hereunder, executed by the Company; and (iii) the Collateral Documents executed by each of the respective parties thereto.

(c) DOCUMENTS AND ACTIONS RELATING TO COLLATERAL. The Lender shall have received, in form and substance satisfactory to it, results of such Lien searches as it shall reasonably request, and evidence that all filings, registrations and recordings have been made in the appropriate governmental offices, and all other action has been taken, which shall be necessary to create, in favor of the Lender, a perfected first priority Lien on the Collateral, subject only to Permitted Liens.

(d) ADDITIONAL CLOSING DOCUMENTS. The Lender shall have received the following, in form and substance satisfactory to it: (i) evidence that all (A) authorizations or approvals of any governmental agency or authority, and (B) approvals or consents of any other Person, required in connection with the execution, delivery and performance of the Loan Documents shall have been obtained; and (ii) a certificate of the Secretary or other appropriate officer of the Company, dated the Closing Date, certifying (A) copies of the articles or certificate of incorporation, and bylaws, of the Company and the resolutions and other actions taken or adopted by the Company authorizing the execution, delivery and performance of the Loan Documents, and (B) the incumbency, authority and signatures of each officer of the Company authorized to execute and deliver the Loan Documents and act with respect thereto.

(e) LEGAL OPINION. The Lender shall have received an opinion of legal counsel to the Company dated the Closing Date, in the form attached hereto as EXHIBIT B.

(f) INITIAL BRIDGE LOAN WARRANTS. The Company shall have delivered to the Lender a duly executed Initial Bridge Loan Warrants, in the form attached hereto as EXHIBIT A.

(g) AMENDMENT TO INVESTORS RIGHTS AGREEMENT. The Company and the Investors shall have entered into the First Amendment to the Investors Rights' Agreement, in substantially the form attached hereto as EXHIBIT C.

(h) PERMIT. All evidences of indebtedness issued by the Company pursuant to (and including) this Agreement shall have been qualified by permit filed with and approved by the

California Department of Corporations pursuant to Section 25113 of the California Corporations Code.

SECTION 3.02 CONDITIONS PRECEDENT TO ALL LOANS. The obligation of the Lender to make each Initial Loan (and to the extent that the Lender has agreed in its sole discretion in writing after the Closing Date to make Additional Loans, the obligation of the Lender to make Additional Loans provided for in such writing) shall be subject to the satisfaction of each of the following conditions precedent:

(a) NOTICE. The Company shall have given its notice of borrowing as provided in Section 2.02.

(b) MATERIAL ADVERSE EFFECT. On and as of the date of such Loan, there shall have occurred no change or event since the date of this Agreement (in the case of the initial Loan) or the date of the most recent borrowing (in the case of any subsequent Loan), as the case may be, that has or could reasonably be expected to have a Material Adverse Effect.

(c) NO DEFAULT. On the date of such Loan, both before and after giving effect thereto and to the application of proceeds therefrom, no material Default shall have occurred and be continuing or shall result from the making of such Loan. The giving of any notice of borrowing and the acceptance by the Company of the proceeds of each Loan made on or following the Closing Date shall each be deemed a certification to the Lender that on and as of the date of such Loan no material Default shall have occurred or shall result from the making of the Loan.

(d) ADDITIONAL DOCUMENTS. The Lender shall have received, in form and substance satisfactory to it, such additional approvals, opinions, documents and other information as the Lender may reasonably request, including in the case of any Additional Loans, the Additional Bridge Loan Warrants to be issued to Lender pursuant to Section 2.12.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01 REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company represents and warrants to the Lender that, except as set forth in the Disclosure Letter:

(a) ORGANIZATION AND POWERS. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of California, and has all requisite power and authority to execute, deliver and perform its obligations under the Loan Documents. The Company is qualified to do business and is in good standing in each jurisdiction in which the failure so to qualify or be in good standing would result in a Material Adverse Effect and has all requisite power and authority to own its assets and carry on its business.

(b) AUTHORIZATION; NO CONFLICT. The execution, delivery and performance by the Company of the Loan Documents have been duly authorized by all necessary corporate

action of the Company and do not and will not (i) result in a violation of the Company's Articles of Incorporation or Bylaws, (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any material agreement, indenture or instrument to which the Company or any of its properties is subject, or result in a violation of any material law, rule, regulation, order, judgment or decree (including U.S. federal and state securities laws and regulations) applicable to the Company or by which any property or asset of the Company is bound or affected, or (iii) except as contemplated by this Agreement, result in, or require, the creation or imposition of any Lien upon or with respect to any of the properties, assets or revenues of the Company. The Company is not in violation of its Articles of Incorporation, Bylaws or other organizational documents, or of any judgment, order, writ, decree, law, rule or regulation to which the Company or its properties is subject in any material respect. The Company is not in default (and no event has occurred which, with notice or lapse of time or both, would put the Company in default) under, nor has there occurred any event giving others (with notice or lapse of time or both) any rights of termination, amendment, acceleration or cancellation of, any material agreement, indenture or instrument to which the Company is a party or any of its properties is subject in any material respect.

(c) BINDING OBLIGATION. The Loan Documents constitute, or when delivered under this Agreement, will constitute, legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, 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.

(d) CONSENTS. No authorization, consent, approval, license, exemption of, or filing or registration with, any governmental agency or authority, or approval or consent of any other Person, is required for the due execution, delivery or performance by the Company of any of the Loan Documents, except for such approvals as have been obtained or as set forth in SCHEDULE 2 hereto.

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

(f) PATENTS AND TRADEMARKS. The Company owns or licenses from another person all inventions, patents, patent rights, computer software, trademarks, trademark rights, service marks, service mark rights, trade names, trade name rights and copyrights (collectively, the "Intellectual Property") necessary for its business without any conflict with or infringement of the valid rights of others and the lack of which could materially and adversely affect the operations or condition, financial or otherwise, of the Company, and the Company has not received any notice of infringement upon or conflict with the asserted rights of others. The Disclosure Letter contains a complete list of all such patents, patent rights, registered trademarks,

registered service marks, registered copyrights, all agreements related to the foregoing, and all agreements pursuant to which the Company licenses Intellectual Property from or to a third party (excluding "shrink wrap" license agreements relating solely to off the shelf software which is not material to the Company's business). All such Intellectual Property owned by the Company is owned free and clear of all liens, adverse claims, encumbrances, or restrictions, except for restrictions contained in the terms of the licenses listed in the Disclosure Letter. All such Intellectual Property licensed by the Company is the subject of a license agreement which is legal, valid, binding and enforceable and in full force and effect. The consummation of the transactions contemplated hereby will not result in the termination or impairment of the Company's ownership of, or right to use, any Intellectual Property. The Company has a valuable body of trade secrets, including know-how, concepts, business plans, and other technical data (the "Proprietary Information") for the development, manufacture and sale of its products. The Company has the right to use the Proprietary Information free and clear of any material rights, liens, encumbrances or claims of others. The Company is not aware, after reasonable investigation, that any of its employees is obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any judgment, decree or order of any court or administrative agency, that would interfere with the use of his or her best efforts to promote the interests of the Company or that would conflict with the Company's business in any material respect.

(g) TITLE TO PROPERTIES; LIENS. The Company has good and marketable title to, or valid and subsisting leasehold interests in, its properties and assets, including all property forming a part of the Collateral, in all material respects, and there is no Lien upon or with respect to any of such properties or assets, including any of the Collateral, except for Permitted Liens.

(h) SEC DOCUMENTS AND FINANCIAL STATEMENTS. Since January 1, 1997, the Company has timely filed all reports, schedules, forms, statements and other documents required to be filed by it with the Securities and Exchange Commission ("SEC") pursuant to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (all of the foregoing and all exhibits included therein and financial statements and schedules thereto and documents incorporated by reference therein, with amendments read together with underlying documents, are referred to herein as the "SEC Documents"). As of their respective dates, the SEC Documents complied in all material respects with the requirements of the Exchange Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. As of their respective dates, the financial statements of the Company included in the SEC Documents complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto. Such financial statements have been prepared in accordance with U.S. generally accepted accounting principles, consistently applied, during the periods involved and fairly and accurately present in all material respects the consolidated financial position of the Company and its consolidated subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments). Except as set forth in the most recent balance sheet provided to the Lender or the Disclosure Schedule, the Company

has no liabilities, contingent or otherwise, other than (i) liabilities incurred in the ordinary course of business subsequent to the date of such financial statements and (ii) obligations under contracts and commitments incurred in the ordinary course of business and not required under generally accepted accounting principles to be reflected in such financial statements, which, individually or in the aggregate, are not material to the financial condition or operating results of the Company. Except as disclosed in such financial statements, the Company is not a guarantor or indemnitor of any indebtedness of any other person, firm or corporation.

(i) WARRANTS. The Bridge Loan Warrants is duly authorized and, upon issuance in accordance with the terms of this Agreement, will be validly issued, fully paid and nonassessable, and will be free of liens, claims, encumbrances and restrictions on transfer, other than restrictions on transfer under applicable state and federal securities laws or as set forth therein. The shares of Class A Common Stock issuable upon exercise of the Bridge Loan Warrants and upon exercise of the Conversion Rights are duly authorized and reserved for issuance, and, upon exercise of the Bridge Loan Warrants or the Conversion Rights, as the case may be, in accordance with the terms thereof, will be validly issued, fully paid and nonassessable, and will be free of liens, claims, encumbrances and restrictions on transfer, other than restrictions on transfer under applicable state and federal securities laws or as set forth therein.

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

(k) PERMITS. The Company has all material franchises, permits, licenses and any similar authority necessary for the conduct of its business ("Permits"). The Company is not in default in any material respect under any of such Permits.

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

SECTION 4.02 REPRESENTATIONS AND WARRANTIES OF THE LENDER. The Lender represents and warrants to the Company that:

(a) INVESTMENT REPRESENTATIONS. The Lender: (i) will acquire the Note, Bridge Loan Warrants and shares underlying the Bridge Loan Warrants for its own account for

investment and not with a view to any resale or other distribution (other than to affiliates) of the Note in a transaction constituting a public offering or otherwise requiring registration under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or in a transaction that would result in noncompliance with applicable state securities laws; (ii) has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and the risks of its acquisition of the Note, the Bridge Loan Warrants (and shares underlying the Bridge Loan Warrant) and credit extensions to the Company, (iii) is an accredited investor as such term is defined in Rule 501 of Regulation D under the Securities Act, and (iv) understands that the Note, the Bridge Loan Warrant and the shares underlying the Bridge Loan Warrant have not been registered under the Securities Act or any state securities laws.

(b) ORGANIZATION AND POWERS. The Lender is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware, and has all requisite power and authority to execute, deliver and perform its obligations under this Agreement.

(c) AUTHORIZATION; BINDING OBLIGATION. The execution, delivery and performance by the Lender of this Agreement has been duly authorized by all necessary organizational action of the Lender. This Agreement constitutes a legal, valid and binding obligation of the Lender, enforceable against the Lender in accordance with its terms, 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.

(d) FINANCIAL CAPACITY. The Lender has access to adequate capital to enable it to satisfy its obligations to make the Loan contemplated hereby.

ARTICLE V

COVENANTS

SECTION 5.01 REPORTING COVENANTS. So long as any of the Obligations shall remain unpaid or the Lender shall have any Commitment, the Company agrees that:

(a) FINANCIAL STATEMENTS AND OTHER REPORTS. The Company will furnish to the Lender: (i) on Monday of each week, a statement of cash flow for the prior week and projected cash flow for the following two weeks; (ii) as soon as available and in any event within 10 days after the end of a month, monthly agings (aged from invoice date) of accounts receivable, payables reports, and unaudited financial statements (including a balance sheet, income statement and statement of cash flows) with respect to that month prepared on a basis consistent with such statements prepared in prior months and otherwise in accordance with GAAP and certified by a Responsible Officer as being prepared in accordance with GAAP; and (iii) as soon as available and in any event within 45 days after the end of each fiscal quarter, its quarterly consolidated and, if requested by the Lender, consolidating financial statements (including a balance sheet, income statement and statement of cash flows), prepared in accordance with GAAP, together with a certificate of a Responsible Officer of the Company

stating that such financial statements fairly present in all material respects the financial condition of the Company as at such date and the results of operations of the Company for the period ended on such date and have been prepared in accordance with GAAP, subject to changes resulting from normal, year-end audit adjustments and except for the absence of notes.

(b) ADDITIONAL INFORMATION. The Company will furnish to the Lender: (i) promptly after the Company has knowledge or becomes aware thereof, notice of the occurrence of any Default; (ii) prompt written notice of all actions, suits and proceedings before any governmental agency or authority or arbitrator pending, or to the best of the Company's knowledge, threatened against or affecting the Company; (iii) prompt written notice of any other condition or event which has resulted, or that could reasonably be expected to result, in a Material Adverse Effect; (iv) promptly after the same are released, copies of all press releases; (v) promptly after the giving, sending or filing thereof, copies of all reports and financial information, if any, which the Company sends to the holders of its capital stock or other securities, and the holders, if any, of any other Indebtedness, and of all reports or filings, if any, by the Company with the Securities and Exchange Commission or any national securities exchange; and (vi) such other information respecting the operations, properties, business or condition (financial or otherwise) of the Company (including with respect to the Collateral) as the Lender may from time to time reasonably request. Each notice pursuant to clauses (i) through (iii) of this subsection (b) shall be accompanied by a written statement by a Responsible Officer of the Company setting forth details of the occurrence referred to therein.

(c) CERTAIN CONTRACTS. Upon the Lender's reasonable request, and at least twice monthly after the date of this Agreement, the Company shall provide reports to the Lender concerning the status of all programs with major customers, in such detail as Lender may reasonably request.

SECTION 5.02 AFFIRMATIVE COVENANTS. So long as any of the Obligations shall remain unpaid or the Lender shall have any Commitment, the Company agrees that:

(a) PRESERVATION OF EXISTENCE, ETC. The Company will maintain and preserve its corporate existence, its rights to transact business and all other material rights, franchises and privileges necessary or desirable in the normal course of its business and operations and the ownership of its properties, except in connection with any transactions expressly permitted by Section 5.03.

(b) PAYMENT OF TAXES, ETC. The Company will pay and discharge all taxes, fees, assessments and governmental charges or levies imposed upon it or upon its properties or assets prior to the date on which penalties attach thereto, and all lawful claims for labor, materials and supplies which, if unpaid, might become a Lien upon any properties or assets of the Company prior to the date on which penalties attach thereto except to the extent such taxes, fees, assessments or governmental charges or levies, or such claims, are being contested in good faith by appropriate proceedings and are adequately reserved against in accordance with GAAP.

(c) MAINTENANCE OF INSURANCE. The Company will carry and maintain in full force and effect, at its own expense and with financially sound and reputable insurance

companies, insurance in such amounts, with such deductibles and covering such risks as is consistent with the Company's past practices.

(d) KEEPING OF RECORDS AND BOOKS OF ACCOUNT. The Company will keep adequate records and books of account to permit preparation of financial statements in accordance with GAAP.

(e) INSPECTION RIGHTS. The Company will at any reasonable time during regular business hours and from time to time permit the Lender or any of its agents or representatives to visit and inspect any of the properties of the Company and to examine the records and books of account of the Company, and to discuss the business affairs, finances and accounts of the Company with any of the officers, employees or accountants of the Company, provided that the Company may designate one or more individuals who will be present during such discussions.

(f) COMPLIANCE WITH LAWS. The Company will comply in all material respects with the requirements of all applicable laws, rules, regulations and orders of any governmental agency or authority, including all Environmental Laws.

(g) MAINTENANCE OF PROPERTIES, ETC. The Company will maintain and preserve all of its material properties necessary or useful in the proper conduct of its business in good working order and condition in accordance with the general practice of other corporations of similar character and size, ordinary wear and tear excepted.

(h) LICENSES. The Company will obtain and maintain all licenses, authorizations, consents, filings, exemptions, registrations and other governmental approvals of any governmental agency or authority necessary in connection with the execution, delivery and performance of the Loan Documents, the consummation of the transactions therein contemplated or the operation and conduct of its business and ownership of its properties, except where the failure to do so would not have a Material Adverse Effect.

(i) USE OF PROCEEDS. The Company will use the proceeds of the Loans for its general corporate purposes.

(j) FURTHER ASSURANCES AND ADDITIONAL ACTS. The Company will execute, acknowledge, deliver, file, notarize and register at its own expense all such further agreements, instruments, certificates, documents and assurances and perform such acts as the Lender shall deem necessary or appropriate to effectuate the purposes of the Loan Documents, and promptly provide the Lender with evidence of the foregoing satisfactory in form and substance to the Lender.

SECTION 5.03 NEGATIVE COVENANTS. So long as any of the Obligations shall remain unpaid or the Lender shall have any Commitment, the Company agrees that without the consent of Lender, which consent will not be unreasonably withheld:

(a) LIENS; NEGATIVE PLEDGES. (i) The Company will not create, incur, assume or suffer to exist any Lien upon or with respect to any of its properties, revenues or assets, whether now owned or hereafter acquired, other than Permitted Liens. (ii) The Company will

not enter into any agreement (other than this Agreement or any other Loan Document) prohibiting the creation or assumption of any Lien upon any of its properties, revenues or assets, whether now owned or hereafter acquired.

(b) CHANGE IN NATURE OF BUSINESS. The Company will not engage in any material line of business substantially different from those lines of business carried on by it at the date hereof.

(c) RESTRICTIONS ON FUNDAMENTAL CHANGES. The Company will not merge with or consolidate into, or acquire all or substantially all of the assets of, any Person, or sell, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets.

(d) SALES OF ASSETS. The Company will not sell, lease, transfer, or otherwise dispose of, or part with control of (whether in one transaction or a series of transactions) any assets (including any shares of stock in any other Person), except: (i) sales or other dispositions of inventory, and the license, sublicense and grant of distribution and similar rights, in the ordinary course of business; (ii) sales or other dispositions of assets in the ordinary course of business which have become worn out or obsolete or which are promptly being replaced; or (iii) sales or other dispositions of assets (other than accounts receivable) outside the ordinary course of business not exceeding in the aggregate $25,000 in any fiscal year.

(e) DISTRIBUTIONS. The Company will not declare or pay any dividends in respect of the Company's capital stock, or purchase, redeem, retire or otherwise acquire for value any of its capital stock now or hereafter outstanding, return any capital to its shareholders as such, except that the Company may: (A) declare and deliver dividends and distributions payable only in common stock of the Company; and (B) purchase, redeem, retire, or otherwise acquire shares of its capital stock with the proceeds received from a substantially concurrent issue of new shares of its capital stock.

(f) LOANS AND INVESTMENTS. The Company will not purchase or otherwise acquire the capital stock, assets (constituting a business unit), obligations or other securities of or any interest in any Person, or otherwise extend any credit to or make any additional investments in any Person, other than in connection with: (i) extensions of credit in the nature of accounts receivable or notes receivable arising from the sales of goods or services in the ordinary course of business; and (ii) short term, investment grade money market instruments, in accordance with the Company's usual and customary treasury management policies.

(g) TRANSACTIONS WITH RELATED PARTIES. The Company will not enter into any transaction, including the purchase, sale or exchange of property or the rendering of any services, with any Affiliate, any officer or director thereof or any Person which beneficially owns or holds 5% or more of the equity securities, or 5% or more of the equity interest, thereof (a "Related Party"), or enter into, assume or suffer to exist, any employment or consulting contract with any Related Party, except a transaction or contract which is in the ordinary course of the Company's business and which is upon fair and reasonable terms not less favorable to the Company than it would obtain in a comparable arm's length transaction with a Person not a Related Party.

SECTION 5.04 CONFIDENTIALITY. The Lender will hold in confidence all, and not disclose to others for any reason whatsoever any, non-public information received by it from the Company in connection with this Agreement, except that the Lender may provide such confidential information in response to legal process or applicable governmental regulations provided that the Lender forthwith notifies the Company of its obligation to provide such confidential information and fully cooperates with the Company to protect the confidentiality of such information.

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01 EVENTS OF DEFAULT. Any of the following events which shall occur shall constitute an "Event of Default":

(a) PAYMENTS. The Company shall fail to pay when due any amount of principal of, or interest on, any Loan or Note, or any fee or other amount payable under any of the Loan Documents.

(b) REPRESENTATIONS AND WARRANTIES. Any representation or warranty by the Company under or in connection with the Loan Documents shall prove to have been incorrect in any material respect when made or deemed made.

(c) FAILURE BY COMPANY TO PERFORM CERTAIN COVENANTS. The Company shall fail to perform or observe any term, covenant or agreement contained in Section 5.03 or Subsections (a) or (i) of Section 5.02.

(d) FAILURE BY COMPANY TO PERFORM OTHER COVENANTS. The Company shall fail to perform or observe any term, covenant or agreement, other than those specified in Section 6.01(c), contained in any Loan Document on its part to be performed or observed, and any such failure shall continue for a period of 10 days from the occurrence thereof (unless the Lender determines that such failure is not capable of remedy).

(e) INSOLVENCY. (i) The Company shall (A) make a general assignment for the benefit of creditors or (B) be dissolved, liquidated, wound up or cease its corporate existence; or (ii) the Company (A) shall file a voluntary petition in bankruptcy or a petition or answer seeking reorganization, to effect a plan or other arrangement with creditors or any other relief under the Bankruptcy Reform Act of 1978 (the "Bankruptcy Code") or under any other state or federal law relating to bankruptcy or reorganization granting relief to debtors, whether now or hereafter in effect, or (B) shall file an answer admitting the jurisdiction of the court and the material allegations of any involuntary petition filed against the Company pursuant to the Bankruptcy Code or any such other state or federal law; or (iii) the Company shall be adjudicated a bankrupt, or shall make an assignment for the benefit of creditors, or shall apply for or consent to the appointment of any custodian, receiver or trustee for all or any substantial part of the Company's property, or shall take any action to authorize any of the actions or events set forth above in this subsection; or (iv) an involuntary petition seeking any of the relief specified in this subsection shall be filed against the Company and not dismissed within 60 days; or (v) any order for relief

shall be entered against the Company, in any involuntary proceeding under the Bankruptcy Code or any such other state or federal law referred to in this subsection.

(f) DISSOLUTION, ETC. The Company shall (i) liquidate, wind up or dissolve (or suffer any liquidation, wind-up or dissolution), (ii) discontinue its operations, or (iii) take any corporate action to authorize any of the actions or events set forth above in this subsection (f).

(g) JUDGMENTS. (i) A final judgment or order for the payment of money in excess of $50,000 (or its equivalent in another currency) which is not fully covered by third-party insurance shall be rendered against the Company (or its equivalent in another currency); or (ii) any non-monetary judgment or order shall be rendered against the Company which has or would reasonably be expected to have a Material Adverse Effect; and in each case there shall be any period of 15 consecutive days during which such judgment continues unsatisfied or during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect.

(h) MATERIAL ADVERSE EFFECT. Any circumstance, condition, or event shall have occurred which has or could reasonably be expected to have a Material Adverse Effect.

(i) COLLATERAL DOCUMENTS. Any "Event of Default" as defined in the Collateral Documents shall have occurred; or any of the Collateral Documents after delivery thereof shall for any reason be revoked or invalidated, or otherwise cease to be in full force and effect, or the Company or any other Person shall contest in any manner the validity or enforceability thereof, or the Company or any other Person shall deny that it has any further liability or obligation thereunder; or any of the Collateral Documents for any reason, except to the extent permitted by the terms thereof, shall cease to create a valid and perfected first priority Lien subject only to Permitted Liens in any of the Collateral purported to be covered thereby.

SECTION 6.02 EFFECT OF EVENT OF DEFAULT. If any Event of Default shall occur, the Lender may, by notice to the Company, declare the Commitment to be terminated, whereupon the same shall forthwith terminate. If any Event of Default under Section 6.01(e) shall occur, the Lender may declare the entire unpaid principal amount of the Loans and the Note, all interest accrued and unpaid thereon and all other Obligations to be forthwith due and payable, whereupon the Loans and the Note, all such accrued interest and all such other Obligations shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Company. In addition, if any Event of Default under Section 6.01(a) or Section 6.01(e) shall occur, the Lender may exercise any or all of the Lender's rights and remedies under the Collateral Documents and proceed to enforce all other rights and remedies available to the Lender under the Loan Documents and applicable law.

ARTICLE VII

MISCELLANEOUS

SECTION 7.01 AMENDMENTS AND WAIVERS. No amendment to any provision of the Loan Documents shall be effective unless it is in writing and has been signed by

the Lender and the Company, and no waiver of any provision of any Loan Document, or consent to any departure by the Company therefrom, shall be effective unless it is in writing and has been signed by the Lender. Any such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 7.02 NOTICES. All notices and other communications provided for hereunder and under the other Loan Documents shall, unless otherwise stated herein, be in writing (including by facsimile transmission) and mailed, sent or delivered to the respective parties hereto at or to their respective addresses or facsimile numbers set forth below their names on the signature pages hereof, or at or to such other address or facsimile number as shall be designated by any party in a written notice to the other party hereto. All such notices and communications shall be effective (i) if delivered by hand, when delivered; (ii) if sent by mail, upon the earlier of the date of receipt or five Business Days after deposit in the mail, first class, postage prepaid; and (iii) if sent by facsimile transmission, when sent; PROVIDED, HOWEVER, that notices and communications to the Lender pursuant to Article II shall not be effective until received.

SECTION 7.03 NO WAIVER; CUMULATIVE REMEDIES. No failure on the part of the Lender to exercise, no delay in exercising, and no course of dealing with respect to, any right, remedy, power or privilege under any Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights and remedies under the Loan Documents are cumulative and not exclusive of any rights, remedies, powers and privileges that may otherwise be available to the Lender.

SECTION 7.04 COSTS AND EXPENSES; INDEMNITY.

(a) COSTS AND EXPENSES. The Company agrees to pay on demand: (i) the reasonable out-of-pocket costs and expenses of the Lender and any of its Affiliates, and the reasonable fees and disbursements of counsel to the Lender and its Affiliates, in connection with the negotiation, preparation, execution, delivery and administration of the Loan Documents and any amendments, modifications or waivers of the terms thereof and (ii) all reasonable costs and expenses of the Lender and its Affiliates, and fees and disbursements of counsel, in connection with (A) any Default, (B) the enforcement or attempted enforcement of, and preservation of any rights or interests under, the Loan Documents, (C) any out-of-court workout or other refinancing or restructuring or any bankruptcy or insolvency case or proceeding, and (D) the preservation of and realization upon any of the Collateral.

(b) INDEMNIFICATION. Whether or not the transactions contemplated hereby shall be consummated, the Company hereby agrees to indemnify the Lender, any Affiliate thereof and their respective directors, officers, employees, agents, counsel and other advisors (each an "Indemnified Person") against, and hold each of them harmless from, any and all liabilities, obligations, losses, claims, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever, including the reasonable fees and disbursements of counsel to an Indemnified Person, which may be imposed on, incurred by, or asserted against any Indemnified Person, (i) in any way relating to or arising out of any of the Loan Documents, the use or intended use of the proceeds of the Loans or the transactions

contemplated hereby or thereby, (ii) with respect to any investigation, litigation or other proceeding relating to any of the foregoing, irrespective of whether the Indemnified Person shall be designated a party thereto, or (iii) in any way relating to or arising out of the use, generation, manufacture, installation, treatment, storage or presence, or the spillage, leakage, leaching, migration, dumping, deposit, discharge, disposal or release, at any time, of any Hazardous Substances on, under, at or from any properties of the Company, including any personal injury or property damage suffered by any Person, and any investigation, site assessment, environmental audit, feasibility study, monitoring, clean-up, removal, containment, restoration, remedial response or remedial work undertaken by or on behalf of the any Indemnified Person at any time, voluntarily or involuntarily, with respect to the Premises (the "Indemnified Liabilities"); PROVIDED that the Company shall not be liable to any Indemnified Person for any portion of such Indemnified Liabilities to the extent they are found by a final decision of a court of competent jurisdiction to have resulted from such Indemnified Person's gross negligence or willful misconduct. If and to the extent that the foregoing indemnification is for any reason held unenforceable, the Company agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law.

SECTION 7.05 SURVIVAL. All covenants, agreements, representations and warranties made in any Loan Documents shall, except to the extent otherwise provided therein, survive the execution and delivery of this Agreement, the making of the Loans and the execution and delivery of the Note, and shall continue in full force and effect so long as the Lender has any Commitment, any Loans remain outstanding or any other Obligations remain unpaid or any obligation to perform any other act hereunder or under any other Loan Document remains unsatisfied. Without limiting the generality of the foregoing, the obligations of the Company under Section 7.04, and all similar obligations under the other Loan Documents (including all obligations to pay costs and expenses and all indemnity obligations), shall survive the repayment of the Loans and the termination of the Commitments.

SECTION 7.06 BENEFITS OF AGREEMENT. The Loan Documents are entered into for the sole protection and benefit of the parties hereto and their successors and assigns, and no other Person shall be a direct or indirect beneficiary of, or shall have any direct or indirect cause of action or claim in connection with, any Loan Document.

SECTION 7.07 BINDING EFFECT; ASSIGNMENT. This Agreement shall become effective when it shall have been executed by the Company and the Lender and thereafter shall be binding upon, inure to the benefit of and be enforceable by the Company, the Lender and their respective successors and assigns. The Company shall not have the right to assign its rights and obligations hereunder or under the other Loan Documents or any interest herein or therein without the prior written consent of the Lender. The Lender reserves the right to sell, assign, transfer or grant participations in all or any portion of the Lender's rights and obligations hereunder and under the other Loan Documents (i) to one or more Affiliates of the Lender and/or (ii) with the prior consent of the Company (which consent shall not be unreasonably withheld) to any other Person. In the event of any such assignment, the assignee shall be deemed a "Lender" for all purposes of the Loan Documents with respect to the rights and obligations assigned to it, and the obligations of the Lender so assigned shall thereupon terminate. The Company shall, from time to time upon request of the Lender, enter into such amendments to the Loan Documents and execute and deliver such other documents as shall be

necessary to effect any such grant or assignment. The Company agrees that in connection with any such grant or assignment, the Lender may deliver to the prospective participant or assignee financial statements and other relevant information relating to the Company (subject to such Person entering into a confidentiality agreement with the Company on terms reasonably satisfactory to the Company).

SECTION 7.08 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF CALIFORNIA.

SECTION 7.09 WAIVER OF JURY TRIAL. THE COMPANY AND THE LENDER EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR PARTIES, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE COMPANY AND THE LENDER EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

SECTION 7.10 ENTIRE AGREEMENT. The Loan Documents reflect the entire agreement between the Company and the Lender with respect to the matters set forth herein and therein and supersede any prior agreements, commitments, drafts, communication, discussions and understandings, oral or written, with respect thereto.

SECTION 7.11 SEVERABILITY. Whenever possible, each provision of the Loan Documents shall be interpreted in such manner as to be effective and valid under all applicable laws and regulations. If, however, any provision of any of the Loan Documents shall be prohibited by or invalid under any such law or regulation in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of such Loan Document, or the validity or effectiveness of such provision in any other jurisdiction.

SECTION 7.12 COUNTERPARTS. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

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

THE COMPANY

AMERIGON INCORPORATED, a California corporation

By: _____
Name: _____
Title:_____

THE LENDER

BIG STAR INVESTMENTS LLC

By: _____
Name: _____
Title: _____

EXHIBIT A

BEGINS ON THE FOLLOWING PAGE

EXHIBIT B

BEGINS ON THE FOLLOWING PAGE

EXHIBIT 10.24

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement"), dated as of March 16, 2000, is made between Amerigon Incorporated, a California corporation (the "Borrower") and Big Star Investments, LLC ("Lender").

The Borrower and the Lender are parties to a Credit Agreement dated as of March ___, 2000 (as amended, modified, renewed or extended from time to time, the "Credit Agreement"). It is a condition precedent to the borrowings under the Credit Agreement that the Borrower enter into this Agreement and grant to the Lender the security interests hereinafter provided to secure the obligations of the Borrower described below.

Accordingly, the parties hereto agree as follows:

SECTION 1. DEFINITIONS; INTERPRETATION.

(a) TERMS DEFINED IN CREDIT AGREEMENT. All capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

(b) CERTAIN DEFINED TERMS. As used in this Agreement, the following terms shall have the following meanings:

"ACCOUNT CONTROL AGREEMENT" means any account control agreement or other agreement with any securities intermediary granting control with respect to any Investment Property for purposes of UCC Section 9115.

"ACCOUNTS" means any and all accounts of the Borrower, whether now existing or hereafter acquired or arising, and in any event includes all accounts receivable, contract rights, rights to payment and other obligations of any kind owed to the Borrower arising out of or in connection with the sale or lease of merchandise, goods or commodities or the rendering of services or arising from any other transaction, however evidenced, and whether or not earned by performance, all guaranties, indemnities and security with respect to the foregoing, and all letters of credit relating thereto, in each case whether now existing or hereafter acquired or arising.

"BOOKS" means all books, records and other written, electronic or other documentation in whatever form maintained now or hereafter by or for the Borrower in connection with the ownership of its assets or the conduct of its business or evidencing or containing information relating to the Collateral, including: (i) ledgers; (ii) records indicating, summarizing, or evidencing the Borrower's assets (including Inventory and Rights to Payment), business operations or financial condition; (iii) computer programs and software; (iv) computer discs, tapes, files, manuals, spreadsheets; (v) computer printouts and output of whatever kind; (vi) any other computer prepared or electronically stored, collected or reported information and equipment of any kind; and (vii) any and all other rights now or hereafter arising out of any contract or agreement between the Borrower and any service bureau, computer or data processing company or other Person charged with preparing or maintaining any of the Borrower's books or records or with credit reporting, including with regard to the Borrower's Accounts.

"CHATTEL PAPER" means all writings of whatever sort which evidence a monetary obligation and a security interest in or lease of specific goods, whether now existing or hereafter arising.

"COLLATERAL" has the meaning set forth in Section 2.

"DEPOSIT ACCOUNT" means any demand, time, savings, passbook or like account now or hereafter maintained by or for the benefit of the Borrower with a bank, savings and loan association, credit union or like organization, and all funds and amounts therein, whether or not restricted or designated for a particular purpose.

"DOCUMENTS" means any and all documents of title, bills of lading, dock warrants, dock receipts, warehouse receipts and other documents of the Borrower, whether or not negotiable, and includes all other documents which purport to be issued by a bailee or agent and purport to cover goods in any bailee's or agent's possession which are either identified or are fungible portions of an identified mass, including such documents of title made available to the Borrower for the purpose of ultimate sale or exchange of goods or for the purpose of loading, unloading, storing, shipping, transshipping, manufacturing, processing or otherwise dealing with goods in a manner preliminary to their sale or exchange, in each case whether now existing or hereafter acquired or arising.

"EQUIPMENT" means all now existing or hereafter acquired equipment of the Borrower in all of its forms, wherever located, and in any event includes any and all machinery, furniture, equipment, furnishings and fixtures in which the Borrower now or hereafter acquires any right, and all other goods and tangible personal property (other than Inventory), including tools, parts and supplies, automobiles, trucks, tractors and other vehicles, computer and other electronic data processing equipment and other office equipment, computer programs and related data processing software, and all additions, substitutions, replacements, parts, accessories, and accessions to and for the foregoing, now owned or hereafter acquired, and including any of the foregoing which are or are to become fixtures on real property.

"FINANCING STATEMENTS" has the meaning set forth in Section 3.

"GENERAL INTANGIBLES" means all general intangibles of the Borrower, now existing or hereafter acquired or arising, and in any event includes: (i) all tax and other refunds, rebates or credits of every kind and nature to which the Borrower is now or hereafter may become entitled; (ii) all good will, choses in action and causes of action, whether legal or equitable, whether in contract or tort and however arising; (iii) all Intellectual Property Collateral; (iv) all interests in limited and general partnerships and limited liability companies; (v) all rights of stoppage in transit, replevin and reclamation; (vi) all licenses, permits, consents, indulgences and rights of whatever kind issued in favor of or otherwise recognized as belonging to the Borrower by any governmental authority; and (vii) all indemnity agreements, guaranties, insurance policies and other contractual, equitable and legal rights of whatever kind or nature; in each case whether now existing or hereafter acquired or arising.

"INSTRUMENTS" means any and all negotiable instruments and every other writing which evidences a right to the payment of money, wherever located and whether now existing or hereafter acquired.

"INTELLECTUAL PROPERTY COLLATERAL" means the following properties and assets owned or held by the Borrower or in which the Borrower otherwise has any interest, now existing or hereafter acquired or arising:

(i) all patents and patent applications, domestic or foreign, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses (including such patents, patent applications and patent licenses as described in Schedule 1), all rights to sue for past, present or future infringement thereof, all rights arising therefrom and pertaining thereto and all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof;

(ii) all copyrights and applications for copyright, domestic or foreign, together with the underlying works of authorship (including titles), whether or not the underlying works of authorship have been published and whether said copyrights are statutory or arise under the common law, and all other rights and works of authorship (including the copyrights and copyright applications described in Schedule 1), all rights, claims and demands in any way relating to any such copyrights or works, including royalties and rights to sue for past, present or future infringement, and all rights of renewal and extension of copyright;

(iii) all state (including common law), federal and foreign trademarks, service marks and trade names, and applications for registration of such trademarks, service marks and trade names, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses (including such marks, names, applications and licenses as described in Schedule 1), whether registered or unregistered and wherever registered, all rights to sue for past, present or future infringement or unconsented thereof, all rights arising therefrom and pertaining thereto and all reissues, extensions and renewals thereof;

(iv) all trade secrets, trade dress, trade styles, logos, other source of business identifiers, mask-works, mask-work registrations, mask-work applications, software, confidential information, customer lists, license rights, advertising materials, operating manuals, methods, processes, know-how, algorithms, formulae, databases, quality control procedures, product, service and technical specifications, operating, production and quality control manuals, sales literature, drawings, specifications, blue prints, descriptions, inventions, name plates and catalogs; and

(v) the entire goodwill of or associated with the businesses now or hereafter conducted by the Borrower connected with and symbolized by any of the aforementioned properties and assets.

"INVENTORY" means any and all of the Borrower's inventory in all of its forms, wherever located, whether now owned or hereafter acquired, and in any event includes all goods (including goods in transit) which are held for sale, lease or other disposition, including those held for display or demonstration or out on lease or consignment or to be furnished under contract of service, or which are raw materials, work in process, finished goods or materials used

or consumed in the Borrower's business, and the resulting product or mass, and all repossessed, returned, rejected, reclaimed and replevied goods, together with all parts, components, supplies, packing and other materials used or usable in connection with the manufacture, production, packing, shipping, advertising, selling or furnishing of such goods; and all other items hereafter acquired by the Borrower by way of substitution, replacement, return, repossession or otherwise, and all additions and accessions thereto, and any Document representing or relating to any of the foregoing at any time.

"INVESTMENT PROPERTY" means any and all investment property of the Borrower, including all securities, whether certificated or uncertificated, security entitlements, securities accounts, commodity contracts and commodity accounts, and all financial assets held in any securities account or otherwise, wherever located, and whether now existing or hereafter acquired or arising.

"LETTER OF CREDIT PROCEEDS" means any and all proceeds of written letters of credit.

"PROCEEDS" means whatever is receivable or received from or upon the sale, lease, license, collection, use, exchange or other disposition, whether voluntary or involuntary, of any Collateral or other assets of the Borrower, including "proceeds" as defined at UCC Section 9306, any and all proceeds of any insurance, indemnity, warranty or guaranty payable to or for the account of the Borrower from time to time with respect to any of the Collateral, any and all payments (in any form whatsoever) made or due and payable to the Borrower from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any governmental authority (or any Person acting under color of governmental authority), any and all other amounts from time to time paid or payable under or in connection with any of the Collateral or for or on account of any damage or injury to or conversion of any Collateral by any Person, any and all other tangible or intangible property received upon the sale or disposition of Collateral, and all proceeds of proceeds.

"RIGHTS TO PAYMENT" means all Accounts, and any and all rights and claims to the payment or receipt of money or other forms of consideration of any kind in, to and under all Chattel Paper, Documents, General Intangibles, Instruments, Investment Property and Proceeds.

"SECURED OBLIGATIONS" means the indebtedness, liabilities and other obligations of the Borrower to the Lender under or in connection with the Credit Agreement, the Notes and the other Loan Documents, including all unpaid principal of the Loans, all interest accrued thereon, all fees due under the Credit Agreement and all other amounts payable by the Borrower to the Lender thereunder or in connection therewith, whether now existing or hereafter arising, and whether due or to become due, absolute or contingent, liquidated or unliquidated, determined or undetermined.

"UCC" means the Uniform Commercial Code as the same may, from time to time, be in effect in the State of California; PROVIDED, HOWEVER, in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of the security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of California, the term "UCC" shall mean the Uniform

Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.

(c) TERMS DEFINED IN UCC. Where applicable and except as otherwise defined herein, terms used in this Agreement shall have the meanings assigned to them in the UCC.

(d) INTERPRETATION. The rules of interpretation set forth in Section 1.03 of the Credit Agreement shall be applicable to this Agreement and are incorporated herein by this reference.

SECTION 2. SECURITY INTEREST.

(a) GRANT OF SECURITY INTEREST. As security for the payment and performance of the Secured Obligations, the Borrower hereby pledges, assigns, transfers, hypothecates and sets over to the Lender, and hereby grants to the Lender a security interest in, all of the Borrower's right, title and interest in, to and under the following property, wherever located and whether now existing or owned or hereafter acquired or arising (collectively, the "Collateral"): (i) all Accounts; (ii) all Chattel Paper; (iii) all Deposit Accounts; (iv) all Documents; (v) all Equipment; (vi) all General Intangibles; (vii) all Instruments; (viii) all Inventory; (ix) all Investment Property; (x) all Books; (xi) all products and Proceeds of any and all of the foregoing; and (xii) all Letter of Credit Proceeds.

(b) BORROWER REMAINS LIABLE. Anything herein to the contrary notwithstanding, (i) the Borrower shall remain liable under any contracts, agreements and other documents included in the Collateral, to the extent set forth therein, to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (ii) the exercise by the Lender of any of the rights hereunder shall not release the Borrower from any of their duties or obligations under such contracts, agreements and other documents included in the Collateral and (iii) the Lender shall not have any obligation or liability under any contracts, agreements and other documents included in the Collateral by reason of this Agreement, nor shall the Lender be obligated to perform any of the obligations or duties of the Borrower thereunder or to take any action to collect or enforce any such contract, agreement or other document included in the Collateral hereunder.

(c) CONTINUING SECURITY INTEREST. The Borrower agrees that this Agreement shall create a continuing security interest in the Collateral which shall remain in effect until terminated in accordance with Section 22.

SECTION 3. PERFECTION PROCEDURES.

(a) FINANCING STATEMENTS, ETC. The Borrower shall execute and deliver to the Lender concurrently with the execution of this Agreement, and at any time and from time to time thereafter, all financing statements, continuation financing statements, termination statements, security agreements, chattel mortgages, assignments, patent, copyright and trademark collateral assignments, fixture filings, warehouse receipts, documents of title, affidavits, reports, notices, schedules of account, letters of authority and all other documents and instruments, in form satisfactory to the Lender (the "Financing Statements"), and take all other action, as the

Lender may request, to perfect and continue perfected, maintain the priority of or provide notice of the Lender's security interest in the Collateral and to accomplish the purposes of this Agreement.

(b) CERTAIN AGENTS. Any third person at any time and from time to time holding all or any portion of the Collateral shall be deemed to, and shall, hold the Collateral as the agent of, and as pledge holder for, the Lender. At any time and from time to time, the Lender may give notice to any third person holding all or any portion of the Collateral that such third person is holding the Collateral as the agent of, and as pledge holder for, the Lender.

SECTION 4. REPRESENTATIONS AND WARRANTIES. In addition to the representations and warranties of the Borrower set forth in the Credit Agreement, which are incorporated herein by this reference, the Borrower represents and warrants to the Lender that:

(a) LOCATION OF CHIEF EXECUTIVE OFFICE AND COLLATERAL. The Borrower's chief executive office and principal place of business is located at the address set forth in Schedule 1, and all other locations where the Borrower conducts business or Collateral is kept are set forth in Schedule 1.

(b) LOCATIONS OF BOOKS. All locations where Books pertaining to the Rights to Payment are kept, including all equipment necessary for accessing such Books and the names and addresses of all service bureaus, computer or data processing companies and other Persons keeping any Books or collecting Rights to Payment for the Borrower, are set forth in Schedule 1.

(c) TRADE NAMES AND TRADE STYLES. All trade names and trade styles under which the Borrower presently conducts its business operations are set forth in Schedule 1, and, except as set forth in Schedule 1, the Borrower has not, at any time in the past: (i) been known as or used any other corporate, trade or fictitious name; (ii) changed its name; (iii) been the surviving or resulting corporation in a merger or consolidation; or (iv) acquired through asset purchase or otherwise any business of any Person.

(d) OWNERSHIP OF COLLATERAL. The Borrower is, and, except as permitted by Section 5(i), will continue to be, the sole and complete owner of the Collateral (or, in the case of after-acquired Collateral, at the time the Borrower acquires rights in such Collateral, will be the sole and complete owner thereof), free from any Lien other than Permitted Liens.

(e) ENFORCEABILITY; PRIORITY OF SECURITY INTEREST. (i) This Agreement creates a security interest against the Collateral in which the Borrower now has rights and will create a security interest which is enforceable against the Collateral in which the Borrower hereafter acquires rights at the time the Borrower acquires any such rights; and (ii) the Lender has a perfected and first priority security interest in the Collateral, in which the Borrower now has rights, and will have a perfected and first priority security interest in the Collateral in which the Borrower hereafter acquires rights at the time the Borrower acquires any such rights, in each case securing the payment and performance of the Secured Obligations except for Permitted Liens.

(f) OTHER FINANCING STATEMENTS. Other than (i) Financing Statements disclosed to the Lender and (ii) Financing Statements in favor of the Lender, no effective

Financing Statement naming the Borrower as debtor, assignor, grantor, mortgagor, pledgor or the like and covering all or any part of the Collateral is on file in any filing or recording office in any jurisdiction.

(g) RIGHTS TO PAYMENT.

(i) The Rights to Payment represent valid, binding and enforceable obligations of the account debtors or other Persons obligated thereon, representing undisputed, bona fide transactions completed in accordance with the terms and provisions contained in any documents related thereto, and are and will be genuine, free from Liens, and not subject to any adverse claims, counterclaims, setoffs, defaults, disputes, defenses, discounts, retainages, holdbacks or conditions precedent of any kind of character, except to the extent reflected by the Borrower's reserves for uncollectible Rights to Payment or to the extent, if any, that such account debtors or other Persons may be entitled to normal and ordinary course trade discounts, returns, adjustments and allowances in accordance with Section 5(m), or as otherwise disclosed to the Lender in writing;

(ii) to the best of the Borrower's knowledge and belief, all account debtors and other obligors on all material Rights to Payment are solvent and generally paying their debts as they come due;

(iii) all Rights to Payment comply with all applicable laws in all material respects concerning form, content and manner of preparation and execution, including where applicable any federal or state consumer credit laws;

(iv) the Borrower has not assigned any of its rights under the Rights to Payment except as provided in this Agreement or as set forth in the other Loan Documents;

(v) all statements made, all unpaid balances and all other information in the Books and other documentation relating to the Rights to Payment are true and correct in all material respects and in all material respects what they purport to be; and

(vi) the Borrower has no knowledge of any fact or circumstance which would impair the validity or collectibility of any material Rights to Payment.

(h) INVENTORY. No Inventory is stored with any bailee, warehouseman or similar Person, nor has any Inventory been consigned to the Borrower or consigned by the Borrower to any Person or is held by the Borrower for any Person under any "bill and hold" or other arrangement, except as set forth in Schedule 1.

(i) INTELLECTUAL PROPERTY.

(i) Except as set forth in Schedule 1, the Borrower (directly or through any Subsidiary) does not own, possess or use under any licensing arrangement any material patents, copyrights, trademarks, service marks or trade names, nor is there currently pending before any governmental authority any application for registration of any patent, copyright, trademark, service mark or trade name;

(ii) all material patents, copyrights, trademarks, service marks and trade names are subsisting and have not been adjudged invalid or unenforceable in whole or in part;

(iii) all maintenance fees required to be paid on account of any material patents have been timely paid for maintaining such patents in force, and, to the best of the Borrower's knowledge, each of the material patents is valid and enforceable and the Borrower has notified the Lender in writing of all prior art (including public uses and sales) of which it is aware;

(iv) to the best of the Borrower's knowledge after due inquiry, no material infringement or unauthorized use presently is being made of any Intellectual Property Collateral by any Person;

(v) the Borrower is the sole and exclusive owner of the material Intellectual Property Collateral and the past, present and contemplated future use of such Intellectual Property Collateral by the Borrower has not, does not and will not infringe or violate any right, privilege or license agreement of or with any other Person in any material respect; and

(vi) the Borrower owns, has material rights under, is a party to, or an assignee of a party to all material licenses, patents, patent applications, copyrights, service marks, trademarks, trademark applications, trade names and all other Intellectual Property Collateral necessary to continue to conduct its business as heretofore conducted.

(j) EQUIPMENT.

(i) None of the Equipment or other Collateral is affixed to real property, except Collateral with respect to which the Borrower has supplied the Lender on request with all information and documentation necessary to make all fixture filings required to perfect and protect the priority of the Lender's security interest in all such Collateral which may be fixtures as against all Persons having an interest in the premises to which such property may be affixed; and

(ii) none of the Equipment is leased from or to any Person, except as set forth at Schedule 1 or as otherwise disclosed to the Lender or permitted under the Loan Documents.

(k) DEPOSIT ACCOUNTS. The names and addresses of all financial institutions at which the Borrower maintains its Deposit Accounts, and the account numbers and account names of such Deposit Accounts, are set forth in SCHEDULE 1.

(l) INVESTMENT PROPERTY; INSTRUMENTS. All securities accounts of Borrower and other Investment Property of Borrower are set forth in SCHEDULE 1, and all Instruments held by Borrower are also set forth in SCHEDULE 1. No Account Control Agreements exist with respect to any Investment Property other than any Account Control Agreements in favor of the Lender.

SECTION 5. COVENANTS. In addition to the covenants of the Borrower set forth in the Credit Agreement, which are incorporated herein by this reference, so long as any of the Secured Obligations remain unsatisfied or the Lender shall have any Commitment, the Borrower agrees that:

(a) DEFENSE OF COLLATERAL. The Borrower will appear in and defend any action, suit or proceeding which may affect to a material extent its title to, or right or interest in, or the Lender's right or interest in, the Collateral.

(b) PRESERVATION OF COLLATERAL. The Borrower will do and perform all reasonable acts that may be necessary and appropriate to maintain, preserve and protect the Collateral.

(c) COMPLIANCE WITH LAWS, ETC. The Borrower will comply with all material laws, regulations and ordinances, and all policies of insurance, relating to the possession, operation, maintenance and control of the Collateral.

(d) LOCATION OF BOOKS AND CHIEF EXECUTIVE OFFICE. The Borrower will: (i) keep all Books pertaining to the Rights to Payment at the locations set forth in Schedule 1; and (ii) give at least 30 days' prior written notice to the Lender of (A) any changes in any such location where Books pertaining to the Rights to Payment are kept, including any change of name or address of any service bureau, computer or data processing company or other Person preparing or maintaining any Books or collecting Rights to Payment for the Borrower or (B) any changes in the location of the Borrower's chief executive office or principal place of business.

(e) LOCATION OF COLLATERAL. The Borrower will: (i) keep the Collateral at the locations set forth in Schedule 1 and not remove the Collateral from such locations (other than disposals of Collateral permitted by subsection (i)) except upon at least 30 days' prior written notice of any removal to the Lender; and (ii) give the Lender at least 30 days' prior written notice of any change in the locations set forth in Schedule 1.

(f) CHANGE IN NAME, IDENTITY OR STRUCTURE. The Borrower will give at least 30 days' prior written notice to the Lender of (i) any change in name, (ii) any changes in, additions to or other modifications of its trade names and trade styles set forth in Schedule 1, and (iii) any changes in its identity or structure in any manner which might make any Financing Statement filed hereunder incorrect or misleading.

(g) MAINTENANCE OF RECORDS. The Borrower will keep separate, accurate and complete Books with respect to the Collateral, disclosing the Lender's security interest hereunder.

(h) INVOICING OF SALES. The Borrower will invoice all of its sales upon forms customary in the industry and to maintain proof of delivery and customer acceptance of goods.

(i) DISPOSITION OF COLLATERAL. The Borrower will not surrender or lose possession of (other than to the Lender), sell, lease, rent, or otherwise dispose of or transfer any of the Collateral or any right or interest therein, except for sales of inventory in the ordinary course of business or to the extent permitted by the Loan Documents; PROVIDED that no such disposition or transfer of Investment Property or Instruments shall be permitted while any Event of Default exists.

(j) LIENS. The Borrower will keep the Collateral free of all Liens except Permitted Liens.

(k) EXPENSES. The Borrower will pay all expenses of protecting, storing, warehousing, insuring, handling and shipping the Collateral.

(l) LEASED PREMISES. At the Lender's request, the Borrower will obtain from each Person from whom the Borrower leases any premises at which any Collateral is at any time present such subordination, waiver, consent and estoppel agreements as the Lender may reasonably require, in form and substance reasonably satisfactory to the Lender.

(m) RIGHTS TO PAYMENT. The Borrower will:

(i) with such frequency as the Lender may require, furnish to the Lender full and complete reports, in form and substance satisfactory to the Lender, with respect to the Accounts, including information as to concentration, aging, identity of account debtors, letters of credit securing Accounts, disputed Accounts and other matters, as the Lender shall request;

(ii) give only normal discounts, allowances and credits as to Accounts and other Rights to Payment, in the ordinary course of business, according to normal trade practices utilized by the Borrower in the past, and enforce all Accounts and other Rights to Payment strictly in accordance with their terms in all material respects, and take all such action to such end as may from time to time be reasonably requested by the Lender, except that the Borrower may grant any extension of the time for payment or enter into any agreement to make a rebate or otherwise to reduce the amount owing on or with respect to, or compromise or settle for less than the full amount thereof, any Account or other Right to Payment, in the ordinary course of business, according to normal trade practices utilized by the Borrower in the past, and where the amount involved does not exceed $10,000 or where the Account or Right to Payment does not exceed $10,000 or would not be materially impaired;

(iii) if any material discount, allowance, credit, extension of time for payment, agreement to make a rebate or otherwise to reduce the amount owing on, or compromise or settle, an Account or other Right to Payment exists or occurs, or if, to the knowledge of the Borrower, any such dispute, setoff, claim, counterclaim or defense exists or has been asserted or threatened with respect to an Account or other Right to Payment, disclose such fact fully to the Lender in the Books relating to such Account or other Right to Payment and in connection with any invoice or report furnished by the Borrower to the Lender relating to such Account or other Right to Payment;

(iv) if any Accounts arise from contracts with the United States or any department, agency or instrumentality thereof, immediately notify the Lender thereof and execute any documents and instruments and take any other steps requested by the Lender in order that all monies due and to become due thereunder shall be assigned to the Lender and notice thereof given to the federal authorities under the Federal Assignment of Claims Act;

(v) in accordance with its sound business judgment perform and comply in all material respects with its obligations in respect of the Accounts and other Rights to Payment;

(vi) upon the request of the Lender (A) at any time, notify all or any designated portion of the account debtors and other obligors on the Rights to Payment of the security interest hereunder, and (B) upon the occurrence of an Event of Default, notify the account

debtors and other obligors on the Rights to Payment or any designated portion thereof that payment shall be made directly to the Lender or to such other Person or location as the Lender shall specify; and

(vii) upon the occurrence and during the continuance of any Event of Default, establish such lockbox or similar arrangements for the payment of the Accounts and other Rights to Payment as the Lender shall require.

(n) INSTRUMENTS, INVESTMENT PROPERTY, ETC. Upon the request of the Lender, the Borrower will (i) immediately deliver to the Lender, or an agent designated by them, appropriately endorsed or accompanied by appropriate instruments of transfer or assignment, all Instruments, Documents, Chattel Paper and certificated securities with respect to any Investment Property, all letters of credit, and all other Rights to Payment at any time evidenced by promissory notes, trade acceptances or other instruments, (ii) cause any securities intermediaries to show on their books that the Lender is the entitlement holder with respect to any Investment Property, and/or obtain Account Control Agreements in favor of the Lender from such securities intermediaries, in form and substance satisfactory to the Lender, with respect to any Investment Property, as requested by Lender, (iii) mark all Documents and Chattel Paper with such legends as the Lender shall reasonably specify, and (iv) obtain consents from any letter of credit issuers with respect to the assignment to the Lender of any Letter of Credit Proceeds.

(o) DEPOSIT ACCOUNTS AND SECURITIES ACCOUNTS. The Borrower will give the Lender immediate notice of the establishment of any new Deposit Account and any new securities account with respect to any Investment Property.

(p) INVENTORY. The Borrower will:

(i) at such times as the Lender shall request, prepare and deliver to the Lender a report of all Inventory, in form and substance reasonably satisfactory to the Lender;

(ii) upon the request of the Lender, take a physical listing of the Inventory and promptly deliver a copy of such physical listing to the Lender; and

(iii) not store any Inventory with a bailee, warehouseman or similar Person or on premises leased to the Borrower, nor dispose of any Inventory on a bill-and-hold, guaranteed sale, sale and return, sale on approval, consignment or similar basis, nor acquire any Inventory from any Person on any such basis.

(q) EQUIPMENT. The Borrower will, upon the Lender's request, deliver to the Lender a report of each item of Equipment, in form and substance reasonably satisfactory to the Lender.

(r) INTELLECTUAL PROPERTY COLLATERAL. The Borrower will:

(i) not enter into any agreement (including any license or royalty agreement) pertaining to any material Intellectual Property Collateral, without the prior written consent of the Lender, which shall not be unreasonably withheld;

(ii) not allow or suffer any material Intellectual Property Collateral to become abandoned, nor any registration thereof to be terminated, forfeited, expired or dedicated to the public;

(iii) promptly give the Lender notice of any rights the Borrower may obtain to any new patentable inventions, copyrightable works or other new Intellectual Property Collateral that are material to the Borrower, prior to the filing of any application for registration thereof; and

(iv) diligently prosecute all applications for patents, copyrights and trademarks, and file and prosecute any and all continuations, continuations-in-part, applications for reissue, applications for certificate of correction and like matters as shall be reasonable and appropriate in accordance with prudent business practice, and promptly and timely pay any and all maintenance, license, registration and other fees, taxes and expenses incurred in connection with such Intellectual Property Collateral.

(s) NOTICES, REPORTS AND INFORMATION. The Borrower will (i) notify the Lender of any other modifications of or additions to the information contained in SCHEDULE 1; (ii) notify the Lender of any material claim made or asserted against the Collateral by any Person and of any change in the composition of the Collateral or other event which could materially adversely affect the value of the Collateral or the Lender's Lien thereon; (iii) furnish to the Lender such statements and schedules further identifying and describing the Collateral and such other reports and other information in connection with the Collateral as the Lender may reasonably request, all in reasonable detail; and (iv) upon request of the Lender make such demands and requests for information and reports as the Borrower is entitled to make in respect of the Collateral.

SECTION 6. RIGHTS TO PAYMENT.

(a) COLLECTION OF RIGHTS TO PAYMENT. Until the Lender exercises its rights hereunder to collect Rights to Payment, the Borrower shall endeavor in the first instance in accordance with prudent business practice to diligently to collect all material amounts due or to become due on or with respect to the Rights to Payment. At the request of the Lender, upon and after the occurrence and during the continuance of any Event of Default, all remittances received by the Borrower shall be held in trust for the Lender to the extent permitted by applicable law and, in accordance with the Lender's instructions, remitted to the Lender or deposited to an account with the Lender in the form received (with any necessary endorsements or instruments of assignment or transfer).

(b) INVESTMENT PROPERTY AND INSTRUMENTS. At the request of the Lender, upon and after the occurrence and during the continuance of any Event of Default, the Lender shall be entitled to receive all distributions and payments of any nature with respect to any Investment Property or Instruments, and all such distributions or payments received by the Borrower shall be held in trust for the Lender to the extent permitted by applicable law and, in accordance with the Lender's instructions, remitted to the Lender or deposited to an account with the Lender in the form received (with any necessary endorsements or instruments of assignment or transfer). Following the occurrence and during the continuance of an Event of Default any such distributions and payments with respect to any Investment Property held in any securities

account shall be held and retained in such securities account, in each case as part of the Collateral hereunder. Additionally, the Lender shall have the right, upon the occurrence and during the continuance of an Event of Default, following prior written notice to the Borrower, to vote and to give consents, ratifications and waivers with respect to any Investment Property and Instruments, and to exercise all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining thereto to the extent permitted by applicable law as if the Lender was the absolute owner thereof; PROVIDED that the Lender shall have no duty to exercise any of the foregoing rights afforded to them and shall not be responsible to the Borrower or any other Person for any failure to do so or delay in doing so to the extent permitted by applicable law.

SECTION 7. AUTHORIZATION; LENDER APPOINTED ATTORNEY-IN-FACT. The Lender shall have the right to, in the name of the Borrower, or in the name of the Lender or otherwise, without notice to or assent by the Borrower, and the Borrower hereby constitutes and appoints the Lender (and any of Lender's officers, employees or agents designated by Lender) as the Borrower's true and lawful attorney-in-fact, with full power and authority to:

(i) sign any of the Financing Statements which must be executed or filed to perfect or continue perfected, maintain the priority of or provide notice of the Lender's security interest in the Collateral;

(ii) Upon the occurrence and during the continuance of an Event of Default:

(A) take possession of and endorse any notes, acceptances, checks, drafts, money orders or other forms of payment or security and collect any Proceeds of any Collateral;

(B) sign and endorse any invoice or bill of lading relating to any of the Collateral, warehouse or storage receipts, drafts against customers or other obligors, assignments, notices of assignment, verifications and notices to customers or other obligors;

(C) send requests for verification of Rights to Payment to the customers or other obligors of the Borrower;

(D) contact, or direct the Borrower to contact, all account debtors and other obligors on the Rights to Payment and instruct such account debtors and other obligors to make all payments directly to the Lender;

(E) assert, adjust, sue for, compromise or release any claims under any policies of insurance;

(F) exercise dominion and control over, and refuse to permit further withdrawals from, Deposit Accounts maintained with any financial institution or other Person;

(G) notify each Person maintaining lockbox or similar arrangements for the payment of the Rights to Payment to remit all amounts representing collections on the Rights to Payment directly to the Lender;

(H) ask, demand, collect, receive and give acquittances and receipts for any and all Rights to Payment, enforce payment or any other rights in respect of the Rights to Payment and other Collateral, grant consents, agree to any amendments, modifications or waivers of the agreements and documents governing the Rights to Payment and other Collateral, and otherwise file any claims, take any action or institute, defend, settle or adjust any actions, suits or proceedings with respect to the Collateral, as the Lender may deem necessary or desirable to maintain, preserve and protect the Collateral, to collect the Collateral or to enforce the rights of the Lender with respect to the Collateral;

(I) execute any and all applications, documents, papers and instruments necessary for the Lender to use the Intellectual Property Collateral and grant or issue any exclusive or non-exclusive license or sublicense with respect to any Intellectual Property Collateral;

(J) execute any and all endorsements, assignments or other documents and instruments necessary to sell, lease, assign, convey or otherwise transfer title in or dispose of the Collateral; and

(K) execute and deliver to any securities intermediary or other Person any entitlement order, Account Control Agreement or other notice, document or instrument which the Lender may deem necessary of advisable to maintain, protect, realize upon and preserve the Investment Property and the Lender's security interest therein; and

(L) execute any and all such other documents and instruments, and do any and all acts and things for and on behalf of the Borrower, which the Lender may deem necessary or advisable to maintain, protect, realize upon and preserve the Collateral and the Lender's security interest therein and to accomplish the purposes of this Agreement.

The foregoing power of attorney is coupled with an interest and irrevocable so long as the Lender has any Commitment or the Secured Obligations have not been paid and performed in full. The Borrower hereby ratifies, to the extent permitted by law, all that the Lender shall lawfully and in good faith do or cause to be done by virtue of and in compliance with this Section 7.

SECTION 8. LENDER PERFORMANCE OF BORROWER OBLIGATIONS. The Lender may perform or pay any obligation which the Borrower has agreed to perform or pay under or in connection with this Agreement, and the Borrower shall reimburse the Lender on demand for any amounts paid by the Lender pursuant to this Section 8 to the extent permitted by applicable law.

SECTION 9. LENDER'S DUTIES. Notwithstanding any provision contained in this Agreement, the Lender shall have no duty to exercise any of the rights, privileges or powers afforded to them and shall not be responsible to the Borrower or any other Person for any failure to do so or delay in doing so. Beyond the exercise of reasonable care to assure the safe custody of Collateral in the Lender's possession and the accounting for moneys actually received by the Lender hereunder, the Lender shall have no duty or liability to exercise or preserve any rights, privileges or powers pertaining to the Collateral to the extent permitted by applicable law.

SECTION 10. REMEDIES.

(a) REMEDIES. Upon the occurrence and during the continuance of any Event of Default, the Lender shall have, in addition to all other rights and remedies granted to them in this Agreement, the Credit Agreement or any other Loan Document, all rights and remedies of a secured party under the UCC and other applicable laws. Without limiting the generality of the foregoing, the Borrower agrees that to the extent permitted by applicable law:

(i) The Lender may peaceably and without notice enter any premises of the Borrower, take possession of any the Collateral, remove or dispose of all or part of the Collateral on any premises of the Borrower or elsewhere, or, in the case of Equipment, render it nonfunctional, and otherwise collect, receive, appropriate and realize upon all or any part of the Collateral, and demand, give receipt for, settle, renew, extend, exchange, compromise, adjust, or sue for all or any part of the Collateral, as the Lender may determine.

(ii) The Lender may require the Borrower to assemble all or any part of the Collateral and make it available to the Lender at any place and time designated by the Lender.

(iii) The Lender may use or transfer any of the Borrower's rights and interests in any Intellectual Property Collateral, by license, by sublicense (to the extent permitted by an applicable license) or otherwise, on such conditions and in such manner as the Lender may determine.

(iv) The Lender may secure the appointment of a receiver of the Collateral or any part thereof (to the extent and in the manner provided by applicable law).

(v) The Lender may withdraw (or cause to be withdrawn) any and all funds from any Deposit Accounts or securities accounts.

(vi) The Lender may sell, resell, lease, use, assign, transfer or otherwise dispose of any or all of the Collateral in its then condition or following any commercially reasonable preparation or processing (utilizing in connection therewith any of the Borrower's assets, without charge or liability to the Lender therefor) at public or private sale, by one or more contracts, in one or more parcels, at the same or different times, for cash or credit, or for future delivery without assumption of any credit risk, all as the Lender deems advisable; PROVIDED, HOWEVER, that the Borrower shall be credited with the net proceeds of sale only when such proceeds are finally collected by the Lender. The Lender shall have the right upon any such public sale, and, to the extent permitted by law, upon any such private sale, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption, which right or equity of redemption the Borrower hereby releases, to the extent permitted by law. The Borrower hereby agrees that the sending of notice by ordinary mail, postage prepaid, to the address of the Borrower set forth in the Credit Agreement, of the place and time of any public sale or of the time after which any private sale or other intended disposition is to be made, shall be deemed reasonable notice thereof if such notice is sent ten days prior to the date of such sale or other disposition or the date on or after which such sale or other disposition may occur, PROVIDED that the Lender may provide the Borrower shorter notice or no notice, to the extent permitted by the UCC or other applicable law. The Borrower recognizes that the Lender may be unable to make a public sale of any or all of the Investment Property, by reason of prohibitions contained in applicable securities laws or otherwise, and expressly agrees that a private sale to a

restricted group of purchasers for investment and not with a view to any distribution thereof shall be considered a commercially reasonable sale.

(b) LICENSE. For the purpose of enabling the Lender to exercise its rights and remedies under this Section 10 or otherwise in connection with this Agreement, the Borrower hereby grants to the Lender an irrevocable, non-exclusive and assignable license (exercisable without payment or royalty or other compensation to the Borrower) to use, license or sublicense any Intellectual Property Collateral, except to the extent a grant of such license would violate the terms of an existing agreement to which the Borrower is a party.

APPLICATION OF PROCEEDS. The cash proceeds actually received from the sale or other disposition or collection of Collateral, and any other amounts received in respect of the Collateral the application of which is not otherwise provided for herein, shall be applied (i) first, to any fees, costs, expenses and other amounts (other than principal and interest) then due to the Lender under the Loan Documents; (ii) second, to accrued and unpaid interest due the Lender; and (iii) third, to principal due the Lender. Any surplus thereof which exists after payment and performance in full of the Secured Obligations shall be promptly paid over to the Borrower or otherwise disposed of in accordance with the UCC or other applicable law. The Borrower shall remain liable to the Lender for any deficiency which exists after any sale or other disposition or collection of Collateral to the extent permitted by applicable law.

SECTION 11. CERTAIN WAIVERS. The Borrower waives, to the fullest extent permitted by law, (i) any right of redemption with respect to the Collateral, whether before or after sale hereunder, and all rights, if any, of marshalling of the Collateral or other collateral or security for the Secured Obligations; (ii) any right to require the Lender (A) to proceed against any Person, (B) to exhaust any other collateral or security for any of the Secured Obligations, (C) to pursue any remedy in the Lender's power, or (D) to make or give any presentments, demands for performance, notices of nonperformance, protests, notices of protests or notices of dishonor in connection with any of the Collateral; and (iii) all claims, damages, and demands against the Lender arising out of the repossession, retention, sale or application of the proceeds of any sale of the Collateral.

SECTION 12. NOTICES. All notices or other communications hereunder shall be given in the manner and to the addresses specified in the Credit Agreement. All such notices and other communications shall be effective (i) if delivered by hand, when delivered; (ii) if sent by mail, upon the earlier of the date of receipt or five Business Days after deposit in the mail, first class (or air mail, with respect to communications to be sent to or from the United States); and (iii) if sent by facsimile transmission, when sent.

SECTION 13. NO WAIVER; CUMULATIVE REMEDIES. No failure on the part of the Lender to exercise, and no delay in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights and remedies under this Agreement are cumulative and not exclusive of any rights, remedies, powers and privileges that may otherwise be available to the Lender.

SECTION 14. COSTS AND EXPENSES; INDEMNIFICATION; OTHER CHARGES.

(a) COSTS AND EXPENSES. The Borrower agrees to pay on demand:

(i) the reasonable out-of-pocket costs and expenses of the Lender and any of its Affiliates, and the reasonable fees and disbursements of counsel to the Lender, in connection with the negotiation, preparation, execution, delivery and administration of this Agreement (but, together with the costs associated with the preparation of the Loan Documents, not in excess of $[50,000]), and any amendments, modifications or waivers of the terms thereof, and the custody of the Collateral;

(ii) all title, appraisal (including the allocated costs of internal appraisal services), survey, audit, consulting, search, recording, filing and similar costs, fees and expenses incurred or sustained by the Lender or any of its Affiliates in connection with this Agreement or the Collateral; and

(iii) all costs and expenses of the Lender and its Affiliates, and the reasonable fees and disbursements of counsel, in connection with the enforcement or attempted enforcement of, and preservation of any rights or interests under, this Agreement, including in any out-of-court workout or other refinancing or restructuring or in any bankruptcy case, and the protection, sale or collection of, or other realization upon, any of the Collateral, including all expenses of taking, collecting, holding, sorting, handling, preparing for sale, selling, or the like, and other such expenses of sales and collections of Collateral, and any and all losses, costs and expenses sustained by the Lender as a result of any failure by the Borrower to perform or observe its obligations contained herein.

(b) INDEMNIFICATION. The Borrower hereby agrees to indemnify the Lender, any Affiliate thereof, and their respective directors, officers, employees, agents, counsel and other advisors (each an "Indemnified Person") against, and hold each of them harmless from, any and all liabilities, obligations, losses, claims, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever, including the reasonable fees and disbursements of counsel to an Indemnified Person, which may be imposed on, incurred by, or asserted against any Indemnified Person, in any way relating to or arising out of this Agreement or the transactions contemplated hereby or any action taken or omitted to be taken by it hereunder (the "Indemnified Liabilities"); PROVIDED that the Borrower shall not be liable to any Indemnified Person for any portion of such Indemnified Liabilities to the extent they are found by a final decision of a court of competent jurisdiction to have resulted from such Indemnified Person's gross negligence or willful misconduct. If and to the extent that the foregoing indemnification is for any reason held unenforceable, the Borrower agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law.

(c) OTHER CHARGES. The Borrower agrees to indemnify the Lender against and hold it harmless from any and all present and future stamp, transfer, documentary and other such taxes, levies, fees, assessments and other charges made by any jurisdiction by reason of the execution, delivery, performance and enforcement of this Agreement.

(d) INTEREST. Any amounts payable to the Lender under this Section 14 or otherwise under this Agreement if not paid upon demand shall bear interest from the date of such demand until paid in full, at the rate of interest set forth in Section 2.04 of the Credit Agreement.

SECTION 15. BINDING EFFECT. This Agreement shall be binding upon, inure to the benefit of and be enforceable by the Borrower, the Lender and their respective successors and assigns.

SECTION 16. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF CALIFORNIA, EXCEPT AS REQUIRED BY MANDATORY PROVISIONS OF LAW AND TO THE EXTENT THE VALIDITY OR PERFECTION OF THE SECURITY INTERESTS HEREUNDER, OR THE REMEDIES HEREUNDER, IN RESPECT OF ANY COLLATERAL ARE GOVERNED BY THE LAW OF A JURISDICTION OTHER THAN CALIFORNIA.

SECTION 17. ENTIRE AGREEMENT; AMENDMENT. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof and shall not be amended except by the written agreement of the parties as provided in the Credit Agreement.

SECTION 18. SEVERABILITY. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under all applicable laws and regulations. If, however, any provision of this Agreement shall be prohibited by or invalid under any such law or regulation in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of this Agreement, or the validity or effectiveness of such provision in any other jurisdiction.

SECTION 19. COUNTERPARTS. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

SECTION 20. INCORPORATION OF PROVISIONS OF THE CREDIT AGREEMENT. To the extent the Credit Agreement contains provisions of general applicability to the Loan Documents, such provisions are incorporated herein by this reference.

SECTION 21. NO INCONSISTENT REQUIREMENTS. The Borrower acknowledges that this Agreement and the other Loan Documents may contain covenants and other terms and provisions variously stated regarding the same or similar matters, and agrees that all such covenants, terms and provisions are cumulative and all shall be performed and satisfied in accordance with their respective terms.

SECTION 22. TERMINATION. Upon termination of the Commitment of the Lender and payment and performance in full of all Secured Obligations, this Agreement shall terminate and the Lender shall promptly execute and deliver to the Borrower such documents and instruments reasonably requested by the Borrower as shall be necessary to evidence termination

of all security interests given by the Borrower to the Lender hereunder; PROVIDED, HOWEVER, that the obligations of the Borrower under Section 14 shall survive such termination.

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

THE BORROWER

AMERIGON INCORPORATED, a California corporation

By: _____
Title:

THE LENDER

BIG STAR INVESTMENTS LLC

By: _____
Title:

EXHIBIT 10.25

PATENT AND TRADEMARK SECURITY AGREEMENT

THIS PATENT AND TRADEMARK SECURITY AGREEMENT (this "Agreement"), dated as of March 16, 2000, is made between Amerigon Incorporated, a California corporation ("Borrower"), and Big Star Investments LLC ("Lender").

Borrower and Lender are parties to a Security Agreement dated as of March __, 2000 (as amended, modified, renewed or extended from time to time, the "Security Agreement"), which Security Agreement provides, among other things, for the grant by Borrower to Lender of a security interest in, certain of Borrower's property and assets, including, without limitation, its patents and patent applications, its trademarks, service marks and trade names, and its applications for registration of such trademarks, service marks and trade names. Pursuant to the Security Agreement, Borrower has agreed to execute and deliver this Agreement to Lender for filing with the United States Patent and Trademark Office (the "PTO") (and any other relevant recording systems in any domestic or foreign jurisdiction), and as further evidence of and to effectuate such assignment of and grant of a security interest in such patents and patent applications, trademarks, service marks and trade names, and applications for registration of such trademarks, service marks and trade names, and the other general intangibles described herein. Accordingly, Borrower and Lender hereby agree as follows:

SECTION 1. DEFINITIONS; INTERPRETATION.

(a) All capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings assigned to them in the Security Agreement.

(b) In this Agreement, (i) the meaning of defined terms shall be equally applicable to both the singular and plural forms of the terms defined; and (ii) the captions and headings are for convenience of reference only and shall not affect the construction of this Agreement.

SECTION 2. ASSIGNMENT AND GRANT OF SECURITY INTEREST.

(a) As security for the payment and performance of the Secured Obligations (as defined in the Security Agreement), Borrower hereby assigns, transfers and conveys and grants a security interest in and mortgage to Lender, for security purposes, all of Borrower's right, title and interest in, to and under the following property, whether now existing or owned or hereafter acquired, developed or arising (collectively, the "Intellectual Property Collateral"):

(i) all patents and patent applications, domestic or foreign, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses (including, without limitation, such patents and patent applications as described in SCHEDULE A hereto), all rights to sue for past, present or future infringement thereof, all rights arising therefrom and pertaining thereto and all reissues, reexaminations, divisions, continuations, renewals, extensions and continuations-in-part thereof;

(ii) all state (including common law), federal and foreign trademarks, service marks and trade names, and applications for registration of such trademarks, service marks and trade names, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses (including, without limitation, such marks, names and applications as described in SCHEDULE B hereto), whether registered or unregistered and wherever registered, all rights to sue for past, present or future infringement or unconsented use thereof, all rights arising therefrom and pertaining thereto and all reissues, extensions and renewals thereof;

(iii) the entire goodwill of or associated with the businesses now or hereafter conducted by Borrower connected with and symbolized by any of the aforementioned properties and assets;

(iv) all general intangibles (as defined in the UCC) and all intangible intellectual or other similar property of the Borrower of any kind or nature, associated with or arising out of any of the aforementioned properties and assets and not otherwise described above; and

(v) all products and proceeds of any and all of the foregoing.

(b) This Agreement shall create a continuing security interest in the Intellectual Property Collateral which shall remain in effect until terminated in accordance with Section 17 hereof.

SECTION 3. FURTHER ASSURANCES; APPOINTMENT OF LENDER AS ATTORNEY-IN-FACT. Borrower at its expense shall execute and deliver, or cause to be executed and delivered, to Lender any and all documents and instruments, in form and substance satisfactory to Lender, and take any and all action, which Lender may reasonably request from time to time, to perfect and continue perfected, maintain the priority of or provide notice of Lender's security interest in the Intellectual Property Collateral and to accomplish the purposes of this Agreement. Lender shall have the right to, in the name of the Borrower, or in the name of Lender or otherwise, without notice to or assent by the Borrower, and the Borrower hereby irrevocably constitutes and appoints Lender (and any of Lender's officers or employees or agents designated by Lender) as the Borrower's true and lawful attorney-in-fact with full power and authority, (i) to sign the name of the Borrower on all or any of such documents or instruments and perform all other acts that Lender deems necessary or advisable in order to perfect or continue perfected, maintain the priority or enforceability of or provide notice of Lender's security interest in, the Intellectual Property Collateral, and (ii) to execute any and all other documents and instruments, and to perform any and all acts and things for and on behalf of the Borrower, which Lender may deem necessary or advisable to maintain, preserve and protect the Intellectual Property Collateral and to accomplish the purposes of this Agreement, including (A) to defend, settle, adjust or (after the occurrence and during the continuance of any Event of Default) institute any action, suit or proceeding with respect to the Intellectual Property Collateral, and, after the occurrence and during the continuance of any Event of Default, (B) to assert or retain any rights under any license agreement for any of the Intellectual Property Collateral, including without limitation any rights of the Borrower arising under Section 365(n) of the Bankruptcy Code, and (C) after the occurrence and during the continuance of any Event of Default, to execute any and all applications, documents, papers and instruments for Lender to use

the Intellectual Property Collateral, to grant or issue any exclusive or non-exclusive license or sub-license with respect to any Intellectual Property Collateral, and to assign, convey or otherwise transfer title in or dispose of the Intellectual Property Collateral; PROVIDED, HOWEVER, that in no event shall Lender have the unilateral power, prior to the occurrence and continuation of an Event of Default, to assign any of the Intellectual Property Collateral to any Person, including themselves, without the Borrower's written consent. The foregoing shall in no way limit Lender's rights and remedies upon or after the occurrence and during the continuance of an Event of Default. The power of attorney set forth in this Section 3, being coupled with an interest, is irrevocable, so long as this Agreement shall not have terminated in accordance with Section 17.

SECTION 4. FUTURE RIGHTS. Except as otherwise expressly agreed to in writing by Lender, if and when the Borrower shall obtain rights to any new patentable inventions or any new trademarks, or become entitled to the benefit of any of the foregoing, or obtain rights or benefits with respect to any reissue, division, continuation, renewal, extension or continuation-in-part of any patents or trademarks or, or any improvement of any patent, the provisions of Section 2 shall automatically apply thereto and the Borrower shall give to Lender prompt notice thereof. Borrower shall do all things deemed necessary or advisable by Lender to ensure the validity, perfection, priority and enforceability of the security interests of Lender in such future acquired Intellectual Property Collateral. Borrower hereby authorizes Lender to modify, amend, or supplement the Schedules hereto and to reexecute this Agreement from time to time on Borrower's behalf and as its attorney-in-fact to include any such future Intellectual Property Collateral and to cause such reexecuted Agreement or such modified, amended or supplemented Schedules to be filed with PTO.

SECTION 5. LENDER'S DUTIES. Notwithstanding any provision contained in this Agreement, Lender shall have no duty to exercise any of the rights, privileges or powers afforded to it and shall not be responsible to the Borrower or any other Person for any failure to do so or delay in doing so. Except for the accounting for moneys actually received by Lender hereunder or in connection herewith, Lender shall have no duty or liability to exercise or preserve any rights, privileges or powers pertaining to the Intellectual Property Collateral.

SECTION 6. REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender that:

(a) A true and correct list of all of the existing Intellectual Property Collateral consisting of United States patents and patent applications and/or registrations owned by the Borrower, in whole or in part, is set forth in SCHEDULE A.

(b) A true and correct list of all of the existing Intellectual Property Collateral consisting of United States trademarks, trademark registrations and/or applications owned by the Borrower, in whole or in part, is set forth in SCHEDULE B.

(c) All material patents, trademarks, service marks and trade names of Borrower are subsisting and have not been adjudged invalid or unenforceable in whole or in part.

(d) All maintenance fees at the large entity rate required to be paid on account of any patents or trademarks of Borrower have been timely paid for maintaining such patents and trademarks in force, and, to the best of Borrower's knowledge, each of the patents and trademarks constituting part of the Intellectual Property Collateral is valid and enforceable in all material respects.

(e) To the best of Borrower's knowledge after due inquiry, no material infringement or unauthorized use presently is being made of any Intellectual Property Collateral by any Person.

(f) Borrower is the sole and exclusive owner of the Intellectual Property Collateral and the past, present and contemplated future use of such Intellectual Property Collateral by Borrower has not, does not and will not infringe or violate any right, privilege or license agreement of or with any other Person, in any material respect.

SECTION 7. COVENANTS.

(a) Borrower will appear in and defend any action, suit or proceeding which may affect to a material extent its title to, or Lender's rights or interest in, the Intellectual Property Collateral.

(b) Borrower will not allow or suffer any material Intellectual Property Collateral to become abandoned, nor any registration thereof to be terminated, forfeited, expired or dedicated to the public.

(c) Borrower will diligently prosecute all applications for patents and trademarks, and file and prosecute any and all continuations, continuations-in-part, applications for reissue, applications for certificate of correction and like matters as shall be reasonable and appropriate in accordance with prudent business practice, and promptly pay any and all maintenance, license, registration and other fees, taxes and expenses incurred in connection with any Intellectual Property Collateral.

SECTION 8. LENDER'S RIGHTS AND REMEDIES.

(a) Lender shall have all rights and remedies available to it under the Security Agreement, the other Loan Documents and applicable law with respect to the security interests in any of the Intellectual Property Collateral or any other collateral. Borrower agrees that such rights and remedies include, but are not limited to, the right of Lender as a secured party to sell or otherwise dispose of its collateral after default pursuant to the UCC. Borrower agrees that Lender shall at all times have such royalty free licenses, to the extent permitted by law and Borrower's existing contracts, for any Intellectual Property Collateral that shall be reasonably necessary to permit the exercise of any of Lender's rights or remedies upon or after the occurrence and during the continuance of an Event of Default and shall additionally, effective upon or after the occurrence and during the continuance of an Event of Default, have the right to license and/or sublicense any Intellectual Property Collateral, whether general, special or otherwise, and whether on an exclusive or a nonexclusive basis, any of the Intellectual Property Collateral, throughout the world for such term or terms, on such conditions, and in such manner, as Lender in its discretion shall determine. In addition to and without limiting any of the

foregoing, upon the occurrence and during the continuance of an Event of Default, Lender shall have the right but shall in no way be obligated to bring suit, or to take such other action as Lender deems necessary or advisable, in the name of the Borrower or Lender, to enforce or protect any of the Intellectual Property Collateral, in which event the Borrower shall, at the request of Lender, do any and all lawful acts and execute any and all documents required by Lender in aid of such enforcement. To the extent that Lender shall elect not to bring suit to enforce such Intellectual Property Collateral, Borrower agrees to use all reasonable measures and its diligent efforts, whether by action, suit, proceeding or otherwise, to prevent the infringement, misappropriation or violations thereof in any material respect by others and for that purpose agrees diligently to maintain any action, suit or proceeding against any Person necessary to prevent such infringement, misappropriation or violation.

(b) The cash proceeds actually received from the sale or other disposition or collection of Intellectual Property Collateral, and any other amounts received in respect of the Intellectual Property Collateral the application of which is not otherwise provided for herein, shall be applied as provided in the Security Agreement.

SECTION 9. NOTICES. All notices or other communications hereunder shall be in writing (including by facsimile transmission) shall be mailed, sent or delivered in accordance with the Security Agreement at or to their respective addresses or facsimile numbers set forth below their names on the signature pages hereof, or at or to such other address or facsimile number as shall be designated by any party in a written notice to the other parties hereto. All such notices and other communications shall be effective as provided in the Security Agreement.

SECTION 10. NO WAIVER; CUMULATIVE REMEDIES. No failure on the part of Lender to exercise, and no delay in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights and remedies under this Agreement are cumulative and not exclusive of any rights, remedies, powers and privileges that may otherwise be available to Lender.

SECTION 11. COSTS AND EXPENSES; INDEMNITY.

(a) Borrower agrees to pay on demand all costs and expenses of Lender, including without limitation all reasonable attorneys' fees, in connection with the enforcement or attempted enforcement of, and preservation of any rights or interests under, this Agreement, and the assignment, sale or other disposal of any of the Intellectual Property Collateral.

(b) Borrower hereby agrees to indemnify Lender and any of its affiliates, and their respective directors, officers, employees, agents, counsel and other advisors (each an "Indemnified Person") against, and hold each of them harmless from, any and all liabilities, obligations, losses, claims, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever, including, without limitation, reasonable attorneys' fees and attorneys' fees incurred pursuant to Chapter 11 United States Code, which may be imposed on, incurred by, or asserted against any Indemnified Person, in any way relating

to or arising out of this Agreement, including in connection with any infringement or alleged infringement with respect to any Intellectual Property Collateral, or any action taken or omitted to be taken by it hereunder (the "Indemnified Liabilities"); PROVIDED that Borrower shall not be liable to any Indemnified Person for any portion of such Indemnified Liabilities to the extent they are found by a final decision of a court of competent jurisdiction to have resulted from such Indemnified Person's gross negligence or willful misconduct. If and to the extent that the foregoing indemnification is for any reason held unenforceable, Borrower agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law.

(c) Any amounts payable to Lender under this Section 11 or otherwise under this Agreement if not paid upon demand shall bear interest from the date of such demand until paid in full, at the rate of interest set forth in the Note.

SECTION 12. BINDING EFFECT. This Agreement shall be binding upon, inure to the benefit of and be enforceable by Borrower, Lender and their respective successors and assigns.

SECTION 13. GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the law of the State of California, except to the extent that the validity or perfection of the assignment and security interests hereunder in respect of any Intellectual Property Collateral are governed by federal law and except to the extent that Lender shall have greater rights or remedies under federal law, in which case such choice of California law shall not be deemed to deprive Lender of such rights and remedies as may be available under federal law.

SECTION 14. AMENDMENT. No amendment to this Agreement, or any waiver of any provision hereof, shall be effective unless it is in writing and signed by Lender and (in the case of any amendment) the Borrower.

SECTION 15. SEVERABILITY. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under all applicable laws and regulations. If, however, any provision of this Agreement shall be prohibited by or invalid under any such law or regulation in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of this Agreement, or the validity or effectiveness of such provision in any other jurisdiction.

SECTION 16. COUNTERPARTS. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

SECTION 17. TERMINATION. Upon payment and performance in full of all Secured Obligations, this Agreement shall terminate and Lender shall promptly execute and deliver to Borrower such documents and instruments reasonably requested by Borrower as shall

be necessary to evidence termination of all security interests given by Borrower to Lender hereunder, including cancellation of this Agreement by written notice from Lender to the PTO; PROVIDED, HOWEVER, that (i)the obligations of Borrower under Section 11 hereof shall survive such termination and (ii) in the event a voluntary proceeding in bankruptcy is filed by Borrower or an involuntary proceeding in bankruptcy is filed against Borrower, this Agreement and Lender's interest in the Intellectual Property Collateral created hereby shall survive such proceeding.

SECTION 18. SECURITY AGREEMENT. Borrower acknowledges that the rights and remedies of Lender with respect to the security interests in the Intellectual Property Collateral granted hereby are more fully set forth in the Security Agreement and the other Loan Documents and all such rights and remedies are cumulative.

SECTION 19. NO INCONSISTENT REQUIREMENTS. Borrower acknowledges that this Agreement and the Security Agreement may contain covenants and other terms and provisions variously stated regarding the same or similar matters, and the Borrower agrees that all such covenants, terms and provisions are cumulative and all shall be performed and satisfied in accordance with their respective terms.

IN WITNESS WHEREOF, the parties hereto have duly executed this Patent and Trademark Security Agreement, as of the date first above written.

BORROWER:

AMERIGON INCORPORATED, a California corporation

By _____
Name:_____
Title:_____

Address:

_____

_____
Attn: _____
Fax: _____

LENDER:

BIG STAR INVESTMENTS LLC

By _____
Name:_____
Title:_____

Address:

_____

_____
Attn:_____
Fax: _____

EXHIBIT 10.26

BRIDGE LOAN WARRANT

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

AMERIGON INCORPORATED

WARRANT TO PURCHASE COMMON STOCK

This Warrant (the "Warrant") represents and certifies that, for value received, Big Star Investments LLC, a Delaware limited liability company (the "Holder") is entitled to subscribe for and purchase shares (subject to adjustment from time to time pursuant to the provisions of Section 5 hereof) of fully paid and nonassessable Class A Common Stock of Amerigon Incorporated, a California corporation (the "Company"), of an amount up to 10% of the principal amount of the Loans (as defined below) divided by the relevant Exercise Price (as defined below) at the relevant Exercise Price specified in Section 2 hereof, as such price may be adjusted from time to time pursuant to Section 5 hereof, subject to the provisions and upon the terms and conditions hereinafter set forth.

As used herein, the term "Loans" shall mean the $1.5 million bridge facility (the "Initial Loans") to be advanced to Company by Holder pursuant to the Credit Agreement, dated as of March __, 2000, between the Company and the Holder (as amended or modified from time to time, the "Credit Agreement") and, in the event the Holder makes or commits to make in its sole discretion additional advances thereunder of up to an aggregate of $2.5 million in principal amount of additional loans under the Credit Agreement (the "Additional Loans"), shall also mean such principal amount of Additional Loans. The date (if any) on which the Holder makes any Initial Loan or any Additional Loan is referred to herein as a "Loan Date."

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

As used herein, the term "Exercise Price" shall mean, with respect to the portion of this Warrant that is allocable to any Loan, the Market Price of the Class A Common Stock as of the Loan Date of such Loan, provided that the Exercise Price shall be subject to adjustment as provided in Section 5 hereof.

As used herein, the term "Market Price of the Class A Common Stock" shall have the meaning set forth in Section 3(b) hereof.

1. TERM OF WARRANT.

a. TERM. The purchase right represented by this Warrant is exercisable, in whole or in part, at any time during a period beginning on the date hereof and s ending five years after such date, but shall not be exercisable as to the portion of this Warrant allowable to any Loans unless the Loan Date with respect thereto has occurred.

2. EXERCISE PRICE.

The Exercise Price shall be as provided in the definition of Exercise Price, subject to adjustment from time to time pursuant to the provisions of Section 5 hereof.

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

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

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

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

where:

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

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

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

B = the Exercise Price

For purposes hereof, the "Market Price of the Class A Common Stock," with respect to the portion of this Warrant allocable to a particular Loan, shall be (i) the average closing bid price of the Class A Common Stock, for ten (10) consecutive business days ending on the Loan Date of such Loan, as reported by Nasdaq, if the Class A Common Stock is traded on the Nasdaq SmallCap Market, or (ii) the average last reported sale price of the Class A Common Stock, for ten (10) consecutive business days ending on such applicable Loan Date, as reported by the primary exchange on which the Class A Common Stock is traded, if the Class A Common Stock is traded on a national securities exchange, or by Nasdaq, if the Class A Common Stock is traded on the Nasdaq National Market.

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

4. STOCK FULLY PAID; RESERVATION OF SHARES.

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

5. ADJUSTMENT OF PURCHASE PRICE AND NUMBER OF SHARES.

a. ADDITIONAL SHARES. In the event that the Company shall issue additional shares of Class A Common Stock, or other securities exchangeable for, exercisable for, or convertible into additional shares of Class A Common Stock, in each case in an equity offering in excess of $5 million, for consideration per share less than the Exercise Price relating to a portion of this Warrant allocable to a particular Loan on the date of and immediately prior to any such issue, then and in such event, the per share Exercise Price relating to the portion of this Warrant allocable to such Loan shall be reduced concurrently with such issuance or sale, to a price equal to the consideration per share of such issuance; provided that such Exercise Price shall not be so reduced at such time if the amount of such reduction would be an amount less than $0.01, but any such amount shall be carried forward and reduction with respect thereto made at the time of and together with any subsequent reduction which, together with such amount and any other amount or amounts so carried forward, shall aggregate $0.01 or more. No adjustment in the Exercise Price shall be made on account of (i) the grant of options exercisable for, or sales of, Class A Common Stock pursuant to employee benefit plans previously approved by the Company's shareholders, (ii) the issuance of stock, warrants or other securities or rights to persons or entities with which the Company has business relationships provided such issuances are for other than primarily equity financing purposes and provided that (x) any such issuance does not exceed 2% of the then outstanding Class A Common Stock of the Company (assuming full conversion and exercise of all convertible and exercisable securities) and (y) the aggregate of all such issuances since the date of this Warrant do not exceed 5% of the then outstanding Class A Common Stock of the Company (assuming full conversion and exercise of all convertible and exercisable securities).

b. STOCK SPLITS AND COMBINATIONS. If the Company at any time or from time to time after the date this Warrant is issued effects a subdivision of the outstanding Class A Common Stock pursuant to a stock split or similar event, the 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 Class A 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 Class A Common Stock subject to the exercise of the Warrant shall be adjusted to the nearest full share by multiplying the shares subject to the Warrant by a fraction, the numerator of which is the 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 (b) shall be effective at the close of business on the date the subdivision or combination becomes effective.

c. CERTAIN DIVIDENDS AND DISTRIBUTIONS. If the Company at any time or from time to time after the date this Warrant is issued makes, or fixes a record date for the determination of holders of Class A Common Stock entitled to receive a dividend or other distribution payable in additional shares of Class A Common Stock, then and in each such event the number of shares of Class A Common Stock subject to the Warrant shall be increased and the 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 (1) the numerator of which is the total number of shares of Class A Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (2) the denominator of which shall be the total number of shares of Class A Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Class A Common Stock issuable in payment of such dividend or distribution; and

(ii) multiplying the number of shares of Class A Common Stock subject to the Warrant by a fraction (1) the numerator of which is the total number of shares of Class A Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Class A Common Stock issuable in payment of such dividend or distribution, and (2) the denominator of which shall be the total number of shares of Class A Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date.

If, however, such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the number of shares of Class A Common Stock subject to the Warrant and the 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(c) as of the time of actual payment of such dividends or distributions.

d. OTHER ADJUSTMENTS. In the event the Company at any time or from time to time after the date this Warrant is issued:

(i) makes a dividend or other distribution payable in securities of the Company other than shares of Class A Common Stock, or

(ii) changes any Class A Common Stock into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification or otherwise (other than a subdivision or combination of shares or stock dividend or a reorganization, merger, consolidation or sale of assets provided for elsewhere in this Section 5), or

(iii) effects a capital reorganization of the Class A Common Stock (other than a recapitalization, subdivision, combination, reclassification or exchange of shares provided for elsewhere in this Section 5) or merger or consolidation of the Company with or into another corporation, or the sale of all or substantially all of the Company's properties and assets to any other person,

then, in each such event, any and all new, substituted or additional securities to which Holder is or would be entitled by reason of its ownership of the shares underlying this Warrant shall be immediately subject to the Warrant and be included in the shares underlying this Warrant for all purposes hereunder. After each such event, the Exercise Price per share shall be proportionately adjusted so that the aggregate Exercise Price upon exercise of the Warrant shall remain the same as before such event.

6. NOTICE OF ADJUSTMENTS.

Whenever any Exercise Price shall be adjusted pursuant to Section 5 hereof, the Company shall prepare a certificate signed by its chief financial officer setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated, the 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 9(c) hereof, or at such other address as may be provided to the Company in writing by the Holder of this Warrant.

7. FRACTIONAL SHARES.

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

8. COMPLIANCE WITH SECURITIES ACT.

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

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

9. MISCELLANEOUS.

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

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

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

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

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

[Remainder of page intentionally left blank]

This Warrant is executed as of this ___th day of March, 2000.

AMERIGON INCORPORATED

By:_____

Name: Richard A. Weisbart

Title: President & CEO

EXHIBIT 10.27

March 17, 2000

Amerigon Incorporated
5462 Irwindale Avenue
Irwindale, California 91706-2048

Re: Series A Preferred Stock

Dear Gentlemen:

In June 1999, each of the undersigned purchased and each of the undersigned currently owns, that number of shares of Amerigon Incorporated (the "Company") Series A Preferred Stock indicated below next to their signature block.

Section 2(c)(i) of the Company's Certificate of Determination of Rights, Preferences and Privileges of the Series A Preferred Stock (the "Certificate of Designation") specifies that a liquidation, dissolution or winding up of the Company shall be deemed to be occasioned by the events specified in Section 2(c)(i)(A) and 2(c)(i)(B) of the Certificate of Designation. Each of the undersigned has advised the Company that it does not, absent a distribution of assets to shareholders, consider Section 2(c)(i) to give the undersigned the right to cause the Company to make any payment to the undersigned or to permit the undersigned to cause the Company to redeem its Shares of Series A Preferred Stock.

Notwithstanding the foregoing, each of the undersigned hereby (i) permanently and irrevocably waives any right it may have under Section 2(c) of the Certificate of Designation as a holder of the Series A Preferred Stock, (ii) agrees that it shall vote in favor a proposal to be presented to the shareholders of the Company to delete Section 2(c) in its entirety from the Certificate of Designation and (iii) agrees that it will, as a condition to any transfer made by it of any shares of Series A Preferred, obtain an undertaking from the transferee that it will comply with the provisions of this paragraph. The obligation to obtain this undertaking shall apply to each additional subsequent transferee (and each of their transferees).

The undersigned view this undertaking to be effective as of the date of our initial purchase of the shares of Series A Preferred Stock as it is consistent with our understanding as of that date.

Sincerely,

Shares of Series A Preferred Stock (4,500)

Westar Capital II, LLC

By: Westar Capital Associates II, LLC

By: _____

Shares of Series A Preferred Stock (4,500)

Big Beaver Investments, LLC

By: _____

Exhibit 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-25805 and 333-17401) and on Form S-8 (No. 333-03290 and 333-44007) of Amerigon Incorporated of our report dated February 4, 2000 except for Note 10, as to which the date is March 30, 2000 and for Note 17, as to which the date is March 27, 2000 relating to the financial statements and financial statement schedule, which appears in this Form 10-K.

/S/ PricewaterhouseCoopers LLP

Costa Mesa, California
March 30, 1999

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1,000

YEAR	
	DEC-31-1999
	JAN-01-1999
	DEC-31-1999
	1,647
	0
	340
	58
	490
	251
	2,877
	1,826
	3,721
	1,189
	0
	8,267
	0
	28,149
	(33,895)
	3,721
	336
	784
	962
	8,428
	0
	(36)
	(30)
	(7,575)
	0
	(7,575)
	0
	0
	0
	(7,575)
	(8.29)
	(8.29)